

Inside RUNNING

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Vision and Values will help create industry future

“To lead New Zealand racing to deliver greater success and excitement”

This is the vision of the New Zealand Racing Board, as determined by our own people.

It is supported by six values, and together they are being embedded into our culture. They have come together through a robust process of debate, critical assessment and review, in an environment of openness and honesty.

Rather than seeking external consultants to formulate this important guiding statement, or imposing it “from the top down”, senior management invited people from every corner and every level of the business to hammer out the statement – to create a working tool that reflects and fits our business and its staff.

The vision and values that resulted have the full backing of Board Members and has been presented to all staff.

A popular if cynical view is that visions, values and mission statements are “philosophical fluff”, which make their biggest impact on the marketing budget, and are soon forgotten.

To prevent this the team has embarked on a process of embedding them as a continuing, working part of the organisation and its daily life. They are a reference point for all that we do, from the big picture to the minutiae.

What’s the use of having a statement on vision and values?

The vision is a decision making tool. It describes the overriding goal of the organisation. Any plans or activities, from major strategies to the detail of daily tasks, can be held up against it. Each of us has a guideline for determining “Shall we do this? Does it take us towards our vision?”

It enables us to know, every step of the way, what we believe

in, and what we are trying to achieve.

The values describe how the vision is to be achieved. The team whittled down a long list to these six:

Innovation

Look for new ways to advance – Seek creative solutions
– Create opportunities and become more receptive to change.

Valuing People

Recognise, develop and retain individuals in the organisation
– Work to individual strengths – Serve as you would wish to be served.

Dynamism

Focus on change and move forward – Think big, start small, scale fast.

Teamwork

Combine our experience and skills by working together effectively – Leverage these principal resources with effective communication.

Passion

Have strong beliefs in the industry – Be considerate and enthusiastic about our contribution – Have fun in the work place.

Integrity

Have transparency of purpose – Fulfil our social responsibilities – Do the right thing at all times.

Three of the values – teamwork, integrity and passion – were the values of the TAB before creation of the NZ Racing Board. It’s good to see this continuity, and it’s confirmation that we are on the right path.

There is a synergy between the values. Teamwork and valuing people clearly work together. Our organisation is knowledge based; that knowledge resides within our people, and it is leveraged by the ways we work together. How we are valued and value each other and how careers are developed so they can offer the maximum to the industry, are vital to our future.

The ability to change and to keep pace with change is fundamental to the survival and growth of the industry, and is reflected in the values of dynamism and innovation.

Integrity is a cornerstone for all that we do, as individuals, as a business and an industry.

Passion is the extra ingredient that determines the success of any venture, motivating us to go the extra mile to meet the

challenges and enhancing the sweetness of the successes we achieve.

The process of embedding the vision and values into our organisation includes their integration into the recruitment and induction of staff, so they know the score from the very start; and in the annual review process, so it's part of the target we're shooting for. Our vision and values will feature in the Annual Report for 2005-06. And a small Vision and Values Committee will continue to work with these guiding statements and the function of the business.

The vision and values chart a course for our organisation.

Their relevance does not stop there, however, and they offer a way forward for the industry as a whole.

TAB Sports Betting Celebrates 10 Years

The Phillips Tri-Nations is the TAB's focus for celebrating the 10th anniversary of sports betting.

For the duration of the tournament, every First Try Scorer bet placed goes in the draw to win a Williment World Travel trip for two to watch the All Blacks play France in Paris. It's the first time such a prize has gone on offer, and it's a suitable plum that is already driving turnover on this popular betting product.

First Try Scorer was one of the first four sports bets sold by the TAB. On 24 June 1996, Colin Meads went into the Courtenay Place TAB and bought the first TAB sports bets ever sold in New Zealand.

He placed bets for charity on New Zealand to beat Australia in the upcoming Bledisloe Cup match, and for NZ to win by 13 and over. As a good omen, New Zealand won 43-6, and TAB sports betting was successfully launched.

His First Try Scorer picks were less successful (he backed Josh Kronfeld and Robin Brooke) – but if they'd come in, he'd have made a packet for his charity, as they were at \$14 and \$800 respectively.

The bet tickets have been framed, along with a photo of Meads shaking hands on the sale with Courtenay Place agent Richard Newman (who still runs the agency today).

Ten years on, sports betting has established itself as a key part of the TAB's business, and a sound success story.

In its first year, turnover on sports betting reached more than \$30m, with a further \$2m turnover on fixed odds race betting.

Turnover this season will be a new record – about \$190m in Sports and FOB Racing – smashing last season's previous



Colin Meads buys the first Sports bets ever sold, at the Courtenay Place TAB, from agent Richard Newman – on 24 June 1996.

record of \$120m, and delivering 58% growth.

