



Margin Improvement Programme Monthly Progress Report

Wednesday 17th August 2012

Outline

**Status Report and Program Update****Crown Melbourne**

- Progress to July 30
- New initiatives

F13 Crown Melbourne Margin Improvement Targets



	In \$'000	Total MIP		Implemented	
		Annualised Improvement (Total Project) \$'000	F13 Contribution Improvement (\$'000)	F13 YTD Implemented Improvement	F13 YTD Implemented Annualised Improvement
Marketing	Reduced Complimentary and Loyalty Programs	\$ 8,452	\$ 8,069	\$ 268	\$ 3,217
Labour	Back of House Labour	\$ 1,529	\$ 1,458	\$ 249	\$ 1,007
	Front of House Labour	\$ 8,871	\$ 7,832	\$ 602	\$ 3,798
Other	Other Expenses	\$ 11,728	\$ 10,701	\$ 1,649	\$ 5,637
	Total Savings	\$ 30,580	\$ 28,059	\$ 2,768	\$ 13,659
Revenue	Revenue Generating	\$ 3,210	\$ 2,770	\$ 163	\$ 2,311
	Total MIP	\$ 33,800	\$ 30,829	\$ 2,960	\$ 15,970

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- 3 -

Crown Melbourne
Summary Projects as at July 2012



Department	Budgeted ('000)	Unbudgeted ('000)	Total ('000)	Total MIP Submitted ('000)	MIP To Be Identified ('000)
Cage & Count	\$48	\$351	\$399	\$450	(\$51)
Crown Hotels	\$170	\$1,729	\$1,899	\$2,424	(\$525)
Finance	\$0	\$155	\$155	\$195	(\$40)
Food & Beverage	\$606	\$5,200	\$5,806	\$5,631	\$175
Gaming Machines	\$4,364	\$2,041	\$6,405	\$6,605	(\$200)
Government & Media	\$0	\$13	\$13	\$12	\$1
Human Resources	\$558	\$193	\$749	\$730	\$19
International Gaming	\$218	\$2,157	\$2,375	\$2,755	(\$380)
Legal & Compliance	\$12	\$171	\$183	\$71	\$112
Marketing	\$0	\$524	\$524	\$533	(\$9)
MIS	\$98	\$263	\$361	\$349	\$12
Property Services	\$584	\$2,291	\$2,875	\$2,922	(\$48)
Security	\$438	\$675	\$1,113	\$1,130	(\$17)
Signature	\$0	\$0	\$0	\$65	(\$65)
Supply	\$0	\$138	\$138	\$155	(\$17)
Surveillance	\$0	\$103	\$103	\$100	\$3
Table Games	\$319	\$5,404	\$5,723	\$5,199	\$524
Tenancies & Retail	\$20	\$270	\$290	\$883	(\$593)
Total	\$7,432	\$21,678	\$29,110	\$30,208	(\$1,098)

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- 4 -

**Crown Melbourne
Projects Over \$1m Budgeted**



TOTAL ANNUALISED \$ 3,790

TOTAL F13 \$ 3,790

Department	Project Name	Project Detail / Objective	As per F13 Business Plan		
			Implementation Date (When Benefit is Budgeted From)	Annualised Improvement (Total Project) \$'000	F13 Contribution Improvement \$'000
Gaming Machines	Welcome Back Effect	Amending the Bonusing System to require registration at VIK for each program based bonus offer, this will ensure that members are aware of the benefit not just identify a mystery bonus at a machine on commencement of the play This initiative will reduce bonusing recemptions thus increase hold rates and in turn revenue. Expected contribution is the additional revenue at \$1.8m less tax.	Jul-2012	\$1,329	\$1,329
Gaming Machines	Jackpot Initiatives	Amending the Gaming Machines Food Program to be controlled by the Linked Jackpot Equipment to reduce costs and increase profit and margin. The estimated cost for F13 is \$8.4m, revenue will reduce by this amount but is expected to have other benefits.	Jul-2012	\$2,461	\$2,461

