

Project Darwin: Phase 1

Date: 16 December 2020

Interviewee: Ken Barton, CEO – Crown Resorts

Interviewer(s): Victoria Whitaker, Michael Williams

Purpose: To explore the culture priorities at Crown through facilitated discussion.

Logistics: The session will be for 1 hour, facilitated remotely over Zoom / WebEx.

Section Title: Opening the interview 5 min

Purpose: Introduce the session End:

Activities 10:05

- Introduction from Victoria Whitaker / Michael Williams (Deloitte)
 - *Purpose of interview and context setting about the overall project (Phase 1 and onward)*
 - Culture priorities at Crown
 - Understand approach to managing culture at Crown
 - *Confidentiality*
 - Encourage them to speak freely
 - Interviews will be transcribed, but transcriptions not shared back with Crown
 - If there's anything they would prefer not to be transcribed, please let us know

Notes:

- Sydney opening. Waiting for a few more things to fall into place ahead of the opening
- Culture shapes the decisions we make – in this phase we're looking at the architecture that supports the culture.
- Looking at aspects that are documented and those that aren't
- Can see from the AGM what the current priorities are. So, we want to understand culture in that context.
- General introduction from Victoria W. Won't be sharing any general notes back to the business or the board.
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Section Title: Culture review 10 min

Purpose: Understand Ken's priorities for the culture review project End:

Discussion Points 10:15

- What are your priorities for this culture review?
 - What outcome would you like to achieve from the overall culture review (all phases)?
 - As we conduct the review into Phase 1 (reviewing culture architecture) and into the next phases (assessing current state), what aspects would you like us to emphasize and focus on?

Notes:

- What does success look like for you and how do we deliver?
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- KB: I think we've made something of a commitment to move culture to a space where the things that have come out over the last few years have a high prospect of not happening again. Based on what has come out there have been enough examples of people not looking at things that have gone wrong and not looking at how we make sure it doesn't happen again. Culture of foxing themselves rather than bringing others in. reactive to risk – propensity for people to raise things once but not continuing to raise issues –
 - Issues with determination to address things that have not been done well. Not great at executing on holding people to account when things have gone wrong
 - Issues with wanting to focus on their own silos across geography, business units and within rather than thinking on what's best for Crown.
 - Issues with people wanting to share problems speak up and communicate bad news. Fear of adverse consequences if the problem is shared. People are scared to deliver bad news so they look to solve things themselves.
 - Reflection there has not, in the past, been clarity about who to go to. If you ring the alarm who is going to come.
 - VW: Lack of accountability/clarity of escalation:
 - KB: if there is no clear escalation, why raise it. If people don't think anything will happen, then why bother.
 - Consequence management fw:
 - KB: he is not aware of it so it says it's not well developed. Limited guidance on where this works.

What will the regulator want to see – managing culture effectively.

- They want to see a plan. Regulators, inquiries etc wouldn't profess to be specialists on diagnosing culture. For me this is coming from discussions and observations.
 - They will understand the need to have a good understanding of the issue before moving into diagnosis.
 - They will want to see if you've diagnosed the problem, a clear plan for addressing the issues.
 - Needs to be a lot of processes, consequences accountabilities, escalation measurement etc.
 - Has to be a program that can be articulated to the board of the authority in a simple way to show how they are going to get the plan.
 - They have done some things, but there is more to do.
 - The first step is to have some program that brings it all together – a succinct way of articulating the nature of any shortcomings in the current culture.
 - Within the review – what would like us to emphasise in particular:
 - Progressively working towards a baseline diagnosis – tone from the top, leadership etc. know a lot about what they can do, lots of ideas but can't implement without a clear understanding of the issues.
 - Need to know that the consequences of the last few years, some aspects relate to a cultural gap. Is everyone aligned on where we stand on risk, accountability and escalation. Don't want to make assumptions on this.
 - People are good at adopting the defined process. Have good execution ability – EXCX – having simple goals and a process around it, they implement well.
 - Pivoted to AML – they have done this well. Once we explain to people why something is important and deliver them the tools, they do it well. Following a recipe is good – but they struggle when they have to come up with something new.
 - EG of where the process has worked well – AML training, new processes, food safety, RSA resp gaming – have a good history of doing all these things well.
 - Regulatory compliance – have historically had very few issues. Given a roadmap, the org can follow a process and implement. But AML there was only narrow and limited resources. Follow the script and follow the rules but they don't look beyond the rules to see what they are trying to accomplish. Should focus on delivering outcomes that reflect the intent not just the minimum rules of compliance.
 - VW: does it exist on the customer side
 - Do look at ways to give customers a better experience – marketing and experience – looking to surprise and delight. But in a regulated environment, need to be careful of going beyond the rules. Some issues have been related to keeping the customers happy without necessarily ensuring they are meeting the regulatory requirements.
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- Looking at how the rules and how these fit – saying no based on community expectations and intent of the laws rather than trying to satisfy the customer and fitting it into the rules.
 - The should we test from banking.
 - If looking at a set of scales – the narrower you weight the rules vs customer enjoyment. But adding more weight onto the broadest interpretations of the rules, the intent of the rules, the broader social expectations, wanting to be leaders and go beyond the limited rules.
 - MW: when describing this who are you thinking about? Exec, operational management and delivery.
 - It goes up in diff ways – most interactions are at frontline level – staff are working with the customers. As things get higher the customer interactions become more nuanced not so much the direct interaction w customer, more about the second hand communication. “it’s important to the customer” impact to how much they will spend with them, relationships with other customers etc, so if there is downside, they will often find a way to do things rather than saying a hard no – even when things are not strictly prohibited – not factoring in social community expectations and compliance. Management are focused on performancne, growth etc as opposed to base compliance and the effect of these obligations

Subculture differences:

