



**Spectrum Gaming Group**

Experience. Integrity. Independence.

# **12<sup>TH</sup> ANNUAL BRISTOL ASSOCIATES/ SPECTRUMETRIX<sup>TM</sup> EXECUTIVE SATISFACTION SURVEY**

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March 13, 2013



**SPECTRUMETRIX**

The Gaming Industry Data Source<sup>TM</sup>

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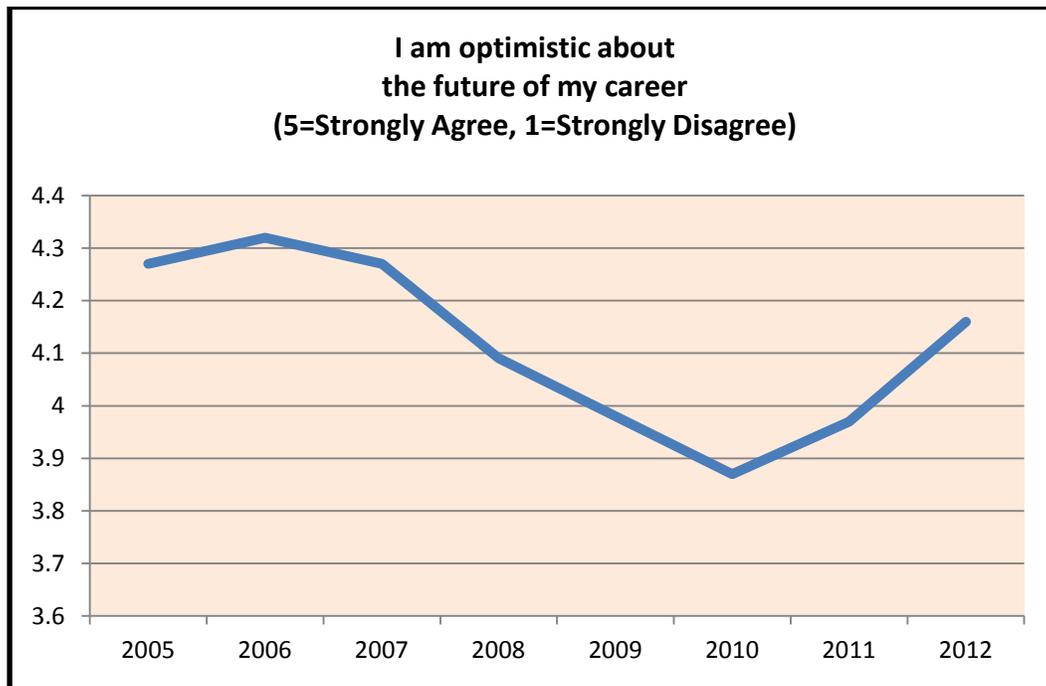
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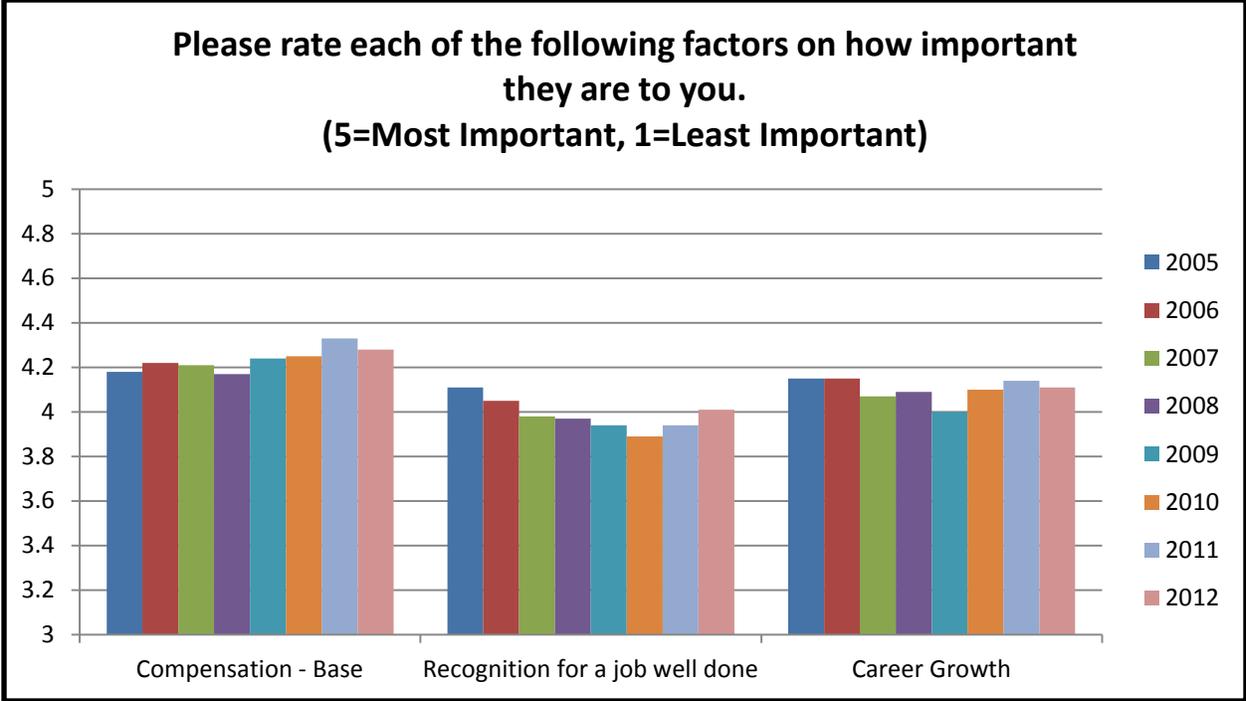
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## Executive Attitudes are Islands of Stability, Optimism in Ever-Changing Gaming Environment

