

In my last “OMO” (see Archives, July 26, 2008, below), I hypothesized five types of “leaders” (Mentor, Trainer, Partner, Controller, Dictator), and I promised (threatened) to write about a “Mentor” in my next post. So, here goes –

I characterize a “Mentor” as one who takes an interest in his/her subordinate’s professional *and* personal life, goals, and aspirations. The word itself is derived from Greek mythology (<http://en.wikipedia.org/wiki/Mentor>), and it has come to mean “a trusted friend, counselor or teacher, usually a more experienced person”. I perceive personal growth within a corporate environment as something of a labyrinth, and the “mentor” is the guide through the maze. A mentor is available to the mentee (according to Dictionary.com, this is really a word (<http://dictionary.reference.com/browse/mentee>) for communication -- about the organization, about the individual’s place in it, about the corporate goals, and about the corporate protocols). The mentor should be available to provide advice and direction, all the while making the mentee’s advancement the agenda for these sessions, not that of the mentor. The mentor is the one to whom the mentee turns for direct and constructive criticism; frequently, the mentor needs to assist the mentee in dealing with other difficult personalities within the organization, in most cases, without reservation or political correctness. The mentor needs to tell the mentee how he or she is perceived and help provide input on means of changing, if necessary, or enhancing, if warranted, the perception. The mentor should help the mentee develop and act upon a personal style, even if different from that of the mentor. A mentor should be free to approach the mentee with a guiding hand under any circumstances, without fear of intrusion, and a mentee should be free to approach the mentor, without fear of irritation or annoyance and without limitation.

I can think of several mentors I have had during my career who have fit this characterization, among them Jerry Penner, Howard Richard and the late Jim Finley. I am indebted to them for taking an interest in me and my career, and, likely, I owe much of my success and none of my failures to them.

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An “OMO” would not be much fun without more of the “opinion”. Here’s a thought:

I woke up last week (this was October 1) to read the Morgan Stanley analyst report indicating that Las Vegas Sands has made a deal with its Chairman, Sheldon Adelson, by which Mr. Adelson is loaning, on a convertible loan basis, \$475 million to his company to enable LVS to avoid tripping some of its US bank covenants. (I read the

LVS Press Release filed with the SEC the same day, so I know this is accurate.) There are several aspects of this that are noteworthy. First, let me digress. Those who know me know that my time in Las Vegas working for LVS did not fully agree with me. This is why I am now on my own with Four Corners Advisors, Inc. However, I often said that Sheldon has brass and that he bet his company (he owns about 220 million of about 350 million outstanding shares) on his vision for Macao.

This is not quite a double-down, but he is certainly backstopping his views on Macao. Even Morgan Stanley, whose analyst has drunk the LVS Kool-Aid, indicates that LVS likely will need another \$1.5 billion to address all its near-term development capital needs; loaning in 25% of the total needs and facing the sourcing of \$1.5 billion shows that Sheldon still believes the vision. I cannot say that I know him so well, but I know well enough that his response to this posting would be, “Of course I believe in it. I know how to make money, and I don’t listen to anyone who doubts me” (or words to that effect).

Sheldon is not my – nor anyone else’s – role model for “mentorship” in corporate leadership; in fact, he can be challenging and mercurial, to say the least. But, he clearly believes in Macao. Otherwise, I suspect there are other things he could do, even in this economy, with \$475 million of his money than earn 6.5% (the reported interest rate) and the hope certificate that the conversion (at a \$49.65 strike price in the face of a closing price on 9/30 of \$36.11, not to mention a closing price on October 3 of \$23.11) will be in the money during the five-year term of the converts.

For the record, I see continuing difficulties in Macao. There are human and physical infrastructure constraints that have not been adequately addressed; there are also legal concerns that, as Macao shifts from a Portuguese based legal system to a Chinese-based legal system over the next five or six years (changeover is required by 2014, I think), may impact operations of the fully built-out Cotai Strip that LVS envisions. China generally controls the spigot allowing the Chinese people access, by visa, to Macao, and has shown no unwillingness to turn it on and off. Furthermore, there is, at best, an incomplete legal regime currently in place to permit the sales of the multi-million dollar “vacation suites” planned for each of the LVS third-party-managed developments in Cotai.

When completed, Cotai (including the Melco parcel and Studio City) will contain approximately 25,000 hotel rooms, some 4.5 to 5 million square feet of gaming space and approximately equal amounts of meeting space and leaseable retail space. Consider only the number of employees necessary to operate this massive real estate development – likely some 90,000 or so *at one time of day*. Though there is no shortage of people, the fact is that most of them live in China, not in Macao, and there are merely two

immigration checkpoints in use now between China and Macao and no “EZ Pass”. Also, under current law, only Macanese can work directly in the casino operations. There are about 350,000 Macanese citizens. This does not compute.

Macao may well be the future of gaming in the world, and the LVS-led Cotai Strip may be its center, but we’re not going to see it functioning smoothly over the next ten years. That horizon may be too long for the non-insider investors in LVS.

This is, of course, just “One Man’s Opinion”.

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In both of my last two “OMO’s”, I have predicted that hotel transaction activity would be higher in the second half of this year than in the first half. As US Hotel transactions are down 81% year-over-year for the first half (Jones Lang LaSalle *Hotel Investment Highlights*; <http://www.joneslanglasallehotels.com/en-US/news/2008/GlobalHotelSalesDecline.htm>), this may not be a high enough hurdle. However, I fully expected more, so I now consider myself one for one to the negative in predictive power, and I may have put away my crystal ball for good.

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Four Corners Notes

On occasion, Coach Smith would substitute for all five players at the same time, by putting in the “Blue” team (the “White” team represented the starting lineup). The Blue team (all substitutes) would bring energy, a new challenge for the opposition, and rest for their starter-colleagues. Perhaps we should recognize the importance of developing bench strength, whether through providing playing time or allowing a teammate to rest.