



WHERE IS YOUR CLUB HEADING?

By Greg Russell

Partner, Russell Corporate Advisory

No one can predict the future. But rather than sit back and wait for it to happen, effective clubs anticipate what lies ahead through strategic planning. Different from classic business planning, the strategic variety involves vision, mission, and outside-of-the-box thinking...and can either make or break your club.

Here's a business truism no club can avoid: Strategic planning is critical to business success. Why? Chiefly because it describes the status quo and forces likely to change your club's business in the immediate future. What's more, during the process, strategic planning will help address questions of key importance, offer a framework for future decision-making, uncover and clarify future opportunities and threats, serve as a channel for internal communications, set specific objectives for achievement, create a basis

for efficient performance measurement, communicate goals to employees, members, and the greater community, and focus attention on your club's long-term growth.

No one strategic model fits all clubs, but the strategic planning process includes certain basic elements that all clubs can use; that is, there is no excuse if your club doesn't have a strategic plan in place. However, if your club is indeed operating without a strategic plan then prepare to be part of a minority that's soon to be marginalised! Why? In all likelihood, your club will simply become one of the statistics as a community facility that's failed financially and forced to close its doors. Some industry observers may have directed you to consider amalgamation as well – had you a strategic plan in place, some clubs today have included achieving amalgamation to ensure long-term viability. Whether you're an advocate or a sceptic regarding the value of strategic planning, you should continue reading...

Above it all, strategic planning is at the heart of good governance, which is about the processes for making and implementing decisions (it's not about making 'correct' decisions but about the best possible process for making those decisions). *Section 180* of the *Corporations Act* outlines the business judgement rule, which reflects that in making a business judgement that directors must have regard to the corporation's circumstances and the environment in which it operates. A strategic plan provides a context for effective and informed decision-making to take place and helps ensure your directors are able to demonstrate

application of the business judgement rule which helps in defending or justifying business decisions that have been adopted. It's important to take note as a lack of a strategic plan and no evidence of the application of the business judgement rule have been factors in complaint proceedings against a registered club in the past.

A strategic plan doesn't need to be an overly complex or detailed document either. In fact, I subscribe to the view that 'more is less' in the context of a strategic plan. Many plans for clubs delve into operational issues and whilst this isn't necessarily bad, for a club that's new to strategic planning, evolution of the strategic plan will reflect a growing focus on issues that are strategic and away from issues that are borderline operational matters.

Furthermore, a strategic plan should clearly state what the overall objective of your club is. It may be relatively simple while for those clubs struggling financially, the object communicated may be as simple as to achieve financial viability by certain means (with details provided) while other strategic targets may include things such as to implement a five-year business plan developing diversified income streams (which will reduce the club's reliance on gaming revenue) or identify high-level threshold targets for financial performance. These objectives are worthwhile in a club context given the need for a club to balance purely financial objectives against achieving and supporting the objectives for which the club was created for.

Whether you're a director or a member of senior management, every club needs a clear statement of direction so that all participants know where it's heading. A comment often advanced by sceptics of the strategic planning process will offer something along the lines of... "*I've run a successful small business for many years and never had a strategic plan so why do we need one in the club?*" A very simple answer is that small businesses are not operated by committee and for there to be a common view of where a club is heading, it must have a strategic plan.

Another adage in the club industry is that it's the role of directors to set strategy and the role of management to deal with operational matters. While my view

accords with this clichéd statement, I do believe that CEOs and some members of senior management have a role to play in the strategic planning process. I advocate planning by consensus whereby the strategic planning meetings are undertaken so that all participants in the governance structure of the club have an opportunity to put forward their views. This gives the best possible chance for the development of an appropriate and relevant strategic plan. This mutual involvement in strategic planning is also supported by the fact that directors and officers share a similar risk in terms of personal responsibility for the actions of the corporation. The Centro case from a few years back now (which was about the duty of care and diligence and the analogous provision for financial statements) clearly demonstrated this point where of the eight defendants, six were directors and two company officers.

The process to create a strategic plan is relatively simple. A participative meeting

is arranged preferably over one to two days in a location that's remote from the club's activities. The purpose of this remoteness is to ensure there is a full focus on strategy as well as ensuring the best chance of maintaining confidentiality.

In this separate environment (which is without interruption) participants are provided with an update regarding the circumstances of the industry, of their particular club, and a summary of achievements to date. A process then follows whereby the peculiar issues affecting the club are examined. The means by which this self-analysis is conducted can be done through a SWOT (strengths, weaknesses, opportunities, and threats) analysis. Other processes can be followed which are described with other acronyms such as SOAR or PIOR but regardless of the acronym applied, the analysis undertaken is a means to examine issues affecting the organisation both internally and externally (whether positive or negative) and to set objectives.

The acronyms simply provide a means to organise your thoughts and nothing else. Clubs which have undertaken strategic planning for many years have condensed the issues analysis into an analysis of 'critical issues' because operational matters are resolved on an ongoing basis while critical issues really reflect core strategic imperatives.

The process of strategic planning is quite straightforward and doesn't require the creation of a tome along the lines of Leo Tolstoy's *War and Peace*. Justification in terms of corporate governance is quite straightforward in that it's the process that provides context for all decision-making. Strategic planning is at the foundation of good governance with those organisations that exist without good governance increasing their risks of failure substantially. So, if your club doesn't have a strategic plan then be prepared to become part of the marginalised minority or one of the statistics that reflect the ever-changing nature of this great industry. ♣



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02 9957 6700

Level 5, 53 Walker St North Sydney NSW 2060

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