

## The Foxwoods Value Project

by Stephen J. Karoul, Foxwoods Resort Casino

One of my favorite sayings is, "The operation was a success but the patient still died." Oftentimes, in today's highly competitive casino industry, balancing common sense with value or perceived value in a highly regulated environment can make the difference between success or having your patient (the customer) die (or disappear). This may sound strange but one of my friends named Dennis Conrad who I think is one of the better casino marketing consultants in the casino industry today, also has a favorite expression; "Doing business today is not about making money, it is about creating value". I totally agree with Dennis.

Several months back I received a telephone call from a small player that I knew quite well on a personal basis. He called me to tell me that he was sorry but that he was going to have to cancel his reservation at Foxwoods. I asked him why, and he informed me that he was offered a better deal from another casino. He told me that he received a discount coupon in the mail and that he could use that extra savings for play in the casino. The \$20 difference in room rates represented value to him. I was also intrigued because this customer is own brother. So much for loyalty in the casino industry today; value won. This made me think for a moment about what else do we take for granted that we often see day in and day out that may be perceived as "value" by our customers. Every casino in the world has either direct or indirect competitors depending upon their location.

Foxwoods was rapidly approaching its annual strategic planning sessions. Therefore, I decided to issue a challenge to all Foxwoods management throughout the organization to first take a good hard look at our own operation within each of their own operating divisions and then to make at least three personal visits to our direct competitor or any other competitors on either a local or a regional basis. I discussed this with our CEO, Bill Sherlock, who immediately recognized the thought process and issued a personal memo to all management to support our new Foxwoods Value Project and to accept the challenge.

Over the next few months we organized numerous focus groups from almost every operating department at Foxwoods. We then set up two hour meetings in one of our small conference rooms with each department head and their representatives to discuss our findings focusing upon what we thought were the key items or issues that represented better value to our customers if and when they visited our competitors. Each Focus Group was made up of 10 to 15 team members from within their respective departments. The only ground rule was that the sessions were not to be used as complaining sessions. We wanted positive feedback. The results were extremely interesting, informative and enlightening. I chaired every meeting and my secretary took minutes. Not only were we able to document what we thought our competitor(s) were doing better than us, we were also able to develop lists of positive recommendations of what we thought we would need to do to create better value or perceived value at Foxwoods. Obviously many of the recommendations were easy to implement immediately but many were also more complicated and involved some additional funding or capital expenditures. Therefore, I

informed each group that I would summarize their recommendations and present them to Senior Management for further review.

It was amazing. The entire property quickly became energized and focused on creating value or perceived value in everything that we did. We even came up with a Value Meal in our Food Court similar to MacDonal'd's Value Meals. What was interesting was that the process worked and we began to quickly receive great feedback from our customers. I held several meetings with Senior Management and we further prioritized items that would require additional funding or capital expenditures. Many of these recommendations were eventually rolled up into our CAPEX budget request which is presented annually to our Tribal Council. Tribal Council also quickly recognized the benefits and we received approval for a very substantial capital expenditures budget which was needed to upgrade certain areas within the property to help create better value or perceived value for our customers. These improvements will help insure our long term ability to remain competitive and profitable in today's highly competitive casino industry. The overall feedback from our customers has also been terrific.

Our Foxwoods Value Project was extremely successful because our Management Team properly communicated the "challenge" down through the organization. That was the reason why we set up our focus groups for each department to include team members from every level of operation within each department. People are people and we all share many common traits as human beings. One such trait is being able to recognize value or perceived value. Another trait is involvement or inclusion in the change process. Many of our best and most productive recommendations actually came from many of our rank and file front line employees.

Take a close look at your own casino and then take an even closer look at your competitors. You don't have to reinvent the wheel here. The Foxwoods Value Project concept works. Use it as a model to issue your own challenge to your fellow team members. You may be very surprised with the results both from the perspective of what is wrong and also the recommendations of how to fix the problems. Many of our recommendations didn't cost a lot of money but the changes represented value or better perceived value to our customers. Good luck.

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