

# Bally

## The World's Game Maker

Second Edition

Christian Marfels

2007

Las Vegas: University of Nevada Las Vegas

ISBN 978-1-4243-3207-6

---

---

# TABLE OF CONTENTS

TABLE OF CONTENTS	iii
PREFACE	iv
PREFACE TO THE SECOND EDITION	viii
A GAME CALLED BALLYHOO	1
GROWTH AND MATURITY	15
BALLY REIGNS SUPREME	41
LIFE AT BALLY	65
THE GERMAN CONNECTION	83
DIFFICULT TIMES	105
BALLY REDUX	121
NEW CHAPTER	131
BALLY AT 75: A PICTORIAL TRIBUTE	132
INDEX	169

---

---

## PREFACE

Casino gaming has spread like wildfire across the United States. Before 1978, Nevada, the Silver State, was the only state with legalized casino gaming. In the same year New Jersey joined Nevada to make it a duopoly. On the threshold of the new millennium, casino gaming can be found in no less than 26 of the nation's 50 states and, beyond, in seven of the ten Canadian provinces. This rapid growth would not have been possible without the dramatic changes in casinos' slot departments in the past two decades. In fact, there can be no doubt that slot machines were the main vehicle to attract the millions of visitors to casinos -- in the case of Las Vegas and Atlantic City more than 30 million annually -- the vast majority of whom otherwise would not have even entered a casino. Why?

Traditional table games have remained literally unchanged since the inception in 1931 of modern U.S. casino gaming in the Silver State. In contrast, slot machines are characterized by constant changes and improvements in terms of new games and play systems. Let the numbers speak: in 1982, tables games accounted for slightly more than one-half of gross gaming revenues of casinos; in the mid-1990s, the scenario changed to slot machine play contributing close to 70% of gross gaming revenues with the share reaching levels of 85% and even 90% in some jurisdictions. The success of casino slot departments can be directly traced to the slot machine industry, which is both high-tech and fiercely competitive.

Among the many slot makers one company stands out, and that is Bally. Bally has the most experience in the business, a company of firsts and a company with a proud tradition.

When Raymond T. Moloney founded Bally Manufacturing Company in January 1932, he could not have foreseen that the name Bally would become synonymous with coin-operated games for the next 75 years and beyond. He simply took a pen and wrote the name Bally with the belly-shaped "B", and there it was, a logo that is known worldwide and a logo that adorns every Bally product. Bally at 65 means 65 years of trust and admiration in the company's innovativeness to provide new games and new game technologies.

The idea to write a book on Bally was born out of the desire to present a fitting tribute to this company and to the people who worked at Bally and made it great. A product is only as good as the people behind it. And Bally had an excellent workforce of loyal and dedicated people, who started their career at Bally and

stayed on until retirement. This was the main reason for the superior quality and workmanship of Bally games. Consequently, this book is about the company, its presidents, Raymond T. Moloney, William T. O'Donnell, and Hans G. Kloss, and the Lions and Ballyites of six decades and counting.

Throughout my work on this book, Hans G. Kloss took more than just a token interest in its progress and completion. Despite his demanding schedule, he always had ears and eyes for my frequent inquiries. His invisible hand proved to be invaluable for needed documents and materials and for the establishment of contacts with interview partners. In a way, the accomplishment of having written this book in a relatively short time is as much his as it is mine.

Any book on Bally will necessarily involve a discussion of slot machines, pinball machines, and other coin-operated amusement machines, to account adequately for Bally's product achievements and innovations. This has been done here in a non-technical and, at times, somewhat abbreviated way to concentrate on the people behind the machines. For a more detailed discussion of machine-related and industry-related issues and events the reader is referred to the excellent books by Richard Bueschel and Marshall Fey. Their books were a great help to me, and my frequent references to their work is testimony to that effect. Furthermore, both Richard Bueschel and Marshall Fey were always available to answer my questions, and I thank them for their assistance. This book would not have been possible without the enthusiastic assistance of the following members and friends of the immediate and extended Bally and Guenter Wulff-Apparatebau teams in the

United States and Germany: Alex Anderson III, Walter Bohlmann, Tony Brocato, Paul Calamari, Heinz Dannowski, William T. O'Donnell Jr., Bernhard Eber, Bob Harpling, Ray Heidel, Russ Jensen, Harro Koebke, Connie Koplow, Bob Manz, Daniel Mead, Rick Meitzler, Barbara Meyer, Donald J. Moloney, Bill Moloney Sr., Tom Mulligan, Frank Nicolaus, William "Si" Redd, Siegfried Schoene, Lieselotte Thurley, and Michael Wichinsky. To whom I extend my sincere gratitude.

On location at Bally Gaming in Las Vegas, thank yous go to Linda Jordan for an excellent job of providing logistic support during my frequent visits, and to Sandy Allen, Kathleen Driscoll and Julie Mottes for their assistance in overseeing the vital link between the manuscript and the printed book. Damian Bellueme provided a magic touch to the pictorial part through computerized imaging.

