

# TABLE GAME MANAGEMENT FOR THE SMALL CASINO, PART 3

By Bill Zender

**H**ave you ever been in a situation like this? You have been promoted to the position of table games manager at an eight-table casino. You gladly accept the new title and the nominal increase in pay. On Monday you walk down to the casino floor and look over your recent acquisition of responsibility. You are the manager directing the operation of a small number of table games. Now what do you do? In many instances, table games personnel are given the opportunity to oversee the operation of table games but have no idea what to do next. They may play with the scheduling or issue a couple of procedural memos, but they have no idea what to do to make the games more profitable. Doing nothing new or different is usually the course they take. Some new gaming executives may go as far as making changes, probably wrong ones, just so they can tell upper management they did something.

The new table games manager can make the biggest impact with upper management by focusing on issues that will increase the department's revenue potential. Notice that I stated "revenue potential." These two words translate into taking some action or change in game procedures that are instrumental in increasing table games revenue and net profit over the longterm. This does not mean that we stand in the pit, smile at the employees and pray that the games win. It means that the new executive is able to find ways he or she can increase game pace, reduce time-wasting procedures, utilize new technology correctly and develop the present table games customer to optimal playing capability. Following are some ideas that when used wisely will help increase the profit potential of your games and lead you on a path of successful table games management.

## Gaining Rounds/Hour by Increasing Game Pace

I can't emphasize enough how important game pace is to maximize an operation's revenue potential. The more hands you deal, the more decisions you achieve. The more decisions you achieve, the more revenue you earn. It's as simple as that. Many executives seem to focus on outcomes. I've worked for executives who believed in dealing more slowly when you were losing. This theory is so far off base it's not even funny. Even in a smaller table games operation, if you can achieve one more round per hour on every open table game, just one more round, you can increase your table game revenue by at least \$50,000 annually. Just look around the casino. I would bet you can find ways to pick up five or more rounds per hour per game. Following are a list of things to look for:

- How deep are you dealing your blackjack shoe games: cutting off two decks or one and a half decks? Change to cutting off only one deck, or, optimally, half of a deck (26 cards). If you think card counting would be an issue, please refer to part two of this series (*Casino Enterprise Management* magazine's November edition).
- Do you use a two- or three-pass shuffle? Reduce it to one pass. From the time the dealer breaks the shoe until the dealer burns the first card into the discard holder, it should take no longer than 90 seconds, even with your slowest dealer. You may consider adding multideck shuffling machines on the games that are active a majority of the day. The decision per hour gain will more than pay for the equipment lease.

- Stop plugging the unused cards from the shoe into the discards. All it does is waste time and add nothing to game protection because no one shuffle tracks a lower limit game for profit. You can also eliminate any pre-shuffle before placing cards into the shuffling machines on alternative games or single/double deck games. This is another huge waste of time.
- Don't allow your floor supervisor to fill/credit chips on the tables several times a shift. You only need to fill games at the end of the shift or as needed due to a heavy losing session. In addition, don't take forever putting the fills onto the table. If it takes more than 30 seconds to complete, it's taking too long.
- Conduct game pace audits (GPAs) to help weed out your slowest dealers. Once these dealers are identified, determine which dealing function slows their game and give them instruction on how they can improve their game speed.

These are just a few suggestions; the rest is up to you. While standing on the floor, look for procedures that slow down the game's pace. For example, while talking with a table games manager near the pit, I watched a deck change on an alternative game that took 12 minutes to complete. I asked the manager how often he changed cards on alternative games, and he replied, "Every two hours." If you were this casino executive, what would you do to gain back those lost, precious decisions?

### Adjusting Table Minimum Limits

When operating a smaller casino, the table games are usually limited to a maximum bet of \$200, normally no more than \$500 per betting position (in blackjack). Maximum limits are established to limit loss exposure and normally based on available bankroll, local customer base and management's tolerance level for risk. Most operators believe that establishing a safe but doable maximum limit is more important than the establishment of a minimum limit. Wrong. The most important wagering limit, by far for the smaller casino, is the table minimum. When the average bet rises, the casino table game revenue potential increases as well. Without establishing a high enough table minimum, management will have a difficult time operating the table games profitably. If the average wager is too low, the table game revenue will struggle to cover the corresponding operational cost. Many managers of smaller properties have trouble understanding why their games lose money month after month. Only in months when the pit games are holding such a high percentage that they break even with operational expenses cost direct labor (dealers and supervisors) and equipment (cards, shuffler leases, etc.). Forget table game promotions and player reinvestment incentive costs!

