

STOCKPORT COUNTY



March 2015

Moving Forward

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This document marks the next stage in the development of our football club, as we aim to return to the Football League and turn the business into a sustainable and profitable organisation.

This is a departure from blue-sky thinking, as it gives us a target-driven road map to take the club forward. It is set in the context of the opportunities and challenges that we are likely to face over the next five years.



The Stockport County journey

Our football club has suffered more than a decade of turmoil – even one of our crowning moments, promotion to League One in 2008, proved to be built on financial foundations of sand. Those ten years of turbulence stemmed from a badly-planned and underfunded buyout from administration, a situation which can never be allowed to occur again.

Our future is challenging, but exciting. The club's decline during those ten years has been alarming, but we believe we have the right people at the helm now and the aim is to improve all aspects of our performance, on and off the pitch, as we map out a return to the level where we all believe this club belongs.

The current Board of Directors inherited a difficult situation following the loss of the ground, a period of administration and a catalogue of mismanagement, but the recent positive changes have been immense.



Our active shareholders – Richard Park, Sharron Brammall, Simon Bellamy, Gary Burton and Malcolm Cooke – continue to write cheques as and when required to support the football club, and these will total close to six figures by the end of the season. They have also had to pick up debts unfulfilled by previous regimes, such as the failure to pay former managers. Whilst we understand the frustration of supporters when things go wrong on the pitch, we hope that their

commitment is recognised amongst the wider County family.

We have seen the departure of several 'inactive' shareholders as we continue to tidy up the balance sheet to make the club more efficient, more profitable and more attractive to potential investors. There is much more work to be done behind the scenes with the shareholders, and we are having constant dialogue and look forward to making further positive announcements later this year.

Where we are today

Our legacy debts are steadily reducing, although there is still much to be done. We now have stability in the Board Room, and our long-term goal of fan involvement is taking shape, as we have County fans already running the club and supporting the business.

In little more than a year we have seen the exits of the Chairman, the Financial Director, the Chief Executive and a Team Manager. The changes made behind the scenes have allowed us to bring some familiar faces back to the football club, to breathe new life into the organisation, and these individuals are now playing a key role in turning the club around. We hope you agree that Stockport County is in a much better place than it was just twelve months ago, when we were struggling both on and off the pitch. This season remains on course to be our most successful campaign in the last seven years.

This football club has a rich and proud heritage, dating back to 1883 – we are a big name in football, and we should be proud of that fact and we can use it to our advantage. Emboldened by this, we are returning to our local schools with our much-envied healthy living initiative, confident that we have a powerful story to tell; we are using our players as ambassadors and spreading the word that children who live in the borough and beyond have a team on their doorstep that merits their support.



Our Junior Supporters Club has recently achieved a significant milestone, reaching its highest level of

members for five years, and we are keen to build on this success story.

The aforementioned school presentations include the free ticket initiative which is being delivered with the support of the Vernon Building Society, Life Leisure and Stockport Metropolitan Borough Council, and we look forward to introducing a new generation of fans to Stockport County, in the same way that many of you first fell in love with this club.



It is now the right time for the club to look, and we invite as many people as possible to contribute to our plans for the future. This document will be sent to politicians, business leaders and supporters for discussion and consultation; whilst we believe this road map can take us forward, we invite discussion and input from interested parties, not least our own supporters.

There is a lot of work to be done in just 60 months if we are to achieve our goals, but we believe we can meet every one of the targets we are setting ourselves, and we look forward to consulting as widely as possible on these targets.

Where we want to be

Our Directors, Life Presidents and Senior Board Advisors have identified four main priorities for the club, each carrying equal importance. They are:

- Stability
- Sustainability
- Stadium
- Success on the pitch

The aim is to create a successful and sustainable business model, planning for success and communicating with its customers. We believe this document is a solid statement of intent, and we invite further consultation over its contents.