I was fortunate to have the valuable assistance of Derek Mann in the editorial process. His help provided the needed fine-tuning of the text. Melvin Cross read a chapter and gave valuable feedback. The manuscript received shape and form through the skillful hands of Monique Comeau and Heather Lennox. A special thank you to all of them.

Last but not least, my thanks go to my wife, Sabine, for her encouragement and moral support. I hope I did not forget anyone. Oh, yes, there is one: Bally. Happy Birthday Bally!

Christian Marfels

# Chapter 1

---

---

## A GAME CALLED BALLYHOO

Chicago, December 1931. David Gottlieb was not amused. In fact, he was angry. Here he was, a successful manufacturer of *Baffle Ball*, a pinball game that was immensely popular. But he was unable to keep up with demand even though his factory was running at full capacity, producing 400 games per day. And now this. One of his wholesalers had decided to make a similar pinball game because he was frustrated that he could not get enough games from Gottlieb. The wholesaler was Ray Moloney. David Gottlieb knew full well that Ray Moloney would be able to make the game and pose a formidable challenge. Wasn't Ray Moloney prominently featured in the center of the official photograph of the members of the Coin Machine Operators Association at the 1930 Chicago Coin Machine Exposition whereas he, David Gottlieb, was

seated in the distant upper left hand corner? An omen? Time would tell. Yes, who was this man who challenged David Gottlieb?

Raymond T. (Ray) Moloney was born in 1900, one of nine children, in Cleveland, Ohio. His parents had emigrated from Ireland, and his father, Daniel J. Moloney, worked in a steel mill. Not surprisingly, Ray Moloney found his first job at a steel mill, but not for long. He was full of energy and enthusiasm and always in pursuit of new ideas and opportunities. So he followed the admonition, Go West, young man. In rapid succession, he made his way through the oilfields of Oklahoma and Wyoming, the grain fields of Southern California, working as a cook in New Orleans, and on a sugar plantation in the Southwest. Finally, he ended up with the Tennessee Valley Authority but, again, not for long. He escaped the harsh conditions by hopping on a freight train back to Cleveland.

In 1921, Ray Moloney was in Chicago looking for a job. He found it at a print shop that would soon be owned by Joseph Linehan and his partner, Charles Weldt, Irishmen like Ray Moloney.<sup>1</sup> So, there was a connection. However, there was more. This was not just another job for Ray Moloney. No, it was the opportunity of a lifetime. Soon, Ray Moloney became a foreman. Linehan Printing at 308 West Erie Street in downtown Chicago handled mainly regular print jobs. It also made punchboards, a kind of lottery product that was very popular at the time. In 1922, Joe Linehan and Charlie Weldt decided to

---

<sup>1</sup> Bueschel, R.M., Encyclopedia of Pinball, Vol. 1, LaGrangeville, NY: The Pinball Resource, 1996, p. 22.



separate the sale and promotion of punchboards from the printing business. They entrusted Ray Moloney to manage the division. When Ray Moloney needed stationery for the new division, he turned to Joe Linehan. Paul Calamari, Bally's legendary "Mr. Pinball," picks up the story: "Joe Linehan pointed to a stack of papers in a corner and said that this job had never been picked up and that Ray Moloney could have it. The name on the stationery was Lion Manufacturing Company. Well, Ray Moloney did pick up the stack of papers and that's where the name came from." Lion Manufacturing Company would become the official name of Ray Moloney's company, and it would last until 1968. As Bob Harpling, Bally's "Half-Century Employee," put it, "Lion was the company, and Bally was the trade name and the sales company of all games made by Lion." To clarify this, an advertisement in the *Billboard* from the early 1930s reads, "Lion Manufacturing Corporation, manufacturers of Bally games and vendors, distributed by Bally Manufacturing Company." So much for the company names. Now to the business. And business was brisk. A premium was added to the punchboards in the form of a small knife, and the story goes that this small knife, when turned around, showed the picture of a girl. Punchboard or knife, sales of the novelty item went so well that Joe Linehan decided to buy the knife maker in 1925, *et voilà*, Midwest Novelty Co. was born. And now Messrs. Linehan and Weldt made an important decision. They asked young and dynamic Ray Moloney whether he would like to run the new company that was separate from the printing business. Of course he would. And he did so with energy and

determination, soon merchandising other novelty products such as sales promotion items and, yes, vending and slot machines. Midwest Novelty Co. and Lion Manufacturing Co. coexisted side-by-side until Ray Moloney bought out his silent partners, Joseph Linehan and Charles Weldt, in the mid-1930s and, consequently, Midwest Novelty ceased to exist.

