IRISH GREYHOUND BOARD

Strategic Business Plan Report

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This report is developed from the output of a number of workshops including those with the Board of Directors, the Strategy Review Committee, the IGB Management Team and a workshop with 66 participants from across the greyhound industry actively discussing key challenges and opportunities within the industry. The online input via survey monkey received over 1200 replies which were invaluable in understanding attitudes held by a wide range of stakeholders to the IGB.

We have spoken with various racing bodies worldwide. There has been extensive reading on the corporate strategies and reports from the UK, Australia and the USA greyhound industries to gain an understanding of the global greyhound situation and strategies.

Mission Statement

The Irish Greyhound Board mission statement has been developed and agreed as follows:

To deliver a commercial, well regulated Greyhound Racing and Breeding Industry whilst enabling the delivery of a customer centred, highly exciting and value led entertainment experience

Introduction

This strategy is a blueprint for developing Irish Greyhound Racing into a globally competitive and sustainable industry. It outlines a strategy for growth for the IGB and significantly improves its financial position over the next 5 years notwithstanding the current economic difficulties.

Irish Greyhound Racing is the best in the world. It already has elite class greyhounds bred from the finest global breeding stock, the most modern greyhound facilities and stadiums and a passionate and motivated population of breeders, owners and trainers all wanting to see the industry grow and prosper.

The implementation of the strategy will result in having stronger regulatory and compliance environment. This will ensure that all races in Ireland continue to be competitive, attractive and encourage innovative wagering and gaming platforms. It will continue to support the many jobs involved in the industry and the benefits associated with the breeding of greyhounds which contribute greatly to many rural economies. It will enable greyhound races to be streamed and bet on in most countries of the world where betting is allowed. The exciting atmosphere at IGB stadiums generated by a full crowd experiencing competitive racing and good entertainment is testament to the fact that Irish Greyhound Racing offers a great evening out for all age groups.

The full execution of this strategy will result in Irish Greyhound Racing enjoying a positive reputation that is justly earned. Over time this will be achieved by improved commercial operations, new innovative wagering platforms and expansion into new wagering markets. The strategic initiatives will lead to the generation of additional cash resources of €3.7 million in the period 2013 to 2017. This strategy will enable Irish Greyhound Racing to be an international flagship for all that is best in Irish sport, tradition, culture, management and the pursuit of excellence.

A key element of the strategy is to educate non-greyhound customers attending greyhound events at all levels of the sport. It has to be done on a personal, direct level. This includes how to place a bet, how to own a racing greyhound or join a greyhound syndicate, information on greyhound welfare and some of the technical aspects of greyhound racing such as how races are graded, how prize money is allocated, how greyhounds are tested and the role of the IGB.

The strategy is built on a number of existing strengths:

- Irish Greyhound Racing already has the best greyhounds and Irish bred greyhounds account for a very significant population of the greyhounds racing in the UK
- The commitment, passion and in-depth knowledge of breeders, owners and trainers
- There is a strong organisational cost culture evidenced by the ability to manage the finances of the organisation in a tough economic climate proven with cost reductions of 45% over the last 5 years to compensate for lost Revenue. The drive to continue reducing cost through improved efficiency will be maintained through the next five years

- There are superb developed stadiums especially with the entertainment and electric atmosphere created at the classic nights.
- There is high involvement of supporters clubs and volunteers throughout the country
- The IGB Board is committed to the future of the industry and prepared to take the actions necessary to make it a world leader in racing entertainment
- The success of the classic events such as the Greyhound Derby, Laurels and Leger testify to the support and value led entertainment of Irish Greyhound Racing
- There is a deep social and community connection based on a long tradition of greyhound racing in Ireland
- The support for the industry from the Government

The strategy is a culmination of several months' work undertaken by the IGB. The process involved an in-depth analysis of the industry including a survey monkey that received over 1,200 replies, meetings and interviews with a cross section of stakeholders including Irish Greyhound Owners and Breeders Federation & their representatives, owners, breeders, trainers, stud keepers, customers, bookmakers, suppliers, IGB staff and industry experts. In depth analysis was carried out on a wide body of information and reports available in Ireland, UK, America and Australia. The IGB and their advisors, O'KellySutton, are delighted with the level of ideas, support and positive feedback received during the process.

Strategic Business Planning is a live, evolving process. The Mission, Goals and the majority of the Performance Targets will remain unchanged through the life of the strategy. However, opportunities or changes in the environment unforeseen at the time of developing the strategy will sometimes necessitate changes. This is one of the strengths of the process.

Terms of Reference

O'KellySutton has been retained by the Irish Greyhound Board (Bord na gCon) to assist with the development of a 5 year strategic business plan. The aim for the assignment is to develop a plan that will enable the IGB to move towards becoming more financially self-sufficient, less reliant on bank borrowings, while retaining the traditions and cultural importance of Irish Greyhound Racing.

O'KellySutton has significant in-depth experience in strategic business planning. For over 20 years O'KellySutton have been advising clients of all sizes in Ireland, UK, Europe, Middle East, Africa, Asia, and America. Recent strategic planning assignments in Ireland include the GAA, Bord na Mona and Ordnance Survey Ireland as examples. Lead Consultants on the project, Paul O'Kelly, Pat Sutton and Clive Reading between them they have over 50 years' experience of successfully developing strategic business plans.

Their approach is to work closely with the Board and senior executives to develop the Goals for the next 5 years, to establish Performance Targets to be achieved and a draft Action Program. The Action Program will be completed by the Executive with completion dates and owner names to ensure there are adequate resources to effectively implement the strategy and enable monitoring of progress.

A major benefit of the Strategic Business Planning approach is that the Board, the Executive and the Management team of IGB are fully involved in every step of the process. They own the strategy. The planners are the implementers. This approach leads to deeper commitment and to organizations achieving performance levels above their expectation in the months and years following the development of the strategic plan.

Environment

In the major greyhound racing countries; Ireland, the UK, Australia and the USA, the industry has been challenged for a number of years. Fewer people are attending races and generally they are spending less especially in the last few years as the European and US economies have been contracting. The age profile of the core attendance is becoming older and it will take sustained effort to attract the younger generation to regularly attend greyhound events.

The industry reduction in revenue appears to be mainly driven by the proliferation of alternative attractions available to the general population and also many more options to bet without visiting a greyhound stadium. It is the emergence of 'sports' wagering as opposed to traditional race wagering that is persuading the IGB to develop its own wagering products.

