

A firm grasp of the reins

Times are changing at the Jockey Club under the stewardship of its new chief executive, writes Racing Editor Lawrence Wadey

Down Sports Road way they are already talking about "the old days". It is as if the Hong Kong Jockey Club crossed a watershed in time when Lawrence Wong succeeded Major-General Guy Watkins to the post of chief executive on April 1.

When Mr Wong settled into his 16th-floor office with the spectacular panoramic views of the \$1 billion revamped Happy Valley race-track, he did indeed represent a clean break with the past.

Out went the Corinthian spirit embodied in the notion of ex-British army officers and public schoolboys running, in a somewhat ad hoc fashion, what had become a multi-billion dollar business.

In came the corporate ethic and with it an internationally successful businessman who sees his mission as developing a streamlined, super-efficient, publicly responsible Jockey Club.

It is a club which has "customers" where it once had punters. And it is a club which, under Mr Wong's aegis, is developing a peculiar but compelling kind of brand loyalty to the "product", which was once simply racing, that it is "selling".

Yet there is a refreshingly human side to Mr Wong, 57. It may be early days but his form of corporatism appears to be corporatism with a kind face.

As the business ethic steadily imbues the Jockey Club, the great paradox is that Mr Wong is also championing an era of openness, transparency and accessibility, though the boss was sorely tested over the Mick Kinane affair.

Champion Irish jockey Kinane's authorised biography *Mick Kinane - Big-Race King*, by racing writer Michael Clower, contained an allegation that during a licensing committee meeting on May 31, Jockey Club security officers questioned him over an alleged US\$13 million (HK\$101.4 million) "bung" from an illegal bookmaker.

The figure, it turns out, was US\$1.3 million but there was much criticism in both the English and Chinese-language press over the club's delay in responding to worldwide coverage which coincided with the book's publication.

Mr Wong remains adamant that licensing committee hearings must be private if they are to remain meaningful.

But his contention that Kinane broke a gentleman's agreement regarding confidentiality by revealing details of the hearing is much harder to sustain, as it was the club who made the jockey return in a blaze of international publicity in the first place.

Kinane's argument is: "Where was the confidentiality then?"

But Mr Wong is prepared to admit there should have been an official press statement sooner than five days after the fact.

"For this I take full responsibility," he says.

It is hard to imagine any of his predecessors being so open.

"This is why we talk about the old days," said one of his executives. "He is more open and available to us and we are much more involved."

"Before, there just used to be one briefing for the executives at the start of the season. Now there are three or four a season and even the assistant executives are invited."

"I used to be lucky to get five minutes with the old CE, now I can sit and chat to him for 45 minutes."

"We also have much more control over our own departments. He has emphasised ownership to us - we should think of ourselves as owners of our own departments."

"It works because before I might have read something through two or three times before sending it out but now, as I'm the owner, I'll read through it five or six times," the executive said.

This management style was very much Mr Wong's way at Ford Motor Company in Taiwan where, on his way to becoming head of the company and businessman of the year, he developed the concept of "dealerships" and thereby delegated much responsi-

bility to then 41 main Ford dealers.

Mr Wong does not like to be drawn on his more personal touches but other executives are keen to point out how Ford's hourly factory workers obtained air-conditioning in their dormitories.

There had been much discussion at board level as to whether it should be installed. Mr Wong, by then president of the company, was in favour but some directors were less enlightened and he wanted to bring them along, rather than force the decision on them.

He waited until the temperatures soared and the humidity became oppressive and nonchalantly suggested to his directors that the best way to come to a decision would be to spend a night in the dormitories. Just sign up for a suitable evening.

Result, not a single volunteer, air-conditioning installed and productivity up.

He shows a similar interest in the little man at Sha Tin. His regular walkabouts on racedays have become legend. His first stop in the public grandstands is to check the lavatories - "if these facilities are up to standard then you can usually assume most things will be", he reasons.

And he likes nothing more than the small customer coming up to him with suggestions at how to improve the "product".

One race fan told him he was the first chief executive he had seen in the public enclosures in 27 years of going to the races, while another suggested to him that too many colours were being used to jazz up the television monitors which display the odds on offer.

"And you know he was right," says Mr Wong. "I went and had a look at the screens and came back and told the audio visual people in the betting division to stick to three basic colours. It was all done in two days."

There is also the saga of the A4 paper.

It did not take long as the Jockey Club's chief executive before Mr Wong became fed up with the amount of memos and faxes that streamed on to his desk before the day had even started.

"I joked with my secretary that I couldn't get through the door for

model track and why it is superior to those found elsewhere is as brilliant as it is simple.

"The most important element is that we start with a non-profit motive," he stresses.

"Not a single penny goes into anyone's pocket, unlike private race clubs.

"Of every dollar bet in Hong Kong something like 96.5 cents goes back to the public in the form of dividends, charitable donations or tax and super tax.

"We only use about three per cent for operating costs and that is by far the best in the world and compares extremely favourably with any non-profit-making organisation or charity.

"Once a non-profit motive is the starting point, the monopoly supply position can be justified as it generates economies of scale and it keeps our cost ratio down.

"The absence of government interference also helps as it is proven that bureaucracies do not have a good record when it comes to running commercial entities."

Private race clubs struggle because to keep investors happy they have to take out money from racing to pay dividends to investors.

This drives down investment, reduces the quality of facilities, racegoers turn to other forms of leisure, turnover falls and the "expense or cost ratio" (operating costs as a percentage of turnover) escalates to 15, 25 or even 50 per cent in a depressingly downward spiral.

Once Mr Wong had reached these conclusions, following an extensive tour of the United States, Australia, Europe and New Zealand, he felt able to go out and market the territory's racing accordingly.

"It all stems from the non-profit motive. If you just focus on gambling then you have to do things kind of apologetically and not rock the boat," he points out.

"But the non-profit motive goes a long way to making the club socially acceptable.

"It gives us a clear vision of our role, which is much wider than just racing, and makes us a positive factor in society.

"We are not marketing gambling but a whole experience. We are talking about the community, our role within it and we are talking about enjoying our mission to satisfy our customers."

And by customers, Mr Wong does not just mean racegoers.

"I mean everybody, from racegoers, to bettors, to the Hong Kong Government and to the recipients of the charitable donations," he says.

"I mean the Hong Kong public."

"I joked with my secretary that I couldn't get through the door for the paper," he recalls.

"I then had a bet with one of the executives as to how many pieces of paper we used in a financial year.

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"He said one million, I said no way, it's much more like five. It wasn't easy to check at first but when we contacted the finance department, as someone's got to pay for all this, we found that we used an incredible 21 million pieces a year.

"A medium-sized paper company would be pleased to have that kind of figure as its annual production figure."

Mr Wong's response was to ask his staff to voluntarily devise paper-saving schemes, to remove themselves from memo lists, and to change the fax machines so that both sides of the paper are used.

In the grand scheme of things - total turnover of about \$90 billion is expected this season - the savings will hardly be noticed.

But add up all these measures and the cost saving will, according to Mr Wong, free resources to be used to improve the "product" and thus drive up turnover and the return to the community via charitable disbursements and taxes.

And this is where the deeply analytical, clear-minded businessman emerges.

Mr Wong's analysis of what makes the Hong Kong racing