Dedicated to serving the Georgia COAM industry Endorsed by the Georgia Amusement and Music Operators Association paul@tashcommunications.com (406) 491-0100

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ment Journal

At COAM Board ...

Gift-card dialogue revived

By Jorie Tash Georgia Amusement Journal

Discussion on the potential of gift card redemption was rekindled at a COAM Advisory Board meeting earlier this month.

Gift-card redemption, an idea that enjoys broad industry support, was first broached by the Board about a year ago, but any momentum toward development



HEINEN

stalled by the end of the year.
However, following a "formal request" from Chris Pope, vice chairman of the Board, that gift-card discussion be

revived, Georgia Lottery regulators said they were prepared to move forward on the idea.

In fact, John Heinen, senior vice president of the Georgia Lottery's COAM Division, told the

See CARDS Page 6



FEC Summit a hit



ATTENDEES of the FEC Summit enjoy some glow golf at Stone Mountain,15 miles east of Atlanta, last month. The Summit, sponsored by the International Association of Amusement Parks and Attractions, is an educational event for FEC owners and operators from all over the globe.

IAAPA phote

Summit attracts operators from all over

By Jorie Tash Georgia Amusement Journal

More than 170 industry professionals were able to "connect, learn and grow in a beautiful environment" at the International Association of Amusement Parks and Attractions' (IAAPA) eighth annual Family Entertainment Center (FEC) Summit, which was held Jan. 27-28 at the Atlanta Evergreen Marriott in Stone Mountain, GA.

That's the summation of Funworld editor Scott Weiss, who served as emcee throughout the Summit, which is the Whiting's Foods at Santa Cruz Beach Boardwalk, followed by a presentation by guest speaker Alan Miltz, a financial expert and



attractions industry's leading au international conference for the growing FEC community.

Attendees heard opening remarks to from IAAPA's First Vice Chair

The Global Association for the Attractions Industry

author (see related story on Page 12)

Attendees were then bussed to Marietta to experience behind-

See SUMMIT Page 8

Facility overhaul leads to success story

Ken Whiting, ICAE, president of

By Jorie Tash

Georgia Amusement Journal

Total commitment to a remodel and a rebrand, both driven by new industry trends, helped turn a floundering facility into a success story, a panelist told attendees at a FEC Summit last month.

"Keeping your facility current and competitive" was the

title of the final panel at the FEC Summit in Stone Mountain, GA, Jan. 28 and featured Clint Novak of Funland Park in Fredericksburg, VA, and Jeremy Hoyum of Jake's Unlimited in Mesa, AZ. They revealed their own stories as examples of how operators can revamp their

spaces and maximize customer

engagement and revenue alike.

The general manager of Jake's Unlimited, Hoyum began by showing attendees pictures of his FEC prior to his 2018 remodel. He said both his customers and employees found the theme and decor dated and generally unappealing.

"We were on a fast-track to

See FACILITY Page 8



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February 2020

GACS hosts legislative reception

The Georgia Association of Convenience Stores (GACS) held its annual Legislative Day Jan. 28 at the Georgia Capitol, which included meetings with Georgia House Speaker David Ralston, Lt. Gov. Geoff Duncan, and Gov. Brian Kemp.

GACS members use these meetings and others that were held that day as an opportunity to express their concerns on challenges facing the C-store industry and to stress their position on several issues and pieces of legislation that are being discussed in the current session.

GACS board members who attended the event included Chairman of the Board Patrick Parker, Parker Companies; Chairman-elect Grant Schmeelk, Bagwell & Spears; Government Relations Chair Guy Cochran, Friendly Gus; and GACS President Angela Holland

"We were very pleased Gov. Kemp was able to join us for our legislative reception along with many of our state legislators and constitutional officers," Holland said.



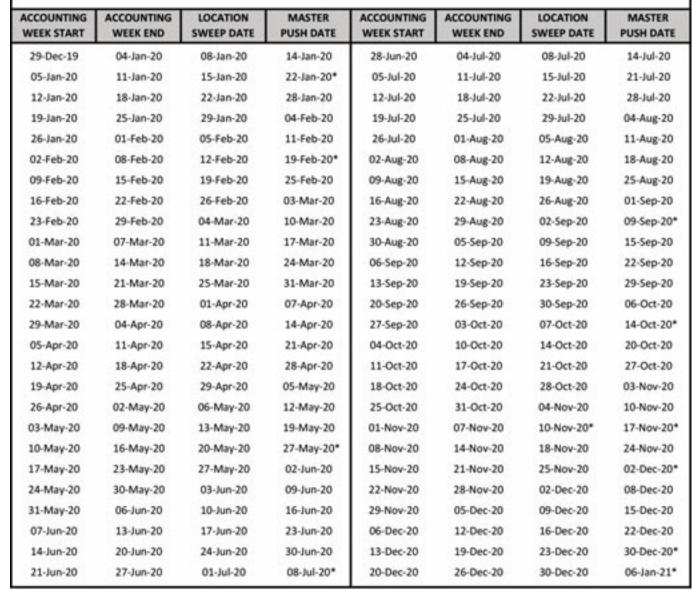
GOV. BRIAN KEMP, right, talks with Robert Griffith, left, of Golden Pantry while Steve Jones of S&D Coffee & Tea looks on during a legislative reception hosted by the Georgia Association of Convenience

