

Casino Enterprise Management

Gaming Legend Profile: Sheldon Adelson

June 1, 2011

By Mary Lynn Palenik

There are many well-known individuals in the gaming community, but one name elicits instant recognition: Sheldon Adelson, chairman of the board and CEO of the Las Vegas Sands Corp. For some, this name immediately conjures thoughts of strategy, strength and power; for others, images of luxury and wealth. But preconceived notions, I have found, are often limited to superficial impressions forged by conjecture and supposition. It is easy to see how this type of reaction can occur when the subject is a self-made American billionaire, a man who has achieved the type of success that others only dream about. My own perspective of this man, while it may represent an impression that many may have not heard before, is one that has been compiled through various brief and sometimes lengthy interactions since the late 1990s, and as recently as this quarter. Each time that we have met, Adelson exhibited consistency in his attitude, demeanor and strategic focus, and if measured on a scale, the rating would be unwavering. As I have come to expect from this figure, he continues to be as interesting and conversant as the first time we spoke. The trilogy of life experiences that he shared are sure to inspire the hidden entrepreneur that dwells in each of us.

I prepared for our recent meeting by researching every topic that I knew Adelson had previously commented on, from global gaming to politics to philanthropy. While I frankly and fully expected for our conversation to be controlled and limited to gaming, nothing would be off the table that day, making this meeting even that much more engaging. I was greeted by Adelson in the hallway just outside of his private office at The Venetian, and he was gracious as he welcomed me as well as the invitation to be interviewed for this publication. I have come to learn—just as with most people—that there are many sides to Adelson: family man, husband, father, and son; entrepreneur and risk-taker; strategist; visionary; political activist; counselor; philanthropist and more. Yet unlike so many others, these attributes are deeply interconnected and woven into the fabric of his intriguing and complicated personality.

Born in Boston to a Jewish cab driver father and a stay-at-home mother, Adelson was raised in very modest surroundings with three siblings and all of the challenges that most Great Depression-era families faced. Of the many lessons learned as a young child, Adelson credits his father for giving him one of life's most important lessons, that of philanthropy. The family struggled to make ends meet, but each night Adelson observed his father's own charitable giving as he took coins from his meager daily earnings and dropped some of the coins into a "pushkeh," the Hebrew word for poor box. While the

then-young Adelson could not understand why his father would give away their money to the poor as they themselves were poor, he finally understood his father's mantra, "As poor as we are, others are poorer." Listening eagerly as Adelson recounted this lesson, he noted that the driving force in his life is to make more money so that he can give more. "How much money does one person need?" This question is merely a self-reflection of his awareness of his own good fortune, and when placed in the context of his life goal to give, and give big, enough will never be enough.

At 77 years old, Adelson is still raising two children, middle-school-aged boys born out of his 20-year marriage with his wife Miriam, a physician who directs the Dr. Miriam and Sheldon G. Adelson Clinic for Drug Abuse. In addition to their two young sons, the Adelsons have three daughters (Sheldon's daughter from his first marriage and Miriam's two daughters from her first marriage). Having met on a blind date in 1989, the couple is as involved in their sons' lives as every other parent would hope to be. On the day that we met, among all of his business commitments was nestled an afternoon soccer game at his 12-year old son's school (the Adelson School in Las Vegas) that he promised not to miss. We joked that his son was actually the only player who could rightly wear the name Adelson on both the front and back of his team jersey. While Adelson hopes that both his young sons will one day be interested in the family (resort/casino development) business, it is certainly not a requirement or an edict. He simply wants them to be happy, to follow their dreams, wherever they may take them. Like any concerned parent, he did note that he would encourage his boys to seek college educations.

My first interaction with Sheldon was at the then-World Gaming Expo (predecessor to the Global Gaming Expo), in the late 1990s. Our chance and brief encounter occurred at the expo, where he was introducing the concept of The Venetian—a resort that would be based on a vertical integration strategy. At the time, this concept was completely new to Las Vegas. Even as other new casino-resorts had opened and were continuing to open under the "mega-resort" moniker of the day, The Venetian was being proposed as the resort that would also add convention business to the mix, and the rooms were being designed with the conventioneer's needs in mind (complete with in-room fax machines—remember that in the late 1990s, faxes were still all the rage).

