

A guide to creating a union-aligned pathway or franchise team



CONTENTS

- 1 INTRODUCTION 3**
 - 1.1 FIRST STEPS 4
- 2 ORGANISATION 7**
 - 2.1 ENTITY STRUCTURE – SEPARATE LEGAL ENTITY OR SUBSIDIARY?..... 7
 - 2.2 OWNERSHIP 7
 - 2.3 LICENCE AGREEMENT 9
 - 2.4 TEAM NAME 9
- 3 TOURNAMENT ENTRY 11**
 - 3.1 EXPRESSION OF INTEREST DOCUMENT 11
 - 3.2 BUSINESS PLAN 12
 - 3.3 YOUR EOI DOCUMENT 15
 - 3.4 THE TEAM LICENCE AGREEMENT (TLA)..... 16
- 4 GOVERNANCE STRUCTURE 19**
 - 4.1 RELATIONSHIP WITH THE NATIONAL UNION 19
 - 4.2 GOVERNANCE 19
 - 4.3 CREATING AN INDEPENDENT ENTITY 20
 - 4.4 LEGAL STRUCTURES 20
 - 4.5 CONSTITUTION 22
 - 4.6 THE BOARD OF DIRECTORS 26
 - 4.7 LEGAL 27
 - 4.9 BEST PRACTICE 31
- 5 COMMERCIAL PLAYBOOK 33**
 - 5.1 COMMERCIAL SPONSORSHIP 33
 - 5.2 BROADCAST 36
 - 5.3 MATCHDAY TICKETING 37

TABLE OF CONTENTS, CONTINUED

5.4	SEASON TICKET & MEMBERSHIP PROGRAMME	38
5.5	LICENCED MERCHANDISE	38
5.6	CORPORATE HOSPITALITY	39
5.7	GRANTS	39
5.9	COMMERCIAL DEPARTMENT RESOURCES.....	41
6	FINANCE	43
6.1	FINANCIAL MANAGEMENT	43
6.2	BUDGETS.....	43
6.3	TAX.....	46
6.4	FOREIGN EXCHANGE (FOREX).....	46
7	RUGBY OPERATIONS.....	49
7.1	PLAYER AGREEMENT & RELATIONSHIP.....	49
7.2	TOURNAMENT RULES	51
7.3	BUDGET.....	51
7.4	UNION VISION	52
7.5	PLAYER CAPTURE.....	53
7.6	NATIONAL DEPTH CHART	53
7.7	ROSTER CONSTRUCTION	54
7.8	PLAYER AVAILABILITY & TRANSFER.....	57
7.9	BUILDING YOUR ROSTER - CONSIDERATIONS	58
7.10	CONTRACTING	58
7.11	AGENTS & WORLD RUGBY REGULATION 5	59
7.12	CORE STAFF	60
7.13	FACILITIES	61
7.14	POLICIES & PROCEDURES	61
7.15	ORGANISATIONAL AND TEAM CULTURE.....	62
7.16	PLAYER COOPERATION AND COLLECTIVE BARGAINING AGREEMENTS.....	62

DISCLAIMER

This document is a guide only, to be used at a national union's discretion as a resource to support the creation of a pathway or franchise team.

Each national union retains all autonomy for the direction they pursue, and it is strategically responsible, and legally liable, for the decisions that are made in relation to the creation of a pathway or franchise team.



INTRODUCTION

1 INTRODUCTION

The performance GAP BETWEEN THE ELITE TEST NATIONS and the rest of the rugby world remains significant, and unless action is taken by developing nations, it will continue to grow as the elite accelerate their progress.

Beyond the quality of national team coaching and the quality of the fixture list, the single biggest factor that will reduce this gap will be the ability of unions to expose their players to, if not embed them into, elite competitions on a regular basis. This, in turn, will accelerate player development, experience and expertise, and in doing so will level the playing field.

The role of underpinning programmes – via domestic competition or national age teams – has been critical in delivering programming and development opportunities for national unions. However, presently the majority are short term and/or amateur in nature, and do not sufficiently expose players, or staff, to the rigours of a season-long, professional environment – a performance furnace that turns the talent of raw players into tempered steel. It is this deficiency that this resource seeks to address.

In short, unions need their emerging talent to play regular, quality and competitive rugby against top teams.

The formation of a franchise team from your union is a transformative opportunity.

At the top level of test and club rugby, the game continues to evolve and improve through full-time, professional environments and competition. However, within emerging nations, the quality and quantity of rugby being played leads to a stagnation of development, meaning the gap continues to grow.

The only way a player, team or union can truly improve is to play in better competitions, against better players. Your franchise team will allow you to do this. As the saying goes, “the rising tide lifts all boats”.

This document has been developed to provide all unions with a broad ‘How to Guide’ in setting up a fully (or semi) professional franchise team, from conception to competitive action. It identifies all the elements that should be considered and completed before a ball is kicked.

What it is – a resource for a national union looking to set up a team to play in a competition of three to six months’ duration.

What it is not – the absolute definitive guide. Considerations are offered but use your discretion according to your own needs.

WHAT ARE THE BENEFITS of a franchise team?

- National coaches see players compete at a higher standard, against quality opposition, creating a stronger basis to select players for test duty.
- A longer season (ideally that precedes a test window) enables players to be match fit.
- Creates an opportunity for domestic coaches and staff to immerse themselves in a

professional environment and take these learnings back to their domestic provinces/clubs.

- Allows test assistant coaches to lead the team, or creates opportunity to bring in a technical advisor to provide strong coach mentoring.
- Opportunity to pay players to train and play full-time for the first time.
- Provides the missing link in your pathway for domestic players and could enable foreign-based players to return home.
- It is an opportunity to grow fan base domestically by adding a semi pro team and having more local content across the season.

WHAT RISKS ARE involved in starting a franchise team?

- Possible alienation of domestic clubs:
 - Should the season clash with your own domestic competition?
 - If targeted players are contracted to the domestic clubs.The financial implication for your union, underwriting the team means working capital for multiple years must be available, while simultaneously operating your core union activities.
Unions need to consider the opportunity cost of NOT acting. The gap between your union and your competitors will continue to grow, making it harder to compete long-term and stymying your growth.
- Risk of cannibalising commercial sponsors from the National Union or other domestic clubs

1.1 FIRST STEPS

Once your board has given you the green light to scope out a potential team for entry into an identified competition, your priorities are as follows:

- Source and review the Tournament Expression of Interest Documentation (EOI). This will outline the criteria required for the Competition Managers and Board of the Competition to approve your entry.
- Build a high-level budget to include:
 - Entry capital (buy-in)
 - Operating costs
 - Sponsorship and funding – government, union, and other.
- Clearly understand and agree what the purpose of the team is and what success looks like. Is winning the competition at all costs the outcome, or is exposing and developing emerging talent the primary goal?
- Understand the impact this team will have on your union, domestic league and clubs.
- Ensure the General Manager of Rugby and National Head Coach build a depth chart to determine a likely roster and level of competitiveness.
- Review the most current Team Licence Agreement available and understand what this

means for your team. Changes to this document will involve lawyers and could take significant time and energy from your Commercial Manager.

- Do some due diligence on other competition participants to understand the competition strategy, growth aspirations as well as the appetite for new entrants

Does the board have the decision makers to press go?



ORGANISATION

2 ORGANISATION

For your franchise team to succeed you need to look at it as a business organisation first and foremost. Whether it exists as a separate legal entity or a subsidiary which is owned by another company, establishing this at the outset will impact many other decisions in the process.

2.1 ENTITY STRUCTURE – SEPARATE LEGAL ENTITY OR SUBSIDIARY?

One of the first decisions your board needs to make is whether the new team is a separate legal entity or a subsidiary. Careful consideration needs to be taken to the structure of the team and a separate legal entity is often the best structure to separate the risk from the National Union

If your union decides to fund the new team entirely and has the cashflow for the duration of your involvement, there will be no need for private investment and a separate ownership structure. This means you can set up the team as a separate department or business unit under your own control.

There are a number of reasons why you may want the team to operate as a separate legal entity (for example **Newco Pty Ltd**):

- The competition may demand it.
- It creates a separation between your union and the franchise team for all legal, commercial, and financial elements.
- It limits any legal risks associated with the formation and operation of a new team to the one entity, not the union as a whole.
- This is required should private investment (minority or majority) of the team be necessary.
- It is a more commercial and flexible structure to raise capital at a later date

Setting up such an entity will be governed by the relevant company laws of your nation.

2.2 OWNERSHIP

2.2.1 WHO WILL OWN THE TEAM?

Will the union itself operate the team as a subsidiary, will you licence the team entirely to a private investor or will it be a hybrid of the two? The answer will drive the next steps.

If your team is a wholly owned subsidiary of the union, all that's required is that this percentage ownership is reflected as an asset on your union's balance sheet.

However, if you intend on having a private equity (PE) stake – either minority (<49%) or majority (>51%), this will need to be reflected in the structure of your entity. This is usually a Proprietary Limited Company or a public company limited by guarantee.

There are two fundamental reasons a union would bring in private equity:

1. The union is undercapitalised and this is the only way to fund the new franchise.
2. The union is undercapitalised but wants to retain control of the operations, so is

willing to sell a portion of the rights to maximise the value of the team's commercial assets and revenue streams. To clarify, the PE partner could assume responsibility for selling all commercial rights (ticket sales, sponsorship sales, membership, corporate hospitality) on the basis of an agreement with the national union on key areas such as high-performance funding and all rugby-related matters such as staffing appointments and player recruitment.

2.2.2 THE POSITIVES OF PRIVATE EQUITY

- Private investment reduces or even eliminates the initial and ongoing capital needs that the union will be required to fund and gives you a liquidity and cash injection.
- A motivated investor may be willing to fund team operations above the level the union may have.
- An injection of entrepreneurial thinking and initiatives that a union may not possess, allowing the union to focus on 'core business'.

2.2.3 THE NEGATIVES OF PRIVATE EQUITY

- This may create a lessening or loss of control of the team by the union.
- An investor or investors may operate in a way that is not aligned to the overall mission of the union or the team.
- Investors may be seeking a financial return over a short time period, which may drive levels of investment or resourcing in a way that reduces team performance.

Worldwide, sporting assets are generally undervalued, so if a private investor can increase the value of your team over a three to four-year period, while funding your union, it's a 'win-win'.

2.2.4 UNION-LED

Regardless of the ownership structure, your union will have to take the lead on opportunities for a franchise team, at least initially.

Firstly, your union has total responsibility and control over the playing of rugby within your borders. Secondly, if you have domestic players who wish to play the game overseas, you need to release them to do it. And lastly, an overseas domestic competition will expect, if not require, your involvement if they invite a franchise team to participate.

Fundamentally, you should be in control when it comes to the development of rugby within your nation. The shareholding split is usually reflected by the amount of cash/capital injected into the company however a National Union may receive a higher percentage of shareholding because of the intellectual property they bring in regard to the High Performance and on field knowledge.

What that means is:

- You liaise with the competition management.
- You decide if the team will be union-led or licenced to a private owner.
- You determine the overall vision for the team at a level of detail that could have national performance implications such as player recruitment strategy and staffing.

The benefits of a union-led team are:

- Many of the staff you anticipate using will already be in place. If a new entity has been created under your union, staff secondments need to be allocated formally to track apportionments of pay, expenses, leave etc.
- Fewer political issues as existing staff should be aligned to the union's vision.
- Domestic clubs should be supportive if the consultation process has been constructive.

2.3 LICENCE AGREEMENT

The Competition Owners (Compco) are the licensors as they issue licences to participating teams. Your aim is to be a recipient of a licence.

The licence allows your team to compete in the competition for a defined period. Perpetual licences are offered in some competitions but usually a team is offered an initial licence period of four to six years. The period will be driven largely by the current broadcast agreement. The agreement may contain performance and commercial Key Performance Indicators (KPIs) that your franchise will need to achieve to retain its position within the competition.

When Compco issue your union a licence, you could sub-licence to Newco or retain if you are running the team under union control.

Sub-licencing means that the national union issue a 'licence' to the new entity for a specified amount of money for a defined period of time (e.g. five years) to operate the team in the competition. This is required in the event that the new entity collapses due to financial or other issues. The licence agreement may also stipulate:

- Agreed levels of staffing support to develop local talent in on and off-field roles.
- Protocols around player behaviour that have an impact on the reputation of the national union.

The licence agreement would be drawn up by lawyers within your national jurisdiction.

Your union, or a private owner, will be investing substantial funds into this new franchise but this is usually only for the initial licence period. It's essential when negotiating your initial licence that *licence renewal terms* are agreed in advance. This outlines a good faith process, with timelines, where both parties agree to extend subject to terms being agreed.

2.4 TEAM NAME

Competition managers will expect you to have your team name ready when you submit your proposal. Teams like the Fijian Drua have been able to use cultural names. Your team name needs to be pronounceable in the language of the competition you are entering. When registering and incorporating the team in your country remember to also register assets such as:

- Team name(s)
- Logos/emblems
- Website domains
- Set up all social media assets e.g., Twitter, Instagram, Facebook etc.



TOURNAMENT ENTRY

3 TOURNAMENT ENTRY

With men's and women's competitions in sevens and 15s, played under a number of different formats from pool play to round-robin, there exists a huge range of tournaments in which you may want to enter your team. You probably have an idea from the outset which of these tournaments is suitable for your level, your location, and your organisation. While different tournaments may require different details, they broadly follow the same criteria.

3.1 EXPRESSION OF INTEREST DOCUMENT

The Expression of Interest (EOI) document from the competition managers will need a signed confidentiality agreement on behalf of the national union. This means your union must keep all elements of the EOI and any returned documentation confidential. These must not be distributed in any way beyond either organisation.

Sourced from tournament management, the EOI outlines the specific elements your proposal must include to determine your eligibility. Essentially it pressure tests financial viability, commercial value and competitiveness on the field.

The EOI usually addresses the following areas (note this list is generic and your own EOI document must be the one followed):

3.1.1 OVERALL PERFORMANCE CRITERIA:

- Whether the inclusion of your team will make the competition stronger
- The financial viability of your team
- If your team enhances the integrity of the competition
- Whether you bring credible High Performance programmes
- If you have guaranteed financial underwriting
- Whether your team will bring a significant financial uplift
- If you have relevant national union endorsement.

