Leading in Times of Change

By Dr. Richard R. Kelley

This past Tuesday, I had the pleasure of welcoming the participants to Outrigger Enterprise Group’s Leadership Conference at the Hawai‘i Convention Center in Honolulu. The conference theme was “Deep Roots, New Shoots.” In my talk, therefore, I reminisced about our company’s “Deep Roots” and put them in the perspective of our many “New Shoots.” In the paragraphs that follow, I share with you the thoughts I addressed to my colleagues in our company’s leadership as the conference got under way.

Aloha. I am delighted to welcome all of you – coming from so many places, near and far – to the Outrigger Leadership Conference.

I am excited as I look around the room and see colleagues, not only from Hawai‘i, but from Australia, Fiji, Guam, Japan, Korea, Southeast Asia – and our Worldwide Reservations Center in Denver.

It really brings home to me how very different our company is from 1947 when my parents, Roy and Estelle Kelley, founded it. Those early days represent our “Deep Roots.” So much of what we now do every day reflects our “New Shoots.” In these brief remarks, I’ll be reminiscing about some of our “Deep Roots,” which I hope will put our “New Shoots” into perspective.

In 1947, the cataclysm of World War II was still fresh in everyone’s memory. Although that war began in the 1930s with Japan’s invasion of China and Germany’s invasion of Poland, for America it began on December 7, 1941, at Pearl Harbor – just 10 miles west of here.

I was not quite eight years old as I stood on the third floor lanai of our home on Kuhio Avenue in Waikiki with my family and witnessed that attack. In fact, we came pretty close to being casualties, too. While we watched enemy aircraft fly in and out of a huge pillar of smoke rising from Pearl Harbor, we heard a high-pitched whine overhead. This was followed by a flash, a loud roar, and shockwaves as the intersection of Kuhio and Lewers Street blew up, just two blocks away. (That’s the corner where the OHANA Waikiki Malia and the Courtyard® by Marriott® stand today.)

We’ll never know if that blast, or many others around town, were caused by Japanese bombs or U.S. anti-aircraft shells that fell back to the ground, but shrapnel from the Kuhio blast drilled holes in the adjacent buildings and peppered the patio where my family and I were standing. We took cover immediately.

Among the many changes wrought by the war, one was the introduction of several million American soldiers, sailors, Marines, and airmen to Hawai‘i, as they passed though on their way to battles in the Pacific. Many of them would later return with their families as tourists – and some as residents – in the decades that followed.

Although tourism was beginning to come back to life in 1947, in Hawai‘i and elsewhere, it was light-years away from the robust industry it has become today. Travel & Tourism now account for one out of every 12 jobs on Planet Earth – and one out of three jobs here in Hawai‘i.

Things were a lot simpler and slower back then.

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Reservation requests for rooms at our first hotel, the Islander, came primarily by mail, and my mother answered them individually, using a manual typewriter, and mailed out her confirmations with three-cent stamps!

My sisters and I helped out by folding towels and serving pineapple juice to our guests under the kiawe trees behind the Islander. There is nothing that better describes the essence of our Deep Roots than the true local hospitality of that kind of service. Hospitality of this kind has distinguished our company from the beginning, and it lives on – amid all our New Shoots – in the concept of ho‘okipa, a central tenet of Ke ‘Ano Wa‘a, the Outrigger Way, which encourages all our employees, everywhere, to share with guests the history, culture, aloha, and hospitality of their home.

Later, I “graduated” from serving juice and worked as a bellman, carrying guests’ luggage to their rooms in that first five-story walk-up. I felt so lucky when I was rewarded with a 25-cent tip.

After dark, Splash Lyons, a Hawaiian “beachboy” by day, sang and played ukulele at the poolside bar in the Edgewater, our second hotel, located where the Embassy Suites® – Waikiki Beach Walk® now stands.

When it opened in 1951, the seven-story Edgewater was called the tallest building in Honolulu. I guess the record-keepers didn’t consider the Aloha Tower a “building.” The Edgewater was also the first hotel in Waikiki to have a self-service elevator and what seemed like a huge swimming pool – which a lot of people thought was a misguided effort since the hotel was less than half a block from the beach.