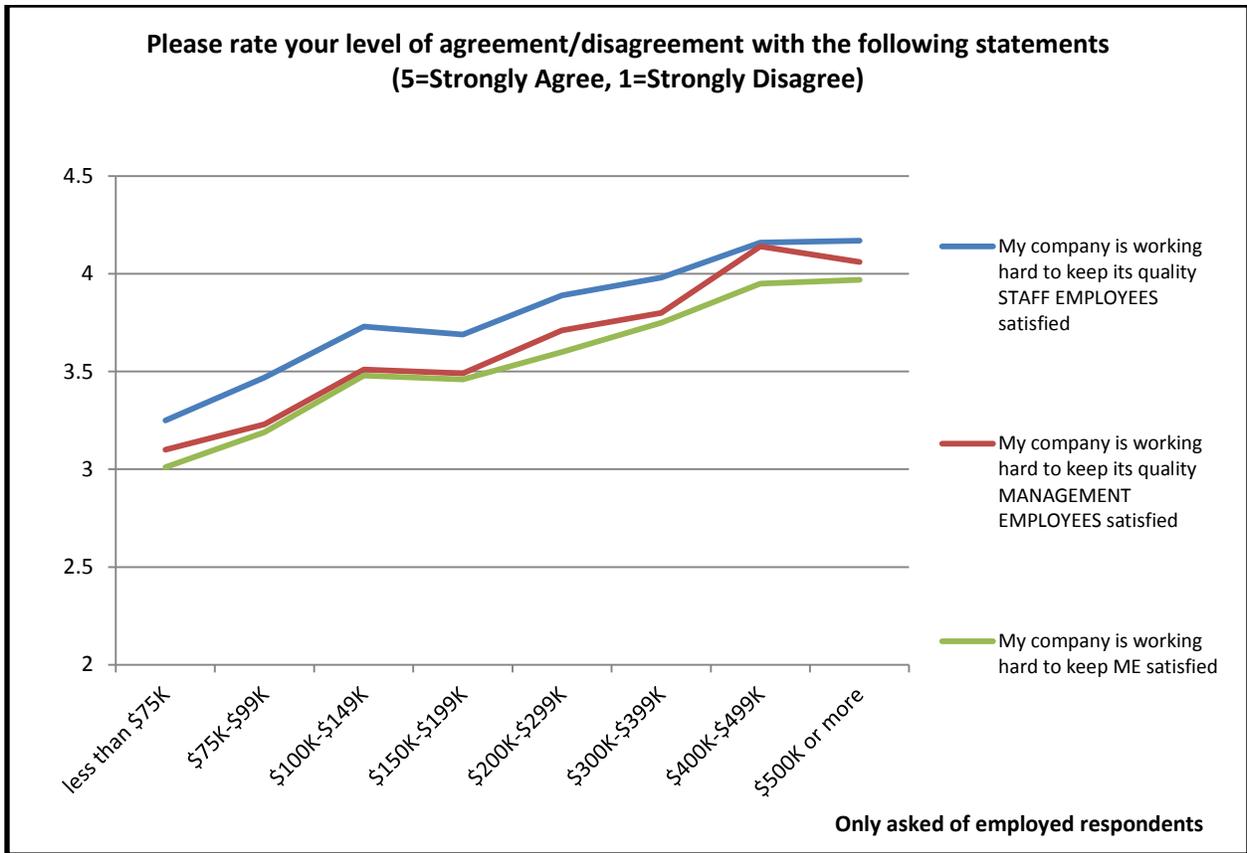
In an industry where change is the norm, where new challenges and opportunities are always ebbing and flowing, stability and a growing sense of optimism can still be found. That is the over-arching lesson from our 12<sup>th</sup> Annual Bristol Associates/SPECTRUMETRIX™ Executive Satisfaction Survey.



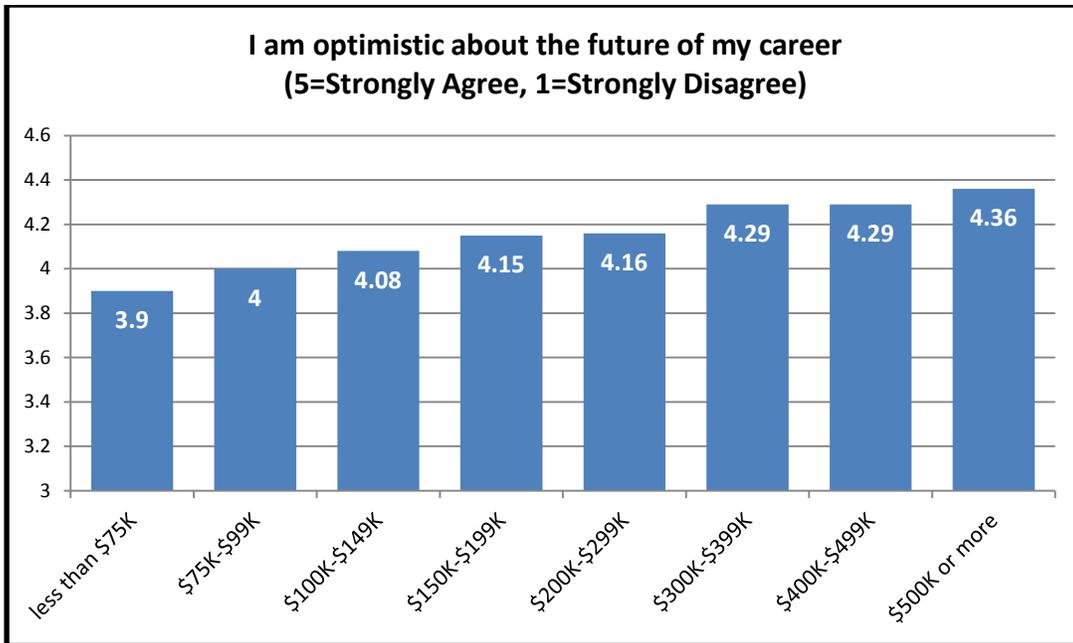
Optimism is demonstrated in the above chart, which continues a two-year climb following several years of a declining outlook. Stability is evident in areas ranging from the companies that executives most admire to the factors that promote satisfaction and boost morale.



Attitudes also remain stable in how executives view the future of certain gaming markets, which can be good or bad – depending on which markets you operate in. Since more successful executives are more likely work in successful casinos (we can debate which is the cause and which is the effect), they can realistically expect to enjoy a better work environment as well as more motivated employees and staff.



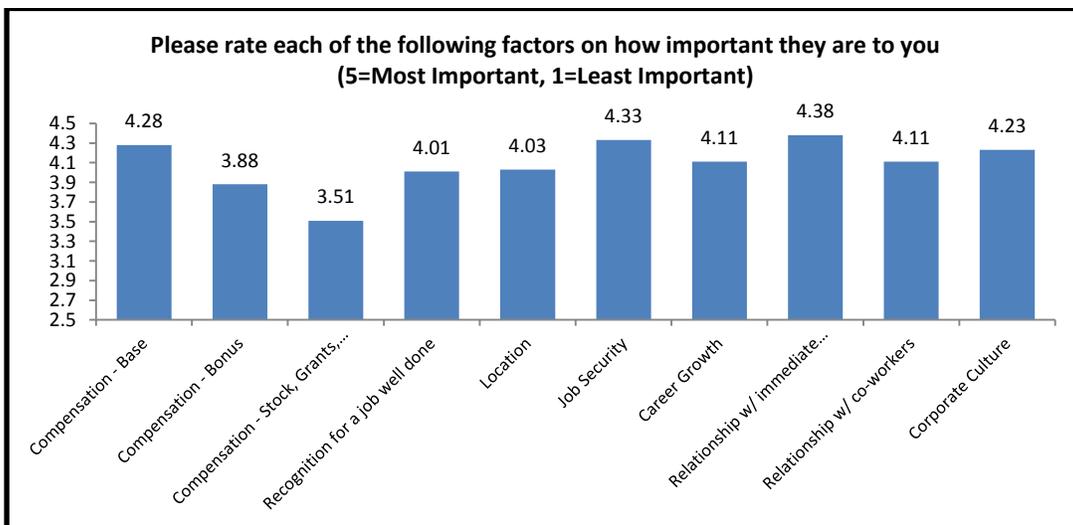
In this no-surprise zone, we need to state the obvious: Higher pay is still the factor that most drives greater satisfaction. Or, to put it another way, those at the top of the pay scale are more likely to be optimistic.



