

Peter Snell Institute of Sport: Managing growth

- Liliana Erakovic

Peter Snell Institute of Sport (2005): Managing growth

Case Study Author



“The Peter Snell Institute of Sport is a very good example of a not-for-profit experiencing growth and change. At the time I wrote this case, the Institute had reached the stage which necessitated organisational-wide changes integrating all strategic, structural and cultural issues. Organisational structure and processes had not been formalised since its

establishment in 2000, and this informality had proven to be an advantage. However, in the phase of its development described in the case study, a different approach toward fundraising, governance, policy and external relationships is required. The learning objectives include uncovering the issues of leadership, governance and resources, and how the Institute retains its sense of mission, builds external relationships, and plans for succession”.

– Dr. Ljiljana Eraković, Department of Management and International Business, The University of Auckland Business School

It was a sunny November morning of 2005 at Auckland’s coastal suburb of Mission Bay. Colin Kay had just arrived at his office - one of the most popular cafés in the area. Old Stone House, on the edge of a park, is just several meters from the beach and is surrounded by mature native trees. It is the ideal spot for the ‘head office’ of the Peter Snell Institute of Sport, one of the prestigious sports foundations in the country. Kay, an 80-year-old former athlete, had finished his regular cycling activity for the day and was fresh for the challenging task in front of him. As the Chairman of the Institute, he would meet with the candidates for the position of General Manager. The second general manager,

Daniel Gerrard, resigned in August 2005. As Gerrard left the Institute to pursue his management career in a regional sports organization, several people showed an interest in the unadvertised position. Kay’s thoughts were occupied with the destiny of the Institute. “*What kind of people and resources does the Institute need to survive in the future?*”

THE BEGININGS

The Peter Snell Institute of Sport (the Institute) was established in 2000 by a group of friends and enthusiasts (Peter Snell, Colin Kay, Don Rowlands and Alison Roe) who aspired to help identify and develop a talent based pool of young sportspeople who might become world class athletes for New Zealand in Olympic and Commonwealth Games sports. Although there were several foundations supporting the development of various sports in New Zealand, both Snell and Kay were concerned that funding was mainly allocated to the elite sports and athletes instead of emerging talents. They wanted to develop better relationships with schools, as they both felt that this was the area where talents could be discovered.

A number of New Zealand business people, sport legends and sport lovers responded to Kay and Snell’s call to support the formation of the Institute. People like Arthur Lydiard, one of the outstanding athletics coaches, became the patron of the Institute; John Walker, a gold medal winning Olympian, agreed to be an ambassador for the Institute; Peter Snell, a New Zealand sports legend, agreed to give his name to the organization; and Colin Kay, a former Mayor of Auckland and an experienced sports leader, was appointed the Chair.

In the early days of the Institute, Kay made close links with the Australian Institute of Sport learning about their systems and trying to apply their programs in New Zealand. By mid-2001, Peter Snell Institute established its talent identification and funding programs of ‘Reaching for the stars’ for seven Olympic sports (athletics, yachting, cycling, rowing, swimming, tennis, and triathlon) and four sports with disability (athletics, cycling, swimming and tennis).

Over the years, the Institute’s support and development

Case studies are written for teaching purposes, and designed to generate discussion and learning about real issues facing individuals and organisations at a particular moment in time.

programs expanded to 18 Olympic and Commonwealth Games sports. From 41 athletes sponsored in 2001, the Institute increased the number of scholarship recipients to 160. It made substantial gains with regards to the area it covered with its activities, from being an Auckland based organization to supporting athletes from all around New Zealand. The profile of recipients also changed, from young athletes competing in national age group events to those competing in significant international events like the World Cups and Olympic Games.

THE INSTITUTE'S PROGRAMMES

Talent Search Programme ('Reaching for the Stars')

The talent search programme tested students in their schools in an attempt to discover their raw sporting potential. The three-stage testing involved the screening of students using selected test of physical and skill attributes in order to identify those with potential for success in a designated sport. Following the identification process, a structured programme to enable these young people to develop their full potential was set. This included the provision of appropriate coaching, training and competition programmes along with access to facilities, equipment and sports science/medicine support.