3.1.2 GENERAL INFORMATION

The EOI must be clear on the structure of your entity, name of team and location of games. The geographical element is important for travel times and logistics for visiting teams (should your team be playing home and away fixtures, as opposed to basing yourself in a host country e.g. the Currie Cup).

3.1.3 NATIONAL UNION & WORLD RUGBY ENDORSEMENT

A condition of entry into any cross-border competition, and a World Rugby regulation, is that you, the applicant, will provide tournament managers with an endorsement of your submission in writing from your national rugby union and any nation where your team will be located and/or where it is intending on hosting any rugby matches. You must also seek World Rugby approval for playing any cross-border fixtures.

3.1.4 INFRASTRUCTURE

A detailed outline of the infrastructure and facilities that you will be accessing for your

own team and those of touring teams will need to be included and you may need to complete a formal infrastructure inventory.

This includes: match venue, broadcast compliance (in particular lighting lux levels for night games), gyms, training venues, swimming pools and required sports medicine/science support. *The match venue must be World Rugby compliant.*

3.1.5 COMMERCIAL VALUE TO THE COMPETITION

The competition will make its own assessment on the potential commercial contribution (fans, viewers, sponsorship and especially broadcasting revenue) that your team could bring through the expansion beyond the existing markets of the competition and the opening of new markets.

Applicants are encouraged to outline how they believe they will be able to add commercial value to the competition as part of their business plan (see below).

3.2 BUSINESS PLAN

Along with the Application for Entry document, applicants may be asked to provide the competition with a comprehensive business plan. Aim to provide as much detail as possible to assist them in understanding the benefits of operating a new team in their competition.

There is no set format but the following categories are a suggested basis for the submission of a business plan. Please note, this is not an exhaustive list or the sole basis of any evaluation process.

- Executive summary
- Organisation description
- Details of the proposed new organisation, or modification of any existing organisation, to successfully build a professional sports team including:
 - o Mission statement
 - o Proposed ownership model
 - o The proposed legal structure
 - o The proposed organisational structure (including an organisation structure chart)
 - o The proposed constitutional framework
 - o The balance of skills and experience on any board including independent board members
 - o Any organisational strategic plan
 - o Evidence that there will be a suitable staffing structure in place. The roles include:

CEO/General Manager	Finance and Administration	Commercial Manager	Media Relations
Rugby Operations	Head Coach	Assistant Coaches	Team Manager
Team Technical roles	Team S&C and Medical roles	Administration/Logistical support	

3.2.1 FINANCIAL ANALYSIS

You will need to provide financial projections for at least a three-year period that encompass:

- Budgeted revenue (assuming acceptance into the competition), including:

Commercial sponsorships	Government grants (local, state, or central)	Broadcast revenue as applicable
Capital investment or other start up or one-off funding	Competition related subsidies (e.g. accommodation & travel)	Guarantees
National union funding	Private equity funding if relevant	Matchday revenue
Membership and season ticket programmes	Merchandising and royalties	Other revenue

- Budgeted expenditure, including:

Establishment costs	Head Office and High Performance costs	Player costs
Infrastructure spending required	Travel and accommodation costs	Administration costs
Insurance – various	Sponsorship servicing costs	Membership programmes costs
Matchday costs (including commercial aspects of the stadium hiring agreement)	Other costs e.g. training facilities	

Competition managers may require additional context for the revenue and expenditure projections made, including key assumptions on how funds will be secured and underwritten for the proposed term of the license. This should cover establishment costs and five years of forecast operating expenditure, including amounts secured and by what means (e.g., bank guarantee and/or funds held in a separate trust accounts).

Your EOI may be required to contain a proposal to establish a bond or escrow account in favour of the competition to the value of one year’s revenue. This exists in the event that the team (licensee) goes into liquidation or is wound up and ceases trading.

3.2.2 MARKET ANALYSIS & MARKETING PLAN

The market analysis and marketing plan should cover the following:

- An overview of the local market for professional rugby including detailed analysis of the potential fan base and corporate support
- How the applicant intends to market the team and attract and retain sponsors and fans
- How the applicant believes it can add commercial value to the competition.
- Any impact (if any) on other pro teams in terms of eroding their fan base or sponsor revenue

3.2.3 SPONSORSHIP PLAN

The sponsorship plan should reference the expected revenues to be generated from sponsorship and proposed portfolio structure of sponsors and licensees. Examples would be hotels, breweries, airlines, vehicle hire, etc.

Sponsorship of the competition match ball, team travel and accommodation, and some stadium asset categories may be restricted due to existing third-party sponsorship agreements with the competition. Sellable assets or properties on playing apparel and field of play will be identified in the competition agreement.

3.2.4 TICKETING PLAN

Your ticketing plan should cover:

Proposed ticket prices and structures	Members/season passholder projections	History of rugby attendances	Catchment area and population
Expatriate population in the country of the competition	Promotional memberships on a season-long or game-by-game basis (e.g. juniors, military veterans, Pasifika etc.)	Access to club members and club structures and access to ticketing data to identify the details of your fan base	Proposed ticketing agreement with stadium and/or ticketing agency

3.2.5 SOCIAL MEDIA STRATEGY

The communications plan should outline essential elements that create profile and credibility in the new market such as:

- Media relations programme
- Community relations programme
- Coordination with the national union and, if applicable, the provincial or state union, as well as community rugby activity
- Developing a team profile and identity
- Content capturing and production strategies, e.g. engaging a third-party organisation
- Providing access and service to rights holder broadcasters and media at official team announcements/functions, at training, and at matches
- Media accreditation arrangements.

3.2.6 RUGBY OPERATIONS & HIGH-PERFORMANCE PLAN

The rugby operations and High Performance plan should cover:

- Coach and team staffing recruitment and development strategies
- Facilities – pre-existing versus planned/required
- Logistical planning.

3.2.7 PLAYER RECRUITMENT & DEVELOPMENT PLAN

This should cover:

- The number of players within your region of a suitable standard to compete in this competition
- Recruitment strategies
- Talent identification

- Squad structure
- Succession planning
- Future player development (e.g. pathway, academy or A programmes)
- Player repatriation and relocation.

Applicants are encouraged to provide any supplementary information that is relevant and supports your business plan.

3.3 YOUR EOI DOCUMENT

Your application may be judged on the content and the quality of submission, as this may indicate the standards upon which the organisation and team will be built. Consider having your document professionally designed and formatted to create the best impression. The design should carry through to any other communication, especially presentations, that you make to the competition managers.

3.3.1 NEXT STEPS IN THE PROCESS – PRESENTATION & SITE VISIT(S)

3.3.1.1 Team Presentation

Having submitted your EOI for review, the competition manager will ask for the bid team to present to the evaluators either face-to-face or via a weblink. The reasons for this include:

- To ask for information that may have been omitted from the EOI
- To clarify or expand on elements of the proposal
- To challenge or test the financial/commercial models submitted
- To verify that commitments made in the EOI have been actioned as promised (e.g. entity set up)
- A Q&A section that tests the knowledge and commitment of the bid team.

3.3.1.2 Site Visit(s)

If your team will be playing their 'home' games at a venue not familiar to the competition managers, they will probably conduct site visits to inspect:

- Medical and emergency facilities.

They may also ask to meet the following personnel/organisations:

- Proposed investors
- National union operational staff
- Relevant supporting agencies (e.g. government, security etc.)
- Proposed broadcast partners.

3.3.2 EOI – BE AWARE

It's important to understand that the tournament management are not committed to act on your proposal and may decide not to proceed at any time.

Failing to respond accurately and comprehensively to the EOI may signal to those reviewing it that you are not professional in your approach. Even completing the proposal to the letter is no guarantee.

3.4 THE TEAM LICENCE AGREEMENT (TLA)

Having your bid approved means that the competition managers deem your team to be worthy of inclusion. However, entry will likely be subject to your team meeting all financial and commercial deadlines set out, as well as signing the competition Team Licence Agreement (TLA).

The TLA is your contract with the competition. It outlines in detail all elements that govern your participation and over what duration.

For domestic competitions (Bunnings NPC, Australian NRC etc), the TLA document has evolved over time to reflect current commercial, operational and to a degree, High Performance needs. It is generally not renegotiated and a new foreign team won't have the right to demand or negotiate individual elements.

If your team has been invited into an existing domestically-based competition, it will be expected that your team accepts the existing TLA framework.

As a foreign team with players not eligible for the national team of the country in which the competition is based, certain elements of the TLA won't be relevant to your team (links to national team camps, collective bargaining, or employment agreements, for example).

For teams entering competitions that already cross borders, many of the operational factors have been considered; however, there will be elements that are unique to your team/nation. Examples of these include:

- Border controls, visas, vaccines/immunisations and medicines, and radio equipment
- FOREX (Foreign Exchange Market)
- Commercial – protected sponsors, broadcast
- Player salary/conditions/cap.

IMPORTANT NOTE

The TLA is a legal document that may have many commercial and financial implications for your union. It is strongly advised that your legal counsel or lawyers review the TLA to ensure you understand exactly what the competition will expect from you and vice-versa.

Finally, it's critical that your General Manager of Rugby and Head of Commercial understand the critical deadlines and key deliverables for your team. If this has not been provided, request this from the tournament managers. Examples would include a playing roster nomination and squad declaration date, venue confirmations, and home and away playing kit design submissions.



GOVERNANCE STRUCTURE

4 GOVERNANCE STRUCTURE

The worldwide growth of professional rugby competitions has given rise to the need to professionalise the players and coaching staff as well as the governance and management of the team including the association it represents.

As a professional entity, the team must act as a business enterprise as it will directly engage with laws and regulations within their own country as well as the country within which the team is operating.

This requires a new mindset, as well as consultation with lawyers and accountants, to ensure compliance with the law and the rules and regulations of the competition, its organisers and owners.

This section details the main needs for the governance of the new team (and possibly a new association) as well as the more fundamental areas of law that will impact upon the team and its operators.

4.1 RELATIONSHIP WITH THE NATIONAL UNION

When a national rugby union sets up a franchise to operate a team to participate in a competition (outside of “test” matches and beyond its domestic competition), it has two significant issues to address. Firstly, who owns the team and how will it be controlled and secondly, what legal matters need to be addressed.

This section looks at this in the context of an environment of internationalisation, entrepreneurship, professionalisation and commercialisation.

The national union wants to expand its ‘product’ (i.e. the new team) to participate outside its borders. This represents both internationalisation and entrepreneurship. As an innovation and an attempt to discover new markets, it opens the national union to risks in order to meet its needs and source potential revenue, and this will necessarily require a professionalisation of the team.

The national union will establish a new legal entity with a purely commercial focus, which may attract private investment, with probable (part) ownership of the new team.

It is important to distinguish governance from management from the sport endeavour. Governance is about setting goals, strategy and policy of the organisation as distinct from attending to the day-to-day operations, which are the responsibility of management. Separate from both of these is the actual team performance, which is the scope of the coaches, selectors, trainers and players.

4.2 GOVERNANCE

Your new entity will require a board and constitution if it is a standalone company. A subsidiary would be covered by the union’s constitution. It is essential to clarify board appointments, the number of board members and voting rights.

The competition may require a number of union, independent, or World Rugby board members for transparency and integrity of governance. Unions with High Performance funding agreements would be familiar with this practice through the use of joint management committees.

Governance is defined as:

The system by which organisations are directed and managed. It influences how the objectives of the organisation are set and achieved, spells out the rules and procedures for making organisational decisions and determines the means of optimising and monitoring performance, including how risk is monitored and assessed.

More extensively, governance concerns three key issues:

1. How an organisation develops strategic goals and direction.
2. How the board/committee of an organisation monitors the performance of the organisation to ensure it achieves these strategic goals, has effective systems in place and complies with its legal and regulatory obligations.
3. Ensuring that the board/committee acts in the best interests of the members/shareholders/owners.

Jacques Rogge, former President of the International Olympic Committee (IOC), suggested that *sports* governance involves the clarification between the rules of the game and the economic and commercial dimensions related to the management of the sport. He also suggests that since sport is based on ethics and fair play, sports governance should fulfil the highest standards in terms of transparency, democracy and accountability. It can be assumed Rogge had in mind the governance of a national sport association.

The focus of this section is the definition of governance as “the *oversight* of an organisation’s performance and its *compliance* with relevant regulations and law” (Shilbury and Ferkins, 2020).

Establishing the organisation that will do the governing and put in place the managers and the team is crucial.

We can look at the key elements necessary for the governance of a franchise.

4.3 CREATING AN INDEPENDENT ENTITY

The establishment of the new team is an entrepreneurial step into the international domain for commercial purposes and accordingly will be a professional operation. This step by the national union is a specialised and focussed undertaking which is inherently separate from other parts of its operation. Therefore, it’s prudent, if not imperative, for the national union to establish a legal entity to govern the new team enterprise that is distinct from the parent association.

4.4 LEGAL STRUCTURES

There are several possible legal entities that a national union may choose as its governing structure. There are three key considerations for the organisation when deciding which to choose:

1. Will it be able to carry out its activities effectively with little impact of the law on the organisation?
2. Can it minimise the chance of the organisation running into legal difficulties (and associated costs) as it grows or changes?
3. Will it be in a better position to deal with legal issues if they do arise?

4. Risk assessment to manage commercial risks, protection of assets, director and shareholder liability and risk of litigation

In adopting a structure, the organisation needs to be mindful of the various environments in which it will be operating.

First there is the legal environment involving different legal options. Second is the political environment i.e. which structures and governance processes will be supported by government. Then there is the geographic environment: regional, national or international. And most importantly, the sport environment: its culture, history and competition purpose.

All these need to come into play when the national union is deciding which structure best suits its needs and aspirations as well as those of the new enterprise.

Legally speaking, the choice of structure is reasonably straightforward with essentially three options. The first is as an unincorporated association. This structure has no legal status and, as such, it means the committee members will be personally responsible for any legal issues. Legally this is classified as a partnership. The second alternative is an incorporated association and the last is a company structure.

Although there are other legal options, such as a trust, a sport will choose one of these three structures as they've worked consistently over time.

A range of factors will influence the decision of the group as to whether to incorporate or not: the level of competition which the association plans to participate; the desire of the members for the association to continue beyond the term of the first committee or board; whether the members will make a 'profit' from the activities of the organisation; and the issue of legal liability of members.