The way to an executive's heart is still through his or her wallet, but that does not tell the whole story.

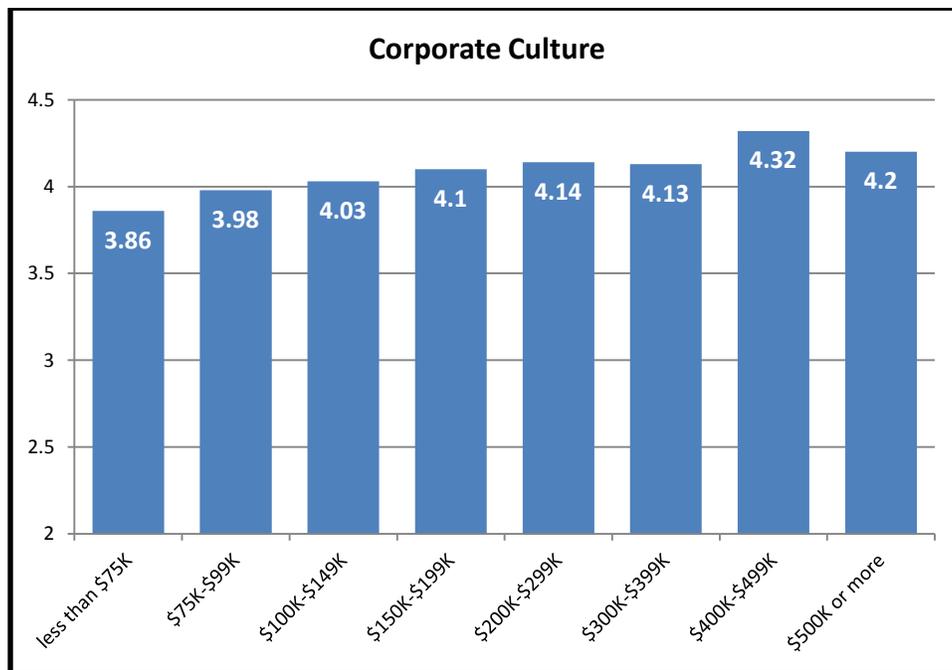
### Higher pay, experience equate to contentment

The following chart illustrates the value that our respondents place on a variety of factors related to career satisfaction.

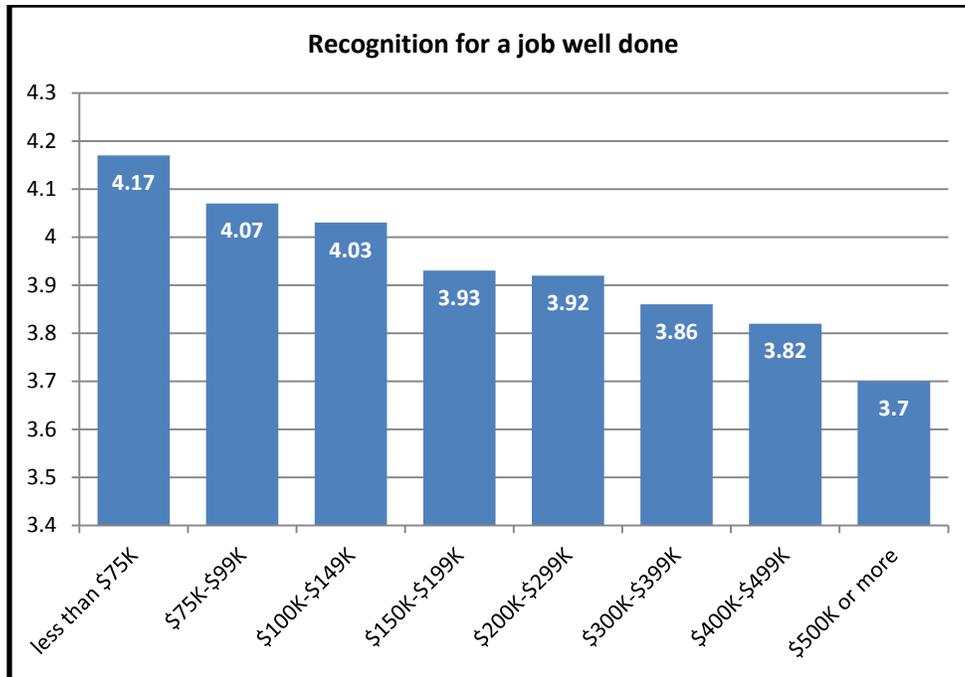


Executives with more years of experience place a premium on a variety of factors that indicate contentment. We do not – nor have we ever – asked for the age of respondents, as we endeavor to avoid any hint of age or other forms of discrimination. Still, we reasonably assume that more experienced professionals possess attributes associated with such experience, including greater wisdom and maturity. Such executives have grown more comfortable in their own skin, and are well aware of their skills, attributes and motivating factors. So, those experienced employees, in turn, are more sensitive to the factors that motivate them, including recognition and corporate culture.

Higher pay – which has a natural correlation with experience -- also correlates with greater value placed on some intangible factors such as corporate culture.



