

# Mistakes: The Best Lessons

By Buddy Frank

Jon Ralston is one of the top political reporters in Nevada. He started his career in the Silver State back in 1984 and has been writing or broadcasting ever since. Considered an expert, he's made frequent appearances on NPR and NBC. In 2017 he started a non-profit news service called the *Nevada Independent*. It is funded by charitable contributions (*I urge everyone to financially support good journalism like this in your local community*).



That's Jon Ralston on the right where he served as a co-moderator for the recent Las Vegas debates.

But as sharp as Jon is, he recently did a mea culpa: "Some bad news. I screwed up. It turns out that our planned online poker tournament runs afoul of Gaming Control Board regulations that prohibit charitable contests online. It also might have run afoul of Wire Act provisions. So we have to cancel. Thus do I narrowly avoid getting my name put into the Black Book."

As a fund raiser for the *Independent*, Jon and his team decided to hold a poker tournament with a \$75 buy-in. Due to Covid-19 and the Nevada Governor's "stay at home" campaign, they decided to make it an online event, rather than a standard "bricks and mortar" poker room tournament." Sadly, that violates Nevada law.

I wrote Jon a note when this happened saying "welcome to the club." This club is exclusively restricted to those who've "screwed up" a gaming or casino promotion. Despite the entry qualification, the club has hundreds of members and includes almost everyone who's worked in casino marketing (and a few general managers, too). If you're any good at all, you've made, and learned from, these mistakes.

It is these blunders (if they're not too egregious) that will make you a better operator. The lessons learned are like permanent tattoos on your memory that can, and will, serve you better than any successes.

While some younger readers may not understand the reference, us senior folks will immediately recall the episode of the television sit-com "WKRP in Cincinnati" called the "Turkey Drop." The station's Thanksgiving promotion



was to give away free turkeys. Their plan was to release live birds from a helicopter hovering above a shopping center. It ended in mayhem. Fictional WKRP newsman Les Nessman reported that the birds were shattering windshields and "smacking the sidewalk like bags of wet cement. Oh, the humanity!" The closing line of the episode was from the station's general manager who uttered, "I swear to God, I thought turkeys could fly." (check out the clips of this on YouTube.)

**(Lesson – Almost any promotion with live animals is a bad idea.** My personal episode was bringing a horse into the Pit to appear to play blackjack as a rodeo photo op. No one told me our general manager was allergic to horsehair. He swelled up like a balloon.)

While none of my other flubs were as dramatic as the “Turkey Drop,” they did leave a serious dent, not on a windshield, but on my reputation. Here are four casino highlights (or low lights) that I’ve been part of, or reported on, over the years. Like the WKRP incident, these all happened some time ago, but the lessons are as fresh as tomorrow:



1. Scotch Tasting – At Fitzgeralds Reno, I tried to take advantage of anything Irish or Scottish and make it into an event. Wine tastings were big with the fine dining crowd, so I dreamed up a Scotch Whiskey Tasting event. For \$20, you got 10 tickets: four blue; three red; two green and one gold. The “blues” got you a tiny sample of a blended scotch like Cutty, Chivas or Johnny Walker. With a “red,” you elevated to single malts like Bowmore or Glenlivet or a premium blend. The greens were for quality single malts like Oban and Glenfiddich 18s. With your one gold ticket could score a sip of an almost unaffordable Macallan or Highland Park 30. You may think the problem was that our guests were hit with DUIs or found passed out in alleys. Not to worry; the tastings were small and together amounted to less than a shot and a half with appetizers in between. My error was that I commissioned an expensive video shoot for a television commercial to advertise this terrific extravaganza. When we went to place the spots, the TV stations informed us that we couldn’t advertise hard liquor. That was a self-imposed broadcaster’s rule at the time (from 1948 to 1995). In other words, my production budget was blown on a commercial that never aired. While you could use those spots today on programs aimed at adults, be careful since there was another hiccup: “comp inflation.” Guests who were once delighted with a simple shot of J&B from the gun, were now unhappy

unless they could have a shot of Glengoyne 35 at \$3,000/bottle wholesale. It took a while for that disaster to subside.

**Lesson: Check the regs first** – right Jon?)

2. Cultural Colors – When re-branding the Player’s Club at one Southern California casino, the marketing folks came up with some beautiful designs for the new player cards with silver as the entry-level; gold for the mid-tier and gloss black exclusively for the high rollers. Production orders were placed, but before the new cards arrived a few of our Asian team members in the IT department told us that they associated the color black with “death” or “poop.” Not good! Indeed, Wikipedia proclaims, “Black is not the happiest of colors in traditional Chinese color symbolism, representing destruction, evil, cruelty, and sadness. The Chinese word for black is ‘hei’ which stands for bad luck, irregularity, and illegality.” The VIP customer list at this casino was filled with Chinese, Korean, Vietnamese and Phillipino patrons. A bright red was quickly substituted for the top tier color, but several thousand black cards ended up in the dumpster.