The UK greyhound industry has not had a capital development program for a long number of years. Its facilities are poor and there is no program of planned investment to revive them. As a result audiences are declining. A report in the Economist, (February 9th, 2013) confirmed this decline despite the £243 million earned by the bookmakers on greyhound racing.

The impact of these changes on Irish Greyhound Racing is hard to predict but some possible scenarios include:

- A reduction in the number of Irish greyhounds sold to the UK. At present over 80% of greyhounds racing in the UK are Irish bred. This will impact Irish breeders.
- As the number of UK stadia continues to reduce or the numbers of greyhound per race continue to decline it will become even less attractive to bet on UK greyhound racing. This will increase the appeal of Irish Greyhound Racing.
- Irish Greyhound Racing is in a different league to the UK industry. The stadiums are modern and attractive, classic races are becoming larger entertainment events with music groups, good catering facilities and an exciting atmosphere being provided. This makes it possible to attract new customers to the sport of greyhound racing.
- The IGB should be in very strong position to sell its overall wagering package to international betting operators. In this regard being able to sell live pictures coupled with a Tote pool, race card and data customization to suit new international customers will give IGB a competitive advantage
- The recruitment of the new IGB Executive will create the capacity to follow up on the many opportunities identified and further investigate the potential to franchise the IGB IP to other countries and possibly other countries following a due diligence process.

Arguably, there is always a market for the best, for excellence. Ireland has elite greyhounds, great stadia and in depth expertise in managing a well regulated and exciting sport.

Within the overall global demise of greyhound racing in the UK and USA there could be the opportunity to recreate Irish Greyhound Racing as a leading wagering and entertainment attraction.

It is in this environment that the IGB seeks a strategy that will increase revenues and return on wagering with the long term goal of improving IGB financial return from the sport and also increasing Exchequer's return from the industry.

The strategy is mindful that it must comply with the highest standards of greyhound welfare and be consistent with the Greyhound Acts, the Code of Practice for the Governance of State Bodies and Government Policy. It reflects the need for State Bodies to operate in the most cost effective manner possible and deliver value for money in return for state investment. Throughout the strategy there is an emphasis on becoming more self-sufficient while maintaining the tradition of the sport.

Strategic Thrust

The ultimate aim of the strategy is to build Irish Greyhound Racing into one of the premier racing and wagering entertainment attractions in the world. While achieving that aim it will result in reduced borrowings and over time reduce the reliance on direct Government support.

The strategy comprises a number of interlinked threads that are further developed within the report. Increasing revenue initiatives includes:

- Establish Irish Greyhound Racing has having the most rigorous and effective Regulatory code in the wagering industry
- With this new improved Regulatory code in place increase revenue earned from off-stadium betting in Ireland and internationally
- Stream racing events to selected international locations
- Continue to develop the classic race meetings (referred to as 'Gold Star' in this document) into major entertainment events with top music groups, excellent catering, celebrity attendance and promotional packages. This approach has already shown to increase attendance at major events
- Negotiate greater media coverage
- Obtain greater income from sponsorship for 'Gold Star' and local meetings
- Build higher attendance through improved marketing including the use of social media
- Increase income from the Tote through new and more aggressive offers

Organisational initiatives include:

- Appoint an executive team reporting to the CEO with accountability for implementing the Strategic Business Plan. The five member executive team will each have the title 'Director of Function', e.g., Director of Wagering & Tote
- Improve structures across the IGB organisation so that the strategic initiatives can be delivered and there is role clarity for all employees
- Maintain the drive to further improve efficiency and reduce costs

Culturally the strategy includes:

- Protection of the Irish Greyhound as a world leader; the 'elite' Irish Greyhound image
- Work closely with greyhound breeders, owners and trainers to ensure there are enough quality greyhounds to provide truly challenging races and events and that the breeders, owners and trainers have a strong voice in the future development of the industry
- Increase revenue so that prize money levels can be substantially higher and restructured giving a better return to owners, breeders and trainers
- Provide a caring animal welfare program to manage the post racing lives of greyhounds and ensure this message is understood by those inside and outside of the industry
- Communicate the new animal welfare proposition so it is accepted by the general public

Key to implementing this program is a reorganisation of the IGB Executive to ensure a streamlined executive team that can take the organisation to the next level of performance. In addition the Board will have a key role in supporting the Executive Team to ensure the key stakeholders such as the owners, breeders and trainers fully understand the strategic thrust and the successes the plan will deliver.

Compliance and Integrity

Integrity is critical to the stabilisation and future growth of Irish Greyhound Racing. It must continue to have the highest integrity and be capable of responding appropriately to new integrity risks. It will continue to develop world class Regulations and reinforce those Regulations so they will not be flouted by anyone without severe sanctions resulting from a deliberate breach.

The quality of the betting product is directly related to having and implementing a world class Regulatory code. A culture of compliance with a reputation for consistency is required to build strong relationships with retail and online bookmakers so that there is even greater demand for the IGB content. A kennel system in Ireland with a strong safety and regulatory compliance benefit will be very attractive to bookmakers. Additionally owners, breeders, trainers and regular customers demand a stronger regulatory system.

The approach to having the highest integrity is both high level, having an evolving Regulatory code, and detailed in that it has to work throughout the industry, at every meeting at every stadium. It must be effectively implemented at all Irish Greyhound stadia, IGB and private, and cover the operation of racing at individual race level.

Goal:

To have the best regulatory regime of any organisation managing a racing industry

Accountability:

Director of Racing Governance

Outcome:

Robust, effective regulatory system in place underpinning the highest standards of integrity

Performance Indicators:

- The current Regulatory code is fully complied with and that performance metrics show significant improvement. This program is already in progress
- A new, world class, Regulatory code is developed that will be recognised as having the highest integrity in the global sport and wagering industry. This should be ready for implementation in 2014
- The new Regulatory code is implemented and there is compliance at every greyhound racing meeting in Ireland
- Bookmakers in Ireland, the UK and globally accept betting on Irish Greyhound Racing
- The new Regulatory code is maintained through a program of annual updating for all IGB employees, greyhound owners and trainers

Sponsorship & Branding

In 2012 sponsorship raised €905,000. The plan is to increase this to €2.1 million in 2017. Already new sponsorship partners have been delivered for 2013. This is indicative of the positive corporate image of Irish Greyhound Racing.