Ray Moloney was a successful distributor in the late 1920s. Or was there more? Did he also make coin machines at that time? In Marshall Fey's book, *Slot Machines*, there is a picture of a *Lion 1928 Puritan Baby Vender*.<sup>2</sup> Could it be? Should the clock be set back even further on the history of Bally? I wanted to know more. On a visit to Reno to see Marshall Fey's extensive collection of coin machines (see below), he showed me the *Lion Puritan Vender*. It looks more like a cash register than a vending or slot machine, and it resembles very much the long line of Puritan machines that had been made since 1904 when the Puritan Machine Co. introduced them.<sup>3</sup> Soon thereafter, Caille Bros. and Mills Novelty replicated this vending machine. Its main function was that of a trade stimulator to enhance sales of tobacco, beverages, and other goods. Small and made of cast iron, a Puritan vender would usually be placed on the counter next to the cash register. Like its earlier cousins in San Francisco in the 1890s, the prize for a winning combination on a Puritan machine was in merchandise that could be immediately claimed on the premises. To further disguise its appearance and parentage to slot machines, the

---

2 Fey, M., *Slot Machines*, 3 ed., Reno: Liberty Belle Books, 1991, p. 239.

3 Ibid.

Puritan was mostly played with nickels and tokens, the latter commonly referred to as slugs. The Lion machine in front of me is a typical representative of a slot machine in disguise. It has all the features of a slot machine, the three reels, and the fruit, bell and bar symbols on the reels, but the pay table reads like a fortuneteller. For instance, the "two cherries" combination reads, "Courage and strength are your 2 best assets," and that of "three bars," "After 20 years fortune will smile upon you." On the bottom of the pay table it says "1 cent Ball Gum." Upon deposit of a penny, one gumball was dispensed. This was the "vending" feature. The other, more important, feature was paid at the counter.<sup>4</sup> Yet, was this machine actually made by Lion? I had my doubts. Manufacturing capacity requires capital that Ray Moloney did not have, not in the late 1920s that is. Richard Bueschel, who said "No, this machine was not made by Ray Moloney; rather, it was made by Richard Groetchen upon orders from Ray Moloney," confirmed my doubts. Ray Moloney simply put the "Lion" plate on it; after all, Linehan Printing was not just a print shop but a plate-making shop as well. What a clever idea not just to merchandise the Puritan vender but putting the "Lion" name on it. It would take only three more years, and Ray Moloney would make coin machines.

A new business opportunity for Ray Moloney came in the Fall of 1931 with the emergence and sudden popularity of a new amusement game based on the old French table game *Bagatelle*.

---

<sup>4</sup> For other interesting forms of slot machines in disguise, see Fey, M., *Slot...*, pp. 170-171.

In its American version, marbles (after 1932, steel balls<sup>5</sup>) were shot into a playfield with a plunger to score points by hitting a hole that was usually guarded by pins. Hence, the name “pin games” or “pinball games.” Games such as *Roll-A-Ball* by Hercules Novelty, *Bingo* by Bingo Novelty, and *Baffle Ball* by David Gottlieb appeared in the summer and fall of 1931. What was to come was a virtual pinball boom. This is certainly surprising against the backdrop of the deep depression where virtually every product was facing stagnant if not declining demand. Or, maybe, it is not surprising. Everyone wanted to play the new marble games. Just the right thing to make you forget the joyless and drab times of the depression years. These games offered fun at an affordable price: seven balls for a penny or ten balls for a nickel.

Where was Midwest Novelty? Ray Moloney immediately signed a deal with David Gottlieb to become a distributor for the *Baffle Ball*, which had easily assumed a lead position in the market. Alas, Ray Moloney soon found out, demand exceeded supply, and he was unable to fill orders, despite gargantuan efforts at Gottlieb’s plant where 30 employees worked day and night shifts to churn out 400 games a day.<sup>6</sup> What to do? “Why not make your own game, Mr. Moloney?” This is exactly what he wanted, but he did not have the funds to do so. He turned to his two silent partners, but they were not impressed. In fact, Joe Linehan and Charlie Weldt told him that they knew too little

---

5 Jones, H.B., *Coin-Operated Amusement*, Chicago: Bally Manufacturing Corporation, n.d., p. 25.

6 Bueschel, R.M., *Encyclopedia...*, p. 20.

about coin machines to venture an investment. And now came Ray Moloney's masterpiece of persuasion. One can imagine the atmosphere on the fourth floor of 310 West Erie Street, the business address of Lion and Midwest Novelty, on that memorable day in October 1931. Finally, Ray Moloney's vision and enthusiasm pulled his two partners aboard. He had the necessary funds.

Now, he needed a game. A game, a game. Where to get a game? A marble game, that is. Fortunately, Ray Moloney did not have to wait and search for long. Richard Bueschel has meticulously chronicled the sequence of events.<sup>7</sup> One of Ray Moloney's business associates convinced two men from Kankakee, about 60 miles south of Chicago, to bring their game to Ray Moloney. What Ray Moloney saw was only a game board. Nevertheless, it appealed to him, and he gave the signal to go ahead. And the two designers of the game, Oliver Van Tuyl and Oscar Bloom, unsung heroes in the Bally saga, went to work and made a game in no time. Well, not just any game, but a game that made history.