I remember Adelson showing us a model of the proposed resort as he delivered a presentation that was simply amazing. While I sat enthralled listening to the details of the various interior structural and exterior architectural components of the resort as well as the integration strategy that he was sharing with us, I was quite surprised at the hushed comments of some executives in the audience who expressed amusement with the ideas that they were hearing. Comments such as, "It will never work," and "He has no idea what he's doing." My reaction to these comments was surprise, but I chalked my reaction up to me being a bit of a gaming novice at the time, after all, I had only been in the industry since 1991, and many of those in the audience were long-term veterans. Somehow, even though these executives fully understood that the man presenting before us was the same man who had recently sold the convention show that he invented, COMDEX, to a Japanese firm for just over \$860 million, and the proceeds from this transaction would be the catalyst for this development, the audience still appeared neutral, at best. Consequently, I felt compelled to speak to Adelson, and let

him know that his vision inspired me, and that I would anticipate this project with great excitement as I wanted to experience everything that he had just described to us. He responded to my comments in the same manner that over the years I have come to expect—kind, appreciative and willing to engage in polite conversation. Fast forward just over a decade.

Currently ranked by Forbes as the 16th wealthiest person in the world, the fifth wealthiest person in the United States, with his fortune estimated (at the time of this writing) at \$23.3 billion, Adelson is surprisingly modest and often times comically self-deprecating. He says that people often ask him if his focus is to be No. 1 in everything that he does. He responds that he doesn't need to be the No. 1 guy; he just needs to be the best that he can be. "If I didn't plan the development that allows me to be the No. 1 guy, then I don't have the capability to be No. 1, and somebody else does. If that's the case, then what do I care?" While most would look at his standing as the 16th wealthiest person in the world as an amazing feat, he insists that some say to him that his standing means that there are still 15 people in front of him, and they want to know if that makes him jealous. His response is classic: "I'm not jealous. Instead, I'm thinking about the 6 billion, 999 million, 999 thousand, and 900 and 84 people below me," he says with a hearty laugh. "Listen, my theory is if you don't have to carry the balance in your checkbook when you write a check, then you're rich because you know that the check that you write is going to clear."

When I asked Adelson for the details regarding the first business he ever owned, he took me back to his youth when at, 12 years old, he realized that in order to make real money, he needed to be the business owner and not an employee. To accomplish this goal, Adelson took out a \$200 loan from his Uncle Al to buy the rights to the newspaper corner where he had been working and receiving a small daily wage. After that transaction, he took out another loan, this time for \$250 to buy more newspaper corners. By the time he was 16, he borrowed \$10,000 to buy a chain of candy vending machines, and the entrepreneur was born.

As our conversation turned to the development of The Venetian, in an industry that he had never operated in before, I asked if he ever worried about the decision and if he had any hesitation about entering a business where so many competitors were so vocally dismissive. Without missing a beat, he countered, "Are you talking to me? Are you talking to Sheldon Adelson? I've done it 50 times in my life. I've never known a business before I went into it. There's nothing for me or for any entrepreneur to know about a business. You don't have to be an expert in the business—you can always get experts who know the business a lot better than you. But, those experts can get an entrepreneur to expand and create a vision and a strategy for an industry." It goes without saying of course, that Adelson feels passionately that entrepreneurs are born, neither educated to be an entrepreneur, nor made to be one, but simply born that way. I wondered aloud about the traits that support the entrepreneurial spirit and not surprisingly, the two traits that Adelson feels are the differentiating factors are the ability and willingness to take risks. "There are plenty of smart people out there who know finance and marketing, and those are two things that you need most, but the willingness to take risks is key."

I was beginning to understand a little more about the man who, as the CEO of the second largest casino gaming company in the world based on 2010 revenues of \$6.9 billion globally (largest in terms of market cap), incorporates calculated risk into his everyday business model. Part of the current Las Vegas Sands Corp. (LVS) expansion strategy is to develop a mini-Las Vegas for Europe to be located in Spain, in either Madrid or Barcelona (the location is still to be decided). Adelson feels strongly that the project, currently estimated at \$10 billion euros (\$14 billion USD) is just what Europe needs. The project, which will be built over a 10-year period, will look as though Las Vegas has been picked up and relocated to Europe. He estimates that at full capacity, 180,000 people will be employed by this venture. When considering the company's 30,000 current employees, and 180,000 from the first six properties proposed for Spain, along with an additional 100,000 jobs that he estimates will be created if LVS is allowed to finish the development in Macau, by the beginning of the next decade, LVS could employ over 300,000 people. "How does it feel to impact the lives of so many individuals?" I asked. "Families," he quickly pointed out, "that's the number of direct families that we will impact, and it feels very good."

