

# Applying a wise strategy informed by experience to the management of the youngest lottery in the U.S.

**Jeff Hewitt**, *President, Mississippi Lottery Corporation*

**PGRI INTRODUCTION:** With a career in the lottery industry beginning in 1987, Jeffrey L. Hewitt was selected to serve as the Mississippi Lottery's second president, beginning July 1, 2021.

Prior to his appointment to lead the Lottery, Jeff served as Senior Vice President of Sales and Marketing at the Mississippi Lottery where he began as an original start-up employee in June 2019. He supervised everything from retailer recruitment, brand establishment, build-out of lottery headquarters to new product/instant ticket development.

Before joining the startup of the Mississippi Lottery, Jeff was the Interim General Manager for the Illinois Private Management Project with Intralot. He provided direction as a liaison between Intralot, Camelot and Illinois lottery executives, managing the terminal conversion. Jeff began his career as a Lottery Sales Representative in Florida and has consistently advanced and expanded his industry knowledge. He joined the Georgia Lottery as a Regional Manager for their start up. Jeff moved to the vendor side of the industry working for AWI, IGT- OES, Scientific Games, GTECH (now IGT) and Intralot.

**Paul Jason:** **Do you think we will return to the fully-staffed office environment of pre-pandemic days?**

**Jeff Hewitt:** It is amazing to see how the work has all been accomplished and the results that have been achieved during this time of profound disruption. Video-conferencing has served an invaluable service during this time when in-person meetings were not always possible. But I hope we return to a work-style of easy and convenient in-person communication. I may be 'old school', but I prefer the office setting because it facilitates that personal interaction. That is my personal preference, and it is also my opinion

that teamwork and productivity are enhanced by the traditional office work environment.

I would point out that all across the country, the staffing of stores, delivering tickets, and interacting face-to-face with the customers and colleagues never stopped. Clerks are interacting with hundreds of people every day while they sell our lottery tickets. I think we are glad they did not ever really shelter-at-home. If they can interact with countless anonymous customers who walk through their doors every day, why can't we interact with the members of our more tight-knit lottery team?



**I agree. It's time to get on with our lives.**

**J. Hewitt:** Of course, we need to be mindful of the problem, and sensitive to everyone who feels an ongoing need for social distancing. But I think we also need to face the reality that dangerous viruses will be our new normal for awhile and we need to find ways to balance our need for safety with the need to go about business and life in general.

**Drawing on your many years of working in both the commercial and government lottery sectors, how would you describe the differences between the commercial and government lottery in terms of management styles, work environments, project management and accountability systems and such?**

**J. Hewitt:** They are quite different worlds to work in. I thought I knew the business

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mission of the Nebraska Lottery, regardless of whether the person is on the vendor or lottery operator side of the business. It's my job to empower their efforts to gather information, test theories, conduct research, facilitate communications, and build alignment and a healthy culture of collaboration and mutual support. We take a multi-disciplinary approach such that our finance and legal staff are often part of strategy discussions about sales, promotion, product, and distribution. The experience of the last 18 months has put a premium on pooling our resources from all quarters, including the vendor, and galvanizing the whole team to focus on long-term and strategic planning.

The Nebraska Lottery's relationship with our primary vendor is not a "private management agreement", but we do rely on the one vendor to perform a large range of business functions much like a PMA. For instance, IGT handles the sales force and warehousing. The Nebraska Lottery staff is 21 people, and the IGT has a team of 40 dedicated to the success of the Nebraska Lottery. Our governor introduced Lean Six Sigma to state government, encouraging work-flow analyses and business process engineering to optimize effectiveness. We apply Lean

Six Sigma principles like managing by fact, and involving and equipping our people in the process. We work to see that everyone is engaged in understanding how the work gets done. It's about applying a metric-driven analytical process to improve outcomes and add value for the customer.

**Are you invited to testify before the legislature about the benefits of iLottery or otherwise enhancing the ability of the Lottery to generate more revenue for beneficiaries (Education, the Environment, and the Nebraska State Fair)?**

**B. Rockey:** As a division of a government agency, we are not invited to advocate in that way. Our job isn't to make policy. Our job is to execute the directives and the will of the people's representatives in state government. When we are asked to testify, it is to inform the legislators about the facts surrounding areas that concern them. For instance, the Lottery regulates charitable gaming which includes bingo, keno, Pickle Cards, and raffles. We regulate those game categories but we do not engage in any active sale or marketing of those games. We have the same issues as many states have with the increase in gray machines gaming devices that are not properly licensed and not paying

the appropriate fees to operate legally. We took steps to identify the questionable devices, clarifying the problem of separating them from traditional amusement devices like pinball machines. The legislature then established definitions and restrictions that led to regulations on which we created an action-plan to monitor and enforce regulatory requirements. We have not been asked to provide input yet about formulation of policy like whether to allow iLottery.

