



M E M O R A N D U M

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**Date:** May 13, 2009

**To:** California State Lottery Commission

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Director

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**Subject:** Item 9(a) – Approval of 2009-2010 Business Plan Strategies

**ISSUE**

Should the California State Lottery Commission (Commission) approve the proposed business strategies as the foundation for the final year of the 2007-2010 Business Plan and the FY 2009-2010 Budget?

**RECOMMENDATION**

Staff recommends that Commission approve the proposed business strategies so that staff may further develop the program initiatives and build the fiscal year budget around these priorities.

**BACKGROUND**

The Commission approved the 2007-2010 Business Plan at its June 27, 2007 meeting. This provided the Lottery with a clear long-term direction and outlined a number of multi-year initiatives.

It delineated four major strategic components:

1. Focus on long-term planning
2. Improve brand image
3. Shift the jackpot paradigm
4. Modernize operations

The Annual Business Plan for FY 2009-2010 is currently being developed along two parallel paths due to the presence of Proposition 1C on the May 19<sup>th</sup> ballot.

## **DISCUSSION**

Using the strategic course outlined in the 3 Year Business Plan as a foundation, the FY 2009-2010 Business Plan delineates specific steps that would be implemented next fiscal year as part of these multi-year initiatives. The Commission's approval of these strategies will allow staff to further develop these proposals and build the budget required to implement these initiatives. This will be incorporated into the FY 2009-2010 Budget where the details will be presented for approval at the June 2009 Commission meeting.

### **Improve Brand Image**

By infusing new vitality into the image of the Lottery that it is fun, exciting and improved, more Californians will consider purchasing a lottery ticket. For the upcoming year, these initiatives are proposed:

- Create more winners through initiatives such as the second chance program for Scratchers, a Super Lotto Plus promotion and potentially increased prize payouts in Scratchers and Hot Spot. And, showcase these new programs through Lottery marketing efforts as well as earned media.
- Develop efforts to attract the 18–34 year old market through new Scratchers games as well as unique advertising vehicles.
- Redesign the Lottery's website with the initial step next year of implementing a more robust technical foundation that will be able to incorporate games and interactive features from third party vendors in the future.
- Continue to show the public how the Lottery cares about its customers and considers its integrity as critical to its image by enhancing the Consumer Protection Program.
- Illustrate to Californians how Lottery dollars help to benefit the state.

### **Shift the Jackpot Paradigm**

This strategic area will be addressed in FY 2009-2010 through the marketing of the Lotto games including a promotion that provides a reason to play other than a large jackpot. In addition, with the launch of the second chance Scratchers program, the

foundation for a Lottery Players Club would be developed. And, the review of the entire Draw Games portfolio will be completed.

#### Modernize Operations

In this area, many initiatives will bring the Lottery into the 21<sup>st</sup> Century through technology to create a more effective and efficient operation. Here are examples from two major projects:

- Business Intelligence – This project will ultimately provide better information more quickly to decision makers. For the upcoming year, staff will propose to implement a pilot effort delivering a small set of business measures and analytics.
- Contact Center Solution – Based on a study examining how the Lottery handles inquiries from retailers and consumers, the customer experience can be improved with technology that can add new capabilities (such as providing winning numbers) and enhance current functions so callers can more easily navigate through the system and operators can handle the calls more quickly.

Other projects in this area:

- Optimizing the Retailer Network – This project will entail recruiting additional locations to make buying a ticket convenient for consumers and creating new tools to best service the retail customer.
- Human Resource Succession and Training – This project will ensure that the CSL always maintains a staff of highly qualified employees.