A GOOD GOVERNANCE STRUCTURE FOR AUSTRALIAN CRICKET

David A Crawford AO

Colin B Carter OAM

December 2011
A GOOD GOVERNANCE STRUCTURE FOR AUSTRALIAN CRICKET

This memorandum describes the work we have completed for the Cricket Australia (CA) Board.

Our remit was to review the governance structure of Australian cricket which essentially means the role and composition of the Board, and its relationship with the various State cricket organizations. This work has been carried out in parallel with two other related projects – the Argus assessment of team performance and the Financial Model project. Our Terms of Reference are included as Attachment B to this document.

At the time of our appointment to conduct the review, we met with the Board of CA and received assurances that the Board recognized there is a need for change. This assurance followed receipt of a letter from the Chairman of CA containing the following "At the CA Board meeting on Friday 10 December, I reported to the Board of our meeting and emphasized to the Board that you were only interested in working on this project if CA were serious in its desire to effect change. The Board reinforced its desire".

In carrying out this work, we have spoken to approximately one hundred persons around Australia, many of whom hold leadership positions in the game. They have all been very helpful and most, though not all, are eager for change.

After reflecting on the views we have heard – and drawing on the wide experience we have across many commercial and not-for-profit (including sporting) organizations, we have formed a very firm view about the governance structure that will best serve Australian cricket in the years ahead.

This report is organized into four sections:

- **The Challenging Context:** Cricket's administrators are and will continue to be working in an environment in which the stakes are high and the challenges are formidable.
- **The Recommendations:** This section describes the attributes of a well-based governance system, how these should be applied in cricket, why the change is needed to enable cricket to deal with the issues it faces, and our recommendations.

- **Transitional Arrangements:** If our recommendations are accepted, it will be necessary to move from the current structures to a new model. The timing and how the interim arrangements might work need to be agreed.

- **Concluding Comments:** Our recommended outcomes may evoke some disagreements, particularly from those who believe that the current system works well, or from those who perceive advantages from existing structures. As well, there are some major issues awaiting decision from a new Board which will shape the future of cricket.
A. THE CHALLENGING CONTEXT

We are cognizant of the considerable challenges facing cricket, both on and off the field. The management of the game itself is arguably more complex than for any other team sport in the world. Fixturing and contracting is particularly complicated because elite cricketers can play in many teams throughout a year. There are currently three forms of the game, and a player may appear in teams representing any of, for example, Australia, State, club, Indian, English County – which means that a player may play in as many as five or six different teams throughout a year. In this context, it is very difficult to achieve consistent messages to that player about technique or attitude. In contrast, a player in the English Premier League has only a club and national side to balance while an elite AFL player is part of only one team. In talking about team-based sports these days, the importance of culture and values as well as consistency in training for skills is highlighted. Consistent messages are necessary if a cricket team's 'brand' is to be successfully developed. The structure of cricket makes this very difficult.

The huge amounts of money available to the game offshore, particularly in the sub-continent, will increasingly attract the best talent and pose challenges to Australian domestic cricket. There is a well-observed pattern in sport around the world which is that:

- the money is increasingly concentrated at the very top of the sport and not well distributed to lower levels
- the best players go to where the money is
- many of the sports are increasingly influenced by teams rather than countries – and many of the teams are owned by private entrepreneurs.

In such a world, the long term risk is that Australian cricket could gradually become a feeder league that provides players to lucrative competitions being played elsewhere.
Migration patterns also mean that an increasingly large proportion of Australia’s population has not inherited a love of cricket. Over a quarter of the population of our largest cities was not born in Australia and most did not migrate from countries that have a history with the game. As with other sports, cricket faces the ‘multi-cultural’ challenge of attracting participants and spectators. Until relatively recently, migrants were drawn into our national sports through compulsory sport in our schools but this is no longer the case.

The amount of money at the national level, with media rights and sponsorships, has exploded compared to even a decade ago. The governance of cricket has to strengthen cricket’s capacity to win its share of public support against vigorous competition from other sports and other forms of entertainment. Without success in gaining its share of media revenues, cricket will fall behind as a ‘first choice’ for talented athletes and will not be able to fund the grass-roots development programs that will enable it to win against other sports.