November 1931. Ray Moloney had his game, but the game had no name. What's in a name? Very much. Ray Moloney knew that. Marketing was his territory. It was his first game. His game was special, so it should have a special name. A name that stands out. Name recognition is everything. Suddenly, he had an idea. Wasn't there this magazine called *Ballyhoo*. It was new, and everyone seemed to like it. It was a satirical magazine full of humorous sketches and stories about current political and

---

<sup>7</sup> Id., pp. 23-24.

social events.<sup>8</sup> This was the name for his game. What an extraordinary name for an amusement game. In its short form “Bally,” it still rings in our ears seven decades later. Because of the monumental impact of Ray Moloney’s split-second decision, let me trace the meaning of the word ballyhoo. *Webster’s Ninth New Collegiate Dictionary of the English Language* tells us that “bal’ly-hoo (bāl-ê-,hü)” refers to a “noisy or active demonstration to attract attention, originally to a side show.” Furthermore, Webster’s traces the origin of the word to “Ballyhooly, village in County Cork, Ireland,” about 30 miles northeast of Cork. I am sure that Ray Moloney was aware of this Irish connection. In fact, a glance at the Index of the *National Geographic Atlas of the World* shows no fewer than 74 geographic locations beginning with “Bally” from Ballybay to Ballywalter and, yes, all of them are in Ireland. The Gaelic-English dictionary says that “bally” is the anglicized form of the Gaelic word baile, pronounced “balia”, which means village or town.

Etymology aside, Ray Moloney had a game, a name for the game, and he used some ballyhoo to announce it. As if by magic or, better, masterly marketing *à la* Moloney, orders kept on coming in at an accelerating rate even before the year 1931 was over. Early in the new year, Ray Moloney decided to create a new company as a division of Lion Manufacturing Co. to manufacture the *Ballyhoo* game. He chose the name “Bally Manufacturing Company;” the date was January 10, 1932.<sup>9</sup> It

---

8 *Ballyhoo* was a monthly magazine published by the Albert Publishing Co. of New York, NY. The first issue appeared in August 1931.

9 Bueschel, R.M., *Encyclopedia...* p. 24.

was a date to remember, the birthday of a company that would become synonymous with amusement and slot machines worldwide. It is not known why Ray Moloney dropped the last syllable of Ballyhoo. However, what is known is that Ray Moloney “just sat down and wrote the name Bally with its familiar belly-shaped letter B, and that was it,” as his son, Donald Moloney, told me.

Ray Moloney was pleased with the first three months of his venture into making coin machines, but he was not complacent. He was a dynamic, forward-looking man. And on the horizon loomed the big event, the Chicago Coin Machine Exposition in February 1932, the showcase of the industry. He had been there before, yet this would be his first show as a manufacturer. He did not take anything for granted; rather, he approached the exposition like a general preparing for a battle considering and reconsidering every move. He wanted to beat the great David Gottlieb on his own turf.

In his book, Richard Bueschel retraces the events.<sup>10</sup> First, Ray Moloney needed an experienced advertising manager. He found one in Alfred E. Fox, who contributed greatly to the smashing and unparalleled success of the *Ballyhoo* promotion at the exhibition. An important part of the campaign was a song to trumpet the news about *Ballyhoo*. A song? Yes, a song. Nobody had done that before. Ray Moloney sat down and wrote the following rhyme which was reprinted in the Silver Anniversary Edition of the *Bally-Who* newsletter (January 1957):

---

<sup>10</sup> Id., pp. 26-28.

What will they do in Thirty-Two?  
Play Bally-Hoo!  
Rainbow colors catch the eye,  
Profits climb right to the sky!  
Bally-Hoo's the game for you.

An artistic vein coupled with marketing strategy. Of course, the rhyming of Thirty-Two and *Ballyhoo* helped greatly, and so did the melody from the World War I song "Mademoiselle from Armentières." The "*Ballyhoo* Song" would dominate the exhibition, everyone hummed or sang it. The other masterpiece was the design of the 10x10 foot booth. While everyone had an array of games in their booths, Ray Moloney had only one. And what a display! Again, Richard Bueschel, "With only ten feet of booth space to work in, deep and wide, they stuffed two Ballyhoo games on turned legs at each end of the booth, had two panels with the "What'll they do thru '32?" and "Play *Ballyhoo*!" theme left and right behind them, and filled the middle with the largest pinball machine ever built [*i.e.*, 6 feet by 12 feet long], so you couldn't possibly miss the game."<sup>11</sup> And people didn't miss the game. As welcome recognition by his peers Ray Moloney received the Automatic Age Cup for Most Attractive Display at Convention.<sup>12</sup> *Ballyhoo* was in such demand that more than 50,000 units were sold in a matter of only seven months before other models replaced the game in mid-1932. At a price of \$16.50 per game plus shipment this would add up to revenues of about \$825,000 (or \$9.3 million in

---

<sup>11</sup> Bueschel, R.M., *Encyclopedia...*, p. 28.

