

## CRANKING UP THE VOLUME

G3 interviews President International Operations, Caesars Entertainment, **Michael Silberling**, about the past, present and future of London Clubs International

### IN YOUR OWN WORDS, HOW WOULD YOU DESCRIBE LONDON CLUBS INTERNATIONAL?

I would describe LCI as a great success story, an innovative company operating successful casinos across the UK, Egypt and South Africa, one that is well managed, commercially intelligent and ambitious.

### IS IT THE SAME COMPANY THAT YOU JOINED FOUR YEARS AGO? WHAT FIRST STRUCK YOU ABOUT LCI BACK THEN, WHAT ELEMENTS/STRUCTURES DID YOU DECIDE TO CHANGE AND WHICH TO KEEP?

We've changed a lot in four years. At the time I joined the company was over burdened with too much infrastructure and its costs to revenue ratio was out of kilter. I felt that the attempt to replicate the Mayfair casino model outside of the Mayfair environment was flawed as there was an over reliance on high rollers to generate gaming return, and a lack of a concentration of high value food and beverage patrons to support provincial fine dining. As a result we moved the focus to a higher volume approach. We made some tough decisions, such as to close Fifty St James, but we also invested well, in our people with an enhanced focus on customer service training, as well as product and systems such as our Player Rewards Loyalty Scheme, which have increased our frequency and share of wallet across the estate.

### F&B HAS TRADITIONALLY BEEN AN 'ALL OR NOTHING' EXPERIENCE IN THE UK CASINO SECTOR - BUT LCI HAS BROUGHT MICHELIN STARRED CHEFS INTO 'REAL' RESTAURANT ENVIRONMENTS WITHIN ITS CASINOS. WHAT WAS YOUR STRATEGY AND THINKING BEHIND THIS CHANGE AND HAS IT PAID OFF?

Michael Silberling is a native of Northern California with a Masters in Business Administration and an economics graduate from the Ivy League's Dartmouth College in New Hampshire. He is a keen outdoorsman and sportsman and, unusually for an American, an avid fan of Rugby and an Arsenal supporter. He has two children, Phineas (13) and Alice (10) and is happily resident in London.

Our thinking was simply that if casinos are to genuinely offer the complete entertainment package, it's vital the food offering is not just as good, but better than what people can get on the High Street. Most casinos offer lukewarm variations of generic 'pub' menus, cheap uninspiring and bland, whereas we want to put food at the centre of the offering. This has been proved successful not just with the awards we have won, and we have won plaudits and awards for many of our restaurants, but the feedback we get from customers and the regularity of their visits.

### I FELT THAT THE ATTEMPT TO REPLICATE THE MAYFAIR CASINO MODEL OUTSIDE OF THE MAYFAIR ENVIRONMENT WAS FLAWED.

Sometimes a concept comes ready made and with proven success, such as the Marco Pierre White Bar and Grill we have just opened in Nottingham, or the Carlsberg Sports Bar partnership we have introduced into Leicester Square. For others, it is not about parachuting in a brand name, it's about allowing the Chefs to realise their vision. Vineet Bhatia, James Martin and Judy Joo are all incredibly hands on, and spend an amazing amount of time in their restaurants, and that makes a huge difference to their businesses. This philosophy is reflected in our other restaurants where our non-famous



Michael Silberling joined Caesars Entertainment, the world's largest casino company, in 1993 in their Management Training Programme and today is the President International Operations of Caesars Entertainment. Michael has been responsible for the

UK based subsidiary, London Clubs International (LCI), since February 2008, which comprises ten UK casinos, including five in London.

These properties include The Casino at The Empire, the UK's most visited casino, and the Playboy Club London in Mayfair.

Additionally, Michael is responsible for LCI's international operations in Egypt and South Africa and a technical consultancy in Lebanon, as well as Caesars in Ontario and the Conrad Resort in Punta, Uruguay.

As a career casino and leisure professional, he also has almost two decade's experience in a variety of finance, marketing and operational roles including the opening of Harrah's first international casino in Auckland, New Zealand. In addition to casinos, Michael and LCI manage hotels, restaurants, bars, night clubs and, in South Africa, a zoo and game park.

