

CASINO ENTERPRISE

Management

Your First Tool in Gaming Management Education

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Big Problems? Solutions Inside.

AGEM Index on the Rise
GPI Shows us the Money
An Opportunity in Illinois
Mayhem in Maryland



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AGEM

Association of Gaming Equipment Manufacturers



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THE INNOVATION GROUP OF COMPANIES

Affiliates of The Innovation Group of Companies include Innovation Capital, Innovation Marketing, Innovation Project Development and Innovation Management Services.

Years in Gaming: 10+ personally, 20+ firm

Years Consulting: 10+

Areas of Expertise: The Innovation Group is the industry's leading advisory firm for consulting, research, finance, marketing, development, operations and management. The path to our current structure was indeed a unique one, featuring horizontal and vertical diversifications that developed out of both necessity and capability.

We have experience throughout the globe, including work in nearly every major gaming jurisdiction. Domestically, our portfolio is balanced between Native American and commercial clientele, and the projects we evaluate have ranged from minor renovations to multibillion destination resorts.

Notable Clients: Boyd Gaming, Cannery Resorts, Delaware North, Hard Rock Café International, Harrah's Entertainment, Isle of Capri Casinos, Las Vegas Sands, MGM Mirage, Penn National Gaming, Pinnacle Entertainment, Planet Hollywood, Trump Entertainment Resorts, Wynn Resorts; Cordish Companies, Lazard Carnegie Wylie, Macquarie Capital, ONEX; Government of Bermuda, Manitoba Lotteries Corporation, Ontario Lottery & Gaming Corporation; Enterprises of the Pascua Yaqui Tribe, Mashantucket Pequot, Morongo Band of Mission Indians, Pechanga Band of Luiseno Indians, Pokagon Band of Potawatomi Indians, Pueblo of Sandia, Saginaw Chippewa Indian Tribe, Seminole Tribe of Florida.

What uniquely qualifies you to influence others' decisions?

From an individual perspective, my greatest strengths are derived from the time I spent on the owner side of the industry. By working within such entities as Bear Stearns, Starwood, Hard Rock and Caesars, I developed a wide array of skills that I apply to the high level of advisory insight I provide clients. As an analyst and development specialist, I can identify and evaluate the pertinent financial and site data on which clients can base sound business decisions. As an asset manager, I have experience in capital planning, refinancing, negotiating and evaluating the viability of ventures. As a brand specialist, I gained exposure to the power and value of customer relationships and third-party associations.

As a firm, I am pleased to say that at The Innovation Group of Companies, I am surrounded by a group of peers who are as equally diverse and qualified to influence important decisions. Several of my colleagues also gained a significant portion of their experience working for leading industry operators, and so it helps all of us when we provide analysis and guidance back to individuals when we understand what it is like to be in their shoes.

Have you noticed changes in the demand for consulting due to the down economy?

Thankfully, the workload for most of our affiliates has remained fairly

consistent, although the nature of many of our projects is unquestionably varied from previous years. Specifically (and not surprisingly), we have provided a great deal of distress guidance to clients throughout the past year, and the volume of new projects in certain markets—most notably Las Vegas and Atlantic City—have tapered off significantly. At the same time, though, while these markets have witnessed declines, our expertise has been sought after in jurisdictions such as Pennsylvania, Delaware, Maryland, New York, Kentucky and Ohio that are or were considering expanding or modifying their gaming legislation.

Do you think operators and suppliers need consultants now more than ever?

Absolutely. The demand for good advice doesn't change with economic trends, only the type of the advice that is needed. Competition, market demand and evolving technology are constant issues to address whether the economy is booming or weak, which means that there is always something that a gaming property needs to consider in order to stay fresh to its patrons. Leaders don't stay leaders by being complacent. And those who aren't the leaders ... well, they are strategizing right now (many with our assistance) to figure out how they can be.

The most astute and successful operators recognize that challenging economic times can also translate into tremendous opportunities. One organization's need to streamline operations and downsize property volume may represent a once-in-a-lifetime acquisition prospect for another.

If you could offer only one piece of advice to your customers, what would it be?

Consider the value of gaming and leisure opportunities as comprehensively as possible. Too many new projects and ongoing operations are analyzed in a box, with only some of the necessary inputs and assumptions. We ultimately try to measure returns holistically by balancing interrelated factors—concept, site characteristics, design impact, customer experience, role of brands, operating environment, opportunities with third parties, employee impacts, effect of competitors, top line potential, operating budget, tax impacts, and the required capital cost to sustain a project's potential. When all of these factors are in play, each can be adjusted iteratively so that we are not only measuring returns but also driving feasibility and the fulfillment of owners' objectives.

What is the best business advice you've ever received?

The best business advice I received was to exhibit and honor authenticity. I have found this to lead most easily to success because it removes barriers.

What is the worst business advice you've ever received?

The worst advice was to take up golf because the golf course is where most important business is conducted. This advice is worthless if you spend all of your time in the rough!

Why should a potential customer hire you?

Our track record says it all: The industry's top operators and emerging organizations insist upon using us, and there are few major global gaming initiatives that have occurred that did not feature our involvement at some level. We invest heavily in our staff and technology to ensure that we are providing the most reliable information and guidance to our clients, and as a result, our reputation for accuracy and discretion is unmatched.

What type of fee structure do you use?

It depends on the assignment, but typically we arrange for fixed fee contracts. We also consider time/material and retainer arrangements if it is mutually beneficial to do so.