Taken together, turnover for sports and fixed odds racing has grown from 3% of total TAB turnover in the first year to a projected 13% of the total for the 06-07 year.

Total turnover in that decade amounts to \$935m, with payments to the New Zealand sporting codes totalling \$14m. That has been achieved through the sale of some 38 million bets – that's equivalent to one sports bet for every New Zealander, every week for 10 years.

Sports betting was a popular pastime in colonial New Zealand during the 1800's, but was outlawed with the 1881 Gaming and Lotteries Act, though it continued underground. In the 1990's overseas sports betting firms such as Centrebet started promoting their services to Kiwis with many New Zealanders asking why they couldn't have a locally based service.

Moves began to bring sports betting onshore, and from the

beginning the support and involvement of New Zealand national sporting organisations (NSOs) was seen as paramount. With its reputation as an organisation of integrity, and its core of a technological infrastructure, the TAB was seen as the clear choice for operator, although there was also some support for the Lotteries Commission.

The TAB began to look into operating fixed odds sports bookmaking late in 1993. The team realised that for success, they required amendments to the Racing Act, as well as a great deal of technical changes, not to mention the setting up of a Risk Management system to enable fixed odds betting to go ahead.

The Racing Amendment Bill went to Parliament in December 1994. The road to legislation was longer and bumpier than anticipated, and the Bill was not passed until 12 December 1995.

The pressure was immediately on. The TAB had promised a July 1996 start date for the new service. Some of the required technological infrastructure was already in place, but there was still much to do. Technical Services designed changes to the Jetbet system, working to a punishing timeframe. Work on putting the other aspects of infrastructure in place, and promoting its introduction, went ahead apace.

The TAB called on Australian expertise to get bookmaking (or risk management, as it was referred to) off the ground. Melbourne-based Sporting Management Concepts – which had established and run the Victoria TAB's sports betting operation – took care of early recruitment, advised on management and marketing, and set the odds for betting for the first five months, before handing over to the first sports betting manager.

A squad of staff from throughout the business took the nuts-and-bolts how-to's of sports betting to each TAB agency around New Zealand, visiting each agent to demonstrate how the system worked.

Sports bets went on sale two weeks ahead of the 6 July 1996 Bledisloe Cup match, offering betting head to head, on the Winning Team and Margin, 1st Scoring Play and First Try scorer. Turnover topped \$1.2m and established a single-event record that was not to be exceeded until the David Tua-Lennox Lewis boxing match five years later.

Punters flocked to sports betting, which attracted a new, younger customer base, with a greater proportion of women customers than race betting.

With profit ahead of expectations in the first year, overseas

betting jurisdictions took notice of what the TAB was doing. The organisation fielded many requests for information on its sports and racing fixed odds betting systems, and made presentations to wagering and racing organisations in Asia and Australia.

In 1996, sports betting opened with betting on rugby, rugby league, motorsport, golf and tennis. A slew of NSOs followed in 1997 – soccer, basketball, cricket, American football, athletics, lawn bowls, softball, snooker, triathlon, Australian rules football, cycling, baseball, netball and ice hockey.

Today speedway, shearing, aquatics, snooker, hockey, squash, badminton and equestrian complete the line-up.

Sports betting opened with a maximum of 60 options, and this has grown by increments to 500.

The Bookies

The sports bookie is a curious creature with a passionately beating sports heart and a seriously hardwired maths head.

Recruits are a mixture of people from within and beyond the business. Kevin Gutschlag began working for the marketing team. Rugby bookie Mark Stafford began his career on the Quality Assurance team, after working in insurance. The first bookie recruited in 1996, Brendon Johnston, came from the futures room at Westpac. And soccer bookie Gary Pearn also joined the desk from the Quality Assurance team and a prior career in the Ministry of Fisheries.

While each brings their individual expertise to making the book on their sporting speciality, the bookies then meet to pool their opinions to fix the odds on each event. And win or lose, a founding rule of the desk is no finger pointing following the final whistle.

Final Field

Fixed odds racing has been a key facet of success. From 1997, futures books were on offer, with betting closing the day before raceday. Then from September 2003 – in time for the Kelt Capital Stakes – Final Field was introduced. Books open when the race field is finalised, and close at race jump.



And Final Field has seen the return to the racetrack of on-course bookies at stand-out meetings, such as the Canterbury Cups Carnival.

Multi

Multi was introduced in September 2003, and the punting public has warmed to the concept. Bettors put together a selection of bets, each referred to as a leg. The total winnings from each leg are invested on the next – so if the bet comes off, the winnings can be huge. (However, if one leg fails, there's no collect.)

