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Embracing Uncertainty
The Passing of a Legendary Casino/Hotel
Tropicana Resort and Casino

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PART ONE
INTRODUCTION

Las Vegas is on the cutting-edge of today's world, showcasing the newest and best of everything that can be offered at premium hotels. In this one isolated location of the United States, there have been dramatic changes to the philosophy of conducting business. In the past ten years Las Vegas has defined to the world that new innovations to hotel projects can be developed to achieve maximum profitability. Casino companies strive to build the next premier, exciting, state of the art, five star hotels. Change in the casino industry is always exciting with the prospect of a better way to grow and increase shareholder value. With each new casino hotel being developed and the older properties imploded, what happens to the loyal and dedicated employees? Many of them face the fact that they are being terminated and must look for employment elsewhere. This great unknown and uncertainty affects their lives each and every day.

The Tropicana Resort and Casino is in the process of change and uncertainty. After 55 years of operation, a decision was made to close its doors on April 15, 2006. With multiple casino properties closing every year, uncertainty is an inherent state of life in Las Vegas. This uncertainty has also affected employees who have worked at the Tropicana for the last 8 years. It is an emotional challenge for employees to go to work each and everyday with positive attitudes and aspirations.

Plans for a new Tropicana were communicated in the late 90's, but as years went by, it was apparent the corporate offices were unable to deliver its promises of a new and exciting property. Redevelopment of the property has been documented as early as December 12, 1998, in an article written in the Las Vegas Sun (Thompson, 1998). The Tropicana employees, in general,

have developed an emotional toughness in the past eight years, but the reality is that the closure of the property is inevitable and very soon.

A majority of the soon to be dismissed Tropicana employees are from a broad range of demographics similar to any hotel operating in the United States. Some have been employed at the property for five years or less, but a majority is long term employees with 10 or more years of service. There is also a group of 200 older employees who will no longer find employment that will yield the same salary and benefits that the Tropicana has provided to them. They are left with the choice of taking a position with another property at the bottom of a seniority list with lesser pay and benefits, or looking at early retirement.

Purpose

The purpose of this paper is to observe and reflect on the closure of the Tropicana Resort and Casino. It focuses on the aspect of uncertainty of loyal employees who have been an intricate part of the Tropicana's history and financial success. It will touch on the lives and feelings of these employees and provide a roadmap to understanding uncertainty for any other casino property on its way into the archives of Las Vegas history.

Justification

The Tropicana Resort and Casino is not the first casino hotel to be imploded, nor will it be the last. It was once a mob-controlled property that will soon meet the fate of many of its predecessors. The original Flamingo, The Mint, The Desert Inn, The Sands, The Dunes, The Landmark, The Thunderbird, The El Rancho, The original Aladdin, and the Moulin Rouge are properties that have made way for the future. It is evident that Las Vegas has become a town without a history. Corporations are focused and too engrossed in imploding our history than to remember what made our town what it is today.

There have been 20 plus casino hotels demolished in Las Vegas over the past 10 years. Gaming companies are eager to build new and better properties but fail to develop strategic plans on how to handle employee emotions and uncertainty. Time spent in developing an employee transition plan will ease the frustrations at time of closure. Any company with long term plans of redevelopment should be aware of not only the monetary cost of their decisions but the emotional cost to each employee.

One of the most recent closures was the Desert Inn in June 2000. Employees were given the proper 90 day notice by Wynn Corporation. A news article in the Review Journal dated June 23, 2000, wrote about how the employees felt. The title of the article said it all “Workers call imminent unemployment dirty, really dirty.” This printed document reflects their emotions in just a few sentences as state, “To me Steve Wynn don’t [sic] care about people. Three months isn’t enough. Most of the people are just crying really bad and they’re angry” (Berns, 2000, ¶ 5).

The justification of this study is in educating gaming companies as to how executives can manage uncertainty through embracing the organization and the employees. Companies can prepare by understanding three distinct actions:

1. Cultivating an awareness of uncertainty to all management,
2. Communicating to employees about the uncertainty,
3. Taking actions that are positive in this uncertain environment.

The value of understanding and executing these actions will result in a change of behavior and will ease the transition for each employee. This paper will provide executive management with knowledge of the mistakes made by the Tropicana and many other hotel casinos in regard to employee uncertainty. These headlines alone should yield a need to understand the human aspects on the effects of hotel casino closings:

Sands *'Union suing Sands over closure issues'* LV Sun August 23, 1996

Aladdin *'Aladdin management treated dislocated employees shamefully'* LV Sun Dec. 6, 1997

Debbie Reynolds Hotel *'Judge clears way for renovation'* Review Journal April 13, 1998

Desert Inn *'Workers call imminent unemployment 'dirty, really dirty'* LV Sun June 23, 2000

Boardwalk *'Slated to close Jan. 9 to make room for City Project'* Review Journal Oct. 19, 2005

Tropicana *'Time for Ta-ta, Tropicana?'* Review Journal February 16, 2006

Constraints

There are many self-imposed constraints imposed by the researcher. The most important constraint is the need to be mindful with the confidentiality in information that is being provided.