The key to large sponsorship deals is television and (to a lesser extent) radio. Sponsors want to be on TV. Being on TV multiplies the value of sponsorship, for the advertising hoardings round the side of stadia and for corporate entertainment.

If a deal can be negotiated with media partners it should enable the IGB to extend the number of 'Gold Star'[1] meetings, such as the Derby, Laurels and Night of Champions to a wider number of other Irish Greyhound Racing events. It will be possible to negotiate a race championship similar to the Heineken Cup for rugby or the Greyhound Trainers Championship in the UK.

There are also significant opportunities to obtain sponsorship, branding and advertising incomes from local businesses for all stadia. There are also branding opportunities in terms of signage and naming rights for stadia. With the development of the IGB overseas streaming contracts this will become more attractive. Branding and advertising is forecast to achieve €675,000 by 2017.

Many stadia, large and small, could benefit from having a sales person who markets the stadium and events throughout the surrounding area. They will help to identify and work with supporters clubs to hold fund raising and benefit events at the stadium. They will be paid a basic salary plus commission. IGB will employ the same or other part-time sales persons to win sponsorship and work with supporters clubs to help generate revenue for stadia. Well planned and managed, Greyhound Racing sponsorship gives a high return on investment to local businesses. The IGB will continue to build relationships with local sponsors working with them to maximise the return on the sponsorship. This will offer small and medium sized business the opportunity to have direct access to high quality marketing and branding opportunities, normally well out of their reach. IGB is uniquely placed with its state of the art facilities and entertainment packages to bring business networking to a new level.

Goals:

- To increase media coverage of Irish Greyhound Racing
- To increase revenue from sponsorship by an average of 20% year on year to a total of €2.1 million in 2017
- To increase the revenue from branding and advertising to €675,000 in 2017

Accountability:

Director of Sponsorship

Outcomes:

- Increased, entertaining media coverage of Irish Greyhound Racing
- Revenue from sponsorship increasing at an average Compound Annual Growth Rate (CAGR) of 20% with a high level of repeat sponsor organizations

[1] 'Gold Star' meetings are the classics and other events of a similar stature that already exist or will be developed as part of the strategy

Performance Indicators:

- Development of a 3 year plan and budget for increasing sponsorship income and media coverage of Irish Greyhound Racing. This will include identifying targets that have the potential to sponsor major IGB events and the approach to increasing media coverage. Once agreed by the IGB Board and Executive team this will define the performance standards for the next 3 years
- Agree and sign contracts with companies to sponsor major IGB events in line with the agreed budget
- Negotiate a media contract that will professionally broadcast IGB race meetings to a significant audience
- Achieve high satisfaction from sponsors that they achieve their marketing goals and they and their guests are well entertained when attending meetings
- Develop and implement a sales and marketing program that will attract local sponsorship and advertising to IGB owned and private stadia

Improving the Financial Return from the Irish Greyhound Racing Wagering Product

Based on IGB experience a high level of attendance at greyhound stadia helps to promote a stronger bookmaking and Tote wagering market. High attendance with improved racing regulations will attract more bookmakers at the stadia. More bookmakers at a stadium will lead to more vibrant and liquid betting prices at the stadium.

Since beginning the strategic planning process sixteen new opportunities to partner with significant organisations have been identified and negotiations are on-going. These include betting groups, sport betting platforms, hotel chains and overseas organizations. Based on the estimated potential contract value of these opportunities to the IGB and then weighting them by their probability these amount to an annual value of €1.4 million in net profit.

There are 600,000 individual visitors to the IGB website, 200,000 of these are outside Ireland. Betting on the Tote via this website generates €500,000 per annum with a margin of 21%. As a percentage of overall business the online portal currently only accounts for about 2.5% of Tote turnover. With a new improved wagering website coupled with updated Tote products the net financial return from the online business will improve dramatically.

Over 4,000 people have downloaded the IGB app from the current website. With the new wagering app along with the upgrade of the existing website the number betting on the Tote will significantly increase. Because of the existing user base the new wagering app will start with a strong captive base.

As part of the program to stream Irish Greyhound Racing to bookmakers a number of procedural changes will be implemented so that a small number of daytime meetings can be provided at regional stadia. This will test the bookmaker market opportunity associated with having content that has 'Irish Greyhounds racing in Ireland' as opposed to 'Irish Greyhounds racing in the UK'

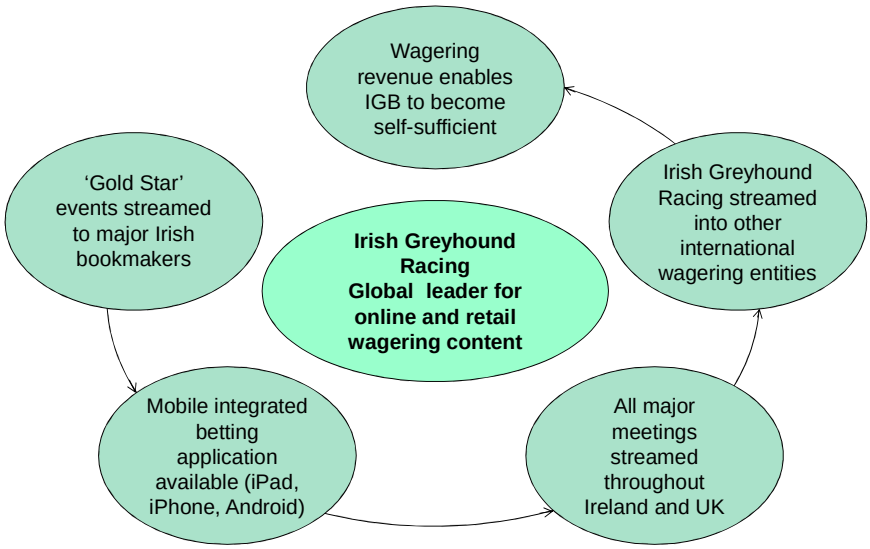
Whilst the financial return from on-track Tote operations is relatively strong more effort needs to go into staff training, incentive programs and defined procedures to drive higher jackpot returns. Increased innovation around jackpot choices will be implemented in order to grow the on-track Tote financial contribution.

It is a realistic expectation that increased levels of TV and radio coverage as well as improved PR to increase attendance at meetings whilst making betting simpler to new customers will help to drive revenue. Bookmakers are more willing initially to stream the 'Gold Star' events, especially the open races.

