

MBA: A business report, analysis and recommendations for ESG Gaming

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Executive Summary

This business report has been written following an analysis of ESG Corporate Community Interest Company where I hold the position of Founder and Executive Chair. We trade and are more commonly known as ESG Gaming in the sector in which we work. This report contains three principle sections; firstly an analysis and introduction; an analysis of our strategic intent and leadership tools used; and finally a section on my recommendations that my fellow Directors may wish to consider.

ESG Gaming is a start-up, non-profit organisation and we develop, deliver and evaluate educational products to reduce gambling-harms by the UK population. Our work contributes to the Gambling Commission's National Strategy to reduce gambling harms and it is an organisation founded off the back of 'Lived Experience' of gambling harms, by myself and my fellow Directors. Our collective Lived Experience brings unique insights that we can use to tailor our educational products as we have first-hand-experience, of the devastating harms that gambling can cause some individuals and their families. In addition to Lived Experience, we have sought to recruit Directors with a range of skills needed for a start-up organisation and so have a marketing & communications expert; an esports and gaming expert and a safer gambling and psychologist. All Directors also have a strong commercial experience as entrepreneurs.

Our Directors and I believe we have developed some useful foundations in our first-year and we aim to have a high level of transparency, evidenced by how easy it is to find information on our website and the leadership tools we have adopted as part of our start-up journey. This business report considers the usefulness and relevance of the tools we have used, and suggests new tools my fellow Directors may wish to consider adopting to further strengthen our collective knowledge, insight and strategic intent.

Finally, I have focused my literature searches particularly on those which consider the merits of leadership tools for (start-up) businesses and included some academic insight to help frame some of my recommendations, enabling them to be applied in a 'real world' setting.

ESG Gaming: Analysis

ESG Gaming is the trading name of ESG Corporate Community Interest Company (Intellectual Property Office - Trademark Search, 2022). The company is registered with Companies House as a Private Company, Limited by Guarantee and with no shareholding. The Company is additionally recognised as a Community Interest Company (CIC), therefore it is regulated by the Office of the Regulator of Company Interest Companies (Company House Record, 2021) and the Fundraising Regulator (Fundraising Regulator - Directory , 2022)

The Company was incorporated on 13 August 2021 and we filed our first Conformation Statement on 22 August 2022 and first set of Statutory Accounts and CIC34 report on 14 October 2022. The Company has four Director's with no registrable person or registrable relevant legal entity as having Significant Control. (Companies House - Filing Pages, 2022).

I am the Executive Chair of ESG Gaming and a serial entrepreneur and Virgin StartUp Mentor. I suffered from an addiction to gambling almost ten years ago and this is the catalyst for my work (LinkedIn profile - Lee Willows, 1973). Prior to ESG Gaming, I founded the multi-award winning Young Gamers & Gamblers Education Trust (YGAM), with my co-founders Anne & Keith Evans, whose son committed suicide as a result of his gambling (YouTube - YGAM Founders , 2020).

Analysing our first set of statutory accounts filed with Companies House, they evidence a solvent business which, at our first year-end, delivered a surplus of £60,196, against an income of £114,401 and expenditure of £54,205. The only debt in the accounts is a small amount of £3,200 for our year-end audit. Our Going Concern statement confirms we have pledged income of £150,500 for our year-two. (Companies House - Filing Pages, 2022).

Analysing our CIC34 report, which Community Interest Companies have to complete annually (Government Website - CIC34 form, 2020) to evidence their impact and stakeholder engagement. The CIC34 report for ESG Gaming lists a comprehensive set of achievements; which stakeholders we have engaged; our intended products and Directors remuneration. The achievements in particular demonstrate the values of ESG Gaming with strong stakeholder engagement across different sectors; the range of collaborations and partnerships that ESG Gaming have been able to foster in a short amount of time and there is a list of key objectives that the Directors are seeking to achieve in year-two. This gives a strong sense of focus, which again is one of our Values.