Beyond Spain, LVS is interested in being one of the select few to develop a resort in the southern Florida corridor. Adelson believes that his company is the best positioned to deliver a superior resort product to this region as his is expertly focused on the convention strategy. With amusement he has watched competitors offer the highest compliment of flattery to his convention business, as layout flaws that he admits were his own and he has learned from at his Sands Expo and Convention Center in Las Vegas were copied space-by-space by rivals. He feels strongly that to be successful in the Florida market, the resort strategy has to embrace convention business as an overarching component. His plans for the LVS Florida development include launching a compelling strategy to divert conventions from other areas of the U.S., as well as the Spanish-speaking markets of South and Central America. While his vision for the design and amenities for the Florida resort are still in the creation phase, Adelson notes that the vision begins with the end results in mind. "What strategy do I develop that will result in the greatest achievement, and greatest accomplishment? It won't be the shape of the building or the thematic posture of the building—those are important too—but they don't hold a candle to the strategy." Adelson offers that the reason behind failures in Las Vegas and other markets is due to companies not having a marketing strategy. "My M.O. is to change the status quo so that people are not doing things just one way. The added value is to do things a different way, so people will do it that new way, too."

With that last statement, and his emphatic response, I was curious to learn when he looked back at the 20-plus years that he has been involved in the casino gaming industry, when it was he realized that he could finally call himself an expert, someone who is in the know in gaming. "Well, I am not sure. On a macro basis, I know that I am an expert. On a micro basis, I am not sure about that. I never think of myself as someone who has to reach a threshold of expertise so that I could consider myself an expert. I know the subject, but the more you know, the more you know you don't know. So whatever industry you're in, you've always got to learn. You continue to learn, and things change enough so that you need to relearn. In slots, for example, there used to be electro-mechanical reel machines, and that was that. Then they became electronic. Then

they put multiple games in one box, and now they've put multiple games attached to one table. The ETGs (electronic table games), I have found out, are a lot more lucrative than slots."

The visionary behind LVS has a strong appreciation for technology and notes that technology has created advances in everything from gaming to medical research, yet he does not wish to be bothered with a computer. "You can't teach old dogs new tricks," Adelson commented as he quoted the expression that his mother often used. "I have a great person who knows the computer and she reads every single thing that I read. She takes dictation from me the old fashioned way, using shorthand, and that's the only way I like to dictate." Adelson, who was a court reporter early on in his career, does not e-mail or text, has one phone, and prefers voice communication over everything else. Yet for someone who embraces technological simplicity in his everyday life, he is keen to point out how gaming can be improved through automated processes and how decisions per hour, and thus revenues, can improve as well. His detailed suggestions for improvement have ranged from changing the shape of gaming plaques in Europe to create dealer efficiency and accountability, to changing the configuration of gaming tables and expanding positions through stadium-style seating and the use of interactive monitors. Even as excited as Adelson is talking about the technology that he views as a vital and critical complement to the gaming experience, he also acknowledges that no matter how far the industry takes gaming, it remains an offshoot of activities that have been going forever. "A friend of mine gave me a set of dice from ancient times, B.C.," he noted, "So gaming has been going on fairly unchanged for millennia."

I wondered if the majority shareholder of LVS is a gambler himself. He responded, "Yes and no. I am not a gambler commensurate with my ability to gamble, but I like to gamble. When I lived on the East Coast, I used to select an island to visit based on whether or not they had gambling. I wouldn't visit an island that didn't have gambling, because after dinner I like to be entertained a little bit. So I take \$500 to \$1,000 and go down to the casino and play." His favorite game is blackjack, and when asked if he was good at it, he chuckled mischievously and simply said, "No," but adding, "I enjoy it, and that's all that matters. Gambling is not to win money. Unfortunately, there are people in the world who believe that it is, and that it's a war between them and the house. They feel that they must win or they've lost the war. It has an effect on how they feel and who they are. It's never gotten to me like that. I'm what they call today a mass-market player. I was never a high roller."

