

Managing Motorsport Operations

an insight into the
world and business of motorsport

The World of Motorsport

Governing Bodies

- ❑ Federation Internationale de l'Automobile
- ❑ 228 National Motoring and Sporting Members represented from 130 countries
- ❑ The Motor Sports Association (MSA) of the United Kingdom

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Who runs what – and who makes the money

- ❑ Motor Racing Clubs – BARC (also circuit owner), BRSCC, 750, CSCC etc
- ❑ “Professional” Promoters – TOCA (BTCC), SRO (F3/GT)
- ❑ “Amateur” Promoters – MSA Clubs plus Radical, Ginetta, Masters Series, MR2 Racing Series

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What kind of racing goes on in the UK (April to end October)

❑ Professional Motorsport

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|--------------|-------------------------------|
| ❑ BTCC | 10 weekends (30 rounds) |
| ❑ British F3 | 7 weekends in UK (30 rounds) |
| ❑ British GT | 7 weekends in UK (14 rounds) |

72 days total

❑ Amateur Motorsport

- | | |
|--------------------------------------|--|
| ❑ BRSCC, BARC, 750MC, HSCC, CSCC etc | 70 days at 12 circuits (not inc Donington) |
|--------------------------------------|--|

850 days total

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Professional Motorsport

❑ Formula One

- ❑ For most of Europe and the developed world this is the pinnacle for Drivers and Teams
- ❑ Drivers (and sometimes Teams) start in Karting – age 8 years
- ❑ Funds come from Fathers. Families and Family Businesses – **up to £10 million to get to F1**
- ❑ Drivers move up the categories – each time they pay professional Teams (£800k for F3 season)
- ❑ Thousands of eight-year-olds, hundreds of single seater racers – every year!
- ❑ GP2, GP3 (owned by Ecclestone/Briatore), F3 & Euroseries (SRO), F2 (Palmer/FIA backed), Indy Cars

❑ Sports and Touring Cars

- ❑ Le Mans (ACO), British Touring Car Championship, World Touring Car Championship, Deutsche Tourenwagen Meisterschaft (ADAC), British GT
- ❑ ALMS, NASCAR

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Amateur Motorsport

- ❑ Formula One and other Single Seater Championships, but for superseded cars
 - ❑ Most professional championships are mirrored by amateur versions, usually running older cars
 - ❑ BARC F Renault, Classic F3, Historic F1, Classic and Historic Formula Ford, F5000, BOSS Euroseries

- ❑ Sports, GT, Touring and Saloon Cars
 - ❑ Britcar, Speed/VdeV, Castle Combe Championships
 - ❑ Again, similar versions in the amateur world, running a mix of new and older cars
 - ❑ 70s Roadsports, Masters World Sports Cars (ex-Le Mans/Group C cars), Appendix K races

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From the Driver's Point of View – assuming I am not on the F1 ladder

❑ Where can I race, what can I race

- | | |
|---|---------------------------------------|
| ❑ MSA recognised Clubs | BARC, BRSCC, 750 MC, HSCC, CSCC, MSVR |
| ❑ Professional Promoters | TOCA, SRO |
| ❑ Amateur stand-alone Series or Championships | MR2, BMW E3, VW Cup, Porsche, Ferrari |

❑ What happens to the money I pay

- ❑ Clubs budget for the season, plus some obligatory “rainy day” funds
- ❑ Professional Promoters budget to make a profit – but if it gets too expensive the customers walk away
- ❑ Amateur Promoters should also budget for profit, but some don't

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What is the difference between a Series and a Championship?

❑ Series

- ❑ Can be run with no regulations – but better if a few are applied
- ❑ Fewer rules mean less cheating (think about it) and less policing worries
- ❑ Poaching of existing grids is possible – but drivers have to know about your Series to join

❑ Championship

- ❑ Has to have run successfully as a Series for 2 years, or you put down £100,000 bond with MSA
- ❑ Have to gain MSA approval for the Regulations in July the previous year
- ❑ The Sporting and Technical Regulations have to be written carefully and they have to be policed
- ❑ Must be run under the auspices of a recognised MSA Club
- ❑ MSA will not allow “poaching” of cars from an existing and successful Championship

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What ensures the viability of a Series or Championship?

❑ MARKET FORCES

- ❑ Grid sizes must be average > 18 per race in a season to become a Championship
- ❑ Race costs no racer with a £500 car will pay £300 for a race; racers with valuable cars will pay more because of perceived “exclusivity” and repair costs for damage
- ❑ Circuits Drivers want to go to Silverstone, Brands, Spa, Nürburgring, but they are expensive, so Knockhill, Pembrey, Lydden need to be included to bring costs down
- ❑ Management Paying attention to your customers and their needs is vital – listening to drivers about track behaviour – much more important to businessmen with Ferraris than 20-year olds in Fiestas where replacement body panels are cheap and plentiful
- ❑ External Forces Financial downturn; Green issues; Planning / Noise issues

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How do you set up a new Series?

- ❑ Recognise and research a new “niche”
 - ❑ Are there some new or older cars on the market that could form the basis of a series
 - ❑ Are there some disgruntled owner/drivers who could form a grid if the proposition is right
 - ❑ Are there some older cars being neglected which are cheap to buy and run
 - ❑ Is there a new circuit that is underused
 - ❑ Are there some drivers that are not being catered for

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The Origins of the Pro1000 Race Series – Global Sports Development Ltd

❑ What were the commercial reasons behind setting up the Company?