The Argus report has rightly called for increased collaboration between States and with the National body. It correctly notes that the system has to work well as a ‘matrix’, if high performance is to be achieved. We don’t under-estimate the challenges here. Large organizations find the ‘matrix’ difficult, even while working across divisions inside the same organization. In cricket’s case, we require independently owned State organizations to be working together – and with the national organization - for a common purpose.

Even with goodwill, the system is complicated. Most of the CA Directors who sit around the national Board are, or have been, Directors of their State cricket associations which guard their independence carefully. Decisions made at CA have to be negotiated through the politics of these arrangements with many such decisions then having to be implemented through the State bodies that have their own agendas. A great deal of energy is consumed in working within these arrangements.

In high performance organizations, there is high level of collaboration and a strong sense of common purpose. The strategic direction is embraced throughout the
organization. There is a 'can do' attitude and measurement of outcomes is a way of life. Only with this culture and working across the management matrix will cricket consistently achieve high-performance outcomes.

These are formidable challenges. Cricket's Board and management require great insight and wisdom if they are to deliver the vision which is to be Australia's favourite sport. The national administration of cricket must be well-based and not impeded excessively by sectional or personal interests.
B. OUR RECOMMENDATIONS

While we are not doctrinaire on governance design and do not believe that "one size fits all", there has been an extraordinary convergence around the world over the past two decades about what structures work best in most situations. This convergence has been reinforced by government regulators and stock exchanges who have enshrined new governance standards that modern day organizations are expected to uphold.

We believe that cricket's interests will be best served by adopting the governance structure now regarded as 'the best' throughout the world. This is an "independent and well-skilled" Board that is clearly accountable to the owners and which doesn't confuse its own role with that of management.

In many of our meetings, this was often described as the "AFL model", but this is a misunderstanding. Twenty years ago, the AFL simply adopted what is now seen as the best governance model which is the same design as that of BHP Billiton and a not-for-profit like Mission Australia. These Boards are designed, as far as possible, to remove 'conflicts of interest' and attract relevant skills. Among our professional sports, this is also the structure now adopted by the Football Federation of Australia: it is the one recently adopted by the NRL and, if recent press reports are to be believed, it is also being considered by the ARU.

Our recommendation is that CA adopt the governance structure now widely regarded as 'best practice'.

Such a structure can be described as follows:

The Board's main role is to agree strategy and appoint and oversee highly competent management on behalf of the owners. The owners appoint the Board as their representatives and are able to dismiss the Board if necessary. A good Board will be comprised of Directors who understand that their primary duty is to act on behalf of all owners and not sectional interests. A good Board will be of a workable size and its members will be chosen for their complementary skills, experience and their capacity to contribute. A good Board understands that its role is different to that of management. The Board's delegations to management will be clear and those major decisions that are retained by the Board will also be clear. Similarly, the Board's accountability to the owners will be understood and those few matters that must be referred to the owners for approval will be clearly defined.

In the case of CA, the owners are the members or in other contexts are the shareholders.

Of course, a good Board will require more than structure. The Directors need to work diligently, organize their work in a productive manner and hit the 'sweet spot' as they both support and challenge management — a balancing act that is not easy to achieve. A good Board will regularly assess whether it is using its time effectively and will subject itself to periodic performance appraisal. These matters — what a good Board does in the normal course of its duties - are outside our scope. Our remit is the governance structure itself.

