

Aloha Festivals: An Inside Look from an Outside Perspective

Prepared Exclusively For:



Prepared by:



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Aloha Festivals: An Inside Look from an Outside Perspective

PROJECT OVERVIEW

In the fall of 2007, the Hawaii Tourism Authority (HTA), in their role as a major supporter of Aloha Festivals and other Hawaiian festivals and events, with a vested interest in the long-term success of all those to which they provide financial and other assistance, asked the International Festivals & Events Association (IFEA) to conduct an unbiased and independent evaluation of Aloha Festivals. The desired result, through an in-depth process of interviews and evaluation, was to provide immediately useful information to the board and staff of Aloha Festivals in an attempt to turn around a festival which has been in decline for a number of years, and to extrapolate insights and ideas that might be shared with other Hawaiian festivals and events facing similar challenges in their common marketplace.

The International Festivals & Events Association (IFEA) is the premiere association supporting and enabling festival and event professionals worldwide. The global voice of the festivals and events industry, the IFEA maintains operations in Africa, Asia, Australia, Europe, Latin America, the Middle East and North America. Through a plethora of educational and professional resources, programs, and partnerships, including the Certified Festival & Event Executive (CFEE) program, the IFEA provides opportunities for a broad cross-section of industry leaders and organizations to share creative new ideas, knowledge, experience and awareness of current issues and trends, close to home or on the other side of the world.

For the Aloha Festivals project, the IFEA provided a team of three industry experts with a combined 85 years of direct experience in every aspect of festival and event creation and management, including feasibility studies; production; operations; sponsorship and funding; volunteer, staff and board management; tourism marketing; media relations; marketing; community relations and others. Project team members included:

Steven Wood Schmader, CFEE, President & CEO
International Festivals & Events Association

Ira L. Rosen, CFEE, President
Entertainment on Location, Inc.

Penny C. Reeh, CFEE, Owner
Indigo Resource Group



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METHODOLOGY

The methodology that was used for this project was a combination of questionnaires and in-person/telephone interviews. As the initial step, a questionnaire was designed in cooperation with HTA and e-mailed to a database of approximately 50 people. The database included current and former Aloha Festivals board members, Aloha Festivals staff and former staff, sponsors, suppliers, media partners, governmental officials and volunteers. We received 15 replies, which represented a 30% response; this response is on par with similar projects. A summary of the respondents is as follows::

- 4 volunteers
- 6 Aloha Festivals board/former board members
- 4 sponsors
- 1 supplier
- 0 staff

The average time of involvement with the Festival was 8 – 10 years. All of the responses were from O`ahu. All of the respondents said that they were familiar with the AF Mission Statement; only two thought that the general public was familiar with the mission statement.

Question 4: Most positive things that you personally can say about AF:

Almost all said cultural importance (reinforces Ohana, brings tourists and locals together, provides educational opportunities).

Other repeated responses:

- Multi-ethnicity
- Many event options
- Parades
- Ho'olaule'a
- Volunteer involvement
- Affordable
- Executive Director is very dedicated

Question 5: Most negative things that you personally can say about AF:

Almost everyone said the following:

- Lack of funding
- Board structure is difficult
- Needs better marketing and PR
- Needs better sponsorship

Other repeated responses:

- Too many events
- Executive Director is not very good
- Is event for tourists or locals?
- There is no value in ribbon program
- Input from sponsors is not solicited enough
- Politics sometimes supersedes goals
- Lack of multi-year planning

Upon review of the data, we developed a set of questions for our on-site interviews. These on-site interviews were conducted between January 14 and January 16. There were a total of 50 interviews conducted, reflecting over 85 combined interview hours, based on our 3-person team. The interviewees consisted of the following (total exceeds 50, as several people have multiple roles):



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“The festival is an aged organization that plays to the elders.”

