



## May SCHEVE REARDON

Executive Director, Missouri Lottery  
President of the North American Association of State  
& Provincial Lotteries (NASPL)

### Evolving Our Industry Associations to Meet the Needs of the Modern Lottery and the New Realities of the Market-Place

**PGRI Introduction:** In some ways, we are in the midst of a turning point for the organizations that support U.S. lotteries. NASPL, MUSL, and Mega Millions perform an incredible service for their members. The leadership of these organizations deserve credit for being instrumental in building the awesome success story that is the U.S. lottery industry and, in the case of NASPL, Canadian lotteries as well. Sales have risen to \$70 billion a year, contributing over \$20 billion to Good Causes. NASPL, MUSL, and Mega Millions have navigated the massive changes that have over-taken the consumer markets, technology, distribution and operational processes, and game structures and play-styles. They have adapted to changes beautifully. The structure and governance of these organizations were created decades ago. Of course, there are many commonalities to the needs of its members now as existed years ago. Even so, it may be time for an update to make sure that the organizational resources are structured to best serve the needs of the modern lottery industry, now and for the years ahead. May Scheve Reardon was appointed to lead the Missouri Lottery in 2009. Ms. Reardon brings extensive leadership experience in the financial, nonprofit and government sectors. She is the youngest woman elected to the Missouri General Assembly and served for 12 years. Some of the committees she has chaired include appropriations, higher education and a joint committee on gaming and wagering.

In Fiscal 2015, the Missouri Lottery generated nearly \$1.13 billion a year in sales and contributed more than \$270 million in net funds for public education in Missouri. It is projected that the Missouri Lottery will direct more than \$300 million to education. That's an increase of more than 10.8 percent in one year. As president of NASPL, Ms. Reardon leads an association of 52 lotteries poised to move boldly into a future rich with opportunity!

**Paul Jason, PGRI:** *The difference in magnitude and complexity of the issues that U.S. lotteries are dealing with now, compared to the time when NASPL, Mega Millions, and Powerball were first created, is night and day. Are the structures and governance models that were created to manage them 20 or 25 years ago adequate and*

*meeting the needs for the current U.S. lottery industry environment?*

**May Scheve Reardon:** Changes in the lottery industry are on the way, and we need to be prepared. I think we all know that changes are needed. We are facing entirely new sets of issues. With opportunities come formidable chal-

lenges. As an industry, we need to take a serious look at the ways we are organized to move our industry forward and optimize the performance of our businesses for the benefit of the Good Causes lotteries support. We need to assess where we stand today, and we need to look not just at how we can get along, but how we can

maximize net funding to our beneficiaries. We need to strengthen our foundation for a sustainable future. That's our mission, that's what is expected of us, and we need to deliver.

In order to meet the challenges, we have begun two major initiatives. An expanded NASPL executive committee will build an updated strategic plan for the years to come. The committee will meet in Cleveland this spring to review research that has been gathered. The Survey Institute, out of St. Louis, was employed to interview lottery CEOs and employees from all levels on a wide variety of topics. Subsequently, it was determined that a similar survey of vendors in the lottery industry would be greatly beneficial. It is expected that the entire NASPL membership will review the first draft of the strategic plan at the summer Director's Meeting in North Carolina.

Under separate cover, a Governance Task Force will engage a third party to review the actions of NASPL, MUSL and MMC. An RFP is being prepared to enlist that third-party entity to review the lotteries' various organizations, the relationships between the organizations, and the governing structures of each organization. All with the goal of recommending a path forward. They will analyze how the variety of tasks is being performed now, and rec-

**An RFP is being drawn up to enlist a third-party entity to review the lotteries' various organizations, the relationships between the organizations, and the governing structures of each organization. All with the goal of recommending a path forward.**

ommend changes that have a more coherent and effective support system for our businesses. The goal is to identify the optimal structures and governance model for the organizations that provide the services



that NASPL, MUSL, and Mega Millions are currently providing. A focus will also be on what services may be considered in the future.

The RFP will enable us to select a consultative partner to assist us in the process of reshaping the organizational structures of NASPL, Powerball and Mega Millions. Thankfully, there are some lottery directors who have experience with just this kind of project—i.e., working with these third-party entities to deal with complex issues. In addition

are constructed in just the right ways, and lead to a consultative relationship that will produce the best results. There is significant progress already. We hope to get a preview of the RFP in June, then get more input from all the directors, and then release it in early fall.

This is a \$70 billion industry. There are now more games distributed through more channels than ever. This business is more complex and the rate of change will only increase in the future. We need to modernize, and we need organizational structures that enable us to achieve our full potential. Optimizing performance with a coherent and efficient organizational structure is key to achieving the goal of maximizing net funding to Good Causes and ensuring that all lotteries are positioned to grow and prosper for the next five to 10 years and beyond.

