

HERDING DUCKS: A BIRD'S EYE VIEW OF A FULLY FUNCTIONAL MARKETING DEPARTMENT

By Nicole Barker



It's hard to get all your ducks in a row if everyone's quacking at the same time.

Hotel operations, revenue management, planning and analysis, casino marketing, direct marketing, special events, table games, and slot operations—you may have all of these departments or a handful of overwhelmed multi-taskers.

In a perfect world you would have an immense team of highly qualified specialists. Let's say it's a perfect world. How does one align his or her expertise? How does one role feed another? How does each department contribute to the bottom line? Take a moment to bask in paradise, and then let's see how we can scale it back to meet your day-to-day reality.

You're the COO of your organization, right? You own the place, right? You autonomously make *all* the decisions, right? Yeah, right—few do. The first thing to do is secure yourself as the captain of your own domain. At this very moment you need to commit to managing the people above you, below you and beside you better.

How Does a Boat Sail Into the Wind?

It's called tacking. Pick a point—any point—on the horizon. Ironically, that point can't be directly into the wind. We'd all like to have 10-ton engines down below, but in this example your boat is wind powered. Expect a zigzag pattern for a wake. That may seem frustrating. You may not be heading in a straight line, but at least you're going somewhere.

In most cases, we're winging it. That's the biggest problem at struggling properties. Few people know why they show up to work in the morning. No team can form, no cohesive effort made, no progress achieved without something for everyone to shoot for.

Herding ducks is about picking a point and heading in that direction. Have you had significant leadership changes within the last five years, within the last three, or within the last month? New leadership generally takes a buckshot approach to bettering your business. Trying to accomplish every initiative at once may just send every man overboard. As captain of your own domain, it is your responsibility to impose selection on your leaders and upon yourself. Prioritize the points on your horizon and focus on getting there one tack at a time.

How Do You Boil a GM?

Slowly, just raise his temperature over time. Your town has hit rock bottom. Your GGR is in the toilet. Your floor is empty. Your employees are disappearing. This doesn't happen overnight. More often than not, it's a slow death. It's very easy to shop externally for excuses. You and your casino will become victims of recession, gas prices and other external factors if you don't know historically what your performance has been.

After assuming a commanding position and prioritizing your next move, the second thing to do is to focus on your internal metrics. Get your historical bearings with weekly, monthly and quarterly results. Look at your previous year, previous quarter and previous months comparatively to your current situation. Set goals for your entire organization, and then specifically for your department. Without targets, headings, or otherwise, you are rudderless and will not know if the temperature is rising or falling. Herding ducks is not about finding external factors that affect your performance; it's about owning the factors under your control.

Count Your Eggs—Before, During and After They've Hatched

You can fill pages and pages of spreadsheets to fulfill all your quantitative desires. For the marketer in the gaming industry, you're one lucky duck. Few fowl have the abundance of customer data like you.

First and foremost, your player data means nothing if less than half of your players are being tracked. Pair your tracked percentages with a snapshot of the expected lifespan of your loyal customers. You want to be sure that your pipeline of devotees is robust, with a healthy cross-section of new and aging players. Acquisition programs fill the pipeline and retention and bounceback programs manage it.

Everyone on property may consider themselves a marketer. However, only a marketer is responsible for the results of her own promotions and direct marketing campaigns. A strict proforma and post-performance profitability analysis is a quantitative process that is a requirement for casinos large and small. If you can't count it, don't do it. Too much planning, forecasting, and success is measured by the guts of the stakeholders inside and outside of the marketing department. Put the numbers on the table and then decide whether a promotion should be run or whether it should be run again.

Herding ducks is about staking claim to measurable targets and owning the results. In this fashion, one gains credibility for both her wins and her losses. Either way, hearsay is replaced by tangible facts and figures.

Call Your Shots

Even if no one else under your roof is willing to risk it, call your shots. Announce your goals for the upcoming quarter for your department and for each and every promotion. Follow up by reporting your results—good or bad. No matter what your title in the casino, position yourself as a mini turn-around specialist. If your colleagues know what they're contributing to, they will be more willing to help along the way. If your quarterly and annual plans are made public to the key stakeholders in your casino, you have the ability to put all your results in context. Not every slow day requires a Hail Mary pass. Perhaps a slow day, a slow week, a downturn in GGR or an unprofitable promotion is okay if you can contextualize the result amidst the bigger picture of what needs to be accomplished.