In those early days, most visitors arrived by ship and stayed for several weeks because, when the voyage took four or five days each way, you’d be crazy to turn around and go home after just a week. “Boat Days” were festive events in both Honolulu and Waikiki.

But the beginnings of mass tourism were only a dozen years away.

The first wing of the Outrigger Reef was opened in 1955. In 1959, Hawai‘i achieved statehood and jets began delivering tourists by the planeload. Roy Kelley had developed pernicious anemia and did not feel well, but to keep a building permit alive, he decided to start construction on the Mauka Tower of the Reef Hotel anyway. Thanks to good medical care, Roy recovered, and the new rooms were filled as fast as they were completed, sometimes before the curtains or even the doors were in place.

In 1969, with the advent of jumbo jets, the planeloads practically doubled in size. Tourism mushroomed from 25,000 visitors in 1947 to nearly 300,000 in 1960, over 1.7 million in 1970 and nearly 4 million in 1980.

To put that in perspective, in 2006, the peak year to date, Hawai‘i played host to over 7.5 million visitors. Since the recession began, it has dropped noticeably, but last year we still had about 7.1 million.
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As the tourist tide began to rise, Roy Kelley and tour operator Bob MacGregor joined forces to start a tour bus company to move large numbers of people to and from the airport and around the Islands for sightseeing. They also started an auto-rental company and a taxi business because they saw needs that were going unserved.

MacGregor – the consummate entrepreneur – also formed a company to manage parking lots, a Pearl Harbor cruise company, a weekly visitor publication, a Polynesian show, a liquor store and a pharmacy.

So you can see that today’s visitor industry was not born full-blown, overnight, like the Greek goddess Athena springing from the head of Zeus. It developed bit by bit, growing and evolving to meet new and changing needs.

Meanwhile, the peace that settled over the world at the end of World War II was not destined to last. First came the Korean Conflict, from 1951 to 1953.

In 1955, the U.S. began to send military advisors to Vietnam. By the time the Outrigger Waikiki was completed in 1966, the war in Vietnam was going full blast. At America’s peak involvement in 1968, there were over half a million U.S. troops in that country.

After serving a year in the war zone, our troops were given a week of “rest and recreation” – R&R. Those who were married or in a serious relationship often spent that week in Hawai‘i, filling the rooms at the Outrigger Waikiki and our other hotels.

After the Vietnam peace agreements were signed in 1974, we needed new visitors to fill the rooms at the just-completed Outrigger East, West, and Surf hotels. So, we turned to U.S. and Canadian wholesale tour operators and a network of retail travel agents, communicating with them by phone and taking advantage of new, less expensive WATS rates – Wide Area Telephone Service – that had finally been authorized for Hawai‘i.

Contracts with tour operators were negotiated face-to-face and finalized by summer. Brochures were printed for the next year, warehoused and distributed to travel agents.

We toured major mainland cities with Hawaiian entertainers and put on shows for retail travel agents. I could tell you a few amusing stories about those road trips … but I’ll save that for another time.

The airlines and the Hawai‘i Visitors Bureau joined in these promotions. United Airlines marketed Hawai‘i as “Our Little Corner of the World.” And, for quite a few years, “getting there” really was “half the fun.” It was a virtual in-flight party with stewardesses (am I allowed to say that word? I’ll revise: “flight attendants”) decked out in lei and muumuu who kept the mai tais flowing.

Needless to say, there were no body searches or baggage screenings. Sadly, flying today just “ain’t like it used to be.”

All in all, the Waikīkī tourist experience of the 60s, 70s, and 80s was a far cry from that of 1947, but it was also nothing like the world we live and work in today.

In the new millennium, technology has challenged and changed everything we know and do. Information is moving around the globe at the speed of light. Our planet has shrunk. Formerly isolated population centers now have the means to design, manufacture, promote, sell, finance and deliver products and services to anywhere in the world. The United States is no longer the only driving force in the world economy. Nor is it any longer the main source of tourists.

Travel & Tourism are changing rapidly too. Reservations are no longer handled by typewriters and snail mail. Reservations technology has outgrown WATS lines.

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and is now handled by email, fax, and Voice over Internet Protocol (VoIP) by agents working from “virtual offices” in their own homes … perhaps even in shorts and a T-shirt … or pajamas and slippers!