Wagering product

A step by step approach will be followed in developing the Irish Greyhound Racing wagering product as it is spread globally from Ireland to all countries where gambling is permitted and that want the best greyhound racing wagering vehicle.

Betting and Wagering Vision



'Gold Star' events streamed to major Irish bookmakers

The Irish Greyhound Board (IGB) has signed a deal with SIS which allows racing content from Shelbourne Park to be broadcast on a global scale. The agreement was signed in December 2011. In it SIS agreed an exclusive deal with the IGB, for worldwide data and picture rights for the retail and e-gaming markets for Shelbourne Park.

Action:

- The first step is to negotiate the broadcast of Irish Greyhound races onto the online portals of the major betting chains in Ireland, to avail of the increased opportunities that will arise from the expected longer opening hours from 2013.

Mobile integrated betting app available (iPad , iPhone , Android)

Actions:

- IGB will launch a betting app to cater for the growing mobile channels
- Identify the best partners to work with that can expose greyhound racing and wagering to a significant number of end user customers in Ireland, the UK and mainland Europe. Work with these Partners to promote the product through marketing initiatives to drive more end-user adoption of the IGB wagering app
- Develop an approach that integrates bet placement and account management functionality to leverage third party expertise
- Develop the opportunity that exists to market the betting app and streaming products into end-users in the USA and Asia

IGB is in discussions with a local Irish hotel chain to enter into a partnership to market IGB's various product offerings locally. A significant Irish and UK content provider is already awaiting receipt of the IGB wagering app to determine how to proceed to develop a commercial relationship that will exposure Irish Greyhound Racing to another 60,000 wagering customers. This number is based on the prospective partnering organisations data.

All major meetings streamed throughout Ireland and UK

Once Irish Greyhound Racing is streamed onto the portals in Ireland, extending the agreement into the UK will be possible as the appeal of the product has been established. With new improved Regulations (Racing and S.P. pricing) in place the key will be finding a slot in the racing schedules for it to be included. Currently UK betting shops stream greyhound racing from the UK stadia, some of which are owned by the bookmakers

Irish Greyhound Racing streamed into other international wagering entities

Streaming Irish Greyhound Racing with integrated linkage to on-track Tote wagering system into international wagering outlets throughout the world raises the profile of the product and leads to the creation of a global wagering product as well as bringing significant liquidity to the Tote pools in Ireland. It is possible that there is a market in Australia because of the different time zones. The different time zones around the world create a wagering opportunity as there are often time gaps in the betting markets in different countries. This also creates an opportunity for Irish Greyhound Racing to show advertisements that strongly brand the elite quality of Irish greyhounds, the "live, highly sporting and social nature of the events". The merits of the product could be included as part of the promotion helping to differentiate Irish Greyhound Racing from other greyhound racing products.

This type of promotion will also help with developing a franchising operation whereby stadia are constructed and operated in other countries in future years based upon the increased profile that comes with having an internationally recognized wagering product.

Discussions are already starting and a proposal is pending from an international group who have the capability to help IGB enter these markets.

The potential to expand the IGB wagering operation globally creates the opportunity to generate significant revenue and surpluses. The differentiator for Irish Greyhound Racing is the excellence of the greyhounds, its global reputation and the electric atmosphere at stadium created by large crowds.

Actions:

- Evaluate promotional partners
- Review opportunity with Irish Betting shops staying open until 10.00 pm
- Explore streaming opportunities for Europe, US and Asia (Review Europe first)
- Develop and implement a marketing plan for the mobile integrated betting app
- Review legislation around exporting the betting product
- Evaluate Tote & Wagering organisation structure with a view to strengthening it for its expanded role

Goals:

- To manage the implementation of new Tote and wagering IT systems
- To build an on-line Tote streaming income of €1.8 million by 2017
- To project manage the closure of various Tote co-mingling deals with numerous US and European Customers
- To develop new concepts and platforms to enable the Tote to grow

Accountability:

Director of Tote & Wagering

Outcomes:

- On and off track wagering turnover and income to achieve the targets in the Strategic Plan
- Operational efficiency of the Tote Track operations is faultless
- End users in Ireland and Europe adopt the IGB wagering app
- The betting app and streaming products are marketed and sold in the USA and Asia

Performance Indicators:

- Introduction of new wagering products at IGB stadia and increased wagering revenue per person attending a meeting
- Number of wagering outlets taking on-line streaming in Ireland and UK
- Number of wagering and gaming outlets taking on-line streaming in Europe, Middle East, Asia and North America
- Number of downloads of the IGB wagering app and average monthly value of wager per app downloaded
- Number of new Tote products and platforms introduced that increase revenue

Increasing Stadium Attendance

Irish Greyhound Racing has a tradition that is embedded in the culture of the country. The success of the classic races in attracting full stadia with all age groups represented is proof that there is interest in going greyhound racing for well promoted events. The strategy aims to steadily increase attendance over the lifetime of the plan from a current base of 720,000. This increase will occur at all events, from the local stadium to the classic events.

The belief that stadium attendance can be increased with the skilful promotion of greyhound racing events is reinforced by the 2012 Christmas data which shows a 6% increase in restaurant receipts.

To begin, the focus will be on 'Gold Star' events:

- These races to be shown on a major TV channels
- They will be entertainment events, with music groups, promotions and attendance of celebrities
- There will be an excitement generated in communities with local and online promotions. There are opportunities for simultaneous benefit nights to be delivered in conjunction with the gold star events
- The major stadia have a sales person who markets the stadium and events throughout the surrounding area. They help to identify and persuade supporters clubs for other sports or other interest groups, such as GAA, soccer, rugby, schools, community groups and charities to hold fund raising events at the Stadium
- One reason that the Night of Champions at Tralee was a success was that a supporters fund raiser helped to swell the crowd that night

An approximate estimate of the number of people passing through the turnstiles at classic greyhound races is that those who are 'greyhound people' and regularly attend greyhound racing is, perhaps, 30% of the total who attend the these major events. The 70% are those who are attracted to attend because it is an entertainment event with the actual greyhound racing only being a part, albeit a focal part, but only a part of the overall attraction.

A well managed online strategy for social media can be powerful in projecting messages, especially to younger audiences. The IGB already has a social media program including a presence on Facebook, LinkedIn and Twitter. This program is continually being enhanced and developed.

Broadcasting events on television will also increase stadium attendance numbers. In theory broadcasting an event should make it less attractive to actually attend the event. In practice with other sports such as, football, rugby, golf, tennis and snooker exactly the opposite has occurred. An event being shown on television increases attendance at the event. This particularly applies to the 70% who want an entertainment attraction.

