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# Managing change: The challenges faced at CNE

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Managing Change: The Challenges Faced at CNE

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### Part Three

## *Part One*

### *Introduction*

Cherokee Casino Resort (CCR) is relatively new in the gaming industry compared to other casino resort locations such as the resorts in Las Vegas. From its inception less than ten years ago, when legalized gambling was passed in the state of Oklahoma, Cherokee Casino has gone from two bingo halls to seven casinos and a horse track. Included with the seven casinos are truck stops, outposts, motels, and hotels located throughout the state. It has grown from approximately 50 employees to over 3,000 companywide. Along with the rapid growth of casinos and employees, Cherokee Nation Enterprises (CNE) has been able to support other business entities such as Cherokee Nation Businesses (CNB), Cherokee Nation Incorporated (CNI), and Cherokee Nation (CN) to go along with the gaming side of the Cherokee Nation, Cherokee Nation Enterprises (CNE). The overall game plan of CNE is to make the nation self-sufficient. Even with the major success that CNE experienced in such a short time in the industry, CNE must still rely on the federal government for money to support other services that are offered by the Nation. In order to provide the opportunity to become self-sufficient, CNE, as well as its other entities, will have to experience rapid growth and change.

With gaming growing in popularity in the state of Oklahoma, CNE will continue to see high gaming revenues as well as constant growth among all of its properties. The Catoosa location alone is currently experiencing growth in which it will add more gaming floor space to allow for more Electronic Gaming Machines (EGM) as well as card and table games. CNE will also be adding multiple restaurants both inside the casino and on property, new technologies to assist in auditing and monitoring the casino, new rewards programs that will allow us to gain a better perspective on customer loyalty which will in turn allow us to offer better incentives, new

positions will open up within the company which also means more employees, and a new 20 floor hotel. It is safe to say the only thing that remains constant in our industry is change.

According to Chris Howey, CNE E-Games Manager, “the floor design of our casino can change as many as five to ten times per month depending on the situation. Of course, these changes are sometimes small only involving a bank or two of machines, but we always want the customer to feel that every time they walk in the door they are seeing something entirely different from the last time they visited. Sometimes changing things up is the only way to stay ahead in this business. People do not want to see the same old boring themes week in and week out, they like to see new ideas, new themes. This in turn produces higher revenues for the casino.” (Personal communication February 11, 2008)

Rapid change has not always been the case in organizations. Just 25 years ago change was viewed as something that would slow down and potentially hurt your business. Bransford (2007) suggests that all of us function within a variety of settings that include social-cultural supports and barriers. These are often invisible but can have major effects. For example, it is possible that a worker who rests on his laurels during extra company time may exhibit a very different attitude and behavior in different social and organizational settings-especially those that provide strong peer support for contributing to teams (Bransford, 2007). Not so many years ago, companies could come up with an innovative idea for a product or service and gradually refine it for 25 years or more. People could develop particular kinds of expertise and be successful for a lifetime. This made it possible for educational institutions (e.g., community colleges, four-year institutions) to teach job-specific skills and knowledge and know that most of this would still be useful in the workplace. It was during these years where change was not viewed as an asset, but as a way to slow down business and could possibly destroy you. (Bransford, 2007).

### *Purpose*

The purpose of this paper is twofold; to research the topic of change management and identify best practices used to implement change management and change acceptance throughout an organization, and to outline steps management should take to ensure change is being managed effectively and efficiently within the organization. This is important because it is in line with CNE's strategic goals and key initiatives as well as crucial to the success of CNE's business.

### *Objectives*

The research topic that has been chosen is to find out how the changes CNE is experiencing is being managed and communicated from the executive level to the front line employee. Also being researched are ways for management at CNE to successfully prepare their respective departments for the changes taking place throughout the company. The changes occurring at CNE are not only growth changes, but changes to operating systems and processes as well. CNE will be seeing more employees, more policy and procedure to follow, new information systems, new reporting tools, new EGM, table and card games, more food venues and hotel rooms, night clubs, as well as expo space that will be used for many different facets for the tribe.

