

White Paper

HR/Training To-Do's When Signing a Casino Management Agreement or Acquiring a New Casino

By

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After being involved in several acquisitions (on both sides of the fence) and consulting to management companies when they receive new management contracts, I know what it takes to make a smooth and effective transition.

When a management company begins the process of managing a casino (Native American or corporate) or a company acquires a new casino, there are several considerations and issues that need to be kept in mind and initiatives that must be looked at and addressed. This "white paper" is intended to provide some detail of the initiatives that will require attention prior to taking over once any agreement is finalized, to ensure HR and Training are properly positioned to assist in the transition.

It is critical that when a Management Company assumes the responsibility for managing a casino or a company acquires a new casino they have a plan in advance that positions them properly with both the new employees and the market they are entering.

The employees will be concerned and anxious as to what will happen to them and what to expect. They will not accept statements such as, "business as usual," "don't worry," "you need to trust us." They want to see and experience meaningful actions, not hear words. You need to do all you can to reassure the employees and get their support of your mission and vision immediately. Therefore, to have a successful transition, refocus the culture, retain the good employees, ensure the employees are of an attitude to assist in a successful transition, and market acceptance, you need a Plan. *Remember, your employees are your best and least expensive marketers.*

It is important to develop a well thought out, planned and professional approach to the management/acquisition which shows that your company is prepared and capable of managing/owning a casino. If this doesn't happen, you will not be able to expect the employees to be professional and supportive in return. In fact, they may be more harmful than helpful.

To this end, the following should be developed or reviewed, in advance, for the smooth assimilation of any newly acquired casino. If you get these initiatives out of the way ahead of time, life will be easier for both the company and employees, and the transition will go more smoothly.

Pre-Takeover Preparation and Due Diligence

- Develop your own set of HR Policies for implementation, which state your company's standards and expectations clearly. The policies should be written in a framework for establishing the culture you desire. If you have more than one casino, they need to be tailored and made property/jurisdiction specific.
- Develop an Employee Handbook, which communicates the basic Company philosophy, expectations and standards of performance, etc., to all newly acquired employees. This too should be tailored and made property/jurisdiction specific.
- Review the new casino's current HR Policies, document any differences, and prepare a matrix that highlights the differences for ease of employee understanding.
- Review any open discrimination claims, harassment charges, pending employment-related litigation, outstanding Workers Compensation claims, employees on FMLA or other form of leave, etc.
- Review and analyze current benefit plans, premiums paid by employee and employer, and associated costs to the company. Review company contribution to any 401K to determine appropriateness.
- Develop all HR documents and forms such as, Employment Applications, Performance Evaluations, Status Changes, Counseling Notices, etc., and identify and communicate the necessary changes.
- Review comments made in previously conducted Exit Interviews to identify areas of concern.
- Review current organizational structure, staffing levels by position, reporting relationships, pay rates, etc., for appropriateness.
- Develop a comprehensive set of "core" Job Titles and Job Descriptions for all positions that any casino (large or small) will have, which are ADA Compliant and which help drive your culture and meet your job expectations.
- Establish a Grade Level Structure for all positions. Not every casino will have every position, but the company should have all positions "leveled" so they are prepared for any size casino they may acquire or manage. With this done it will be easier to adjust wage ranges in each grade level based on market and industry wage survey data.
- Review current and revise/establish a compensation structure for the market based on a wage survey for every position. "Sore-thumb" any discrepancies and compare against the current structure.
- Develop "basic" Organization Structure and Staffing Plan models (Compendium), by department and position, to use as the template for A, B, and C size properties.

- Conduct an Organizational Structure Analysis of the casino's current organization and compare against the above models, noting any possible staffing concerns.
- Develop and provide "core" Training Modules, i.e. Job Skills, Guest Service, legally mandated (harassment prevention, etc.), supervisor/management basics, etc.
- Develop a new, comprehensive New Hire Orientation module to include information relating to your company and to set the tone for the desired culture.
- Develop a Safety Handbook to be issued and signed by all employees.
- Prepare a personalized letter (from the Management Company or new ownership) to all current employees welcoming them and their families to your Team and informing them of what they can expect in the coming weeks and months. Advise them the company stands ready to answer their questions, reduce any fears they may have (which is natural whenever new management takes over), and that you look forward to their support and working with them to become even more successful (A Feel Good letter).
- Develop an Indoctrination Program for all current employees to assimilate them into your mission, values, philosophies, standards and expectations which will be conducted once your company assumes responsibility.
- Develop an Indoctrination Program for current Managers/Supervisors addressing HR policies, practices and procedures, as well as expectations and standards of performance and defining their role as supervisors to be conducted once your company assumes responsibility.
- Define and develop "core" Incentive Bonus Plans and criteria to be used based on "SMART" goals and compare against any existing programs.
- Develop an Employee Retention Analysis/Survey to learn why employees have left so action plans can be developed to address any issues. *Mail to all former employees who left the company within the past 12 months once your company takes over the management of the property.*
- Develop a "Critical Assessment Study" for every department to be used to identify current strengths, weaknesses, opportunities and threats (SWOT Analysis). This will allow for fast movement in identifying problem areas, opportunities and the setting of priorities.
- Prepare a Comparison Matrix (what employees received previously and what they will now have under your Company) and provide to all employees in the Introductory Meetings.