Remember that you won't be able to align yourself as a marketer with your colleagues in hotel operations or casino operations if you don't have goals that you all share. You may be elbowing each other constantly, squawking over the transfer price of a hotel room or the necessity of yet another slot tournament. All of you are profit centers.

Marketers have not always been viewed as profit centers. Marketers just throw parties, right? Wrong. Marketers become profit centers when GGR is tied to the players who redeem direct marketing coupons or participate in promotional events. This only holds true if coupons and promotions are profitable. This only carries weight if control groups are set aside. It doesn't take a mammoth database to set aside a subset of players from a mailing or promotion for a period of time to test whether your marketing initiatives affect play.

GGR and hotel occupancy are two metrics that hotel operations, casino operations, casino marketing and direct marketing share. Carve out responsibilities for both to be delivered by each department and you have alignment. You will then all know the size of the nut that you need to cover. If one entity falls behind, the rest are poised to pick up the slack. This makes for a more transactional relationship. I help you, if you help me. At least at this point you all know how much.

The Peter Principle

Laurence J. Peter and Raymond Hull published on the "Peter Principle" in 1968. In short, they theorized that organizations eventually are populated with employees who have reached their maximum level of incompetence. If an employee does his job well, he will be rewarded with a promotion. Eventually, he will be promoted beyond his abilities. It's very hard to align people in your organization if a great number of employees either have no experience in their jobs, no expertise in their disciplines, or no skills as managers or supervisors.

This theory isn't about incompetent people. It's about a gap in training and a lack of articulation about what the skills, expertise and personal qualities that positions within your organization require.

Cultivating a strong department requires several things. First, it requires a complete set of job descriptions that outline the scope of each job, the skills and competencies that are required and an honest assessment of the kind of person who would be happy in each role. It's good to hire enthusiastic people who have demonstrated their abilities in other departments. However, set aside a training budget to fill in their gaps. Be realistic about whether the position requires a detail-oriented person or a creative thinker, involves extensive customer interaction or more autonomous back-of-the-house activities, and whether a multi-tasker or a specialist would succeed.

An attention to career flow within a department also supports continuous alignment. There must be a clear path of development and promotion. Coordinators and specialists provide the task-oriented support. As one travels up the food chain, supervisors and managers do less and coach more. Complex tasks and problem-solving flow upward in order to make way for direct reports to get their tasks done. As directors become vice presidents, the focus turns to strategy, quantitative analysis, and the awareness of market changes, external threats and opportunities.

Job shadowing and informational interviews allow for employees to get a feel for their potential willingness to serve in other departments. Offer prospective candidates the option to sit in on a few meetings or take on smaller cross functional projects to qualify their interest and test their capacity for adaptation. It takes effort to build a strong department in an environment that is more akin to musical chairs or game of "not it!"

I know it would be nice for everyone in your marketing department to be a specialist in casino marketing, direct marketing, promotions, public relations, advertising and reward programs. You probably don't have the office space to support such a mammoth team of specialists. Expect to outsource a portion of these responsibilities. Choose wisely and manage closely. Each discipline requires a unique set of skills because each performs a separate service at a different point along

the relationship cycle with potential or existing customers. Be wary of those who have no experience in gaming, but explore expertise that could freshen up stale gaming approaches.

The best advice to give when scaling back the paradise of a fully functional marketing department to meet your day-to-day marketing needs is to take care of your database person. Data is perhaps the most valuable tool that you have in your arsenal. Protect the quality of its input. Hire skilled people or train existing personnel constantly so they can extract and manipulate your data expertly. Create some redundancy in the understanding of how you pull your data to populate your promotional and loyalty marketing efforts. Obsessively notate how you extract and manipulate your data. Create consistent reports to track your efforts. At the core of these efforts are a strong database person and a trainee waiting in the wings. Pay these people. Attend to these people. Train these people. Data people are hard to find and harder to keep. Your strength as a marketer and loyalty driven company teeters on the quality and management of your data. If you scale back your marketing department and outsource marketing functions, be sure to hold your database dear and your database analyst closer. In a two man team, she is definitely the one that you want by your side.