A customer bet \$118 on four fixed odds racing options – Art Link at \$7; Surprizer Phew at \$5, Teepee M at \$5.50 and Doringo at \$11. That's multiplied odds of 2117.50, at \$118, netting the customer \$249,865.

Not all Multi bets are blockbusters, and many customers use the Multi as a way of multiplying the favourites to bring in better winnings. At present Multi accounts for 25% of fixed odds betting turnover.

With thanks to David Grant, author of Two Over Three On Goodtime Sugar.

New Head Bookie – Paul Lally



Paul Lally has been appointed to the position of Head of Fixed Odds Betting, responsible for leading both sports and racing fixed odds betting.

Paul joined the business in 2003 as the Racing Fixed Odds Bookmaker. He came from a background of working in Ladbrokes as Operations Manager E-Gaming in the UK.

Paul has developed the Racing Fixed Odds product and is keen to take a leadership role for the whole Fixed Odds team.

Biggest single events, in sports betting turnover

- David Tua v Lennox Lewis fight, November 2000: \$3m
- NRL Rugby League final, Sydney, 2002, Roosters v Warriors: \$2.2m
- Rugby World Cup final, Sydney, 2003, England v Australia: \$1.9m

Biggest tournament event, in sports betting turnover

- Soccer World Cup 2002: \$22.1m

Giving Racing a Customer Focus

This article appeared in the August – September issue of New Zealand Thoroughbred Racehorse Owner.

Bill Colgan's job with the Racing Board focuses on initiatives to benefit the industry. He talks to Sam Frobisher about lessons from Western Australia, where a new focus on customer needs and entertainment saw a dramatic turnaround in provincial racing.

When an executive recruitment group invited Bill Colgan to apply for an administrative position in New Zealand racing, he surprised himself and others by taking the offer seriously.

It was a significant proposition for Bill. He was firmly established in Perth, Western Australia, but not so ensconced that he was not prepared to accept a new challenge.

It helped that his partner is a New Zealander but the decision to re-establish himself across the Tasman and accept the role of revitalisation manager with the New Zealand Racing Board was not made lightly.

"I had spent five weeks in New Zealand in 2005 touring the country visiting Ann's relatives and race tracks, including the Interdominion final. Then I did a fair bit of research before coming to New Zealand.

"If it hadn't been for the possibilities concerning tax relief for racing and the sense of administrative changes, I might have thought differently about the opportunity I was being offered," he says.

"Another reason why I came to New Zealand was the creditable reputation of the breeding stock, the trainers and the riders over here. From that point of view, I knew the product had enormous international credibility. That has been confirmed since I've been here."

Bill was raised on grass-roots country racing in Western Australia. He bought his first horse at a sale of yearlings when he was 20 and, while teaching high school economics, trained horses as a hobby.

Then, in the late 80's while on long service leave, he took over the management of his local racing club to help them out of administrative difficulties.

"It was a provincial club that used to race somewhere between 20 and 25 times a year within about 26 weeks. They were all mid-week meetings. There were about 15 bookmakers operating, betting more than the off-course tote," he recalls.

However, Bill remembers all that changed with the 1991 sharemarket crash and every club in Western Australia had to fight for survival.



Bill Colgan: "I don't believe we've reached anything like maximisation of our wagering opportunities from a TAB point of view."

“With the cash cow of bookmakers’ turnover and off TAB sales greatly depressed, racing had to re-invent itself as an entertainment sport,” he says.

“A new commercial focus was adopted by the ten provincial clubs and I managed their association as well as the club. The clubs became very focused on customer needs and enhanced entertainment experience on course, particularly as they raced mid-week, before Sundays became such a successful crowd participation day. We followed closely how Racing Victoria, under Brian Beattie, had transformed itself.”

In 1999, he was appointed manager of country racing by the code governing body, the West Australian Turf Club based in Perth, and was responsible for about 30 clubs.

Then, in 2002, Bill was the nominated representative for the thoroughbred code when Racing and Wagering Western Australia, the equivalent of the New Zealand Racing Board, was established.

“I was involved with the TAB and each of the other codes. We developed the plan for the transition of the four different racing bodies into one complete entity,” he says.

“In 2003, I started with Racing and Wagering WA and my first role was around racing industry strategic planning. That incorporated developing a new distribution model, venue strategies, training centres and standardisation of club services.

“My last role in Western Australia was as executive manager of racing which meant I supervised all three code racing managers. In this role, we had one racing services bureau for the three codes.”