The current governance structure for cricket falls well short of what is today regarded as 'best practice'. The current Board is far too large to be effective. The Board is widely perceived to have embedded conflicts of interest that too frequently come into play when decisions are being made. The process for appointing Directors does not take adequate account of the Board's skill needs. There is a lack of clarity around the respective roles of the CA Board, the States, and management. Board and management roles overlap leading to confused accountability. The decision-making roles of management, the Board and the States lack clarity which leads to indecision and conflict and the constant re-opening of issues.
What follows is a brief description of the changes to Australian cricket's governance structure that we believe will enhance the performance of the cricket system:

1. Clarity around the States' Role as Owners (Shareholders)
2. A Smaller Board
3. Removal of Conflicts of Interest
4. A Skills-based Board
5. Reconsideration of Voting Rights
6. Clarity of Board Role Relative to Management
7. A Partnership with Management
8. The Chairman's Role
9. Other Attributes of a High Performing Board
10. A Workable Financial Model

These issues are discussed as follows:

1. The States' Role as the Owners (Shareholders)

The main role of a Board is to oversee management on behalf of the owners. Therefore, an effective governance structure will clearly define to whom the Board is accountable, and how that accountability will be exercised. Put another way, it is to agree who can dismiss the Board. Unless a Board can be removed, it will lack the necessary accountability.

The common view among cricket's leaders is that the States are in fact the shareholders, and we agree. They are the custodians of the game on behalf of the wider community. As such, the States should continue to hold the right to appoint the members of the Board and, if circumstances require, to remove them.

In our interviews, we were asked several times whether the professional players should be regarded as a shareholder? (Their stake in the game is obvious and also different to that of the many amateur participants in the game). Our view is that this is not preferable. Players will want their share of cricket's income and will need to
negotiate this share alongside game development priorities, the fans (admittance prices) and the need for facilities. As co-owners and with a position on the Board, they would have an uncomfortable conflict of interest. Their long term position is best served by working in partnership with CA rather than being viewed as a co-owner along with the States.

Having appointed a Board to represent their interests, the rights of the State shareholders need to be specified – by which we mean those matters that must be referred back to the States for ultimate decision. As in the corporate world, these should be few with the States' rights defined as follows:

- The right to appoint the Board – the Board appointment process should give absolute power to the States. These appointments should follow a recommendation of a Nomination Committee. (Refer point 4 below, re Nomination Committee).
- The right to dismiss a Director or the whole Board – this is their rightful prerogative as owners but it must not be capricious lest it is de-stabilizing.
- Approval for those very few major decisions that fundamentally 'change the business'. Specifically, this means any decision to add or delete teams or major competitions. For example, the inclusion of teams from New Zealand in a domestic competition or introduction of a new league such as the Big Bash would qualify here.

For each of the above, a two-thirds vote among the States should be required to pass a resolution.

The principle here is that the owners should be able to change the Board if they wish but that, while the Board is in place, the owners should not be in a position to second-guess the Board and management at every turn. This leads to clarity in role and decision-making. This is the accepted practice in the corporate world. It is also the agreed position in the FFA and the AFL where the Board (the Commission) is empowered to run the game without interference from the shareholders (who are the clubs and the State administrations in WA and SA). But the very major decision to introduce the new Gold Coast and Sydney teams required shareholder approval.
However, having made the decision to admit new teams, the decisions over the level of investment in these new areas is a decision made by the Board in accordance with strategy and in the interests of the sport without further shareholder interference.

Our recommendations are that:

- the States be acknowledged as the shareholders with responsibility as custodians for cricket in their own State and throughout Australia

- the States be responsible for the appointment of Directors to the CA Board. These appointments to follow a unanimous recommendation of a Nominating Committee and require a two-thirds vote among the States.

- the States retain the right to dismiss any, or all, of the CA Directors based on a two-thirds vote

- the CA Board must refer to the States for approval only those matters that involve a fundamental change to the structure of cricket such as the addition of new teams and competition formats. A two-thirds vote be required to approve such a change.

One issue raised frequently in our discussions with the States involves their need to ensure that fixtured events in their States cannot be removed to competing venues without their agreement and approval. This is a legitimately important issue but we view this as one that should be handled as a commercial agreement rather than as an issue of shareholder rights. We would expect that CA will have such an agreement with each of the State bodies where the State has stadium investments that it needs to protect.

Having agreed the role of the Board relative to the shareholders, the next step is to establish the shape of the Board.
2. A Smaller Board

The CA Board currently has fourteen non-executive Directors – which is too large. It would be difficult to find an experienced company Director in Australia who would argue that fourteen non-executives on a Board is a good proposition.