Chefs have also been able to create something amazing. Take Red Leaf in Glasgow, under the watch of Chef Jamie Walker or Zaman's at the Sportsman, which we have just renamed in honour of Chef Mahmud Zaman. It's paid off because our restaurant experiences are unique, recognised and award winning, and people love what we do.

### **BRINGING THE PLAYBOY BRAND BACK TO LONDON WAS AN ICONIC MOMENT - WHAT SUCCESS HAS THE PLAYBOY CLUB LONDON HAD AND WHAT HAS THE VENUE BROUGHT TO THE LCI ESTATE?**

The venue has simply given us a world class VIP gaming product. Our aim was always to capture more of the existing Mayfair market, be that first or second visit, and then grow the International audience, because London is such a major destination for high net worth individuals. Redeveloping Rendezvous Casino as the Playboy Club London has given us a brand with a depth of history, a unique proposition and a wow factor. We also offer something different to the typical Mayfair casino offering, which is very traditional, somewhat staid and perhaps even a little dull and boring. We offer something a little more fun and relaxed, and our customers have responded to this. We're more than happy with where we are after year one.

### **WOULD YOU CONSIDER LAUNCHING A PLAYBOY CLUB IN ANY OF YOUR PROVINCIAL CASINOS? A PLAYBOY THEMED NIGHT CAME IN FOR A LOT OF CRITICISM IN MANCHESTER, HOW DO YOU COUNTER SUCH NEGATIVITY?**

It's not something I have any immediate plans to do, but that's not to say it wouldn't ever be feasible. There used to be Playboy Clubs in Manchester and Portsmouth, but I think that today any regional Playboy Club proposition would need to differentiate itself from the London business quite clearly. If it were to happen I would envisage it as a more volume based, less high roller focused venue. The Manchester event, which was put on to showcase the launch of their 24 hour opening, was really well received and we've since done something similar in our Brighton property. Our industry will always have critics, and the Playboy brand makes great press copy, so we've got used to being talked about, and with the press, there is always a need to find an angle to stimulate the debate. We do what we do and don't worry about adverse criticism, which is minimal anyway.

# Interview

MICHAEL SILBERLING

**WAS THE OPENING OF THE PLAYBOY CLUB FOLLOWING THE CLOSURE OF 52 ST. JAMES A RISK FOR LCI? WE'VE SEEN THE PLAYBOY CLUB AT THE PALMS CLOSE EARLIER THIS YEAR - IS THERE A LIMITED LIFE-EXPECTANCY FOR SUCH A VENTURE OR IS PLAYBOY HERE TO STAY?**

It wasn't a risk because we already had a long standing and very popular casino in the Rendezvous. Our biggest concern was not to alienate our existing customers, and to be sure to assimilate the new brand sympathetically. We're a casino, with great nightlife offers, whereas Playboy at the Palms was more of a nightlife venue with gaming. We have a stable, resident population, Vegas is all about competing for a share of the transient tourist masses. Also of course, we have the rich history and huge success of the original Playboy Club London to draw on. It was really important to us to re-establish that credible link to the original Park Lane business, which we did through inviting original Bunnies to participate in our marketing and recruitment efforts and generally embracing the values and appeal of the old venue

**HOW HAVE YOUR OTHER LONDON VENUES THE SPORTSMAN, THE GOLDEN NUGGET AND THE CASINO AT THE EMPIRE BEEN AFFECTED BY THE DOWNTURN IN THE ECONOMY AND WHAT HAS LCI DONE TO FIGHT OFF THE RECESSION?**

Our approach has been consistent at all of our properties. Be the best you can be. People still go out during a recession, they still want relaxation and entertainment time, but when disposable income is limited people buy differently. Some reduce their expenditure to maintain their frequency of nights out, others cut back on trips, but spend a little extra on the occasional treat when they do go out. At the end of the day, by focusing on creating the best experience, giving the best customer service, great food, great ambience, great products, customers stay loyal because they know they won't be short changed. We set out to be the Industry leaders when it comes to service excellence. We rigorously track service scores and give a huge amount of time to training and service improvements. It is something we are fanatical about.

