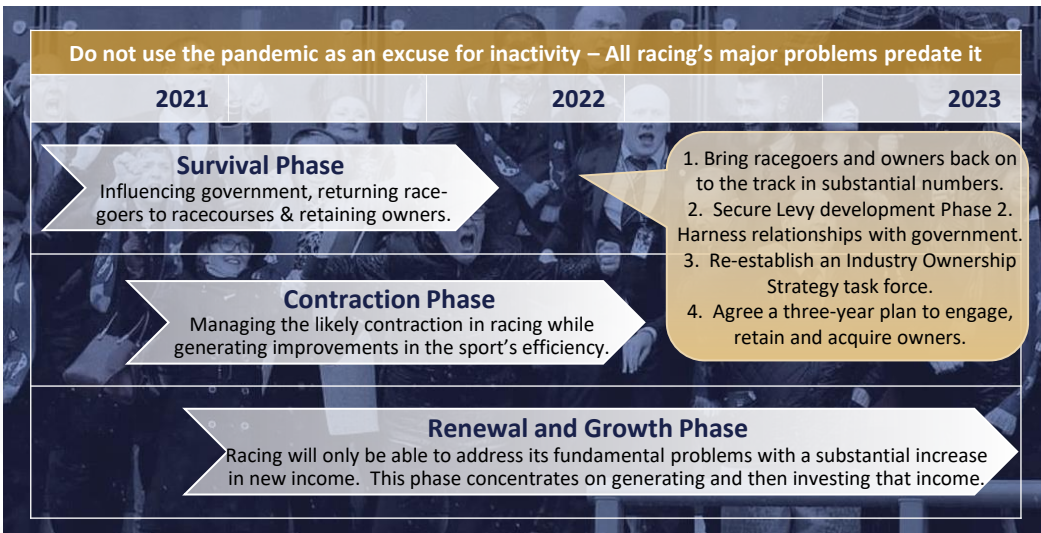




Six years have passed since the launch of *Strategy for Growth* in 2015, with its proposals for owner acquisition and retention. Progress has unfortunately been slow, despite there being so many opportunities for radical improvement. It is time for a reset and a stronger approach.

1 Refocusing on owners as the #1 investors – while clearly acknowledging the immediate Covid pressures

The country, and our sport, remain battered by Covid-19, so it is vital that racing stays primarily focused on what the Keep Owners in Racing team terms the “survival phase” of a recovery plan. There are likely to be casualties amongst racecourses, trainers, breeders and syndicators, so a “contraction phase” may also become apparent as we move through 2021. However, at the same time there remains substantial opportunity to retain and attract the principal investors in the sport, namely owners, but only if racing’s leadership is ready, willing and able to seize the opportunity presented by the pandemic and embrace fundamental changes.



2 Six years of “ownership strategy” but, sadly, no transformational plan to attract and retain the investors

There has been no shortage of discussion on how best to retain and acquire owners. Numerous reports have been published, book-ended by the BHA’s *Strategy for Growth* in 2015 and the Racehorse Owners Association’s *For the Love of Racing* in 2020. Unfortunately the urgent and the minor have predominated over the important and the major in terms of initiatives capable of driving significant and sustainable improvement in both prize-money and the total ownership experience. For ownership strategy to succeed there needs to be genuine commitment to it, and the adoption of a far more proactive change management model.

Progress in the implementation of high impact initiatives to retain and acquire owners has been slow. There is a need for a new approach to reinvigorate ownership strategy.

3 Reimagining and reinvigorating ownership strategy – based on ten agreed industry-led building blocks

Since we launched our *Blueprint for Racehorse Ownership in the UK* precisely six months ago, we have studied closely all the published reports on ownership strategy and tracked down further ideas from journalists and opinion-leaders as well as gathering views from over 150 individuals as we validated our recommendations. We've shared these through our 14 *Perspectives in Racing* films and 28 blogs. We have now categorised all the content into ten building blocks that, when integrated together, comprise a transformational strategy.