Stores at the Georgia State Capitol Jan. 28. GACS holds the reception annually to allow members the opportunity to discuss issues important to the industry with legislators and other elected officials.



COIN OPERATED AMUSEMENT MACHINE LOCATION SWEEP AND MASTER PUSH CALENDAR

2020



*Indicates sweep or push date has been changed to accommodate holiday Note: Holidays on a Thursday and Friday may delay the availability of the Location Period Accounting Report on the following Monday

Connect, power up machines

To ensure accurate reporting of financial data to the Central Accounting System, the Georgia Lottery Corporation (GLC) says it is imperative the Location Li-



cense Holders (LLHs) ensure all equipment remains connected to the site controller and powered up at all times.

The GLC maintains a record of those LLHs that are repeat offenders of failing to ensure the continuous connectivity and operation of Class B COAMs.

Failure to comply with these procedures may result in fines up to \$50,000, suspension and/or revocation of the license.

Journal Opinion

'GACS in Store' program launched

ACS has always

vested in advocacy,

and now is taking an-

other step to turn ad-

vocacy into action.

Jbeen heavily in-

By Sharon Shuford **GACS Membership Strategy**

As C-store owners, managers, employees, and suppliers, our livelihoods depend on one of the most regulated industries in the country. Our success depends in part on the legislative process: how our lawmakers in the state capitol and Washington, DC, perceive our industry and respond to the issues that impact our business.

Engagement with the legislative process is crucial to success. We need to know our representatives on the local and

state levels first, and they need to know us.

GACS has always been heavily invested in advocacy and now is taking another step to turn advocacy into action.

In November GACS launched a pilot program, GACS In

Store. The objective of the program is to

bring convenience store retailers and members of the state legislature together and offer those legislators the opportunity to learn first-hand about our industry and local C-store operations.

GACS In Store gives state elected officials opportunities to experience how Cstores serve the public in their home districts. During the pilot GACS In Store event, district legislators worked with store



Sharon Shuford

staff to gain an understanding about how the store serves the public, and they had con-

versations with community members and

GACS members from their districts and surrounding areas about issues important to them. Through these interactions, legislators and Cstore young professionals gained a better understanding and appreciation for the business of the industry and the legislative process.

When they returned for legisla-

tive session this year, this group of legislators is now better informed and equipped to make decisions about issues that affect convenience stores. By making personal connections, they have C-store contacts they can call on, which puts a real face on the industry.

GACS is studying the evaluations of the pilot program, held in Columbus, GA, and will fine tune it. Five GACS In Store events are planned for 2020. Tentatively on the schedule are Jackson, Atlanta, Waycross, Columbus and Augusta. If you would like to host

a future GACS In Store event in one of your stores, please email sshuford@gacs.com.



SLATON WHATLEY (holding paper), director of operations for Whatley Convenience Stores, discusses C-store operations with state legislators during the first "GACS in Store" visit.

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COAM calendar

— REPORTING DATES —

Feb. 20: Each monthly report should be submitted by Location License Holders in electronic format via the

www.gacoam.com website as required by the GLC by the 20th of each following month.

— MEETINGS/OTHER —

Industry social - Eclipse di Luna, 4505 Ashford-Feb. 19:

Dunwoody Rd, Ste 111, Atlanta

Feb. 20: GAMOA meeting – Fraternal Order of Eagles.

3118 Chestnut Dr. Atlanta

March 9-11: Amusement Expo International – New Orleans, LA

Write us

The Georgia Amusement Journal welcomes letters to the editor. Letters must include the writer's name and address. The word limit is 300. Mail to Georgia Amusement Journal, P.O. Box 4307, Butte MT 59702, or you can email us at paul@tashcommunications.com. The Journal reserves the right not to print letters it finds objectionable.