- ❑ A pool of skilful drivers with no funds to move into F3

❑ Timeline	Company registered	June 2001
	Signed up 4 young drivers	November 2001
	Sponsorship deals for F Renault driver Matt Griffin	2001 and 2002
	Sponsorship for Team Atomic Kitten in BTCC	2002
	Supported Griffin in MTech Porsche British GT	2003
	Sponsorship for Morgan at Le Mans	2003
	Sponsorship for Hunter Abbott in Radical Championship	2004
	Sponsorship for Peter Rees in Euro Karting and F Renault	2002 to 2006

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The Pro1000 Race Series

- ❑ What were the commercial reasons behind setting up the Series
 - ❑ A pool of very skilful race drivers with no money to go to F3
 - ❑ A dearth of well-promoted racing in the UK
 - ❑ A lack of proper attention paid to sponsors to leverage their branding
 - ❑ A pool of potential spectators who had never watched motorsport before

WE NEED TO PROMOTE THE RACING TO THE PUBLIC IN ORDER TO MAKE IT VIABLE:

- ❑ **TO ATTRACT THE SPONSORS**
- ❑ **TO MAKE A PROFIT FOR OURSELVES**
- ❑ **TO PROVIDE GENUINE INCOME FOR THE DRIVERS**

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The Pro1000 Race Series - Timeline

❑ Initial desire by the MD and FD to set up a truly professional race series	August 2007
❑ Working up initial Business Plan and taking to potential Investor groups	November 2007
❑ SH on board as OD, commissioning single seater car and engine design (both from existing products)	April 2008
❑ First meeting to show the car and engine to press & potential drivers, Oxford Belfry Hotel	July 2008
❑ Further meetings with potential investor groups, financial downturn beginning	October 2008
❑ Winter of no response, chance meeting at Autosport Show with Caparo Group	January 2009
❑ Contract with Caparo for Testing and MoU for Race Series signed	May 2009
❑ First track test at Snetterton with the “Mule” – positive reports from Autosport Magazine	June 2009
❑ Tender out to potential race teams to operate race cars, appointment of Triple Eight Race Engineering	August 2009
❑ Launch to potential drivers and Press at Triple Eight	October 2009
❑ Appoint financial advisers company to bring inward investment	March 2010

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The Pro1000 Race Series

❑ The Business Plan

- ❑ Before every race there are exhibitions local to the circuit the previous weekend
 - ❑ including cars, drivers, race footage on flat screens, and sampling / demonstration units for sponsors to show off their products / services and **ticket sales booth**
 - ❑ these exhibitions are widely advertised and promoted in the local media
 - ❑ they can be at shopping centres, country shows or in supermarket car parks
 - ❑ they drive footfall to the venues, especially good for supermarkets that sell the sponsors' products
 - ❑ they drive our ticket sales and promote the races and the drivers
- ❑ At every race there is a “Race Hall” with all 16 cars either side of a viewing lane
- ❑ The headline sponsor can have branding on every car since we own them all
- ❑ We “buy the gate” from the circuit owner and therefore retain the ticket sales
- ❑ The drivers receive a percentage of the sponsorship and the ticket sales

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The Pro1000 Race Series

❑ Income Sources for the Series

- ❑ Drivers pay for the season's racing (circa £170,000)
- ❑ Ticket Sales for spectators at pre-race Exhibitions, via websales and on the day
- ❑ Sponsorship /Branding on race cars, at Exhibitions, in Race Programmes, on TV coverage etc

❑ Expenditure for the Series

- ❑ Commission build of 16 race cars + 2 spares – circa £4m (from inward investment)
- ❑ Commission race engines (3.6 V8) + spares
- ❑ Purchase race time / purchase entire race weekend and sell-on time to others
- ❑ Buy the “gate”
- ❑ Overheads including marketing for Exhibitions
- ❑ Pay Triple Eight
- ❑ Consumables - fuel, spares, tyres
- ❑ Corporate Entertainment for Sponsors

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The Pro1000 Race Series

- ❑ These drivers are not on the F1 ladder
 - ❑ We want to retain them for 3 years to build a fan following
 - ❑ We need them to become role models and earn their sponsorship

- ❑ We need a very robust website and other IT services to support:
 - ❑ Webcast TV of the races and data from each car
 - ❑ Links to Sponsors and Driver websites
 - ❑ Sales of regalia, tickets, special passes to the Race Hall etc
 - ❑ Broadcast of on-board footage from each car to fans on their iPhones etc at the circuit in live time

- ❑ The cars must be fantastic, iconic, sound wonderful and be very fast
 - ❑ There must be **OVERTAKING** to keep the races interesting
 - ❑ This is assisted by the kart-style qualifying heats for the Final Race of the day

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The Pro1000 Race Series

❑ What next?

- ❑ Investment to commission the car build is vital
- ❑ This could come from overseas, assisted by UKTI
- ❑ This could come from other business activity that builds profit quickly and is then reinvested by us into Pro1000

Rome wasn't built in a day – watch this space!