Ten Building Blocks of a More Coherent and Revenue-Maximising Ownership Strategy

1 Secure £250m of Additional Funding	2 Address Prize-Money & its Allocation	3 Redesign & Modernise the Programme	4 Reimagine the Racecourse Experience	5 Strengthen Trainer Skills & Communication
6 Reward High Involvement Owners	7 Promote Shared Ownership & Syndication	8 Support & Sustain the Owner-Breeders	9 Invest in Marketing & Promotion	10 Build the Enablers & Capabilities to Drive Change

Ownership Strategy Properly Led, Resourced and Project-Managed by the Whole Racing Industry

4 Opportunity analysis – there is no shortage of potential initiatives for each of the ten building blocks

For each of the ten building blocks we have identified five sets of initiatives (so 50 in total) that have been referenced in various ways in the six years since the launch of *Strategy for Growth*. An opportunity analysis has been made by rating the potential contribution (high, medium or low) for each initiative against five critical criteria: economic impact, owner retention, owner acquisition, potential for attracting the next generation of owners while strengthening integrity and transparency of racing. This has enabled us to prioritise the initiatives, with the first one listed within each building block having the highest impact.

5 A most disappointing conclusion – little progress has been made so far with the highest impact initiatives

Our content analysis of ownership strategy initiatives, their impact and then assessment of progress and current status reinforces the disappointing picture of the lack of progress and traction that has been made to date. Across 50 potential initiatives, only 13 have made some progress while 37 of them are not even under way and there is no industry-wide plan for them yet. It is definitely time for a significant acceleration.

6 Identifying vs. securing sustainable change – the difference between the “what” and the “how”

There are two fundamental elements of any strategy: analytically defining the initiatives required to secure high impact and high value delivery against stated objectives and metrics (the “what”) compared to the selected change management model capable of bringing about the desired results. Sometimes the analysis of strategy can be more straightforward than the change management process. This is particularly true of British racing, where there is invariably a mismatch between responsibilities, accountabilities and authority to act. One of the major disadvantages of the current stakeholder model and tripartite structure is that a stakeholder can be given the accountability to deliver results but have woefully inadequate authority to bring about change.

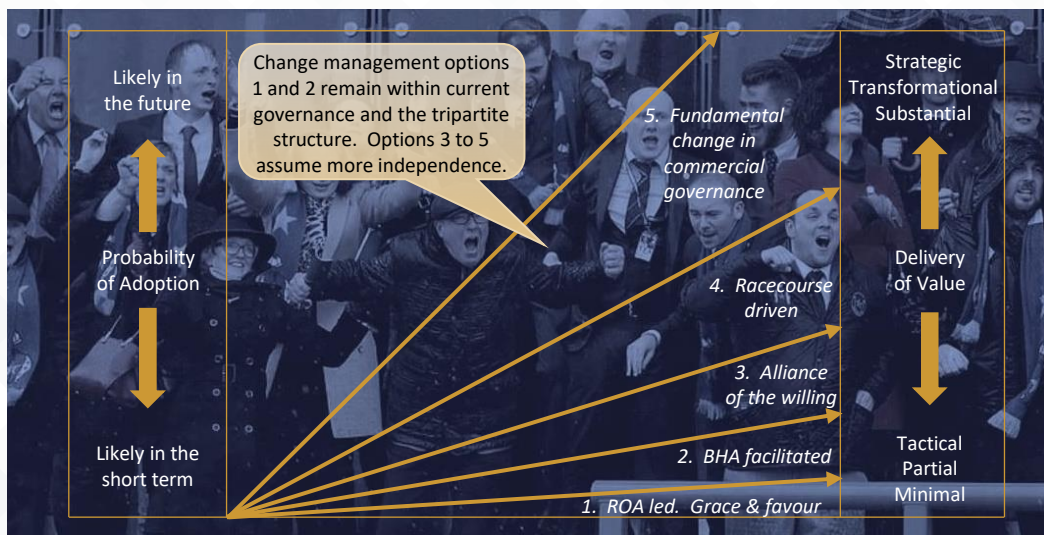
Current governance and decision-making are failing the sport. It is time to adopt a more radical, strategic and transformational agenda that breaks through the inertia.

