

1. **WHAT'S GONE WRONG (not who's to blame)** **(Hindsight is a wonderful thing)**

- The amazing success of the Welsh team has dramatically increased the market value of our top players. World Cup, Six Nations.
- There has been an unprecedented increase in player market value driven largely by the French
- Benefactors have withdrawn a large amount of support (previously circa £30 million over 10 years) because:
 - Disillusionment with continual conflict
 - Lack of European success
 - The financial crisis
- We have failed to attract new benefactors/emotional sponsorship. See above
- The P.A. doesn't work because:
 - It has no mechanism to be flexible, to evolve to meet challenges or to continually improve
 - It is a conflict model with no alignment of commercial interest

- It has deadlock built in
- Decisions and positions are taken on a 'tribunal' basis, not for the benefit of Welsh Rugby as a whole.
- It disincentives development of Welsh players because:
 - Triple whammy when a player is called up
 1. He is lost for around half the year
 2. His market value increases
 3. His replacement cost
- The impact and threat from premiership/championship football (Swans and Cardiff)

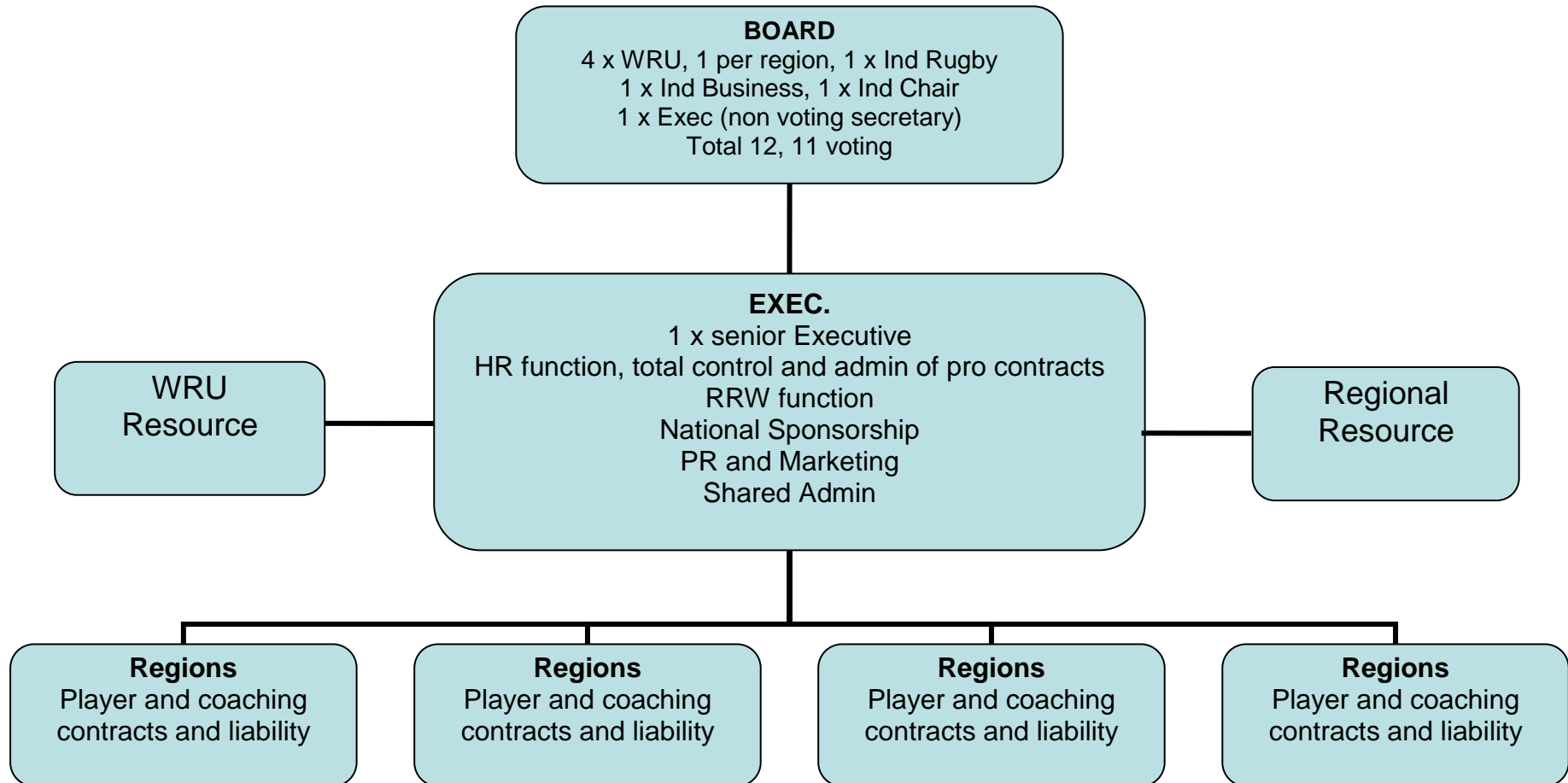
➤ **WHAT'S GONE RIGHT**

- World class stadiums and facilities
- Success of national team
- Massive economic impact in deprived areas
- Increased participation and youth engagement
- Improved professionalism in management (could be better)
- Development pathways of Welsh players

STRAWMAN EVOLUTION

A NEW BEGINNING – REVOLUTION AND SIMPLICITY

3. STRUCTURE – NEW MANAGEMENT BOARD



NEW RUGBY BOARD

4.OBJECTIVES

- To underpin, support and maximise performance of the national team
- To achieve strong, sustainable and competitive professional rugby in Wales
- Ensure continued support and development of the community game
- Retention of senior Welsh Internationals
- To achieve four regions within HC competitive squads within five years (define?)
- To maximise development of Welsh Internationals.
- Improved premiership performance

5.AUTHORITY

- Amendment of P.A. and total reconstitution of management board
- Distribution of new core Grant, (how much?) withholding of existing grant
- Distribution of net competition revenue achieved, Pro 12 and HC
