



## *Recessionary Pressures Generate New Spirit of Inter-Tribal Unity and Casino Performance*

by Darrell Luery

Many knowledgeable industry observers agree that recent recessionary pressures, experienced broadly across the country, have produced serious buffeting in the business and gaming world at large. The downturn and the varying pressures it has produced have hit organizations large and small, frequently resulting in predictable, ongoing stress across board and general management. All of this has resulted in a higher than normal level of terminations of long-term managers and has further stimulated operational stresses from top to bottom within these organizations. Increased political pressure on managers directly responsible for oversight of operations and performance has also been on the rise.

As a direct result, new questions are being raised as to the most effective structure for gaming oversight, as well as a heightened focus on the qualifications, skills and expertise of those charged with this responsibility.

In recent months, tribal councils and board management have begun to evaluate the overall effectiveness, long-term competitive position and sustainable profitability of their individual tribal casinos. It has quickly become clear that frequently the causes of weaker-than-expected performance, even with the recession, have more to do with ongoing conflicts in relationships, lack of clarity in responsibilities outputs (called managerial effectiveness areas), and unrealistic and competing expectations than it does with establishing and executing effective operating strategies.

As the economy weakened and results began to slip, simmering tensions began to mount. Previously vibrant organizations became "frozen." In short, tribal councils experienced increased pressure from their community members for stable income, and this pressure cascaded down to gaming boards, which were expected to continue to produce year-over-year financial improvements. When they couldn't, the pressure was on.

Tribal oversight boards have become significantly more involved in the direct day-to-day activities of the business, increasingly scrutinizing operating casino management. It has quickly become one of those hot potatoes that many in tribal gaming are aware of, but few talk about publicly.

Yet the underlying business is the same one that has provided for the community with steadily growing performance and profitability over recent years. Except for the recession, which has affected the customer's discretionary spending, the business hasn't changed much.

It is a common truth that in every adversity there is opportunity. Herein lies the challenge. Clearly, the situation demands that tribal councils, other oversight bodies and key management must learn to reach a common and accepted

understanding of each party's role and responsibilities, and benefit from the support that each group could provide to the other. Ultimately the common goals of the tribe are the same. Financial success of the casino results in financial success of the community at large. While there may be disagreements among the various subgroups, frequently a result of the conflicting short-term goals of each, there should be no disagreement over the long-term goals. Agreement on roles and responsibilities and commitment to the short-term goals will go a long way towards reaching sustainable success for the community. However, the strategies and implementation plans must be developed and put into place in a focused and collaborative team environment. While it may seem like an obvious solution, the political environment can significantly complicate the process.

No different than the process followed with some of the largest companies in the country, the need for leadership and a clearly defined and communicated roadmap are essential to success. Members of the tribal council, casino management, and oversight groups must all provide the same message to the community. In order to obtain the desired ultimate goals, the success and wellbeing of the community, everyone must move together in the same direction.

There are growing signs that a large number of tribes throughout the country have adopted a new spirit of internal support and cooperation among their members in the face of the recession, which is significantly benefitting their casinos. It is showing up their work environment and in a new wave of joint meetings being held among members of tribal councils, gaming boards and senior managers. They are finding that joint acceptance of responsibilities to map out a vision, mission statement and goals is benefitting them all.

Working together as a group in a non-adversarial environment brings everyone together to better understand and focus on the bigger issues and also recognize the importance of the smaller issues of each individual group. Effective communication, the ability to agree on goals and responsibilities, and a plan of execution supporting the overall direction of tribal businesses can soften the stresses of the economic environment and turn them into opportunities to reach existing goals and, in addition, develop plans and goals for new exciting opportunities that are exclusive to the Native American communities. ♣

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