CNE's business is evolving into a time where the major assets of the company are not only its physical capital alone, but also its human capital. In the gaming and entertainment sectors, employees are the front-line contact with guests, and-intended or otherwise-they become the image of the company in the guest's eye. The frontline staff is going to be the first "touch point" that the guest is able to interact with. The employees need to be aware of the changes that are taking place within the organization, as well as embracing those changes and have the ability to relay it to customers in an effective way. Too often in the past, employees have not

represented themselves or their company well while implementing change, in turn creating a negative perception about the company in the guest's eye. Quality service and the benefits which will follow can only come about through a thorough understanding of the concept of change and its impact on the business (Comeau & Thompson, 1992).

#### *Statement of Problem*

CCR, located in Catoosa Oklahoma is currently experiencing vast changes throughout its operation. With the changes taking place, CNE needs to find ways to prepare both current for the changes taking place. This can be a very difficult task because of the number of employees that will need to be educated on the changes, as well as the time frame in which all of this must take place. If CNE does not educate employees on the changes that the business and workforce will experience; productivity could drop, employee morale could drop, turnover rates will again rise and the profitability of the company could suffer tremendous downfalls.

#### *Justification*

The hotel will have night clubs on the top and bottom floors as well as restaurants, luxury suites and executive level office space. All of this is planned on being completed and implemented in just over a year's time which means employees from the top executives to the frontline will face many challenges when it comes to dealing with change and effectively managing change.

### *Constraints*

There are multiple limitations conducting a study of this size. First would be the time frame involved in conducting a study involving the large 3,000 employees. It will be difficult to ensure that all employees fill out the questionnaire and allow enough time to evaluate the responses. Secondly, some employees may fear that filling out the questionnaire about management negatively could have an impact on their yearly evaluations or chance at a promotion. The research conducted will target a few of the larger departments, as well as individuals who have expressed interest in the survey to conduct my study. An assumption of the study is management simply not owning up to the fact that they are doing something wrong with their practices involving change management.

## *Part Two Literature Review*

### *Introduction*

Managing change in any organization can be broken down into a process. First you must know the fundamentals of change management. You need to know the basics of change management, the importance of change, and how to lead others through the change process. Second, you must identify obstacles to change, such as resistance and complacency. Third, you must manage the change effectively. The literature reviewed in the below section will describe these processes in detail and explain how each can relate to CNE.

Significant organizational change occurs, for example, when an organization changes its overall strategy for success, adds or removes a major section or practice, and/or wants to change the very nature by which it operates (McNamara, 2006). It also occurs when an organization evolves through various life cycles, just like people must successfully evolve through life cycles. For organizations to develop, they often must undergo significant change at various points in their development. That's why the topic of organizational change and development has become widespread in communications about business, organizations, leadership and management (McNamara, 2006).

### *Basics*

Blum and Wilcox (2006) say that change is an element of life that every organization has to accept. Organizations have to view change, both external and internal, as a potential opportunity for growth and advancement. Remaining open to change allows organizations to compete and adapt to new demands placed upon them within the business environment. Management at CNE must realize that the only way to remain competitive and to sustain our competitive advantage over the rest of the market is to adapt change into the organization.

Management must first become familiar with the levels at which change can occur before they can effectively lead a team through any type of change.

The four levels of change that can occur, and that management should be able to recognize and deal with are described by Blum and Wilcox (2006) as:

1. *Personal change.* This type of change affects employees' performance by motivating them or causing additional stress. Knowing what an employee is experiencing allows managers to understand changes in their productivity. This relates to CNE because employees will be experiencing more responsibility and possibly promotions into a higher job level.
2. *Group change.* This type of change affects how group members interact with other employees. Managers should help group members adapt to changes in order to maintain productivity and efficiency. This relates to CNE because management has been asked to reevaluate their departments and come up with ideas to do things more effectively and efficiently while not compromising guest service.
3. *Organizational change.* This type of change affects everyone in the organization. Managers need to inform employees how a change will benefit the organization in order to generate employee support. This relates to CNE because the entire organization is going through a face lift and experiencing changes. There isn't one department or group that will not be affected by the changes.
4. *Environmental change.* This type of change has a regional, national, or global effect and requires participation from a variety of organizations to be successful. This relates to CNE because with the changes being made will come new policies from the company level to the federal level that need to be implemented.

