

Silverstone

The way forward



A detailed proposal for the future of the BRDC and Silverstone

Prepared by Harry Stiller and Tom Barnard

April 2006



The Future for OUR Club, OUR Members and OUR Silverstone

Tom Barnard and I have spent several months working on these proposals, which we are now putting forward to fellow members, as an alternative to granting St. Modwen the 150 year lease.

We believe that the current Board should be replaced by a much more effective, smaller unit, experienced in business and capable of appointing the right entrepreneurial people to maximise the return from each of our profit centres. In addition, a hard line administrative cost controller must be appointed to control the circuit's basic burn rate.

These proposals are logical, achievable and capable of maximizing the return on our 780 acres of land in a very positive manner. We know that these proposals will result in a profitable contribution from each of the new profit centres detailed below.

1. The Grand Prix.

The economics of staging a Grand Prix are becoming more and more complex. A number of Grand Prix circuit owners are struggling to justify the cost of their F1 contracts. We are very much in favour of retaining the Grand Prix, but believe that for our Club to include the Grand Prix in its plans after 2009, a totally new arrangement is both necessary and essential. We believe that there is only one realistic way in which the Club, Silverstone, our members and the fee-paying public can rely on the regular staging of the event. This is **not** for us to grant leases, mortgage ourselves or rely on trying to get better terms for the future.

I believe that the best and most sensible way forward is to do a deal with Bernie for just the Grand Prix. Just recently he and I have agreed, in principle, to an arrangement, whereby there is common ground for a fifty-fifty deal between the FOM and Silverstone on a long-term on-going basis. The Grand Prix is the raison-d'être for all the past year problems; it is why we are at the current unhealthy situation in which we find ourselves. In my opinion, we should have gone to him in the first place for, after all, without his involvement or agreement there cannot be a settled or forward future plan for any such event. I have been critical of our administration for this very reason, lack of foresight!

Subject to the agreement of the members, this will be a beneficial joint venture (this time round) whereby the costs of improvements will be shared, the gate money will be shared, the sponsorship income will be shared, the advertising income and many other sources of cash-flow will be investigated and possibly shared. Bernie does not make a habit of doing deals to lose money! We will benefit, he will benefit, Silverstone and the local economy will all benefit as well as the members having a Grand Prix at Silverstone for a long time to come. Let's get on with a deal with him and we will deliver. This has to be the very best way forward for the British Grand Prix and our Club and its membership. Bernie wants the Grand Prix at Silverstone long term!

2. The New Debenture Stand.

Tom has proposed, and I totally agree, that a modern, five to six thousand seat luxury grandstand, be located at Woodcote. It will incorporate 25 new hospitality units, bars, cafes and possibly a private club. The seats would be marketed on a 20 year debenture basis, as would the hospitality boxes ... just as they are at Wimbledon for tennis. The revenue for these would certainly exceed the cost of building such a unit and will result in a decent surplus, thereby showing a profit from day one of operation. After this has successfully sold out, a second one will be considered.

3. The Technology Park and Industrial Estate.

It is fairly obvious that the Technology Park and the Industrial Estate have been developing too slowly. Some of the designs have been too elaborate, building costs too high and this, coupled with a top heavy administration, means that the whole project needs an effective review. This will be a priority for the new Board and may involve a change in the management structure of Silverstone Estates. This has begun already with the recent resignation of Chief Executive Alex Hooton.

The Club has a number of members who are well qualified to advise on future progress and steps have been taken to get this started so that a report is available for the AGM in April. Once the total area with planning permission is fully developed the rental income will make a useful contribution to Group profits. Certainly well into seven figures.

There is also an alternative to the self-build route. As we have 35 acres of land with planning permission for the correct user type, with only approx 10 acres developed, we could capitalise on the existing development and raise enough money to feed our part of the circuit developments with FOM and have some money left over, or, we could sell off some or all of the remaining 25 acres to achieve the same aim.

4. Contemporary Race Meetings.

Silverstone has a massive programme of events each year. Each and every one of these must be looked at to see whether they were economical in the past, and, if not, what can be done to improve matters. Some worthwhile events have been lost to other circuits and some Silverstone meetings have been poorly promoted.

The BRDC is pledged to support grassroots racing but this is only possible if the more affluent clubs manage to break even and the National and International events are profitable. A lot of damage was done during and just after the Octagon fiasco and sorting this out is another priority. This part of Motor Sport is being weakened by the proliferation of Championships, many of them of no apparent interest to the general public. We need to discuss this with other major clubs and promoters in order to get matters rectified. There should be a resurrection of our race department as a priority!

