

Sending the SOS

Gaming consultants come to the rescue when companies need an outside perspective

By Dave Bontempo

Call them fresh eyes, professionals flagging company problems from a distance, or architects propelling operators onto new, profitable paths.

But call them.

Gaming consultants provide casinos a detached, unemotional, yet critical look at their operations. They examine numbers, trends, charts and performance figures with no concerns for turf.

Their industrywide perspective helps consultants advise properties grinding out day-to-day operations. The gaming industry contracts numerous consulting companies.

Here are four that stand out.



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—Michael Soll, President,
The Innovation Group

The Innovators

The Innovation Group fashioned a long, storied journey in a relatively short period of time.

The company was a planning and engineering firm that grew into gaming feasibility and demand analysis through a transportation demand and urban planning perspective.

It expanded into providing economic and community impact assessments, and then forged business units as the industry developed in amenity services (hotels, meetings, F&B, entertainment) and strategic business planning.

Over the last decade, it entered the operations, consumer survey, and marketing analytics spaces, along with online gaming and sports betting. It leverages all of these service areas within tribal and commercial environments and with governments, operators and investors.

And now? A special assignment.

“Most recently we are applying all that we know and understand to help clients navigate their response to Covid-19,” says Michael Soll, president of The Innovation Group. “There is an opportunity to leverage this decline to rethink the industry and how it meets demand for a new generation of customers who are not as focused on traditional casino gaming but looking for more stimulating alternatives.”

The Innovation Group, like all consultants, must escort operators over the treacherous terrain caused by Covid. Companies can’t panic, although that’s easier said than done.

“At the most basic level, our clients are gaining enough confidence that they will remain open to forecast revenue on a go-forward basis,” Soll says. “But more importantly, we are defining the future with them versus waiting on a ‘return’ to normal.”

“We’re adapting physically and operationally to maximize opportunities and business productivity in marketing and in labor efficiencies, among other areas. We’re using the lull to plan for the next generation just as we were doing before, but with a new sense of purpose.”

“We say spend what you can in the highest value areas, and for our part, we strive for a project budget that makes them comfortable.”

Soll says his company continues to look around the corner and over the hill to deliver what its name indicates, innovation.

“We learned this from our founder, Steve Rittvo, who has an indelible imprint on the business today,” Soll says. “We also lead in the customization of and adaptation of our technical models. We are proud to have brought the now-standard gravity model to gaming, of course, but take even more pride in the updates and upgrades that maintain the leading model in the industry.”

Generational and technological trends, as well as playing catch-up with the industry, has been a company obsession. Its Emerging Leaders of Gaming program, coordinated with *GGB Magazine*, has been an important partnership.

“As much as our data analytics work and the application of our planning background is a specialty, our niche is as much the suite of services we offer as any one service,” Soll asserts. “And if there is a need we cannot fill, our strong network is activated for a seamless (but transparent) accommodation of our clients’ needs. Examples here would be the regulatory environment. We are not bashful about going to strong partners in these areas to bring projects together holistically.”



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A Unique Time for Strategy

Consultants have a viewpoint free from political pressure. They are paid to identify and weigh in on tough decisions.

"We have contributed to the gaming and hospitality industry for more than 15 years," says Steve Gallaway, managing partner for Global Market Advisors. "Consultants are privy to information from numerous jurisdictions, properties, and operators. This gives us a unique perspective and insights to any new or existing project.

"We are also most likely to have objective views and provide greater insight from an industry perspective, which ensures clients are told what they need to hear, even though it is not always necessarily what they want to hear."

This is the time they will likely hear what they don't want to. The supply chain has been interrupted. How can one purchase products without a market to sell them in? This is a period in which paranoia contracts finances.

"With the Great Shutdown, properties were initially concerned about the health and safety of their guests and staff as well as what levels of business they could expect to return," he asserts. "These concerns have now turned into questions like how to optimize the current situation and find ways to get patrons back into the casino given continued restrictions and new regulations. Regional gaming has seen the biggest 'V' shaped return, but large markets around the globe will see a 'checkmark' until access/lift returns as well as non-gaming amenities such as sports and entertainment.

"This is the time to take advantage of those competitors that are not spending money and up your casino's game in terms of understanding who your customer is, evaluating their wants and needs, and determining how to capitalize on market share. It is all about data, innovation, and conversation. If you can understand and act on all three of these items, you will be ahead of the curve as the world re-emerges."

Gallaway says that for new developments, the industry is less likely to see irresponsible money placed on development projects. This will allow developers a better chance to create a responsible project that is not based on over-commitments, preventing them from chasing market dollars later.

Gallaway has a realistic view of when the gaming markets will regain most of their lost momentum.

"I think we will find that the world will begin to normalize again in 2022, but there will be ups and downs experienced in the economy," he says. "However, gaming and hospitality isn't going anywhere, and people will always seek out fun. It is our job, collectively as an industry, to ensure that we continue to provide the best customer service, value, innovation, and quality entertainment. It will be vital for our industry to make sure that this occurs as we welcome back our guests."



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—Andrew Tottenham, Managing Director, Tottenham & Co.

A Worldwide View

Andrew Tottenham, the managing director for Tottenham & Co., began consulting in 1986. He obtained an assignment to headhunt a senior executive for a Las Vegas-based casino and was then asked by a Korean company to develop a casino in its Nairobi property.

