

CONTINUING THE LEGACY



When Dr. Richard Kelley, the eldest son of Roy and Estelle Kelley, took the helm of the Outrigger dynasty, he ensured family involvement in the Waikiki hotel empire. He also brought to the company a renewed management energy during a critical period of upheaval in the local visitor industry. Faced with an increasing emphasis on upscale properties and "fantasy" resorts, and a changing visitor mix, the next generation of Kelleys knew the time was ripe for change.

In order to continue attracting customers to their low- and medium-priced hotels, the Kelleys decided to reposition their two major beachfront hotels and to take the chain's presence beyond Waikiki. Those decisions meant that

Outrigger would have to consolidate its holdings and, at the same time, beef up its fiscal condition. Those actions, in turn, set off a whole series of events, including the sale of six hotels in a single year.

The decision to sell off some of the holdings is based on the company's plan to diversify and upgrade the hospitality chain throughout the local market. Japanese buyers snatched up all six of the properties for sale in 1989, beginning with the Outrigger Malia in January for \$26.2 million and ending with the Outrigger Waikiki Surf West the following November for an undisclosed sum. Also sold last year were the Outrigger Hobron, the Outrigger Waikiki Surf Main and the Outrigger Surf East in June,

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