A Board that is too large wastes time in process, inhibits effective discussion and arguably enables individual Directors to neglect their duties with little consequence. Common wisdom in governance circles is that the preferred size of a Board is between six and ten non-executive members, depending on the size and complexity of the business.

The average size of company Boards throughout the English speaking world is less than ten non-executive Directors. The Boards of all of Australia's Top Ten companies have much smaller Boards than does Cricket Australia. BHP Billiton is one of the world’s twenty largest companies by market capitalization and has eleven outside Directors. Wesfarmers, our nation's largest private sector employer, has more than two hundred thousand employees but eight non-executive Directors. In sport, the AFL has eight non-executive Directors, the FFA has seven, while the newly appointed NRL Board has eight. Among Australia's largest not-for-profits, Mission Australia has nine outside Directors and World Vision has ten.

A Board has to be large enough to carry out the Board's tasks but not so large that it is inefficient and participation becomes difficult. Also, and while this sounds to be a paradox, large Boards are more easily captured by management than are small Boards (and we note a view among some State observers which is that "the CA Board does not do a good job of controlling CA management").

Our recommendation is that the CA Board be reformed with a maximum of nine non-executive Directors.

Having established the size of the Board, its composition is important.
3. Removal of Conflicts of Interest

At present, the Board members of CA are directly nominated and appointed by their State organizations. In most instances, the nominated Director is, or has been, a serving member of the State organization although one State – Queensland – now prohibits its nominee to the CA Board from holding office on the State Board. The result is, in our view, that most CA Board members have a real conflict of interest.

In our interviews, it was clear that there are divergent views on this matter. Some argued that the CA Board members always act in the national interest but others strongly disagree. And whether Board members actually fail this 'conflict of interest' test is only part of the question because many of cricket's leaders – many of those serving on the State Boards and some on the national Board – believe it to be the case. The Board's 'independence' is simply not believed around the cricket system.

The word "trust" came up many times in our interviews and many members of State Boards told us that they simply "don't trust" the CA Board to adequately represent their interests. Of course, this is ultimately self-defeating. If one State insists on direct representation because other States cannot be trusted, the other States will do the same and so 'lack of trust' is hard-wired into cricket's governance system. It is corrosive. And too much energy is wasted working around the politics of important decisions.

Governance 'best practice' has it that conflicts of interest are undesirable. For example, a major shareholder in a public company may have a representative on the Board but that Director must now be classified as "non-independent". Good practice will require that Director to abstain from voting on issues that bring any benefit to his shareholding – for example, on dividend policy. If such a rule was applied to the CA Board room, few of the Directors could vote on major issues.

The legal obligation of the Directors of CA is to represent the interests of all shareholders, but this is difficult to achieve when they are directly appointed by the States. It is time to change the system and so we make two recommendations.
These recommendations are:

- That no Director of CA can, at the same time, hold office in any State administration (or other related entity such as a Big Bash venture)

- That Directors not be appointed by individual States but rather that candidates be voted on collectively by all States and only candidates who have the support of at least two-thirds of States be appointed to the CA Board.

We believe that a Board that is largely free of actual and perceived conflicts of interest is the best way to restore trust.

Moving away from the States making their own direct appointments to the CA Board will not only address the 'conflict of interest' issues but will more easily enable the appointment process to better take into account the skill mix requirement for the Board.

4. A 'Skills-Based' Board

A good Board has a thoughtfully assembled mix of relevant skills and experience. And while this is never a perfect process, the process at CA does not even pretend to take the needed skills of the CA Board into account. Each State appoints its own representative(s) to the CA Board with little consideration for whether their appointees add to, or duplicate, the skills already there. It was pointed out to us that the CA Board could finish up with fourteen accountants or fourteen former test players.