**How else has the pandemic changed the way you do business?**

**B. Rockey:** Another impact has been to bring us even closer to our retail partners. Their business models are changing as a result of a changing competitive landscape and I think they appreciate even more now the important role that lottery can perform for them. We have always been invested in the overall success of our retail partners, but I think the last 18 months has prompted an even more creative approach towards helping them be successful. If we help them by driving store traffic and increasing the efficiency of inventory management, order fulfillment and settlements, then they will help us accomplish our goals of increasing revenues for good causes. ■

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## Working on both sides of the business has given me a respect for the challenges everyone faces.

well when I served in a variety of sales and marketing positions with the Georgia and Florida lotteries. We were expected to produce results but it was more process-driven than MBO-driven. Then I went to the vendor side and was exposed to a completely different perspective of how you operate a business. On the vendor side you're certainly there to support the customer and forge healthy and positive relationships. And you are expected to comply with process protocols, directives, and reporting. But you are also expected to produce results and sometimes that can require trade-offs; like deciding which results are mission-critical and which may need to be sacrificed in order to avoid breaking the budget or some

other undesirable consequence. There is a constant balancing act to control costs while delivering the product and service to the customer's satisfaction. Large jurisdictions like Florida and Georgia have a robust set of dedicated resources dedicated to them by the technology partner to ensure timely and effective service response. Smaller lotteries like Mississippi are typically in a shared resource pool. No complaints here as IGT has always done a fabulous job of supporting the Mississippi Lottery. But the reality is that the commercial environment is one in which everyone operates within strict budgetary constraints while under pressure to make sure the customer's needs are always met.

In a process-driven state lottery, if the employee can show they are performing their tasks as directed and are doing the best they can to produce the desired results, they have essentially fulfilled their responsibility. On the commercial side, especially the higher up you go in the organizational chart, the more uncompromising the expectation to produce results regardless of the obstacles. And you are accountable to different people who have different expectations, some of which may even be contradictory. So it can be a balancing act.

**I come from the sales side and must admit that I would commit to things that I was not sure how they could be accomplished and would then just work like crazy to make them happen.**

**J. Hewitt:** I am not sure I would recommend that approach, Paul. Funny that you say that, though, because it's my job to recognize when something is being

committed without the surety of being accomplished. I need to know if I should press for further detail on how it will be accomplished, or perhaps just make sure I don't over-commit resources on my end based on an expectation that may not be fulfilled or may not be achieved on time. Working on both sides of the business has given me a respect for the challenges everyone faces. I think it has also given me some insight to know when to drill down on an explanation that I think may be fungible, maybe there is wiggle room on the delivery date or the service fix, or maybe I need to press for another option or workaround, or maybe I need to call on someone higher-up, or maybe I just need to back off because I know the obstacle is intractable or insurmountable. Demanding the impossible is not as constructive as trying to discern what is best possible course of action and press hard for that.

More important than speed to market is to do it right. We don't want the Beta version, either in product or execution. And more important than holding everyone's feet to the fire is to create a spirit of collaboration, to ensure that everyone's interests are aligned so we are all pulling in the same direction to produce a quality product on a timely basis.

**It must be rewarding to be in a position where you can harness the whole variety of work experience and apply that knowledge for the benefit of good causes and the mission of government lottery.**

**J. Hewitt:** I do think my experience on the vendor side makes me a better customer. I like to think I can be part of the solution, part of the brain-trust that powers through all the underlying issues, sorts out the salient factors to arrive at a pathway forward. You know, we never really see the whole picture. We constantly have to make decisions in spite of incomplete information. But IGT is a great partner and together we are confident that the opportunities are optimized, the downsides minimized, and we are always moving in the right direction.

**Are you working on in-lane sales solutions?**

**I think we also need to face the reality that dangerous viruses will be our new normal for awhile and we need to find ways to balance our need for safety with the need to go about business and life in general.**

**J. Hewitt:** We are a new lottery and we are a small lottery. It is not our charter to "move quickly and break things". Certainly no sports-betting, no iLottery for at least a few years. In-lane sales and progressive initiatives like that are on the radar. We do want to get there, but we continue to work on consolidating the basic traditional lottery business functions and infrastructure. My stakeholders insist that we build a solid foundation, that we optimize all aspects of the business we are in, that we master all aspects of product development and portfolio management, of retailer recruitment and support services, of distributional logistics, of all methodologies for delivering success in the marketplace ... before we add more to our plate.

I would say that my stakeholders may want us to accelerate the rate of new products, new POS initiatives like in-lane, cashless payment options, new channels of distribution, etc., if or when Alabama authorizes lottery or sports-betting. We are presently pursuing the plan that the enabling legislation intended, and stand ready to expand products and methods of operation at the direction of policy-makers.

I think of it as applying life-cycle logic to business process. The Mississippi Lottery is not even two years old yet, but we started our second chance instant games last August. And we launched the lottery with Ticket Vending Machines. Other lotteries took a much longer time to launch second-chance games and TVM's. My point is that all lotteries evolve in ways that are most appropriate for their own marketplace, their own gaming culture, their own public policy objectives and priorities. New lotteries with less mature marketplaces should not necessarily be in a rush to implement all the initiatives

of more developed gaming cultures with more sophisticated consumer expectations.

**How can we prepare for the post-pandemic era?**

**J. Hewitt:** We can try to anticipate how things might end up, but I am not attempting to predict with too much specificity. How will changes in work-styles affect commuting and traffic in convenience stores, how much of the consumer products market shifted to online merchants during the pandemic and how much of that will migrate back after the pandemic, how might the impulse for social distancing cause us to prefer lottery over casinos, how might sports-betting affect the broader games-of-chance industry and lottery in particular – we can and should be thinking about these things and many other trends. But we just do not know how these things will unfold and so should not over-commit to strategies based on this incomplete picture of the future. Too, we don't know what new factors will enter into this mix, and how these new factors will further complicate the challenge of predicting the future. The bright side of this picture is the knowledge that lottery is positioned better than anyone else in the broader games-of-chance industry, with the most powerful brand recognition, enduring popularity of the games, and a massive network of retailers. Nobody else has that portfolio of assets and it is next to impossible to replicate. So, we evolve to keep up with the trends, we keep making the best gaming products in the world, and we execute. ■