### *Importance of Change at CNE*

As the changes at CNE begin to take place, it is crucial that management understand and relay the importance of the changes to their employees. Each individual leader needs to realize what the opportunities are going to be when the growth happens and what the benefits will be not only to them, but to their employees, and most importantly, the Cherokee Nation. One specific area that management can hit on with employees is the employee bonus pay. Each employee receives a quarterly bonus check that is computed using individual performance and company profitability. The managers of these employees can explain that making the changes and implementing newer systems is not only going to make jobs more efficient, but it will also drive our product which will in turn create more profitability. Employee's main concern throughout the process of change is going to be focused on them. If you can relay information to the employee that will directly impact their wallet you will be more likely to gain acceptance. What is important for the employees of CNE to realize about change is that it can help an organization reach its vision, align itself with its strategic goals and key initiatives, increase productivity that will in turn increase profits, and enhance the growth opportunity not only for CNE, but for the Cherokee Nation itself. Making changes will allow us to become self sufficient and independent from the federal government and allow us to create a more sovereign nation. According to Deputy Chief of the Cherokee Nation Joe Grayson, creating and maintaining a more sovereign nation for the Cherokee people is the most important focus point at this time. Everything that we do from this point on is going to decide whether or not we can be independent of the federal government and whether or not we can create a more sovereign nation (personal communication, February 14, 2008). Most organizations view change as a way to increase shareholder wealth and put more money in the pockets of its owners. CNE views change and growth very

differently. We are changing and growing to put more money into the community, more clinics and hospitals for the sick and elderly, more scholarships for Cherokee natives, more job opportunities not only for Cherokee's, but for the community as well. These are all just a small part of the vision, key initiatives, and strategic goals of CNE.

### *Misconceptions about change*

Blum and Wilcox (2006) state that in any type of organization it is common knowledge that change can happen at any time and at any level. However, there are some misconceptions about the changes and why the changes may be happening. A long standing misconception about change is that it only happens when an organization has to react to a significant problem. In reality the organization only desires ways to improve and feel it is necessary to make the changes (Blum & Wilcox, 2006). It is important to communicate to employees that management does not make decisions without investing a huge amount of time and money into ensuring it is the best move for the company. It is also important that management communicate the just because the company is changing doesn't necessarily mean they are trying to cope with a significant problem. Managers need to concern themselves with how their employees perceive the changes that will be happening within the organization. What is important to understand is that each individual employee will perceive the change differently. What managers need to understand is that an employee's perception is their reality. You may know without a shadow of a doubt that expanding your department is going to lighten the workload, create less stress for employees and produce higher revenues and you have the statistical data to back it up, but an employee sees things in an entirely different light. Even with the data that you have collected it may sometimes seem impossible to convince the employee otherwise. As a manager, handle each individual employees change to benefit them. There are no two people alike in any

situation and each person is going to take the changes differently. Whenever you ask people to do things differently, you disrupt their habitual ways of doing things. This tends to make people feel awkward or uncomfortable as they struggle to eliminate the old responses and learn the new. Think back to your own experience and you will discover this theme. Whether it be learning to use a computer, the first time picking up your infant, or dealing with a new reporting relationship, recall the self-consciousness that you probably felt. People want to get it right, and fear that they will appear inadequate (Blanchard, 1982).

### *Leading change*

In order to be successful at implementing change in an organization you must have strong leaders in place that can help in leading employees through the change process. Successful change requires people with the capability and power to effectively implement change successfully. Major change is often said to be impossible unless the head of the organization is an active supporter. In successful transformations, the president, division general manager, or department head plus another five, fifteen, or fifty people with a commitment to improve performance pull together as a team (Kotter, 1996). Titles are granted, but it's your behavior that wins you respect. If you want to gain commitment and achieve the highest standards, you must be a model of the behavior that you expect of others (Kouzes & Posner, 2003). When employees understand that you are using your own experience and knowledge of the organization, or function being changed, to make improvements, they will be inspired to help implement the change. To help people come to a more accurate view of cause and effect, we have argued that it is best to set aside one's preference for verbal persuasion and to use methods that are far more understandable, believable, and compelling than your standard lecture or pep talk. This calls for the judicious use of actual and vicarious experience (Patterson, Grenny, & Maxfield, 2008).

When trying to help people view the world in a more complete and accurate way, couple your stories with your current situation with equally concrete and vivid plans that offer hope.

Vicarious narratives can be used in combination with actual experiences to great advantage.