4.4.1 FOR PROFIT V NOT FOR PROFIT

The fundamental consideration on which legal entity to choose is whether the franchise is being established for profit or not for profit. This has a critical bearing on which of the legal entities is chosen under the legal regime in which the franchise is being established.

Assuming that the new team enterprise is for profit, it may become a privately owned entity such as a company, partnership or joint venture. These decisions need to be made on the basis of legal and accounting/taxation advice pertinent to the jurisdiction in which the new organisation is going to be established.

The legal entity does not necessarily have to be formed in the country of origin of the national union; however, for various reasons (legal, political, stakeholder expectations, etc.) it is usual to establish the new legal entity in the same country as the national union.

Deciding which entity to establish will also be guided by who owns the new team. The national union may decide that the new team is to be a wholly owned subsidiary of the national union. Given the commercial objective it may also seek external investment in the form of private equity or, alternatively, from community investors i.e. the fans and supporters of the club in order to garner interest in the new team. It could be a combination of all three.

This will be a key decision for the national union because the owners of a company decide who will be the directors of the company. And it is the directors who govern the company (and hence franchise).

4.5 CONSTITUTION

Of critical importance to the governance of any enterprise are the processes and structures under which it operates, typically found in its constitution.

Although it is not mandatory for an enterprise to have a constitution, not having one will limit its viability and efficiency. In many countries if a company does not have a constitution then it cannot legitimately have Director and Officer Insurance as Company Law requires the constitution to first approve and authorise the taking out of D and O insurance. Having a transparent, democratic, accountable, inclusive, precise, clear, detailed and comprehensive constitution creates confidence for all stakeholders in the enterprise.

A constitution addresses questions surrounding issues relating to control, membership, decision making, purpose and aspirations, power, legitimacy, roles and relationships, rules of engagement and processes. An unconstituted association evokes suspicion as to its rules of operation and governance because there is no guiding document or blueprint.

When drafting a constitution, it is important to strike a balance between excessive detail and broad provision. One limits flexibility and the other may be capable of numerous interpretations leading to legal disputation.

If detailed procedures are needed, by-laws may be used with the constitution making provision for their amendment. Typically embodied in one document, the constitution may be found in several documents including by-laws and regulations. Their legal status may vary depending on how and by whom they have been adopted and recorded or registered.

To reduce the possibility of litigation by a member or stakeholder, take care when drafting provisions for a constitution (or rules) for an enterprise. At the very least they should set out how the organisation is to be governed, who is responsible for governing it, what authority they are given and how problems are resolved. Once the constitution has been accepted by the stakeholders, strict compliance should be enforced.

The process for developing the constitution will vary according to the nature of the ownership. Ultimately, the owners/stakeholders need to agree on what should be included with lawyers or constitution experts then drafting these decisions into a legal document that embodies the wishes of owners/stakeholders.

The following matters should be addressed in a constitution:

- Name of the organisation
- Interpretations and definitions
- Vision and mission of the franchise
- Primary objectives of the organisation and powers
- Membership eligibility, rights and obligations
- Key decision-making committees including their role, members, powers, method of election or appointment, and operating processes
- Finance – including keeping of accounts and the overseeing of them
- Meetings of stakeholders
- Methods, reporting and recording of deliberations and decisions
- Election/appointment of office bearers, appointment of the committee and functions
- Methods of changing the constitution
- Procedure in the event of dissolution, including disbursement of any surplus property.

An example of a constitution can be found at [ACT Brumbies Constitution](#). This provides

a guide to what a constitution looks like but it must be adapted to suit the needs and purposes of the association and the context in which it is operating. The association may choose to add clauses to meet particular needs. The key matters will now be examined in detail.

4.5.1 OBJECTS

The reason for the formation of the organisation should be carefully worded, detailing the elements that are part of operating such an enterprise and defining the organisation's aims as well as establishing limits on what can be undertaken. Include an empowerment provision, thereby giving the organisation power to do things which are incidental to the attainment of the primary objectives.

4.5.2 MEMBERSHIP

Membership of the organisation will depend on who the national union decides it wants to be involved. Different categories of membership with different rights and benefits can be chosen but the eligibility criteria and rights and benefits of membership for each category must be clearly stated.

A person can only cease to be a member if they are in breach of any statutory provision; are expelled in accordance with the rules; die; resign; or fail to renew their membership (if there is provision for so doing). This should be stated clearly in the constitution as there is no inherent power to suspend or expel a member.

4.5.3 VOTING RIGHTS

One of the fundamental elements of good governance is democracy and this should be enshrined in a constitution. Normally each member present at the meeting has the right to attend the meeting and is entitled to one vote. However, it is a matter for each organisation to determine who may vote, at which meetings, and on what issues.

If proxy voting is allowed (where a member authorises another to exercise their vote), it must be made clear under what circumstances and what format this must take for the proxy vote to be recognised.

A quorum should be agreed and disclosed and any significant matters that require a unanimous agreement.

4.5.4 TERMINATION

Reasons for termination of membership may be included and clearly stated in the constitution.

4.5.5 GOVERNANCE GROUPS

Committees that relate to the governance of the organisation should be identified in the constitution with details of their purpose and authority, and if relevant, their members and positions. The association may also have sub-committees as part of its governance and management structures.

Some typical sub-committees are:

- An audit and risk committee that audits the operations of the board of directors to ensure they address the risks faced by the association and are complying with legal requirements as a board
- A finance committee to ensure the financial viability of the association

- A nominations committee to assist in the identification and selection of suitable persons for the association's board and sub-committees
- A board of selectors responsible for assisting the selection of the national team
- A judicial committee to deal with disputes and disciplinary matters
- A sponsorship and marketing committee to advise the CEO and the board on sponsorship and marketing strategies and opportunities.
- People, Performance and Culture Committee

These should be elected and/or appointed as required based on the constitution of the association and the nature of the sub-committee. A democratically elected selection or nominations committee will remove concerns of bias in selections. It may be more appropriate to appoint persons to the judiciary committee who have legal qualifications.

For all governance groups provision should be made in the constitution, where relevant, for the following issues:

- The method by which an election or appointment shall be carried out
- Frequency of elections/appointments
- The period for which office-bearers and committee members are elected/appointed, including whether there is a maximum period and/or rotation of persons
- Eligibility for election/appointment to office
- The time when office-bearers and committee members assume office (this can be immediately after the election, at conclusion of the meeting, or at some later specified date)
- Frequency of committee meetings
- Quorum for different types of meetings
- Casual vacancies
- Attendance
- Chairing of committee and sub-committee meetings
- Voting
- Minute keeping, including the recording of deliberations as well as decisions made
- Authorities and powers
- Indemnity of the committee members out of the association's funds in the event of liability.

There is no legal requirement for a corporate body to have elections for a board or committee. If the national union decides, it may have a provision in the constitution that the directors are all appointed by the various stakeholders or another identified body such as an appointments committee (typically found in larger not for profit membership-focussed sport associations). This is quite common in private companies.

The constitution should clearly state with whom the ultimate governance of the organisation rests. This is typically all the owners. However, the national union can state that it has the ultimate authority. Negotiations may also take place with the incoming investors and other stakeholders, but in either case, specifying this will help avoid problems in the future.

4.5.6 FINANCES

It is imperative that fundraising is addressed constitutionally. Other matters to be included in relation to finance are the keeping of accounts and their operation, investment of funds, the appointment of an independent auditor, and the type and frequency of

accounts to be presented to stakeholders.

4.5.7 MEETINGS

Good governance depends on relevant and timely meetings with stakeholders or owners, the board of directors or a sub-committee. Provision should be made for how a meeting may be convened and by whom; the minimum notice to be sent to all members; what numbers are necessary for a quorum; and how the voting is conducted. For some meetings, the constitution may prescribe the agenda, typically the case for the Annual General Meeting (AGM). The required Board reports are to be included in a Board Pack eg. Finance Report, CEO report.

4.5.8 DISSOLUTION

When and how an organisation may be dissolved is a significant matter that requires clear instructions in the constitution. There needs to be provision for service of notice to stakeholders telling them there will be a General Meeting to consider dissolution, the procedure and method that will be followed and how the dissolution process will deal with creditors and the disposal of assets.

Dissolution may also occur by operation of law or by court order.

4.5.9 DISPOSITION OF SURPLUS ASSETS

The method for the disposal of surplus assets upon dissolution should be made clear in the constitution. If the constitution or by-laws don't include this, there are three possibilities. One is that the owners and stakeholders may agree before the legal entity is dissolved to reach unanimous agreement on the disposition of any surplus assets. If this is not done the surplus property will be distributed among the owners according to their shareholding at the time of dissolution, or it may be done by way of a court order.

There may be other options under the law of the jurisdiction in which the company is registered.

4.5.10 ALTERATION OF THE RULES

Provision must be made for alteration of the constitution. The constitution should provide:

- A formal notice of motion clearly setting out what is being changed and the time required to notify the organisation and its owners before the date of the meeting dealing with the matter. This should be reasonable in the context of the organisation and its stakeholders.
- What sort of majority of those present is needed to vote in favour of the change. This will generally be not less than 75 per cent but may be as low as 66 per cent. It should not be lower than this from a good governance perspective. From a legal perspective, a check should be made as to the local legislative requirements in the relevant Acts.

4.5.11 DISCIPLINARY RULES

As an organisation operating a sports team, it is necessary to have disciplinary rules for both on and off-field misbehaviour. They do not have to be included in the

constitution but need to be set out clearly in a document(s) that are in accordance with the constitution and have equal force and effect. Rules may involve the procedural requirements for judiciary hearings and also a Code of Conduct for players, officials and members of the association which sets out the standards of behaviour required.

The constitution and rules will also have to recognise and abide by the regulations of the competition in which the team is participating. These will likely include the Laws of World Rugby and its Regional Association. The player contract and the Collective Bargaining Agreement (CBA) may cross-reference these judiciary and disciplinary rules and Codes of Conduct such that they form part of the player contract and CBA.

4.6 THE BOARD OF DIRECTORS

A knowledgeable and qualified board of directors is key to the success of any legal enterprise. The board governs, sets out the direction and monitors the performance of the organisation.

Members of the board may either be elected or appointed and their election or appointment can be made by the owners/stakeholders or through a nominations or appointments committee. The role of this committee is either to source and vet possible candidates and make recommendations to the board or the stakeholders, or the committee is actually charged with choosing the board members.

Matters relating to board appointments must be set out in the constitution (or Memorandum and Articles of Association) of the legal entity. It is the responsibility of the directors to govern the entity as set out earlier in this section. The directors determine the direction and policy of the entity, appoint the senior manager(s), including possibly the team coach, supervise the performance of the business activities and ensure risk and regulatory compliance.

Elected, appointed, or a combination of both, the board should have a balance of expertise and experience needed by the organisation, together with people who have a knowledge of rugby at the level in which the team will be competing. Non-affiliation with any of the stakeholders or owners is desirable to ensure independent decision-making as owners/stakeholders will probably want members on the board to represent their interests. The board must always make decisions on the basis of what is in the best interests of the organisation not those of the owners or stakeholders as individuals.

As a matter of good governance, measures should be put in place to monitor the performance of the board itself. This can be achieved by appointing an independent audit and risk committee and by conducting a board performance evaluation either internally or externally. It should be outlined the term each director appointment is for and how many terms a director can stand before compulsory stand down eg. 3 terms

4.6.1 DIRECTORS' DUTIES

The role of director is a highly responsible one and is regulated under the law to ensure it is fulfilled to high standards of integrity. The law in most jurisdictions sets out the duties a director must observe in carrying out their governance.

These duties include:

- To act honestly.
- To act in good faith in the best interests of the legal entity and for a proper purpose ('fiduciary duty').
- To act in the interests of the corporate body as a whole (rather than the members/shareholders).

- To act with the due care and diligence that a reasonable person might be expected to show in the role.
- To avoid conflicts of interest (a director who has any direct or indirect pecuniary interests in a contract, or proposed contract, must disclose their interest).
- Not to make improper use of the position to gain an advantage for themselves or someone else or to the detriment of the association, nor make improper use of information they gain in the course of their board membership for the benefit of themselves or someone else that is to the detriment of the company.

This is not an exhaustive list and each jurisdiction will have its own set of rules and regulations regarding the duties of a director of a company. These should be carefully examined and followed by anyone who chooses to be on the board.

It is common to have it written into an organisation's constitution that all directors must be "fit and proper" persons. This means that a person who wishes to be a director of the association must be of good repute within the general community and the rugby community in particular *and* not have a criminal record. A criminal record is usually defined as not having been convicted of an offence which carries a minimum prescribed prison sentence.

4.6.2 LIABILITY OF DIRECTORS

As a corporation is a separate legal identity it is quite distinct from the people who own and direct it. Not only are the owners and directors separate to the company, but they are also not liable for any debts or most acts of the company unless there has been a breach of a director's duty or some act of dishonesty or criminality.

Directors should avoid potential conflicts of interest, irrespective of whether there is a statutory requirement to do so or not. A member of the board who has any direct or pecuniary interest in a contract, or proposed contract, with the new legal entity should declare the nature and extent of their interest to the board and abstain from voting on the matter. Most jurisdictions make this a requirement under their statutory law.

As a separate legal entity, the debts incurred by the incorporated body are its debts alone and not those of its members/shareholders. Board directors who incur debts for the company when there are no reasonable grounds to believe that it will be able to pay them are jointly liable for those debts. In some jurisdictions, directors are guilty of an offence and face a fine or possible imprisonment unless it can be shown that the debt was incurred without their express or implied authority or assent.

A committee member or relevant office holder who knowingly fails to take all reasonable steps to ensure that the association has complied with the law is guilty of committing an offence in most jurisdictions. It is advisable to read a model constitution currently in operation in the jurisdiction where the franchise will be registered to expand your knowledge in this area and to also seek professional assistance.

In some countries directors are personally liable in the event of a death or serious accident by an employee or contractor if they have not complied with all reasonable Health and Safety laws and procedures.

4.7 LEGAL

4.7.1 INTERNATIONAL LAW & REGULATIONS

When participating in a non-domestic competition, interaction with foreign laws and international regulations is very important. The national union will have had experience with this given their involvement in test matches. Many, if not all, of the games played by

the new team will be on foreign soil and under rules established by a body external to the national union, so it will be necessary for the organisation to be cognisant and compliant with various principles of international law and regulation.