Journal Opinion

New leadership follows Expo extravaganza

By Lori Schneider **AMOA Executive VP**

Amusement Expo International (AEI) is set to go in New Orleans, March 9-11.

AEI 2020 kicks off with Education Day Monday, March 9, at the Hilton New Orleans Riverside, featuring keynote speaker Larry Johnson, author of "Absolute Honesty: Building a Corporate Culture that Values Straight Talk and Rewards Integrity."

Education Day offers 16 different breakout sessions, a networking luncheon, closing session featuring former McDonald's CEO Ed Rensi and access to the virtual reality education track.

AEI's trade show is Tuesday and Wednesday, March 10-11, at the Ernest N. Morial Convention Center. It promises to be our largest trade show yet.

At the close of the trade show, AMOA's leadership team will transition to those officers and directors elected to serve during the 2020-2021 term. AMOA's new principal

Lori Schneider

ducation Day Coffers 16 different breakout sessions ... and access to the virtual reality education track.

Westgate from J & J Ventures in Effingham, IL; treasurer will be Tim Zahn with American Amusement Arcade in Bloomington,

MN; and secretary will be Luke Adams with Pioneer Vending in Cincinnati, OH.

For more information on AMOA's programs,



be sure to visit or to register for AMOA members receive two free badges to the trade show.

the show visit. And don't forget, all

AMOA is a national trade association representing the interests of operators, distributors, manufacturers and suppliers in the amusement

entertainment industry. GAMOA is an active participant in the AMOA State Council. Visit www.amoa.com.



Building Engagement in Real Life

officer team will be led by AMOA President Greg Trent from Beyer & Brown in South Daytona, FL; first vice president will be Sam



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Take steps to deter COAM theft

Georgia Lottery Corp.

In light of recent reports of thefts involving Class B coin-operated amusement machines (COAMs), the Georgia Lottery Corporation (GLC) is reminding its COAM licensees to remember to remain attentive to the operation of COAMs within locations to curtail theft.

Theft involving COAMs can occur through fraudulent acts, including stringing that tricks the COAM into recording cash that is not retained by it. As a reminder, steps can be taken to deter theft, including adhering to sound cash management practices, verification of redemption amounts and reliable security measures.

More specifically, COAM licensees should consider:

• Placement of COAMs in visible areas within locations where they can be easily observed by employees; • Removal of cash daily from the COAMs by the location licensee and deposit of the funds daily in the location's COAM designated bank account (as required by the COAM law);

• Installation of security cameras throughout the location, including the area in which the



placed;
• Routinely
inspect the
COAMs for any
signs of tampering or misuse,
especially the in-

tegrity of the bill

acceptors; and

COAMs are

• Verification of any large redemption amounts against the hand count that is required to be displayed on the video screen of each COAM to determine if there are any irregularities among the plays and the amounts being redeemed.

When theft of COAM revenue occurs, the licensee is still responsible for the COAM revenue amount recorded by the central accounting system. Any theft should be reported to law enforcement for further investigation.

Many of these suggestions are in the GLC Location License Holder Guide in an effort to provide beneficial information to make your COAM environment less likely to be exposed to theft or minimize the liability of locations due to theft

Licensees should be familiar with the operation of the COAMs and familiar with all manufacturers' specifications for the Georgia COAM market. Please review the Location License Holder Guide, as well as the other useful information available at website under the Documents tab.

Cards

from Page 1

Board that the Division has approval to use in-house third-party researchers "to help us formulate" a study "to get us that data we need."

"Verifiable data is the ultimate catalyst" for gift-card redemption, he said.

In addition, the Division will develop a Request for Information (RFI) to send out to potential gift-card vendors to get an idea of the cost and feasibility.

"Let's hear it straight from the vendor's mouth," he said.

Thirdly, Heinen proposed that a "working group" comprised of Board members, industry representatives and regulators be created to develop the gift-card framework.

The Lottery's renewed effort to help develop a gift-card option for redemption drew praise from the Board.

"I think that's excellent," Board Chairman Gus Makris said.

As for a timeline, Heinen said he hopes the necessary data can be compiled by mid-March, and then have the vendors provide a presentation by mid-April.

"Nothing is sustainable unless it's a win-win-win," Makris said. "It can't work long-term unless everyone is happy."

"We can't forget the benefit of increased sales-tax revenue," added Board member Emily Dunn. "Gift cards encourage spending, and that's an added dimension we need to capture."

Pope said gift-card redemption would be "hugely beneficial" in boosting industry's revenue and its contribution to the HOPE and Pre-



Jorie Tash photo

COAM ADVISORY BOARD member Hemal Patel, right, makes a point during a meeting Feb. 10, while Mike Patel listens. Mike Patel is the Board's newest member.