-AF Board Member



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Aloha Festival Board: 11
HTA Board: 4
HTA Staff: 6
Staff/Former Staff: 4
Island Managers: 3
Event participants: 5
PR/Marketing: 3
Other Events: 3
Neighbor Island Counties/CVBs: 6
Sponsors: 6
Government Officials: 4

In addition to these interviews, the consulting team reviewed Aloha Festivals reports, sponsorship materials, marketing materials, merchandise, financial reports, etc.

Upon completion of the in-person segment of the project, the consulting team presented a power point presentation summarizing our findings to date to both HTA program development staff and Aloha Festivals Executive Committee members.

GOVERNANCE

A quality system of governance is at the heart of any well-managed organization and this is dependent on a deep understanding and acceptance of mission and core values. Aloha Festivals’ mission statement reads, “To foster the Aloha Spirit through the preservation of the Hawaiian culture and the perpetuation of the diverse customs and traditions of Hawaii.”

We believe that implementation of this mission should focus more on educational elements to promote the Aloha Spirit as opposed to creating such a narrow definition of Hawaiian culture and heritage preservation that it acts as a deterrent to participation by both resident and visitor populations.

Our recommendation is a candid discussion to better define the organization’s core values, which will naturally define a more modern means of exploring and sharing the rich tapestry of Hawaii’s culture, both ancient and modern day.

The Aloha Festivals board has become untenable due to its large size and stagnant participation. We suggest decreasing the overall size of the board until it can operate as an entire board and not as an Executive Committee that makes recommendations to the full board.

In a number of areas the festival does not act in compliance with its bylaws, which were last amended on October 31, 2007. As examples:

- Section VII, calls for an annual audit to be conducted at least once in each fiscal year, but we could not verify if audits were being conducted; and if they are, this financial reporting is not being supplied to HTA.
- Article IV, Section 1, defines term limits for board directors, but several of the board members interviewed had exceeded the maximum length of service.
- Article XIII, Sections 1 and 2, detail Aloha Festivals’ expectations that board mem-

bers will avoid conflict of interest and adverse activity, but there does not seem to be an active system for policing these policies.

A clearer definition should be placed on the roles of staff and the board. Currently, board members and committee chairs are given assignments usually performed by staff. Since the board members serve in a volunteer capacity it is important to realize the limitations on their time.

There seems to be a critical breakdown in communication and policy management between the Oahu-based Aloha Festivals office and the neighboring islands. While part of it can be attributed to natural rivalry and territorialism, the key conflict seems to be lack of communication by all parties. Article IV, Section 2, of the bylaws states, "The corporation recognizes that its charitable and education purposes can best be accomplished by guidance from all Counties of the State of Hawaii." In addition, HTA funding is based on participation by all counties. We strongly suggest the creation of an open dialog among representatives of all of the islands to resolve policy matters and foster better working relationships.

STAFFING

Staffing at Aloha Festivals is virtually non-existent. In recent years and months they have slowly eliminated staff positions within the Oahu office until the only paid position remaining is President Charlian Wright (formerly Executive Director – By-Laws were updated in October of 2007 to reflect this change).

Some staff positions were removed due to indiscretions (the Finance Director was caught embezzling) but not replaced, while other long-time employees, with nearly a half-century of experience and historical perspective, were simply let go due to current financial situations.

Island Managers and Assistant Managers receive a small stipend not large enough to secure their full-time attention, with some working multiple other jobs and balancing many other priorities at the same time. Additionally, there is very little, if any, training available for the island managers, diminishing substantially over recent years for those with whom we talked, from once per month in 2006 to once per year in 2007.

While there are at least some volunteers (although substantially fewer than the 30,000 reported in festival materials), including the Board, this number is hard to get a clear handle on and no operational list of assignments, responsibilities, reporting order or timelines was available to us. Former staff members explained that a number of 'volunteers' appear to be paid for their services, although to what total is unclear, taking away the true definition of a volunteer. There were a number of instances where it appeared that the festival was very quick to pay for outside services (media and public relations, packing merchandise boxes, parade participation, etc.) rather than attempt to cover them in-house with staff or to get them donated. Of those who were paid, there was also a clear disconnect between the festival and the supplier as to the expectations and desired outcomes. For example, Charlian Wright clearly perceived that the public relations company was to secure sponsorships, when the public relations firm had never understood that to be their responsibility or forte.