4.7.1.1 International Law

There are two branches of international law: public international law and private international law.

Public international law relates to several nations, such as treaties and charters. For example, we have treaties relating to intellectual property and the charter for the United Nations. The point to note about these laws is that they only operate among those countries that have decided to adopt them and hence be bound by them. They operate on the principle of reciprocity, meaning those countries who have adopted the treaty or charter will follow these rules along with all the other countries who have adopted them.

It is important for the new organisation to understand how the law lies in this regard because the competition host country may or may not have adopted the treaty or charter.

Private international law relates to conflicts between the domestic laws of two or more countries and is concerned with 'private' matters arising in an international context. It is concerned with resolving disputes that arise between entities from different countries. The two principal issues are which country's law will apply to resolving the dispute, and in which country will the dispute be litigated.

If there is a contractual dispute between the new organisation registered in its country of origin and the competition organiser registered in another country, the question arises as to which of the two countries' laws will be applied in the process of resolution. Another question is whether the dispute will be heard in the country of the new organisation, that of the competition organiser, or elsewhere under another country's laws. It is also possible for the dispute to be heard in Country A but that court may apply the law of another country.

These are complex legal issues. Most of the time the potential issue is resolved at the outset by declarations in the relevant documents as to where a dispute may be heard and, more importantly, the law of which country will apply.

4.7.1.2 International Regulation

Within international law there are the international regulations which relate to rugby. The two principal sources of international regulation are World Rugby and its Regional Associations, and the World Anti-Doping Agency. There may also be other international organisations which create regulations pertinent to the new organisation's involvement in the foreign competition. These are typically set out in the agreement between the competition organiser and the new organisation.

World Rugby regulations relate to doping, corruption, codes of conduct and the like. There may also be rules relating to the governance of the new organisation such as requiring all directors of the new organisation to be "fit and proper" persons and rules relating to the eligibility of players to play for a particular team from a particular country. One rule that may emanate from an international body, such as World Rugby, is the requirement that there be no political or government interference in the governance and management of the new organisation. All the rules will need to be well-known to the new organisation.

4.7.2 LEGAL MATTERS

As the new team will be participating in a competition, the legal entity which owns it will inevitably be involved with many different legal matters.

4.7.2.1 CONTRACTS

First and foremost, the organisation will be engaged in many contracts. A non-exhaustive list of probable parties with whom the organisation will be contracting includes:

- The national union
- The competition organiser
- Broadcasters
- Players and ancillary staff
- Gear suppliers
- Transporters
- Sponsors
- Venues
- Insurers.

The law of the country which will apply to the contract must be nominated and included in all contracts.

4.7.2.2 INTELLECTUAL PROPERTY

The protection of the intellectual property (IP) (e.g. trademarks such as logos and copyright in team songs) of both the national union and the new organisation should be at the forefront of the minds of the board and management. This may require observation of international treaties which govern the protection of IP. Legal advice should be sought as to how this is achieved in all the countries in which the team will be participating.

A business name or team name is not IP; however, it can be protected by registration in most jurisdictions. The most effective protection will be achieved by developing a stylised form of the name and then registering this as a trademark.

4.7.3 LABOUR AND COMPETITION LAW

There will very likely be laws in both the country of origin and the country in which the competition organiser is registered, which relate to the contract of employment with the players. The new organisation and the competition organiser will both be concerned with managing the salaries of the players (salary caps and collective bargaining agreements) to ensure a relatively even competition.

Allied to this are laws relating to restraint of trade which restrict the movement of players from one team to another or one competition to another.

Again, 'local' legal advice will need to be taken on all these matters.

4.7.4 CONSUMER PROTECTION

If the new organisation is promoting their team in the foreign jurisdiction, they will need to take care over advertising, being especially careful not to misrepresent who they are and the services that they offer. Importantly, do not overpromise on what can be delivered.

Although unlikely, they could get caught out if they use a name which is already being used in that country. Care should be taken when choosing a name to ensure the name is

not being used already in the jurisdiction(s) where they are registered and participating. Otherwise, the association may be sued for misleading or deceptive conduct or for passing-off that they have an endorsement or connection with the pre-existing organisation.

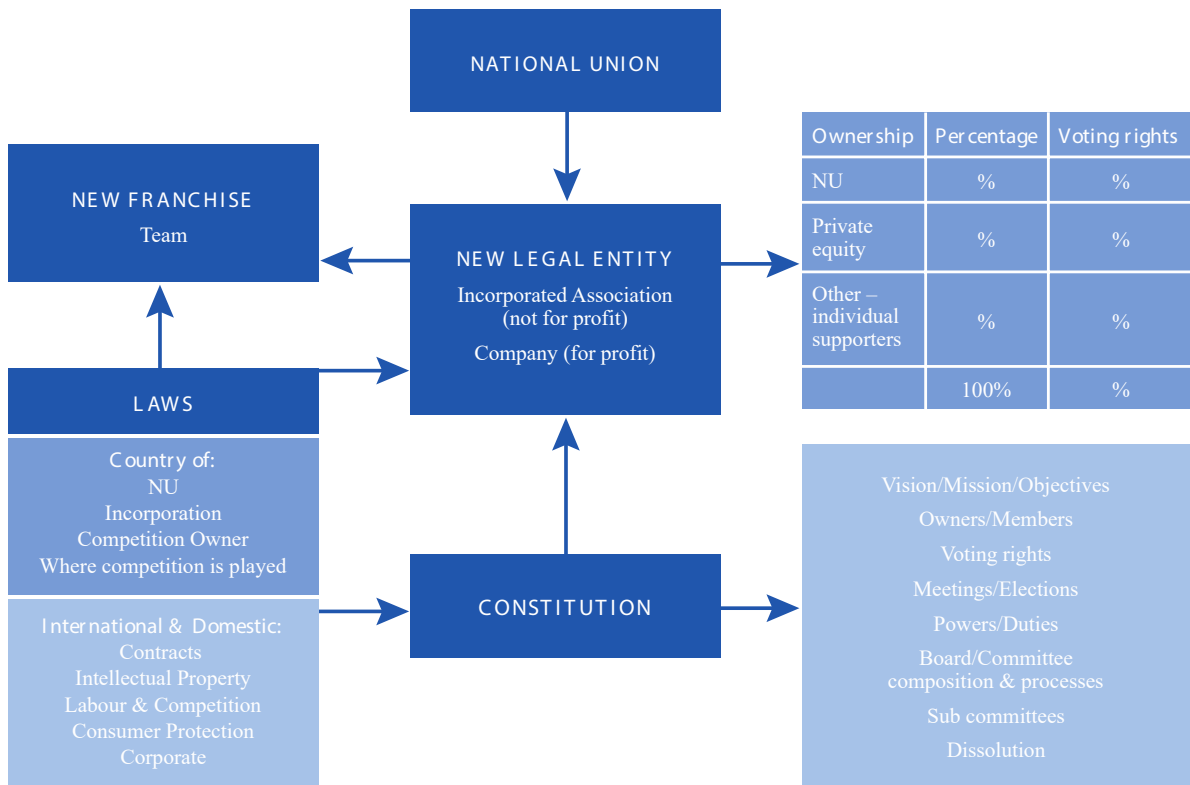
4.7.5 COMPANY LAW

The new enterprise may decide to register its legal entity in the country where the competition is to be conducted or where the competition organiser is based. If so, the team owners will need to seek legal advice about local company law, assuming they are going to have a corporate body for their legal entity.

This overview of governance principles and fundamental requirements, as well as laws relevant to the establishment and operation of a new franchise to manage a rugby team in another jurisdiction, is by way of general advice and guidance.

Formal legal advice should be obtained from a local lawyer where the franchise and legal entity will be based.

4.8 ORGANISATIONAL STRUCTURE



4.9 BEST PRACTICE

The [ACT Brumbies](#) of Australia are a great example of best-in-class governance in a regionally-based professional competition. Visit their website to familiarise yourself with their philosophy and resources.

References

[Shilbury, D., and Perkins, L., \(2020\). Routledge Handbook of Sport Governance, Routledge: Abingdon.](#)

Thorpe, D., Buti, A., Davies, C., and Jonson, P. (2017). Sports Law (3rd ed.), Oxford University Press: South Melbourne.

This section was produced by Mr Paul Johnson, and edited by Geoff Webster. Paul is an acknowledged expert of sporting governance and is a consultant to World Rugby and Oceania Rugby.



COMMERCIAL PLAYBOOK

5 COMMERCIAL PLAYBOOK

A business playbook is a framework that organisations use to guide a particular process to ensure consistency, scalability and success. Having procedure and policies in one place ensures results are consistently reliable and everyone is on the same page. In this section we look at the key role the commercial department plays within the enterprise as they underwrite the operations of the union.

For the purpose of this initiative this commercial playbook includes all non-commercial revenues and takes into consideration investments made by home or regional government, a national sporting body, a world governing body, and any other philanthropic or social group wanting to invest. Revenue projections should be made across a medium to long-term period, ideally five to seven years.

For the benefit of this exercise, we refer to all elements of building a team from the ground up, although in the real-world considerations may have to be taken into account for any existing sponsorships within the union.

5.1 COMMERCIAL SPONSORSHIP

5.1.1 TEAM

The primary sponsorship model will be for the team. In this case the traditional model will have:

- Naming rights to the team
- Three platinum sponsors paying similar investment amounts
- Four gold sponsors paying similar investment amounts
- Ten silver sponsors paying similar investment amounts
- Suppliers that will provide only the required product for the team to participate.

The benefits provided for sponsorship investment will include (but aren't limited to) the traditional elements such as tickets, on-field branding/signage, logo access, player access, leverage and promotional support, hospitality, and network opportunities. The asset pool will be itemised and split as evenly as possible across the sponsorship tiers commensurate with the investment of each tier.

Investment from sponsors can be cash or contra (also known as Value-In-Kind or 'VIK'). Determining sponsorship deals that include contra will require an organisational decision. Sponsors who can become 'official supplier to...' encourage contra as it reduces their cash outflow.

Contra is only of value to your team if it replaces a direct hard cost from the operational budget. For example, if a sponsorship arrangement with a telecommunications company is secured and contra is offered, the contra amount required should match what the union would normally have spent in cash during that same period. The agreed value of the contra should be a pre-determined rate (less than retail) and managed by the finance department along with all of the normal operational costs of the business. As a general rule (outside of the team kit/merchandise supplier), cash is always preferred.

Top tier sponsors will require a significant share of the more notable assets including category exclusivity. Category exclusivity is a level of protection that the union can offer nominated industries such as banking, telecommunications, motor vehicles etc. Before offering this benefit, the union must ensure that any competition that the team participates in has no restrictions as far as tournament sponsors are concerned. The union’s collective bargaining agreement should have nominated categories of exclusivity to ensure that players cannot enter into individual commercial endorsement agreements that conflict with the union’s sponsors.

Example of asset allocation of sponsor benefits creating parity with investment

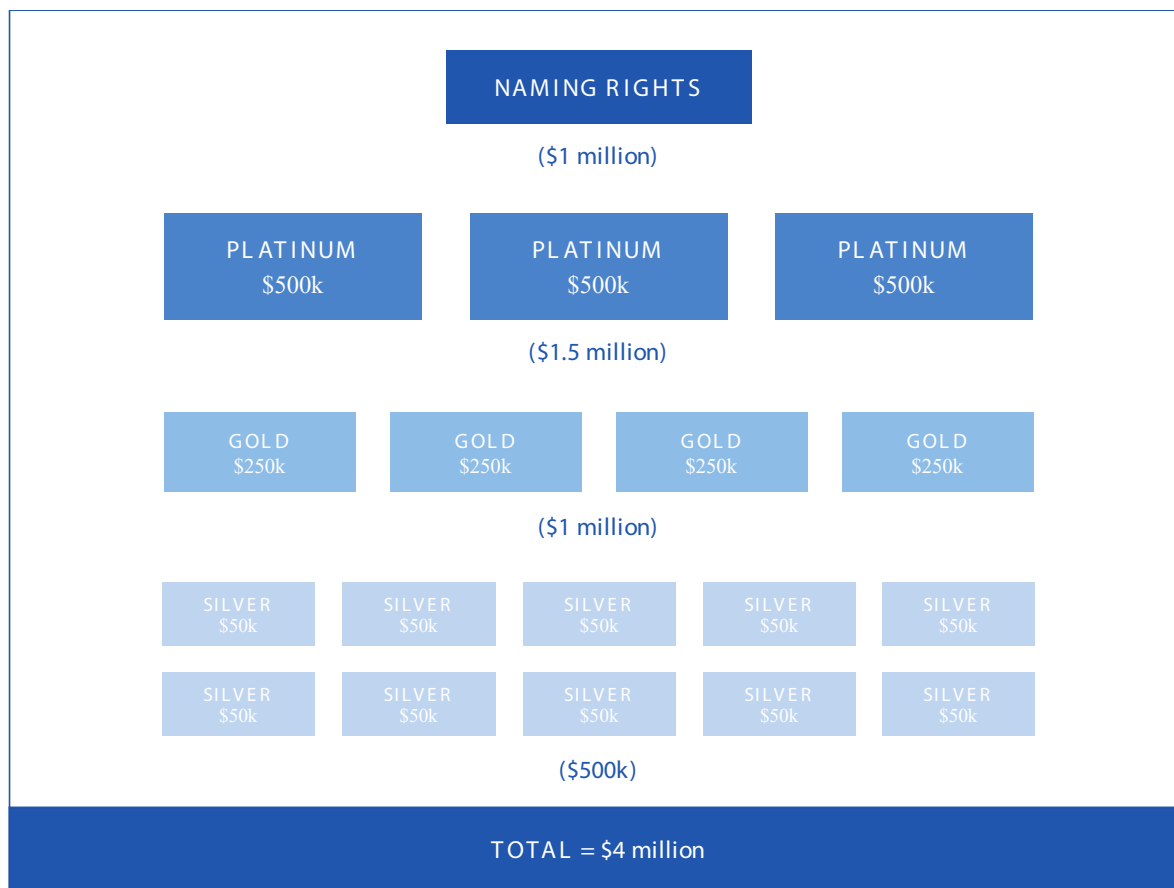
Assets	Naming Rights (1)	Platinum (3)	Gold (4)	Supplier (10)
Presenting Rights	X			
Category Exclusivity	X	X	-	-
Intellectual Property	X	X	X	Modified
Player Appearances	12	6	4	2
Grass Signage	Centre	In Goal/22	-	-
LED\Fence Signage	Prime	Secondary	Yes	-
Media Backdrop	Prime	Secondary	Yes	-
Hospitality Suites	2	1	-	
Hospitality Box	2	2	2	
Hospitality Invites	X	X	X	-
Tickets	100 per game	50 per game	25 per game	10 per game

- **Naming Rights** to the team is the most valuable property in the sponsorship offering and therefore requires the most valuable assets. This will include branding on the front of jersey, dominant presence with on-field signage, category exclusivity and the right to use the team’s name in ownership messaging and logos.
- **Platinum Sponsors** should receive the next most valuable assets including one partner accessing the back of jersey on the official playing jersey and the other partner receiving the shorts and sleeve. Apparel sponsors will be given access to front of jersey, matchday signage and will enter into a licensee/royalty arrangement to sell merchandise as an official supplier. All of these sponsors will also be granted category exclusivity.
- **Gold Sponsors** will receive in equal shares the remaining primary TV Arc signage, category exclusivity and access to logos.