<sup>12</sup> *Automatic Age*, March 1932, p. 30.



1996 dollars), a fortune in those days.<sup>13</sup> The success of *Ballyhoo* spread to foreign shores. In Britain, France and Germany, replicas of the game appeared shortly after the 1932 exhibition. And a sturdy game it was, a masterpiece of workmanship: Richard Bueschel reports that some of the original *Ballyhoos* were seen as late as 1949 in resort areas of Wisconsin.<sup>14</sup>

What was the *Ballyhoo* like? I wanted to know for sure. I had seen pictures, which are adequate in providing an impression, but seeing the real thing is much better. Who better to consult than Marshall Fey.

Reno, January 1997. The Liberty Belle Restaurant on South Virginia Street is only a leisurely five-minute drive from the Peppermill Hotel and Casino where I stayed. Marshall greets me and shows me the way to the attic at the back of the restaurant. I am amazed. This is Marshall's hobby area: literally hundreds of gaming and amusement machines, but not polished or locked in illuminated glass cases. No, you can touch and feel them. In fact, most of them need some repair. This is the way Marshall likes it, the hands-on approach. Certainly a legacy from his legendary grandfather, Charlie Fey, the inventor of the famous *Liberty Bell* slot machine in San Francisco a century ago. Marshall leads me to the *Ballyhoo*, one of his prized possessions. What, this thing was the beginning of the world's premier gaming company? No electricity, a completely

---

13 As a clever marketer, Ray Moloney offered a discount of \$1 per game for an order of 5 or more games, and a discount of \$2 per game for an order of 10 or more games.

14 Bueschel, R.M., *Encyclopedia...*, p. 29.

mechanical game. Marshall must have read my thoughts. "Yes, a bit small, but you could carry one each under your arms, an easy delivery system."

The machine's relatively small dimensions (31 inches x 16 x 8) made the *Ballyhoo* a convenient and omnipresent gaming device. Where there was some free space on a counter or table there could be a *Ballyhoo*. All it needed was a level surface. If so needed, Ray Moloney would supply a metal stand for an additional \$2.50 to make it a stand-alone unit, a feature that would become a trademark of pin games. I look at the game board of the *Ballyhoo*. Diagonal lines create brightly colored diamond-like shapes. There are pocket-like holes across the board with scoring values from 100 to 500 plus an "Out" hole and a Bally hole doubling all scores on the board. Pins in a concentric-circle configuration guard the holes to further test the skill of the player trying to shoot the ball into the holes. All of a sudden, the game no longer appears so unimpressive as it did on first sight. I read the instructions in the right-hand corner:

How to Operate. Place coin in slot. Push all the way in. Play one ball at a time. Pull out plunger and release. If a ball lands in the Bally Hole it doubles the score of the entire board. If the ball drops in the Free Playhole it may be played again.

The original game came in the "7 balls for 1 cent" version. A few months later, a version of "10 balls for 5 cents" was added. The reference to balls needs the qualification that the early pin games had glass marbles and not yet the now familiar steel balls (see above). When reference was made earlier to the smallness of *Ballyhoo* it should be noted that the 31 x 16 inch dimensions of the game made it the largest at its time. What

about the immense popularity of the *Ballyhoo*? Marshall Fey explains: "You know, the *Ballyhoo* and other pinball games could be found wherever people came together - restaurants, ice cream parlors, tobacco shops, barber shops, even train stations. People liked the *Ballyhoo*, it was easy to play, and it provided some inexpensive fun in those hard times." I saw the *Ballyhoo*, and I love this extremely hospitable place and its generous host but not before I had a chance to dig through Marshall Fey's extensive collection of trade magazines from yesteryear.

When and where did modern pinball games originate? I found an answer in Herbert Jones' thorough account of the history and technology of slot and pinball machines.<sup>15</sup> He tells the story of Jack Sloan, an advertising agent for the *Billboard*, a trade magazine of the amusement and entertainment industry. In the summer of 1929, Jack Sloan saw a gaming board in the basement of an apartment building in Chicago which had been made by the janitor for the amusement of his friends.<sup>16</sup> This gaming board resembled the old French table game *Bagatelle*, but it had some notable improvements: the balls were not shot with a cue but with a spring-loaded plunger, and the scoring holes were surrounded with brass nails or pins. In addition, the gaming board was slanted to make the balls roll back down from the top. Jack Sloan reported his observations to some of his clients, among whom was the In & Outdoor Games Co. which then built and marketed some coin-operated bagatelle/pinball

---

<sup>15</sup> Jones, H.B., *Coin-Operated...*, p. 20.