This was the process through which Valerie Vili, the 2006 Commonwealth Games Champion and number 2 shot-putter in the world, was discovered. Valerie remembered:

It was 1998. Colin actually had come to my school. I was tested and picked up. I found my coach through my school, but it was the Institute and Colin who provided me with financial support and helped me to get to the World Youth Champs in 2001. [Valerie won the title in shot-put] And that was where I grew as a person and as an athlete.

Ken Lynch, an Irishman who had recently immigrated to New Zealand, had managed the talent identification programme since 2005. A physical education teacher by training and restaurant owner and operator by occupation, Lynch's involvement with the Institute was purely accidental. One day, Kay had come to his SAGO restaurant at the Auckland's North Shore. Lynch and Kay began a discussion about sport and realised very quickly that they had similar ideas about how sports should be developed and the factors that hindered this development within New Zealand. Thus, very soon, Lynch became involved in the Talent Search Programme of the Institute.

Regarding the testing, the Institute had ambitious plans for 2006. Lynch was planning to visit and test children in 75 intermediate and secondary schools around New Zealand. This meant, that around 40 000 children between 13 and 14 years of age would be tested at Stage 1. All schools had a positive response and there was not a single school that turned them down. Lynch claimed that if the Institute had funding and people they could have 300 schools.

The Institute had established very good links with over 100 schools from the far north to the far south of New Zealand. Northland was particularly good in 2005, with

25 out of 30 schools having participated on a voluntary basis. A talent search was a co-ordinated effort to search for sporting talent, achieved through close relationships with the Regional sports trusts, secondary school sport bodies, sport clubs and individual schools' PE teachers.

Athlete and Coach Scholarships

Athletes identified through the Talent Search Programme and recommended by top country's coaches in targeted sports were offered Athlete Scholarships from the Institute. Athlete scholarship funds were made available in the form of grants for travel to important competitions, coaching fees, sports science testing, sports medicine and sporting equipment.

In 2003, the Institute introduced three categories of these scholarships: Gold (NZ\$3,000), Silver (NZ\$1,500), and Bronze (NZ\$500). In 2005, there were 43 Bronze, 56 Silver and 58 Gold scholarships awarded.

Kay and his general manager would interview all the athletes awarded scholarships and keep in regular contact with them, their families and coaches. The Institute tried to be supportive as much as possible in a mentoring role. For example, Kay contracted a nutritionist to provide advice to young athletes regarding healthy food and eating habits. In the last 5 years, the Institute's Board of Trustees organized several sessions at which promising young athletes were able to meet their sport idols, like Peter Snell and John Walker, in person and get some advice from them about their future careers.

Over the past five years, the Institute scholarship recipients achieved very good results in various sports at various international events. In Athens, at the 2004 Olympic Games, there were 8 athletes who the Institute's funding helped to achieve their rise to selection.

Relationships with the Sports Community

Kay's approach was one of working in partnership with various sports organizations. However, the Institute had difficulties in establishing good relationships with SPARC, the government sport agency responsible for promotion, encouragement and support of physical recreation and competitive sport in New Zealand. To improve the current situation and increase the competitiveness of New Zealand sports, most recently SPARC formed the Talent Identification Taskforce whose mission was to propose a set of coordinating programmes that would enable New Zealanders to develop their physical talent.

In the last couple of years, the Board of Trustees made several attempts to establish closer links with SPARC. The Institute realized that they could not exist and operate in isolation, as the preparation of athletes has become more sophisticated and more professional. However, the Institute members had a feeling that there was always a tension between the Institute and SPARC; that SPARC had never approved of what the Institute was doing. The major reason was the Institute's Talent Search Program. SPARC's managers felt that it was part of their mission to work on

talent identification and development, not the Institute's.