- Do you see ones we should focus on.
 - VIP business – more emphasis on rev generation and sales
 - There are differences between Mebl and perth – perth does not have competitors melb has some but VIP has lots of competition.
 - Perth – competing for discretionary spend. Competing against other activities – if have 200 and 5 hours on Saturday – what will I do.
 - Melbourne – there are comepitors but Crown is a specila night out – you have to travel often drive distance etc. so quite different to going to the local club
 - Sydney – quite a different competitive environment
 - Perth – it is a more relaxed environ – smaller, good relationships with gov and regulators, customers and loyal and flow with the general economy – if people are affluent they are more likely to come out to Crown.
 - Melbourne – more sophisticated market, more nuanced in gov and reg interactiosn, expectations of the result to be delivered is higher. More pressure and attention as it is in the spotlight more Melbourne is the focus of Crown.
 - Media articles – what have they been – focus has been on what happened over the past few years.
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 - Aside from minimising regulatory breaches, what would be the outcome of a stronger better culture for Crown. what would be different?
 - More grass roots – we’ve lost confidence in providing high quality customer service bc were worried whats around the corner. People are becoming super caustious as there is lots of scrutiny. They will be conservative in how they provide services.
 - Eg. Sydney – we’re now in a competitive market where we will bumping up against customers and employees of the other competitors – coming up against the ACCC. Bought in a law firm to talk about where the boundaries are and gave people comfort.
 - If people have the boundaries clear and when to say no, escalate or whatever else – then they will be more confident in how they interact. Have gone extreme customer experience. Doing the right things by the customer. Don’t want to go do whatever the customer wants but can’t go to the other extreme either.
 - In the process of the thinking about Org Structure: how will it be shaped in supporting strategy.
 - Separating compliance into it’s own function with it’s own reporting lines – sits at level of heads of property and removing head of Aus resorts – will send clear signal on the business
 - Fin Crime & Compliance, CRO, Head of IA
 - MW: Changes to managing a measuring exec performance?
 - KB: have started some of this with the transactional things – in the market for head of people and culture. – weighting for people who are performing on employees behaviours etc. Once have the people and culture set up.
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- Will be the key priorities
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Section Title: Broad view of current culture state 20 min

Purpose: Understand Ken's perspective on the current state of culture, target culture, and link to strategy End:
10:35

Discussion Points

- How would you describe the current culture at Crown?
 - Example wording (if needed): Innovative vs risk averse, collaborative vs competitive, hierarchical vs egalitarian
 - Example polar questions (if needed): Is there psychological safety or are people reluctant to speak up? Do people tend to take accountability or avoid being held responsible?
 - What are the strengths of the current culture? How have you seen it manifest / what examples can you share?
 - What are the gaps or areas for improvement in the current culture? How have you seen it manifest / what examples can you share?
 - What sub-cultures exist across the organisation? (e.g., Melbourne vs Perth, gaming floor vs back office)
- What does the future state of culture at Crown need to look like, in order to enable Crown to deliver on its strategy?
 - What are the values or behaviours that people would be demonstrating?
 - How would you see this future state of culture manifest? What sorts of things would you see people think or do, that would give you confidence that future state culture has been achieved?
 - What are your priorities for creating and sustaining this desired future culture?
 - What sub-cultures (if any) you envision across the organisation?
- What does the future organisational structure for Crown look like? How is this being shaped to deliver the Crown's strategy?
- What are the priorities for the incoming Head of People and Culture?

Notes:

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Section Title: Perspective on culture architecture 20 min

Purpose: Understand Ken's perspective on how culture is currently managed, and his vision for how it should be managed to enable Crown's strategy End:
10:55

Discussion Points

- How would you describe the way culture is current managed at Crown?
 - What have been the strengths in how culture is managed?
 - What have been the challenges in managing culture?
 - To achieve a culture that enables Crown to deliver on its strategy, what would you need to see change in the way culture is managed at Crown?
 - What do you see as the most important mechanisms for managing and reinforcing the right values and behaviours at Crown? (e.g., incentives, performance management)
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- What approach to measurement and reporting of culture would give you confidence that you're receiving the right level of oversight and insight into Crown's culture?

Notes:

- When thinking how culture is managed now, what are the strengths?
- Hard to say as not been heavily involved in the operations side until the beginning of the year. Something they have done well – creating memorable experiences resonates with people. they come to us because it's a special event or something significant – we want to deliver for them, people know there is an expectation they are special.
- If you asked what the four values are and how they work in a variety of situations – they might struggle.

VW: where are the key challenges in managing the culture.

- It starts with the board – clear message from the board about what their expectations are, where are we going, what do we want to be known for – Board and CEO – aligning on that – want to be known for the great experiences – but wanting to get the position of regulators holding them up as an example of good practice.
- It needs to get down to the operating levels – understanding they are involved in lots of issues that regulators care about – safety, RSA, fair pay etc. they need to understand they want to be at the front of the pack.
- What information does the board need
- They need extra visibility as they don't have confidence people are raising issues – they want to be able to ask the question of how do we know people are appropriately weighting obligations, raising issues addressing them. How can we be sure.
- For a period, they will want assurances and measures to show these things are happening.
- MW: Purpose is customer focussed – is there something about creating memorable experiences and ensuring they are meeting stakeholders' expectations.
- Don't want to dilute a simple message – want to supplement the message without diluting it. Maybe is it two statements
- E.g. Arthur Andersen – think straight talk straight, quality without compromise.
- Reflecting the broader role in the community.
- How do you keep your pulse on changing community expectations and how they are shifting.

Section Title: Closing

5 min

Purpose: To wrap up the session and thank participants

End:

Activities

11:00

- Questions from participant
 - Thank you
 - Re-iteration of the confidentiality of the discussion
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