I've found that examples speak louder than writing when it comes to discussing numbers. The following is a table that illustrates the revenue potential of a blackjack game based on several variables: average bet per wagered hand; hands wagered per round; mathematical house advantage based on decks, rules, and player error in percentage; rounds dealt per hour adjusted for the number of wagering positions on the table; and hourly labor expense estimated by adding the dealer's hourly wage and benefits cost with one-fourth of the hourly cost for the floor supervisor. These variables are used to determine hourly revenue potential known as theoretical win (T-Win) and net return, also known as hourly profit. The net return is calculated before additional operating costs, such as cost of equipment, complimentary table service, table game promotions and customer reinvestments (comps).

The net return figures, calculated in Table 1, are hopefully "eye-opening" facts. First, if you decide to offer \$1 minimum games, you lost before you even started. Regardless of whether you are dealing to a single \$1 player and achieving 220 rounds of the table per hour or you are dealing to a full game and only dealing 54 rounds an hour, your best hope is to lose \$22 per hour, per game. This is not the kind of situation that will keep you employed as manager of table games for much longer. Even on a \$1 game, not all players will wager the table minimum, but if the actual average is either \$2 or \$3, you still don't stand a chance of creating a profitable situation. Your average wager per player will have to reach \$5 before the seven-handed game clears the break-even mark. Optimally, your game needs to generate an average bet of \$8 per player before you can expect to overcome your labor cost and start paying for any complimentary service and player reinvestment. Heaven help the dead games. (Note: Rounds per hour numbers used in Table 1 are provided by Tangam Gaming and were based on a six-deck shoe game utilizing a multiple deck batch shuffling machine.)

To get right to the point, \$3 minimum blackjack games break even when the average wager is actually \$6 to \$7, and the \$5

**Table 1: Net Return Based on Average Played Wager in Blackjack**

Avg Bet	Hands Per Rd	H/A%	Rds Per Hr	T-Win	Labor Exp	Net Return
\$1	7	1.50%	54	\$5.67	\$25	(\$19)
\$1	1	1.50%	220	\$3.30	\$25	(\$22)
\$2	7	1.50%	54	\$11.34	\$25	(\$14)
\$2	1	1.50%	220	\$6.60	\$25	(\$18)
\$3	7	1.50%	54	\$17.01	\$25	(\$8)
\$3	1	1.50%	220	\$9.90	\$25	(\$15)
\$4	7	1.50%	54	\$22.68	\$25	(\$2)
\$4	1	1.50%	220	\$13.20	\$25	(\$12)
\$5	7	1.50%	54	\$28.35	\$25	\$3
\$5	1	1.50%	220	\$16.50	\$25	(\$9)
\$6	7	1.50%	54	\$34.02	\$25	\$9
\$6	1	1.50%	220	\$19.80	\$25	(\$5)
\$7	7	1.50%	54	\$39.69	\$25	\$15
\$7	1	1.50%	220	\$23.10	\$25	(\$2)
\$8	7	1.50%	54	\$45.36	\$25	\$20
\$8	1	1.50%	220	\$26.40	\$25	\$1

minimum games will make money since they will generate a higher average wager than the \$3 games. That doesn't mean you need to eliminate the \$3 game entirely. You need to limit the number of games available and raise the minimums on the games you operate as soon as business levels allow. Minimum table limit management can be the difference between losing money and producing enough month-ending revenue so that your department contributes to the operation's bottomline.

One more item to discuss regarding table minimums: \$3 games keep the players in \$1 units, while \$5 games keep the players in \$5 units. When a \$3 game player presses his or her bet, it's in increments of \$1 (i.e., press to \$4, \$5 or \$6 bets). The \$5 game player presses his or her bet in increments of \$5 (i.e., \$10, \$15 or \$20). The fewer \$1 unit games you offer, the higher your average wager will climb, and the more revenue your games will generate. There is nothing worse than having your general manager questioning why on busy Saturday evenings your tables are filled with \$3 players!