5. Classic and Historic Events.

The Historic Festival and the more recent Silverstone Classic have attracted widespread support and praise. The public really do enjoy the atmosphere at these meetings. The example set by Lord March at Goodwood means that the public will flock to events that are steeped in nostalgia and what better location can there be than Silverstone with all its history? Let us aim to compete in the short term and win in the long term! It would be really surprising if we, with the help of our many racing heroes, could not turn the "Classic" into as big a commercial success as "Glorious Goodwood".

A separate event is being discussed that would take the form of an Open Day. This would involve the public coming to meet the BRDC members and their cars, on a day when everyone would be welcome. As a PR exercise it should win the Club many new friends and supporters after all the poor publicity of the last few years. The new Board will insist on the re-instatement of a Member's Track Day at the same time as the Open Day. We will investigate the possibility of each participating Member providing a trip for a randomly selected visitor. But, don't worry, there will be more than one Track Day for members under the new regime.

The next two profit centres have been the subject of serious neglect and must be revived immediately.

6. Exhibitions and Auctions.

Back in 1995 Tom designed an Exhibition site which played host to the Fleet Show. Working together with the well known "de Boer" marquee company (now based in Brackley), he created an area of 220,000 sq ft under one roof. The Show was a huge success but the marketing men at Silverstone gave up the ghost, the Show was lost to a rival and the site is now a car park with a new bridge built across it by the current administration.

Recently a potential client approached SCL for the use of land for staging a major Show. He was turned away and went off to sign a £4 million contract elsewhere. This must not be allowed to happen again. We have had extensive talks with de Boer and Reid Steel during the last six months and have detailed drawings and costs worked out for exhibition space, auctions and major corporate events with lunches, dinners and social events for up to one thousand guests at a time. The 2000 Kilowatt transformer that was put in for the Fleet Show is still available. This can provide lighting and air-conditioning, and up to 120,000 square feet of covered space could be available under one roof. Designs for permanent buildings are being evaluated and these could deal with exhibitions and auctions if there is sufficient regular demand. "Auctions" at Silverstone? Yes!

In the meantime, various "deBoer" marquees can be used for lunches, dinners, social gatherings and product launches. All this will be a good source of income and a way of increasing the numbers through the gate. The new car parks are ideally placed for the chosen site.

7. Racing Driving School.

The Stowe Circuit and the Racing School were designed by Tom during early 1995. Working to a very tight budget the Circuit was built in six weeks from scratch and the School Office with reception, cafe and classrooms were constructed in three days!

Under the direction of Peter Gaydon, the School went from strength to strength and became one of the Club's very best investments. Sadly, it has been allowed to decline during the last five years and needs a real shot in the arm. Tom has now designed an economical extension which will add six new corners and bring the length up to 2 kilometres, the same as Brands Hatch Indy circuit. Much of the correct asphalt for the new extension exists as it was put in by Tom when the Stowe circuit was constructed. This will increase the earning capacity of the School whilst also making it a worthwhile facility for small Club meetings.

A seven figure margin has been achieved in the past and, can be again!

Extreme Sports.

One of the most popular new attractions popping up all over the world is the chance to participate in "Extreme Sports". There are several sites near the Racing School that are being considered and as you can build a basic one on an area the size of a tennis court, this will not pose a problem. Tom and his son have some knowledge of the potential for this exciting new attraction. Tom helped to design two rather unusual examples which were built by Patrick Barnard and a team in Turkey and Lanzarote. Photographs and costings are available from one of the leading constructors and the investment should be recovered by the end of the first full season. It should appeal, not only to the visitors to the Driving School, but may also bring in a completely new clientele. A margin in the low six figure range could be a possibility for an extremely low investment. Fresh thinking! Fresh approach! Fresh profits!

9. The Half - Mile Oval.

The Rally Super Special was only a partial success and plans to create a karting circuit at the same location were abandoned. Unfortunately, a decision to build a full International Kart circuit somewhere else will have to be delayed, but this does not mean that the idea has been forgotten. In the meantime, a design has been completed for an oval on the old rally site.

We have been talking to Sonny Howard, Race Director of Pickup Truck Racing (www.pickuptruckracing.com) who is heavily involved in short circuit racing. He has said that various classes of competition vehicle are crying out for an oval of about half a mile. These include the fabulous Pickup Trucks that are so popular in the States plus SCSA Stock Cars, Open Wheel Stock Cars, GP Midgets, Legends and Sprint Cars.