5.1.2 CATEGORY EXCLUSIVITY SPONSORS

Traditionally these sponsors come from the usual consumer markets such as automotive, telecommunications, banking, airlines, soft drinks, alcohol, insurance and FMCGs.

5.1.3 EXAMPLE OF REVENUE MODEL (\$4 MILLION)



**All of the above contracts should include in the agreement that production of any signage will be borne by the sponsor (including storage where required) and annual increases in consideration (in line with inflation as a minimum).*

5.1.4 SPONSORSHIP SERVICING/TERM/NEGOTIATION

Servicing sponsors is a dedicated and crucial function of the commercial department. Done well, it ensures the maximum benefit and promotion of both the sponsor and the team and creates a greater chance of ensuring renewal of the agreement. An allowance of 15-20 per cent should be allocated to the costs of servicing the sponsorship portfolio.

The term of primary sponsors, particularly the naming rights partner, should be a minimum of three years. The agreement should allow for an option to renew subject to both parties' consent and an exclusive period to negotiate that renewal before the union can take the property to market. Supplier deals are normally negotiated on an annual renewal basis subject to the needs of the business.

The sales and negotiation of the sponsorship portfolio will largely be resource driven. If the union doesn't have an experienced salesperson to draft the sales proposals and attend the necessary sales presentations, it may be worth considering the outsourcing of the sales programme to a third party where a commission is paid.

For key sponsorship contracts that are for more than one year in term aim to stagger the renewal dates so that they don't all renew at the same time which can create a significant strain on resourcing and finances.

5.1.5 OTHER LUCRATIVE SPONSORSHIP PROPERTIES

5. Grass signage on the 22m lines and the in-goal areas for all home games (the centre line logo is usually reserved for the tournament mark). These premium signage locations can be sold to anyone inside or outside of the sponsorship family on a match-by-match basis or for the entire season as long as exclusivity agreements are adhered to.
6. Matchday/presenting sponsor and tournament sponsor (regional considerations) are two properties currently outside the traditional model that could be developed and sold subject to the participating agreement with the tournament.
7. Referees for home games.

5.2 BROADCAST

5.2.1 TELEVISION/STREAMING

Ensuring quality broadcast is essential for the commercial success of the team.

The terms of the broadcast will be unique to each broadcast deal which any participating union/team will have to adhere to. The quality of the broadcast will include considerations such as the number and quality of cameras to be used (standard or high definition). There could also be requirements around lighting, infrastructure, and live or delayed broadcast. All of these elements will be included in the broadcast requirements of the participation agreement.

Broadcast arrangements maybe negotiated separately for various geographical locations eg. The competition region, a continent and rest of world

Often broadcast arrangements have been centralised for regional tournaments and it is up to the respective regional teams participating in the tournament to maximise this opportunity to drive the commercial programme. A share of overall broadcast revenue may need to be negotiated where an agreement is already in place.

Ultimately, the share of revenue will depend on how many additional viewers the inclusion of the team will provide over a period of time. It is imperative that consideration for growing the viewer platform has been completed before negotiations commence. Traditionally, the broadcast revenue will generate between 60-70 per cent of overall income to the team subject to the market in which you are operating.

Where the broadcast agreement is in place there will be a standard of production quality that will be required for the union to adhere to, ensuring that regional and global broadcast qualities are met. These conditions may include lighting quality for night games, camera capacity in terms of definition or the amount of cameras dedicated to the production.

Where broadcast has not been secured – or if the home team is to provide the content for distribution – will depend on the opportunities in the market in which they are operating. Before weighing up broadcast opportunities, considerations should be given to ownership of domestic and international rights, the quality of broadcast and meeting international standards, access to any in broadcast branding/advertising and production costs.

5.2.2 RADIO

The rights for radio are often passed through to the domestic market. A partnership with a radio station can often be mutually beneficial. The radio station secures the rights to call the games and in return helps promote the attendance of home games, sponsor

messaging and, in some cases, is also open to assisting with matchday activities and in-stadia promotion.

5.2.3 PRINT

Newspaper/press support is critical to the success of the team. All press should be given equal access to the team and treated with respect. Positive editorial and promotion of home games will help communicate consistent messaging to market, both about the team and individuals, promote home games/attendance and run competitions.

Rarely would you ever offer exclusive rights to a particular news source. However, subject to market conditions, you may nominate a preferred marketing partner that is awarded exclusive access or unembargoed editorial in exchange for contra to promote the team and event information.

5.3 MATCHDAY TICKETING

The priority of the ticketing and membership programme is to create long-term revenue streams for the business. The considerations to achieve this should include a ticketing model that:

- Maximises revenue and ensures affordability
- Promotes home games
- Ensures local participation and buy-in from clubs and schools
- Identifies the best available ticketing distribution channels
- Manages the sell-through of tickets in a way to create excitement and ensures stakeholder engagement and priority
- Leverages the team's key assets – the players.
- Ticketing model that captures useful fan engagement data to help drive further growth and fan engagement

5.3.1 CATEGORIES AND PRICING

Analysis of what the local market can afford will need to be completed before the pricing and structure is determined.

Ideally there will be a tiered pricing model with three main categories of tickets: A, B and C.

Category A tickets – The premium tickets, traditionally located between the 22 lines on either side of the stadium.

Category B tickets – A mid-range ticket, located in each of the corners of the stadium.

Category C tickets – The least expensive tickets and will take up the remaining locations in the venue, including behind the goal posts and grassed areas.

5.3.2 PRICING

Setting the pricing of the ticketing tiers will require the input of all relevant stakeholders. The priority is to build a long-term revenue stream so ticket prices should be set at an affordable level that ensures strong crowd attendance and an exciting matchday experience.

It's helpful to understand the ticketing prices and models of other competing sports in each market to see what works and what does not.

5.3.3 OTHER CONSIDERATIONS

- Are there any ticketing agencies available? If not, can we develop a partnership with local fuel stations, grocery stores or Telcos to sell and distribute on our behalf?
- Engaging clubs and schools' programmes to promote the sale of early bird Category C tickets
- Family ticket options
- An allocation of tickets will have to be held for sponsors, partners and corporate hospitality before the public sale of tickets
- Promotion of pre-purchase as opposed to walk up attendance to negate the impact of uncontrollable factors such as inclement weather.

5.4 SEASON TICKET & MEMBERSHIP PROGRAMME

A membership and season ticket programme builds loyalty and consistency for the team and the union. In conjunction with driving long-term revenue and assisting with the forecasting, attendances play an invaluable part of the commercial footprint.

The priority for the membership programme is to ensure that the respective price points are in line with what the market can bare. Members become an integral part of the commercial family and if serviced efficiently and consistently, provide stability for matchday revenue expectations.

Within a tiered membership programme, each membership is the same with the point of difference being additional elements for each tier. For example, top tier membership could include member merchandise such as hats and flags as well as access to training clinics or pre-match functions.

All members and season ticket holders should have a first right of purchase for finals series should the team qualify.

Don't try to 'bundle' tickets into two or three game packages before your team is established. Your start-up team should focus on trying to sell out home games so you need a simple membership programme that maximises attendance. Once you start offering options to bundle certain games, you run the risk of cannibalising your own market by not selling out all games and promoting the preference of the profiled games. Once your team has established itself, there may be an option to bundle tickets.

5.5 LICENCED MERCHANDISE

The merchandise programme will be spearheaded by the apparel sponsor, who will have exclusive rights to brand and sell the official team kit. This range usually includes a minimum of a jersey (plus alternative), training jersey, caps and polo shirts.

The apparel sponsor pays for their sponsorship benefits and may also be required to pay a royalty fee that is included into each official piece of merchandise. In future years, this royalty fee may be in the form of a minimum guarantee to create further financial stability for the union.

The pricing and design of the range needs to be agreed and evaluated with the union and the sponsor. It is prudent to allow three to six months for the appointment, briefing of design and delivery of merchandise for both the team and in-store sales. Merchandise retail prices in the home market must be affordable to ensure local buy-in and support.

The apparel sponsor will have distribution rights to sell the product worldwide and allowance should be given to provide a merchandise outlet at each home game. Consideration should be given to the existing retail and online footprint to maximise visibility of the team/brand.

The licenced programme should be integrated into all of the union's socials to ensure full support and maximisation of potential revenues.

Once demand has been established for supporter wear, consider the possibility of a second-tier supplier for another range of merchandise at a cheaper price point.

Outsourcing your licencing to an external agent isn't recommended until there is enough demand to warrant a second tier of saleable merchandise. If an external merchandising partner is required, that includes the apparel partner, a short list of candidates can be generated and approached to determine their interest in being a part of a tender process for the licencing programme.

At the same time, prepare a tender document outlining the following:

- Exclusive range(s)
- Intellectual Property to be made available
- Territory rights (domestic or global)
- Suggestion of commercial terms to include consideration and royalties
- Outline of forecast sales and sales strategy (both retail and online)
- Time frames required for design, manufacture and implementation
- Tender deadline.

Once the tender deadline has been reached, a process of appointment is made based on the best candidate outlined in each application. These appointments need to carefully consider the broader offering and partnership quality of each candidate equally, and not purely focus on the monetary value.

5.6 CORPORATE HOSPITALITY

The development of a corporate hospitality programme, subject to venue capability and market opportunities, is worth undertaking. Traditionally, corporate hospitality programmes have offered a gateway into sponsorship and networking opportunities.

Venues often have a minimum level of corporate boxes, suites and function areas. Establish an inventory of available spaces, and subject to the union's ability to manage the sales programme, there is the opportunity to drive this part of the business or outsource it to a local agency to sell.

A level of inventory will need to be held to meet the needs of the sponsorship programme and consideration should be given for the union to host its own VIP function for each home game. This cost can be integrated into the sponsor servicing budget and syndicated to allow other potential sponsors to attend. This also provides official post-match functions with captains and dignitaries.

If the corporate hospitality inventory is limited or not available other alternatives can be considered such as a marquee onsite and offsite options like a pre- and post-match cocktail event.

5.7 GRANTS

Outside of the traditional revenue model for a sporting organisation are a number of options to help support and underwrite a new professional rugby team.

Keep in mind that the inclusion of a professional rugby team into a new competition brings many benefits to a country or region including:

- New employment opportunities
- Injection of funds into the local economy by way of venue hire, catering, hotels and restaurants
- Increase in visitation from a regional audience
- An opportunity to showcase the region on an international platform which is good for tourism
- Sport for development and the social benefits that come from creating professional pathways for younger players.

These peripheral positives mean it makes sense to approach non-traditional organisations for support.

Government – New professional sporting teams carry great appeal for local government. Make a direct approach including all of the additional economic benefits, the opportunity to leverage a tourism/visitation message, promotion of sport for schools and health reasons, and the political connections and opportunities that will open as a result of a new professional team. Examples would include Tourism Fiji, Events NSW etc.

World Governing Body – World Rugby has a keen interest in developing rugby across the globe. If the entry of a professional team into a competition meets growth objectives, then a commercial investment should be sought.

Charitable or Non-Government Organisations (NGOs) – There are a number of charitable organisations that can leverage an association with a professional sporting team to deliver key outcomes specific to your region. These are often in the way of sport for children, sport for social change, and government to government support programmes. United Nations subsidiaries are often enthusiastic to the idea of aligning with vehicles that espouse the values or causes they promote such as sport/wellbeing and women's welfare.

5.8 OTHER REVENUE DRIVERS

5.8.1 MARKETING AND COMMUNICATIONS

A full marketing plan should be developed with key objectives being:

- To drive awareness of the organisation and the team
- To communicate details of game information and how to purchase tickets and transportation options
- To develop brand positioning in line with the organisational values
- To develop player identities with the public
- To develop engagement on social media.

You need to understand the best platforms to communicate to your desired audience. A younger audience will respond to mobile phone subscriptions, social media and the internet as well as the traditional platforms of print, TV, radio, outdoor marketing, and clubs and schools.

5.8.2 BRANDING

Early development of simple brand guidelines will be extremely helpful and mitigate any incorrect usage of the brand in the future. Guidelines should include:

- Union’s logos
- Team logos
- Jersey application
- Static and electronic version
- PMS colours and approval processes.

Your marketing effort will require both the promotion of home games/selling tickets and the brand itself. A brand campaign establishes the values of the organisation and team and requires reasonable budgets. As a start-up, the focus should be on promoting and selling tickets as opposed to a campaign.

5.8.3 VENUE CONSIDERATIONS AND NEGOTIATIONS

The location of venue options may be limited; however, consideration during the negotiations should include:

Capacity	Access and transport options for attendees	Hospitality options
Teams’ media considerations	Venue that is free of commercial obligations	Operation and venue support
Access to full complement of signage (Static or LED)	Scoreboard	Ticketing system
Catering support	Merchandise outlet	Security
Potential to partner in profit share to offset matchday costs.		

5.8.4 OFFSHORE HOME GAMES

Within a season, a few home games simply won't be as popular, exciting or as in demand as others. These games are an opportunity to tender out to regional or international markets as they can be played outside of the team's normal home territory. This is an opportunity to broaden the supporter base and minimise risk in the home market without incurring extra costs as these have already been met in the tendering process.