The plan is to market to this customer segment to come not just to the major events but to 'Go Greyhound Racing' five or six or more times a year. There needs to be more than one entertainment offering at an event such as music, or children's fun activities etc to bring in this group and a follow-up program to keep them coming back a number of times each year. With the younger members of this group social media campaigns are very effective.

The proof of this approach is exemplified by the Derby at Shelbourne Park which was stronger in 2012 than previous years due to the marketing effort and additional entertainment organized at the event.

An important element of the strategy is to maintain and increase attendance during the period September to May when there are fewer alternative sporting attractions.

Goals:

- To increase gate receipts, net program sales and catering income to €4.7 million by 2017
- To increase the annual revenue of the Tote to €28 million by 2017

Accountability:

Director of Commercial Operations

Outcome:

Increased annual revenue and profitability of all IGB Greyhound Stadia in line with budget

Performance Indicators:

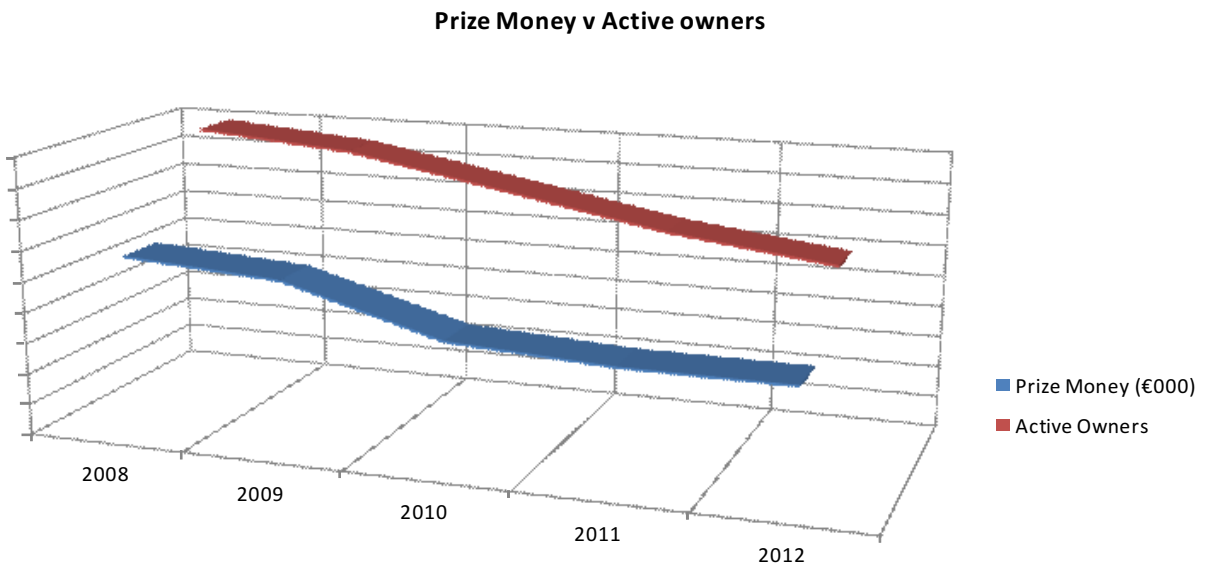
- Increased attendances at all Greyhound Stadia including working with the local voluntary supporter organizations
- Increased the revenue from the Tote
- Greater profits from the stadium facilities together with higher customer satisfaction
- Good and improving staff morale as measured by surveys
- Implementation of a comprehensive CRM program that assists business development

Working With Breeders, Owners and Trainers

Irish greyhound breeding, coursing and racing has a strong tradition in Ireland, especially in the rural areas of the Country. It is a major source of work and contributor to the economy. There is also a 'pride' among Irish Greyhound people and this has to be recognized and encouraged at all levels of the sport. For most owners greyhound racing is a sport and a hobby. They are involved because of their love of greyhound racing and their enjoyment of the social and sporting aspects of ownership. For the sport to grow and thrive it has to be nurtured particularly in tough economic times. This means very focused investment in the sport at grass roots level.

Accordingly prize money grants will be increased by 20% in 2013 with subsequent increases in line with stadia performance. Investment in the sport could also be channelled in other support initiatives but prize money is the area mentioned again and again in interviews and on survey monkey and will become the headline announcement when the strategy is published. It shows the IGB is listening even in very difficult times. The budget projections when realised over the next 5 years will make it possible to fund the level of prize money forecasted within the plan. It will certainly have the effect of increasing the number of litters and owners of greyhounds.

There is a correlation between the amount of prize money and the number of active owners. In 2008 when the allocation from the Horse and Greyhound Fund was at its height €15.2m total industry prize money was €11.4m, total industry prize money in 2012 was €7.2m when the when the allocation from the Horse and Greyhound Fund was €11.2m. In 2008 there were 17,879 active owners. In 2012 the number of active owners has reduced to 11,848. The reduction in prize money and greyhound owners is summarized in the chart below.



	2008	2009	2010	2011	2012
Prize Money (€000)	€11,394	€10,716	€7,815	€7,249	€7,200
Active Owners	17,879	17,009	15,102	13,163	11,848

The above table highlights the correlation between the reductions in prize money from 2008 to 2012 of 37% compared to the reduction in active owners in the same time period of 34%.

The IGB is promoting new ownership schemes including syndication, partnerships, leasing etc. It would seem there is scope for significant gains in this area. Some potential owners believe that greyhound ownership is a closed shop; they have no idea where to go to purchase a racing greyhound or join a syndicate.

It is worth noting that the Bubbly syndicate or The Champagne Club as they are known in the UK, www.thechampagneclub.com, has been a great success for over 20 years now. They purchase top open class greyhounds and have won many major events. They can have up to 100 members in the syndicate. There is scope to promote similar type 'mega' syndicates in Ireland.

Currently the IGB provide sales events at various stadia throughout the country however there is no online route to market provided by the IGB. The IGB needs to develop a much better online sales outlet that is superior to anything else that is available.