<sup>16</sup> For a detailed background account, see Bueschel, R.M., *Encyclopedia...* p. 13.

games. However, the game did not catch fire, not yet, maybe because it was big and expensive at \$100 per unit. It would take two more years for David Gottlieb's *Baffle Ball* and Ray Moloney's *Ballyhoo* to start a virtual pinball boom.

Products are only as good as the people who make them, and Ray Moloney picked the right people to work for him: people of the earliest days at Bally, like James M. Buckley, Patrick Millette and Bob Breither. It was a stroke of luck that Ray Moloney could rely from the beginning on Jim Buckley with his quiet determination and tremendous knowledge of the coin machine industry. He would become Bally's first vice president of sales, and he must get part of the credit for the success of Bally games in the 1930s. Ray Moloney hired production manager Patrick Millette, who brought experience from his work in the radio industry to Lion.<sup>17</sup> And then there was Bob Breither, who joined Bally as the third production employee on January 28, 1932, as he proudly told Richard Bueschel in an interview.<sup>18</sup> Bally was only two weeks old. These people contributed in their way to make the Ballyhoo the industry's success story and thus they laid the foundation for Bally to become the world's premier game maker.

---

<sup>17</sup> Bueschel, R.M., *Encyclopedia...*, p. 25.

<sup>18</sup> *Ibid.*

# Chapter 7

---

---

## BALLY REDUX

September 1989. Berlin. I am on my way to my first meeting with Hans Kloss at Maybachufer 48-51. It is a six-story industrial building with a large parking lot in front. I climb the stairs to the second floor, a friendly receptionist announces my arrival. Hans Kloss comes and greets me. We walk along a brightly lit long, carpeted hallway. On the wall is a display of Wulff wall machines, from the legendary *Totomat* to the most recent generation of electronic, micro-processor controlled machines: a heritage of proud achievement. What a clever idea to have your product displayed next to the executive offices. A visitor can make a journey along memory lane and appreciate the rich 40-year history of Guenter Wulff-Apparatebau. Hans Kloss stops occasionally and describes a machine to me. I learn a lot in just five minutes and more is to come. Hans Kloss leads me to his comfortable office. A room with a view, a view of the infamous border that artificially divides a country of one people.

Hans Kloss tells me about the German wall machine industry and its transition from the days of the mechanical and electro-mechanical machines to the state-of-the-art electronic marvels of the 1990s. I listen with interest; literally everything is *terra incognita* to me since my active research on gaming will not begin until 1993. And I do not know that I will eventually become a temporary “historian in residence” at Bally. Bally, there is the name. For the first time, I hear specifics about a company that had never registered in my mind before. Hans Kloss tells me about the current problems of Bally and the desperate attempts to stem the tide. “No such problems here,” he proudly adds. He points to the continuous upward trend of Bally Wulff in terms of sales, market-share and, most importantly, profitability ever since he took control of the Bally subsidiary in March 1981: A masterpiece of managerial wizardry to guide a ship which was drifting without direction out of the doldrums: from a share of less than 10% of the German wall machine market in the early 1980s to more than 25% and counting. A tremendous achievement!

Hans Kloss shows me one of his prized possessions, an early German gaming machine from the 1880s or thereabouts. “It is hard to set a date for this machine, there is no record of it,” he explains. He also mentions the recent archaeological finds of traces of gaming activity among our stone-age ancestors. There is more than 10,000 years old evidence of dice carved from animal bones. Or the tower-like dice game from Roman times of which Hans Kloss has a replica. *Homo ludens* in action. I am amazed. For a moment, I wonder whether I am talking to a professor of archaeology or to the CEO of Bally-Wulff. But this is typical of Hans Kloss’ interest in his work. Not just the commercialism of living with numbers, pushing market share, and “Ours is better” but identifying himself with the product.

How better to do that than by understanding the roots of gambling - gambling as an integral part of human behavior, as leisure, fun and entertainment and, as Hans Kloss adds, "as a source of survival in the early hunter-gatherer civilizations."

Standing at the window we enjoy the view. Well, we sort of enjoy it. "History in front of our eyes," Hans Kloss says quietly. Yes, we each had witnessed that dark day in August 1961 when this man-made monster sprang up in front of our eyes. "Will it come down," he wonders. "I'm afraid not in our lifetime," I murmur in a mood of resignation after 28 years of hoping for this to happen. -- What a marvelous surprise that the wall collapsed only six weeks later.

Hans Kloss assumed the helm at Bally Gaming International (BGII) in May 1993. What he saw required quick action. The Bally Gaming division was in dire straits, losing money and market share. Leadership and a new direction were needed. Would history repeat itself? Bill O'Donnell came to the rescue of Bally in 1963. Then came the *Money Honey*, and Bally embarked on the road to recovery and beyond to market dominance. The only difference was that the market scenario for Bally Gaming was much more difficult. In 1963, the slot machine market was slowly awakening from the deep-freeze in the aftermath of the Johnson Act. Bally simply took the lead with the *Money Honey* and never looked back. Exactly 30 years later, there was a dominant firm, IGT, and there were also potent competitors like Sigma and Universal. But first and foremost there was IGT. For Bally Gaming to regain profitability and market share something dramatic had to happen, something that would bring customers back to Bally, back to the company that had the longest experience in the industry.