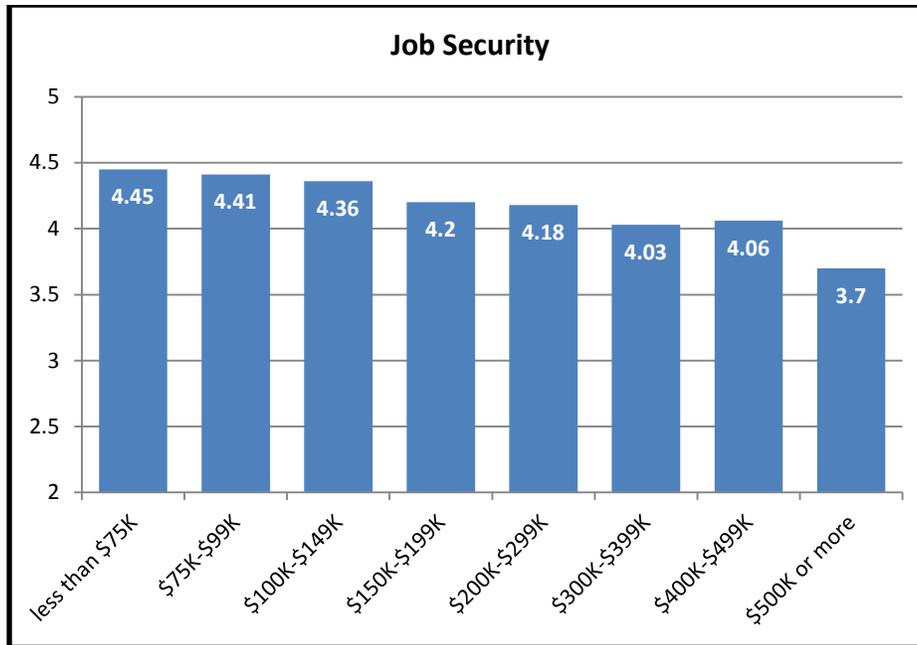
However, higher paid executives are less concerned about recognition for a job well done, presumably since pay itself is the most common and obvious form of recognition.



Since the highest paid executives are likely satisfied with the recognition that comes from their income, they value their work environments and employee attitudes more than lesser-paid professionals do.

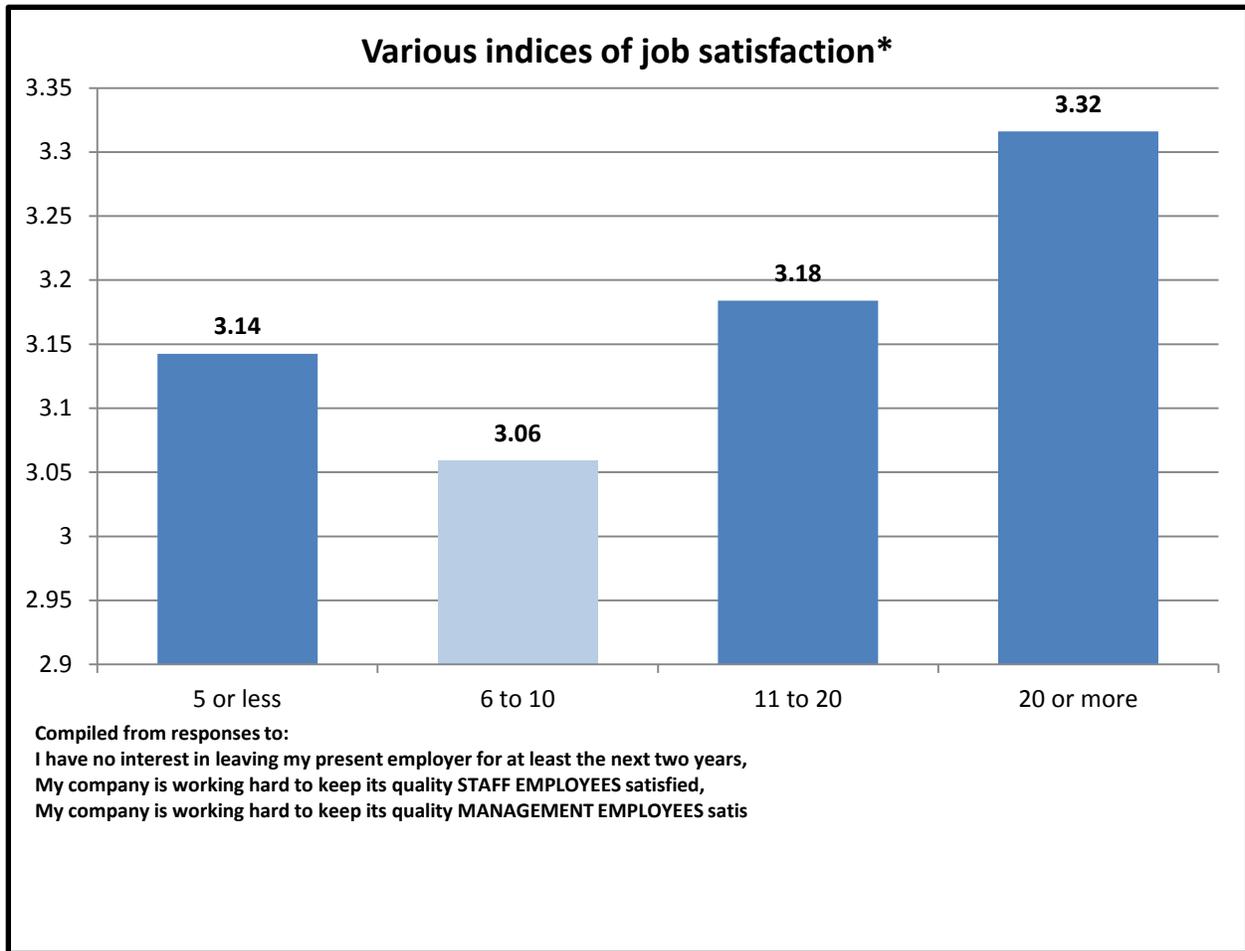
Similarly, these highly paid executives tend to also value non-salary benefits such as stock options and bonuses, since such rewards are an effective alternative to salary increases.

Higher pay also correlates positively with an optimistic outlook toward future career growth, as noted in the first chart above. Delving deeper, we also note that higher pay and increased optimism indicate overall satisfaction, but correlate negatively with job security as an important factor.