5.9 COMMERCIAL DEPARTMENT RESOURCES

Subject to the size of the commercial programme, the following people and resources will be the minimum required to ensure successful implementation:

1. General Manager – Looks after key negotiations including broadcast, licencing, naming rights, venue hire, grants and strategic planning
2. Sponsorship Salesperson/Team – dedicated to the sales of the sponsorship and corporate hospitality programmes
3. Sponsorship Servicing Person/Team – servicing, management and implementation of leverage programmes
4. Commercial Assistant – offers support to the department personnel
5. Events and Hospitality Co-ordinator – manages the event day operations of hospitality along with the union's calendar of events
6. Ticketing Manager – develops, manages and executes the membership and ticketing programme
7. Ticketing Assistant - provides support to members

This section was produced by Ms Karlene McKeown and edited by Geoff Webster. Karlene has vast experience in the area of commercial management within sport and is a consultant to Oceania Rugby.



FINANCE

6 FINANCE

A new subsidiary of your union adds a new level of interest but also complexity and financial risk. It is extremely important that the new team is developed using conservative financial modelling that enables long-term viability through the term of your team's licence.

6.1 FINANCIAL MANAGEMENT

As a general rule, a franchise team operated as a subsidiary of your national union will operate using the same financial management guidelines as the rest of the organisation to ensure accounting consistency. The difference is that the team would be set up as a new 'department' of your union, with its own Profit & Loss budget (P&L).

Good practice, and perhaps your own national laws, dictate the need for annual auditing of your union's accounts. Please note that third party investors and funders (such as World Rugby) are likely to insist on the involvement of an independent accounting service provider to verify grant revenue and associated payment approvals.

6.1.2 KEY PERSONNEL

There are four key levels of the organisation that have primary accountability for the financial management of the new team:

1. Board – they have ultimate fiduciary and legal responsibility for the organisation, approve the annual budget and review monthly accounts.
2. Chief Executive Officer – responsible for the day-to-day direction and decisions of the business and P&L statements.
3. Chief Financial Officer (or Finance Manager) – responsible for day-to-day financial management of the operation, coordination of the budget process and preparation of P&L statements.
4. General Manager of Rugby – largely, but not exclusively, responsible for the operational spending of the new team. They're the individual who needs to stick to agreed budgets.

What do you need?

In the development of your EOI document, your union would have created a broad but accurate P&L draft budget, if for no other reason than to determine the viability and ultimate sustainability of your franchise team.

Many tournament EOI processes ask prospective entrants to demonstrate two key things; their capacity to pay an upfront licence fee for joining the competition and verifiable liquidity, which may be as much as one year's entire operating budget held in cash at all times, or to meet peak negative cashflow of the team's first licence period.

6.2 BUDGETS

As with any enterprise, your new franchise team will require the development and management of the following budgets:

- Operating P&L (Opex)
- Capital & Equipment (Capex)
- Cashflow
- Foreign Exchange (Forex).

6.2.1 PROFIT AND LOSS BUDGET

6.2.1.1 Income

Given that your cost base is going to be material, it's essential to maximise income streams to at least break-even point. The commercial section of this document addresses revenue streams, but there are a number of outside factors to consider.

- When will your income commence? Your cost base started the moment your union started exploring a new team but sponsors and licensees will take some time to sign up and deliver upfront funds to assist cashflow. Negotiations with your commercial partners must always include a significant upfront 'signing' payment to enable your team to operate with liquidity.
- Gate takings, corporate hospitality etc. will not be realised until the season starts.
- While cash is king, your commercial team need to understand what costs can be offset by value-in-kind (VIK) or contra arrangements. These don't appear on the balance sheet as cash but are included on your P&L as income.
- For emerging unions with a National Academy (licenced training centre), World Rugby Regulation 4.7 allows you to charge a development fee when your younger players are contracted overseas to play professionally. So, while the goal of your new franchise team is to provide a pathway for players, if one of your outstanding young players is offered a Top 14 Espoir contract worth five to 10 times what your union can afford, the advice is to let him go and charge the relevant fee.
- Future income substitution will be needed to replace start-up funding. As a start-up team you may have sourced seed funding from World Rugby, or a government entity, that is time bound (e.g. three years). After this point, you will need to replace this funding source through other means if your commercial revenue sources (gate income, sponsorship etc) have not increased materially enough in your projections.

6.2.1.2 Expenses

Most expenses on your new team's P&L budget are standard but your new team may be a hybrid of what you're used to. It is not as simple as 12 months of predictable costs or an annual two-week overseas tournament. Your team may be playing and travelling for three to four months in a professional, full-time environment and the nature and quantum of your costs should reflect this.

- **Player Remuneration**
 - This would include not just player salaries, but anything agreed in the CBA that can be defined as a benefit. This could include performance bonuses, repatriation flights, use of a car, accommodation subsidies, meal allowances, superannuation, tickets etc.

- For emerging unions with limited resources, opting for the 'semi-pro' model enables the team to blossom without creating a huge payroll burden in your first years.
- **Insurance**
 - Insurance is the biggest underestimated cost you will face but one of the most important.
 - Travel insurance - Essential when your team is touring as this covers all injuries including those that result in death. It is essential to have and it may also be a pre-requisite of the competition. Obtaining the right travel insurance policy requires a good degree of research and negotiation with potential insurers. Remember to ensure that playing rugby is covered under your policy and that the dates of the policy accurately reflect your team's movements.
 - Medical insurance – While your travel insurance should cover you for overseas travel, you will need to have a medical policy that covers your domestic preparation and games (if applicable). Standard policies require a union to designate the exact number of team members covered by the policy and across which dates. This is a major expense.
 - Permanent & Total Disability (Career-Ending) Insurance – A one-off incident or event which results in a career-ending injury.
 - Salary & Regulation 23 – If your players are contracted on a full-time basis to your new team, this is redundant.
 - Directors/Public Liability Insurance – The board of the franchise team may wish to take out liability insurance as directors. Note in some jurisdictions Director and Officer Insurance requires the company to have a constitution
 - Venues – It is important that any training or playing venue is covered by the appropriate insurance for players, staff and spectators. It doesn't have to be your own policy, just so long as the venue is covered. This may fall under the stadium hiring agreement.
- **Team Travel and Transport**
 - Depending on the length, location and nature of the competition, it's possible your team could be doing substantial airline travel and require extensive hotel accommodation. These are substantial costs that require research and negotiation to ensure they are driven down as much as possible.
- **Team Preparation** has a material impact on your costs. If your squad are largely based in one location, say your capital city, there is no need for camp-based accommodation.
- **Staff Salary Proration**
 - It's likely and possibly essential, that staff from your union's High Performance programme are seconded to the franchise team. Financially this allows you to reduce the financial burden on both entities by spreading an existing annual salary across the two organisations.

6.2.1.3 The Tournament Manual

Many of your costs will be mandated by the Competition Participation Agreement. This document outlines what the minimum standards are in terms of playing and training venues, hosting touring teams and travel. There is no skimping and costs that you may previously have viewed as luxuries could be standard for your new team.

6.2.2 CAPITAL AND EQUIPMENT BUDGET (CAPEX)

Whether your team is a start-up or expanding into a franchise, you will be acquiring a range of capital equipment. Depending on the tax laws of your nation, they could be fully written-off or gradually written-off (depreciated) over time. Examples are:

- IT hardware – Your High Performance staff will need computers and tablets that operate the performance solutions used to deliver your programme e.g. performance analysis and video sharing solutions, athlete management systems, strength and conditioning technology, and the software used to operate performance tracking devices. Video cameras and drones may also be required.
- Transport – will you purchase cars or vans for your team?
- Office furniture.

If your competition licence is four years, depreciation is a legitimate option from a P&L perspective.

6.2.3 CASHFLOW

The P&L budget now exists and it balances; however, while your costs are consistent – staff and player salaries, for example – your income will most likely be ‘lumpy’ – that is to say it will only hit your bank account on an irregular basis.

Unless you started this team with a substantial operating balance, this means you may occasionally have no money in the bank but with bills still to pay. This is where cashflow budget management comes in. Planning your P&L on a week-to-week basis helps you understand where the pinch points are and by extension allows you to either:

- manipulate or negotiate bill payment dates.
- establish a line of credit or overdraft where the bank allows you to go into deficit for periods in the knowledge that you will soon receive cash injections from either game or sponsorship revenue.

Cash shortfalls happen, but you don’t want to renege on paying players or staff in the heat of competition.

6.3 TAX

While your national union should be familiar with tax regulations relating to income and expenditure on a domestic level, you should seek to clarify the tax implications when competing and travelling abroad. For example, in Fiji, expense claims by non-resident coaching staff attract tax.

6.4 FOREIGN EXCHANGE (FOREX)

If your team will be playing either half or all games in a foreign competition, and therefore country, outside the European Union, this means many of your travelling expenses will be quoted, and require payment, in the currency of that union. For example, if a franchise team from Georgia is playing in the Currie Cup and embedded in South Africa for the duration of the competition, all landed costs/invoicing will be in Rand.

Depending on how you choose to book your flights, this large expense could be in a foreign currency. And if you receive funds from a non-union source (such as World Rugby High Performance) a forex rate needs to be budgeted for P&L purposes (World Rugby funds are paid in GBP, for example).

This illustrates the need to plan and budget accordingly for forex transactions given the potential volatility of forex markets.



RUGBY OPERATIONS

7 RUGBY OPERATIONS

This section is not intended to go into the finer details of signing players. An assumption is made that you have a quality General Manager of Rugby and a highly experienced Head Coach to drive this process but we will step through the process so that nothing of importance is missed.

7.1 PLAYER AGREEMENT & RELATIONSHIP

Forming a semi or fully professional team will require involvement with relevant player representatives. This may mean informal dialogue with a player delegation or it could involve good faith negotiations with a new or existing player association. The tournament's regulations or host union may require this as a condition of entry.

7.1.1 IMPORTANCE OF PLAYER INFLUENCE IN THE DRAFTING OF YOUR PLAYER AGREEMENT

Unlike a regional tournament that may have been made up by local amateur players requiring a short-term commitment, your franchise team may be playing in a lengthy competition against professional players and will require compensation for their commitment.

You will be asking them to travel, potentially for weeks or months at a time, often at the expense of existing jobs while your coaches will be expecting players to train full-time and commit to the team, its culture and standards.

In addition, your commercial team will be seeking to use their images for promotion and marketing.

In this situation, involving the players is essential. To perform at a consistently competitive level players need to have certainty around the nature of their participation and that they are 'partners' in the new franchise.

7.1.2 THE RISKS OF NOT ENGAGING WITH PLAYERS IN GOOD FAITH FROM THE OUTSET

Your new team is at risk from the beginning. Your players and staff are being asked to commit 100 per cent so it's imperative they feel engaged from the beginning and not disrespected.

A small issue that crops up could turn into a major problem in competition. To build momentum, both inside the team and with fans, being competitive from the start is important. A fragmented, dispirited squad will not be as competitive.

If there are behavioural or commercial issues and there is not an agreed instrument that provides certainty, they will remain unresolved or could, in the worst case, see players refuse to participate.

This is not just one game, or even one season – your franchise will most likely be a multi-year commitment. Players talk to each other and an unhappy squad makes your chances of recruiting new players or retaining existing players very difficult.

The cost of resolving issues during or after they occur will almost certainly be higher and more impactful than addressing them before they happen.

CASE STUDY

In 2014, a new USD\$10m competition was started but the players were given only 48 hours to sign an agreement they had no influence over. The whole national team rejected the agreement and it took three months to get the competition back on track.

7.1.3 WHAT IF YOU HAVE NO PLAYER ASSOCIATION OR EXISTING COLLECTIVE BARGAINING AGREEMENT (CBA)?

If you are an emerging union, it is quite likely there will not be a Players' Association within your country as they are generally constructed for nations with large, professional, domestic-based playing bodies. Even countries such as Argentina, with a large number of professional players, do not have one.

In the absence of a local Player Association, the wider playing group should be encouraged to delegate the task of discussing an agreement to a core group of respected players, who have the authority to discuss and agree a contractual framework. Players who have previous experience in a professional environment and who have the best interests of the game, team and players at heart, are crucial. Without this, it is a tough situation to be in.

Players could seek the support of a regional or global body (Pacific Rugby Players, International Rugby Players' Association for example) in order to negotiate core elements covering the commitment of your proposed playing group. If the competition rules require a player agreement this may be mandated, otherwise your participation could be at risk, particularly if the competition host union has an existing CBA with its own players.

In short, it's not acceptable that a new professional franchise starts without player representation or consultation.

7.1.4 WHAT ARE THE ESSENTIAL ELEMENTS OF A COLLECTIVE BARGAINING AGREEMENT?

Among major professional unions, a CBA could be hundreds of pages long, a legacy of multiple iterations and a function of the level of detail covering professional environments. By contrast, the initial player agreement between the Fijian Drua and Pacific Rugby Players was 14 pages long.

A CBA should, at the very least, cover the following elements:

- A preamble that agrees the broader purpose of the agreement
- Clear and detailed definitions
- The principles of why your union values the partnership approach between you and the players
- It should strive to achieve 'upside' for both groups
- It should acknowledge the costs and sacrifices made by both parties as the new franchise is set up. A commonly used phrase in English is that both groups have 'skin in the game'
- The terms of such a partnership, in clear detail. This includes:

- Remuneration of players
- Fringe benefits such as accommodation, transport and travel
- The daily training environment (DTE) and overall commitment to training, playing, travelling, and particularly time off
- Clarity around weekly commitments to the team
- Transparency and parameters around the commercial elements required of players, and what they receive in return
 - o Media commitments
 - o Sponsorship appearances
 - o Image rights and use
- Data Protection
- Support provided to players:
 - o Player education and development
 - o Access to medical professionals
- Locked in agreement around player behaviour, standards and misconduct
- Disciplinary and grievance protocols, particularly around termination clauses. The recent issues around ex-Wallaby Israel Folau demonstrate how this can go wrong
- Adherence to World Rugby regulations, particularly anti-doping and anti-corruption.

It is important to note that if your franchise team is licenced by the national union to a private owner or separate entity, the licence agreement must address the need for a relationship agreement and specifically it must address misconduct.

Some unions may not be used to working in partnership with player representatives, but across established professional rugby environments, this is standard practice. Players returning from professional environments across the world will expect it and if you want to start your new team off with harmony, a Collective Bargaining Agreement, negotiated in good faith, is the foundation.