The current process means that the skill mix of the CA Board is lopsided. This is not an argument about the merits of individual Directors but rather that, collectively, the skill mix does not add up. We listed a number of the attributes that a Board of CA would find useful and tested these in some of the interviews and it is clear that many of these are not found currently on the Board (see Attachment C). The skill and experience mix is skewed towards a small business base. Even with fourteen
Directors, there is little experience in running organizations as large, or larger, than CA or ones facing similar challenges. Experience in marketing, media and broadcasting, investment evaluation and international business is limited. There is good diversity in geography and age profile but little gender and cultural diversity. Unlike the AFL and NRL Boards, there are no women.

We recommend that CA adopts the practice of appointing a 'skills-based' Board and that a nomination process be established as follows:

- **A Nomination Committee** be formed each year that consists of four persons — two State Presidents plus the Chairman of CA and one other CA Director nominated by the Board. The States would have to agree and choose the two State Presidents to represent them in this work.

- **The Nomination Committee** would start with an assessment of the Board’s needs and then canvass suggestions as to future Board members. It may commission a firm of specialists to ensure that the search looks beyond the usual pool of candidates.

- **The Nomination Committee** would then reach unanimous agreement about which candidate would be put to the shareholders for approval.

- **Any nomination to the CA Board** would then have to receive support from at least two-thirds of the State shareholders.

To do this, the process must be based on a 'collective' view rather than each State making individual appointments.

In this way — by insisting that the representatives of the States and the Board work together it is more likely that a good mix of skills and experiences will be appointed to the Board and that embedded conflicts of interest will be removed. The underlying principles here are important to note. First, the States are the shareholders and it is their final right to accept or reject any candidate. And second, that the Board itself
has the best view of the skills and attributes needed by the Board and should be a contributor to the process.

While a two-thirds vote is all that is legally required to support a nomination, in practice we would expect that nominees for the Board will be supported unanimously. The system will work much better if CA Directors are elected in the knowledge that they have the support of all shareholders. In practice, the two-thirds vote is more likely to be important in the rare instance of removal of a Board member.

We have recommended that a Nomination process propose a candidate to the States without specifying any pre-conditions. It would be possible to require that, of the nine candidates, one is resident in each of the six States. This would be a better system than the current one, but it is not our preferred option. It could obstruct the search for skills and its advocates should take care that they do not legitimize the notion of 'geographic quotas' which could be extended to other attributes. Rather, we prefer to see the Nomination Committee take seriously the need to ensure geographic diversity and leave it at that. We point out that the shareholders have the final say in these appointments. This should be enough to safeguard their interests.

5. Reconsideration of Voting Rights

One of the more sensitive issues around cricket's governance structure is the different voting rights between the States. For a long time these have been three for each of NSW, Victoria and South Australia while Western Australia and Queensland have two each and Tasmania one.

Currently, each of these votes translates into one Board member which explains how the Board has fourteen members. From there, the numbers count and the so-called smaller States (Queensland, WA, SA and Tasmania) have together eight votes out of fourteen which is said to be sufficient to block the large States (NSW and Victoria) on any vote that requires a majority or more.
There is dissatisfaction about this voting structure because it is seen as inequitable. In particular, that SA has more votes than demonstrably larger States on any possible measure (Queensland and WA), is resented. And other constituents such as the ACT feel completely disenfranchised in a structure in which voting rights are said to be the only means of ensuring that one’s interests are being cared for.

There is no single right or wrong answer to this issue but we make two points. First, our recommended Board appointment process (described earlier) makes much of the problem go away. If Board members are appointed by two-thirds of all States (and hopefully unanimously) and if they are unambiguously expected to represent the national interest, any inequity in the shareholdings becomes much less material. Even the non-represented ACT can believe that the Board will represent their interests.

Our second point is that fairness does matter. While population numbers, geographic size or productivity at producing talent might provide some logic to differential shareholdings, the current shareholding basis has no logic to support it, other than it was decided by those first to the table nearly one hundred years ago. This is not a good basis for a partnership relationship between the States, nor does it reflect the significant changes that have taken place since those arrangements were agreed.

Our recommendation is that the States agree to a common shareholding of two shares each in CA.

In practice, this doesn't change much and it is more symbolic than substantial in its effect. The smaller States can still block the two larger States if they wish. Significant agreement between States will be required on appointments to the Board and very few issues will be referred back to the shareholders for decisions.