(Lesson: Research your audience.)



3. Loose Video Poker – As a new slot manager, I was frustrated that I couldn’t offer really loose video poker games (Nevada permits over 100% paybacks). This casino was a favorite of “advantage players” and they would use their poker skills (about three to four percentage

points better than average players) to make loose games into losers. It forced us to only offer tighter games, even to our VIPs. As a novice, I assumed that these pro poker players were a pretty “low-budget” crowd. It

was a stupid prejudice and, unfortunately, inaccurate. But I was clueless then. My grand idea was to offer extremely loose video poker with a liberal promotion, but only on \$10, \$25 and \$100 video poker machines. Surely, these pros couldn't afford to play those denominations. What a disaster. Not only did I learn that many of these advantage players were quite wealthy, those who were not, had sponsors (or backers) with unlimited resources to provide front money. After a day and a half of steep losses, I had to shut down the machines, fend off an angry mob and confess my stupidity to management. Today, I have many friends who are advantage players, and think I'm better than most at managing loose video poker, balanced by thoughtful promotions. That's largely because of the lessons learned in those painful 36 hours.

**(Lesson – Like #2, know your audience).**

4. Expensive Cures – For 60 years before the introduction of credits and bill validators, coins and tokens were king in the slot world. The biggest threat we faced was “slugs.” By the mid 80's, our first line of defense was a coin comparator. These were electronic devices that “compared” a current sent through a good sample coin/token to the same current sent through whatever a customer was dropping in the machine. If the electronic signatures didn't match, the coin would be rejected. These worked well and eliminated almost all the hardware- store washers and lead slugs from our drop buckets. But they weren't perfect. In the mid-90s, a company known as IDX came up with a vastly improved comparator. Just before the IDX salesman hit my office, I had been notified about a handful of high-quality slugs that had shown up in the drop that week. When he demonstrated his new device, it stopped all these latest fakes. I was sold. The best news was that they were only \$25 each.





At the last moment, I called 'hard count' to learn how many slugs we would be stopping with these new devices. The answer was an annual average of 152 phony one-dollar tokens over the last five years. Since we had 2,200 slots, for an investment of just \$55,000 ( $\$25 \times 2,200$ ), I could save us \$152/year. The payback would come in just 362 years! Clearly, it was a cure far more expensive than the problem.

**(Lesson – Make sure your solutions are practical and cost-effective.)**

This last lesson deserves more attention and can be applied in 2020 just as much as the mid-90s. I have seen countless "fixes" that in the long-run cost more than the problem. GMs have cancelled entire bus programs because someone saw tweekers getting off a coach. It's a classic case of "throwing out the baby with the bath water." Does the elimination of a few undesirables, justify risking revenues from hundreds of good players? There are far-better analytical solutions to get at this type of problem.



Another specific example was in 2013 when Ryan Tors, a corporate analyst at the Peppermill Resort Spa Casino in Reno, was caught using a "2341" key to spy on competing casinos. This was a standard key used for the electronic switch on the side of every slot machine. If you had a key (and they were easy to get) you could check the specific odds of any machine. Ethically, you should only use them on your own machines. While I'm sure there were many other violators, Tors was the one to get caught. The Peppermill was hit with a \$1 million dollar fine by gaming regulators. But it's the "fix" a few casinos made that makes them eligible for a "costly cure" award. To prevent a breach, they changed out all the keys and locks (about \$10 each) in their machines. What a waste. News of the million-dollar fine had already

made most 2341 keys disappear from slot director's pockets overnight. Besides, was it really worth \$10/machine to hide odds from your neighbor (in many jurisdictions, you can find this info on the internet)?

There are dozens more items in this category like:

- Not offering "Player Points" on shared-revenue machines.
- "Sweating" winners at the tables.
- Bouncing guests to multiple locations to redeem promotions.
- Getting rid of low denomination, low minimum bet machines to improve guest quality.

Again, the objective of this lesson is to always ask the question, "is the cure more expensive or more destructive than the problem?"

You could argue that it is just as good to learn these lessons without actually screwing up. However, that requires keeping informed (consider this a plug for "CDC Gaming Reports"), sharing with your peers and no longer skipping those seminars at the trade shows. Likewise, the "OK Boomer" movement may be fine for many millennials, but if you're an aspiring casino executive, us old fart veterans with our "good ole days"-stories can help you avoid a great deal of future embarrassment.

But if you still messed up, let me know. I'll send a club membership card via snail mail (once I think it's safe to go to the post office again).

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