The Casino Times

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FIRST LOOK!

TOP STRATEGIES TO WARD OFF BUSINESS COMPLACENCY

- Create clear vision and goals
- Reward innovation

Discover the remaining top strategies listed inside the newsletter!

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4 Culprits of Complacency

Lowers & Associates
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You’ve done the important legwork to protect your business against undue risk. You’ve conducted a threat assessment, reviewed security measures, fortified your IT infrastructure, put controls into place, built a business continuity plan, and trained your people. So now what?

Though you’ve taken great measures to prevent and/or mitigate losses, if people fail to consistently follow through with the day-in day-out responsibilities required to keep risks in check, it is all in jeopardy.

Complacency is the enemy of excellence and can be the single largest threat to any business. It can lead to massive failure, and once complacency takes root in an organization, it’s hard to change course.

Complacency is the sense of quiet pleasure or security usually accompanied by a lack of awareness of potential dangers or deficiencies.

Consider the infamous example of the Deepwater Horizon explosion which killed 11 people, injured 126, and caused an oil spill that took three months to get under control. According to a federal report, this catastrophe was a result of:

• Poor risk management
• Last-minute changes to plans
• Failure to observe and respond to critical indicators
• Inadequate well control response
• Insufficient emergency bridge response training

In a nutshell, complacency. Here are four common causes of complacency and how to steer clear of them.

1. Foregoing a “Moment of Insight”
Insights, or “eureka moments,” abound in our personal lives, society and workplace. We experience a sudden understanding of something that was previously unknown or incomprehensible. A series of seemingly unrelated incidents suddenly reveals a clear pattern.

In the context of risk mitigation these moments happen frequently. Businesses connect the dots between the events happening around them (e.g., wide area disasters, data hacking incidents) and

“Complacency is the last hurdle standing between any team and its potential greatness”

Pat Riley
Former NBA Coach and Player

Seven Strategies for warding off business complacency

1. Be clear on your long-term vision (no more than 2 years out) and your short-term goals needed to make that vision a reality.
2. Have a specific plan for each day.
3. Give yourself specific time each year (no more than an hour) to think strategically and evaluate where you are and if you are heading in the right direction.
4. Challenge your team to think.
5. Encourage and reward innovation.
6. Create a formal process to learn from mistakes.
7. Invest time and money to improve your skills and knowledge.
make the adjustments they need to make in their own operations to stay protected (e.g., creation of disaster recovery plans, beefed up cybersecurity).

Despite a clear moment of insight, people fail to act because of a lack of leadership or sense of urgency. They are focused on what’s in front of them – the objectives, processes, and budgets – rather than presenting a compelling vision for the company.

This is especially true during times of change. The thinking being, “The crisis isn’t imminent, and we already have so much on our plates.”

Brent Gleeson, the author of TakingPoint, says, “Most organizations that continue to succeed and innovate have a culture poised for positive change and taking a risk. They don’t wait for the ship to spring a leak. They proactively and constantly set aggressive goals. They sometimes even intentionally develop a sense of urgency.”

2. Maintaining a Sense of Overconfidence
Another reason why organizations stay in a state of complacency is due to an excessive sense of self-confidence, which can express itself in different ways.

Whether it’s a statistical calculation, illusion of preparedness, or outright arrogance, people operating with this mindset are inviting problems. Teams might even take a cue from management and begin letting practices and policies slide. Examples of this include:

- Someone leaves the door propped open while running an errand
- Outdated crisis communication plans
- Passwords aren’t decommissioned when an employee quits

3. Having a False Sense of Reality
It’s human nature to be lulled into complacency, especially if you’ve lived the same basic existence in the same company for years on end. You come to believe you’ve lived pretty much every scenario and can reliably predict the outcome of most situations. When we believe we know the answers, our creativity and ability to proactively plan for potential threats become stagnant.

The key in these situations is to have a learning mindset, to be curious, ask questions and think more deeply. Jeffrey Simmons, President and CEO of Elanco, says it’s helpful to “find people who make you feel uncomfortable, who help you learn a new skill or broaden your perspective.”

4. The Tendency to Make Excuses
Similar to having a false sense of reality, complacency thrives with people and environments where excuses are made and accepted. Some of the common excuses that lead to inaction include:

- Failure to conduct quarterly safety trainings
- Absence of consistent background checks
- Failure to conduct due diligence with a new business partner

Benefits of a third-party armored car company for gaming operations

The utilization of an armored car company is something to consider for any operation that handles cash. As casinos are a high cash intensive business, it really is in their best interest to contract with a third-party company for all of their deposits and delivery of cash and securities. Benefits of an armored carrier include:

- Trained and licensed professionals with experience and knowledge of the cash-in-transit industry.
- Decreases risk of theft, both internal and external.
- Increases organizational efficiency and saves time, freeing up resources to focus on other aspects of operations.
- Security for employees and customers.
- Transfer of risk to armored carrier’s cash-in-transit policy.
Cash flows through more than just the gaming floors of a casino facility as people spend their winnings at shops and restaurants. The following is an example of a large embezzlement at a casino-owned restaurant by a trusted employee.

Over a five-year period, an Assistant General Manager at a high-end steakhouse restaurant in a casino stole more than $1.3 million.

One of the Assistant GM’s duties was counting the earnings at closing. He took advantage of this large responsibility and would void items on several customers’ bills that paid in cash, and then pocket the difference during shifts.

An investigation found he started off small in the first year, stealing approximately $25,000 dollars and modifying 75 checks, voiding around 200 items. He grew bolder as time went on. The year before he was caught, he modified over 1,000 checks by voiding almost 5,000 items.

In total, he was accused of altering over 2,200 checks, voiding approximately 7,500 items and stealing in excess of $1.3 million.

His downfall happened one night when a very large group came in for an event. The menu that night contained several specialty menu items. The next day, a server commented to the Head GM about the impressive amount of specialty cocktails and appetizers sold during the event.

The Head GM looked into this after the conversation and found inconsistencies with the number of items the server proudly reported them selling. He found the Assistant GM voided the sale of the items two hours after they were sold, and $400 was missing. The Assistant GM quickly replied that multiple guests complained about the specialty cocktails and the appetizers, so he voided them off the check. Since the items had been voided so much later, the Head GM knew something was awry.

After years of living a fantasy life with a significant additional income, the Assistant GM finally broke down and came clean. He was fired immediately, and the police were called. It took several hours to get the full story, but he eventually told police the stolen funds were used to fuel his gambling habit at another casino location. He was arrested and charged with first-degree larceny.

This case shows the importance of quarterly audits of sales and inventory. Had it not been for the casual conversation between the server and the Head GM, the scheme could have lasted much longer. The casino has since implemented audits, but if they had done so previously, they would have noticed the discrepancies. They now have food and beverage auditors trained to be alert to anything unusual with their restaurant sales. The restaurant now requires additional approval for the ‘No Sale’ usage on the cash register as well. To help prevent a loss like this from occurring, casinos should implement strong audit procedures for all their operations — not just for the gambling floor, but for restaurants, bars, and shops as well.

The above narrative is fictional; however, it is based on actual losses.