But symbolism is important. We note that in major sports competitions - such as the NFL, Basketball and Baseball in the US and in the AFL, NRL and FFA in Australia - all shareholders stand equal. Large and wealthy clubs have the same vote as the new and smaller clubs and this is never disputed.
An issue that the newly constituted Board may also wish to address is whether the ACT should be admitted as a member (stakeholder) of CA. We note that the population base served by the ACT now exceeds that of Tasmania and that the ACT is already home to elite professional teams in Rugby and Rugby League.

6. Clarity of the Board Role Relative to Management
Currently, the CA Board has eight standing sub-committees plus one Working Group (Financial Model). Most of these deal with 'management' matters and as such are likely to cause confusion with management and erode accountability.


These arrangements beg the question about what is the role of the Board? Is it to manage cricket or is the Board there to agree strategy, appoint management and delegate to that management the responsibility for implementing that strategy? The Board should monitor the performance of management, offer advice and approve decisions on a very small number of large matters. If the main role of a Board is to represent the 'owners' and make sure that the organization is heading in the right direction, how can they carry out this task if the Board is too engaged in management?

Many small organizations, particularly in the not-for-profit area but also in the corporate sector, have Boards that see themselves as supplementing management. They have a number of Board subcommittees that involve the Directors in many aspects of the organization's activities and there is often good reason for this – usually providing skills that a small executive team lacks.

What happens when the organization grows is that there is increasing tension between the Board and the executives over their respective roles. And it becomes
difficult for the directors to genuinely oversee the organization because they themselves are effectively managing many of its activities.

The AFL went through this process a decade ago and there was a period of discomfort in which the professional management team and the Board had to redefine their roles which were overlapping to an unsatisfactory extent. A number of sporting clubs and not-for-profit organizations have done the same. The businesses have grown, they have recruited capable management teams and the Boards' job is now to oversee their performance.

When the Board members become too involved in management, they undermine their capacity to hold the executives accountable. The old adage for a good Board runs as follows: "Noses in and fingers out".

To the extent that it is useful for Board members to become involved in 'management matters', this should then be at the request of management and only if the CEO wants it that way.

Viewed this way, it leads to a reasonably clear distinction between committees appropriate to the Board and committees of management on which Board members might serve. There are arguably only a few legitimate 'Committees of the Board':

1. Audit Committee – to ensure that management isn't 'cooking the books'
2. Remuneration Committee - to decide what the CEO is paid and senior executive remuneration policy
3. Nomination Committee – to oversee Board appointments because management must not control the appointment of those who oversee them

Occasional joint Board-management committees can also be temporarily established for major issues like the broadcasting rights negotiations.
In some situations, Boards may also have a committee that oversees areas of risk that are potentially catastrophic to the business — much as banks have risk committees and airlines have safety committees. But these committees are typically joint Board-management committees.

Other committees such as Marketing or Strategic Planning are the domain of management, being at the heart of what management is supposed to do.

At CA, we suggest that a number of the current committees are not appropriately committees of the Board and they should be the primary responsibility of the management team. To continue to view them as Board committees undermines accountabilities.

Notwithstanding this, it is healthy and useful for Directors with special skills and experience to contribute to the organization. It is quite appropriate for them to be part of management committees - if management wants to do it that way.

Our recommendations are that:

- The CA committee structures be reviewed with the intention of closing down most of them as Board committees.

- That Board members be encouraged to participate in management committees where the director has expertise and where the CEO wishes them to participate

We do not have any issue with temporary Board committees being set up — usually with management - to consider special issues. The Financial Model Working Group is one such example.
7. A Partnership with Management

The issue here is whether the chief executive should be a member of the Board. There are two approaches found around the world — where the CEO is not on the Board and where he/she is.

These days virtually all public companies in the English speaking world have their CEO on the Board. Traditionally, in the not-for-profit sector, the CEO is less often a Board member but this too is changing. There is no reason in principle for this difference. It is mostly about history and tradition because any theoretical arguments make little sense. The Board role is the same in a company as in a not-for-profit or a member based organization. It is to help steer the organization and be accountable to the members/shareholders for performance.