1. Severance agreements will not be provided to any employee who is not under contract after the date of April 20, 2006,
2. The final date of operations is not on April 15, 2006 but on April 20, 2006,
3. The actual announcement date for closure will be on March 20, 2006,
4. Because of the process and timing, construction bids are coming in much higher than expected and redevelopment will not occur if the cost of construction exceeds 1.3 billion,
5. Employee general information meetings regarding the closure are scheduled to be set up for March 20, 21, and 22, 2006,
6. A reverse job fair will be held in the last week of March to find employment for our 2,700 employees,
7. And the most important constraint is that with my position of Vice President, I am continually aware of the mistakes management has made in how they have mishandled the complete process of redevelopment and employee emotions. I must indeed be mindful of how I criticize my employer of 9 years.

Some of the external imposed constraints that I have no control of are:

1. Only one person, the President of the Corporation of AZTAR will make the final decision based on all the analysis and construction information collected as to whether to do or not do the project,
2. I have little influence on the development of the new Tropicana Resort and Casino and will not be employed after May 1, 2006,
3. Although I can provide opinion in how closure information is communicated, I cannot control the interpretation of that information once employees have been notified,
4. And the most important constraint is that if the project does not move forward and is abandoned, how do you repair 8 years of uncertainty and redevelop the company which once was proclaimed as the “Tiffany of the Strip.”

Objectives

1. Literature review of Las Vegas casino/hotel closures and the employee reactions,
2. Observe, document, and journalize events leading to Tropicana’s closure,
3. Provide insight into the process,
4. Reflect on methods to provide education and understanding to executive management for the next implosion of a Las Vegas Legendary Casino.

PART TWO

LITERATURE REVIEW

The literature review of Las Vegas casino/hotel closures and the employees reactions begins with the opening of the Tropicana on April 4, 1957, which marked the beginning of a new era in first class resort living. It soon was known as the “Tiffany of the Strip” for its atmosphere of serene elegance conspicuously present throughout the hotel. The \$15 million 300-room complex sat on more than 17-acres of manicured lawns and gardens. A sparkling 60-foot fountain, recognized as a Las Vegas landmark, sat in the center of a brilliant pool measuring 110 feet in diameter. One employee per guest was provided to assure that patrons received prompt service. The “crème de la crème” of the affluent families thronged to the Tropicana, located on the remote southern end of Highway 99, known worldwide as the “Las Vegas Strip.”

Inside the magnificent hotel was Las Vegas’s most lavish showroom, the Theater Restaurant. On opening night celebrities and stargazers alike filled the showroom to capacity as headliner Eddie Fisher entertained the 500 guests. Two years after opening, in 1959, Tropicana Entertainment Director, Lou Walters, (Father of Barbara Walters) brought the famed “Folies Bergere” from Paris as Las Vegas’s first main production show. This spectacular extravaganza was an immediate success and still performs nightly. Today the property is just a shadow of the grander that was once the magnificent hotel of 1957. Mega-resorts are Tropicana’s next-door neighbors and in contrast, portray this 1875 room property as a small-outdated hotel and casino.

One of the best documented events is the closing of the Desert Inn Hotel and Casino. Interviews taken on August 12, 2000 provided the public with a sad and hidden view of how each employee must have felt. The article in the Las Vegas Review Journal from Jan Hogan, reads as Desert Inn fading away “With the closure looming for the Desert Inn, employees

compare the property to a morgue. Hotel occupancy stands below 20 percent. The driveway is completely empty, and more than half of the 1,700 workers are gone. So many coffee shop staffers quit that the hotel was forced to hire temporary workers to keep it open. What's it like to work at a hotel that's closing? Like watching something slowly die, employees said" (Hogan, 2000 ¶ 4).

The same conclusions were documented when the El Rancho Hotel and Casino closed its doors. The old casino property was vacant since 1992, when Turnberry Associates purchased the property. As with many other hotel casinos, in the early morning of October 3, 2000 the El Rancho tumbled to the ground. There are many similarities with the El Rancho Hotel and Casino and the Tropicana. Chuck Wheeler Jr., whose late father worked as head of security at the El Rancho, reflects that "It is just [sic] a down home, comfortable, country atmosphere inside the place," Wheeler JR. said. "My dad loved working there and never even thought about going anywhere else. There were a lot of close people that worked there, almost like a family" (Radke 2000, ¶ 22). This in many ways expresses the feeling of many employees of the Tropicana.

The Sands Hotel and Casino closed its doors on June 30, 1996 to begin construction of a \$1.5 billion mega resort and convention complex, making the Sands Hotel and Casino the third Las Vegas landmark to close its doors in the name of progress (Niemeyer, 1996, ¶ 6). "This is a hotel that can never be replaced by any hotel ever," said bellman Jim Chalker, a 25-year Sands Employee. "There are memories and things in this hotel that no one will be able to restore." Chalker likened the news to a family breakup. "You work with the same people five days a week for 25 years and you get attached. They're splitting up a family." Chandler said he's uncertain of his future in the industry. "A lot of those hotels don't want us old buzzards, no matter how good we are." (Niemeyer, 1996, ¶ 4)

The Aladdin closed its doors on November 25, 1997. Twenty days prior to the announcement, on September 5, 1997 in the midst of rumors of the hotel closing, C.E.O. Veronica Wilson circulated a memo stating that she had not been informed of any definite plans for the renovation of the property. The employees livelihoods were threatened by rumors and the memo seemed to calm their fears, boosting the fading morale among the ranks (L.V. Sun, 1997). This strategy of communicating the denial of the property closure is identical to the letters sent by Tropicana management over the last four years.

