

Casinos focusing resources on facility upgrades



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In 2011, the five casinos had gross revenue of over \$116 million; in 2014, it was \$96.2 million. The slot revenue in 2011 was \$88.7 million and in 2014 it was \$70.6 million. In 2011, our direct expenses were \$55.4 million and were \$42.2 million in 2014. In 2011, our EBITA was \$30.2 million and in 2014 it was \$25.2 million. The projected gross revenue for 2015 is \$91.5 million with slot revenue of \$65.2 million. Projected expenses for 2015 are \$35.6 million with projected EBITA of \$28 million.

As stated in a recent memo

to casino employees, “Kewadin Casinos is focusing its resources on facility upgrades and gaming floor enhancements. We are also pressing ahead with a new player re-investment strategy. As a result, most of the current mass marketing programs will be eliminated and the funds will be redirected to more structured programs that target our loyal customer base. These changes will enrich our players’ overall gaming experience and strengthen our competitive standing by rewarding our loyal customers.”

Many promotional changes became effective on March 1. Credits will be given instead of cash and comps will no longer be available for use at the Midjim. Eight of the promotions were eliminated and seven promotions were altered. We were giving people cash to walk out the door, losing money on bus groups and many events. With these changes will be unhappy customers but we cannot afford to cater to these kind of customers. We have been giving away too much for too long.

For many years, the mentality was that if we pack the house we are making money. We have filled up the hotel but many times the

customers are not gamblers and we do not have rooms for our VIPs.

Fred Buro, temporary CEO, has been traveling around to all five casinos presenting the changes to our team members. Prior to these presentations, team members were not accepting the changes, worrying that if we cut busses or promotions we will be losing money. I attended both of the presentations at the Shores Casino on March 5. The team members seemed to be onboard with these changes after seeing specific numbers. Fred asked them to join him in being part of the change and was very open to questions and ideas from the team members. The key to success is communication. When team members do not know how, what, why and when changes are made, they are on the defensive. Once communication is carried down to the front line, team members feel empowered.

There is a push to post for the CEO position. It came for a vote on March 3. I did not support it. It came down to a tie vote with the chairman breaking that tie not to post. My reasons for voting ‘no’ are 1) we need to give Fred a chance to do the job we hired him

to do. 2) He has only been here three months. 3) This is unchartered territory where the casinos are in a state of emergency and we needed a turn-around plan.

I did say if we decided to hire a permanent CEO, I would agree to post the position. We do not know if we will hire a CEO, COO or what we want to do at this time. I like the fact that Fred has no relatives working for the tribe and comes here with clean eyes. We all know what has happened over the past 20 years with nepotism and cronyism.

If we do want to run our businesses like a true business in the real world, we need to hire the best-qualified people. We have a tribal member preference, not a mandate. I fully support tribal members having a preference in our workforce, but if you hire people just because they are tribal, it is not going to make us successful. One of these days maybe we will figure out why we opened businesses in the first place. Was it to provide jobs? Money for services? Not as many people work for the tribe as use our services.

For instance, if you were a customer and came into one of our businesses and experienced bad customer service, would it

make you feel better if the person was a tribal member? This could happen, because right now if you meet the minimal job requirements you are granted an interview. A manager may interview a group and not want to make a selection but need to jump through hoops to hire the best candidate, not just a candidate. I know that people, when and if they operated their own business, would hire the best candidate. To be the best, you need to hire the best. We cannot continue to do business the way we always have.

We need to somehow bridge the gap in our communities with addictions and services. We have members crying out for help but cannot get the help when they want or need it. This becomes frustrating for the addicts and their families. The last thing a family wants to see is their loved one struggling. We all know that an addict will not succeed if they do not want it for themselves. When they make the decision to seek help we need to end the roadblocks.

Thank you to all the members who have contacted me. Please call (906) 430-0536 or email me at bsorenson@saulttribe.net or bridgett91@yahoo.com.