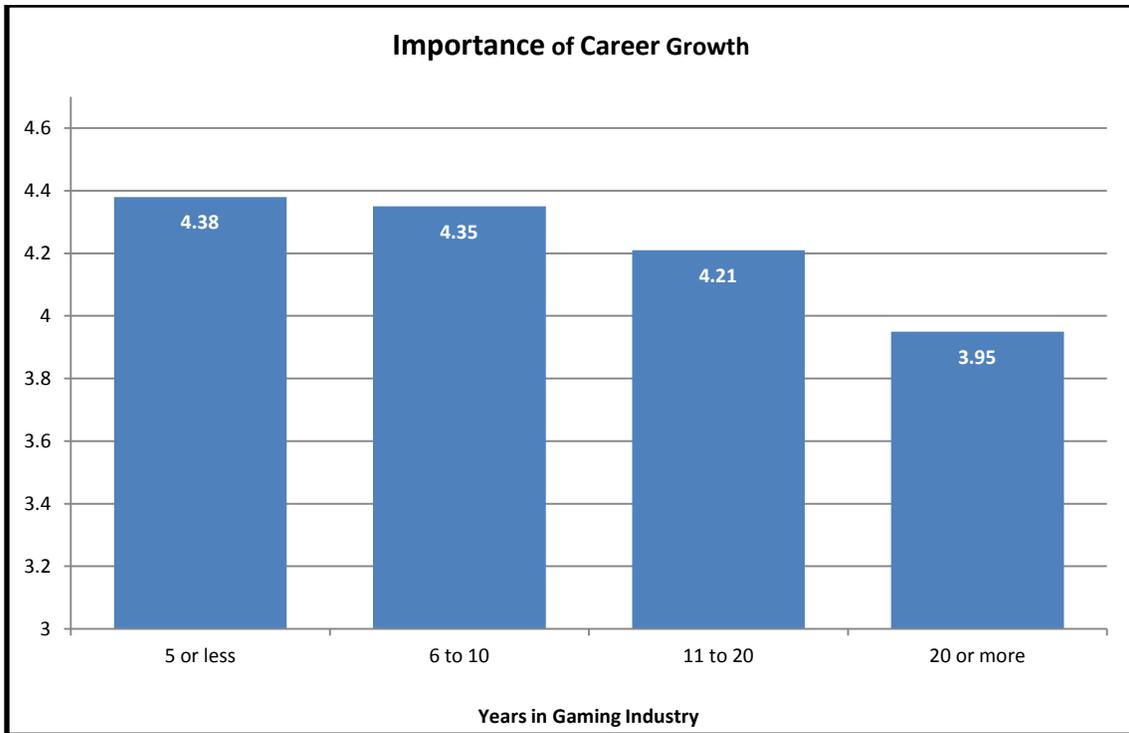
We suggest that a lack of concern with job security indicates that such executives – who have risen through the ranks and have built careers over many years – believe in their own value to their organization, and such value is evidenced by their higher level of income.

So, while there are clear linkages between higher pay, years of experience and overall satisfaction, we do note an outlier: executives who have experience in the 6-10 year bracket.



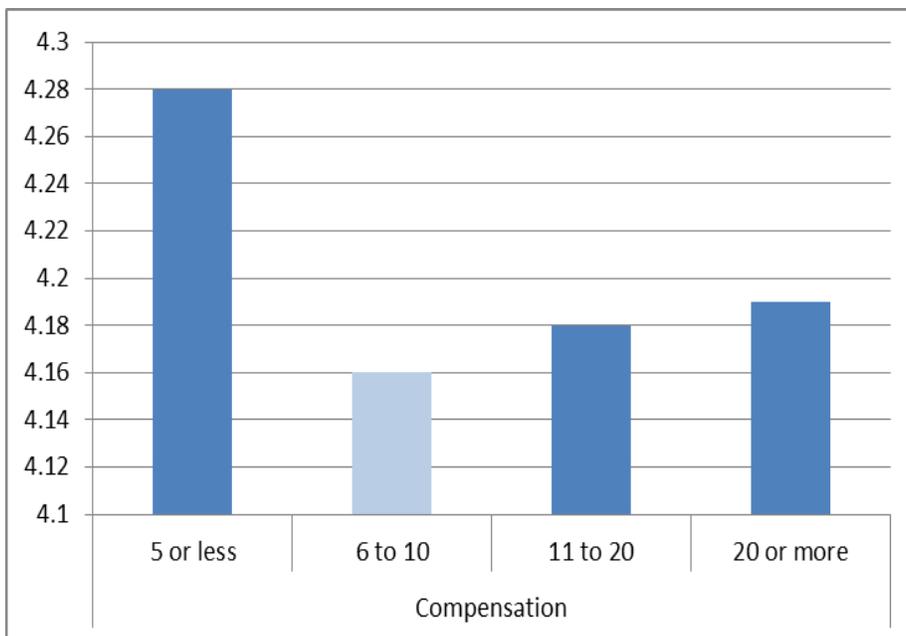
This clearly suggests a “mid-career crisis.” Our survey suggests that throwing money at such executives will not eliminate that crisis. They rate compensation the least relative to other ‘years of experience’ brackets as a possible reason for changing employers. Their desire for a rewarding work environment rates highest among executives within any of the experience brackets. While this 6-10 year bracket’s desire for recognition is only slightly below that of newer executives, recognition rates lower relative to other job concerns that they have expressed. They seek opportunities for advancement and long for good relationships with their immediate supervisors (who may often determine such promotions).

