

# CRITICAL FUNCTIONS ALL CASINO EXECUTIVES SHOULD CONSIDER TO BE SUCCESSFUL

By Bill Zender



In my line of business as a gaming consultant, I've been able to examine a number of casino operations from top to bottom. Some of these operations have been quite successful while others have been total disasters. What really separates the successes from the failures? After some thought, I've narrowed the reasons, or "tipping points," down to five critical management functions. Each of the following listed functions needs to be strongly considered by any management team, and the issues involved in each function used to examine your own operations. Take a moment to read the following five critical functions of the gaming operation and honestly consider whether your operation is strong or weak in these areas of table games and operations management.

## The Person Managing Table Games Must Know Gaming Mathematics

One thing that surprises me the most about the gaming industry is the number of people who hold positions of table games manager or vice president of gaming operations but don't know the basics of casino mathematics. Many of these casino executives are well-versed in game rules and procedures, understand how to properly schedule their employees, and read and understand their department's profit and loss report. They have worked their way up the system with a number of years of experience on the casino floor. However, when it comes to calculating a game's mathematical advantage, the specific dynamics that move hold percentage or the maximum loss exposure for a particular table game and wagering limit, they can't recite or compute the necessary answers.

This shortcoming isn't due to the lack of information available to the industry. Off the top of my head I can list a half-dozen books and websites that would provide this information, if only the executive took the time to research and learn it. If you wish to test your table games executive on his gaming mathematic skills, just ask him to list the basic house advantage for all your table games and your table games' side bets. If he gets 50 percent of those numbers correct, he is more knowledgeable than a majority of the table games executives. Unfortunately, we live in a time where emphasis is placed on saving payroll. A perfect example is the industry's recent acceptance ratio of table games per floor supervisor in an effort to save money. Because of this recent industry preference, key gaming management positions,

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such as table games manager and vice president of gaming operations, usually goes to the person who will accept the position for the least amount of pay. Who cares if they are not the most savvy with understanding table game numbers?

### Upper-Level Management Needs to Stop Making Operational-Level Decisions

People in upper-level executive positions have limited experience in table games and are usually out of touch with what's happening on the casino floor. These people really need to stop making operational decisions directly affecting the table games operation. The function of executive and director positions is to make strategic decisions for the gaming operation, not decisions that affect the operation of the games or staff. Upper management cannot conduct their tasks correctly if they decide to micromanage decisions in floor operations. For example, a friend of mine who is a table games manager at a Las Vegas Strip casino recently told me that he was ordered by the general manager to open \$1 blackjack games on the casino floor. He explained to his general manager in detail that \$1 blackjack games, even those structured with a 6.5 blackjack payoffs, will not produce enough revenue to pay the operating expenses, and forget about creating a profit. Even a table filled with \$1 or \$2 players would be lucky to generate enough revenue to pay the dealer's wages. His argument fell on deaf ears. Why? Because a couple of members of the company's board of directors thought it would be a good idea to attract business with \$1 games. It worked well in the '60s and '70s, so why not now? There's a good chance that upper-level management's micromanaging of floor operations is due to their inability to choose a competent table games manager in the first place.

### Marketing Must Stop Focusing on the Promotion's Success and Start Attracting Customers

On occasion, I analyze casino promotions and can't tell if the marketing department designs the parameters of a promotion so the casino operation will be successful or so that the promotion is successful. A promotion that attracts a lot of people and excitement is not necessarily a business success if it does not attract additional table games players and revenue (profit). If you offer a promotion not on the days it is needed to attract more customers, but over a period during which a majority of the customer would normally be at the property, that is what is considered a layered promotion. In essence, layered promotions create additional and unnecessary expenses. What I don't understand is why any property's upper management would allow their marketing department to design promotions that make the promotion appear successful at the expense of operational ineffectiveness.

One rule in establishing promotions is to never run a promotion over a peak time or during a special event; however, I see this occurring quite often in our industry. Several years ago, while conducting a table games evaluation for a Midwest casino company, I watched the name drawing of a weekly promotion. During each week, players at the tables and slot machines won promotional tickets when they received key hand or card combinations. These tickets were placed in a secure barrel awaiting the weekly drawing. On Saturday night, starting around 6 p.m., names were drawn from the barrel every hour until 10 p.m. The customer had to be present to win a cash prize, with names being drawn until someone who was present won. The casino was packed with players for the drawing. My question was, "Why Saturday?" I asked the woman who was in charge of casino marketing why the marketing department would hold the drawing on a Saturday, the busiest night of the week. Her answer was, "So the promotion would be a success." I quickly realized that she was more concerned with how successful the promotion process appeared, not whether the promotion brought more players into the casino. I'm surprised at the number of promotions, drawings

and tournaments that are offered during normally busy periods. All management is accomplishing is to spend money to bring in the same players who would be in the casino anyway.