7 Setting up for success not failure and delay – a different governance model is required

Throughout the last six months, in our discussions with stakeholders and major owners, it has been very noticeable that the consensus view on ownership strategy is one of frustration and disappointment. There has been insufficient traction and few major improvements. None of the fundamental building blocks of ownership development and expansion are yet in place. Continuing with the current model of change or trying to pursue the same trajectory has little probability of achieving major success. At best the deliverables are likely to be tactical, partial and minimal rather than strategic, transformational and substantial. While recognising the “art of the possible”, our recommendation is that a different governance and change management model should be adopted, and we have considered five broad options below. There are doubtless others, as well as hybrids of them.

- **Option 1, led by a single stakeholder:** at the moment ownership strategy is under the control of the Racehorse Owners Association. Every stakeholder has a significant interest in the subject but appears reluctant to commit in a meaningful way to the changes required, or with any sense of urgency. A single leadership point could be made to work successfully, but only if the collaboration and input of the other representative bodies were strengthened and formalised. So, for example, the elements to do with the racecourse experience could be led by the Racecourse Association and major racecourse operators; the Racehorse Syndicates Association could take the primary role in developing a syndicate growth plan; while the National Trainers Federation could take charge of the plan led by the trainer community.
- **Option 2, facilitated by the BHA:** a centre-led, co-ordinated process with multiple work streams could be introduced. This would be similar to the way in which *Strategy for Growth* was developed. In effect the BHA’s role would be one of facilitation and programme management, with expert input coming from all the key stakeholders.
- **Option 3, an alliance of the willing:** it may be that the representative bodies prove incapable of driving change with the conviction and urgency needed, in which case a task force approach could be adopted.
- **Option 4, racecourse driven:** the major racecourse operators have substantial resources and commercial imperatives, as well as owning / managing the assets. They could work with leading owners to drive a wide range of initiatives which are already under their own control.
- **Option 5, fundamental change in commercial governance:** redefine and refocus the BHA’s role back on to integrity and regulation while designing a new entity to deal with the commercialisation of British racing. In view of the likelihood of constitutional change and government support, this is a medium to long-term solution. Other options should be pursued initially, in view of the urgency of required action.

Owners, as Racing’s Major Investors, are Weary and Frustrated by Inaction



Owners will be dissatisfied with minor changes, tinkering around and muddling through. They want to see significant progress in prize-money and the ownership experience.

8 Committing to the substantial improvements that owners require by targeting the top priorities

We call on racing's leadership, across the major bodies of the British Horseracing Authority, Horsemen's Group, Racehorse Owners Association, Racecourse Association and major racecourse operators, National Trainers Federation, Thoroughbred Breeders Association and Racehorse Syndicates Association to support the creation of a different governance and change management model capable of securing the improvements in prize-money and the total ownership experience that are at the heart of owner retention and acquisition.

The sport should be in no doubt that owners have become weary and frustrated by the lack of significant progress of the BHA and the representative trade bodies. They know that their continuous investment is the lifeblood of racing: £1bn+ annual expenditure on training and bloodstock – an average of over £20m per week – sustaining racing's £3.45bn contribution to the UK economy and a tax take of £275m; 85,000 employees; 590 trainers, earning £374m; 3,500 breeders; keeping 23,500 horses in training; providing runners in over 10,400 races on 60 racecourses; while underpinning £12bn in betting turnover. A significant cutback by the 9,000 registered owners and 30,000 syndicate members will do untold economic and social damage.