The Institute developed strong links with various National Sports Organizations (NSO) – NZ Swimming Association, BikeNZ, Basketball Association, Athletics NZ and Rowing NZ, for example. The Institute would offer technical and financial support in organizing sport camps around the country to bring the talent out. Kay and Gerrard played a large part in this important endeavour. Kay spent an inordinate amount of time in developing these contacts. He would often visit Wellington, where he would spend a couple of days going from one NSO head-office to the other.

ORGANIZATION AND ITS PEOPLE

Funding

The Institute was organized as a charitable trust. The main revenue came through various large charity gaming trusts that supported diverse community projects, including sport encouragement. The chairman, Kay, would make initial contacts. Every year he would put a number of applications to such organizations for funding. He also managed to obtain financial support from different individuals and

institutions - business organizations, Rotary clubs and individual sponsors.

Until 2005, the Institute's major source of funding was the Endeavour Trust. Every year, this trust would make a grant of \$415,000 to the Institute, which would be a satisfactory amount for their activities. At that time, the budget of the Institute was nearly three quarters of a million. However, since the sale of the Endeavour Trust to the New Zealand Community Trust, the Institute faced difficulties with this type of financial support. As Kay had a 'hand shake' loyalty agreement with the chairman of the Endeavour Trust, he did not approach any other trust during the period 2000-2005. The New Zealand Community Trust, however, had different criteria in terms of funding organizations like the Institute and by the end of 2005 Kay managed to receive only 10% of funds he would usually get from the Endeavour Trust.

Consequently, the Institute had to approach a number of gaming trusts hoping for an adequate funding level. Applying for funding was a competitive process. The Institute would not only compete with other sports organizations but also

Expert Opinion



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This case study tells a story of how an 'idea' took shape through a network of individuals who used their influence and status to fill what they identified as a void within sport development structures in New Zealand. In

a very succinct manner, the case is set against a critical period of change in the evolution, structure and delivery of elite sport development programmes and it is these changes initiated by the NZ Sports Foundation Review (1999) and the Graham Report (2001) that by 2007, see the Board of Trustees grappling with the question "what is the purpose of the Institute?"

The case is therefore, invaluable as a teaching resource for any management student. Firstly, it is one of the few case histories that tell a story of a sport organisation in the not-for-profit sector that lends itself to an examination of change; how change in the external environment can lead to a reassessment of strategic direction. This examination could be on multiple levels. Some ideas might be;

- a) Research and understand the political, economic and social forces of external environmental change 2000 - 2006
- b) An examination of change in the availability and type of funding sources in the not-for-profit sector.

- c) A comparative analysis of the SPARC prescribed model of governance / management and the governance practice adopted by the Institute.
- d) An examination of leadership and the importance of networking: "it is not what you know but who you know that matters".

Secondly, the case could also be used by those interested in exploring the concept of "social entrepreneurship" through the Institute's vision and commitment to funding programmes such as "Reaching for the Star's.

Thirdly, taking a step into the future, the case allows for example, management students to "step into their shoes" (Wilson, 2005, p.4). It could be used as a project-based learning activity with the aim to produce a report recommending certain courses of action. It could also facilitate discussion on decision making processes and the power and politics, often behind the scenes (eg - boundaries) that is an inherent part of operating in a relatively small marketplace where there are competing interests. The case also lends itself to the incorporation of alternative ways to view organisations, for example, Morgan's Metaphors.

In summary, there is a call to dispel the perception that sport management is a very practitioner-focused and applied area (for example, Auld and Cuskelly, 2006). The need for all students, but particularly those who may want to work in the sport sector to have an understanding of organisational theory is seen as critical. This case goes some way to providing a realistic story in a context that is both symbolic and significant in New Zealand.

with other community, education and art groups. Moreover, every trust had its own application criteria which further complicated the process.

In addition to the trusts, Kay would approach many other funding organizations and individuals. For example, in 2005 the Institute received \$17,000 from the 'Around the Bays Run' campaign and \$25,000 from private donors.