Actions required include:

- Increase prize money grants by 20% within the first year of the plan. The allocation of the additional prize money needs to be planned to have the maximum impact on increasing the number of owners and breeders especially at the grass roots level
- It is proposed the increase of 20% will include a breeders incentive
- Provide an online classified sales section on the IGB website with pups for sale section, race greyhounds for sale section and an ownership section where new or existing owners advertise giving details of the greyhound for sale. The breeder or owner could put up a video explaining who they are and the background to the greyhound.
- Revamp existing sales events. They are falling in popularity with both buyers and sellers. New imaginative sales channels need to be developed and syndication groups as well as owners needs to play a large part in this. There could be individual sales races where every greyhound that runs is for sale and has a reserve sale price. All sales races should have live video feed on the IGB website with a system for bidding on the greyhound for one hour after the race similar to online auction houses. Owners could put video messages on the IGB website of their greyhound before sales races
- Implement an improved IGB ownership and syndication plan

Currently there is a pool of approximately 200 open class greyhounds. That is not enough to fulfil the racing program envisaged by this strategy. It needs to be increased by at least 50% over the next two years.

The whole issue of breeding is subjective and it is not an exact science. There are a lot of factors affecting the future racing quality of a greyhound and these include breeding, how the bitch is looked after while in pup, how the pups are looked after in the first twelve weeks after birth, how the pups are reared to twelve months old and how as young greyhounds they are broken in to race. Breeding open class greyhounds is very complex. It appears to be a combination of the number of greyhounds bred and the careful selection of blood lines.

The key initiative to increasing the number of breeders, owners and trainers is to increase the amount of money going to the grass roots of the industry. With an announcement in 2013 of the intended increases in prize money it will encourage breeders and owners to start increasing the number of greyhounds sooner rather than wait for the additional new funds to materialize.

Goals:

- To develop the pool of open class greyhounds to race in Ireland to >300 by the beginning of 2015
- To increase the number of racing greyhound owners by 1,000 by 2017 (currently approximately 10,700)

Accountability:

Director of Racing Governance

Outcome:

There are enough elite greyhounds to ensure the 'Gold Star' events are highly competitive

Performance Indicators:

- The increase in prize money results in stabilizing/increasing the number of racing greyhound owners
- The relationship between the IGB and breeders, owners and trainers is improving measured by surveys and a decrease in the number of negative articles and online commentary
- The level of Regulatory compliance is improving measured by the number of infringements

Animal Welfare

From the time pups are born right through to the start of their racing career, greyhounds bred for racing are looked after and treated very well. They are given an excellent diet, a balanced exercise routine and good living conditions. This high standard of care continues right throughout their racing life and on into retirement with many owners keeping their greyhounds as a pet after their racing career is over.

Greyhound welfare is covered in the "Welfare of Greyhounds Act 2011". This legislation is welcome in providing legal status, penalties and sanctions to those who fail to treat greyhounds to accepted minimum standards. These minimum standards are a different level to the treatment and care experienced with the finely tuned high performance animals in greyhound racing. IGB prides itself in having a world class greyhound welfare program which is now supported by a new Welfare of Greyhound Act 2011.

The expenditure on the first 15 months of a racing greyhound's life is between €1,500 and €2,000. This is spent on rearing including veterinary, food, consumables, and general looking after. The economic impact of having a number of greyhound breeders within a geographic area is considerable. This was well documented in the Jim Power Report in 2011.

Throughout a greyhound's racing life the highest levels of care is taken at the stadium to ensure the safety and well being of each racing greyhound. There is a high standard of equipment and facilities for greyhounds at all IGB licensed stadia. A veterinary surgeon is always in attendance at IGB race meetings.

Currently 4.0% of the total annual prize money is dedicated to Animal Welfare and the Retired Greyhound Trust. This money is contributed by the IGB and greyhound owners. The IGB goal is to re-home as many greyhounds as possible. Realistically it is not possible to re-home all greyhounds. Some are not suitable to be pets in a private home. The first initiative is to maintain the current grant to the re-homing groups and work with the RGT and other groups to ensure that as many greyhounds as possible are re-homed and cared for.

It is important that the public are made aware of the care given to racing greyhounds from birth to the end of their racing life and also the extent of the re-homing program. A program to inform the public of these activities will be organized as a key part of the overall communication strategy.

Actions:

- Work with the Retired Greyhound Trust to increase the number of representatives seeking to re-home retired greyhounds overseas
- Assist other re-homing organisations to increase the number of greyhounds that are re-homed
- Prepare and distribute brochures explaining process and attractions of adopting a greyhound
- Place advertisements at stadia and meetings
- Implement improved greyhound adoption programmes on race nights
- Organise appearances on television morning shows – 'adopt a greyhound'
- Continue to develop with the Irish Kennel Club retired greyhound shows and retired greyhound gatherings

Other Revenue Generating Options

Effective execution of this strategy will put Irish Greyhound Racing on a stronger financial footing. There are many other revenue options that, with increase capability and capacity of the new Executive, could be followed up. These are not included in the financial forecasts because a thorough analysis of each opportunity has to be made before a business case can be developed.

The continued demise of English greyhound racing, as explained in the section on the Environment, will impact the number of Irish greyhound breeders. One approach in mitigating this market loss is to license/franchise the IGB Intellectual Property to international markets. If this can be followed up without financial risk to the IGB it will be considered.

The IGB Intellectual Property and resource base includes:

- The expertise and knowhow to breed elite greyhounds
- Expertise to train greyhounds to a high standard
- The pool of veterinary expertise
- Regulatory knowledge and ability to implement a regulatory code
- Racing systems and processes
- Management expertise and systems for organising stadia and events
- Marketing knowledge
- Construction expertise for new stadia (which could be an opportunity for Irish construction companies)
- Ability to establish Tote operations and pari-mutual betting where legally allowed
- Wagering apps to facilitate off track betting where legally allowed
- Global connections and ability to raise finance if required

Research[2] has shown that there is an opportunity for the IGB to license/franchise its IP to overseas markets. Exploiting these opportunities could create a number of new jobs in Ireland.

Many people around the world claim Irish ancestry. They are a potential source of both owners and sponsors. A plan will be developed as to how they can be identified and approached in association with 'The Gathering' initiative. Organise syndication to this market with iPads to follow races.

Use stadia for other events. Brief discussions with event management organisations encourage the thought that the IGB stadiums could become venues for a number of other events. This might include: Food Markets, Festivals, Concerts, Disco's, Conferences, Meetings, Bingo and Specialist events. They could generate reasonable additional revenue. One of the obvious challenges to this is that the stadia are required on most Friday and Saturday evenings for greyhound racing.