K scholarship programs, the needs of which increase every year.

"I'm hearing your good ideas," Lottery CEO Gretchen Corbin told Board members.

She also urged industry to help flesh out the RFI to provide clarity to the "many technical components" of gift-card redemption.

Revenues strong

In other business, COAM Division Vice President Mike Parham reported positive revenue gains since the Board's last meeting in October. COAM revenues reached \$36.1 million through the first two quarters of the year, ending Dec. 31, 2019, an increase of about \$9.9 million over the same period the year before.

"Those numbers are about as high as I've seen them," he said, noting that the peak revenue season is coming up, is "looking forward to seeing how March does."

Parham provided the following statistics for Georgia's COAMs. As of Dec. 31, 2019, the GLC had enabled:

- 2,363 Class A location licenses;
- 5,021 Class B location licenses;
 - 288 Class A master licenses;
 - 87 Class B master licenses;
 - 21 manufacturer licenses;
 - And two distributors licenses.

Citations decline

Lead COAM compliance investigator Tony Williams reported that the division has carried out 5,023 inspections over the past few months, resulting in 92 citations and 437 warnings.

"Inspection numbers are up while citations are going down," said Williams, adding that location licensees have continued to make gains in complying with COAM regulations, but that the division is also seeing instances of fraud increasing alongside compliance.

Some of these fraudulent activities seen recently include thieves using "stringing" or "fishing" techniques to insert cash attached to a string or tape into machines to play, and then pulling the cash back out to redeem winnings without spending any money. Another issue is thieves successfully using their own keys on round locks to break into the machines' cash reserves.

Williams encouraged attendees to remind location licensees that fraud and theft prevention tips are available in the Location License Holder guide on the COAM Division website, such as keeping the machines visible to clerks and regularly checking for any signs of tampering (see more tips in story at the top of this page).

"It's very important to be as proactive as possible," he said, and added that licensees should be "reminded to ask us questions, report crimes to the authorities." Licensees can also call the COAM office, as investigators can help licensees handle the aftermath of thefts.

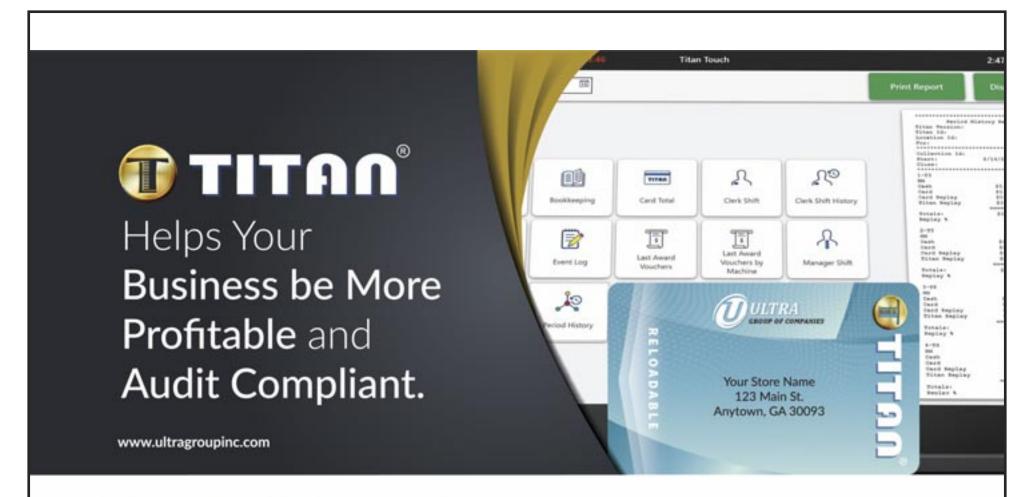
COAM Division attorney Julie Barker also said licensees "need to ensure the integrity" of their bill acceptors on a regular basis and said good locks "are a major component" of theft deterrence.

In other news, Barker told attendees that a new arbitration firm, called National Arbitration and Mediation, has been added to the list of authorized firms able to handle COAM cases, bringing the total to five. The complete list is available on www.gacoam.com.

Also, the Division agreed to consider additional marketing efforts for the COAM industry. Board member Hemal Patel said additional marketing can help "build the brand" to increase revenues and the industry's contributions to education.

Heinen asked Board members to develop some marketing suggestions for the Division to review.

The COAM Advisory Board meeting took place at the Lottery headquarters in Atlanta Feb. 10.



