Outrigger Lodging Services Celebrates 20 Years

Last week, I was home alone and was totally surprised when a knock on the door announced the delivery of a beautiful bouquet. A card said that John Fitts had sent the flowers to recognize and celebrate the 20th anniversary of the founding of Outrigger Lodging Services. How time flies!

It all began a little over two decades ago when, like now, the economy was going through a rough time. Across the country, there had been a great deal of overbuilding, fueled by low-interest loans provided by the nation’s savings and loan institutions. Like today’s financially troubled investment banks, the savings and loan institutions in the 1980s had departed from their original mission, which in that case was to provide a safe haven for individual savings accounts and make mortgage loans to homeowners. In that decade, they began to make large, risky commercial loans, issue credit cards, and invest in real estate development ventures. When the tax laws changed in 1986, it all came crashing down, and a total of 747 savings and loan institutions failed, putting thousands of homes and real estate projects into foreclosure across the continent and in Hawaii.

Two such properties were the Waikiki Hobron Hotel and the Maile Court Hotel. My father, Outrigger co-founder Roy Kelley, and I decided jointly to put bids in to buy these two properties at the bankruptcy auctions, believing that we might get one. As luck would have it, our bids were accepted for both properties and we were suddenly faced with the challenge of staffing and operating two more hotels, each with 600 rooms. We were already stretched thin managing our existing hotels in Waikiki!

I was scrambling to put things together when John Fitts walked into my office at the Outrigger Prince Kuhio Hotel and introduced himself as head of the management company that had been operating the Maile Court Hotel. “Do you need any help?” he asked. “I sure do,” I told him.

Beginning that day, a great friendship arose which led to the formation of a hotel management company, Outrigger Lodging Services (OLS). It has been quite a ride. Starting with an inventory of just four hotels, OLS has been the management company for a total, over the years, of 83 different properties, most of which have been in the western United States. OLS has operated hotels with well-known brand names such as Hilton, Marriott, Sheraton, Doubletree, Best Western, Hampton Inn, Holiday Inn, etc. Many are one-of-a-kind boutique hotels with names such as Hotel Amarano, The Grafton on Sunset, Le Parc, and Le Montrose.

OLS currently has 11 properties under management. It has a very stable, talented staff in its Encino, California offices; many have been with OLS for 15 to 20 years. That includes John’s assistant, Julie Messa, who has been with the company since it was formed in 1988.

OLS is a select, boutique management firm. It will only take on the management of a hotel if it feels the property is up to its standards and/or has the potential, with strong management, to do so. A quality relationship with the property’s owner is vital. OLS must feel that it can significantly improve the results for any hotel it commits to.

Once a property is under OLS management, it monitors progress very carefully. OLS is famous for its Monday morning call-ins. CEO John Fitts and Chief Financial Officer Martti Mannoja personally telephone each hotel manager and quiz him or her on what happened during the previous week, what to expect for the coming week and how that compares to budget. The managers are on the hot seat and better have the right answers! John and Martti hate surprises.

Another secret weapon is John’s lovely wife, Toni, a skilled interior designer who has led beautiful and cost-effective renovations in many OLS properties.

By sticking to its solid hotel management principles, this team has created excellent results. No hotel owner has ever fired OLS as a management company for poor service or disappointing results.

Unfortunately, that kind of success is a double-edged sword. Improved management leads to improved profits and higher property values. That in turn motivates owners to cash in the increased value by selling the property. New owners, however, often have their own management company or one they customarily work with on other deals. To put it another way, thanks to the great job OLS does, it often finds it has worked itself out of a contract!

No matter; it has been a great run. To John, Martti, Toni, Julie, and all the staff at OLS, congratulations and thanks for being part of the Outrigger ‘ohana.