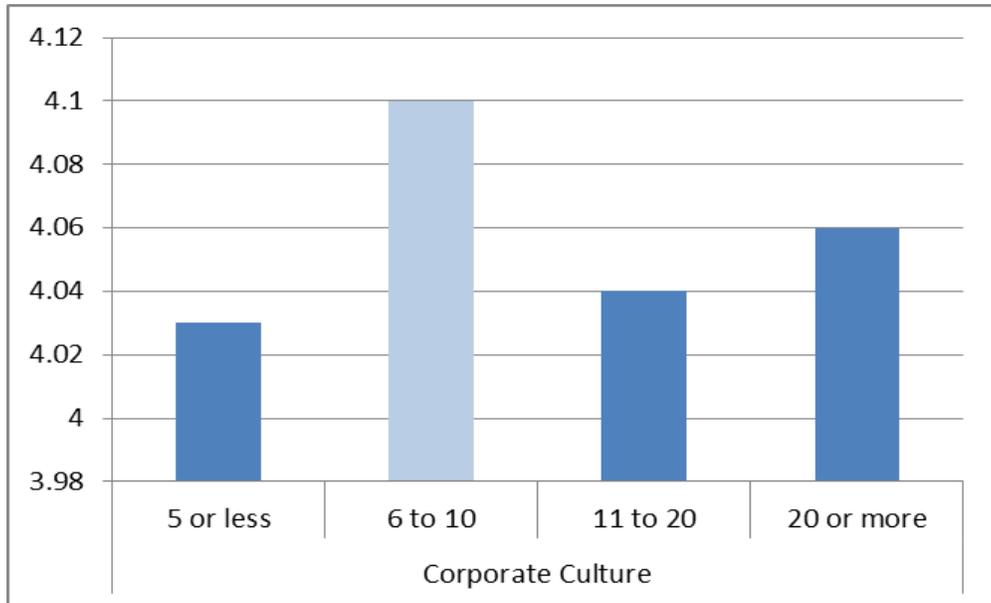
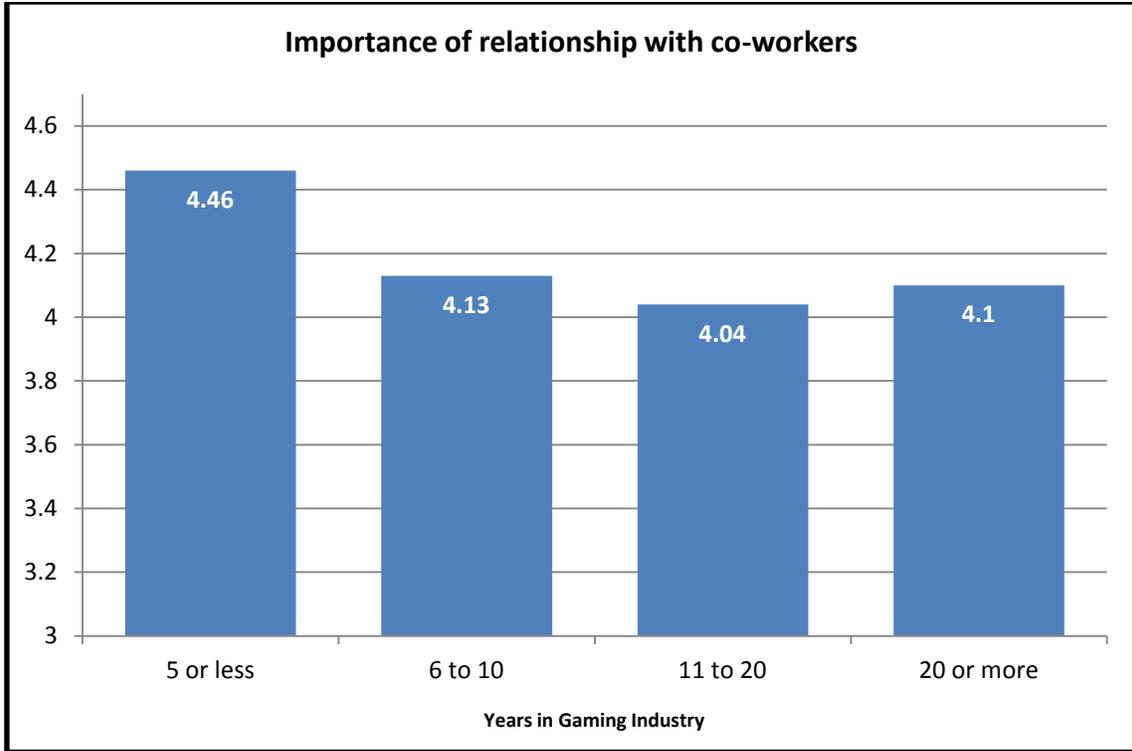
The following charts show more detail regarding the relationship between experience and satisfaction:



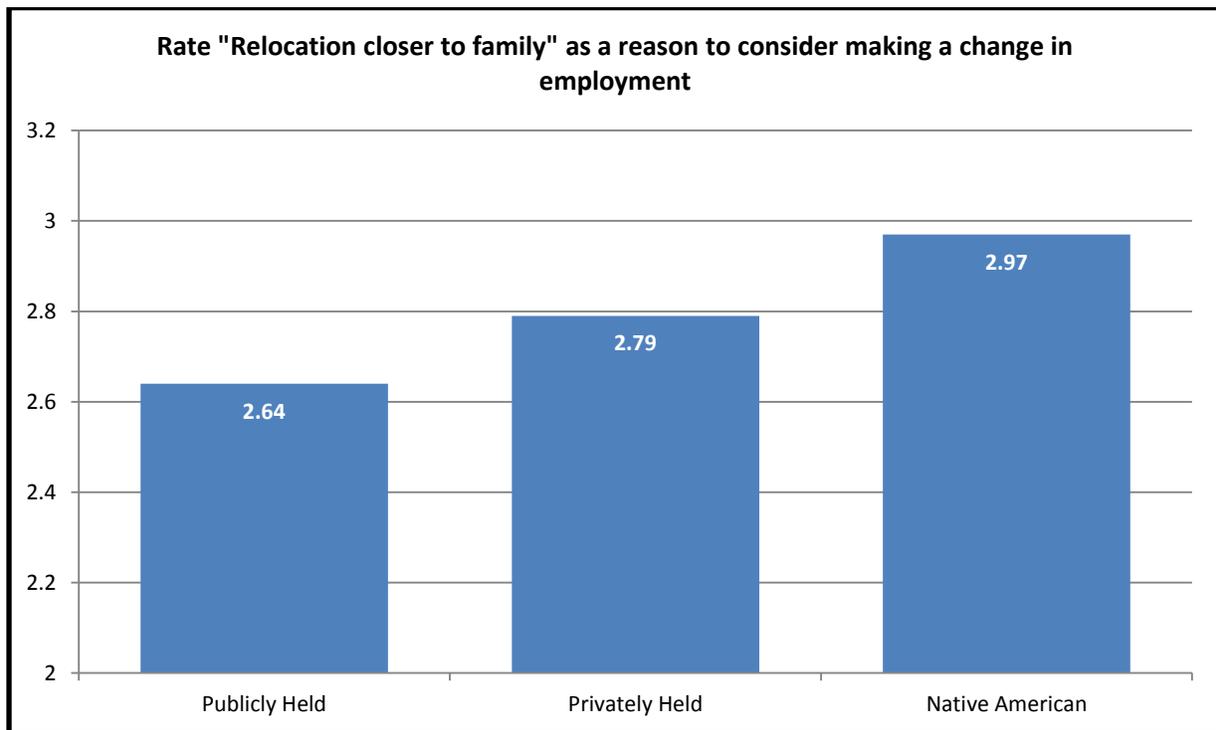
Clearly, career growth as a motivating factor declines over time, but nonetheless remains important.

Similarly, the relationship with co-workers is most important for new hires, but remains important throughout the career cycle:





The type of employer also factors in to various views regarding satisfaction. Base compensation as a motivating factor is relatively stable, regardless of whether an employer is a public or a private company, or a Native American casino. Similarly, factors such as bonuses or job security are uniform as well. We also asked about factors that would motivate an executive to leave his or her current employer, and here we noted a distinction:



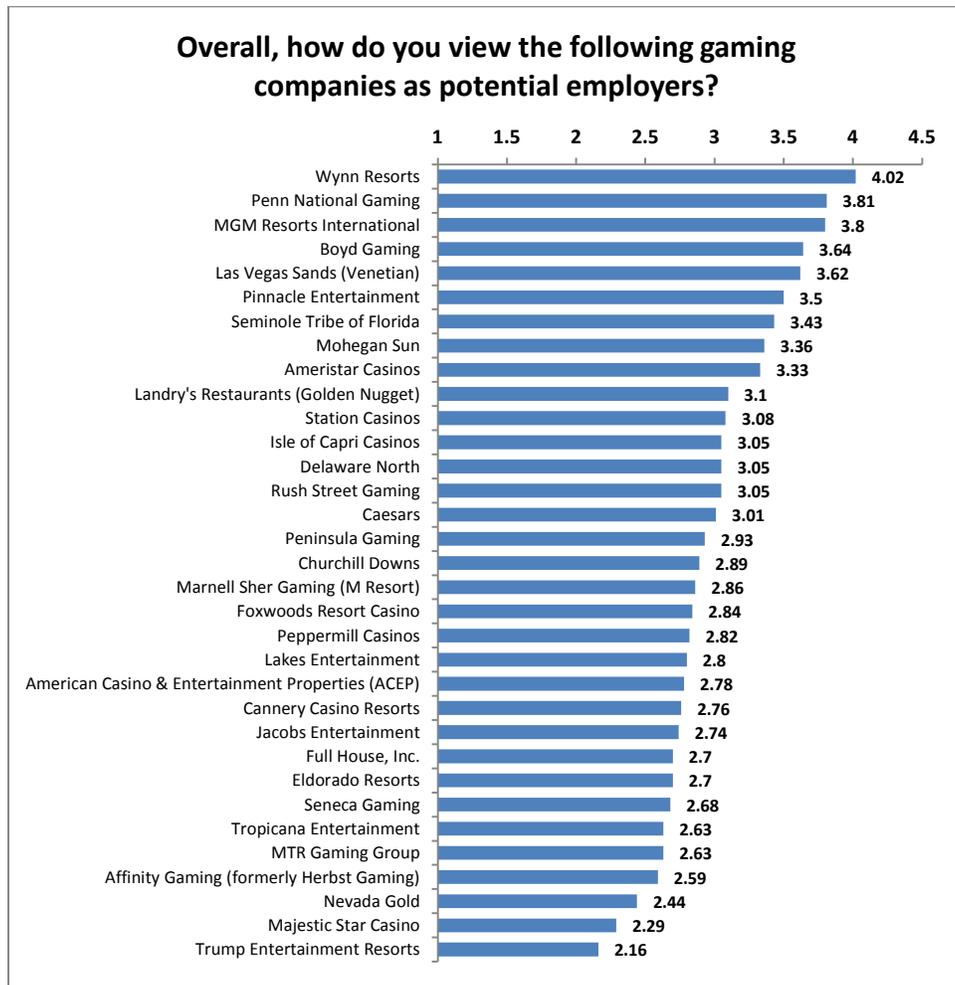
We can attribute that, in part, to a material shift in recent years in which casino executives left employment in commercial casinos, often involuntarily, and accepted employment at tribal casinos in distant locations. That trend could reverse if and when commercial casinos in various markets grow, or expand.

It is axiomatic that more successful executives are more likely to work in successful casinos. Not surprisingly, with that in mind, they give high marks to the successful operators – as measured by market value. In some instances, talented executives are partly the catalyst for such corporate success, and in some cases that corporate success allows those large-cap employers to bestow higher salaries.

Executives with more years of experience also tend to be more satisfied. Besides being a factor in salary, their continued employment as an executive is likely due to being satisfied with their role.

## Large Employers Remain Popular

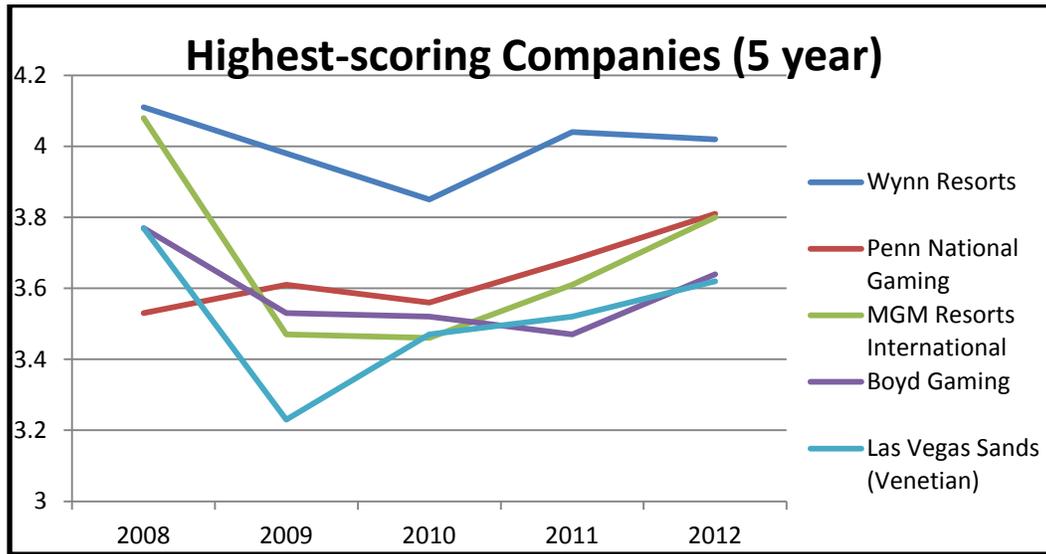
Carrying along the theme that higher pay equates to greater satisfaction, we note the overall rankings of employers where, once again, success begets success. The following chart shows our survey's overall attitudes toward which gaming operators are the employers of choice.



We examined this data in relation to various factors that may indicate a rationale for the higher rankings, ranging from companies that had a presence in markets such as Macau, to operators that have a presence in Las Vegas, or in emerging markets. The closest correlation would appear to be overall corporate size, with Caesars Entertainment being an apparent outlier. It still ranked favorably, but not as favorably as some of its peers in the large-cap, multi-property segment. Another way to look at that, of course, is that some of the smaller operators have learned how to compensate for their lack of corporate heft through other means.

“As oftentimes in past surveys, many of this year’s preferred companies are larger firms. Exceptions to this are three companies which are appearing for the first time this year, Delaware North, Landry’s and Rush Street Gaming. Interestingly enough, all of these firms were rated higher than Caesars Entertainment,” observes Jim Bright, President of Bristol Associates.

The next series of charts show attitudes toward employers over a period of five years.