Aladdin President Richard Goeglin was quoted as saying, "We want the people who have been with the Aladdin through it all to know that they are appreciated and will not be forgotten." The general comments from the employees were "Well we were forgotten! We did not receive any kind of severance pay or any kind of acknowledgement of appreciation. Nothing, not even a turkey for Thanksgiving. We understand change is necessary to grow, but it seems that Aladdin management had no regard for the loyalty shown by the employees in all the bumpy magic-caret rides of its existence. Many worked there for 20 years plus. What you gave to us in the end was not magical, it was shameful" (Letter to Editor, 1997 ¶ 4).

The Worker Adjustment and Retraining Notification Act (WARN) generally covers businesses with 100 or more employees. WARN protects workers, their families and communities by requiring employer, to provide notification 60 calendar days in advance of plant closings and mass layoffs. Any employer who violates the WARN provisions is liable to each employee for an amount equal of back pay and benefits for the period of the violation, up to 60 days (U.S. Department of Labor, 2006).

In August 1996, the Culinary and Bartenders unions filed a federal lawsuit against the Sands, claiming the hotel violated the law by failing to give its employees all the back pay to which they

were entitled and failing to pay employees their wages immediately upon termination (Geer, 1998). The lawsuit involved the Sands in not paying union workers the same benefits that were paid to non-union worker, at time of closure. The Sands' liability on employee severance increased from \$85,000 to \$825,000 which resulted in a victory for the union and the former employees. About 1,500 employees lost their jobs when the hotel closed. When an employer does not follow the known laws, it creates a hostile environment and will result in litigation. Companies who decide to close their business that fall under WARN must realize that even after a property has been leveled, costs of the new project increases if the law is not followed.

In referencing the above literature a common theme has been presented. Management does not understand or is able to communicate properly with employees in regard to casino hotel closures and employee uncertainty.

Observe, Document, and Journalize

There have been four basic organizational climates that have been observed:

1. Status Quo: Employees have been subjected to these rumors for the past 8 years but nothing has occurred and they sincerely believe the redevelopment will never happen,
2. Unsettling: Employees are overwhelmed by the continual announcement of redevelopment and remain unsettled in their emotions,
3. Anger: Employees are angry, frustrated and in disbelief with a mix of emotions spreading throughout the property like a cancer affecting the core of business,
4. Dynamic: Employees have embraced this uncertainty with the opportunity to become a part of the new property. For these employees the climate is dynamic, energetic and ever-changing.

How do these organizational climates affect employees? A sensible hypothesis might be that uncertainty is an emotion that each and every employee must *personally* accept. This acceptance varies in regard to loyalty of the employee to the company. But even the most loyal and long-term employee will become angered and vocal to each and every person they encounter daily about their possible unemployment. Given these findings, management should have done everything in their power to build an organization that would embrace this uncertainty. They have not! This has resulted in the mismanagement of these once great hotel/casinos with employees paying the price through their emotions.

In a recent televised news announcement on Feb 23, 2006 from Channel 3, “Plans are now in the works for one of the most impressive implosions we’ve seen yet two giant towers at once. The company that owns the Tropicana is considering demolishing the hotel and rebuilding it from scratch.” This announcement aired on Channel 3 at the 12:00 noon and 5:00 p.m. news (KVBC, 2006). In December 10, 1998, the Las Vegas Sun printed one of the first articles about the Tropicana. “Analyst sees LV gaming cash-flow declines continuing.” “Tropicana seen as candidate for closure, redevelopment.” Aztar Corp. spokesman Joe Cole says closure of the Phoenix-based company’s Las Vegas hotel-casino is only one of several options under consideration. “We haven’t set any timetable and haven’t decided whether or not to close the Tropicana,” Cole Says. “Complete redevelopment of the property may be an attractive alternative” (Thompson, 1998, ¶ 9).

Why do organizations suppress communication and fail to acknowledge uncertainty? Documenting the events of the last three months and analyzing communication by the executive offices of Tropicana is an intricate study in understanding why these employees developed their feelings of uncertainty and disbelief. The possible redevelopment articles from December 10,

1998, began a series of events that led up to the final announcement of the Tropicana's closure on April 15, 2006. Documentation and journalizing these events will assist in focusing on the human resource employee aspect of these decisions.

January 1, 2006, Saturday

The purpose of this section is to document and journalize events leading to the closure of the Tropicana Resort and Casino. As information becomes available it will be the researchers purpose to relay to the reader the general emotions of employee uncertainty and viewpoints of management.