The work of ESG Gaming is driven by the National Strategy to reduce gaming and gambling harms in the United Kingdom. This strategy is co-ordinated by the UK Regulator, the Gambling Commission, who set out an ambitious plan to move faster and go further to reduce gambling harms among the UK population. The National Strategy contains six activities linked to (i) education and prevention; (ii) treatment and support; (iii) regulation and oversight; (iv) collaboration; (v) evaluation and (vi) research (Gambling Commission - National Strategy , 2022). Our Enabling Plan has been purposefully developed to link to a number of these strategic objectives, particularly points i; iv; v and vi and this is evidenced through our planned Objectives for 2023.

Our Community Interest Company has a recently updated, published website which contains information on our Mission, Vision, Values, Manifesto and British Values; Educational Products and planned academic Research; Supporters; Governance arrangements and a News Section. (ESG Gaming - Home Page, 2022).

Analysing some of the content of our website for transparency and openness as a not-for-profit organisation, we have purposely uploaded a bank of useful information which has been made publicly available. For example within the Governance section, there is a copy of our Enabling Plan for 2023 which sets out what the Director's intend to deliver during 2023 and a range of tools including a Critical path / timeline, KPIs, PESTEL and SWOT analysis (ESG Gaming - Governance, 2023). Minutes of the Board meetings are also published on the website, together with full disclosures of the salaries of Director's.

Our Enabling Plan sets out three educational products we intend to deliver, each with a different aim and customer base.

Our first product has a focus on developing an accreditation standard for esports teams to promote safeguarding, player welfare and equality and diversity for professional and semi-professional esports players. We are working with the awarding body City & Guilds and Bournemouth University to develop this standard and we are moving closer to the pilot phase where we will seek a number of esports teams to participate.

Our second product has a focus on developing a pre-apprenticeship course for learners who want to enter the gaming industry as an apprentice. We know there is a high 'drop out rates' for apprenticeships (Cognassist, 2023) and so this is our reason for creating this pre-course, as this is a challenge the gaming sector have too. Cognassist suggest the national drop out rate to be 35% and one of the most significant barriers to achievement. Our course is at developmental stage currently and once complete, it will cover content on job readiness training; a City & Guilds player protection award; personal resilience training; an industry placement and a guaranteed job interview. We are keen to target apprentices living in deprived communities and those from under-represented groups aged 18 – 24 years.

Our third product will be web-based information website and feature a wealth of information through the lens of a holistic & wider health approach to Safer Gambling in Esports. Therefore it will contain information on mental & physical health; diet & nutrition; financial capability and in game microtransactions; Non-Fungible Tokens and emerging tech; mindfulness; safer gambling, and links to the National Treatment Service (NTS), such as GamCare. This information will be created in different formats (i.e. podcasts, real-life & animated videos, quizzes, information sheets etc) to ensure it is relevant and engaging to our audience. The platform will also feature bi-weekly live-webinars on different topics and opportunities for players and fans to interact in a safe & supportive environment. The platform will be for consumers of esports and gaming and so have a wide reach. We will work with esports and gambling tournament organisers to ensure our platform is the Safer Gambling partner for live esports events across the United Kingdom. The platform will be built on the Web2 internet (which is the version of the internet we have today), but we will look to create a Web3 version to future proof this product.

Given the changes in our sector and the pending Government White Paper on Gambling Reform in the United Kingdom, we have opted for a one-year Enabling Plan. As soon as the White Paper is published and we have more certainty about the future direction of gambling reform, we can then develop a three-year strategic plan for our organisation.

These products contribute to the (i) education and prevention; (ii) collaboration and (iii) evaluation activities of the National Strategy to reduce gambling harms in the United Kingdom.

(Jepson, 2005) suggests governance, transparency and accountability is gaining in prominence in academic and public discourse and that non-profit organisations should develop an accountability regime that reaffirms their important contribution to society. At ESG Gaming we are keen to demonstrate our commitment to transparency and good governance arrangements despite being such a young organisation and with limited resource. In the next section we will analyse our strategic intent and the tools we have used within our Enabling Plan.