Herding ducks is about surrounding yourself with enthusiastic people who are hungry to learn and improve.

Planning

If you can't turn off your cell phone for half a day or three days, then you have a problem. Managers within an organization need to tear themselves away on a regular basis to plan. Why doesn't this happen more in the gaming industry? It's not because we're open 24/7. It's not about being too busy. Cell phones, voice mail, text messaging, e-mail and endless meetings are all supposed to be tools to manage our lives better, not weapons of time destruction. Prepare your people, turn off your BlackBerry and get out of Dodge.

The biotech industry is not that different from gaming. It's highly regulated. It has long development cycles for new products (not unlike the wait time for new casino floors, hotel rooms and restaurant renovations). And in most cases, it operates in a highly competitive environment where price is relatively fixed. When I was a product manager in biotech, we left the office once a quarter to plan.

As managers of different products, we presented to each other about the opportunities and threats that we saw in our industry for our products. We exchanged feedback on best practices and identified roadblocks to the pressing issues affecting our interdependence. At the beginning of our fiscal year, the head of the marketing department, alongside the president of our company, announced the overall strategy and goals for our entire organization. Quarterly, as product managers, it was our responsibility to distill these strategies and goals down into objectives and tactics. As we rolled out our individual programs for the upcoming quarter, we had the opportunity to hear from our colleagues about potential obstacles and operational blind spots. The exchanges could be heated, and the criticism was fierce. However, I'd rather hear it from my colleagues than from my customers, so the bruises were only skin deep.

Admittedly, putting together endless presentations can make you want to pound your head on the desk. Stay cool. This process is one most marketers skip. The process of committing your plans to a particular format and then owning them in front of an audience is invaluable. The object is to make you prioritize your plans and to align them with departments that you would not normally consult daily, weekly, or monthly. If you get buy-in from other departments quarterly, you may not need to micro-manage them daily.

Consider presenting your plan and select metrics to all employees

quarterly. It may take three sessions over multiple days to reach all shifts. Reporting on progress to your employees should be a part of your plan. It's motivating to treat employees as stakeholders. Their feedback may also help to fine-tune your plans. No one knows your customers and your operations quite as well as your employees.

Quack Management

Well laid plans can be derailed by interdepartmental rivalries and explosive growth. Clearly communicate the casino's priorities, base the measurement of performance towards these priorities with a series of metrics and you will find that interdepartmental rivalries will fade over time. Refocus the tension found between departmental heads towards a mutual goal. Turn the tension into a healthy form of competition. Have the combatants duke it out to win prizes and departmental awards for better performance. Each will have to work together in order to succeed.

Plans for renovations, more hotel rooms or a larger gaming floor sound exciting. However, growth is perhaps the most dangerous time for a misaligned organization. No one may actually know why you're creating all the dust. If your employees don't know why, then your players definitely will not. More is not better. Growth should only occur on top of the solid bedrock of a brand concept and service expectation. Are you a slot house or a spa? Do you want to be a resort or a place dedicated to gaming? These are not exclusive of each other, but be careful. Each department needs to know its role in supporting the expansion. How does this affect how each department is expected to contribute to filling the hotel rooms? How is each profit center going to grow GGR commensurate with the expansion? If you're selling your spa and resort facilities, but still expecting your players to contribute the most to your bottom line, you may have an identity crisis on your hands. Just because a player can get a mud facial, doesn't mean that she will want to leave her slot machine to do so on a regular basis. An amenity shouldn't dictate the true identity of your casino or disrupt the driving reason why your customers visit you. If you don't know who you are, a prioritized list of goals means nothing. Align your revenue expectations, your brand concept, and your reinvestment before you break ground or else you may not know what to do with the added amenities.

Herding ducks is about a lot of things. First take command of yourself and your role within the organization. Prioritize your goals and manage the expectations of the people you serve, those who serve with you and those who serve for you. Next, call your shots publicly. Report on your successes and failures. Get off site to plan. Let quantitative reports and findings be the basis for debate, not emotion and guesswork. And finally, celebrate your brand, your plan and your colleagues. If you weren't working with a bunch of quacks this would be half as much fun.



For more information about how Harrah's Entertainment Inc. excels in Herding Ducks during its coveted Hotel Ops meeting, go online to www.casinoenterprisemanagement.com.

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