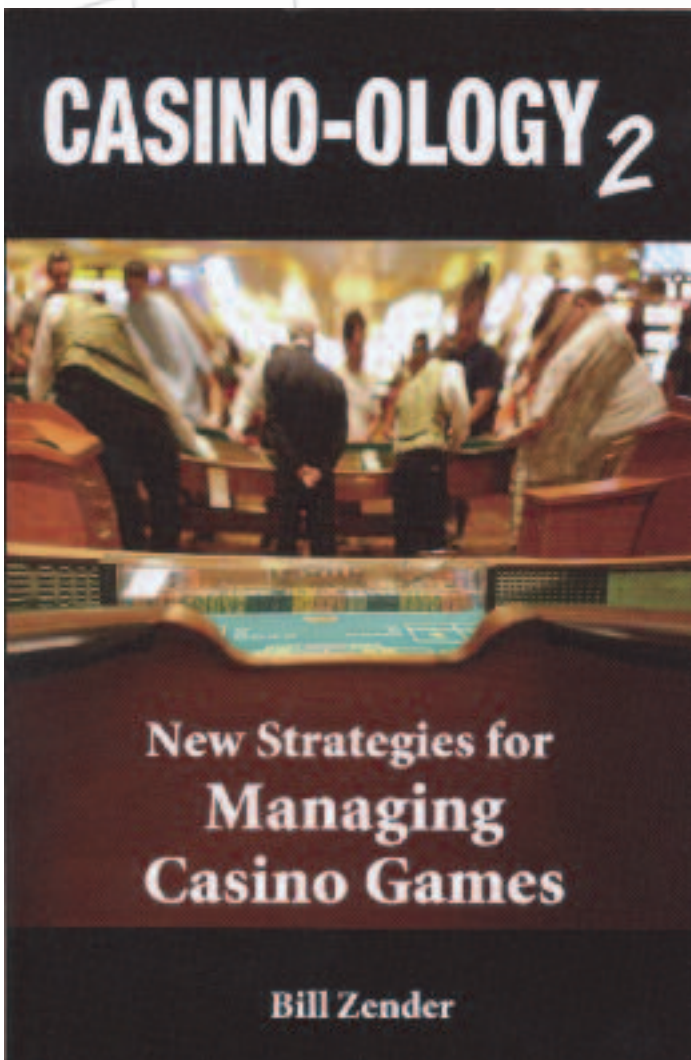


A BEST BET BOOK: A REVIEW OF CASINO-LOGY₂

By Eliot Jacobson

The following is a review of Casino-ology₂, New Strategies for Managing Casino Games, by Bill Zender, copyright © 2011, Huntington Press.



When thinking about the broad landscape of issues that face casino game management, the main problem is getting fact-based, useful information. With the proliferation of casinos and the widespread increase in numbers of those involved in game management, there *should* be many good sources available to address management questions. However, that is simply not the case. Maybe it's because the industry is still very young, and maybe it's because gambling is a tough business that involves complex decision making and advanced mathematical understanding, but either way, the result is that there is a lot of nonsense out there that passes for good advice and very little actual good advice.

Without a body of literature to consult, many casinos result to hiring consultants. The amount of money spent by casinos in search of guidance and decent training is extraordinary, especially given the truly poor quality of what they usually get. Whether charismatic preacher, flim-flammer or detail-man, many consultants pass rhetoric off as substance, mythology as wisdom, and spreadsheets as advice. Simply put, there is a genuine need for consultants who "know their stuff."

And that's where Bill Zender enters the picture. Zender shares his knowledge in a way that is at once respectful, easily understood, intelligent and valuable. Zender always has a specific management problem in mind when he offers solutions. He recognizes decision points before he gathers data. He knows the hidden costs and benefits. His analysis is as simple as it is compelling.

Over the last few years, Zender has been a prolific writer, penning dozens of articles for trade magazines (including the one you're reading now) and websites, as well as for the e-zine on his personal website, www.lastresortconsulting.com. Over time, these articles have created a compendium of practical advice. Zender's first collection of articles, *Casino-ology*, was published in 2008. As David Schwartz said in his review of that book, "Virtually any expert peddling a theory can set himself up as a consultant; finding someone who truly understands the complex mix of variables in the gambling business is both rare and valuable." Zender is indeed this person. The book reviewed here, *Casino-ology₂*, is Zender's follow-up to *Casino-ology*, containing articles mostly written since 2008.

Casino-ology₂ includes articles grouped into three broad categories: casino management, game protection and table game management. There are also some shorter thematic groups, for example, side bets, dealing baccarat and promotions, which should be read in order. For the most part, however, the articles are logically separate and can be read in any order.

If *Casino-ology₂* does have a central focus, it is the effect of the poor economy since 2008 on all aspects of casino game operations. The chapter "What Effect Does a Bad Economy Have on Hold Percentages?" tells the story of the specific ways that players have changed since 2008. They play with scared money. They don't wager as much or for as long. They put at risk less of what they buy-in for. There's a huge drop off in "entertainment" gamblers. The chapter "Using a Gaming Consultant to Tune-Up Your Operation During Slow Economic Times" is not meant as a self-promotion. Rather, it gives meaningful ways that a consultant can help, including game mix, effective promotions, and time and motion issues. As Zender says, outside consultants have a vantage point from which to tell the difference between "operational fat" and "operational efficiency."