ESG Gaming: Strategic intent and Tools used analysis

ESG Gaming have published our SWOT and PESTLE and it is these tools that we will consider first.

(Srdjevic, 2022) define a SWOT as an analysis which derives its name from the words strengths (S), weaknesses (W), opportunities (O), and threats (T). S and W are related to internal factors, and O and T represent system interactions with an environment. S are positive, and W are negative internal factors.

For this paper we will review the listed 'Strengths' of our SWOT. This evaluation can then be applied to all sections of our SWOT (i.e. Weaknesses, Opportunities and Threats). Following an analysis of the 'Strengths', the overall impression is there appears to be a lack of depth and rigour to the statements listed for this section. Strengths may be characterised as factors that give an edge for the organisation over its competitors. While some of our listed 'Strengths' are relevant, they appear not to be quantified or evidenced. An example would be ESG Gaming list one of their 'Strengths' as the 'calibre and relevance of the board'. There is no explanation given as to why the organisation feel this to be the case and no explanation to the impact board members make to the success of the organisation.

(TerryHill & RoyWestbrook, 1997) make the case from their study of 50 businesses, that only 20 businesses used a SWOT and those that did, a high number failed to prioritize statements and no attempt was made to verify any points made within their SWOT. This analysis can be applied to all sections of the ESG Gaming SWOT, particularly with regard to prioritising statements and making them succinct and relevant. Additionally the ESG Gaming SWOT would benefit from more horizon scanning, for example there is no reference to the products we wish to deliver and why we feel these are a strength or why we are best placed to deliver these. Finally the individual SWOT statements do not seem to be prioritised, nor is it clear who has overall responsibility or ownership of these business risks. I have offered some recommendations later to address this that the Directors may wish to consider.

I have also conducted an analysis of our published PESTLE. (RASTOGI & TRIVEDI, 2016) define the PESTLE as an external risk management process and a tool to minimise the impact on a project objectives before they actually occur.

The content of a PESTLE may be used as evidence of an organisations ability to understand their external environment and succinctly capture risks, under the headings of Political (P); Environmental (E); Social (S); Technological (T); Legal (L) and Economic (E). Analysis of the ESG Gaming PESTLE suggests the organisation has taken the time to consider its risks, as the pillars of the PESTLE do seem comprehensive, well organised, structured and considered. (RASTOGI & TRIVEDI, 2016) suggest six advantages of an organisation completing a PESTLE and it is straightforward to ascertain how the ESG Gaming PESTLE can add value to our organisation. What however is not clear from the PESTLE, is which Director owns which risks and how are our risks managed and prioritised. I have again offered some recommendations for the Directors to consider later in this document.

Next I would like to reflect on the published Values of ESG Gaming. For this section I am taking the Values listed in our Enabling Plan and the published minutes of our away day held in September 2022 (ESG Gaming - September Away Day Minutes, 2022).

(Goodman, Zammuto, & Gifford, 2021) found that well defined organisational Values can positively relate to organisational commitment; job involvement, empowerment and overall satisfaction for employees. What is striking about the values listed by ESG Gaming, is they appear to be statements of intent, as appose to generically used words one often reads. (Coleman, 2022) suggests post covid-pandemic, all business should evaluate their Values as the pandemic has changed how employees work and what they value and seek from their employer. Values are evolving and I envisage ours will be refined as more people join our organisation, so everybody will have a strong sense of ownership.

There is a new emerging focus on things like health (both mental and physical), flexibility, diversity and equity. Employees want to feel valued and trusted (to work remotely). ESG Gaming use such statements such as 'kind', 'challenge conventional thinking' and 'embrace different' which suggest our Values are personable, bespoke to our organisation, relevant and current. (Coleman, 2022) suggests 'launching' Value Statements and then communicate them consistently. Further analysis points to a lack of examples of the ESG Gaming Director's embodying the Values or an explanation of what the Values mean to them as leaders of this organisation. Additionally reviewing the Gambling Trade Press and social media feeds for ESG Gaming, we do not appear to demonstrate a launch of our Values. Therefore the Directors may need to consider a marketing plan for the organisation.