This strategy document forms the next phase of our club's development as we look to return Stockport County to its rightful place in football's hierarchy. There are some broad themes and overarching objectives and we believe these drivers will keep us on course over the next five years. But this will be a 'living document', a starting point to encourage input from all of our stakeholders.

As well as our four core goals we have set ourselves ambitious, challenging enabling goals, which we believe are all achievable.

Our Board of Directors, Senior Advisors and our Life Presidents will continue to monitor the club's progress against these high-level key performance indicators, and will advise and intervene as necessary to keep us on course. We will also be involving our supporters,

through regular meetings with the Stockport County Supporters Cooperative and Help the Hatters.

Our enabling key performance indicators are:

- Return to Football League and full-time status by 2020
(We will consider full-time status upon our return to the Conference National)
- Generate £1.5m in commercial revenue in the next five years
- Present and engage with 80,000 school and college students by 2020 through the club's healthy living and leadership initiatives

On the condition that the remaining 'inactive' shareholders write off any outstanding loans, then the existing active shareholders are fully prepared to convert any existing loans to equity, which would enable appropriate investment into the club by significantly reducing the debt.

These conversations need to take place away from the glare of publicity and away from the vitriol of the digital arena, which has previously derailed sensitive negotiations.

With regard to potential investors, due diligence will be the key. Having returned stability to the club it is essential that this is maintained and therefore we will not be interested in acquiring investment purely for financial reasons. Any investor must be willing to accept a range of conditions to ensure that stability is maintained, these include the following:

- All existing serving Life Presidents must be retained
- The Football structure (detailed later in this document) is retained
- Regular communication with the Supporters Groups is maintained
- Edgeley Park will be a protected asset and as such will not and cannot be used to leverage debt against the club

How we achieve our targets

We will follow a set of guiding principles

We will be guided by consultation with our most significant stakeholders, our supporters.

We will measure against a set of Key Performance Indicators, in order to ensure we are demonstrating improvements in all areas of the business: league position, commercial income, media coverage, supporter engagement, ticket sales and community activity.

We will be agile, flexible and adaptable, but will also value our heritage, history and traditions.

We will be an accessible organisation, with exemplary policies and procedures which will lead to the highest standards in all our activities.

We will focus on becoming the partner of choice for local and regional businesses and other organisations through the quality and focus of our commercial offering and match day product.



We will identify our key relationships and manage them strategically for the long-term benefit of the football club.

We will identify, prioritise and systematically engage with sponsors, potential sponsors, supporters and partners through a coordinated programme of targeted communications, meetings and events.

We will consider our fans first and foremost when making decisions which affect the future of the club and, where possible, will consult with our supporters through our relationships with key organisations such as the Supporters' Cooperative, the Official Supporters' Club, Help the Hatters and the Junior Supporters' Club.



We will invite a member of the Supporters Co-operative board to attend the club board meetings to get a first-hand understanding of the decision making process at the club. This representative will also be consulted during such meetings as and when appropriate.

We will employ quality people, and our staff will feel empowered to be creative, challenge constructively and make decisions.

We will have a reputation for excellence in all areas of activity: our coaching sessions, our school visits, our publications, our community engagement, our social media activity, our hospitality – everything we do will be synonymous with excellence in order to strengthen the power of our iconic brand.

We will engage and mobilise our staff, our players, our legends, our supporters, our Life Presidents and other key stakeholders to achieve the four core goals at the heart of this document.

Four main priorities

Stability

Following years of changes in terms of ownership, staff, Directors and managers this club is in desperate need of stability. By making the changes at shareholder level, significantly strengthening the general management of

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the club, introducing some key support through the appointment of a number of Life Presidents and by providing support to the Manager we genuinely feel that we have stabilised the club for the future generations.

