Looking Back at 2008 and Ahead to 2009

The past 12 months have been most challenging for a number of reasons. During this time, our energy-dependant economy has seen the price of a barrel of crude oil nearly double to $145. That translated to higher airfares, airline stress, and extreme economic duress for our customers, our ‘ohana, and our company. A near-collapse of the world’s financial backbone and stock markets followed and has hurt almost everyone. The U.S. National Bureau of Economic Research has finally admitted what we have all known for some time: the U.S. economy has been in a recession all year.

Add to that the continued rise of terrorism and violence that fortunately has essentially spared the areas in which we do business, but nevertheless dampened demand for Travel & Tourism. We pray that a global pandemic or other catastrophe will not be added to the headlines tomorrow.

In the pages that follow, you will see a recap of all that has happened in our company during the past year. In spite of economic and political challenges, we have continued to make progress with our renovation program and to give our guests exceptional service and true, warm hospitality in Hawaii, Guam, Fiji, Australia, and Bali. We have signed contracts to add new properties to our portfolio in Thailand and China in 2009 and beyond.

Within our company, the new Ke ‘Ano Wa’a Voyage of Discovery, Renewal, and Inspiration has set sail, and Nā Alaka‘i from all properties have been busy coordinating many activities and events in celebration of the 6-Paddle process.

You will also note that 2008 was a year in which both our company and individual members of our ‘ohana were recognized with a number of prestigious awards, including:

- Outrigger Enterprises Group which was honored as Developer of the Year by the Hawaii Chapter of the National Association of Industrial and Office Properties (NAIOP).
- Barbara Campbell, who was presented with the 2008 “SCOTY” (Shopping Center of the Year) Award by the Retail Merchants of Hawaii.
- Chuck Shishido, who received our company’s Chairman’s Award for his leadership abilities and for establishing OHANA as a unique, viable, and high-performing brand that delights our guests.
- The Waikiki Beach Walk*, which received a Design and Development Award from the International Council of Shopping Centers.
- Robert McConnell, who was appointed the District Governor for Hawaii by Best Western International.

There were many, many more who were recognized for outstanding performance by our properties and by individual members of our ‘ohana throughout the Pacific. I am proud of you all.

I want to thank every member of our ‘ohana for contributing to the success of our company in 2008. It has been a team effort. Whether you are at the Front Desk, in Engineering, Housekeeping, Accounting, Reservations, Renovations, or some other area, your individual efforts made our success possible. You are all tremendously appreciated.

As we look ahead to 2009, we know there will be challenges ahead. The United States, indeed the world, is struggling.

We feel it in Hawaii. According to the latest state figures, November visitor arrivals fell 15.9 percent, compared to November of 2007, and the decline over the first 11 months of the year is 10.2 percent. The year-to-date drop is higher than the 11-month drop following September 11, 2001, when tourism to Hawaii fell by 8.7 percent.

The consensus of opinion of Hawaii economists seems to be that the state economy will decline further in 2009 before it starts a very gradual recovery in 2010.

National and state governments are trying to take action to change the direction of the economy. Unfortunately, when politics and the marketplace mix, the results are often not positive. James Grant, writing on this topic in The Wall Street Journal, asks, “Is the medicine worse than the illness?”

Others point out that a crisis, such as exists today, will often make it possible for minority groups to pass legislation that would not be acceptable to the majority in normal times. When we get through the current downturn, and we will, I hope we will not find that we have voted ourselves more government and less freedom, individual choice, and personal responsibility, which are the basis of everything that has made the U.S.A. such a great place for over 232 years.

Yes, we all have our challenges, no matter what our situation in life is, what we do for a living, or where we work. Nonetheless, I am confident that no matter what happens, if we at Outrigger and OHANA continue to work as a team, we will get through the coming years and grow both as a company and as individuals.

Again, my thanks to everyone for all you did in 2008, and my warmest wishes to you and your families for a great 2009.