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Summit

from Page 1

the-scenes opportunities at Andretti's Indoor Karting & Games, where they took part in onsite learning and "round-robin" breakout education sessions covering important industry topics including food and beverage, hosting birthday parties and groups, marketing, and attractions in FECs.

On day two, attendees attended education sessions and networking opportunities. Panel discussion topics included:

- Selecting arcade equipment and redemption games (see related story);
- Daily game room operations, repair and maintenance of amusement game assets, evaluating performance and future considerations:
- Active shooter scenario preparedness;
- Keeping your FEC facility current and competitive (see related story).

"We are so proud to have hosted another successful IAAPA FEC Summit for FEC owners and operators to come together to expand their industry knowledge and learn from each other," said John Hallenbeck, executive director and vice president, IAAPA North America. "Attendees learned from colleagues and took part in exclusive opportunities at multiple locations so they could be inspired by new ideas and strategies to apply to their businesses."

"The camaraderie among attendees who came together from around the world truly made



IAAPA photo

THE FEC SUMMIT, sponsored by the International Association of Amusement Parks and Attractions,

attracted about 170 operators to Stone Mountain, GA, Jan. 27-28.

everything come together," said Alyse Sklover, IAAPA's new manager of constituency programs and services. "The FEC community is a true community that works together in the business of fun. We can't wait to host this event again next year in Arizona!"

The Summit also provided an app with which attendees could answer survey questions, direct questions to the featured speakers and provide feedback on the event, a "fantastic way to connect," said emcee Weiss. Dozens of attendees utilized the app to its fullest potential, adding an interactive component to the keynote and seminars with real-time information attendees chose to share about the sizes of their operations, yearly revenue, business practices and other topics.

IAAPA FEC Summit 2021 is

scheduled for Jan. 24-26, 2021, in the newly remodeled WeKoPa Resort & Conference Center in Scottsdale, AZ. Details are coming on www.iaapa.org.

IAAPA also hosts dozens of other events to connect members all over the globe, from webinars on industry-relevant topics such as food and beverage, remodeling tips and general business advice to the annual three-day FEC Expo in Macau. The association has more than 1,000 members spanning 60 countries, and has provided networking opportunities, industry techniques and access to cuttingedge products and attractions to FEC professionals since 1947.

The IAAPA FEC Committee was created in 1992 to address the needs of the emerging FEC sector. That year, the association increased its services to the FEC community,

and held a day-long workshop for FEC development and operation at the convention.

Today, IAAPA has more than 1,000 FEC members around the world, and the FEC community makes up IAAPA's largest facility constituency.

IAAPA Global Expos host events that cater to FECs, including an Indoor Entertainment Day at IAAPA Expo Europe, as well as three FEC lunches, an FEC reception, and a Rookies and Newcomers program at IAAPA Expo in Orlando.

IAAPA members have free access to the IAAPA FEC
Benchmark Report featuring the latest information on FEC operation. Plus, IAAPA has a Crisis Communications Template resource that is customizable for FEC members.

Facility

from Page 1

closing," he said, so Jake's decided to launch a complete "remodel and rebrand" to revitalize the business. The makeover's goal was to create a chameleon space that was the perfect place for an eight-year-old's birthday party by day and a corporate meeting destination by night, he said.

"I started to really pay attention to the industry (trends)," he said. "It's easy to get caught up in your own business."

After researching high-earning FECs, Hoyum said "we found out that kids can have fun with two sticks and a rock, while teens and adults are uncomfortable in (what they see as) a kids' environment."

They modernized the design, while keeping in mind the necessity of having a space with

high "instagramability" to make it more appealing to older demographics. Hoyum said "instagramability" means that "wherever you took a picture, it would look good on social media."

To look good on social media, fillers and filters can be optional, but good lighting is not. The remodeling team added LED color-changing lights that photograph well "to get more modern," and also added common contemporary gaming language to signs.

"Parents of kids today grew up playing video games, so they understand the same language," he said.

For aesthetic changes, they also streamlined the design from room to room, and use the LED lights to change the colors in rooms to be appropriate for the groups using it at a time. They also eliminated the carpet in favor of vinyl plank. Hoyum said the impression of cleanliness is better, and it's easier

to clean. Finally, the traditional redemption counter was gutted in favor of a retail space to keep lines moving more quickly to make "redemption a positive experience."

Changes to offerings were made, as well. Previously, the laser tag hall held space for 10 players at a time, while the current space allows for 40. They also decided to take a risk and install a bar "for corporate events," he said, and it's been appreciated.

All in all, he said, they succeeded in "creating an environment where people feel comfortable spending more money." The investors are happy with the finished product, as the previously failing business is now thriving as a multi-faceted, contemporary FEC with something for everyone.