**LCI HAS ASKED LEEDS COUNCIL TO HELP REVIVE THE POPULARITY OF THE ALEA CASINO IN CLARENCE DOCK BY IMPROVING INFRASTRUCTURE BETWEEN THE CASINO AND THE CITY CENTRE. WHERE IS THIS ISSUE UP TO?**



**OUR VIEW IS THAT CASINOS ARE INTEGRAL TO THE COMMUNITIES IN WHICH THEY OPERATE, AND WE TAKE OUR ROLE VERY SERIOUSLY.**

We're quietly optimistic that in Allied London, the Dock now has the right owners to take the area forward. They have presented a vision to turn the area into a destination for start-up digital and creative businesses, and to encourage floating retail and food and drink, and we are 100% behind that vision. Like them, we believe the area needs investment and it has the potential to become a major tourist and visitor attraction destination. What we need from the Council is support, and for the area to be given a chance.

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**LCI HAS REALLY CHAMPIONED CORPORATE SOCIAL RESPONSIBILITY, WORKING WITH ORGANISATIONS SUCH AS THE PRINCE'S TRUST AND SPORTS AID. AT A TIME IN WHICH PHILANTHROPIC QUESTIONS ARE BEING ASKED OF ALL THE MAJOR FINANCIAL INSTITUTIONS, WHAT ROLE CAN AND SHOULD CASINOS PLAY IN GIVING BACK TO THE COMMUNITY?**

Our view is that casinos are integral to the communities in which they operate, and we take our role as an employer, business generator and entertainment provider very seriously.

Locally, each of our clubs has a specific charity budget and a 'paid time budget' that allows club directors to support local initiatives and we also donate 'staff hours' to encourage our employees to become personally involved with 'Business in the Community' by essentially paying for them to get involved in BIC's community initiatives.

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So for each of our clubs with Sports Aid, we have identified local young sportsmen and women who we will support, and hope that we can see them graduate into the elite group in time for Rio in 2016. The company, through Sports Aid, provides some funding, but what we hope is that the clubs develop relationships with their athlete and that both staff and customers might feel inspired to do more.

We are also sponsors of PRIME, the Prince's initiative for mid life enterprise. This is also a great charity

and with PRIME we are helping older people take their entrepreneurial skills and build businesses. PRIME has had some great successes and we were excited to join with the charity to take this initiative to a higher level. In addition to a substantial direct corporate donation, we provide venues workshops and meetings to PRIME beneficiaries.

Of course, we continue to sponsor CrimeStoppers. We've been involved with this fantastic charity for over 15 years and recognise the important work it does in solving serious crime.

**LCI HAS REMAINED OUT OF THE BIDDING PROCESS FOR ANY OF THE NEW STYLE 'LARGE' AND 'SMALL' LICENCES. WHY IS THIS? WHAT HAS DISSUADED LCI FROM THESE LICENCES? DO YOU FEEL THEY ARE FLAWED?**

I'm on record as saying that I think the whole way the UK gaming industry is regulated at this moment is flawed. To have the majority of existing casinos operating under a 1968 licence, then

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with others operating under a 2005 licence, and to limit all but a handful to 20 slot machines is simply unworkable. This was also the view in the recent Select Committee report finding. Our recommendations on harmonisation of the industry were fully accepted, and the Committee said quite clearly that there should only be one industry and one coherent regulatory framework. This means that 1968 Act casinos should enjoy the same commercial opportunities enjoyed by 2005 Act operators

That said, we have bid for the large licence in Leeds. We have to, because we already have a 40,000 square foot casino that only operates 20 slot machines. We have plenty of space in which to become Leeds' large destination casino, we already have two award winning restaurants, a major events space and great facilities on offer. We could operate that casino now. The greatest risk is that the council award the licence elsewhere. Leeds simply isn't big enough to support another operator splitting the

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gaming market still further. I think if they do that, and if they fail to consolidate the market, everyone will lose out.