The Pickups have twenty eight cars available, racing at places like Rockingham, Mallory and Brands Hatch and there are over 30 Legends and 24 Stock Cars at the moment. This means that adequate starting grids will not be a problem. Some of these meetings have attracted crowds of 15-16 thousand spectators as the racing is fast and furious, close and highly competitive and the programming extremely slick.

The School would need to acquire a minimum of six pickups, four to racing specification and two with two seats for training and corporate events. Training drivers to get their oval racing licences could be big business.

10. Accommodation.

It must be logical to try to provide some accommodation for people visiting the Driving School for a course of instruction and for any students sent to get hands-on mechanical training.

The obvious place is the BRDC Campsite. This cost a fortune and is only properly used for the Grand Prix and perhaps a couple of other meetings. There are one hundred and forty spaces with electricity and water. Suitable light-weight buildings have been found and prices obtained. It should be possible to add drainage by linking up with the farm system to make the chalets "en suite". There are showers available on site plus others by the main Paddock. Catering is available at the Paddock Diner, to a limited extent at the School, and from time to time something might be arranged with the Silverstone Racing Club. Many of the spaces will be left for BRDC members to use at the Grand Prix for their caravans and motorhomes and the chalets could be let at very reasonable prices.

As there would be no long-term use by any one individual and as the site could be closed down for a few weeks every winter, if necessary, there would be no permanent usage. This facility has been needed for a long time and will be discussed with the Planners as soon as possible. There are two more profit centres included in these development plans and these will also involve detailed and diplomatic discussions with both the Parish and the District Councils.

They are Concerts and a Mini Theme Park.

11. Concerts.

There are several areas at Silverstone that could be used for concerts, classical, jazz or pop. The airfield could easily accept an audience of 100,000. There are adequate car parks, the circuit is used to dealing with a crowd of this size, the Police have a control centre on site and the provision of food, toilets, first-aid and ancilliary services would not be a problem.

There would be no shortage of promoters once the details have been worked out and the share of the revenue would make this one of the biggest items in the annual accounts. We have already discussed the concept with a leading promoter who has shown considerable interest.

12. Mini Theme Park. "FormulaOederland"

A 30 acre site has been identified as suitable for the creation of a Mini Theme Park - "FormulaOederland" Although there will be a motor sport connection, as implied by the provisional title, the Park will be aimed at a family day out and will appeal to people who have never previously visited Silverstone. I have a great deal of experience in Leisure Parks, having created the extremely successful Tucktonia Theme Park at Christchurch. At its peak the Park played host to 1 million visitors a year. Believe me, there's a lot of money in leisure parks!

With car parking for thousands of cars located within walking distance and with direct access via the new Dadford Road system, the Park will not intrude into the day-to-day running of the main racetrack activities.

The Theme Park is a massive project but it should be possible to attract someone to operate the ride facilities with Silverstone supplying the land, the infrastructure and the car parks. To avoid traffic problems, the Theme Park would be closed to all others except for GP ticket holders for the four days of the Grand Prix.

SO, this is the final profit centre in the five year development plan.

Within three years of this programme commencing, all the attractions mentioned above can be fully operational and hitting their targets. It is not unreasonable to forecast that, on a five year business plan, with a build out on our industrial/technology park concluded and providing substantial rental income, at the five year mark the estate should be throwing up a gross contribution figure in the region of 8 to 10 million pounds pre tax profit.

This will ensure the future of Silverstone and will allow the BRDC to continue its support for young drivers and the smaller clubs. It will also help to retain in this country all the many companies that are involved in Motorsport

One of the ideas behind the expansion of attractions is to increase the total number of visitors in a manageable way. By ensuring that everyone visiting Silverstone goes away with comprehensive details of future attractions, there will be a steady increase in the numbers returning to try something else. This entire project can be self-funded and will keep our basic assets in the hands of the BRDC for posterity. It calls for no mass sell-offs of our land or estate or the creation of endless leases over which we would have no ultimate control. We will be in charge of our own destiny!

So, this is the plan, my friends

If you go for a St. Modwen type deal, there's NO turning back.

PLEASE REMEMBER. THIS IS ***OUR*** CLUB, NOT ***THEIR*** CLUB

If the members feel that this plan represents a better option for our Club and appreciate that it is a better route to take, we intend to put on a complete presentation at Silverstone, during next month, in order that we can explain it further and show you all much more detail of the various features which are contained within the body of the plan.

Harry Stiller & Tom Barnard – Life members.

April 2006.

If you are a member of the BRDC Member's Forum why
not post your comments on the plan there?

If you are not registered, come and join 189 registered members at

www.brdcmembersforum.co.uk/