Management and Governance Structure

Since 2000, the Institute had two general managers. The first was Robbie Johnson, a former long-distance runner and New Zealand Olympian and Commonwealth Games representative. His role was to organize meetings with the schools, to conduct testing, administer scholarship applications and maintain relationships with the coaches. Johnson stayed with the Institute for two years. The second general manager was Daniel Gerrard appointed in December 2002. Gerrard joined the Institute from the position of a Regional Developmental Manager for Swimming New Zealand.

In 2005, the Institute appointed Ben Oliver as the Programs Coordinator. Oliver was completing his final year of a Bachelor of Sport and Recreation at university when appointed. At that time, Gerrard and Oliver were the only people employed full time with the Institute. Gerrard resigned in August 2005. After his departure, Oliver and Kay would share the general manager activities until the Board of Trustees would decide the future management structure of the Institute.

The Institute's Board of Trustees had seven members. Kay was the chairman. He was a recognized and honored businessman, politician and sports leader. Although in his 80s, Kay was a leading figure and driving force of the Institute who still played important roles in various others political and community activities. Other Board members included former prominent New Zealand athletes, business sponsors and sports experts. Don Rowlands and Chris Lewis joined the Institute's Board in its early days. Rowlands was a famous New Zealand rower and Kay's lifelong friend. Lewis was New Zealand's leading tennis player in the 1980s. He returned to New Zealand in the 1990s and become involved in the development of junior tennis. Kim McDell, Wally Smaill and David Haddrell were the Board members with business experience. McDell was Managing Director of Auckland based McDell Marine, an internationally successful boat builder, and was an old school mate of Kay's. Smaill co-founded and managed New Zealand's largest office furniture manufacturer Criterion. Over the years, the company provided significant financial support to the Institute. Haddrell was an executive director of the Giltrap Group, New Zealand's biggest car dealership. Kay and Haddrell had met through the jogging club. Brendan Telfer was on the Board for three years, and was a professional journalist and sports broadcaster with 32 years of experience.

The Board members carried out various functions. They would consider scholarship applications, organize

fundraising activities, assist in organizing various events at the operational level, and use their network of contacts to provide certain resources to the Institute. A Board member described:

We [The Institute] don't run a very big operation in terms of full-time personnel. So a lot of the day-to-day functions that would normally be done by a general manager, or a CEO, or office staff, tend to fall back on us. So, our meetings do tend to sometimes go on a long time, because a lot of the issues there ideally should be dealt with at an administrative level.

The Board would have regular meetings ten times a year. Kay would set the agenda for the meetings and provide an update of the Institute's activities. In general, there was no formal structure in the governance practice of the Institute. Wally Smaill, made some comparisons with his experience from the business world:

Colin is so charismatic. I mean he is incredible. He's got a huge wealth of people he knows, people he can tap shoulders on; he's been involved in politics and business. Nothing is too much trouble for him to go and broach subjects. And I think that that's an important part. A lot of businesses would wish to have someone like that. But, it has to have processes; it has to have much more of a business model in my mind, to have that longevity. ... Compared with our own [company] Board meetings and what we're used to doing, I mean there are action items and there are people accountable for doing things. So there's quite a lot of greater discipline that should be employed in this. It's fairly informal compared to what I'm used to.... Well I think for progress, the Institute needs structure and discipline and processes and procedures put into place. Yes, it needs charismatic people like Colin. But it's a matter of keeping a balance between not destroying what we have.

WHERE TO FROM HERE?

Peter Snell Institute of Sport was a small player on the New Zealand sports development scene. Some trustees believed that the Institute could only grow by virtue of the amount of money that the organization could raise. They felt that there was a sense of urgency that the Institute would have to step up in the next 5 years. A Board member stressed:

It had taken us five years to get established, to become accepted, to establish relationships with the National Sports Organizations, to gain some credibility, to get coaches who we can identify that can help the talent that we unearth in the schools. The fact that no one else is doing this, that we are the only organization in New Zealand who's going into the schools and looking for talent, means that we have a potentially very important role to play. So we've got a lot of work to do and it should be interesting to see where we go. But it gets back to money, as it does with most sporting function and bodies in New Zealand. Our future depends on what we can do in that field.