January 4, 2006, Wednesday

It has become evident that closure of the Tropicana is certain and that the property's last day of operation will be on or near April 15, 2006. The emphasis and drive to have everything ready and prepared before the closure date has been communicated not only to the Vice Presidents but to the next level of Directors. Each department has been asked to take inventories of all physical assets and evaluate documents needed to be saved for the new property. Managers were asked to make copies of all manuals, department policy and procedures and deliver them to the Executive Offices.

January 12, 2006, Thursday

It was announced that the contract for new construction was given to Marnell Corrao Associates. Marnell Corrao Associates is the latest sign that Tropicana owners Aztar is closer to tearing down the aging property. Marnell Corrao Associates is still working on a final cost estimate for the project and will be completed soon. This announcement assured employees that they should start thinking seriously about their future. In a visit to the bell desk, one of the employees commented. "After reading the paper, I saw him (Marnell) in the hotel a few days

ago. It looks like this is really going to happen” (Dale Abrams, bell person, personal communication, January 12, 2006).

January 13, 2006, Friday

After the Marnell Corrao announcement, meetings were held in the executive offices in regard to employee damage control. Employees are now realizing that the end is near and have expressed their anger not only to management but to hotel and casino guests. There hasn't been an hour that has gone by that someone did not say “guess this is it, is it really going to happen, can't they just remodel the place.” The President decided to draft a letter and send it to the homes of each of the employee in an attempt to raise their spirits.

January 17, 2006, Tuesday

A letter was sent to all employees thanking them for their hard work and efforts in 2005. As stated in the letter by Gary Van Hettinga “I know many of you continue to be concerned about Tropicana's possible redevelopment and how it will impact your job. Several recent news reports have helped initiate rumors about this subject and I want to make you aware of the facts.” The letter went on to say that a decision has not been made to close the Tropicana for redevelopment. Unfortunately the efforts of the President were ineffective. In the employees viewpoint we will be unemployed and what do you care? You executives will still have your jobs or your golden parachute. As one employee commented to me “Same old stuff, management is lying, who do they think they're fooling, we are not that stupid” (Dave Smith, MIS Specialist, personal communication, January 17, 2006).

January 18, 2006, Wednesday

Weekly meetings are being scheduled with representatives of Ramada Express from Laughlin. Our sister property will be taking possession of any usable assets to offset their capital

expenditures. Tours throughout the property are being conducted by various departments. Kitchen equipment, slot machines, table games and room furniture are being identified for transportation to Laughlin after April 15, 2006. Unfortunately there is no way to conduct such inventories without notice. Employees are beginning to realize that this may be for real and the letter sent out on January 17, 2006 was just another diversion by management.

January 22, 2006, Wednesday

Palm trees on property have been marked for removal and collection. Various companies in Las Vegas have communicated to the Tropicana employees that they have been given the contract for this work. Other outside contractors such as asbestos abatement, disposal companies and auction companies are now daily on property looking at what is left and providing bid for the general items not taken by Laughlin or any other Tropicana property.

February 3, 2006, Thursday

Executive management is very concerned about the recent decision by the Stardust Hotel and Casino to provide severance payments to all employees, (union and non-union) based on the employees years of service. Employees with more than 20 years of service will receive \$10,000 with payments declining on a sliding scale to \$1,000 for those with less than a year. The Tropicana finance people provided an analysis that reflected, in providing severance, results in an additional cost of \$7,000,000 to the company. The Tropicana corporate offices are unwilling to provide this type of settlement to the employees. It is now being discussed that on the date of March 15, 2006 an announcement will be made for closure on April 15, 2006. The Stardust agreement is being recognized as the new standard in employee compensation for closures of properties. To pay each employee 30 days of non work, including benefits (based on the WARN ACT) and with the new standard of severance increased the expense to close down the property.

Feb 10, 2006, Friday

The purchasing department has run out of logo items such as shampoo, slot cups, and advertising material. They are now bringing in generic items and reducing inventories to last the next few months. Approximately 5,000 letterhead envelopes and letters have been brought to the Human Resource department for distribution to employees in regard to their rights. In this small community of employees and long term relationships, word is spreading that we will soon be formally told of the closure.

Feb 15, 2006, Wednesday

Today Aztar reported financial results for its 2005 fourth quarter. Each employee knew that if anything was going to be announced, it would be today. It would be exactly 60 days prior to the April 15, 2006 closure date and in accordance with the WARN ACT, employees must be given 60 days notice. The President of the Corporation, AZTAR, did not announce the closure but rather described the new property in great detail. It was now 100 percent complete and ready. It is interesting to note that immediately after the conference call, verbal communication was made to the sales' office by the Hotel Vice President to clean up their files, desks and storerooms and to throw away what is not needed. This telephone call was then told to hundreds of employees. Executives again failed to properly communicate to the employees.

Feb 16, 2006, Thursday

The heading in the Review Journal reads "Time for 'Ta-ta' Tropicana?" Analyst says it seems inevitable that the project will proceed based on the February 15 Aztar conference call.