While Hoyum went with aesthetic changes and updated offerings, Novak of Funland Park added go-karts, bumper cars, and laser tag. More importantly, Funland also added marketing.

A big party celebrated the gokart track's opening, and six TV and radio stations visited the park.

Novak said the park has been packed since, and encouraged attendees to reach out to local organizations for sponsorships, offering to host local events and getting the facility name and offerings out to locals as much as possible.

He also added that his location helps, as well, as there are multiple shopping centers across the street that help bring in traffic.

Novak added that he attended IAAPA events for 15 years "as a fan" before getting into the business himself, and thanked the association for the opportunities it gives members and attendees.

"It's through networking events like these where we really learn," he said.



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February 2020 Georgia Amusement Journal – 11

Panel has arcade-game advice

By Jorie Tash **Georgia Amusement Journal**

The second day of the FEC Summit in Stone Mountain, GA, last month featured a series of education sessions that armed attendees with knowledge gained from panel participants' "100 years of combined arcade-business experience," said emcee Scott Weiss in his introduction of the panel titled "Selecting arcade equipment and redemption games."

The participants in the panel Jan. 28 were Nick DiMatteo of Dave and Buster's, Howard MacAuliffe of Pinnacle Entertainment Group and Joe Camarota of Alpha-Omega

offered at FECs is "eroding that percentage." Video components, as mentioned previously, are becoming larger and larger parts of the FEC experience, while traditional redemptive games are slightly down-trending in popularity, he

DiMatteo agreed that space is essential, and added that FEC executives need to "know who their core guest is" to nail down their offerings. MacAuliffe echoed DiMatteo's emphasis on the core customer, and told listeners to know "what you're trying to accomplish."

"Is it laser tag, or maybe bowling?" he asked.

It's worth paring down "some

sharing with gaming suppliers.

"The cash flow is similar" whether games are bought outright or rented with a revenue-sharing agreement in place, said MacAuliffe. "If you buy the games,

"Always reinvest – make it a recurring expense" on the monthly budget, he said, to keep up with trends and remain competitive.

"Put the upfront cost of the game aside," Camarota said. "It's



then the assets are yours," but renting provides operators with vendors who maintain more complicated games that aren't "plug 'n' play" for a reduced price or for free.

"There could be a place for buying and renting, if you have enough capital," he said.

all about return-on-investment," when it comes to doing preliminary research on investing and reinvesting.

On redemption, all three panelists had plenty to say.

"It's important to satisfy people and have them keep playing," said Camarota.

The three panelists agreed that mixing "quick-shot games" with higher redemption opportunities and longer games with lower payouts and "higher perceived entertainment value" is the way to go.

MacAuliffe said lower-end items should be purchased wholesale directly from the manufacturers and marked up higher, while retail items should have a less obvious markup, since customers can easily go into a store and see the monetary value of those items

"Big prizes like iPads should be marked up about one or two percent," he said.

Design of the redemption area is important as well, they all agreed.

"Shoot for quality on display," said DiMetteo. "It matters. Clean white resonates with customers, as does being able to touch merchandise."

"Customers should feel good about playing, so prizes must be compelling," he added.

FEC operators should also consider having a traditional retaillike space for redemption. While traditional counters can "mitigate theft," counter employees can quickly become overwhelmed with customers, who will then have to deal with long lines that can cause frustration, especially in younger customers, said DiMetteo. Having a store with multiple "check-out points" can also encourage "visual connection (with the merchandise)," a component of FEC redemption that MacAuliffe says is especially important.

The panelists encouraged listeners to avoid common redemption missteps, such as "low inventory, skimping on the merchandise, and poor organization."

Most importantly, "keep (the area) nice, like your bathrooms," DiMetteo said.

"It says a lot about your business. You want the area to say it's a good place."



AN EXPERIENCED GROUP of panelists shared advice on a variety of topics regarding the selec-

during a session at the FEC Summit Jan. 28-29. They are, from left, Joe Camarota, Nick DiMetteo, tion of arcade equipment and redemption games and Howard MacAuliffe.

Amusements (and also president of the American Amusement Machine Association). Jerry Merola of Amusement Entertainment Management served as moderator. Merola asked panelists a series of questions, of which all were allowed a chance to answer.

"What's the right mix of equipment or concepts to be delivering to customers?" was the first question. Camarota answered that game-room size and nailing the intended theme are both very important, as larger game rooms allow for more innovation as trends change – for example, virtual reality (VR) experiences are popular right now, and space is needed to install the right equipment and allow customers a full range of movement.