Hans Kloss knew that it would be an uphill battle but he liked the challenge, and he went to work. And work meant being on the factory floor more than at his desk. He checked everything out, precision, workmanship, quality, motivation of his workforce, and much, much more. In an interview, he characterized this incessant drive to become aware of every detail in every corner at Bally Gaming with the following episode: "Last week, I was in our metals shop. I shook one worker's hand, and he said 'Oh, now your hands are dirty,' And I said 'Your hands are dirty because you work with your hands. You should see how dirty my brain gets at the end of the day.' So we laughed and talked for half an hour. I can make the finest speech and give the best presentation, but if the screws or the metal parts are bad when the machine arrives, I lose my customer, I lose my market."<sup>149</sup>

How to increase sales in a dominant-firm market? Hans Kloss made the quality issue his No. 1 priority. Customers had to be convinced that Bally's products were better. And it was the lack of confidence in the performance of Bally slot machines that had eventually led to the decline in market share. Quality control to ensure superior performance was needed. Hans Kloss made sure that Bally machines met his strict standards. Standards that would be constantly supervised by a new special quality manager.<sup>150</sup> This way, every Bally machine would get Hans Kloss's invisible stamp of approval. He personally guaranteed the workmanship and performance. And there was something else that had been neglected by Bally Gaming's management in previous years, and that was direct customer

---

149 Fine, G./Fine, A., "Quality First," *New Jersey Casino Journal*, July 1993, p. 20.

150 *Ibid.*



contact. One of Hans Kloss's first steps was to send field representatives to foreign customers. And he himself assumed the gargantuan task of visiting every one of Bally's important customers in Nevada during the first three months of his tenure. A newly motivated workforce, quality control, customer relations and, most importantly, new products -- these were Hans Kloss's formula for success.

New products? When Hans Kloss took the reins at Bally, he accelerated the final development and introduction of the new ProSeries of reel slot machines. ProSeries gaming machines were not just state-of-the-art slot machines, they were marvels of the electronic era. Both casino operators and players would make them their machines of preference because of reliability and play appeal. The advanced technology of ProSeries machines was based on the transition from the multiple-board technology to a single board using a powerful 16-bit microprocessor.<sup>151</sup> Said Ray Heidel, Bally's vice-president of engineering and a technological wizard: "We've designed our machines to be more efficient, we use EPROMs that are more secure and more reliable."<sup>152</sup> Games like *Wild Rose*<sup>®</sup>, *Red Hot 7s*<sup>®</sup>, *Rich and Famous*<sup>®</sup>, and, the most popular game, *Blazing 7s*<sup>®</sup>, spread like wildfire in casinos across the nation and beyond. As a further convenience for players all ProSeries machines were equipped with bill acceptors.

When the year 1993 ended, Hans Kloss could be pleased with the upward trend at Bally Gaming. Through May of 1993, Bally had sold 2,600 slot machines. Under Hans Kloss's aegis, production stepped up by 120% to reach 10,600 units at year-

---

151 Legato, F., "Super Slots," New Jersey Casino Journal, Sep. 1994, p. 34.

152 Bally Gaming, Bally Gaming, Inc. -- 65 Years of Excellence, Las Vegas, 1997, p. 3.

end.<sup>153</sup> And Hans Kloss had not even shown his trump card, a card that would restore Bally's fame as a leader in gaming machine technology.

In June 1994, I attended a gaming conference at the new MGM Grand in Las Vegas. On the casino floor, I noticed an excited crowd in an area of about 20-25 slot machines with the fitting name *Majestic Lions*<sup>®</sup>. There were no empty seats, all of the machines were in play, and onlookers were vying for any seats that might be vacated to join the action. The metallic clunking of dollar tokens hitting the payment tray filled the air and added to the excitement. I asked a slot attendant about the machines. "Oh, these are Bally machines," she replied, "they were customized for us to depict the lions; you know the lions are the logo for MGM Grand." What a clever idea to offer a "theming" option to customers to fit their casino floor design! In the case of MGM Grand a *Blazing 7s* machine was simply converted to fit the style and colors of the house.

Later that day, I drive past the huge McCarran airfield on to Sunset Road. Then a left turn on Bermuda Road. An ultra-modern building: Bally Gaming International Headquarters. A swing door leads me to a brightly lit reception area decorated with leather armchairs and greenery. A group of customers coming from a guided tour of the premises exchange some final thoughts with their Bally host. I notice among some other machines in the reception area, a *Totomat* and a *Money Honey*, two milestones in the history of the company. In the executive wing, Linda Jordan, Hans Kloss's executive secretary, greets me with a refreshing cup of coffee. After a few moments, Hans Kloss bids me a warm welcome. Our thoughts go back to the last meeting five years ago when Berlin was still a divided city.