Since then, the company has worked on five continents, with clients including major U.S. operators and a family-owned bookmaking business in Sri Lanka.

Tottenham says he has been extremely lucky in his career, being able to visit 74 countries, meet interesting people and experience different cultures.

Along the way, his company has thrived.

"Tottenham & Co. has a strong track record in three areas—project development, including market surveys, feasibility studies, etc.; buy-and-sell-side due diligence; and strategy development," he asserts. "We have been the lead consultant on four major IR projects, being the pre-construction development leads.

"We have helped a number of companies, mainly in online gambling, develop a five- to seven-year strategy," he adds. "Online gambling is evolving rapidly, and so is the regulatory environment. Scale matters, and if you don't have scale, how do you fit in? We have helped our clients answer the questions, 'What should our business look like in five to seven years and how do we get there?'"

Tottenham found a specialty niche in responsible gaming, which has risen from industry buzzword to regulatory mandate in recent years. As more people gamble, measures to prevent them from over-indulging have risen.

"I am extremely proud of having brought the U.K. gambling industry together to agree to fund what is now GambleAware," he says. "I could see that the Gambling Commission was getting frustrated trying to find a formula and a structure to get industry funding for research into, education about and treatment of problem gambling. I, along with Russell Hoyle, brought the major U.K. operators together and explained where we stood, and the likelihood of a mandatory levy if we did not agree to a funding formula and structure that the Gambling Commission could agree to.

"We presented a proposal we thought the Gambling Commission would agree to and got every company's buy-in. I took on the chairmanship of the Great Foundation and set in motion what became GambleAware."



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—Andrew Klebanow, Founder,
Klebanow Consulting

Rich History

Andrew Klebanow has an extensive background in gaming, providing the vantage point to serve it as a consultant. He established his own company in 2001, helped form Gaming Market Advisors in 2005 and sold that ownership to work as an independent consultant via Klebanow Consulting last year.

Klebanow has worked for seven casino companies, including the positions of general manager and vice president of marketing. He visited over 1,000 casino properties in 15 countries and completed assignments for around 300 properties.

“My firm focuses on four key areas: property analysis, market research, educational seminars and traditional consulting services that include expansion studies and strategic planning,” he says. “I also take on special projects.”

“I was once tasked with evaluating the competitive casino environment in Southeast Asia. I visited 46 casino properties in Cambodia along with those in Macau, Vietnam and Malaysia. This involved a lot of time riding on buses, rental cars, and experiencing a few overland border crossings. That last one is not for the faint of heart. There is nothing quite like sitting in an immigration office on the Thai-Cambodia border without the right documents and wondering where you might be spending the night.”

Klebanow says a good consultant can identify business problems, perform the appropriate analysis, speak with many people and provide solutions. A great consultant knows that he or she is not a specialist in every field. That is hard, he says, because it often means turning down work or finding other consultants to collaborate with.

Klebanow considers identifying and solving business problems the chief contribution of consultants.

“There may be inefficiencies in marketing or in operations that require an outsider to identify,” he asserts.

“I recall once assembling a consulting team for an operational review. A team of five consultants spent a week on property. We looked at casino opera-

tions, the hotel, food & beverage, public areas, security, IT and engineering.

“Each night, the team met for a de-brief and we each found similar problems. Slot machines were down because of a lack of parts. The pool was closed for several months because it needed repairs. The surveillance department could not add more cameras because its video hub was at capacity. As one of my colleagues stated one evening, ‘Sooner or later all these roads are going to intersect at one person’s desk.’

“He was right. Unfortunately, that desk was occupied by casino’s owner. It was my task to write a report and identify that person as the business problem. The owner ultimately realized that a casino property requires maintenance capital, and deferring those expenditures has consequences. It affects morale, profitability and guest experiences.”

Covid has put a unique twist on a familiar gaming dilemma. What offerings are appropriate for a given market?

“The pandemic has forced operators to close their entertainment venues, close or change how buffets operate, and shutter their convention facilities,” he says. “This has had an unexpected yet positive effect, even as top-line revenues have diminished.”

“Operating margins are improving. Gamers are still visiting their preferred properties. Those who visit a casino primarily for a meal or a show are not. Operators are now asking, ‘Do I need that buffet where I lose money on every meal that I serve? Is headline entertainment really worth the expense?’

“What do people who enjoy gambling want to see in order for them to feel safe and comfortable? Are temperature checks and hand sanitizing stations enough or are greater safety protocols required? What customers perceived as important 60 days ago may not be important to them today. This is why it is more important than ever to gauge customer opinions, and to do so often.”

Klebanow draws an interesting parallel between the emergence from the pandemic and the Great Recession.

“As the country emerged from the recessionary period of 2008-2009, operators dramatically increased marketing spends in order to get customers back and move market share,” he says. “That caused a change in customer expectations. They learned to expect ever higher amounts of free play and they tended to go to those casinos that gave them the most. The result was an erosion of margins. Astute operators will realize that they will not be able to buy their way out of this situation. The smart ones will listen to their players and continue to focus on safety.”

These four companies have a challenging task now. They seek to help companies stay lean and mean, yet unafraid. Consultants assure the industry that storms can be weathered, because they’ve already seen it.