Employee morale is at an all time low. The architectural plan for a 2,725 room hotel and 100,000 square foot casino are now finalized with completion time of 30 months. Gaming

Analysts thoughts are that Aztar is now so far along in its redevelopment plans that the company will eventually proceed with the reconstruction.

Feb 21, 2006, Tuesday

The Legal Office has requested a list of the individuals who will be asked to remain after the closure date. It is estimated that they will work no longer than one week to clean up the loose ends and ensure the smooth takeover with the disposition companies. In closed door meetings it has been decided to move the closure date to April 20, 2006 due to delays in obtaining solid bids from the sub-contractors. This is the first indication the project will be over budget, but by how much? The question is at what point the project will be too expensive to have a proper return on their investment. The company is hoping for a price of \$1.2 billion dollar to receive a return of \$118 million each year. It looks like it is coming in at \$1.5 billion dollars. On the next weekend I spent four hours with the President of the property revising Food and Beverage estimates of revenue and costs for the new Tropicana. The purpose is to look at additional ways to increase profit to assure that it would be going forward.

March 3, 2006, Saturday

This evening is the Yearly Employee and Supervisor of the Year Award Dinner. This was an exciting, yet sad gathering of the most loyal and long term employees of the Tropicana. Many employees were also recognized for their 30, 40, and 50 years of service. They are the ones most affected by the closure. A change in venue this year was in awarding cash as the number one prize to the Employee and Supervisor of the Year. In the past and as a tradition, trips to Hawaii were awarded. A cash award of \$6,000 was provided this year. Although this is a great gift and far exceeds the cost of a Hawaii trip, it again sent a message that we will not be around tomorrow.

March 4, 2006, Sunday

The casino has invited players to the annual St. Patrick's Day Slot Tournament. Today is the opening reception. Casino player's attendance is the lowest in the history of the property due to uncertainty and the necessity for guests to establish casino accounts with other properties. Conversations were conducted with two players who continued to be loyal patrons of the property. To summarize their comments – We have been coming here for 20 some years, love the property and based on our information, AZTAR is having difficulty making its decision based on cost overruns. "It's not going to close!" (Fred Austin, Casino Guest, personal communication, March 4, 2006) Uncertainty affects our guests just as much as the employees but a few believe the closure will not happen.

Two articles appeared in the Review Journal in regard to the Tropicana. The first one located in the business section was titled "Development - Many buildings, little help" Report says labor short for big projects. Marnell Corrao is the Tropicana's general contractor but his company may have limited construction labor because it has been awarded a number of projects including:

1. Bellagio Spa Tower,
2. Residences at the MGM Grand,
3. Wynn Las Vegas New Tower.

With continual information being reported in regard to higher construction costs and labor shortages can the Tropicana achieve their goal of \$1.2 billion or will the final construction costs make it unprofitable for the Tropicana to pull the trigger on redevelopment?

The second article from the Review Journal was written by Jane Ann Morrison (Review Journal, 2006) titled 'Trop's topsy-turvy past dilutes nostalgia amid property's uncertain future.' In the article, it expressed a loss of a once great property in derogatory comments that stirred

employees to anger. “On my nostalgic visit Sunday, probably the last time I’ll be there in its existing condition, the Trop was listless and shabby. It seemed like one of the sorrier downtown joints, not a Strip hotel that used to be top of the line. The spirit of Bette Davis walked alongside me, scornfully uttering: “What a dump.” said Jane Ann Morrison (Review Journal, 2006 ¶ 4).

This article created anger among employees who were insulted by the Mrs. Morrison’s remarks. Dozens of letters were sent to Jane Ann Morrison and to the Review Journal outraged by the article. It is interesting to note that pride is an emotion that exists in each one of us. The employees realize that for 10 years capital monies have not been given to the property for improvements, but yet they are proud of their heritage and service and will defend and protect its onslaught from any outsiders.

March 5, 2006, Monday

Each of the Vice Presidents received directions today by the General Manager, Gary Van Hettinga in regard to working on an alternative plan for redevelopment. It has now become apparent that the cost of the project exceeds preliminary estimates. Instructions were given to provide estimates and costs to operate the existing property for the next two years. Capital expenditure budgets and revenue projections are to be developed by the end of the week. Expenditures will include the necessary expenses to operate at existing levels for the next two years. Examples would include items such as:

1. ticket in, ticket out for all slot machines,
2. replace boiler system,
3. replace and upgrade internal information systems such as SDS and Infogenesis, and
4. rehab of existing room inventory.

A second list is also being developed on proposed costs of property redevelopment without closure of the operation. Examples include items such as:

1. developing a nightclub,
2. expansion and rehab of the Island Buffet,
3. leasing opportunities of fast food restaurants on the property,
4. expansion and upgrade of the Steak House Restaurant,
5. removal of the Garden rooms and development and construction of 1,000 rooms, and
6. expansion of the casino to the street.

Conclusions drawn from this request indicates the redevelopment and implosion of the property is still indecisive. The AZTAR Board of Directors needs this information to evaluate alternatives to achieve added value for stockholders.