While we still work with travel agents and tour operators – and we love them dearly! – we also work with companies that didn’t even exist a decade ago: Travelocity, Expedia, and more online travel aggregators with improbable names than I can list. In fact, if I tried reciting them all, I’d probably fail, since one or two new ones would no doubt spring up before I was halfway through the list!

At the same time, the world of Travel & Tourism has changed in yet another fundamental way. In the old days, if guests had a less than satisfactory experience, they would complain to the manager, or perhaps even write to the president of the parent company.

Today, unhappy guests are likely to air their grievances on Facebook, Trip Advisor, or any one of a host of online sites, putting our slightest missteps instantly on display for everyone in the world to see. In the 21st century, every guest is a potential hotel reviewer, and each and every one of us is under the microscope 24/7 – 365 days of the year.

And that’s just the tip of the iceberg. In the new world we inhabit, we are no longer operating just hotels, but condos, and timeshares as well.

In fact, we’re not just a hospitality company anymore. We’re often involved in the development process. We work with finance and development companies to provide technical assistance in the design and construction of hotels. We manage and market completed projects. Sometimes we contribute some equity to a project – but usually less than a majority share.

And we’re not only operating Outrigger and OHANA-branded properties, but also properties flying the flags of Marriott, Hilton, Holiday Inn, Embassy Suites, and other well-known brands.

In this new world, our guests are coming from new areas – most notably from Asia, and our Asian guests are no longer just from Japan.

And, as so many of you well know, these Asian visitors are not only coming to our properties in Hawai‘i … we are going to them as well, establishing new properties in more and more Pacific and Asian locations.

These guests speak different languages, eat different foods, and have different customs, expectations and needs.

This means that if we want to keep and grow our share of this exciting but voraciously competitive industry, our company must continually change, adapt, stay ahead of the curve – and stay on top of our game.

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We have to learn to do business in new locations, in new ways, in new languages, and with new customers and new partners. In Australia and a few other places, we even have to learn how to drive a car from what feels like the passenger seat!

All this means that individual members of our ‘ohana will have to change and broaden their perspectives too. We all need to …

- Take a global view of business, politics, and the economy
- Keep up to date with ALL the changes in the Travel & Tourism industry – not just the hospitality business, but distribution, sales, demographics, airline developments … you name it!
- Understand the competition.
- Learn new skills.
- Learn how to sell, market, and communicate using the latest technology including social media such as Facebook and Twitter.
- Learn new languages.
- And perhaps even live and work in unfamiliar new locations.
- All the while, continuing to provide standout guest experiences and warm hospitality at all times, even – and especially – when greeting weary, grumpy guests who have just arrived after a long, grueling flight or an exasperating airport experience.
- And finally, we all need to keep our Deep Roots always in mind, so that we never lose sight of what distinguishes us from our competitors: authentic local hospitality.

In today’s world, and tomorrow’s, there will be fewer and fewer routine days.

Can we do it? Will we survive?

YES!!!

YES, if we are willing to work hard to understand, to learn and to adapt as the world changes around us.

Charles Darwin’s work showed that even in the most challenging circumstances, some can survive.

Charles Darwin

Leon C. Megginson summarized Darwin’s findings, writing:

“It is not the strongest of the species that survives.
Nor the most intelligent that survives.
It is the one that is the most adaptable to change.”

So, we all need to change and adapt. Every day will give every member of our ‘ohana a chance to:

- Learn or do something new.
- Do something in a way that’s better than they’ve ever done before.
- Share their knowledge and skills with someone else.
- Make that day a very special and unforgettable occasion for a guest, a coworker, a friend, a family member or someone else they’ve never met before.

I hope that at this conference, the speakers, the presentations, and the information you receive will give you a head start on dealing with the challenges ahead.

I have every confidence that managers like you will successfully lead our great company and help it keep sprouting exciting “New Shoots” while holding fast to the values of our “Deep Roots.”

I also hope that the receptions and coffee breaks will give you a chance to better know your colleagues in this great and unique hospitality company – the members of our ‘ohana who will be moving forward and adapting to change with you, side by side, in the months and years to come.

Dr. Richard R. Kelley

I’m delighted that you’re all here for this experience.
Mahalo and Aloha!!! 😊