Bill has been with the New Zealand Racing Board since last

December and his focus has been on initiatives beneficial to the industry. “I’m directly involved in the internationalisation strategy of the product in New Zealand. That relates in particular to the delivery of our races overseas and provision for wagering overseas on the New Zealand product. This will be a two-way street with us taking more imported product as well,” he says.

“I’m also managing the wagering on products such as the sports desk fixed odds betting. Perhaps the most significant initiative relates to on-course development, including such promotions as Destination Summer Holiday Racing, the event that was developed around families going to race meetings while on holiday and having a great day out.

“Everyone accepts today that racing alone does not provide enough entertainment for a day’s outing for everyone,” Bill says.

“If we’re really looking at having a customer focus, we need to enhance that on-course experience by giving a whole day or an afternoon’s entertainment package. Facilities have to be of a certain standard. We are in the retail part of the market so we have to have a customer focus,” he says.

“It’s important to see the raceday through the eyes of a person coming on to a racecourse for the first time. Wherever we go, it’s that first experience that determines whether we go back a next time,” Bill says. He is surprised clubs have not picked up on themed racedays such as St Patrick’s Day, Christmas family day or Chinese New Year.

“There’s a whole lot of ways we can theme racedays. Some clubs are doing an exceptionally good job. There are some real icon events in New Zealand. We’ve got to increase the belief in a lot of people that there is value in the raceday product.

“It takes work and effort. Communities, particularly in the case of country racing, need to be involved heavily with these race meetings,” he says.

“The local cup day should be the iconic social day of a region, an integral part of the social fabric of the region.”

Asked for an impression of racing in New Zealand, Bill says he is left with an image of tiredness – in terms of buildings and of the infrastructure. “Probably some of the energy levels



The entertainment value of the first visit to a racecourse, determines whether customers will come back – and Destination Summer Holiday Racing strives to maximise the on-course entertainment package.

of the voluntary people are quite low but hopefully the tax cuts have been a great relief as far as administrators are concerned. Some of them were probably wondering whether it was worth putting so much effort into what they do.”

Another impression he had formed was the relatively low utilisation of venues in New Zealand compared to his Western Australia experience.

“In Perth, there’s two tracks and they hold 91 meetings a year between the two of them. However, you need regional centres that underpin the industry and this seems to have been achieved better in the harness and greyhound codes than the thoroughbred code.

“To make an investment at these venues they must have a certain level of utilisation. However, this is something for the code body to develop,” Bill says.

He also feels New Zealand racing suffers from a measure of over-governance.

“It seems to me there are four tiers in the New Zealand system – club, cluster, code and industry body.

“It seems ... there are a lot of masters. If you’re a club, you’ve got to go through your cluster. Then it has to take it to the

code for approval,” he says. “If it’s something the NZ Racing Board has an influence over, it’s then got to go through to them. It seems to me that makes for a protracted decision-making process which comes at a cost because there are administrators at each of those levels.”

Bill believes tax cuts offer racing a real opportunity to grow.

“I don’t believe we’ve reached anything like maximisation of our wagering opportunities from a TAB point of view. I see a significant amount of growth and drive and change required at the head office as much as I do at a club level,” he says.

“Don’t think I see all the answers just at the club face. I see very significant opportunities at the New Zealand TAB for us.

“We’ve missed a very major share of the gambling market by letting gaming machines win a high proportion of that market. Our penetration rates from a wagering point of view are very low in terms of our distribution outlets.

“With the growth in stake money, the changing positive attitudes, some internationalisation benefits such as the co-mingling of our product with Australia, I think we’re on the cusp of major change and significant growth.”

Super Turnover from Super 14

The first season of Super 14 was a resounding success from many perspectives, and while Crusaders fans and the NZRU enjoy a sense of a job well done, TAB turnover on the event is also cause for celebration.

With the expanded code’s extra game per week, budget forecasts were set accordingly – and then significantly exceeded with turnover totalling \$15.7m, and bet ticket sales up 29% on 2005. The high percentage of favourites winning generated increased churn from customers eager to reinvest their winnings.

Two keys to the turnover success were Multi and the Internet. Use of the TAB website to place S14 bets was up a staggering 67% on last year, assisted no doubt by a contest headlining the website throughout the S14 season, offering a chance to win one of four Philips widescreen home theatre systems for every \$10 Multi bet placed. And Multi bets were up 4.2% on 2005.

Daymon Spadbury of Devonport, Auckland was one of the winners of a home theatre system, and delighted with his prize.



The Spadburys of Devonport, Auckland are getting a lot of enjoyment out of the Philips home theatre that Daymon won through a Multi Bet on the Super 14 over the internet. Left to right, Rachel and Michael, Daymon and Gail Spadbury.