March 13, 2006, Monday

Pinnacle Entertainment has placed a purchase price bid of \$38.00 per share for Aztar's outstanding shares of stock equating to a \$2.1 billion buy out. As a result of the merger of Aztar Gaming with Pinnacle Entertainment, Aztar's redevelopment plans have been placed on hold and the booking window for rooms has re-opened. Pinnacle has stated its intention to redevelop all the Tropicana's Las Vegas 34 acres of property, with a design phase that would take at least two years to complete. Therefore, all of the attention and effort must now be placed on keeping the Tropicana open for the foreseeable future.

Early that morning a meeting was held with the executives to discuss the takeover and the direction of the property. The summary of the two hour meeting is that we must now work to build the property's physical and employee assets to get back on track to make additional profit

for the company. Each Vice President was asked to submit a list of improvements and remedies for upgrading the property and revitalizing employees.

March 14, 2006, Tuesday

The process of rebuilding has begun. Employees are ecstatic, but a few executives are distraught and devastated. Those few individuals who would have continued to be employed at the Tropicana after the implosion now face the reality that their hard work and vision for a great property is now shattered. How ironic those 2,700 employees have the best day of their life and that excitement is not shared by the executive management. The decision to sell the property to Pinnacle was completed in less than 2 weeks. The Tropicana will have a new owner after the first of the year, 2007.

March 15, 2006, Wednesday

This concludes the documentation and journalizing of the events leading to the closure of the property. The emphasis has changed overnight from being a “What a dump” to a “Wall Street Darling”. Stock prices have soared 24% in a single day of trading and employee morale is at the highest. Now the real work will soon begin which is the rebuilding and healing of the damage of 8 years of uncertainty.

Provide insight into the process

To best sum up feelings and emotions of the Tropicana employees, they are angry, frustrated, confused, a mix of emotions that most people would experience if they had worked for more than a decade at a place that they learned is closing. Once the announcement is made public on March 20, 2006, Tropicana employee would have less than a month before the doors close on April 15, 2006.

The WARN ACT protects employees from being displaced immediately, and requires 60 days notice or demands the employer to pay salaries and wages for the remaining time not worked. Currently the position of the corporation is to pay off all employees for the remaining 35 days instead of offering severance based on years with the company. The company established that they would prefer to get it over as quickly as possible, than to have employees slowly watched the demise of this once great property. The real truth is that operating after the announcement could have provided an opportunity for an outside company to take over the property during the transition if the stock price dropped dramatically. Ironically the hotel's closure scheduled for April 15, 2006, is the same date exact day the Titanic sank in the chilly waters of the Atlantic Ocean in 1912. How fitting that the end of the property was tied in with an exhibit that has been displaying Titanic artifacts at the Tropicana Pavilion for the past year.

The Worker Adjustment and Retraining Notification Act (WARN) affects businesses with 100 or more employees. It provides for government intervention and guidelines for plant closing and mass layoffs. WARN protects workers, their families and communities by requiring employers to provide notification of 60 calendar days in advance of plant closings and mass layoffs. Advance notice gives workers and their families some transition time to adjust to the prospective loss of employment. Companies that decide to close earlier than 60 days are required by law to compensate employees as if they were working throughout those remaining days (U.S. Department of Labor, 2006).

Imagine how anyone would be affected by possible unemployment, loss of security, stability, vacations, 401k, and a feeling of abandonment by a company that has been their life for up to 55 years. Employees have been affected in regard to their security, change of attitude, working conditions and emotional well-being. Without the protection of the Federal Government and the

Workers Adjustment and Retraining Notification Act, employees of any business would not have received proper notice for closures.

PART THREE

SUMMARY

How can a company and its employees survive the emotions and drama of closure? These steps summarize what a company has to go through to keep employees informed and committed during times of uncertainty:

1. Provide core messages with definitive guidelines for communicating objectives by management during uncertain times. Without these core messages there will be conflict in what the message actually means, which creates uncertainty,
2. Avoid repetitive and unnecessary information that may increase the level of uncertainty. Employees must understand the nature of uncertainty in regard to analyzing the known and unknown and the alternatives that each element offers,
3. In any environment that cultivates uncertainty, positive actions must be taken before the uncertainty is resolved to achieve peace of mind when facing the unknown,
4. Understanding the structure and role of emotions and stress in the workplace by creating a high-trust organization.

Providing a core message with definitive guidelines for communicating objectives of the company by management during uncertain times will ease uncertainty. Without these core messages there will be conflict in what the message actually means which creates uncertainty. In reviewing the literature of the closing of many major hotel/casinos, management failed to provide employees with core messages and communicate those messages effectively. A clear example of this was with the closing of the Aladdin Hotel and Casino. The C.E.O. Veronica Wilson, clearly misled the employees with a memo stating that she had not been informed of

any definite plans for the renovation of the property. Twenty days later the Aladdin closed its doors. These acts of misconception increase distrust for management and create uncertainty.

In the study of the Tropicana, there is incident after incident in which corporate and property executives misled and hid information that was important to the future of the employees. It can be concluded that they did not want a mass exodus of employees and management leaving, and did everything possible to hide their true intentions. Letter after letter was written that a final decision has not been made in regard to redevelopment, yet knowing that for the last six months a decision and date had been set.

