



Jerry Merola

As unemployment and layoff statistics reach their highest point in years, look for ways to develop a strong "company culture," as well as ways to trim overhead without trimming the employee roster.



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PLAYMETER

Magazine

Corporate responsibility, or lack thereof

As I sit here in late January, compiling the latest round of corporate layoff statistics amongst America's corporate powers, I can't help but feel that we've all been let down. After years of posting billions—yes billions—in profits, corporations across America are laying off workers by the truckload. The reasons are almost always the same: sales are down, and bank accounts are dry.

All of those profits from yesteryear have mysteriously been "bonused" to the top echelon of executives, who have now determined that the middle manager and line worker must succumb to the sorrow of the unemployment line. Those same hardworking individuals that helped to build the company, and deliver those mind altering year-after-year profits, are suddenly expendable under the rules of the new economy.

An employee's contributions of the past offer little insulation against the accounting guillotine, whose only focus is to increase shareholder wealth through reductions in expense. From my perspective, something seems very wrong in this picture.

DEVELOP A COMPANY CULTURE

The lessons learned of late by corporate America are good ones for all of us. For one, the phrase "save for a rainy day" has new relevance. The lessons that are not so apparent relate to culture, planning, and responsibility.

As anyone can imagine, the current internal culture inside many corporate firms is very subdued—a far cry from the days of the bull markets. Employees are left to wonder whether they're on next month's cut list. Benefits packages and bonuses are vanishing, and

the threat of merger or bankruptcy is often looming in the shadows. Productivity is down, and in general, today's corporate employee is feeling beat up, and let down.

Oddly, the opposite is happening in the amusement and entertainment sectors. While some entertainment properties have observed downturns in visitation or spending, the large majority of location proprietors are maintaining their standard operating stance. Some are even posting moderate growth—the secret is in the facility's staff. After all, a guest's experience is related to the staff's ability to appropriately service and assist the guest during all phases of a visit.

To perform at their best, the staff needs to feel confident in the stability of their positions. With this in mind, it's important to make the right choices. If funds are getting tight, an operator might look at reducing hours across the board instead of eliminating entire positions. Position eliminations almost always result in declines in the guest experience. If the position was created for a reason, that reason is probably still valid today. For any organization to build a culture of teamwork and camaraderie amongst staff, that same team has to be able to find solutions to current challenges, be they economic or otherwise.

There have been several stories where small company's employees opted to voluntarily reduce their hours to avoid the layoff of an unlucky few co-workers. Imagine, if you will, the levels of respect that must exist among those employees to entice them to take on this "all or nothing" approach to the current economic downturn. It's very impressive.

SET STANDARDS FOR THE WORKPLACE

As employers, we all have to ask ourselves what our business goals truly are. Are we here for the quick buck, or for the long haul? Are our employees identified by name, or by a number? Should we care about the well being of our employees outside of their work shifts?

All of these issues help to establish how a "company culture" is built. Companies with strong internal cultures often retain their staff for longer periods than those without such bonds. I know I have heard a friend remark, "I could earn more money if I went to work elsewhere, but I love my job and the people I work for." That is sure sign of a strong internal culture.

In an upward-swinging market, a well-treated employee is often more content, and in turn, less likely to search for greener pastures. In a downward-sloping market, that same employee is also more likely to have a willingness to share in the employer's challenges, even if it means their personal benefits or compensation package will be negatively affected. Why? Because a layer of trust, respect, and commitment has formed between the

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employee and the employer.

To operate any business today requires a commitment from more than just the boss. Raising that commitment from the staff is only possible when the company's policies plan for and consider the effects of market changes on employee lifestyles. Of the more than 100,000 American employees laid off in January, I can safely assume that many of those individuals have responsibilities of their own, including mortgages, car payments, education costs for children, health-care expenses, and of course, daily living expenses. Did any of these corporations plan for them?

TRIM COSTS, NOT EMPLOYEES

When times get tough, an employer has a variety of options for trimming expenses without trimming the head count. These include: a temporary suspension of 401K matching funds, an increase in employee benefit contribu-

tions, a reduction in overall operating hours, across-the-board reductions in pay, a reduction in company entertainment budgets, freezing of open-to-hire positions, the elimination of outsourced services, and the institution of more significant employee efficiency standards. In a nutshell, everyone's working harder for less compensation, but ultimately, everyone's working.

In an economy such as ours, almost everyone understands the pressures faced by business owners. By instilling a philosophy that "we're in this together," employees can more adequately accept tough changes, but only if they've experienced fair treatment from the beginning. That means that the all-important issue of a healthy company culture has already been established, and that management is also participating in any changes to the compensation package.

MANAGE FOR THE FUTURE

Some of the most effective entrepreneurs before us believed that building a solid foundation was the key to survival, and ultimately success. This rings especially true today, as our downward-sloping economy has claimed many corporate victims in recent months.

Many of the companies that are weathering the storm never strayed from the standards from which they evolved, and possess one common characteristic: sustainability. They've planned for the unknown through responsible growth, and careful execution. Their executives didn't fleece the organizations of core capital. And their company cultures preserved the element most critical for future positioning: their employees. ▲

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