---

153 Dorn, W.J., "Bally Restored," *Casino Executive*, Jan. 1996, p. 49.

That was then. And something else had become history when Hans Kloss turns to his present commitment: "You know, the year 1993 was a watershed for Bally Gaming. But now the way is up, and all indications are that we will have a positive net operating income this year. Yes, red ink is out at Bally. Our ProSeries® machines are extremely popular." "So I could see at the MGM Grand," I intersperse quickly. Hans Kloss is pleased about my observation and continues "You see, in a dominant-firm market, Bally has to come up with new ideas to gain market share. Customization of gaming machines is one of them. But, then, we have the *Game Maker*." There it is, Bally's new masterpiece. With some pride, Hans Kloss describes the features of the new video gaming machine. It is the first multi-game touch-screen video machine for the traditional casino market. Sure, there were forerunners in the video lottery terminal market. But this is a Rolls Royce for the casino market with bill acceptors and a superior technology for the 21st century. The *Game Maker's* library consists of 350 games including a wide range of poker games, Keno, Blackjack, and reel-slot games. A casino operator can select up to 10 touch-screen games and percentage payouts. Want a new game on your *Game Maker*? It is literally a one-minute job for a Bally technician to install an EPROM, and there it is.

Yes, the *Game Maker* was the breakthrough for Bally. The company was no longer reacting, it was setting the agenda. Bally was the first slot maker to introduce touch-screen machines for casino gaming, and it gained a competitive advantage. There can be no doubt that the *Game Maker* put Bally firmly back on the map. The industry recognized this achievement by awarding the "Excellence in Leadership Award for Innovation" to Bally Gaming's *Game Maker* in March 1996. The combined effect of the sales of ProSeries slot machines,

*Game Maker* video machines, and the latest slot data tracking system, SDS/6000, boosted Bally Gaming's fortunes considerably. Including Bally Systems, sales more than doubled from \$60.5 million in 1993 to \$131 million in 1994. And, after long years of drought, Bally Gaming was able to post net operating profits of \$1.8 million in 1994 and of \$8.4 million in 1995.<sup>154</sup> Most importantly, Bally regained lost market share and was able to narrow the wide gap to the dominant firm IGT. Hans Kloss's resolve had brought Bally back on track.

Bally's successful turnaround attracted the attention of Alliance Gaming Corporation, a Nevada gaming corporation which owned two casinos and route operations involving more than 6,300 gaming machines in Nevada. Alliance made an offer to merge with Bally Gaming International in the fall of 1995. On June 18, 1996, BGII's shareholders approved of the \$186 million merger, and a powerful \$450 million diversified gaming company was born. Hans Kloss stayed on for a transition period to bring the two business entities together. Said he: "The merger with Alliance is a new chapter in the history of Bally. The company is in the hands of good business people, and I'm sure they won't let the business get out of control as in the '80s. The merger gives assurance that Bally will be around for the next 65 years."<sup>155</sup>

Meanwhile, the upward trend at Bally continued unabated. Las Vegas's latest megaresort, New York-New York Hotel & Casino, opted for Bally's SDS/6000<sup>®</sup> on-line system for its huge slot machine department along with a substantial order for ProSeries machines and *Game Makers*. Commenting on this

---

154 Bally Gaming International, Annual Report and Form 10-K for 1995, Las Vegas, 1996, pp. 59-61.

155 Legato, F., "Bally turns 65," *Casino Journal*, Oct. 1996, p. 76.

choice, Bill Sherlock, the former President and CEO of New York-New York, was quoted as saying: "After a thorough examination of all top suppliers, we chose Bally Systems because of its accuracy, reliability, and excellence of service and support."<sup>156</sup> How true! Strong support also from Canada: Casino Niagara, Canada's largest casino, opened in December 1996 with the Bally slot data system and 1,500 Bally machines, and so it goes.

Las Vegas, January 1997. Hans Kloss invites me for dinner at Las Vegas's newest attraction, the New York-New York entertainment megastore. We enjoy superb Italian cuisine. Afterwards, we stroll through the aisles of the casino. Here and there, Hans Kloss pauses a bit and explains a Bally machine to me, and there are lots of them. Then, he points with some pride to a group of 20 *Game Makers*: "See, this is where the action is, people like them." For a split second my thoughts go back to how it may have been at booth No. 10 at the 1932 Exhibition in Chicago when Ray Moloney was proud of his *Ballyhoo*. Ray Moloney, Bill O'Donnell, Hans Kloss, 65 years of Bally. Through a huge swing door, we step out onto Las Vegas Boulevard. A cool breeze greets us. A myriad of lights from everywhere. Hans Kloss looks ahead, as if focusing on something in the distant skies: "Bally is well positioned for the new millennium, Bally is here to stay." I nod approvingly.

---

156 Bally Systems Advertisement, Reno, 1996-97.