- CEO/GM appointment approval (limits?)
- Head coach's appointment approval (limits?)
- Twelve month budget approval, any cash shortfall covered by credible commitments (limits, timelines, penalties?)
- Five year plan
- Allocation of players ((procedures, limits?)
- Total control of player contracts, H.R and contract admin (international contracts?)
- Player movement approval. Efficient allocation, cost savings, competition performance and Welsh International retention.

6. PRINCIPLES/BALANCE OF SQUAD CONTROL

- Current limits on NWQ and time serving players
- Reducing limit on ex-pat Welsh players available for selection for international team (grandfather existing, for agreed time)
- Region option on first and second choice for each position, third choice if one is regular international (exceptions?)
- Management board allocate below second choice with due regard to budget, player wishes and circumstances
- Strategic allocation of developing players by regional needs, coaching environment, etc to maximise development

7.ADVANTAGES (To be read as extension to Strawman report)

- Only a modification of existing PA and structure – simple
- Overhead already exists in regions and WRU
- Business risk stays with operating company of regions – they can fail
- Speed
- It's a structure that can evolve
- Retention of benefactors and emotional sponsors
- Attraction of new benefactors/emotional sponsors by removing conflict
- Retention of Welsh players
- Aligns commercial incentive to develop
- Will work for two or three

8.COSTS

AT START OF YEAR ONE

- Some regions are solvent but need circa £?m per annum each to be HC competitive and retain Welsh players
- Some regions are stressed and need circa £? each, one off loans
- Optimise, stabilise
- Incentivise development (£50k first call into squad, £50k first cap, £50k fifth cap)

Est cost £?m per annum plus £?m loans

ONGOING

- Subject to savings, competition rev, etc
- WRU commitment (three years?)
- Regions commit no repayment of related party loans (directors), dividend, etc.
- Any profit or cash surplus repaid to pot from optimised regions, cash surplus from stressed regions 100% to squad
- Still apply cap (£4.5m?)
- As pot grows share to all regions or 100% to stressed region.

9. TIMELINE