Employees then interpret that information and conclude that management is lying. They engage in numerous conversations with co-workers about their distrust, which in turn communicates the wrong message. In one of the correspondences from the corporate office, their comments were that nothing had been decided in regard to redevelopment, yet two days later a sketch of the new property was available on the Clark County Planning Web Site.

An example of a properly communicated message is one provided by the Stardust Hotel and Casino. Employees were given one message we are closing in one year and communicated the options that each employee could take. Employees know the decision, understand the outcome, and can now make their own best decision for their future.

Avoiding repetitive and unnecessary information will decrease the level of uncertainty. Employees must understand the nature of uncertainty in regard to analyzing the known and unknown and the alternatives that each element offers. In an attempt to “calm the troops” management will continually send out the same message each and every time a twist occurs. The executives’ mentality is “I guess the employees did not understand what we have been telling them, so let’s tell them again.” Management has a responsibility to keep employees

informed, but telling them the same thing over and over again results in an increased level of uncertainty.

When new information is revealed, it will assist the employee making a personal decision about his or her life, then, it is necessary to communicate that information. If it is the same message, different words, it then appears that management is covering up the truth. A clear example of withholding information results in adverse actions by employees that can affect the company.

In the last months prior to the announcement, the following facts were evident:

1. Employee accidents and claims skyrocketed to the highest ever recorded for any given quarter.
2. Leave of absences for surgery procedures were at an all time high due to the inevitable cancellation of insurance coverage.
3. Employees who were scheduled to retire held off until the announcement so they could obtain any severance that would be provided.
4. Employees did not take vacation time so that they could get paid for that time after their termination of employment.

In any environment that cultivates uncertainty positive actions must be taken before the uncertainty is resolved for achieving peace of mind when facing the unknown. Management must take positive actions, and properly plan the process to minimize uncertainty by:

1. Understanding the goals of the business and the impact these decisions have on each individual. Assistance is available from outside companies who specialize in estimating uncertainty and process control concepts to assist in this process. These companies will

provide analysis in solving uncertainty problems relative to the workplace and guide management through the process.

2. Hire the right people. Instead of reducing management supervision, develop plans to increase managers who are emotionally intelligent and can understand and work with employees. These individuals will be able to transform the attitude of the employee into looking at the positive aspects of change.
3. When making a decision, take the time to make the best possible decision. Do not make a hasty decisions based on emotions that in the end will be retracted. Delays in decision making can assist in provide more flexibility by getting a reading on the impact. Once a decision is made then it must be executed.
4. Every employee is uniquely different and has varied needs but can be motivated to reduce uncertainty. Understanding the motivation factors of an individual to avoid ambiguity creates a higher level of tolerance. With a higher level of tolerance employees are able to cope with uncertainty and make positive decisions for their future.

Executives must understand the structure and role of emotions and stress in the workplace by creating a high-trust organization. It is well documented that stress and related emotions in the workplace can destroy the underlining core of an organization. When uncertainty is evident, employees are fearful of their future and their ability to make necessary changes. They get distraught, angry, call in sick, and lose the desire to be productive. An example of stress relating to the closure at the Tropicana was relayed to me by an employee. She recently went to her chiropractor who asked her about what was going on at the hotel. The doctor indicated that he had six patients employed at the Tropicana and had seen each one of them in just the last month (Vicki Bennett, Slot Host, personal communication, March 10, 2006).

Management must create a high-trust organization. Executives must not distance themselves from the problems but rather become fully engaged in the activities and emotions of each individual. They must develop an internal confidence in their ability to creatively and quickly solve problems. Executives must continue to build an organizational climate in which their business can prosper and grow with change, uncertainty, and the unknown.

Conclusion

The closure of any business results in extreme emotions, anger and disbelief. Education must be provided to upper management to know how to handle uncertainty in the workplace. The closure of a business is very similar to the death of a loved one. Managing these emotions is a difficult task. There will be a next implosion of a Las Vegas Legendary Casino and executive management must be prepared.

The current methods used to combat media and general speculation is to tell the employees and the press only what they need to know so that a comfort zone is maintained. In a recent letter to all employees from Gary Van Hettinga, President and General Manager, his closing paragraph is of great importance. "This uncertainty is undoubtedly very difficult for all of you to live with. I cannot predict what the decision will be. The best information I can supply is the truth, and I will continue to communicate accurate information to you. Unfortunately, we cannot control misleading reports in the media. I am hopeful that a decision will be rendered in the near future that will eliminate the uncertainty. Thank you for your continued patience and your commitment to the Tropicana" (See attachment 1).

Regardless of what may be formally communicated, employees suspect and know that an implosion is inevitable and will happen soon. In April 2003, AZTAR, the parent company, was still undecided on the site, though a decision would come by the end of the year. The year 2004

came and went, as did 2005, while competitors up and down the Las Vegas Strip proceeded with, and in many cases completed, new project after project. Two years after the first closure announcement there have been an additional nine closure announcement dates communicated to the press and the employees. In January 2006 the corporate offices again delayed the demolition and construction of the New Tropicana Resort and Casino for the tenth time with a final date of April 15, 2006.