Expert Opinion



Dr. Judith McMorland has been acting an advisor for NFP organisations for more than 30 years. She has an honorary research appointment having retired as a Senior Lecturer in MER at The University of Auckland.

Colin Kay's question, "What kind of people and what resources does the Institute need to

survive in the future?" is relevant to all not-for-profit (NFP) organisations making the crucial transition from founding phase to growth and institutionalisation. Transition to a different management structure and type of leadership is never easy, especially in an organisation undergoing change. There are several reasons for this:

- Fired by the strength of their founding vision, originators find it difficult to trust that others will sustain organisational mission with comparable vigour.
- Most NFPs are set up to solve problems, or provide services, particular to a time and context. Passion is necessary but insufficient to sustain an organisation when challenged by changes in context. The setting up of SPARC changed the context considerably, requiring the Institute to redefine its purpose and contribution to the wider field of sport promotion in NZ, challenging the effective use of its resources. Strategies successful in one context (personal friendships and informal networking which could raise significant funding contributions) may no longer suffice when funding regimes change, or personal networks and influence no longer carry weight.
- Succession planning is often an undiscussable topic in NFPs but inevitably in any organisation, there will be a need for leadership changes. The hardest thing

for charismatic leaders who have been successful to do, is to let go of the reins of leadership early enough so that new successors can emerge. Consideration of the role a general manager might play in the Institute is important as it signals acceptance of the need to formalise responsibilities and distinguish between governance and management. The need for greater formalisation as a means of maximising others' contributions, is also signalled in this case, by the frustration expressed by business men who are used to policies and practices which facilitate action, allow others to contribute their own expertise, and safeguard the organisation from over-reliance on any one person. Review processes, and agreed policies and practices at both governance and management levels provide mechanisms whereby 'undiscussables' can be visited without individuals taking personal offence. Such review processes also provide organisations with tools to anticipate change.

- 'Growth' is often touted as a desirable outcome of NFP activity, but the parameters of such growth, and the implications for organisational design, resourcing and functioning are seldom well anticipated. Growth brings complexity and tension between capacity and capability. Here NFPs are often in a catch-22 situation: resources are needed to create growth, but growth consumes resources in the form of greater infrastructural needs, communication, and management practice. The ability of the organisation to sustain itself through periods of tight resourcing before critical capacity is attained often depends on volunteer goodwill, or altruistic service by staff and board members. When more is demanded of people and resources than the capacity and capability available allow, the organisation becomes vulnerable to collapse. This is particularly so in service organisations where 'need' is insatiable. The PSI will have to define parameters of activity if it is to maintain its sustainability.

A strategic question that the Board of Trustees and Kay would need to resolve in the near future was the purpose of the Institute. Some of the country's influential sporting figures did not see the future of the Institute in the talent identification (or management) programme. A National Sports Organization's leader commented:

I think that they should define their role. What are they? They can't compete with SPARC, they don't have those resources and that's not what they are. I think that's the first step, to really define what they are and for me, they are an agency which can direct funds and help young athletes to take the steps needed to go forward. That's what I believe they are.

Furthermore, the Board of Trustees and Kay would have to decide about the management and organizational structure of the Institute. Kay was not sure what the Institute would

need at this stage: *"A CEO with traditional responsibilities or a general manager, somebody who would be able to manage and engage in various areas of the Institute's interest or both?"* Some board members believed that the Institute should be run as a business *"with a credible chief executive, somebody with strong leadership skills"*. These were all difficult questions, but would have to be answered in a near future.

This case was written with the cooperation of Peter Snell Institute's Board of Trustees solely for the purpose of stimulating class discussion. All data contained in the case are based on field research and public sources. The case is not intended to be used as illustration of either effective or ineffective handling of a managerial situation.