

WHAT I LIKE ABOUT THESE THINGS

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It has often struck me as paradoxical that my friend M., an economist who seems to thoroughly understand lotteries, is an enthusiastic player. I am not sure that I would play as much as he does if I could. Once I watched M. scratch his way through a spread of \$10 tickets at lunch, and asked him, “What is it you like about these things?”

“Certainly not scratching them. What a mess!” He used a napkin to gather the leavings onto his tray as we left our lunch spot and walked, as often, across the campus.

“I have thought about this, actually. For me, it is a form of mental discipline.”

I heard this with a sense of alarm. Once upon a time, some accomplished analyst had famously learned to “break” some Scratch games. I would not have put it past M. to find any weaknesses that remained in our products. Cautiously, I asked “Have you found a way to apply skill in playing scratch games?”

“Oh no. Quite the contrary. Playing these games is a celebration of no-skill, no control, just chance.”

“What kind of mental discipline is that?”

“Training in humility, maybe? No, that’s not quite right. I take pride in resilience. It’s more a celebration that I don’t need control. I am going to be OK no matter how the tickets play.”

“But if it doesn’t matter how the tickets play, why play them?”

“It’s play, right? If it mattered, it would be work. Maybe I play them to remind myself how I am not like my brother-in-law.” This was the first time I had heard M. mention family rela-

tions, and I was pleased that he was about to trust me with some confidence.

“My brother-in law is an engineer. He helps build things that work. I kind of envy him for how successful his whole enterprise is. He is very much involved in the manufacturing process. He is Six Sigma up to his ears.”

“Six Sigma” was only vaguely familiar to me from some training I had once had, but fortunately M. drilled right into it. “Six Sigma, in a manufacturing environment, is all about eliminating variability. My brother-in-law loves precision, attacks variability at every turn, and is wildly successful. At manufacturing.”

I wanted to hear what the brother-in-law was not successful at, but I needed to ask about the weird terminology.

“Oh, sigma, that’s shorthand for ‘one standard deviation of variability.’ It’s the thing you remember from statistics. You will see one sigma, plus or minus, about two-thirds of the time, you remember. A one-sigma result is common, a three-sigma result is very rare, and a six-sigma result is wildly unlikely. The doctrine is that a defective result, of a process that I have properly engineered, is wildly unlikely.”

I recalled the famous bell-shaped curve, with three sigmas corresponding to the resonating rim of the bell.

“The way my brother-in-law succeeds is to attack sigma, to suppress variability. Sigma must be so small that a three-sigma result looks a lot like a one-sigma.”

“So, your brother-in-law’s bell curve looks more like a wind chime?”

M. smiled. “Yes. Very straight and narrow. He’s the kind of guy who uses a meat thermometer when he’s grilling. He would have been happier yesterday if I did, too. Not a big problem now, but a little wearing on the wife and kids. The teenage years are going to be tough.

“I, on the other hand, figure that I don’t necessarily own the processes that are upstream of where I stand. Sigma is what it is. My way to success has to be to cultivate resilience. Whatever happens, I can handle it. That’s my attitude. That’s what I aspire to.”

“So you play scratch tickets to prove your resilience?”

“I doubt that it proves anything. More it reminds me that my successes are not all mine. Likewise my failures.”

The idea of using gambling to cultivate humility struck me as quaint. Like most people, I prefer to attribute my successes to my own agency, and my failures to the agency of others. I was picturing M. as a hair-shirt-wearing holy man of medieval times when he surprised me by saying:

“I suppose that managing a Lottery must remind you of that all the time. After all, you’re gambling too, right?”

I continued as if a large puddle had appeared in the path. In fact, at work we had been engaged in one of those periodic efforts to align our efforts to a new variation on the theory of management. I liked thinking about control systems. I was completely on board with the idea of better empowering people. But I was struggling with how much ownership I could really have over the financial outcomes. I felt like I was bluffing when I agreed to own things I could not control. I expressed this to M.

“Right!” he said. “That’s gambling. You can’t control it, but you’re going to own it. That’s the deal.”

“You know, we really don’t think of ourselves as gamblers.”

“Well no, I suppose not. You are so big and diversified that your results don’t vary all that much from one year to the next. It’s the variations that remind you of the game you’re in.”

“In fact,” M. continued, “I think of you as financial service providers. The Lottery gathers up small amounts of money

from large numbers of people, and repackages this as large amounts of money for small numbers of people. It’s all fair and square. The process is transparent. You only charge the people who use the service. What’s not to like about that? It’s a huge public benefit.”

“And we fund good works, too!” I said.

“You know,” said M., “I don’t even judge how good the works you fund might be. They may or may not be better than what is done with other government money. For me, the main benefit is in that repackaging of wealth. It’s something like recycling – gathering up empty cans that become aluminum ingots. You gather up odd dollars that might be spent on something useless, and compact them into chunks that can be useful.”

“So you see a public benefit regardless of how the money is used?”

“Absolutely. And I am happy to subscribe to your service.”

I report this conversation because it has been helpful to me to recall it. I do not suppose that many scratch players would express anything like M’s “mental discipline” as a reason for playing. Mostly, as we know, they say they play to win the big prizes. And most of them, as we know, never win big prizes. But I would not discount that they feel some sort of mastery as players. Maybe M’s ideal of resilience would not be foreign to them.

As for our roles as lottery managers and gamblers, I have become pretty comfortable with this. In public service we all undertake to manage things we can’t completely control. In the lottery world the results are very measurable, but also merely financial.

In my experience, it is relatively easy for managers to recognize the role of random variation in causing shortfalls. It is much harder for them to give up credit for surpluses. A wise person, I suppose, would be able to be both a manager and a gambler at the same time.

Lastly, I am encouraged to remember that not only what we do with our money, but what we provide for players to do with theirs can be seen as a public service.

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