Joint ventures for promotions - There are a large number of organisations in Ireland who would consider partnering with the IGB on joint activities

[2] KPMG report 2011

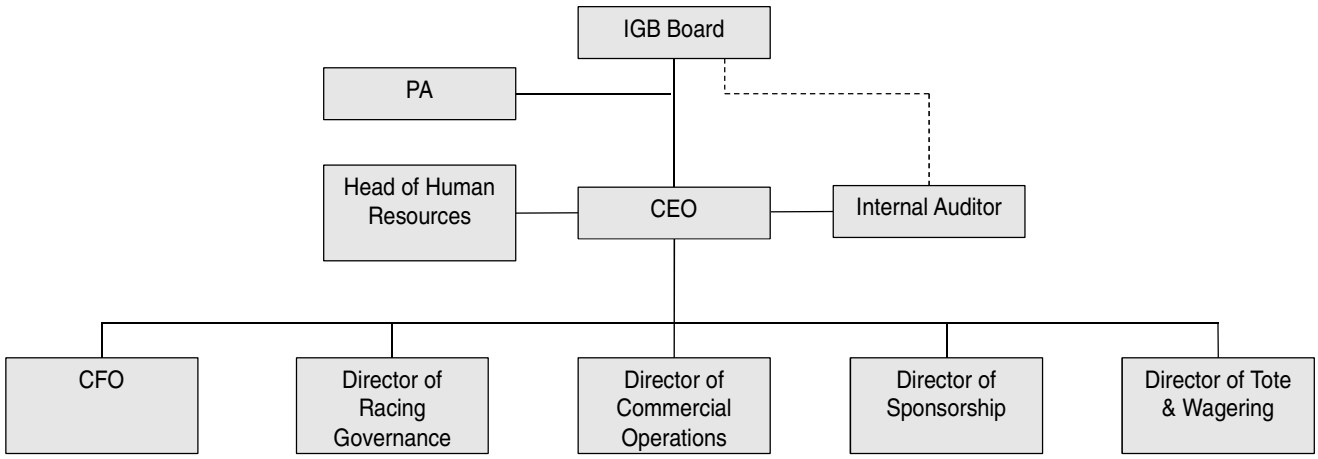
Organisation Structure

Under the current structure the CEO has sixteen heads reporting directly to him. He also has a large number of external relationships that he manages. This is poor use of the CEO time and a major reason why the IGB can appear to move slowly and also why issues can fester and become public before they are addressed or an effective PR response developed.

The proposal is that a new Executive be established to manage the IGB. The Executive will consist of five direct reports to the CEO covering the key areas of the organisation. Additionally he will also have the Head of HR and the Internal Auditor reporting to him.

Of the five direct reports the CFO is currently in post. There will be four new appointments; Director of Racing Governance, Director of Commercial Operations, Director of Sponsorship and Director of Tote & Wagering. These new appointments are critical to improve the capacity to drive the IGB in seizing the many opportunities that have been identified. It will then allow the CEO time to develop and guide this brand new team to achieve the targets as specified in the strategic plan.

Proposed Executive Structure



It is important that the new Executive Team demonstrate leadership both internally and externally. A stronger greyhound industry will be built on high levels of confidence in the leadership team. Confidence is created through delivery of the strategic initiatives and communicating those successes to all the IGB team and to the external stakeholders. Corporate Governance will continue to be the responsibility of the IGB Board.

Internally targets will be set, actions implemented, results measured and communicated down line. Successes must be acknowledged and celebrated. Where targets are not achieved there must also be consequences.

Externally the Executive has a responsibility to ensure the various stakeholders are kept informed and listened to. The Board has a key role in supporting the Executive in this regard as they are the people on the ground. The Executive and the Board have to be seen as responsive, understanding and accessible.

All of this directly impacts on (1) Reputation Goal – trust and respect and (2) People and Organisation Goal – professionally run organisation with a clear focus on customer's needs and organisational goals.

Results and Initiatives Following Completion of the Draft Strategy

Since the commencement of the strategic planning process a number of initiatives have either been implemented or are in the process of being developed. These include:

- Wagering app
- Sixteen new wagering opportunities have been identified with a weighted value of €1.4 million
- New Tote wagering options have been introduced, which to date has generated over £180,000 in Tote revenue.
- A new sponsor for the Irish Derby.. The sponsor will use the Derby as the vehicle to launch a new business in Ireland
- A significant sponsor for the Limerick stadium.
- The IGB recently partnered with a UK laboratory in its drive to improve testing for the latest banned substances. This is the latest development in the IGB improving Regulatory compliance
- New testing procedures have been introduced where greyhounds are tested before racing

Financial Implications of Strategy

Per the audited financial statements 2007 to 2011, income reduced by €34.7m (44.4% reduction) from €78.0m to €43.3m. In that same period IGB managed to reduce operational overheads by €32.6m (45.0% reduction) from €72.6m to €39.9m. The main emphasis over recent years has been to manage and control costs in the face of an economic recession and unprecedented downward pressure on consumer's disposable income.

Prize money although reduced in value actually increased as a % of income from 15.7% to 16.7% in the 5 years to 2011.

This strategy forecasts total income will increase from €41.2m in 2012 to €50.9m in 2017. Prize money is forecast to increase further from €7.2m (17.4% as a % of income) in 2012 to €9.4m (18.4% as a % of projected income) in 2017. Overheads in this same period will reduce as a % of projected income to show a surplus in 2017 of €2.4m up from €0.9m in 2012.

IGB will continue to contribute €0.5m annual pension contributions within the 5 year financial plan. IGB believe that this will be sufficient to take account of pension costs in the context of a restructuring of the IGB pension scheme. The proposed restructuring will be formalised by the end of the calendar year 2013.

The projected turnover is seen as wholly achievable. For example Tote turnover is projected to increase back to only €28m by 2017 which is not even projecting that it will get back to 2009 levels which was €32.9m. No increase is projected in the allocation from the Horse & Greyhound Racing fund within the time period to 2017, projected to remain at €11.0m per annum.

The overall thrust of the financial strategy is to substantially reduce bank borrowings.

The plan envisages the conclusion of the capital development program with the redevelopment of Kilkenny Stadium. This will be financed through a disposal program of unencumbered assets following departmental approval.