Finally for this section, we will consider other tools that ESG Gaming might consider as the organisation evolves. The Porters five forces model is a useful tool to help businesses identify Competition in their industry; Potential of new entrants; Power of suppliers; Power of customers; and threat of Substitute products.

(Hoelzlhammer, 2018) provides an approach ESG Gaming might adopt to develop their model. Hoelzlhammer wrote her paper based on the motor car manufacturer supplier Tesla, using the Porters five forces as Fig One.

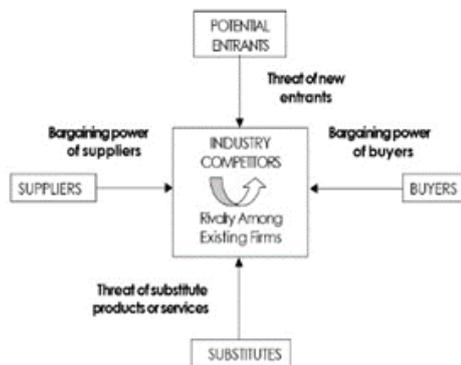


Fig One. Porters Model, credit: Hoelzhammer

The widely published Tesla Porters model came about, following a vehicle crash in March 2018, while one of their vehicles was on autopilot. This crash caused their stock to drop by 80% and similar to the PESTLE, is perhaps an illustration of the value of such tools and having them in place to perceive and manage strategic risks.

Fig Two is an illustration of the published Porters Model for Tesla and how each of the five forces are rated.



Fig Two: Tesla Model, credit: Hoelzhammer

A further opportunity afforded by the Porters model, which may be relevant to ESG Gaming is having the ability to position our business as having true expertise in our industry. (Arons & Waalewijn, 2019) suggest a new entrant to a market which is not as yet mature provides unique opportunities for the incumbent organisation to gain market share through the effective creation and use of this tool.

ESG Gaming is a new-entrant in to a new market and therefore we will likely make mistakes in our journey as there are limited examples from which we can learn.

However there is equally a lot of interest in, for example, Web3 and so ‘Threat of Substitution’ is likely to be our largest risk and I have recommended the Board consider this and the wider Porters model in my recommendations.

A final tool that ESG Gaming may wish to consider is the Johari Window. This is an excellent tool that can help Director’s improve communication and self-awareness. The theory came about through observation of group dynamics in the University of California. The word ‘Johari’ is a combination of the psychologists’ first names, and the word ‘window’ refers to the four ‘panes’ used to visualise the tool.

Fig Three is an illustration of what the four panes of a Johari window consist of.