Major changes and transformational initiatives are called for, not tinkering and muddling through. Clearly there are three immediate and critical priorities that have to be addressed:

- Bringing racegoers and owners back on to racecourses in substantial numbers.
- Making a successful proposal to government which secures Levy reform.
- Ensuring that there is a prize-money plan to maintain rate card funding once HBLB support is reduced.

But, as will be seen on the next two pages of analysis, there are a other critical priorities, and it is essential that *inter alia* they are addressed if the deep-seated and more structural challenges of the sport are to be tackled:

- Leadership commitment to a strategic recovery plan.
- Redefinition of governance and designing a way of running the sport as a commercial enterprise.
- Developing a £250m funding and investment plan.
- Maximising and protecting betting income through innovation, race scheduling and global promotion while fostering responsible gambling and convincing the government to that effect.
- Creating a strategy for high involvement and high net worth owners.
- Defining and structuring a top-quality, differentiated owner experience with clear tiering of benefits.
- Opening a VIP Platinum owners' club at every major racecourse.
- Implementing an industry-backed growth plan to increase syndication by 50% within five years.
- Maintaining the enduring appeal of British bloodstock.
- Developing a cross-industry integrated marketing strategy.

As will be seen on the final two pages of this review, there are numerous other second and third-tier initiatives waiting to be included. This is why a properly constructed three-year ownership strategy is so essential for the wellbeing and sustainability of racing.

Finally, we intend to use our prioritisation and opportunity analysis framework as a tracking tool to monitor progress and press for change. **Our next report will be in July 2021.**

An Opportunity and Impact Analysis of Ownership Initiatives Together with an Assessment of Current Progress

Five initiatives have been identified for each of the ten building blocks. Five prioritisation criteria have been applied. An assessment has been made of their impact (high, medium, low) against these criteria. Current progress has been colour-coded: red (little or none), amber (some), green (substantially concluded).