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- 5 -

Crown Melbourne Projects Over \$1m Unbudgeted



TOTAL ANNUALISED \$11,620

TOTAL F13 \$10,702

Department	Project Name	Project Detail / Objective	Current Information		
			Date When Benefit Begins	Annualised Improvement (Total Project) \$'000	F13 Con't'n Improvement (\$'000)
Table Games	Complimentary Beverage Review	With escalating complimentary costs and aligning customer service to the appropriate tiers it is proposed that Gold customers & guests in the Teak Room are charged for Alcoholic beverages when requesting a beverage from the bar. If the Alcoholic beverage is requested on a machine/table, the beverage will be complimentary.	Aug-2012	\$2,150	\$1,971
Table Games	Mahogany Labour Efficiency	Reduce disparity between catered hours, in VIP, international and significantly lower actual open hours	Aug-2012	\$2,000	\$1,833
Gaming Machines	Complimentary Beverages	Modifications to complimentary beverage issuance process. Beverages at restaurants will be charged under the daily food offers. Patrons will be asked to use points or cash for pay for beverages at bars. Card swipes will also be introduced for 'at device' drinks to measure the cost effectiveness of drinks.	Aug-2012	\$1,870	\$1,714
F&B Admin	Labour Efficiencies	Labour review and development of a revised recruitment strategy for food & beverage to ensure a flexible and efficient workforce is provided. Savings are expected in all F&B areas - this project will be implemented progressively throughout the financial year.	Jul-2012	\$2,000	\$2,000
F&B Admin	Purchasing / Procurement Review	Comprehensive Purchasing review to ensure: <ul style="list-style-type: none"> • Existing SKUs / catalogues are rationalised • A strategic approach to procurement and tendering is in place (i.e. open process, removal of limitations such as controlled contracts, more robust spec'ing) • Processes are in place (in Purchasing and F&B) for continual review and monitoring of external pricing benchmarks and seasonal trends • Key considerations are leveraged in contracts such as early payment discount, pricing for volume 	Sep-2012	\$2,500	\$2,063
F&B Admin	Cost of Sales & Revenue/Margin Wine	Implementation and monitoring of wine offer across all F&B outlets to ensure appropriate match with food offer at casual and premium end and distinction of wine lists at premium end. Engagement of new wine manager to implement purchasing efficiencies and alignment of offer along with management of property wine tender and associated rebates for marketing.	Jul-2012	\$1,100	\$1,100

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- 6 -

**Crown Melbourne
Projects Completed in July**


Department	Project Description	Original F13 Cont'n (\$'000)	Revised F13 Cont'n (\$'000)
Gaming Machines	Welcome Back The Bonus System has been amended and now requires registration at a VIK for each program based bonus offer. This initiative will reduce bonus redemptions thus increase hold rates and in turn, revenue.	1,329	1,329
Gaming Machines	Jackpot Initiatives The Gaming Machines Food Program is now controlled by the Linked Jackpot Equipment - this will reduce costs and increase profit and margin.	2,461	2,461
Gaming Machines	Beverage Trolley The complimentary beverage trolley provided for Gaming Machine patrons has been removed. The savings resulting are a reduction of 9 FTE's (Beverage Program Assistants) which will no longer be required and the removal of the costs of supplying the beverage.	574	574
Gaming Machines	Hotel Nights Stricter adherence to hotel access through gaming program benefits or point redemption is in place. A reduction in non-gaming comp hotel nights will result.	0	115
Food / Beverage & Entertainment	Cost of Sales - Beverage Wine Tenders Engagement of a new wine manager to implement purchasing efficiencies and alignment of wine offers along with management of a property wine tender and associated rebates for marketing has been completed. Cost of beverage savings combined with Revenue Generation from a review of the complex wine pricing strategy.	0	1,100
Hotel Operations	Operating Expenses Various expense accounts have been identified and saving targets have been achieved. Maintenance contracts \$21k; Printing, Stationery & Forms \$41k; Hotel Supplies \$148k; Fees & Commissions \$96k; Travel & Entertainment \$62k; Training \$20k; COGS \$48k; Comos \$129k; Storage \$37k; Gifts \$17k; Cleaning & Maintenance \$23k; Subs \$7k; Linen Laundry \$73k.	0	692
Total Projects Completed in July 12		5,328	12,935

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- 7 -



Next Meeting
Friday 21st September 17th 2012
11.00am Chairman's Office