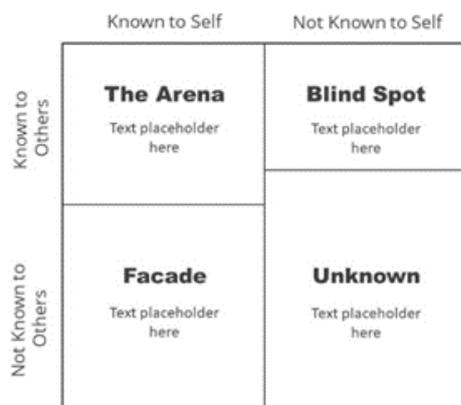


Fig Three: Johari Window overview, credit: FPPT.com

Earlier we explored how organisations are re-evaluating their Values in light of the covid-pandemic. In today’s society we believe disclosure to be healthy (Bryan Robinson, 2022), therefore publishing a leaders Johari Window is an honest act and has a number of value’s, not least for prospective employees who are considering joining a new team or organisation. Leaders and employers need to interact in the best interests of the business. We all have Blind Spots and Unknowns. (Kelly & McKillop, 1999) argue that self-disclosure of personal behaviours has its dangers. We are often better off not sharing our behaviours regarding, for example our mental health problems or large-scale failures. "If you give people information about yourself, you give them power over you," she says. A modern leader in 2023 is almost expected to show a level of openness and in many cases vulnerability or weakness. Societal attitudes have changed since 1999 and now many prospective employees seek authentic leaders, who are intentionally willing to be open to uncertainty, risk, and emotional exposure. Therefore publishing a leaders Johari Window and perhaps accompanying it with a video from the leader, evidences compassionate, authentic leadership, which seem to chime with the ESG Gaming values.

The Federation of Small Businesses (What is a business Plan, 2022) state that using business tools to shape a strategic plan (or in our case an Enabling Plan) is essential.

These basic foundations are even more important right now as the UK is forecast to enter a (mini) recession and is still recovering post-pandemic. The plan and use of tools should be able to answer the following three key questions (i) How will you make your business more profitable, gain more resources or increase your assets; (ii) What are your plans for growth in your target market; (iii) Where do you see your business in one, three or five years. Business tools will help us to answer all these questions initially for ESG Gaming, but to really add value and longevity, we will need to revisit these tools at least annually or when the market conditions change.

In the final section of this business report, I list suggested recommendations from my analysis.

ESG Gaming: Recommendations

In this section I will give five specific recommendations for the Director's to consider should they wish to strengthen the rigour and robustness of their business strategic tools and their wider foundations on which this start-up organisation is being built.

1. Mission, Vision and Values

The Vision might be strengthened by thinking more broader around the potential impact resulting from products that we seek to deliver and to aid fundraising we need to consider a Vision statement that will resonate with both the gambling and gaming sectors.

2. Market analysis: Theory of Change

The Enabling Plan might be further strengthened by an analysis of the need for the products that we seek to deliver and what the intended impact would be. This analysis might usefully be framed within a Theory of Change as this would show individual and measurable outcomes and outputs for each product and an academic analysis of the research to underpin the overall intended impact.

3. Marketing analysis: Porters five forces model

The Porters five forces model would be a useful accompaniment to the Theory of Change to enable ESG Gaming to foresee, understand and manage risks. We should consider providing narrative to the ratings in our Porters model, so the Directors can understand the risks, develop a plan of action and assign risk holders.

4. SWOT

For the SWOT analysis to add value and purpose in a real-world situation, it would benefit from a re-examination by the Directors. Suggested improvements include (i) an evaluation of the statements currently listed and reframing them to verify why they are Strengths, Weakness, Opportunities or Threats; (ii) consider prioritising the statements by their impact on the organisation and what actions might be taken to mitigate risks and (iii) assigning key statements to individual Director's so they can be managed.

5. Johari Window

The Director's of ESG Gaming might consider undertaking a collective Johari Window exercise to understand blind spots and unknown's individually and among the team. This will also help with communication, team dynamics and the recruitment of additional Director's to ensure the team are diverse in skills and knowledge should the Directors consider this as their strategy evolves.

If these recommendations are adopted, a review timeline needs to be agreed for the above actions too – ensuring these are 'live' documents.

Conclusion

We have a board meeting coming up on Tuesday 17 January 2023. I will present this paper to our board and will propose we discuss the recommendations. If the board choose to adopt the recommendations, we can then add these to our annual planning cycle and put this document in to a 'real world' setting and use it to further strengthen ESG Gaming.

My literature searches particularly on those which consider the merits of leadership tools for (start-up) businesses was helpful to increase my knowledge and understand how others have applied business tools and their impact. I feel assured ESG Gaming have some helpful foundations for such a young organisation and with a little more work these can be strengthen to build in a level of resilience. There is a constant challenge of conflicting priorities in any start-up (particuruly around the need to generate income), but should the Directors act upon the recommendations then having the ability to demonstrate this rigour to external stakeholders should help, particularly with income which is clearly a priority currently.

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