## GAMING OPERATIONS ■ table games

### Number of Betting Positions/Table in Blackjack

There exists an argument about the number of betting positions on the blackjack table that are considered optimal for maximizing a game's profit potential. A number of years ago two different casino companies held gaming floor trials to see if a five-betting-position table would outperform the six- or seven-position tables. The trials failed miserably because they were flawed. The inaccurate trial results stemmed from a testing phenomenon known as the Westinghouse Effect. This situation occurs when the testers inform participants that their performance will be monitored and the result that management is expecting. Dealers were informed that their performance on a five-position table would be analyzed to see if it outperformed a similar output on a seven- or six-position table. The dealers accepted the analysis as a challenge, and in both trials, the month-long evaluations declared the five-position layout the winner. Once the five-position layout was put on the tables, performance went back to the normal pace, and in the end both companies changed the five-position layout out for the six- and seven-position option.

If you refer to Table 1, you will note that subject to equal wagering, the seven-wager result outperforms the single wager result every time. This is true even when the single wager per round is subject to 220 rounds per hour while the seven wagers per round are subject to only 54 rounds per hour.

If you have elected to use five-position layouts in blackjack, please reconsider your layout strategy. If you have six blackjack tables with five-position layouts, you have a maximum utilization of 30 player wagers during your busiest period. With seven position layouts, you can accommodate 42 player wagers. If your casino runs slowly all the time, don't worry about your layout configuration, but if you have busy periods during which almost every game is filled, more positions are better.

Is comfort the issue? Don't remove table wagering positions; remove chairs! I operated games at the old Maxim Hotel and Casino with seven-position layouts but with only six chairs. It allowed for more space for the players but still allowed for seven wagers. On the higher limit games (\$25 minimum limits) we used only five chairs with the same table layout arrangement.

### Using Break-In Dealers

Smaller casino operations usually employ people new to gaming. The industry refers to these people as "break-ins" since they are trying to break into the gaming profession. In many professions, the newer employees are brought along slowly, usually working in lesser capacities until they have gained the experience to move on to more advanced areas of their field. Smaller casino operations do not have this luxury. In smaller operations a person who is taught the basics of dealing cards is quickly introduced to the live gaming table. Where else can a break-in dealer learn the ropes of the profession but on active gaming tables? Many operations don't have the opportunity to spend the required time training and shadowing the break-in's performance on the table. Subsequently, break-in dealers create two problems: They make mistakes, and they deal at a very slow pace. When I broke in dealing blackjack in the 1970s, I couldn't believe the number of mistakes I made: pay-off mistakes, errors when reading the hand totals and problems with the dealing techniques as well. I didn't stop making mistakes, or at least reduced the mistakes to a manageable level, until I had been dealing for several months. You can't expect or request a break-in dealer to have a reasonable game pace either. If the break-in tries to

speed along the game too soon, it leads to more mistakes.

The important points to this issue are as follows:

- Don't push the break-in dealers along too fast. Let them increase speed based on ability.
- Don't put too many break-ins together on the dealing schedule. Your floor supervisor will have his or her hands full watching one break-in dealer for mistakes. Don't bury the supervisor with three or four new employees.
- Understand that a group of break-ins will reduce your revenue potential and hold percentage during the first several months. Breaking in one new employee at a time would be optimal.
- You need to work with the break-ins to better their skills. Look for game protection weaknesses in their technique as well. Evaluate and correct their skills and game pace on a monthly basis for the first six months to one year.

### A Comment on the Use of Match Play Coupons

Match-play coupons are primarily used as game starters. The player comes to the table with the coupon and matches the value of the coupon with live casino chips. The purpose of this coupon is to bring the player to the gaming table (game starter) and get them to reach into their wallet and buy-in for chips. This was a great table games marketing theory until someone took the time to calculate the cost of the coupon versus the return. In almost all situations, the use of match-play coupons as game-starters cost the casino far more money than what they are worth. The use of these coupons reduces wins; it takes approximately 40 more hands of play at the same bet to break even with the cost. Do all of your coupon players wager more than 40 hands per coupon? They would have to play at least that many hands for the casino to break even. Coupon use also increases drop; a \$20 buy-in that is not placed in jeopardy by the player becomes false drop. Based on gaming mathematic mechanics, any time you decrease win and increase drop, you lower the hold percentage. What's really troublesome is that almost every live game casino in North America still uses match play coupons. Some of those operations understand the cost but continue to give money away through match play. Save your casino operation money and eliminate the use of match play coupons as game starters.

Next month I will discuss the importance of customer service for the small casino operation.



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