

### **Director's Comments**

Presentation to
California State Lottery Commission
May 24, 2012

#### **Overview**

- General Business Update
- Governor's Appointments
- Recent Lottery Organizational Changes
- Recent Lottery Achievements
- Proposed Strategic Planning Process for FY 2013/14 thru FY 2015/16
- Major Business Plan Changes for FY 2012/13

## **Sales Update**

- Sales thru May 12, 2012: Over \$3.8 Billion
- Increase of 28% over Same Period last Fiscal Year (first 45 weeks)
- Total Sales Stand at 109% of the YTD Goal
- All Products Continue to be Ahead of Goal Except for Hot Spot



#### **Year-End Estimates**

- Year Will End at \$4.41 Billion in Sales
- Total Sales Will be 28% Higher than Last Year
  - \$971 million higher than Last Year's sales
  - \$320 million above original goal
- Scratchers will be 40% Higher than Last Year
- MEGA Millions will be up 33% vs. Last Year

		FY 2011-12	% Change	% of
	FY 2011-12	Sales	from FY	Budget
	Budget	Estimate	2010-11	Goal
	(in Millions)			
Scratchers	\$2,700	\$2,795	40%	104%
MEGA Millions	\$519	\$717	33%	138%
Super Lotto Plus	\$403	\$425	-2%	105%
Daily Games	\$328	\$341	2%	104%
Hot Spot	\$140	\$132	1%	94%
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Total	\$4,090	\$4,410	28%	108%

#### **Year-End Profit**

- Goal: \$1.19 Billion to Public Education
- Current Estimate: \$1.289 Billion to Public Schools
- About \$160 million additional dollars to Education than Last Year
- And, \$240 million more over the AB 142
   Base Year (FY 2008-09)
- Resulting in the <u>Lottery's Best Year Ever</u> in Terms of Sales and Dollars to Public Education

## **Governor's Appointments**

 Senior Advisor to Chief Deputy Director Ann Richardson

Enterprise Project Management
 Office Chief

Carolyn Nordstrom

 Assistant Deputy Director of Corporate Communications

Alex Traverso

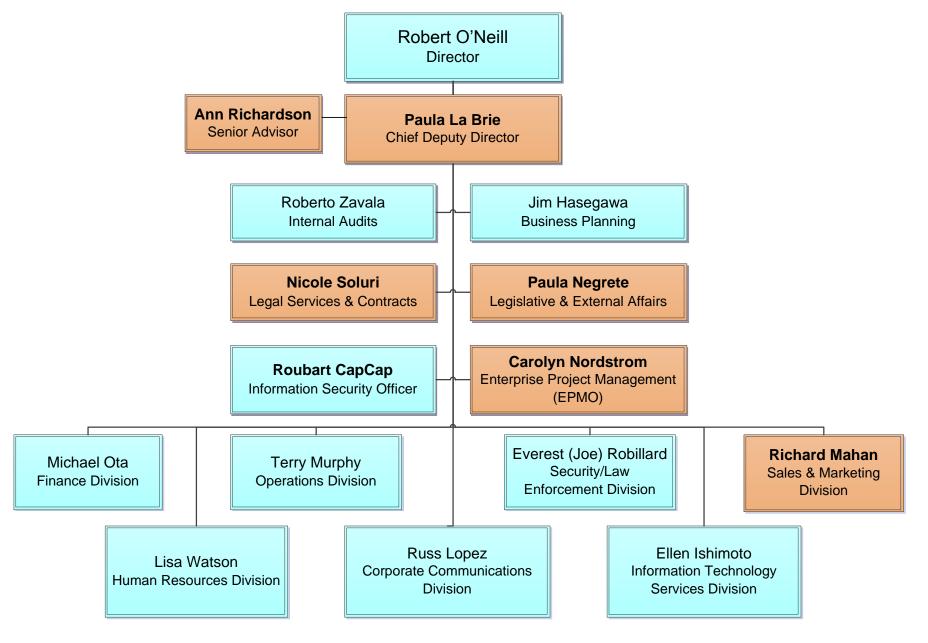
Internet Program Manager

Scott Swift

Digital Strategy Manager

Ryann Petit-Frere

## **New Senior Staff Org Chart**



## **Recent Lottery Organizational Changes**

- Creation of the Retailer Recruitment Unit
- Movement of Call Center from Operations to Corporate Communications
- Movement of North and South Distribution
   Offices from Sales and Marketing to Operations
- Establishment of "I-Strategy Unit"