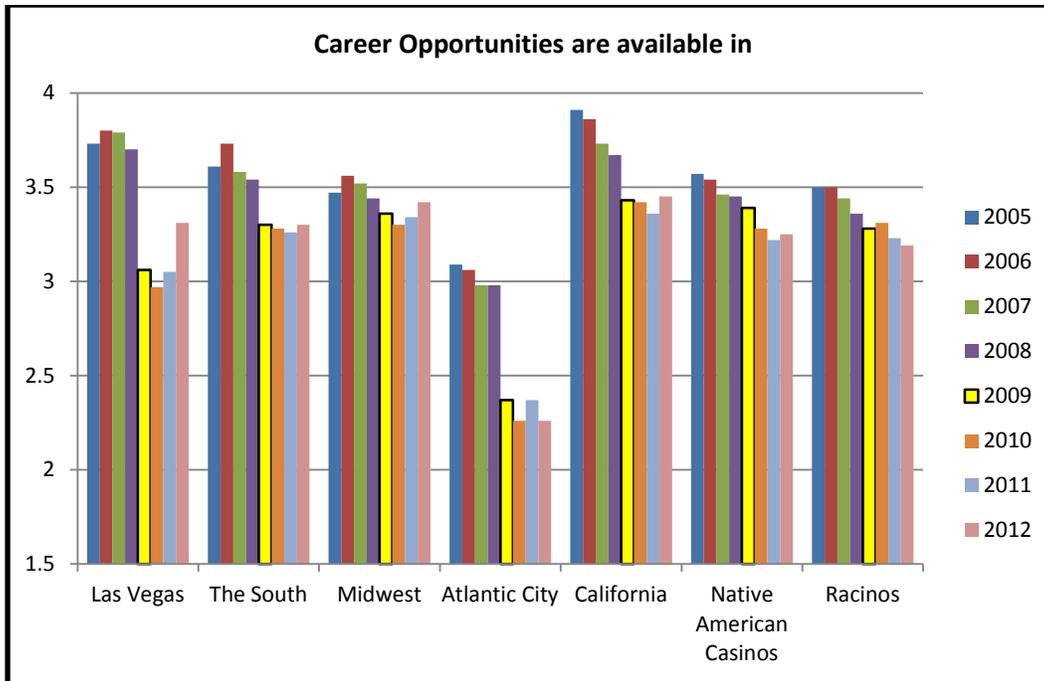


All of the five companies in this chart demonstrated some drop-off in approval related to the recession, but all have apparently left that behind.

## Location analysis

The recession also had some very real effects on how respondents in our survey viewed potential places to live and build their careers.

The following chart groups both location by region, and by type of property or employer:



In 2009, the impact of the recession on executive attitudes was profound, hitting every category to some degree. Las Vegas and Atlantic City took the biggest hits, which was relative to the level of planned capital investment that dried up in those markets. Notably, in 2012, an optimistic view took hold in each category, with one exception: Atlantic City. We have to assume that this is not unrelated to the continuing bad publicity plaguing that market, including the ongoing difficulty of Revel, the newest property in that market, to gain traction.

Overall attitudes observed through recent years and regarding specific companies clearly correlates with performance. Executives with greater pay give overall lower ratings to each company, which can be interpreted as the most successful among them seeing essential flaws in those less successful. The availability of career opportunities has consistently rated California highest with Atlantic City remaining below a 2.5 rating despite the opening of its newest casino, and Las Vegas' sharp rebound. Overall optimism is nearly back to pre-recession levels.

## Methodology

The Bristol Associates/Spectrumatrix Executive Satisfaction Survey was conducted via the Internet. The total number of responses collected was 596, representing a sampling of industry executives from across North America. This is the largest response rate in the 12 years we have been conducting this survey (585 responses last year), and the respondents are diverse in terms of geography, executive responsibilities, years of experience and other meaningful criteria.

The survey was posted on [www.bristolassoc.com](http://www.bristolassoc.com), the website of Bristol Associates, as well as on our website, [www.spectrumetrix.com](http://www.spectrumetrix.com). The responses were collected over several months this summer and early fall. We publicized the survey in a press release and through email, largely to inform and encourage executives to participate.

The survey collected data designed to ensure, among other things, that the individuals who participated were indeed employed in the casino industry and that no one responded to the survey more than once. At the same time, however, we did not ask questions that could identify respondents by gender, age or other criteria that could be useful in a pure analysis — but would be perceived as potentially discriminatory in hiring.

The principal analysts in this report were **Matt Srolestar** of Bristol Associates, who compiled the data and performed the statistical analyses, and **Jeremy Pollock** of Spectrum Gaming Group, who served as principal writer.

## About Bristol Associates

Bristol Associates, Inc. ([www.bristolassoc.com](http://www.bristolassoc.com)) is an executive search firm. Founded in 1967, it has well-established, successful recruitment practices in casino gaming, hotel, restaurant, travel, healthcare and food processing. Bristol maintains one of the largest databases of executive talent in the industry.

Typical searches in the casino industry include key corporate and property-level executives within operations, finance and accounting, marketing, human resources, hospitality, information systems and development. Current searches and examples of completed searches can be found at [www.bristolassoc.com/casino-gaming/searches](http://www.bristolassoc.com/casino-gaming/searches).

Bristol is known for offering highly-focused personal service, depth of experience and professional knowledge of the industries in which they work. The firm has been established with a focus on responsiveness, honesty, integrity and strict adherence to ethical standards.

Bristol's casino gaming practice includes Jim Bright, President, Ben Farber, Vice President and General Manager, and Steven Kessler, Assistant Vice President.

## About Spectrum Gaming Group

Spectrum Gaming Group, an independent research and professional services firm founded in 1993 that serves private- and public-sector clients worldwide. Our principals have backgrounds in operations, economic analysis, law enforcement, regulation and journalism.

Spectrum holds no beneficial interest in any casino operating companies or gaming equipment manufacturers or suppliers. We employ only senior-level executives and associates who have

earned reputations for honesty, integrity and the highest standards of professional conduct. Our work is never influenced by the interests of past or potentially future clients.

Each Spectrum project is customized to our client's specific requirements and developed from the ground up. Our findings, conclusions and recommendations are based solely on our research, analysis and experience. Our mandate is not to tell clients what they want to hear; we tell them what they need to know. We will not accept, and have never accepted, engagements that seek a preferred result.

Our public-sector clients have included the Atlantic City Convention and Visitors Authority, the Connecticut Division of Special Revenue, Delaware Lottery, Georgia Lottery, Maryland Lottery, Massachusetts Lottery, Massachusetts Gaming Commission, the New Jersey Casino Reinvestment Development Authority, Ohio Casino Control Commission, Ohio Lottery, West Virginia Lottery, the Puerto Rico Tourism Company, and the Singapore Ministry of Home Affairs.

Spectrum and its sister companies, Spectrum OSO Asia, Spectrum-I and Spectrum Gaming Capital, maintain a network of leading experts in all disciplines relating to the gaming industry, and we do this through our offices in Atlantic City, Bangkok, Guangzhou, Hong Kong, Macau, Miami, Philadelphia, New York and Tokyo.

Private-sector clients have included Caesars Entertainment, Carnival Corp., Casino Association of Indiana, Casino Association of New Jersey, Hard Rock International, Genting, National Indian Gaming Association, Revel Entertainment, Seneca Gaming, and Wynn Resorts.