If you have an existing CBA, it should have the capacity to scale up for the addition of a franchise team.

7.2 TOURNAMENT RULES

There are two elements that drive the number of players you sign to your squad. Budget (see below) and tournament regulations. Please read your TLA, and in particular your competition regulations, to establish the minimum and maximum number of contracted players you can sign. The minimum number will determine your budget baseline while the maximum number will be determined by your budget, depending on your player/roster tiering.

Generally speaking, such limits are designed to ensure competitive balance and competition integrity for all teams.

7.3 BUDGET

You can only pay players what you can afford but this will be a function of your agreement with the Players' Association and the tournament rules (see above). If the minimum salary

for a player is X, and the minimum number of players is Y, your absolute lowest salary cost = X times Y. It will be higher though because you will have different tiers of player (see below), for example a current test player versus a developmental 20-year-old.

The elements that go into a player contract could be exhaustive and most will be a cost to the franchise team. They consist of:

- Salary
- Superannuation or pension contributions (or its equivalent in your country – if a requirement by local law or CBA)
- Performance bonuses for making finals or match payments – these are not recommended as it makes it tougher to budget and track
- Travel Per Diems when on tour
- Travel costs should you be repatriating players from overseas to play for your team (and potentially family members)
- Cost of bringing in replacement players due to injuries
- Agent fees
- Tickets to games.

7.4 UNION VISION

Your union's motivation for the franchise team's participation should drive your roster building.

7.4.1 RUGBY WORLD CUP PERFORMANCE

For your union, qualifying for or being competitive at the Rugby World Cup is your goal. You are already playing regular tests, but your players are spread across the globe and only come together during Regulation 9 test windows. For you, the missing link is having your own team playing regular, tough, high-quality rugby in an extended competition.

In this situation you would be attempting to repatriate test players from, for example, Europe who are training in environments of variable quality and playing unpredictable match programmes. You'd probably be mixing them in with a group of quality Under 23 players who have been designated as future test players, but who need to develop in a professional training environment. This would build great cohesion among your mid to low tier test squad, while your very best could still ply their trade in quality environments overseas. Fijian Drua, who played in Australia's National Rugby Championship between 2017-19, were a prime example of this approach.

7.4.2 YOUTH DEVELOPMENT

Your eye is longer term. You have talented players coming through your junior club, school and age group pathways, but perhaps your local domestic competition is not technically as strong as you would like, or the selections are based more on experience than talent.

In this case, you would seek to select the best of your recent age grade crop, say under 19 to under 25, to combine to train and play together. An outcome of this policy may (and perhaps should) be that your best players will 'graduate' into professional leagues overseas. If you have your players on multi-year contracts, your test Head Coach would have the luxury of vetoing 'poor' offers so that the player would be placed in an excellent rugby environment to further develop into a test player.

Remember that, under Regulation 4, you are able to charge a development fee for any players developed under your National Academy/licenced training centres between the

ages of 17 and 23 and who are contracted by professional clubs abroad.

7.4.3 WINNING

You are not joining this competition to make up the numbers. You are selecting your very best squad from your total pool of players to try and win. This is a valid motivation, particularly if driven by prize money, increased sponsorship or profile of rugby in your country.

The downsides to a win-at-all-cost approach are the development of younger talent will be a secondary consideration and the cost of a best of the best playing squad will be higher.

7.4.4 PATHWAY BUILDING

A hybrid of driver of performance and youth development means you have a strong domestic competition and a number of players playing professionally overseas. You need a consistent level of rugby that bridges the gap between both, that gives your emerging/ domestic players every chance of taking the next step, and also offers players eligible for your union the ability to come in and show what they can do.

It is possible to achieve multiple goals, but achieving all of them is extremely unlikely.

7.5 PLAYER CAPTURE

The reality for some emerging nations, particularly the Pacific Islands, is that many of the most talented young players have been targeted by established nations because of a win-at-all-cost attitude or to make up for their own player development inadequacies.

By creating a franchise team, particularly one with quality young players that plays on a wider public stage, your players will be more visible to agents and overseas clubs and at risk of poaching. This may in fact be one of your union's goals (see point 2 above). The key is to ensure that, where possible, all players are 'captured' for your nation before this occurs.

This, therefore, goes to the heart of Regulation 8. While planning your team's pre-competition calendar, your union should explore all capturing opportunities. Check when the next round of World Rugby's regular A team tournaments is. If one doesn't occur before your franchise team starts its competition, seek to arrange a National A team fixture that is cost effective in order to capture your roster for your nation. If you have to invest in a one-off game, it is a smart investment in the future for your test team player depth.

Note – under Regulation 8 players need to be fully aware of what playing an A team fixture means for their future test eligibility.

Remember, when it comes to test-playing depth, the best ability is availability, and you want all players eligible for your union playing for you, not against you, down the line.

7.6 NATIONAL DEPTH CHART

Your national team Head Coach and General Manager of Rugby would have a detailed depth chart of players on the national team radar. This is a living breathing document that can and should be updated regularly throughout the year, based on the form, fitness and selections of your players in their club environments. It should also cover at least the following periods:

- Now – if you were selecting a test team for this weekend, what would it look like?
- The next Rugby World Cup
- The following Rugby World Cup cycle.

It is important this list should not just be limited to qualified players for your union, but to eligible players – that is to say those players who qualify for your nation through land of birth, heritage under Regulation 8, or residency. Many of these players may not be on your test Head Coach’s radar at present, but they should be identified from a developmental perspective early, and your franchise team potentially utilised as an opportunity to bring them through.

You are under no obligation to select any player on the depth chart. However, given the historical lack of depth that emerging unions face, the broader and younger your union can focus your talent identification strategies, it will make it easier for your High Performance department to monitor and develop these valuable assets.

7.7 ROSTER CONSTRUCTION

Before you start signing players, it is critical you understand what the composition of your roster needs to look like by position, quality and experience. Without roster discipline you will end up with a squad that may have too many forwards, not enough half-backs, is too inexperienced with not enough leaders, no utility players and is too old etc.

Working with your Head Coach and Pathway/Academy Manager, your General Manager of Rugby should be able to build a multi-dimensional matrix that covers all of these elements to provide you with a signing framework that can be overlaid by the operating budget.

Broad elements that will impact your framework will be:

- Squad size (minimum v maximum)
- Length of season
- More games = more injuries
- Intensity of games = more injuries
- Physicality of your game, opposition, and impact of weather conditions. All of these will affect your squad across a longer competition
- Amount of travel involved
- Performance expectations – the higher the stakes, the more your players will feel the pressure.

7.7.1 ROSTER CONSTRUCTION EXAMPLE – BY POSITION/GROUP

Given expected limitations on your squad size, contracting by position/grouping will require consideration.

Elements to consider when doing so are:

- Matchday 23. This includes six front rowers in your squad as a minimum and another two available on matchday should you incur injury in the warm-up
- Key positions – tight five, openside, scrum-half, fly-half
- ‘Utility’ value – players that can play multiple positions within a game and across a season.

The following table illustrates how squads may look by position/group

Position/Group	Squad Size			
	36	39	42	45
Loose-head	3	3	4	4
Hooker	3	3	4	4
Tight-head	3	4	4	4
Second-row	3	3	4	4
Utility 5/6	2	2	2	3
Back-row	6	7	7	8
Scrum-half	3	3	3	4
Fly-half	3	3	3	3
Inside centre	2	2	2	2
Outside centre	2	2	2	2
Wing	3	3	3	3
Full-back	2	2	2	3
Utility Back	1	2	2	3

‘Utility’ players thrive in multiple positions. The three most utilised are flankers who can play lock, a fly-half who can play full-back and a wing who can play full-back. As the squad gets bigger, the need for utility cover may become less necessary, depending on your depth in key positions.

Areas that cannot be compromised are the front row and half-back – specialised positions that require depth in the event of injury or suspension.

The following tables may serve as a useful guide to building your roster.

7.7.2 EXAMPLE OF ROSTER CONSTRUCTION – BY PLAYING STAGE

Another way of looking at your squad construction is through the lens of experience and leadership. Depending on what your union is hoping the team will achieve on a High Performance basis, your squad can look materially different. For example, an older, veteran team may win games immediately, but it will not develop talent for three years down the track. Another factor is the ability of players to absorb the week-to-week rigours of tough competition play as younger players with a lower training age will be unaccustomed to it.

Status	Squad Size			
	36	39	42	45
Starting test player	8	9	10	10
Fringe test player	8	9	10	11
Senior\U23	12	13	14	15
Under 20	8	8	8	9

Depending on how many of your test players are based in professional environments overseas, you will likely be capped at how many you can sign, especially if your budget

is limited. At the other end of the spectrum, there will only be a certain number of your developing pathway players that may have the physical and technical ability to play at the level of the competition you are entering. This leaves you dependent on fringe and solid senior domestic players to fill out the bulk of your roster.

7.7.3 EXAMPLE OF ROSTER CONSTRUCTION – BY EXPERIENCE/LEADERSHIP

Status	Squad Size			
	36	39	42	45
‘Veterans’	8	8	8	9
Best player in competition	8	9	10	11
Potential best in competition	12	14	15	15
Development	8	8	9	10

Veterans refer to outstanding players with excellent leadership skills who are past their prime but keen to contribute to your nation’s professional team. They are role models to the young talent and can steer a developing team through challenging initial years.

Best in Competition are players at the very top of their game, who would be considered among the Top 3 players at their position in the competition that you are entering.

Potential Best are exactly that. Through your pathway programmes, talent identification and domestic league, they are players who have the potential and desire to become outstanding test players.

Development players are younger, talented athletes who have dominated at age level but who require access to an outstanding professional environment to learn their craft.

Two key considerations are:

1. Spots must be kept for your best up and coming local talent (or eligible emerging talent living overseas).
2. It is okay for some of your best test players to play overseas. If your squad is filled entirely of test and fringe test players, your next generation will disappear overseas. Your budget will largely ensure this is addressed.

7.7.4 EXAMPLE OF ROSTER CONSTRUCTION - BY CONTRACT LEVEL

A final way of building your roster will revolve around your budget. Once you have established a budget for player costs, set a minimum expectation for your players and understood who your targets are likely to be, you can play with figures to develop a matrix such as the ones below (Note these are examples only).

‘Pro’

All players contracted to the union full-time for 12 months.

Salary Band	No. Players	Max Value of Band	Total by Band
A	3	€100,000	€300,000
B	4	€70,000	€280,000
C	8	€40,000	€320,000
D	24	€15,000	€360,000
Total	39	€1,260,000	€1,260,000

‘Semi-pro’

Players contracted for preparation and competition only. Money barely covers daily costs for an independent adult.

Salary Band	No. Players	Max Value of Band	Total by Band
A	3	€20,000	€60,000
B	4	€10,000	€40,000
C	8	€5,000	€40,000
D	24	€2,500	€60,000
Total	39	€200,000	€200,000

7.8 PLAYER AVAILABILITY & TRANSFER

As a new franchise team, you will be building your roster with a blank sheet of paper.

However, you start with a player contract ready (agreed by the Players’ Association and adhering to tournament rules), an approved player budget and a solid vision about the number of players you need by position and status. You can now start signing players.

Assuming your General Manager of Rugby and/or test Head Coach have a detailed depth chart of all eligible players for your nation, you are already armed with a list of potential target players. What makes them real targets is dependent on several factors:

Are they available? Are they off contract with their current clubs (domestic or foreign) and available to sign with your team? You may well have numerous options playing in Pro Leagues around the world, but if they are contracted for two more years, they’re off limits.

Are you aware of their agent and current market value? If they are off contract your team may be one of several they are talking to. Their agent is obliged to create options to drive up contract value. Do these expectations meet your squad budgeting plans?

Do they wish to return home and play for you? They may be happier staying overseas, enjoying an overseas lifestyle, and not having the pressures of being at home. Others will relish an opportunity to come home so it is not a given.

Do they have a valuable on-field contribution to make? Are they still fit, healthy and in form? There could be a number of veteran players keen to sign with you, but they must still be capable of performing at a winning level in your new competition. Remember, they are off contract for a reason.

Your GM of Rugby could already be aware of these details, as part of their due diligence in finalising Regulation 23 insurance. To explain, in both Regulation 9 assembly windows you are obligated to secure cover for your players' professional contracts for the duration of their time with your test team's campaign. To ensure that your union is protected, it is essential that each of your players confirm their current contract level, which is then listed by player in coverage bands on the Regulation 23 insurance spreadsheet.

General Managers of Rugby should also seek to establish:

- When a player's contract is due to expire
- Who their current agent is
- Their current contract value so you are in a position to know what, if any, offer you need to make.
- If they are under contract, would their club be willing to transfer/loan the player to your team or release them altogether in order to get them off their books?

Some players you want may be unavailable for 12 months, which is to be expected but start planning for it immediately.

Any player joining your team from an overseas club will require written release from the club and national union so that they are eligible to play for your team.

7.9 BUILDING YOUR ROSTER - CONSIDERATIONS

Now you have established who is available, how many roster spots are available, and what your player budget is, how do you determine who to sign? There is no absolute right answer but let us identify some important elements:

Scarcity – If you don't have the ability to recruit players back to your team from overseas, then you are building a totally domestic squad. Equally, you are competing with other clubs for your players so if you have a qualified player, particularly in a position of tactical importance, it is important to move fast.

Leadership – As a new team in a foreign competition, you face substantial challenges to be competitive. Ensuring you have excellent leaders, who can be role models on and off the field, will be vital as your team navigates the challenges in years one and two.

Win v Develop – Every new team is impatient to be competitive and successful (they are not always classed the same) as soon as possible. If your goal is to win as soon as possible, you will likely look at experienced players who have a history of consistent play. However, if you are looking to build using a pathway model, you will have a mix of 'veterans' and young, elite talent.

7.10 CONTRACTING

Once you have established your target players, you need two pro-forma documents ready to go – a letter of offer (or offer sheet) and a contract.

7.10.1 OFFER SHEET OR LETTER OF OFFER

A pro-forma offer sheet or letter of offer will save your General Manager of Rugby a lot of time and aggravation. While most expect the bulk of agent/union discussion to revolve around money, in reality most discussion occurs around a raft of clauses and requests from players. By having an offer sheet on which you can tick the appropriate boxes, it will provide the agent and player far more certainty about what you are offering, and by extension, what is on the table.