While the above are time consuming and tedious to complete, they all must be addressed. If completed in advance, then you will be in a position to have transitions go smoothly. With all of the above prepared, you will also be able to present yourself as a professional, well-managed organization, which the acquired employees will respect and be excited to work for. Your Company will also have a Plan to make the assimilation be professional, organized and thorough.

The transition of any acquisition must be as well thought out and planned as possible so that the industry respects your ability to own and/or manage casinos. If your Company has these basic infrastructure initiatives completed then the Company will not have to address these issues after the fact and can focus its attention on maximizing business opportunities in the market. Being unprepared and not having a well thought out strategy in place will give a poor, unprepared and unprofessional impression to any newly acquired or managed property.

Once any acquisition or management agreement is finalized you should perform the following over the first week, month and quarter:

- Develop a Press Release for Gaming Industry publications, financial community (if applicable) and a “market-tailored” Press Release for the new market media (print and electronic) announcing the acquisition or management agreement and how excited the Company is to be in the market, etc.
- Have key Company management, the GM, and select employees participate in “free” structured media interviews to publicize and promote the acquisition, etc. Make sure they are properly coached on how to respond and what they should not discuss.
- Place the newly acquired or managed property on your Web Site as quickly as possible.
- Mail the above mentioned employee letter to all current employees welcoming them and their families to your Team.
- Meet with the incumbent casino management team (GM and Department Heads) to ensure they understand your mission, philosophy, expectations and standards, etc., to ensure they are supportive of your Company in their approach to the current employees and the guests.
- Conduct structured Introductory Meetings (Town Hall Meetings) with all employees, held by key Company and Property Management.
- Conduct HR Policy/Practice Education and Training meetings with all current Managers and Supervisors to ensure that they are aware of how they are expected to operate when it comes to their employees.
- Conduct a comprehensive Orientation Meeting with all current employees and distribute new Employee Handbook and Safety Handbook to all employees.
- Conduct Harassment Prevention Training for all employees.
- Develop and conduct any new Benefit Orientation meetings that may be necessary.
- Conduct one-on-one meetings with each Department Head to ascertain property strengths, short-falls, constraints, threats and opportunities, as seen from their eyes.

- Prepare an Executive Summary summarizing the findings from the above mentioned individual meetings. This will identify potential issues for further investigation and allow for a prioritization of critical initiatives by the Company and Property management.
- Do a formal, independent Manpower Assessment of all incumbent Managers and Supervisors to identify strengths, weaknesses and development opportunities for each individual and identify individuals who may be of risk to the organization.
- Conduct a thorough assessment, using the above mentioned “Critical Assessment Study,” of every department as well as a Training Needs Assessment.
- Conduct formal Guest Service Training with all employees.
- Institute the new New Hire Orientation Program.
- Develop and conduct a confidential Employee Opinion Survey to begin communication with employees making them aware that the company wants to hear their views. This will allow for “benchmarking,” issue identification, and priority setting on critical initiatives. This also puts a communication vehicle in place in the event of an organizing campaign.
- Conduct a comprehensive employee turnover analysis/survey, mentioned above, of former employees. Good employees may have left but would entertain returning under new management/ownership.
- Perform a detailed HR Department Assessment to ensure compliance, identify short-falls, areas of non-compliance, etc.
- Develop a formal HR/Training Strategic plan to ensure alignment with the property’s goals based on the detailed HR Assessment.
- Review/audit every personnel file to ensure files are legally compliant and that government required forms are current and complete for all active employees.
- Ensure OSHA/HAZMAT compliance is in place and that an effective and current Evacuation Plan is in place and documented.

Having the above pre-acquisition initiatives developed and having a Plan prepared that will ensure a smooth transition for all concerned will allow your company to drive its business strategic plan forward in an efficient and effective manner.

Bob Orr founded Human Resources Group, Ltd., a human resource consulting company in 1991 and has focused on Indian Gaming, Corporate Gaming, and the Hospitality industry. He has provided products and consulting services to management companies, Native American Casino/Resorts, in addition to several corporate casinos. Services have included but have not been limited to: Opening 15 casinos, HR Strategic Plans, Employee Opinion Surveys, HR Department Assessments, Compliance Reviews, Succession Planning, HR Department Infrastructure, Policies & Practices, Employee Handbooks, Job Descriptions, and more. To inquire about the products and services offered, Call (708) 946-9652, e-mail rorr@humanresourcesgrouppltd.com or visit our Web site: www.humanresourcesgrouppltd.com.