Financial Implications of Strategic Initiatives

The 5 year strategic plan forecasts additional surpluses of over €2.1 million per annum from the strategic initiatives by 2017. This does not take into account additional revenue that may be raised from betting partners in obtaining a fairer share of the estimated £243 million earned from greyhound racing. Over the course of the 5 year plan the strategy will enable the IGB to generate nearly €3.7 million of additional surpluses.

It will also have incrementally invested nearly €4.0 million into the grass roots of the industry in additional prize money over the 5 years. To achieve these numbers there is initial investment required in years 1 and 2 of the plan. By year 3 the plan should return cash in excess of €755,000.

It is suggested that the additional cash generated by the 5 year plan may be used as follows:

- Provide IGB with a platform for structured debt reduction
- Continued investment in the grass roots of the Greyhound Industry by providing increased prize money and continued investment in breeding programmes.
- Promotion of greyhound racing
- Continuous improvement and maintenance of stadia infrastructure

Financial Implications of strategic initiatives

	2013	2014	2015	2016	2017
Savings					
Savings in admin & operational costs identified through strategic initiatives	€500,000	€625,000	€575,000	€575,000	€575,000
Tote retention increases	€175,000	€350,000	€509,000	€709,000	€1,000,000
Improved track performance	€430,000	€400,000	€425,000	€450,000	€525,000
Advertising/Branding	€100,000	€250,000	€416,000	€566,000	€675,000
Additional sponsorship	€100,000	€201,000	€241,000	€289,000	€347,000
New wagering products	€100,000	€300,000	€1,000,000	€1,250,000	€1,500,000
Subtotal	**€1,405,000**	**€2,126,000**	**€3,166,000**	**€3,839,000**	**€4,622,000**
INCREASED EXPENDITURE					
New costs associated with strategic initiatives	€690,000	€690,000	€690,000	€690,000	€690,000
TV Coverage	€192,000	€384,000	€480,000	€480,000	€480,000
Increased prize money -	€900,000	€1,001,000	€1,041,000	€1,089,000	€1,147,000
Development & marketing on line wagering products	€100,000	€200,000	€200,000	€175,000	€175,000
Subtotal	**€1,882,000**	**€2,275,000**	**€2,411,000**	**€2,434,000**	**€2,492,000**
(Investment)/Return on strategy investment	(€477,000)	(€149,000)	€755,000	€1,405,000	€2,130,000

(*) - The plan forecasts a cumulative improvement of €3,664,000 over the lifetime of the plan

Financial Risk Analysis

The IGB Executive is confident in their base financial assumptions surrounding the strategic business plan. However a risk analysis has been developed to review the possible implication on IGB approved bank facilities of €25.0m, plus implications on the financial capacity for debt repayment.

Using the base financial projections as the most realistic outcome, a risk analysis is prepared on the impact of reducing projected income from racing activities by 5.0%, 10.0% and a worst case scenario of 15.0%. All scenarios indicate that the IGB will remain within the agreed bank facilities through to 2017 and capacity remains to offer substantial debt reduction.

The worst case scenario is that of missing the income from racing activities target by 15.0% in year 2017, which represents a real increase of just 1.1% per annum over the next 5 years to 2017. The economic indicators per the IMF[3] are that economic growth is expected to be 10% over the next five years (averaging 2.0% per annum). Allowing for the 15.0% reduction in the worst case scenario projected income will only be €44.1m in 2017 instead of €50.9m.

Should income indicators forecast the worst case scenario arising, contingency savings of €1,100,000 per annum would be considered per the risk analysis:

- Reduce proposed expenditure on media coverage €350,000 per annum
- Cut back on the number of loss making race nights and race restructuring €250,000 per annum
- Readjust organization structure €300,000 per annum
- Further modifications of marketing of betting offerings €100,000 per annum
- Other miscellaneous savings across the organisation €100,000

The following risk assumptions underpin the risk analysis.

- No change in the allocation from the Horse & Greyhound Fund, to remain at €11m through to 2012 despite the introduction of new legalization to expand the levy to telephone and online channels.
- There is no upside factored in the projected income in the risk analysis. As IGB is effectively a cash business there is negligible risk from a working capital prospective in exceeding the base projections.
- There is a level of creditors that IGB would normally carry, to include payroll taxes, accruals, deposits and standard trade creditors. The policy of IGB to pay creditors within their agreed payment terms has been continued within the projections associated with the strategic business plan.

In the event that performance does not match the base case action will be taken to reduce overheads as outlined above. The worse case scenarios provide for saving actions to be taken within three months of underperformance. The analysis below show no savings action is required where income targets are under achieved by 5% whereas the contingency savings of €1.1m above will be actioned where it appears income targets are under achieved by 15%.

In the unlikely event of scenarios arising beyond the worst case scenario then further cost savings will be actioned.

[3] IMF Country Report for Ireland, September 2012

Strategic Business Planning Framework

Vision	Goals	Performance Targets
To deliver a world renowned commercial, well regulated Greyhound Racing and Breeding Industry whilst enabling the delivery of a customer centred, highly exciting and value led entertainment experience	**Distinctive Capability** • Breeding elite class greyhounds that competitively race in the worlds most exciting and prestigious events	1. Develop a pool of >300 open class greyhounds to race in Ireland by January, 2015 2. Increase the number of racing greyhound owners by 1000 by 2017 3. Develop and implement a world class Regulatory system
	Market / Product • Premier entertainment choice in Ireland • World leading racing product for the wagering industry	1. Increase attendances at all IGB Greyhound stadia 2. Increase Tote Track turnover from €21 million in 2012 to €28 million in 2017 3. Grow sponsorship and branding to €2.8 million by 2017 4. Build on-line Tote streaming revenue to €1.8 million by 2017 5. Conclude agreements for various co-mingling deals
	Reputation • Trusted and respected	1. Irish Greyhound Racing streamed into Irish and UK retail and online betting facilities by January, 2015 2. Rated for positive reputation in top 3 Semi-State organizations by January, 2015
	People & Organization • Professionally run organization with a clear focus on customers needs and organization goals	1. Entire IGB organization understands the vision and strategy, has clear accountabilities at every level and is empowered to complete plans and actions by September, 2013 2. Irish Greyhound industry is united with a common vision and 'Buy In' from all stakeholders by March, 2014
	Animal Welfare • Irish racing greyhounds are well cared for throughout their racing lives and wherever possible retired to good homes	1. Increase the number of racing greyhounds that are re-homed each year through working with the RGT and other animal trusts 2. Ensure there is clear communication on the IGB program for retired greyhounds and the funds that are available to facilitate re-homing