### Executives Need to Wake Up and Realize Importance of Customer Service

The term "customer service" is a real buzzword lately in the gaming industry and rightfully so. In the casino industry, the traditional business methods for gaining a competitive advantage do not apply. One option for gaining a competitive advantage in gaming is to build a large beautiful facility with design attractions such as volcanoes, lagoons or integrated amusement rides. A second option is to provide the customers with optimal levels of customer service—better than the competition's. Most executive committees and directors understand this gaming industry principle and ordain one of these two practices, usually leaning toward customer service, which is perceived as the less expensive of the two options. The problem is once the decision has been made to offer better customer service, the function is passed off to middle management, and the process required to achieve an optimal level of customer service fails to receive future support from above.

In order to gain a competitive market advantage, one must strive to offer not merely good customer service, but optimal customer service. To achieve optimal customer service, the program has to be an enterprise-wide commitment starting with the executive level. It's equivalent to building an addition to your casino. It has to be planned. Budgets have to be established. Milestones of achievement need to be determined and met, and everyone has to be onboard with the project. This isn't something that will happen overnight. It needs to be a steady process that moves forward continuing into the future. However, unlike building an addition onto your casino, customer service is an ongoing project. There are no completion dates and no grand openings. Customer service programs need to be repeated and improved through the life of your operation. Failing to follow these basic requirements will relegate your management's efforts to a level of mediocrity. The chances of business success due to the level of optimal customer service is greatly increased when executive management accepts the program as their personal oversight responsibility, not relegating the process to unsupported middle management.

### Communication is the Primary Key to a Successful Gaming Operation

A quote from a famous movie from the early '60s is, "What we have here is a failure to communicate." What one would think is a simple task, the communication of one person's ideas or direction to another, seems to be the stumbling block in most failed projects and programs, gaming especially. Poor communication between executives and staff generally results in costly mistakes, program failure and poor employee morale. A number of years ago I worked as a management consultant for a casino in a western state. Previously, the casino had been rife with table game management who were weak in their employee relation skills. I told the incoming table games manager that all she had to do to improve morale was walk the casino floor and talk to her employees. Morale was at a very low point, but if she spent time on the casino floor communicating with the floor managers and dealers, the problem would quickly dissolve. Just talk to your people and let them know that you care about them and are willing to listen to their problems. Unfortunately, that advice fell on deaf ears, and morale never got better.

Don't forget that top-notch operational communication is a two-way street. Information needs to pass both downward from the top of your organization and upward from the bottom of your organization to be effective. Most floor operations hold pre-shift meetings for their employees, especially with their dealer. After witnessing a pre-shuffle

meeting between the casino shift manager and the dealers, I asked why the manager never asked the dealers if they had anything to say. The shift manager's reply, "Really? Like dealers have anything worth contributing." Dealers are the casino's first point of contact between the customer and the casino. Don't you think that customers talk to the dealers about problems and situations that can be improved to better assist the players? Dealers and floor supervisors have a lot to tell management, but unless management opens that upward line of communication, important information will never be passed along to the people assigned with making the critical decisions.

**Conclusion**

Based on my experience in gaming and working with successful casino operations, I've found the following critical functions of management that made the biggest operational difference between a successful operation and one of mediocre performance.

Hire a table games manager, or in a smaller casino operation hire a vice president of casino operations, who knows the numbers and percentages necessary to optimally operate the department. Electing to offer this crucial position to the "lowest bidder" will lead to a mediocre table games operation.

Keep executive management away from micromanaging the table games or slot departments. Have them stick to strategic business decisions and leave the operational decision making to the people on the casino floor. If the executive committee feels the need to make these decisions based on their lack of faith in their floor-level manager's ability, please refer to the previous bullet point.

Be sure that any promotion approved by the executive committee is not layered to attract the same customers who would normally frequent

the casino or another program or special event occurring at the same time. If your executive committee is not involved in making decisions regarding the construction of casino promotions, maybe it's time you should consider doing so.

The most effective tool management can choose to use in a competitive market is to strive for optimal customer service. Optimal customer service will give your operation a solid edge over the competition. To give your operation a chance at succeeding with optimal customer service, it must receive solid support from upper management and needs to be treated as work in progress.

The primary key to a successful gaming operation is management's ability to communicate their desires to the floor operation. "Failure to communicate" is the primary reason why operational disasters occur. In addition, it's important that communication is a two-way street, both up and down your organization's management structure.



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