"Sixty-seven percent or more of the equipment (in contemporary game rooms) is heavily redemptive," said Camarota, but the trend of expanding attractions

arcade space to make room for attractions" if operators feel that customers are looking more for attractions than traditional gameplay, he said.

Merola asked panelists to elaborate on their ideas about the need for space, to which MacAuliffe replied, "taller is better." Fourteen square-foot ceilings can accommodate more future attractions as well as evergrowing energy needs, he said. Dimatteo agreed that FEC entrepreneurs should always "be looking ahead of time, and be able to manipulate your layout" as trends evolve. He mentioned a recent trend of larger-scale arcade games that require more wall space, "so you need to be able to plan for the future." Games are so much larger now that a space that "held 100 games 10 or 15 years ago now holds 70," said Camarota.

Merola then asked how the participants feel about revenueDiMetteo said much the same:

renting can be the way to go, and "there's a great market for [used or reconditioned] games."

"I would advise looking at all options" to get the best deals and the most diversified arcade space, he said.

Common missteps by those new to the market were the next topic of discussion. DiMetteo said he sees "buying games based on feelings instead of specifications" as a rookie mistake.

"Don't do that with milliondollar investments," he said.

"Base (purchasing decisions) on empirical data – look at the numbers, like the average game revenue," added Camarota.

MacAuliffe said he often runs into new FEC operators that have "over- or under-invested" at the start of business and find themselves failing to profit and having no budget with which to reinvest in new products.

Finance guru cites 'core values'

By Jorie Tash Georgia Amusement Journal

The FEC Summit's keynote speaker was financial wizard Alan Miltz, co-author of the best-selling business management guide *Scaling Up*.

Miltz, born and raised in Capetown, South Africa, has spent the last 30-odd years in Australia, where he set up a successful consulting firm in the 1980s. He told attendees that after some time in the corporate world, he began to wonder "how businesses can speak one language and bank another" and how accounting departments often use techniques inaccessible to the average employee to determine profits and losses.

He then decided to devise a way to "standardize how we look at the numbers" and came up with a system now in use by over 500 banks all over the world that allows everyone in the company to "learn a logical way to understand financial measures that everyone can follow," he said.

His first piece of advice was to urge companies to send two people from outside departments to financial reviews – "two heads are



FINANCIAL WIZARD Alan Miltz delivers the keynote address in the opening session of last month's FEC Summit in Stone Mountain, GA.

better than one." People often interpret meetings differently, he

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said, so having two attendees to report accounting conclusions to the rest of the company can be immensely helpful. His second, while not

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particularly uncommon, piece of advice deserves special consideration from business owners and managers, who should ask themselves this question upon making hiring calls:

"Are you making good people decisions?"

Good employees who share the company's core values – also necessary for businesses to pinpoint – are essential for maximizing cash flow, he said.

In fact, "your core values are the DNA of your business," according to Miltz. Hiring the best employees is next to impossible if managers and owners can't agree on their values. He suggested nailing down a few iron-clad values and filtering prospective employees by finding those that share them. He said helping current employees reach "A status" by developing strategies to hold them accountable to the company's values is important, as well. Employees who are unable or unwilling to identify with the company's vision should be let go to pursue other opportunities that would be a better mutual fit, he said.

"Hire on values, fire on values," said Miltz.

Next, managers and owners need to "keep the main thing the main thing," he said, quoting longtime General Electric CEO Jack Welch. Identify the main thing, said Miltz, and don't deviate from it to maximize success.

What is "important to the customer is how you're different

than your competitors," and executives should nail down their "main thing" that separates them from the competition and stick to it, he said. He added that all employees of a business need to know the main thing, as well, and be able to summarize it effectively to best get through to the customer.

Identifying the customer is also crucial, he said.

"The first thing to define is 'who' – who is your customer, who is it that wants to buy your service?" he said.

Having a specific target demographic for a product or service, and being able to easily and quickly explain their "uncommon offering," will attract more customers and keep them, he said. One goal a business should also have is to connect so well with their target customers that not only are they retained, but also actively promoting the product or service to others.

As for more specific financial advice, Miltz gave Summit attendees plenty. His goal as a consultant, he said, is to help businesses with "converting complexity into simplicity." Keeping it simple makes it easier for executives to get everyone on board with finances.

"Make everyone in the company love the numbers," he said. "Every company loves the income statement, but you can't understand your business with just income statements."

Looking at funding/debt is crucial, he said, adding that cash flow provides a better metric for a company's well-being than looking at income only.

"You'll never understand your business if you're only focusing on profit," he said.