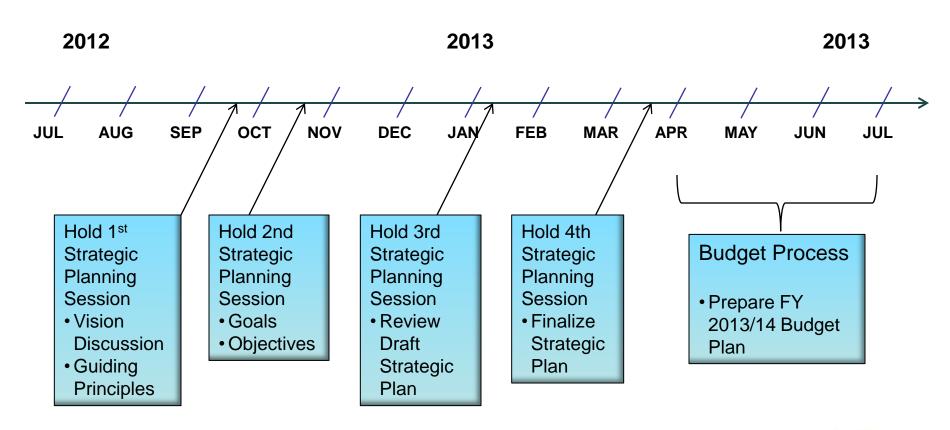
## **Recent Lottery Achievements**

- LaFleur's Magazine Award for Excellence in "Instant Game Advertising"
- Certificate of Achievement for Excellence in Financial Reporting for 2010-11 Comprehensive Annual Financial Report (CAFR)
- Certification of New Lottery Headquarters'
   Building as LEED (Leadership in Energy and
   Environmental Design) Gold

## Proposed Strategic Planning Process for FY 2013/14 thru FY 2015/16

- Initiate a Strategic Planning Process for FY 2013/14 thru FY 2015/16
- Hold a Series of Strategic Planning Sessions jointly between Commission Members and Senior Staff
- Develop a 3-year Strategic Plan for Commission
- Develop a Supporting 3-year Business Plan
- Prepare a Year 1 Budget for FY 2013/14

### **Proposed Strategic Planning Process (cont.)**





### Major Business Plan Changes for FY 2012/13

## Overarching Principles for FY 2012/13 Business Plan

- Hold on to Gains Achieved in FY 2011/12
- Adopt Tactical Measures to Provide Immediate Growth in FY 2012/13
- Conduct Research and Development and Make Investments for Long-Term Growth
- Continue to Build / Enhance the Lottery's Infrastructure,
   Systems, Policies and Procedures



# Major Business Plan Changes for FY 2012/13 (cont.)

#### Building Capacity within the Lottery

- Training and Development Activities
- Cross-Functional Team Efforts
- Strategic Planning for Next 3-year Plan
- I-Strategy Activities



# Major Business Plan Changes for FY 2012/13 (cont.)

#### Advertising / Promotions

- Four Major Advertising Campaigns
- Summer Scratcher Promotion
- Loyalty Program Development

#### Retailer Recruitment/Development

- Key Accounts Recruitment
- Targeted Recruitment Efforts for Independents
- Hot Spot Retailers
- Retailer Optimization Efforts

## Major Business Plan Changes for FY 2012/13 (cont.)

#### Product Development/Advertising

- Develop and Launch \$2 Powerball Game
- Scratcher Promotions / Facing Efforts
- Research and Develop Super Lotto Plus 2<sup>nd</sup> Chance Program

#### Administrative Economies and Efficiencies

- Supply Chain Improvement Project
- Customer Communication Enhancements
- Contracts Management Improvements
- Human Resources and Financial Systems Enhancements