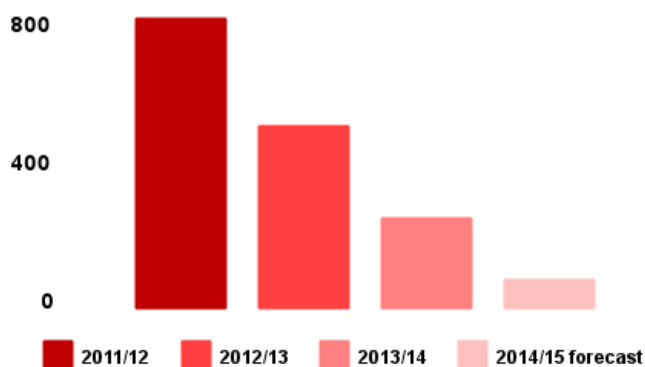
We aim to protect this stability, whilst remaining open to positive new investment.

Sustainable

We must make the business sustainable, although this is an increasingly difficult task at this level of football. We have made significant reductions in relation to the running costs, helped massively by the zero cost support provided by our Life Presidents, Directors and Senior Board Advisors.

We have dramatically increased commercial revenue, putting the club in much better financial shape following a period during which potential sponsors were given a disincentive to invest in the business. Whilst we still have much to do in relation to sustainability, we are undoubtedly in better shape than we have been for a considerable period, and this will make the club more attractive to potential investors in the coming months and years.

We have already taken the business from losses of circa £800,000 (2012), £500,000 (2013) and £270,000 in 2014 and will reduce this to approximately £85,000 in 2015. We will continue to work hard to eradicate these losses completely.



Stadium

To achieve the success we all crave then we must have a credible plan in place to once again own Edgeley Park. We have been working behind the scenes with a

number of key organisations to start putting such a plan together but it is important that we do not fall into the trap of making rash comments publicly in this regard. A great deal of damage has been done by a range of well-meaning but disparate groups contacting the council and the current stadium owners with plans to acquire Edgeley Park that either failed or were without any credible substance.

The acquisition of the ground remains a priority, but we must ensure that our plans are professional and credible to have any chance of achieving our aims. We strongly feel that supporters should be involved in this process and at the appropriate time we will engage with the relevant supporters' groups.

We will also acquire a permanent training ground, but cannot afford to wait until 2020 to achieve this objective. The nomadic existence of our football club since it was allowed to fall into administration in 2009 has been a major factor in its decline. Consecutive managers have complained about the lack of a permanent base and access to consistent, high-quality facilities.



The predominant utilisation of artificial surfaces has a negative impact on the playing squad as such surfaces are more conducive to the sustainment of joint injuries.

We have received tremendous cooperation from partners across the borough, but the status quo cannot continue, so we are embarking immediately upon a plan to strike a deal with Stockport Metropolitan Borough Council in order to access a plot of land currently underused and establish a permanent training base, with a full-size, floodlit, high-quality natural grass training pitch.



Success on the pitch

We must collectively do everything we can to get out of this division and we are working hard to support the management team to build a promotion-winning squad. Of course, we have to live within our means to achieve the first two aims but we have been able to supplement the playing resource recently by allocating the extra revenue generated by success in the two cup competitions, which has increased this season's budget by 25%.

The supporters have also played a significant role here through the creation of the Players' Fund, which enables fans to directly contribute to the Manager's budget. This has been a very welcome and unexpected bonus and is greatly appreciated.



With the continued level of backing from the shareholders, Directors and, of course, our loyal supporters, we aim to return to the Football League within five years (May 2020) and that is the target we will set our management team.

Football structure

By following our four main targets, we can reduce debt, increase revenue and move towards a sustainable business model with controlled costs, all of which helps to maximise our playing budget and will allow us to implement an ambitious new football structure as described below.

The current structure does not give us the optimum chance of achieving our five-year target. At present, our structure consists of a First Team and a Development

Squad, with nothing to bridge the huge gap between the two.