You may be required to investigate your domestic employment law, but in most countries a letter of offer is seen as a legally binding document pursuant to the player's contract being provided.

Elements that could be considered for an offer sheet, or could be requested by players, are:

- Money
- Player salary (and superannuation if applicable)
- Agent fee
- Car and accommodation – these are generally offered by clubs in Europe and Japan
- Outgoing and incoming flights for the player (and possibly family)
- Tickets to games
- Liability waiver
- That the player understands he is playing a contact sport and the risks involved
- Injury/medical cover
- Injury termination clause
- The security of employment that exists if the player suffers a serious injury. For example, in France the contract is terminated after six months, in Australia the full contract value is paid out.
- Other considerations e.g. in accordance with the perpetual licence being granted for your team's entry into your desired competition.

7.10.2 STANDARD CONTRACT

As previously outlined under the CBA, it is essential that a simple, standard contract exists. This allows you to put in names and numbers only and is far easier to manage from a squad contracting perspective.

For a variety of reasons, some of your 'off contract' foreign-based players may take less to play for your professional franchise, but some players will be seeking more than their current market rate for equally valid reasons. This is something to be mindful of – do not assume a player will or won't be prepared to play for your team – when you are drawing up your target list.

Timeframes are worth understanding. Between offer to signing it could literally be as short as a couple of days but equally, it could be many months. The delay is almost always due to the player and/or agent wanting to be comfortable with a range of factors:

- The player is considering multiple offers
- The player needs to consult with his spouse/family/coach
- Team medical concerns need to be addressed and cleared
- The player is researching where they will live, where his kids will go to school etc.

With regards to negotiating, until you make an offer, the team has the power, but once an offer is tabled, the player has the power. You will be waiting on the player to accept or decline, and unless you have multiple similar options available in that position, you need to be patient.

It is standard practice that players need to pass a full medical for the contract to take effect. This needs to be clearly stated in your contract.

7.11 AGENTS & WORLD RUGBY REGULATION 5

Dealing with player agents is a fact of life within the professional sporting landscape. Players focus on performance but deserve dedicated, expert, professional guidance to maximise their value and handle the details of engagement.

World Rugby's Regulation 5 requires unions to establish their own regulation of agents. Most established unions have done so and the majority of these regulatory schemes are mandatory. You will have to become familiar with agent regulations in both the union you are participating in and the union of any players you are contracting. These schemes place obligations on agents, players and your franchise, which will need to be followed to avoid complications in the future and as a matter of good governance.

However, even with these regulations, the quality, expertise and manner of player agents varies from agent to agent, which you may experience as you build your team.

Agent fees vary in percentage and are borne by the player, but you should separate the amount going to the player and the amount going to the agent as separate line items in your offer sheet. This makes it clear exactly who is getting what. When you don't do this, players and agents will assume that the gross value goes to the player and that the agent fee will be charged in addition. An added bonus is that agents will appreciate that you are clearly allocating funds to them.

The agent fee should be included clearly in the contract (or on a side letter) so the player can sign to confirm that he is aware of it.

7.12 CORE STAFF

The appointments of three senior staff roles are critical to your team. In order of priority, they are:

7.12.1 CEO (OR GENERAL MANAGER OF FRANCHISE)

Depending on the size of the franchise team scope, you may appoint a separate CEO to run the entity (or it could be the owner if it's a privatised concern). The CEO usually reports to the board. If it is a smaller/semi-professional team, a General Manager could suffice, who would work full-time for the union, reporting into the union CEO. While your team preparation and competition phase may be four-plus months in total, elements such as commercial, venues, finances and recruiting require a much longer runway to get right.

7.12.2 GENERAL MANAGER OF RUGBY

Your next appointment should be your GM of Rugby. The person fulfilling this role maps out the campaign strategy and liaises with the CEO on finance and overall staffing. They should also lead the search for your Head Coach and be involved in the final decision.

7.12.3 HEAD COACH

Some clubs prefer to go down the 'Director of Rugby' (DoR) route, where the Head Coach is appointed DoR and is given total control over the franchise's rugby department. A senior Assistant Coach is then appointed 'Coach' and is responsible for training design, but the DoR is the one in charge. Recruitment, scouting and all other areas of the rugby department then report into the Director of Rugby.

The benefit of this structure is that the person responsible for delivering results is given the authority to achieve them. The downside, however, is that Coaches are driven by short-term, on-field results (next game, this season) and will make decisions around

recruitment that achieve these aspirations. A GM of Rugby takes a more strategic view and should be looking two to five years ahead.

Whichever structure you adopt, there is always a risk of conflict between senior staff. A Head Coach may be frustrated at the recruitment strategies of the GM of Rugby. Meanwhile, a board may believe that the future success of the franchise is being mortgaged by short-term recruitment decisions by a Director of Rugby.

Both roles could report directly into the CEO, but this will create potential for conflict through the same competing goals and would lead to a CEO having to make decisions regularly from the options presented.

In the end your franchise needs to be structured in a way that meets your needs and with all your senior appointments supporting a clearly defined vision with each having clearly defined job accountabilities.

7.12.4 STAFF APPOINTMENT PRIORITIES & TIMELINE

It is critical that the roles of CEO, GM Rugby and Head Coach are appointed as soon as possible, with Head of Commercial soon after. These four key roles are responsible for the construction and long-term success of the franchise team.

Preparation time will depend on how far in advance of the competition start date the team is formed. From a squad perspective, if you are attempting to recruit players from around the world who are currently playing on a contract, contacting, negotiating and signing them will almost certainly need to be done at least six months before your first game. The personnel responsible for this are your GM and Head Coach. Similarly, delays in appointing a Head of Commercial will result in sub-optimal value generated for your team assets, which may have an impact for multiple years.

7.12.5 DELEGATED AUTHORITY

A 'Delegation of Authority' is an organisational process where the manager divides their work among the subordinates and gives them the responsibility to accomplish the respective tasks. Along with the responsibility, he/she also shares the authority, i.e. the power to take decisions with the subordinates, enabling responsibilities to be completed efficiently.

Basic real-life examples from developing unions:

- Does the GM (or Director) of Rugby have the authority to construct the playing squad within the agreed budget?
- Does the Head Coach have authority to select the Matchday 23 without interference?
- Does the CEO have management control of the team without Chairman or board members 'instructing' he or she what to do?

Given everything required to get your franchise team off the ground, it's a good idea to develop a succinct delegated authority matrix so that staff have clarity from the start around which elements they have authority to act or spend.

7.13 FACILITIES

Where will your franchise team – both the rugby and commercial departments – be based? If your union is leading the team, it's likely that your commercial team will be (in part at least) union staff and based at your union's offices.

From a rugby perspective, the best location is at or adjacent to the primary training/ playing location of the team, which in itself is a vital decision early on. This is a ‘chicken or egg’ situation – do you have an existing facility that the team staff and players need to live nearby (requiring the stress of relocations for them and their families), or do you source a facility close to the majority of the team and train there?

This will vary from team to team but must be factored into your costs.

7.14 POLICIES & PROCEDURES

As with a delegated authority, any best practice organisation will have a fundamental set of policies and procedures that govern how the team operates day-to-day, legally, morally and with integrity.

7.15 ORGANISATIONAL AND TEAM CULTURE

What does your new team stand for? While your performance goals may evolve over time, ensuring a solid foundation of cultural values is an essential component for a start-up organisation. Here are some considerations:

Mission, Vision, Values – What is your team trying to achieve, beyond winning the competition? For example, it could be ‘To create a pipeline of future world-class test players’.

Team Standards – What are the agreed standards by which your team (players and staff) will operate? For example, is being seated and ready at the agreed venue five minutes before commencement the standard for a team meeting?

Discipline – How will your team address behavioural issues or inevitable breaches of the agreed team standards?

Dispute Resolution – While addressed in your CBA for specific grievances, there are a myriad of issues and disagreements that crop up in a team environment. It is not a matter of if but when your team needs to address them so they don’t derail the campaign. Having agreed methods of ‘clearing the air’ will be vital.

7.16 PLAYER COOPERATION AND COLLECTIVE BARGAINING AGREEMENTS

7.16.1 THE PLAYERS’ ASSOCIATION - ONGOING

Once the detailed work of negotiating a CBA and player agreement has been achieved, there will be a need to remain engaged with the Players’ Association.

There are a number of reasons why the Association will have an ‘arm’s length’ involvement with your team.

- They will want to ensure that the agreement is being implemented as agreed.
- Depending on what is stipulated in the CBA, they will want to be aware of any player disciplinary issues that arise.
- Within your playing group it is probable that a number of players will be designated to liaise with the Players’ Association on areas in which the Team Manager or High Performance Manager cannot answer, or more likely, as part of any dispute resolution process. As part of this dialogue, the relevant Players’ Association will want to meet with the player group.
- Part of the CBA may require the delivery of player development programmes such as educational workshops and the Association may be tasked with delivering them.

7.16.2 PLAYER DEVELOPMENT/EDUCATION PROGRAMMES

Player education is an important and often non-negotiable component of getting your team ready for competition. For example, it is mandatory that courses in the following subjects are completed by all players participating in any World Rugby tournament:

- Concussion
- Anti-Corruption
- Anti-Doping.

Player education is not limited to mandated courses and other subjects are delivered around the world to players, such as:

- Dealing with Agents
- Financial Planning
- Career and Tertiary Education Advice.

As a guide, most teams from around the world dedicate one afternoon through the week (as part of a CBA) to player education or development content. This is important for team management when they are planning their season training schedules.

Sessions such as the ones listed above are coordinated and often delivered by a Player Development Manager (PDM). Depending on the region, the PDM is often funded by either the national union (as part of the CBA), the players themselves, or other sources (Pacific Rugby Players is funded by the NZ Ministry of Foreign Affairs, for example).

An example of Player Development Programmes in Australia can be found here: [Player Development Example](#)

7.16.2.1 Anti-Doping

All rugby players participating at this level are subject to no-notice blood and/or urine doping controls in-competition (at matches) and out-of-competition (at any other time). It is important that players and support staff are educated and have a good understanding of their responsibilities, and of how to comply with procedures and avoid an accidental anti-doping rule violation.

Sanctions can be as long as four years for certain prohibited substances and the name of any player committing a rule violation is published. If a number of players from the same team commit a rule violation, the team can also face sanction.

Items to be aware of include:

3. **Ethics and values** – Your team ethics and ethos are crucial to keeping doping issues out of your team. This includes the attitudes of players and support staff towards education, physical recovery and whether they seek to win at all costs. Anti-doping keeps the game fair. An environment where rules are respected, and where doping officials are treated professionally and supported, can make a huge difference to the players' approach to anti-doping and ultimately whether they commit deliberate or accidental violations.
4. **Whereabouts** – Whereabouts information is used to locate players for out-of-competition testing. These tests are always done without warning so a Doping Control Officer (DCO) can turn up at any time to any location (including hotels, training or a player's home). They must always be given access immediately to players otherwise team officials may face a sanction for obstructing the process (players can complete a training session they are engaged in under observation). Selected players must complete the test as refusal could signify a violation with consequences resulting in suspension.

5. Players may be named/included in a testing pool of either their national anti-doping organisation or World Rugby. This means that they are responsible for submitting whereabouts. Although the information can be submitted by the player's team on their behalf, it is always the player's responsibility to ensure it is accurate. As players join your team, make sure that you clarify which organisation they are required to submit their whereabouts details to and that they understand what they need to do to comply.
6. **Teams** – Depending on the competition and the location of your team, you may be required to submit team whereabouts information to your National Anti-Doping Officer (NADO) or World Rugby. You will be notified of this requirement if this is the case. When you receive this notification, ensure that everyone in the team set-up understands the requirements and that the team has an internal process that everyone understands (players included) about how and when to submit changes to their schedule (e.g. – home address changes, changes to training schedules and travel plans).
7. **Education** – Anti-doping education is generally delivered and organised via NADOs in co-ordination with the national union. Elite international players will usually be educated as part of the World Rugby international level programme, but each NADO may take a different approach to educating teams based in their territory, so your team may or may not be included in their programme. Check with your NADO what education they will be providing for your players at the start of each year and be aware that you may need to pay for an educator to conduct a face-to-face session. Always use an accredited NADO educator so you can be sure they are up to date with the rules.
8. **As a minimum, all players should complete the World Rugby e-learning programme every two years** – located here [World Rugby Keep Rugby Clean e-learning site](#) – and should be given the updated World Rugby player handbook each year – [World Rugby Keep Rugby Clean - Player Handbook](#). The terms of participation for most competitions require that players complete e-learning.
9. **Doping Control facilities** – Your home match and training venues must always have private, lockable rooms available to be used for a doping control station. This could be a large waiting room/area and a large adjoining or contained private room with an adjoining private toilet. It is acceptable to have a room(s) that can be quickly prepared/converted, in no more than five minutes, but the room(s) provided must be large, clean and appropriate for players and DCOs to work in. Check the full range of requirements and whether your room set-up is appropriate with World Rugby or your NADO before your first match or training session and do not change it mid-season without checking again that it meets requirements.
10. **Therapeutic Use Exemptions (TUEs)** – These are medical approvals given by your NADO or World Rugby to allow players to use a prohibited substance or treatment method for a proven medical condition. Make sure that your medical team lead and your players understand the required process (and who to submit them to), as if a player takes a prohibited substance without having a TUE approval in place for it, they will face an anti-doping rule violation.
11. **Results management** – If you get your education processes right, hopefully you will not have to deal with an anti-doping rule violation, but make sure that someone within the team is available to look after supporting and managing the player if it happens. Your media team will need to be prepared and you should know in advance where you will direct the player for legal support should this be needed. Having an agreed process in place will make it much easier.

12. **Supplements** – Supplements are a big risk factor for anti-doping rule violations. Ensure that players are educated not to self-medicate or to self-supplement and ensure that your strength and conditioning coach or nutritionist is familiar with World Rugby advice on supplements to help players avoid using a risky supplement. This advice can be found in the player handbook (link above) and via videos on the Keep Rugby Clean website: [World Rugby Keep Rugby Clean - Advice videos](#)

For contact information about your respective NADO, please click through the following link, which outlines all signatories to the World Anti-Doping Code – [WADA signatories](#)



www.world.rugby

A guide to creating a union-aligned pathway or franchise team