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Change is Bad, Change is Good

Not too long ago a casino operating in a very competitive market made a decision to replace its aging casino management system. Property leadership defined their user requirements, evaluated a number of competing systems, narrowed their list to two vendors and ultimately chose a system that best met their needs.

The new system afforded the casino the opportunity to redesign their player rewards program and leadership saw this as an opportunity to create a rewards program that was superior to their competition. To best meet the needs of the market, casino leadership first conducted a series of focus groups with people who gamble in local casinos. Concurrently, they examined their competitors' reward programs. Property managers then decided on a new rewards program and tested the concept with loyal, premium players in the form of "blue ribbon panel" discussions.

With the new rewards program refined, based on customer feedback, the casino carefully planned the launch of their new club. First, they informed the employee population of the upcoming change through a series of presentations and forums, first with casino personnel and then with the entire employee population. Casino managers then sent a series of letters to the entire database informing them of the upcoming changes. Players with high levels of visitation were invited to attend cocktail receptions with the general manager and slot director and ask questions regarding the new program and how their benefits would be affected. Lower tier customers also were invited to attend afternoon receptions where they too could hear about the upcoming changes.

Finally, the new rewards program was launched. Top tier customers received newly embossed cards in the mail. Remaining customers were invited to the casino to exchange their old cards for new ones at which time each player received a brochure as well as an explanation of club benefits from slot club representatives. The launch of the new club went smoothly.

Within three months competitors began to notice changes in market share. Quarterly revenue reports, released by the state, indicated that the new rewards program was having a significant and deleterious effect on competitors' gaming win. One competitor was particularly impacted. So management from that casino sent employees to the other casino to find out how that new club worked. They then decided to match the competition's rewards scheme. Within 45 days they too launched a new slot club, touting "new and improved" in their monthly newsletter. Despite these changes, they were never able to recoup their loss in mar-

ket share. In fact, they just wound up increasing their marketing costs without a commensurate increase in revenue.

Managing Change

Why did one casino succeed in effecting a change to its rewards program and the other fail? For any casino operator, effectively managing change is one of the greatest challenges facing the gaming organization. Whether it be the introduction of a new rewards program, an expansion of the gaming floor, the addition of non gaming amenities such as restaurants and a hotel or the wholesale replacement of the casino property with a new facility, customers and employees must be included in the change process.

Too often, casino ownership, whether they are a public company or Indian tribe, forget that to many customers and employees, it is "their casino." They may not have possession of a deed or be listed at a mortgagee but they are nonetheless critical stakeholders in the organization. For these people, the casino is their recreation center; it is where they go to socialize and to be entertained. For many, any change to the casino is instinctively viewed as something bad. However, if customers and employees are included in the process, these changes can be viewed as meaningful improvements based on their own needs. Whether the primary audience is the employee population or the customer population, the process of managing change is essentially the same.

Inform Stakeholders That Change Is Coming

Before a shovel of dirt is moved for a casino expansion and before anyone installs a new harness in a slot machine, it is important to inform stakeholders, both employees and customers, that change is coming and the reasons why these changes have to occur. For a casino expansion, it should be explained that the current facility is too small or antiquated. For a new rewards program, it may be that the current system is technologically obsolete and needs to be replaced. Regardless, stakeholders need to understand not only that change is coming but the reasons for it.

Ask For Input

Ask stakeholders for their input. For customers, ask how can management make the casino a better place to gamble? What kind of amenities would they like to see? Once they get done talking about "loosening the machines," they will provide useful information on how to improve the property. Employees too will offer valuable insights into how to make the property more efficient and ultimately more effective at meeting customers' needs. Customer blue ribbon panels,

focus groups and employee advisory panels are ideal for gaining insights into stakeholders' needs. Participants will in turn become 'change advocates.'

Keep Them Informed

Many casino operators simply display artist renderings in the lobby with the caption, "coming soon." To effectively manage change, any change, leadership must keep both customers and employees abreast of the changes. If it is a construction project, how will parking be affected? Will any of the restaurants close down? By first keeping employees updated, they can in turn answer customer concerns on the floor rather than answer by saying "management never tells us what is going on."

If the casino is planning a new rewards program, the most important concern to customers is the value of their existing points and comps. Will they be devalued? Will they disappear? Use your employees to be the agents of change by keeping them informed. By explaining to employees how the new program will benefit customers, they can in turn become advocates of the new program and sooth any customer concerns.

Manage the Last Ten Yards

The weeks leading up to the introduction of the new rewards program or the opening of an expansion is the most critical period. If a new rewards program is to be introduced, how will the casino get old cards out of circulation? How will customers be told how the new club works? Every obstacle needs to be planned for.

The opening of a new restaurant or casino expansion must also be managed throughout the opening period. To the customer, there is no such thing as a soft opening. The first meal they order in the new restaurant better be served promptly and it better be great. The timeliness of paying off jackpots should be faster than before. Ultimately, all the work and planning comes down to managing the last ten yards but the process of managing change must begin much earlier than the weeks just prior to implementation. Change can be bad if managed ineffectively or, if done right, change can be good. ♣

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