Adelson views his strategy as one that includes measured risk and integrated marketing. He does not feel that casino or hotel operating management contracts, as some of the other large casino gaming companies engage in, are the best investment of time or resources for LVS. He maintains that ownership, while having higher risks is worth it because of the rewards. "There is very little incremental profit in the management business," he added. Adelson points to his recent successes in Macau and Singapore, and of course in Pennsylvania where the hotel opens in May this year, followed by the events center and the shopping center. Adelson is quite cognizant that other companies watch what he does and where he does it, and is flattered when they try to mimic his

strategy, which, according to Adelson, is difficult to do when you do not have the experience, appetite for risk and financial wherewithal.

Adelson is not as amused, though, when our conversation shifts to the various gaming states that are looking harder and harder at casino companies to be their sole savior to miraculously plug holes in state budgets that were faulty to begin with, and then decimated even further due to the recession. “How much can they expect gaming to solve?” he wondered aloud. I offered that some states, even our own, seemed to be considering lottery in earnest during this current legislative session, and asked how he felt about it. “I don’t like lottery. It’s not going to make it here. The time to win is not as fast as slots or tables, and the time to get the gaming decision is much too long. When lottery starts first in a location, and then continues to be part of the total gaming experience, it succeeds and stays successful. But when lottery comes after the fact, and there are already fast gaming decisions available, there’s no excitement in lottery.” Pushing back on his position, I asked how he would feel about LVS being the operator of the lottery instead of the state. “If I’m already convinced lottery is too slow of a decision cycle, then why would I do that? Why would I try hard to establish a business that I know in my heart I believe is fallible? I would rather make my decision that it’s not viable and that’s the end of it. I can’t compromise and try to squeeze something out of it, if it just can’t be. The same decision applies whether I do the lottery or if the state does the lottery. It’s the same issue facing horseracing, dog racing, and pari-mutuel betting; they are dying out because the decision cycle is just too long.”

At this point, I had my own epiphany about Adelson; being opinionated plays in his favor. Adelson told me that he makes very quick decisions, and often times others feel that he hasn’t adequately considered all of the options because he reacts so quickly. To form his opinion, he relies on the length and depth of experiences over his lifetime. Everything that he does—whether it is related to family, business, development, philanthropy, you name it—every decision that he makes utilizes the same strategic base questioning: Is this the best I can do with the resources that I have? If the answer is yes, then expect Adelson to be the front-runner in developing a visionary approach and being the first-to-market. If the answer is no, then expect that it is a firm no. Now in reading this, one might form the conclusion that Adelson makes snap judgments—nothing, I believe, could be further from the truth. He embraces research as a critical component of his strategy, and seeks out counsel in areas where he alone is not the expert. He also has a great talent and proven track record for bringing resources together in a variety of disciplines to create think-tank environments for complex problem-solving, in business, politics, medicine and in addressing social needs.

This talent of course, brings us full circle back to the cornerstone of the life lessons for which he credits his father—charitable giving. When I brought up the subject of his and his wife’s tremendous philanthropy, he responded that he doesn’t do exactly as his father instructed so long ago: give something to the poor each day. But it is only due to his hectic schedule that it doesn’t occur each day. Instead, as Adelson likes to say, he gives in bulk. But the expression bulk really does not do justice to the charitable giving that occurs in the Adelson household. The Adelson Medical Research Foundation (AMRF) alone provides funding for medical research that includes support for an

estimated 200 scientists, medical clinicians and researchers, nanotechnologists, computer scientists, physicians, physicists and other disciplines, as well as 70 medical institutions. AMRF funds medical research in the areas of neurology, immunology and oncology. But, as Adelson points out, he does not blindly support everything that they do. He is very proud of the business model that he established for the medical research that's being accomplished at AMRF, a collaborative model, where the varying disciplines come together to decide what they are going to study from inception. In addition to medical research, the Adelsons are also well known for their substantial support of Jewish and other causes in the United States and in Israel. One should note that the charitable giving just mentioned is in excess of and separate from the corporate giving that resides at the Las Vegas Sand Corp. level, where the Sands Foundation is the charitable giving arm of the company. I had read that the Adelson family's charitable giving was in excess of \$250 million and asked if that was accurate. "Yes, and as we continue to grow, I hope to give billions away to charity. Not just millions or hundreds of millions, but billions. Give a billion or more a year? That's my dream."

