

## Casino Chief Financial Officers Can Reduce Costs, Forecast Revenues By Helping Their Property Focus On Guest and Employee Advocacy

By Martin R. Baird

Chief financial officers at casinos are under pressure to accomplish many things, two of them being cost reduction and accurate forecasting of their property's performance. They can accomplish these goals by working with various departments to eliminate guest and employee satisfaction surveys at their casino and replace them with an index that measures advocacy.

There is some wonderful research out there about customer satisfaction. As a gaming guest service consultant, I work hard to stay abreast of what's happening in this area in all industries, not just gaming. So imagine my shock when I read research published in Harvard Business Review that shows that there is zero correlation between customer satisfaction and future growth. In gaming, that means there is absolutely no correlation between guest satisfaction and the future growth of your casino.

This is unbelievable! How in the world can this be?

The answer is that satisfaction is a very fickle measurement tool. For example, a guest could be "satisfied" today because they had a good parking spot or you had shrimp on the buffet and they love shrimp. But if that same guest returns to play again tomorrow and has to park at the far end of the lot and shivers at the sight of liver on the buffet, they probably would be "dissatisfied." So is that guest satisfied or dissatisfied and how does that figure into the future of your casino?

Such is the cold, hard reality of guest satisfaction. By the way, the same is also true for employee satisfaction. Casino employees are as fickle as the average guest, if not more so.

In your next executive team meeting, ask two questions. First, ask for your current guest satisfaction score. Someone will give you a percentage of the guests that are either extremely satisfied or satisfied and the person sharing that information will be very proud of the numbers. Then ask, “What is the correlation between that and future growth?” If you get an answer, listen closely because it’s going to be a good one, if you know what I mean. When they finish, ask to see the data that supports the answer.

My guess is they will not quote the research in Harvard Business Review. They will say nothing about zero correlation between satisfaction and growth.

Next, you need to know if guest and employee satisfaction surveys are a waste of your casino’s hard-earned money. I know the answer to that one. What you really need is your casino’s guest and employee Advocate Index™ score.

What is an Advocate Index? The answer is that it’s a simple way of measuring how many guest and employee advocates your casino has and expressing the outcome as an index. The index can be used to predict your casino’s future growth. I know this may sound too good to be true, but this has been studied for 10 years and researchers have found that it works. Methodology similar to Advocate Index is being used by leading companies in many business categories.

For example, the president and chief executive officer and the chief financial officer of Intuit (as in QuickBooks, Quicken and Turbo Tax) quote their version of the Advocate Index score when they talk with financial media. They are telling the world that this is the number they track to predict the company’s future.

How can this work for a casino? Guest advocates play again and again at their favorite casino (repeat business) and recommend that casino to friends and relatives (new

business). If those friends and relatives also become advocates, they are the source for even more repeat and new business. Employee advocates say good things about their casino in the community, possibly encouraging people to play there. Thus, the more guest and employee advocates a casino has, the better. The more advocates a casino has, the higher the Advocate Index goes. And because of the correlation between advocacy and future business performance, the index can be used to forecast future growth.

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