# MEMORANDUM

**To:** California State Lottery Commission **Date:** June 25, 2008

**From:** Joan M. Borucki
Director

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Business Planning & Research Office

**Subject:** Item 9(a) – 2008-09 Business Plan

## ISSUE

Should the California State Lottery Commission (Commission) approve the FY 2008-09 Business Plan as proposed in the presentation by staff at the June 25, 2008 meeting?

## RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve the FY 2008-09 Business Plan as proposed in the presentation by staff at the June 25, 2008 meeting.

## BACKGROUND

On May 20, 2008, the Commission was presented with the proposed business strategies for the 2008-09 fiscal year. Based on the Commission's approval of the proposed strategies, staff began to develop the details for the 2008-09 Business Plan. The plan that will be presented is based on the four major components not only outlined at the May 20, 2008 meeting but also delineated in the FY 2007-2010 Plan document. These include:

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

**DISCUSSION**

The Business Plan details the tactics staff recommends to achieve the outlined strategies. As part of the strategic goal of long-term planning, this proposal combines tactics that will be introduced in the upcoming fiscal year along with other programs that will be researched and developed in FY 2008-09. Based on the results of these efforts, these initiatives could be implemented the following year. The Lottery can better achieve long-term stable growth by having a sustaining effort against our strategic goals.

The Business Plan being proposed is the result of analyzing and considering various options. It presents the best of what can be accomplished in FY 2008-09 given the constraints of the Lottery's administrative budget which must devote significant funds to increase Scratchers prize payouts. The higher prize payouts are essential to maintain the sales level of Scratchers games.

If the Commission approves Business Plan, staff will begin to commit resources and start implementing these initiatives. The resources required for these programs are incorporated into the FY 2008-2009 budget.

Improve Brand Image

- Launch a New Lottery TV Show
- Start new Lottery Branding Campaign
- Enhance Service to Players, Retailers and the General Public
- Redesign the Lottery's Public Website
- Design and Research a Second-Chance Entry Program for all Scratchers

Shift the Jackpot Paradigm

- Enhancements to the Daily Games
- Research a Lottery Player Rewards Club
- Develop Game Concepts for future testing

Modernize Operations

- Recruit Retailers in Non-Traditional Trade Channels
- Deploy a new Case Management System
- Decrease Time for Gaming System Changes
- Develop and Begin Deployment of a new Business Intelligence System
- Continue Human Resource Training and Succession Efforts