After nearly two hours of truly engaged and enjoyable conversation, I found myself still wanting to learn more about Sheldon Adelson the person. I could not resist, and Adelson did not seem to mind the inquisitive probing, and actually appeared content to provide a deeper look into his life. The conversation went as follows:

MLP: Before being a business owner at 12, did you have any other jobs?

SA: Yes, I worked in a laundromat, in a grocery store, delivering meat orders for a kosher butcher, and in a drugstore as a soda-jerk.

MLP: When you were that young child, did you ever think that one day your life would be like this?

SA: No, never; never to this magnitude.

MLP: What drives you to keep going and wanting to do more unique and different projects?

SA: It's just being an entrepreneur, it's in my blood.

MLP: Do you enjoy what you do?

SA: Yes, sure I do. I couldn't do it if I didn't enjoy it. Listen, I tell my kids, you're good at what you like, and you like what you're good at. So how can you enjoy something you're not good at? You can't enjoy it if you don't like it.

MLP: Do you enjoy negotiating?

SA: No, I leave that to others. But my 14-year old son is very good at negotiating.

MLP: I understand that you characterize yourself as unpretentious—are you?

SA: We are. We're just very casual people.

MLP: Do you look forward to the weekend?

SA: Sure. We have a home in California on the water and it's our weekend home. I love to go there; it's very relaxing because it's right on the water. We built the house. All of the other houses are recessed by 3 to 4 feet, and my wife wanted to see the ocean from anywhere in the house. So, we built it up so that it was at an even plane with the patio and overlooking the ocean. It's just beautiful—the waves, the birds, sometimes we'll even see dolphins go by. We've even seen sea lions and seals. It's really beautiful, and we love it. It's not a modest house, but it's not a grandiose house either, not by a long shot.

MLP: Are you able to relax there and turn off the business part of your life?

SA: Yes, I really do relax there. When I'm at the California house, I don't dress up, I wear shorts or khakis, and I don't shave for the whole weekend. I relax. I don't have to go out to fancy restaurants. We're not ladder climbers. We don't have to keep up with the Joneses.

MLP: That's because you are the Joneses.

SA: (Chuckling) OK, you're right. But we don't have to keep up with the Joneses or the Adelsons, or anybody else. We just live well. We're building a new house that I don't think anyone would call unpretentious, but I don't go around and boast about it. Since you asked, I have a fleet of planes, too, and you can see the models of the planes here in the office, and I consider these planes to be my toys.

MLP: Do you fly yourself?

SA: No I don't. My flying consists of eating, drinking, and reading, talking, watching movies, and sleeping, and I enjoy it very much.

Our time together was drawing to a close, and while I could have spent countless hours continuing our conversation, Adelson's schedule, as one would expect, was booked. "We're expecting a few people over to our house tonight for a little dinner," he apologized. By this time in our visit, I was on to him. The scale by which Adelson measures, I had come to realize, is definitely not the same as everyone else. "Really," I prodded, "10 or 20 close friends?" thinking that I was exaggerating the event. "No," he offered, "we're actually expecting 80 to 100. I am on the board of directors of the Republican Jewish Coalition, and our annual dinner is tonight. It's become a tradition to have the dinner at our home." That comment, I thought, put everything into perspective for me that afternoon. It was then that I realized this entrepreneur, risk-taker, and innovator measures life experiences and opportunities on a scale that is simply

enormous. The CEO and largest shareholder of the Las Vegas Sands, the 16th wealthiest person in the world, and the man who spearheaded some of the most innovative, distinct, and elegant developments on the planet was as down-to-earth as I had hoped he would be, and as pleasant and polite as I expected him to be. Sheldon Adelson is one of the most powerful and influential individuals that the gaming industry has ever known, and on my personal scale of being impressed ... the experience was off the charts.

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