Managers must also be able to assess and address the human concerns. CNE claims to put people first because people are their greatest asset. The change implementers at CNE have to be able to invest time and effort into understanding the human concerns and putting themselves in the places of those that will be affected. Remember, change threatens people, fosters uncertainty about the future, and engenders fears about a job loss or the ability to do things a new way. That's why effective communication is so important. People fear the unknown. Bad news is usually better than no news; but even better is management's assurance that although things will change, workers will receive every consideration, including the necessary training and time to learn to do things the new way (Bridges, 1991).

Dr. Goman, (2000) states one of the most important mistakes that managers make is the manager does not understand the importance of people. Research suggests that 60-75 percent of all restructuring failed -- not because of strategy, but because of the human dimension."Michael Hammer (1993), author of *Reengineering the Corporation* said, "I wasn't smart enough about people. I was reflecting my engineering background and was insufficiently appreciate of the human dimension. I've learned that's critical." Before you implement change successfully, it is important to know what people can and cannot handle. Lesson learned: Organizations don't change. People do, or they don't. If staff doesn't trust their leaders, doesn't share the organization's vision, doesn't agree with the core values, doesn't buy into the reason for change, and aren't included in the planning there will be no successful change regardless of how brilliant the strategy (Hammer & Champy, 1993).

Persuasion is also a very important tool for Supervisors or Managers to possess when coaching employees through change. Leaders can make change happen only if they have a coherent strategy for persuasion (Garvin & Roberto, 2005). Showing employees the changes that will be made and persuading them that this is the best fit and opportunity for our company is vital in preparing the employees for change. The employees may not completely buy into the idea, but getting them to accept the changes that are being made is important. Listening to your employees by allowing two-way communication is also an important step in leading your group through changes. Explain what is going on to your employees and how things may not go as well with the growth without the major changes happening within the company. This may allow the employees to gain a better understanding and acceptance of the change. It will also be important for management at CNE to explain to employees what the negatives may be to their department and the overall look of the company if they are resistant to change. This also allows your employees the time to communicate their concerns or ideas with you. Understanding and hearing your employees' thoughts, concerns, and suggestions prevents you from overlooking potential obstacles (Blum & Wilcox, 2006). Because one of the most important keys to implementing change effectively is being able to communicate the changes at the front-line level, it will be crucial that those responsible for the changes aren't just available during normal business hours. We work in an industry that is 24/7/365 and regardless of the shift or days worked, each employee will need the change to sit and talk one-on-one with the team leaders or managers.

Carol Goman (2004) says the best time to discuss the forces of change with employees is well in advance of the organization's response to them. People need to know why they are being asked to change and the earlier they understand the reason, the more time they have to get

prepared. This will also create buy-in and acceptance from your employees because they feel you care enough to discuss in advance the direction the company is moving and the impact that it will have on them individually and as a department. In most organizations we Braille the culture, as one professional trend spotter, Faith Popcorn (2000), put it. We must be proactive when it comes to managing change in our organization. Instead of sitting back and waiting for things to happen we need to take the approach of being fully prepared so that once the change does take place the process is seamless. We run our fingertips along trend bumps as they speed by and try to read where we're going instead of knowing well in advance where we are going. One of the most vital roles of leadership is to anticipate the corporation's future and its place in the global arena, and then to formulate strategies for surmounting challenges that have not yet manifested (Goman, 2004).

Not appreciating that people throughout the organization have different reactions to change was another mistake described by Hammer and Champy (1993). Some people adapt to change more naturally, or more change-adept. We need to spot and encourage the early adaptors -- and we need to develop change-adept employee profiles to better understand how to develop these qualities throughout the organization (Hammer & Champy, 1993). Change-adept people are naturally happier in their work because they have come to terms with a world that never stays the same. They move with today's chaotic workplace, rather than fighting it (Goman, 2000). They are energized by, and actually thrive on, change. The change-adept are not necessarily more competent, or better at their jobs than their co-workers, but they have distinct advantages in the attitudes they hold and the strategies they adopt. Change-adept professionals build greater resilience and not only survive, but flourish in changing times. These are the people that trust their leaders, share the organizations vision, and have truly bought in to the changes that are

being made. There are five factors (confidence, challenge, coping, counterbalance, creativity) that determine which individuals deal successfully with change (Goman, 2000).

