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- Benefactors have withdrawn a large amount of support (previously circa £30 million over 10 years) because: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

BOARD
4 x WRU, 1 per region, 1 x Ind Rugby
1 x Ind Business, 1 x Ind Chair
1 x Exec (non voting secretary)
Total 12, 11 voting

EXEC.
1 x senior Executive
HR function, total control and admin of pro contracts
RRW function
National Sponsorship
PR and Marketing
Shared Admin

WRU Resource

Regional Resource

Regions
Player and coaching contracts and liability

Regions
Player and coaching contracts and liability

Regions
Player and coaching contracts and liability

Regions
Player and coaching contracts and liability
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 section 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

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<td>Convene new management Board and appoint exec.</td>
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