**STAFF AT NOTTINGHAM'S ALEA CASINO ARE GOING THE EXTRA MILE TO ENSURE ALL THEIR CUSTOMERS GO HOME HAPPY BY TAKING A CRASH COURSE IN CANTONESE. IS THIS LEVEL OF CUSTOMER SERVICE SOMETHING YOU ARE BRINGING IN THROUGHOUT YOUR ESTATE?**

This was an initiative instigated locally, and one that we fully support. The great thing about LCI teams is that they are proactive and take a genuine pride in their businesses and their customer service. It's a fact that our company culture is led from the front line operations, and our philosophy is to hire well, empower decision makers, and let them get on with it.

**LCI TRIED ITS HAND AT OPERATING A LAS VEGAS CASINO AND IT DIDN'T WORK OUT TOO WELL - DOES LCI CONTINUE TO HAVE GLOBAL AMBITIONS?**

We're owned by Caesars Entertainment, so we're already part of a global operation. And as well as the LCI portfolio, I personally have responsibility for a casino in Uruguay (Punte Deleste) and another in Canada (Caesars Windsor). I would love to lead LCI into new territories, be that acquisition, new builds or, as we have in the Lebanon, through management consultancy services. The team here is ambitious and has a lot of international experience already. We know how to run profitable casinos and that knowledge can be adapted to new territories with confidence.

**REPORTS OUT OF THE LONDON MEDIA STATE THAT CAESARS ENTERTAINMENT HAS PUT LONDON CLUBS INTERNATIONAL (LCI) ON THE MARKET AT A VALUE CLOSE TO US\$253M, HALF OF WHAT THE US OPERATOR PAID FOR THE LONDON OPERATOR JUST SIX YEARS AGO. IS THERE ANY TRUTH IN THIS?**

No, we are not on the market and consequently there is no market valuation. A lot of the UK speculation was driven by the Rank acquisition of Gala, and the fact that in business life companies do regularly engage in discussions regarding potential transactions, but Caesars currently has no plans to sell any of the LCI businesses, either in part or as a group.

**FRENCH CASINO GROUP LUCIEN BARRIÈRE IS BELIEVED TO HAVE EXPRESSED AN INTEREST ALONGSIDE SEVERAL OTHER PARTIES. IS THIS JUST SPECULATION OR IS**



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**MICHAEL SILBERLING**,  
President  
International  
Operations,  
Caesars  
Entertainment.

**LCI DISCUSSING ITS OPTIONS? WHAT'S THE FUTURE FOR LCI?**

There's been a lot of speculation, but that's as far as it goes

As to the future, for the gaming industry it is still something of an unknown quantity. If the recommendations of the Select Committee report are adopted, and a level playing field created for 1968 and 2005 licences, with portability also allowed, then the industry has a very bright future.

The Select Committee has already surmised that the future will not be what the Government thought it would in 2005, and so the opportunity for the industry to thrive and contribute to wealth generation, jobs, taxes, urban redevelopment etc, depends on it being allowed to be competitive and commercial.

If not, the industry will continue to struggle and the vision for a vibrant and well regulated gambling landscape will be lost. The UK market could become polarised. I believe that well run, accountable land-based casinos offer an enormous amount to their local communities as entertainment venues. I believe that the case has been

**WE NEED A RETURN TO THE PRINCIPLES THAT UNDERPINNED THE 2005 ACT; A SINGLE LEGISLATIVE STRUCTURE AND A LEVEL PLAYING FIELD.**

overwhelming well made that casinos are where gambling products should be made available, and where they can be regulated. The proliferation of online casinos and the ready accessibility of high street gambling threaten the stability of the regulatory pyramid.

We need a return to the principles that underpinned the 2005 Act; a single legislative structure and a level playing field that would allow us to create a future where we continue to invest in the communities in which we operate, and remain physically part of those communities, employing local people, entertaining local people, and sharing local wealth."