		Economic Impact	Owner Retention	Owner Acquisition	Next Generation	Integrity & Transparency	Progress
1. Income & Funding Plan	1. £250m+ funding & investment plan: backed by all racing's constituents and achieved, by 2023, through four priorities. Funds to be invested sustaining the industry.	H	H	H	H	L	Red
	2. Priority one – government: secure Levy reform with collection from betting turnover & coverage of bets on overseas racing, while obtaining further recovery loans & grants.	H	H	H	H	L	Yellow
	3. Priority two – racecourses: bring racegoers and owners back on to the racecourses in substantial numbers, then reinvigorate promotion to achieve the 7m attendance target.	H	H	H	H	L	Yellow
	4. Priority three – bookmakers: maximise & protect income through betting innovation, race scheduling, global promotion & co-mingling, while fostering responsible gambling.	H	H	H	H	L	Red
	5. Priority four – cost management: rationalisation (cost of the BHA), optimisation (race programme), simplification (digitalisation) and integration (media rights pooling).	M	M	M	M	L	Red
2. Addressing Prize-Money	1. Long-term targeted plan: prize-money can only be meaningfully addressed through a financial plan with specific annual targets for improvement and structural change.	H	H	H	L	L	Red
	2. Stronger commercial agreements on media rights and executive contributions: ensuring a much fairer distribution of gross income and its availability.	H	H	H	L	L	Yellow
	3. Immediate prize-money plan for 2021: maintaining rate card funding once HBLB prize-money support is reduced after April. Particularly important for grass-roots level racing.	M	H	M	L	L	Red
	4. Resolving prize-money distribution: producing a more balanced & equitable allocation of funds between elite (Group / Graded) vs. grass-roots races at Class 4 and below.	M	H	M	L	L	Red
	5. Review of prize-money enhancements: assess success of schemes such as ROA Jackpot Races and appearance money. Explore other innovations e.g. to sustain syndication.	M	M	M	L	L	Red
3. Modernising Fixtures & the Pattern	1. Value based racing: structure race days & timings to generate the greatest financial returns from betting, attendance and increasing of field sizes. Reinvest in prize-money.	H	H	M	L	L	Red
	2. Give more owners more chances of winning: the most obvious way of retaining them. Expand lower-level opportunities at Class 5 or below. Replace abandonments quickly.	H	H	M	L	L	Red
	3. Rationalise the Pattern & restructure the festivals: build a more coherent programme of competitive racing that maximises income. Enable more owner participation.	H	H	M	L	L	Red
	4. Broaden the goals of the handicap system: introduce a formal requirement for the handicapper to strive to retain owners in the sport. Be more open to owner appeals.	L	H	M	L	M	Red
	5. Expand claiming races: reverse the ongoing decline in this type of racing and copy the approaches found in other territories e.g. USA. Encourage owners to self-handicap.	L	M	L	L	L	Red
4. Owner Experience at the Racecourse	1. Capital investment planning: allocate funds to deliver material improvements in differentiated O&T facilities as a key part of the £250m Funding & Investment Plan.	M	H	H	M	L	Red
	2. Differentiation of the ownership experience & tiering of membership rights: defined benefits and eligibility criteria for each tier of ownership, according to involvement.	M	H	H	L	L	Red
	3. Incentivising and rewarding loyalty of owners: upgraded PASS card system + enhanced owner registration data to track & reward raceday attendance of the most loyal owners.	L	H	M	L	L	Red
	4. Racecourse quality standards for owners: independent third party assessment of owners' raceday experience to maintain and improve consistent standards.	L	H	M	L	L	Green
	5. Continuous improvement: ownership focused training; stronger owner liaison teams; additional mementoes; announcing owners' names; placed connections hospitality etc.	L	M	M	L	L	Yellow
5. Business Skills of Trainers	1. Consolidation of the trainer ranks: many are not economically viable. Find ways to create more efficient business models, merge facilities and have joint licences.	M	M	M	L	L	Red
	2. Location and selection of trainers: develop a Good Trainer Guide and access through a web site to facilitate selection. Introduce an approved trainer quality mark for owners.	M	L	H	L	L	Red
	3. Improve communication standards: often highly variable and inconsistent. Set standards and provide training. Communications are the #1 factor in owner retention.	M	H	M	L	L	Red
	4. Strengthen the trainer-led syndicate offering: they run more syndicates and clubs than anyone else. Provide toolkits and online resources that can be easily adopted.	M	M	M	L	L	Red
	5. Marketing support for trainers: they are the main gatekeepers for owners in the sport. Strengthen initial and ongoing training in this area. Provide case studies of best practice.	M	L	M	L	L	Red

An Opportunity and Impact Analysis of Ownership Initiatives Together with an Assessment of Current Progress (continued)

Our assessment of the impact of initiatives is qualitative but highlights the potential added value, impact and, therefore, likely prioritisation. In early 2021 racing's leadership should confirm which initiatives they intend to concentrate on for the next 12 months and then throughout a three-year programme.