Although we sometimes cannot control how much or how fast change can come upon us, it is important for managers to understand that too much change at one time can destroy the employee's morale and even cause employees to become sick. Goman (2000) says that people who undergo too much change within too short a time will become dysfunctional, and in some cases may become physically sick. While some changes are beyond our control, it is important not to pile change upon change upon change. The management at CNE needs to recognize this as an issue and set a timeline in a way that will allow the changes to be rolled out in a timely fashion, but give the employees the time that is needed to adjust and come to accept the changes that were made.

If you are contemplating introducing changes that are under your control, it may be a good idea to bounce your ideas off employees. Some people thrive on change because it's exciting to them. Others don't thrive on change, and feel more threatened by the idea. Understand that any change will have supporters and people who have difficulty adapting (Blanchard, 1982). In time many people who initially resist change will come on board in time. Consider that those people who are more ready for the change can influence others who are less ready. Use those employees that accept change as a management tool to help in preparing and assisting the others through change. Open discussion allows this influence process to occur (Blanchard, 1982).

### *Managing change effectively*

A key factor in effectively managing change in an organization is the manager's ability to accept the changes and have an understanding of his roles and responsibilities before they can begin to sell the ideas of the organization to the front-line employees. Your nature and the way that you choose to work have a significant impact on your employees. As a manager you cannot separate yourself from the ideas of the executives during a change effort. You must be on the same page with them and have the same vision of the future. If an employee sees that their manager has not bought in to the ideas of change, they will be hesitant to accept the change.

To really understand organizational change and begin guiding successful change efforts, the change agent, or department manager leading their employees through the changes, should have at least a broad understanding of the context of the change effort. This includes understanding the basic systems and structures in organizations, including their typical terms and roles. This requirement applies to the understanding of leadership and management of the organizations, as well (McNamara, 2006).

Remaining open-minded encourages employees to share their ideas and thoughts freely. Employees are able to approach a situation from a different perspective than yours and can offer unique insight. In addition, encouraging employees to share their ideas will help you gain trust and respect. Kousez & Posner (2003) suggest that exemplary leaders enable others to act. Exemplary leaders foster collaboration among employees and build trust. In today's organization cooperation cannot be restricted to a certain group of employees, it must include everyone that has a stake in the vision. When leadership is a relationship, founded on trust and confidence, people take risks, make the changes needed, and keep the organization and the visions alive (Kousez & Posner, 2006).

Leaders know well that change requires them to experiment and take risks. One way of dealing with the potential risks and failures of experimentation is to approach change through incremental steps and small wins. Little victories when piled up on top of each other can build enough confidence to meet even the biggest change challenges. When you build incrementally you strengthen commitment amongst employees (Kouzes & Posner, 2006).

It is simple for employees to become uneasy and frustrated about their future when they see changes throughout the organization. As a manager it is important to share the vision of where CNE is going crystal clear in their minds. Managers that are reducing the ambiguity, emphasizing the benefits of the changes, creating visual reminders of the shared vision and goals, and clearly identifying what must be changed and what will stay the same are going to experience more success amongst employee satisfaction (Amundson, 2004).

Providing brainstorming sessions will also encourage employees to share new and creative ideas with you. The employees that are going to be directly affected by the change should be represented during these sessions. Managers should encourage employees to suggest ideas that are creative but also realistic and attainable. Rotating employees through different types of positions within the organization can encourage creative thinking and may spark many new ideas. Employees often become so familiar with a particular area that they start to overlook the obvious problems. This can also lead employees into forming silos and become blind to the obvious problems. Depending on the time parameters surrounding the change, holding meetings with your employees and discussing where the organization and your department is in the change process will allow employees to prepare for the changes and begin to take the mindset that things will soon be different.

### *Summary*

Understanding the management plays a key role in implementing change in an organization is the biggest factor in measuring its success. Simply making the changes needed to become more successful aren't the drivers when defining success. It is most important for managers to communicate regularly with employees about the changes and also allow their employees to express any issues and concerns they may have without feeling like they will be punished for speaking up. Getting your employees to buy-in to changes the organization is experiencing lies in the hands of management. Management must take the time to recognize those that will be affected most and share the visions and goals of the organization with those individuals. It is vital to the success of the organization to see that any amount of money spent to better the organization without recognizing that employees will be affected will be seen as a failure.

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