

[Skip Navigation](#)



SO MUCH MORE THAN JUST TESTING



Global Gaming Business Magazine

**Vol. 11 No. 5, May 2012 - [Print the Vol. 11 No. 5, May 2012 Issue](#)**

**[Vol. 11 No. 5, May 2012, Management](#)**

## Talking Tables

By **[Randall A. Fine](#)** *Wed, Apr 25, 2012*

Table games yield management: How to make more money



Over the past 30 years, technology has revolutionized so many parts of our business. From player tracking to ticket technology, to advanced database marketing, to name just a few, we have used each of these new technologies to increase the profits we can drive within our four walls.

Yet, one particular area of most casino properties is run in much the same way today as it was in 1950 or 1980—the pit. When determining what game mix to offer, how many tables should be open, and what their minimums should be, most operators still use "gut" as the driving force.

I sit on the board of Tangam Systems, a pioneer in the development of automated yield management for table pits. It is a great business, with a lot of traction. Recently, the Tangam team sat down with Lance Young, the director of table games at the Meadows Casino, outside Pittsburgh, to obtain his perspective on yield management after he implemented Tangam's table games yield management system (TYM) a year ago. Young is a 15-year veteran of table games, having started in Las Vegas as a dealer and worked his way up the corporate ladder. I found Young's comments insightful and worth sharing:

Fine: Has yield management of your table games impacted your bottom line?

Young: Yes! At the Meadows, we saw about a 10 percent increase in our bottom line, while we increased our drop and hold percentage. We also estimate about \$30,000 per month in payroll savings from improved labor allocation.

During this period, did you have any other initiatives or marketing spend increases that could have also contributed to these number increases?

The bottom-line increases are mostly from our yield management initiatives. In fact, we decreased our marketing dollars on table games during that time.

Have you seen incremental revenue increases with better table spread planning?

Yes, we have. We have a good mid- to high-end market here, and we cater to that clientele pretty heavily. Using an automated yield management tool allows us to consistently provide the ideal occupancy level for each segment as well as game availability. Players recognize that and come here to play. Obviously, when the players feel more comfortable, they tend to stay longer and play longer. The result to the casino is increased revenue, hold percentage and drop. Also, by being more efficient with your spread, you're able to maximize profits with tables open only when you have the demand.

Have you received any type of feedback from your customers since you have improved availability?

We have a mostly locals market, and get a lot of regular repeat customers. We have been told that they come here because they're comfortable, and the games and price points they want are always available. We've seen significant growth over the last eight months in the \$50 average bet and above segments, and we attribute a lot of it to having availability.

How were you planning your table spreads, schedules and betting minimums before you implemented the yield management system?

Before the yield management system, we would manually look at historical head counts per game and drop figures per shift, and plan our spreads according to those numbers. We would also use the gut-feel feedback from managers on the floor. We relied heavily on them to adjust on the fly with their gut-feel on business volumes. Then, we would go back and analyze the number of games for each shift and plan our spreads that way. It was similar to how many operators do it today.

Did you compile this information in a spreadsheet to help you analyze it?

We used to create our own spreadsheet matrix with head counts to drops, and used it to analyze what we needed. It didn't track by each game minimum. It only tracked by total game types.

What other challenges would you face with the manual spreadsheet approach?

The reaction time for setting schedules was slow. By the time you put the schedules together, analyzed them, and reviewed with the scheduler, you're already weeks behind the current data.

How did you schedule folks before you had the yield management system?

Before we had the system, we would manually figure out how many games we needed and have a Monday-Thursday spread, Friday spread, Saturday spread and Sunday spread, and it would be pretty much the same numbers week in and week out. Obviously, we would look at seasonality, but we would tend to over-schedule a little bit to be prepared for changes in volume. With the yield management tool, we've been able to adjust the spread more frequently and stagger schedule start times to better meet the demand.

Was the previous approach more time-consuming?