Information obtained from literature reviews identifies the need to educate management in understanding employee uncertainty. Business management companies such as Integrated Science Groups and Work Place Training who specialize in measurement and analysis of uncertainty in the work place. The key to a minimizing uncertainty is to understand the causes and effect by executives and the general population of the business.

Closure of any business is a traumatic experience to any employee. What will I do, where will I go, who will hire me at my age, are typical questions that are asked daily. Defining the process of strategically preparing for the closure of a property, as it relates to employees, is critical. Research can provide viewpoints and understanding of an employee's emotions to upper management. To provide a smooth transition, communication must be effective and understood by everyone. As in the case of the Tropicana, information has been improperly and poorly communicated with the end result, a very disgruntled and unproductive employee.

Employee emotions range from sadness, to dismay, and then to anger. Employees want to lash out at management for the situation they have been placed in. In this eight-year process, AZTAR Corporation in being undecided has opened a wound in each employee that will never be totally repaired. To quote one employee "Over the years we have been told many different

stories. Each one has some truth but we find out later most of the statements are lies” (Judy Simmons, Food Server, personal communication, March 20, 2006).

Gaining insight into this process from an executives perspective will in the end yield an informational and first hand look at how to prepare for the next implosion. There are three recommendations as to how executives can manage uncertainty through embracing the organization.

1. Cultivating an awareness of uncertainty to all management.
2. Communicating to employees about the uncertainty.
3. Taking actions that are positive in this uncertain environment.

The value of understanding and executing these three actions will result in a change of behavior and will ease the transition for each employee.

The definition of uncertainty can best be explained on an uncertainty continuum. When executives are made aware of these attributes, they will better understand and be prepared to communicate to the employees. This can be displayed as indicated:

Certainty	↔	Uncertainty
* Known	↔	* Unknown
* Law-Like	↔	* Chaotic
* Sure	↔	* Unsure
* Clear	↔	* Vague
* Predictable	↔	* Random
* Absolute	↔	* Provisional
* Simple	↔	* Complex
* Stable	↔	* Turbulent
* Unambiguous	↔	* Ambiguous
* Straightforward	↔	* Contradictory

An internal communication system, which focuses on the positive aspects of change, has a greater success of minimizing uncertainty. Employees want to know and understand the

concerns so they can make conclusions and directions in their life. The company must always let employees be aware of the key issues and possible choices. If the employee feels or senses that management is lying, then distrust sets in. The same information needs to be communicated to all managers and supervisors to ensure that the same message is being relayed properly.

Over time, employees will develop trust in the word of management even if it is not the outcome they feel they desire. The Tropicana employees want to get on with their life, not to be lied to and treated as unintelligent citizens. Unfortunately years of mistruths, lies, speculation and bad information has put the property in a position to never trust management again. This can be substantiated by the literature review which reflected on what management continually says to just 'quiet the troops.'

When you take actions that are positive in an uncertain environment, you foster awareness. One of the most effective ways is to hire the right people, especially managers and department heads. They are the messengers of the culture of the company and in many ways are the spokespersons for the company to that specific employee. The need to have managers that understand people and can communicate properly is by far the greatest action that can be taken. When matters are complex, such as the closing of a property, making a hasty decision could cause damage. There are times when postponing a decision allows the organization the opportunity to investigate the deeper issues before making statements that last for decades.

It is evident that the casino properties that were imploded did not understand uncertainty. The hotel and casino industry is very complex and diverse. Experts are available to assist in this process. A wise company will use the experts experience and begin the process of building trust in employees rather than destroying the culture.

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Memorandum

To: ALL EMPLOYEES
From: Gary Van Hettinga, President & General Manager
Date: January 28, 2011
Re: PROPOSED REDEVELOPMENT

Yesterday evening, a Channel 3 lead to their 11:30 pm news report stated:

"Also, a new look for a Las Vegas landmark. After nearly 50 years, the Tropicana will soon be coming down. We've got your first look at the new building going up in its place."

I know many of you saw this lead and the 11:30 pm news report. I must again reiterate that Aztar's Board of Directors has not made a decision with regard to redeveloping the property. The following, however, is true:

- 1) Architectural plans for a new property have been nearly completed and they have been released to the construction community and local government agencies for bidding and code approvals.
- 2) A construction company (Marnell Corrao) has been hired for the purpose of developing an overall construction bid price for the project. This is work currently in progress.
- 3) Once an overall construction cost is determined, Aztar's Board of Directors must meet and make the decision whether or not to proceed with the project. Again, this has not happened.

This uncertainty is undoubtedly very difficult for all of you to live with. I cannot predict what the decision will be. The best information I can supply is the truth, and I will continue to communicate accurate information to you. Unfortunately, we cannot control misleading reports in the media. I am hopeful that a decision will be rendered in the near future that will eliminate the uncertainty.

Thank you for your continued patience and your commitment to the Tropicana.