We need to optimise the profile and structure of our playing squads, by adding some extra 'rungs' to our ladder. This will provide the club with a stronger, seamless conveyor belt and at the same time enhance our 'vision' for the future whilst beginning to rebuild the original status of several years ago, which has been systematically dismantled by previous regimes, namely 'Academy' and 'Centre of Excellence'. However, it is important that we do this without overstretching our budget.

In consultation with the Manager we have agreed the following four-point plan:

1. Rename the Development Squad to SCFC Reserve Team

This will have the following benefits:

- (a) It will give emerging young players a clear indication that they are just one step away from the First Team.
- (b) It will offer an easier mental step down for current First Team players who need game time or are returning from injury, without the stigma of 'playing with the kids'.
- (c) It provides a better hook for our supporters in terms of being closer to First Team status.

This can be achieved at zero cost.

2. Create a new Stockport County Development Squad

Our new-look Development Squad will be more clearly-defined, with the correct age profile, and will consist primarily of the Profootball Academy 3rd years, plus the best of the 2nd years.

This squad will continue to play against current Football League clubs behind closed doors, which gives Stockport County FC the added advantage of viewing young players from League clubs who may potentially be released in the near future.

This can be achieved at minimal cost.

3. The Profootball Academy

We will introduce a new fourth tier to our structure, namely 'the Profootball Academy, in association with SCFC'. At present, this Academy consists of a Saturday morning programme for 12-16 years with a current under-15 team, which next year will play at under-16 level and subsequently provide the standard required for the Academy's 16-19 scholarship programme.

This can be achieved at virtually zero cost, but will require an element of rebranding. All of the levels above are potential sponsorship opportunities, too.

4. Scouting

We have recently added to the backroom staff by appointing Hatters' legend Mike Flynn to the newly-created role of Chief Scout at Edgeley Park, a request which was unanimously approved by the Board of Directors.

It is clear that every little advantage we can gain will be critical in winning promotion, and first-hand reports on our forthcoming opponents will be a huge benefit. It completes the Manager's backroom team and gives him a tactical edge, using the professional judgement of someone he can trust.



Previously, the Manager has relied on his extensive network of contacts within the non-league game as well as occasional video clips to gather information on future opposition, but the appointment of a Chief Scout gives him access to detailed reports including set pieces and formations as well as strengths and weaknesses of

individual players. Mike will also be available to scout potential signings as part of his new role, as required.

Conclusion

This new structure will provide an elite Centre of Excellence, an Academy scholarship substructure (similar to the old YT system) and an elite Development Squad to provide the correct standard of player for the 'rebranded' Reserve Team. This entire sub-structure will be introduced in time for the start of next season and will provide a more clearly-defined, stronger platform upon which to build the club and return Stockport County FC back to its rightful place in the football pyramid. In addition, the appointment of a Chief Scout will give us a tactical advantage over many of our opponents in the Conference North, as well as assisting with player recruitment.



This enhanced sub-structure also ensures that we can protect Alan Lord's involvement with the club for many years to come, maintaining continuity for the long term benefit of Stockport County.

Summary

We have a long way to go but we have already started to turn the corner and with the continued support of our fans we are restoring the pride in our club.

This document, which has been enthusiastically endorsed by our Board of Directors, Life Presidents, Senior Advisors and shareholders, is a road map to take the club forward and a vision which can be shared by County fans around the world. It sets out a more professional approach to all of our activities and is based on research undertaken with many of our key stakeholders – and there will be more to come.

The accompanying actions describe how we will focus our efforts with specific targets in place. We must continue to demonstrate good financial management and clear strategic leadership, and by doing so we can deliver on the aforementioned aims and objectives.

In the coming months, we will take this document out to our supporters, stakeholders, commercial partners and potential partners for further consultation. The next stage will be to update the document and provide more key performance indicators as we continue to plot our success against our ambitions.



We may not achieve all of these goals at the same time – some may occur sooner, and some may occur later, but we must all try to meet these challenges for the benefit of Stockport County Football Club. This document sets out what we would like to achieve over the next five years.