It is important to note that there are important Australian examples in the not-for-profit and sporting worlds where the CEO is on the Board. For example, the Governor (CEO) of the Reserve Bank is a member of the RBA Board and the CEO of the AFL has been a member of the AFL Commission for the past 25 years.

In our review of Australian sport for the Federal Government in 2009 we recommended that CEOs be appointed to the Boards of national sporting organizations and so it will not be a surprise that we recommend this for cricket as well.

In that report, we highlighted what we viewed as the poor advice contained in the then Australian Sports Commission guidelines on governance for sports organizations. In justifying its view that the CEO should not be on the Board, the ASC talked about the Board as being "the mind" of the organization and the executives as being "the hands". This view was probably a hangover from the amateur era when clubs were run by the Board and the day-to-day work was carried out by a part-time club secretary who may even have been a volunteer or ran the bar on the side. This approach may still be appropriate to a lot of local clubs but it isn't appropriate to large operations. It isn't appropriate to our national sports such as the football codes and cricket where the executive teams are negotiating hundred million dollar contracts and employing many hundreds of staff.
CA is now a seriously large enterprise with annual revenues of around $250 million per year and increasing. It has to be run as a business recognizing both the business interests as well as the development of the sport including grass roots operations. Cricket will increasingly recruit staff from the corporate sector and other professional codes, and to do this successfully it will need to offer positions and status that are comparable to the companies that the candidates might otherwise join.

To be successful in a large complex venture, the Board and management must work together. A Board cannot succeed without management's help. And a CEO cannot survive without the Board's support. They need each other and having the CEO as a member of the Board helps to achieve this.

Our recommendation is that the CEO of CA be appointed to the CA Board as an Executive Director.

8. Enabling the Chairman's Role

The role of Chairman is arguably the most important position on a Board. The Chairman has huge influence on the Board's agenda and where it focuses its attention. The Chairman leads the process of overseeing and evaluating the CEO. The Chairman must deal with performance shortcomings around the Board table. The Chairman must be across the major issues facing the organization and able to lead management and Board members towards informed consensus.

Being Chairman is a challenging and time-consuming role in any organization – but even more so in cricket. We are told that the demands beyond traditional Board duties are huge. Other countries expect the Chairman to appear regularly when international events are being sponsored in their cities. And there is an expectation that the Chairman will be present – meeting and greeting – at many events and functions around the country and the world.
These demands make it less likely that the persons with the skills and the time available to chair CA will be easy to find. If it is almost a full-time job with extensive overseas travel, the field of plausible candidates will very much reduce.

Our surmise is that some of these pressures will abate over time. Sports organizations are still often led by Chairmen who are the public face of their organizations. Some even see their roles as "Executive Chairman" but, as their organizations become more professionally managed, this is changing. The NRL, ARU and AFL all have governance models where the public face of the organization is typically the CEO. We see cricket on the same path but also accept that the international duties of cricket's leaders are exceptional.

We suggest that the newly constituted Board consider this issue and the attributes and the time commitment required of the Chairman, recognizing the paramount importance of being able to attract the best qualified person to fulfill the role. This will involve assessing carefully whether some of the traditional obligations of the chair really need to be carried out or whether some can be re-allocated to other Board members.

We also note in this regard that some other sporting organizations have sought to address this issue and their experience could be considered. For example, the ARU and Cricket New Zealand have created the role of President which is a non-Board (and hence non-voting) position that carries out some of the time consuming and onerous representative roles on behalf of the Chairman.

9. Other Attributes of a High Performing Board

The processes and practices of the CA Board – and how they compare to best practice - are outside our scope of review. But we note them. The important matters are meeting frequency and duration, agenda management, the use of committees, the quality of the Board papers, the way that the Directors work together and with management and the extent to which discussions add insight or waste time. A good Board should regularly review its performance and common Board practice these days is to periodically have ‘whole of Board’ performance reviews as well as robust performance feedback to individual Directors.