*In the letter "From the President" (Jan/Feb issue of NASPL Insights), you refer to "drafting a plan to help direct the organization for the next several years." That makes so much sense. Most initiatives take more than one year to complete. So it must be hard to maintain continuity and progress when the leadership offices change every year.*

**M. Scheve Reardon:** NASPL needs to update their strategic plan to provide that continuity, and this is an important part of the NASPL agenda. NASPL needs a strategic plan which enables the organization to follow through on initiatives that take more than a year to complete. Without a strategic plan that is owned by the entire membership of NASPL, leadership changes can disrupt the continuity of our efforts to drive progress. With the high turnover rate of lottery directors, it is even more important to have a multi-year plan. The term of NASPL president is 12 months. You take over in the fall, and a full membership meeting is not held until the following summer. This makes planning and building consensus a challenge.

A strategic plan would enable us to capture and harness the consensus that is gained and build on it, instead of losing it when the NASPL officers change. By the time we conclude the process of drilling down on all the input, my term will be up, and I'll be able to turn it all over to the next NASPL president. Hopefully, this will produce a high degree of continuity with the over-arching, long-term strategic plan being embraced by each incoming NASPL president.

*It must be hard to secure consensus among 52 different lotteries.*

**M. Scheve Reardon:** Of course it is. We have 52 different agendas and 52 different sets of rules and constraints to which we must adhere. And directors have billion-dollar businesses to operate while working with state legislatures and the governor's office. And fires to put out every day! Frankly, the first priority for directors is to serve their in-state constituents. So, that does not leave much time to give to the matters that pertain to NASPL and multi-state initiatives and issues. That's exactly why we need a strategic plan. We need to streamline the process so that we spend more time executing, and less time debating, on a well-conceived plan. After attending my first MUSL meeting, I

stated that I thought it was difficult to reach an agreement on what day of the week it was, and I thought it was tough when I was in the legislature!

*It seems to me that as an industry, we could contribute more to the public dialogue that shapes public opinion and also the opinions of legislators and the shapers of public policy. I notice that other associations, for instance the American Gaming Association (AGA), have a relentless messaging program that includes lots of public relations and press releases and lobbying in Washington to defend the interests of its members (in the case of AGA, that's the casino operators). What can lotteries do to get better media coverage and to get appreciation and recognition for the good things that lotteries do?*

**M. Scheve Reardon:** We should look at other associations that advocate for the interests of their members. You refer to the AGA. They employ PR professionals and put a major emphasis on positive beneficiary messaging. Their press releases promote how their industry employs people and supports economic development, how it has elevated its regard for Responsible Gaming, how it is tackling money-laundering issues, etc. They seem to have a new PR campaign every quarter: major email blasts, press releases that get into national media, and concerted efforts to inform legislators at the state as well as federal levels. I'm not endorsing or agreeing with their positions, only agreeing with you that they are a good example of what an association can do for its members.

Of course, all of us—NASPL and all lottery directors—operate within a whole different set of constraints than do most associations. All NASPL members must stay in compliance with their in-state rules as regards to public relations and lobbying. That's a very tall order for this association to fulfill. We all have different ideas about the PR priorities, how to sell Brand Lottery, and how to package the message. And funding

for anything like that is always an issue. But the point is still valid. State lotteries do so much good, deliver so much value to society in terms of funds for Good Causes, and also in terms of setting the highest standards for Responsible Gaming. That is a valuable message, and we should work harder to find ways of getting that message into the hearts and minds of all stakeholders, legislators, and the general public.

*Any thoughts on how to do that?*

**M. Scheve Reardon:** One thought I had is to take a page out of the playbook of other associations and enlist a third party to do the research and publish their results. That gives the message more credibility in the marketplace of ideas and thought-leadership. I do think lottery has a bedrock of solid support that courses through all sectors of society and the government. We just need to shine a brighter light on that, bring to everyone's attention the positive role that lotteries perform in society, and the widespread support we do, in fact, have. You know, we use information from your magazine, Paul, which has been very helpful. But you are an outspoken advocate for lotteries, and it would be good to augment our story with objective third-party research.

*The media landscape has changed over the past 10 years. And it seems to me that we have not kept up.*

**M. Scheve Reardon:** It's true. Ten or 15 years ago, we all tuned into our local media channels for news. Remember when most of us tuned into the 10 o'clock news—a half-hour program with six-minute spots on each news category? We read our local newspaper every day. Now, how many of us still follow that same routine? Most of us get our news from the national media, cable news channels and the news websites that are national, like CNN, MSNBC, BBC, The Wall Street Journal, etc.

Before the Internet, the local media we followed would be the primary ve-