		Economic Impact	Owner Retention	Owner Acquisition	Next Generation	Integrity & Transparency	Progress
6. High Involvement & High Net Worth Owners	1. Create a British Racing strategy for high involvement, high net worth owners: there is no dedicated focus on, nor knowledge of, the majority of the top owners in the sport.	H	H	H	H	L	Red
	2. Define and structure a top-quality, differentiated owner experience: considerable financial investment justifies highly personalised and exclusive benefits. Map them out.	H	H	H	M	L	Red
	3. Open a VIP platinum owners club at every major racecourse: create luxurious and exclusive facilities with hyper-personalised service for use by high-involvement owners.	H	H	H	M	L	Red
	4. Develop targeted marketing and promotional campaigns: vigorously promote ownership as a top-end aspirational social activity. Attract and retain high net worth investors.	H	H	H	L	L	Red
	5. Grow the next generation: engage with the families of high involvement owners. Develop young owners' clubs, use ambassadors, set up top-end invitational syndicates.	M	M	M	H	L	Red
7. Shared Ownership & Syndication	1. Industry-backed syndicate growth plan: a formal strategy to increase syndication by 50% within five years. Accountabilities mapped out and resources allocated.	H	H	H	H	M	Red
	2. Redefining on-course and off-course ownership experience: dedicated syndicate facilities, additional privileges, syndicate races, better trainer facilities & communication.	M	H	H	M	L	Red
	3. Make it easier for anyone to set up, manage and join syndicates: the majority are non-commercial syndicates. Trainers are the gatekeepers. Provide support & toolkits.	M	M	H	M	M	Red
	4. Promote and market syndication nationwide: an integrated campaign nationally, regionally and locally. Fully involve racecourses, trainers and syndicators. Resource it.	M	L	H	M	L	Red
	5. Regulation, licensing, accreditation and quality standards: proposals under review by the BHA, Q1 2021. Stamp out bad practice; reward good practice; ensure transparency.	L	L	M	L	H	Yellow
8. Supporting the Owner-Breeders	1. Maintain the enduring appeal of British bloodstock: minimise risk of long-standing investors cutting back. Radical overhaul needed of the prize-money structure.	H	H	H	L	L	Red
	2. Support and incentivise owner-breeders: ongoing development of the Great British Bonus scheme, reductions in covering fees, grants and first-time breeder discounts.	M	M	M	L	L	Yellow
	3. Strengthen leasing propositions: both high-end and grass roots lower-cost ownership options across all ownership structures, but particularly aimed at trainers & syndicators.	M	M	M	L	L	Yellow
	4. Integrity in the sales process: stronger regulation and greater transparency to tackle auction ring malpractice, to be strong enough to maintain confidence and integrity.	M	M	L	L	H	Yellow
	5. Ongoing enhancements and benefits for breeders: e.g. expansion of third party liability insurance scheme for amateur owner-breeders.	L	L	L	L	L	Green
9. Marketing & Promotion of Racing	1. Cross-industry integrated marketing strategy: racing is chronically under-funded and under-resourced for a £4bn p.a. sector. Dramatically strengthen marketing capability.	H	M	H	H	L	Red
	2. Launch a massive post-Covid marketing initiative: "Come Racing as an Owner". Tap into accumulated savings and the bucket-list desire to be involved with horses. Be bold.	M	L	H	H	L	Red
	3. Use racecourses, trainers, syndicators and TV channels as the ownership shop window: a planned cascade of raceday events, open days, "thrill of ownership" stories.	M	L	H	H	L	Red
	4. Promote ownership to a younger and more diverse group: tailored experiential marketing, digital platforms, ambassadors and role models, engaging syndicates.	L	L	M	H	L	Red
	5. Consistent and well-branded communication: ownership welcome packs, ROA branding of the ownership proposition and the daily <i>Inside Track</i> updates.	L	M	L	L	L	Green
10. Enablers & Capabilities	1. Leadership commitment to a strategic recovery plan: a coalition of top leaders, investors and change agents determined to drive substantial reform of racing.	H	H	H	H	H	Red
	2. Redefinition of governance: devise a new way of running the sport as a commercial enterprise. Move away from governance by veto and the failed tripartite structure.	H	H	H	M	M	Red
	3. Register all ownerships: racing has little knowledge of its owners and investors. Obtain this data to drive incentivisation, differentiated and personalised owner benefits.	M	H	M	M	M	Red
	4. Digitalisation: a three-year Racing Digital Project is under way. Build better administrative platforms, integrate processes, capture and connect data.	M	M	M	L	M	Yellow
	5. Industry-wide standards: make the required quality baselines explicit for racecourses, trainers & syndicators. Reward and publicise best practice with awards & accreditation.	M	M	L	L	M	Yellow