Zender has two management themes that are frequently reprised in his writing. The first is management's overuse of *hold* in making decisions. The second is management's irrational fear of card counters. This book contains ample selections on each theme. In his opening chapter, "Live Gaming Calisthenics," Zender writes: "Many executives live and die by their games' hold percentages ... " In the chapter "How to Catch the Elusive North American Card Counter," Zender writes: "Amateur counter wannabes and most semi-professional counters have no real long-term effect on your blackjack games' overall performance and should be ignored." Zender gives this advice with candor and confidence.

I particularly liked the chapter "Being Superstitious: Is it Costing Your Live-Game Operation Money?" Many casino dealers, floor supervisors and table game managers hold on to provably false beliefs. They don't bother to learn basic strategy in blackjack. They don't know the house edge for their games. They don't understand volatility. Zender's synopsis is dead on: "Gambling superstitions and game sweating are a byproduct of ignorance." Zender tells the story of a roulette supervisor who believed in "lucky balls" and another who believed in "lucky dice." He shares the emotional impact of a supervisor who always changed out "hot dealers." Most enjoyable was the tale of the supervisor who based his game assignments on "biorhythms." Zender's point is that these false beliefs cost true money when they lead to "counterproductive actions and procedures."

Perhaps Zender's clearest strength is his understanding of game protection. His two books *Card Counting for the Casino Executive* and *Advantage Play for the Casino Executive* lay out the fundamentals and value of many of the modern methods of attack. In *Casino-ology*, Zender continued with articles on card counting, shuffle tracking, marked cards, false shuffling in baccarat and past-posting in roulette. In *Casino-ology₂*, Zender discusses card counting on Spanish 21, using iPhones, and card edge-sorting techniques. Additionally, he offers details of the mathematics of the wild swings that gambling can produce. There are times that management is convinced there must be something funny going on, but the truth is that sometimes players just get lucky. Resources spent tracking down a non-issue cannot be used to consider the real problem that's happening in the next position at the table.

Another key point that Zender makes concerns the default house edge for blackjack. On a recent consulting trip, I observed that, for the purpose of determining a player's theoretical win, a casino's blackjack house edge was set at 3 percent for its six-deck shoe game. Zender's analysis arrives at the value 1.43 percent for the same game. I have been auditing online blackjack for a variety of casinos since 2006. Recently I compiled the total results from two years of blackjack play at one online casino, consisting of more than 7 million rounds of

blackjack. The resulting house edge from this sample was 1.39 percent. Zender rightly argues that using a value like 3 percent results in casinos losing a lot of money by overinvestment in player development. This happens not only for blackjack, but for many other games as well.

One road I was surprised to see Zender wander down was the subject of side bets. He has a full chapter on blackjack side bets and a follow-up chapter on side bets for craps, baccarat and other games. There is a lot of delicacy to the issue of installing one of these wagers. Utilization, customer appeal, lease fees, average bet, house edge, and time and motion all go into making the decision. Some wagers have large top payouts, so game volatility may be an issue. Others side bets still need regulatory approval. Some have advantage play issues (though Zender doesn't cover this topic). What makes these two chapters important is that Zender provides an unbiased and impartial view of a modern selection of alternatives. Not every side bet is discussed, but there are enough good ones there to cover most of the important decisions management will be making.

I have a difference of opinion with Zender on the optimal number of spots at a table. The line of reasoning for using seven spots over five that he presents in the chapter "Conducting Table-Game Trials and Experiments" doesn't take into account that most players have a time horizon for their play. Zender correctly shows that seven spots maximizes per-table income with no player time limits and equal wagers by all players. He goes on to cite the "Hawthorne Effect" for his claim that the research on using five spots is flawed. However, with higher-value players, it is important to maximize per-player income over a fixed time horizon. When higher table minimums overcome the fixed costs of additional tables (dealers, staff, utilities, etc.), maximizing per-player income is the key to generating incremental profit.

There are so many other topics in this book that no single review could possibly cover everything. From banking games in California card rooms to optimizing table game minimums to comping players in sports books to money lending, there are plenty of surprises and delights along the way.

Finally, it is worth pointing out just how good of a writer Zender is. He crafts his sentences and paragraphs in a manner that is a pleasure to read. He covers the basics patiently and respectfully as he describes each topic. He writes with a measure of thoroughness and clarity that leaves you feeling as though you had known the questions and understood the answers all along. Brief anecdotes often highlight his points, bringing a dose of reality into otherwise abstract discussions. And, of course, there is Zender's understated sense of humor, which comes out, for example, when he uses the pseudonyms "Adam" and "Eve" for a couple of casino managers and in his discussion of "biorhythms."

There are few gaming authors who have the combination of skills that Zender brings to the craftsmanship of his compositions.

Casino-ology₂ will certainly take its place in the industry literature as a book of extraordinary value and substance for gaming and casino management at all levels.



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Eliot Jacobson founded Jacobson Gaming LLC in 2006. Jacobson also heads Certified Fair Gambling, a company that offers thorough quality assurance and fairness auditing for Internet casinos. He recently wrote a book, *Contemporary Casino Table Game Design*. Jacobson is widely recognized as one of the world's top experts on casino table games and casino table game mathematics.