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by matt juliano

THE MCKINSEY REPORT: A RETROSPECTIVE

If there is a document or report in the Thoroughbred industry that is cited or mentioned more often than the "McKinsey Report," I am not aware of it. Almost any discussion of drugs and medication in our sport eventually leads back to a mention of that seminal report of 1991.

Most recently, it was referenced in news stories that focused on the Kentucky Horse Racing Commission's decision in early September to approve a regulation that calls for deeper testing of fewer samples, which should result in overall cost savings.

With the 27th running of the Breeders' Cup scheduled for today and tomorrow, the topics of medication and drug-testing are sure to be revisited once again, not only in our industry trade publications but also in the general-interest outlets that devote coverage to Thoroughbred racing mostly for high-profile events like the Triple Crown and Breeders' Cup.

How much have we progressed in the areas of medication and drug-testing since 1991? And what exactly was the McKinsey Report?

At The Jockey Club's annual Round Table Conference on Matters Pertaining to Racing in 1990, following presentations on the topic of drugs and drug testing, The Jockey Club announced that it was in discussion with McKinsey & Company, Inc., the prominent management consulting firm, to develop a world-class management program for drug-testing in the United States.

McKinsey was subsequently retained and in May 1991, the company delivered the report. It was actually entitled, "Building a World Class Drug Detection System for the Racing Industry: A National Strategic Plan."

The report was unveiled at the annual conference of the Association of Racing Commissioners International (RCI) that month; two authors of the study subsequently presented the highlights of the report at the 1991 Round Table Conference.

In a nutshell, it identified broad changes that would be required throughout the industry if an effective system were to be achieved. It went on to suggest that if the recommendations were implemented quickly and efficiently the industry could eventually have a more effective drug detection system at lower costs than were being incurred at that time.

The McKinsey Report is important because it provided a blueprint. And we are talking about it 19 years later because we are still taking some of the necessary steps that were outlined in that report.

Certainly, the creation in 2001 of the broad-based coalition known as the Racing Medication and Testing Consortium (RMTC) has made drug reform a priority and given the industry a vehicle to conduct necessary research and make recommendations.

In fact, the McKinsey Report served as the road map in the early days of RMTC.

The RMTC's Drug Testing Initiative, in particular, has made significant inroads, as we heard from Alan Foreman, an RMTC board member, at the Round Table Conference in August.

The six major recommendations of the McKinsey Report were:

Animal selection policy: adopt a new system built around testing 50 percent of the winners and other specific finisher categories.

Two states, Kentucky and Washington, are experimenting with this philosophy for the first time ever this year. There is still resistance to such a policy from many industry stakeholders but that could change if there are remarkable results in these two states.

Sample collection and documentation process: all steps in the sample collection process should be fully documented to minimize litigation problems and an industry-wide split sample process should be adopted to maintain fairness.

This has been almost universally adopted. There are almost no cases overturned anymore due to chain of custody issues and while the mechanics of the split sample programs still differ between the states, the opportunity is afforded in all.

Research and technology management: a national research program should be adopted to establish threshold levels; develop tests for drugs where current methods are inadequate; develop new tests for drugs; set trace levels for therapeutic drugs used in training; and foster better technology management.

This has been a major goal of the RMTC since its inception and RMTC is actively tackling the threshold research and support research for drugs where current methods are inadequate. RMTC has spent over \$1.5 million on research of this nature and significant progress has been made. It will never be a "mission accomplished" recommendation: there will always be new drugs, both therapeutic and non-therapeutic, so continually offering research support is critical.

Lab operations and configuration: labs should be consolidated.

This is beginning to happen, not as a result of industry pressure but due to the fragile budgets of state racing commissions, the demands of new technology and an ever-increasing number of drugs that samples need to be tested for. It will likely continue over the next five to 10 years.

Quality assurance: the industry should have strong quality assurance activities covering every aspect of the testing process, not just the testing labs, and the RCI should promote a certification process.

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The RMTC, as part of its Drug Testing Initiatives, has contracted with a company to provide, for the first time ever, an independent quality assurance program that will go into place in 2011. RMTC and RCI continue to work together on ISO accreditation for racing laboratories.

Responsibilities and penalties: a consistent system of penalties proportional to the offense should be established based on categorization of drugs into six groups ranked by degree of influence on performance.

The RCI Uniform Classification Guidelines for Foreign Substances was developed as a result of this recommendation and is still maintained and widely used today. The RMTC developed a logical set of model penalties based around the classification document and it is currently being used by over 20 states.

Looking back on the McKinsey Report today, it might just be that the report was ahead of its time. But there is no doubt that it has served the industry well.

Much of the progress we have made in the medication area in the past 19 years was due to the McKinsey Report.

"Seminal" is defined as highly original and influencing the development of future events.

The McKinsey Report was that...and has done that.

Matt Iuliano became the executive vice president and executive director of The Jockey Club January 1, 2010, after more than eight years as the organization's vice president of registration services. He oversees all matters concerning The American Stud Book and represents The Jockey Club as it interacts with industry committees and organizations, including the Thoroughbred Safety Committee and the Racing Medication & Testing Consortium. He previously served in several executive capacities at Churchill Downs Incorporated over the course of a 12-year stint.