Definitely more time-consuming. Our scheduler was always very busy trying to keep up with changes, collecting the information, trying to analyze all that data and seeking approval for each shift by the shift managers. It was a two- to three-day process per shift and it would always consume a great deal of their time.

Now that they have instantaneous analytics, how have they refocused that time?

The speed and precision of decision-making has improved. The scheduler is now able to make independent decisions. They now have all the data and can review trends daily, weekly, monthly, quarterly and even look at data from the previous year. All the insights and data are available within seconds. Completing the schedule with the shift manager is done in an hour, as opposed to a two-day back-and-forth conversation.

Can you describe what it was like to open tables at the Meadows with folks from all over the country? What challenges did you face before the yield management system?

In Pennsylvania, they did not have table games prior to us, so we had a lot of different philosophies on how to manage spreads and minimums. We had pit managers from Atlantic City, Vegas, the Midwest and California that had all done it differently, and rightfully so, since different markets have different ways of adjusting their spreads. The philosophy of when to change the limit and occupancy on games was different, and we struggled with a uniform method of suggesting when a limit needs to go up or down, or when we need to close or open more games.

Now that you have a yield management system, are your customers getting the same experience even though you had the different philosophies?

Yes, our customers now have the games they want, and higher-limit players are offered a comfortable gaming experience. I think a lot of operators' hourly staff and supervisors believe that if every seat is full, it's great. With the yield management system, we were able to train our staff that, depending on the minimum and type of game, we want less players, to give them that comfort and offer more privacy. The tool gives our staff recommendations, which ensures consistent decisions. The training together with the tool has allowed different managers and supervisors to see the reasons and statistics behind the philosophy.

Why is it important for operators in today's economic climate to look at yielding table games?

In my opinion, as more casinos open and the marketplace becomes more competitive, along with the added pressure with the economy, most operators are feeling more pressure to increase their bottom line. So, they need to look at analytic tools like TYM that will improve speed and precision of decision-making, and help drive bottom-line growth.

What questions do operators need to ask themselves today, to determine how well they are yielding and how much of a gap there is?

Every property goes through those same challenges with manual spreadsheets, slow decision cycles, gut-feel decisions and scheduling. Analytic tools helps them overcome these challenges. Operators should look at how often they change their game mix, spread and limits, to match fluctuating customer demand. I think that most operators look at an overall occupancy of 65 percent-70 percent depending on the markets. It's a good occupancy target overall, but you have to ask if you are being efficient planning the spread to the players that you have. For instance, at mid- to high-tier, the occupancy goes down to optimal range of 25 percent where you get the most value out of that player. It's important that operators look at each tier's occupancy level and adjust to that level.

What can a table games director do now, to improve awareness in his or her organization about table games yielding if they don't have budget to invest in new tools like TYM?

I think it's very difficult for any operation of any size to get everyone on the same page, and for most floor supervisors, yielding is not a high priority. Help staff members understand why you're looking for a certain minimum on a certain game and when they should change a limit or open more games to maximize their floor based upon the demand at that time.

Now that yield management is a part of your day-to-day operations, can you imagine going back to manual methods?

No. I think all operators will eventually be using a yield management system. The analysis and insights that you get in a real-time application are invaluable.

By Randall A. Fine



Randall A. Fine is the managing director of the Fine Point Group, one of the industry's leading strategic consulting and management companies, which serves clients that generate more than \$5 billion in gross gaming revenue. A former senior executive at both Harrah's Entertainment and Carl Icahn's gaming company and the former chief executive officer of the \$350 million Greektown Casino, Fine holds both his undergraduate and MBA degrees from Harvard University. He can be reached at [rfine@thefinepointgroup.com](mailto:rfine@thefinepointgroup.com).

Please [login](#) to post your comments.



[GGB Magazine](#) | [GGB News](#) | [iGamingPlayer](#) | [Casino Design](#) | [Tribal Government Gaming](#) | [GGB iGames](#) | [Casino Connection](#)

**Copyright © 2015 Global Gaming Business Magazine • Press Publisher Online Publishing System**