Finally, Miltz urged attendees to "be able to communicate your value and/or your niche, focus on your core customer and get the main things right – the other things will fall into place."

Miltz is also founder of *Cash Flow Story*, a guide dedicated to helping professionals better understand finances to maximize profits, and former corporate executive of some of Australia's most respected brokerage firms. Those interested in learning more about his financial strategies can go to www.alanmiltz.com



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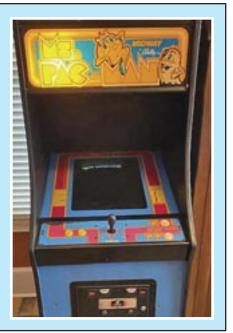
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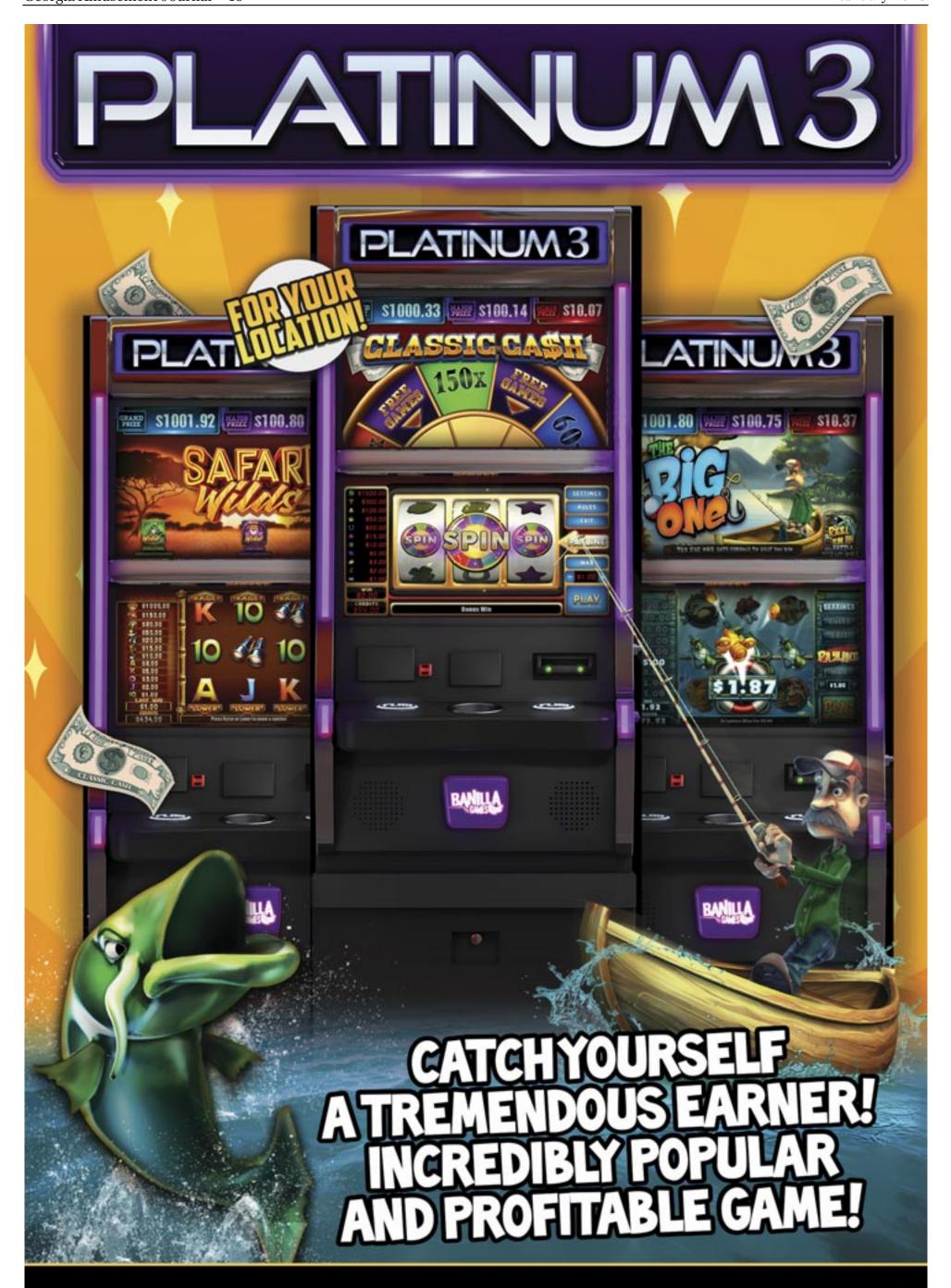
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