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“The organizational structure is undefined, uncontrolled, unmonitored and unprofessional. They need to run it like a business.”

—Former Sponsor



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We would suggest that the festival cannot survive without a broadly experienced and full-time staff to lead the way, with the support of a powerful and influential board behind them.

Board of Directors

The board cannot act as the staff. While they can certainly bring selected expertise to the table and help to open many important doors, professional boards typically have neither the time nor the training to pull off a quality event.

The board should be made up of a variety of community leaders at the highest level, representing key areas (business, finance, marketing, tourism, public relations, law, media, city/county/state government, etc.) that can benefit the festival directly or through personal networks. Board members should demonstrate the highest levels of the following qualities:

- Be widely acknowledged for their expertise in a business, professional, or community service capacity;
- Be a recognized “influential” with a far reaching network of contacts;
- Have exceptional organizational abilities and administrative talents;
- Possess an eagerness to participate in and support community endeavors;
- Have values compatible with those of the community; and
- Have a sincere desire to serve on the board and contribute significant talent, time and effort to the event

While we enjoyed talking with a number of Aloha Festivals board members, the current board seems dysfunctional, too large (the current board bows to the decisions of a smaller Executive Board without question), and has far too many personal and/or political agendas. It was noted to us during our interviews that the board “plays to the elders” and it was clearly obvious to the project team that selected members tend to consistently overpower, sway opinion or prevent the involvement of others.

The Board of Aloha Festivals needs to start fresh along with a fresh new vision, reduce its size to eliminate the need for an executive committee, recruit new involvement from recognized and committed community leaders at the top level, and do its best to remove all personal and external politics from its ranks.

Festival President

With any festival or event, the President is the most critical position that will define its success or failure. In considering the type of person who should serve in this crucial role, it is extremely important to caution that this individual should not be inflexibly tied to traditional, “We’ve always done it that way,” event-management practices. The President must be an innovator who is willing to try new approaches and apply creative solutions to all kinds of challenges.

The person holding the position as President should display the following qualifications:

- He/she must be, first and foremost, a world-class administrator, an organizer and a doer of the first order. This is someone who gets things done.
- His/her people skills must be the best. The abilities to inspire and motivate associates and to function well with the Board of Directors (as an equal) are essential.

- A successful President should be able to demonstrate through past accomplishments the highest degree of creativity, in terms of both imaginative concepts and problem solving.
- He/she should have a reasonably strong personality as an essential endowment. The President should be able to insist on – and get – the highest caliber of performance from all associated with the event, even volunteers. He/she should be a stern and effective chief of creativity and quality control for the entire festival, in every location.
- He/she must be able to say – and stay with – no, when it would be much easier to say yes, and vice versa.
- He/she must have a “whatever it takes” attitude and be willing to do any job, tackle any task, fight any battle, personally, to make the event a success. They are the example by which all others will take their lead; the face of the festival to sponsors, media, volunteers and the community; and the inspiration/motivator that keeps all of the pieces working together effectively.

Taking this image into account and after talking with many others throughout our interview process, we do not believe that Charlian Wright is the person to lead Aloha Festivals out of its current situation or into the bright future that everyone would like it to have. We are cautious to point out that it is always sensitive to suggest that a current executive or employee should be replaced, and perhaps there is another role that Charlian can excel at with the festival, but it is clear that she does not have the strengths and qualifications for her current position as President.

Charlian has driven a wedge and a disconnect between many key Aloha Festivals constituents, including sponsors, island managers, staff, vendors, suppliers, volunteers and other local event organizations that would be virtually impossible for her to mend. In different conversations, many of those we talked with pointed out their perceptions of a lack of interpersonal skills; lack of interest in new ideas; lack of leadership, management (including financial) and delegation skills; lack of sponsorship skills; lack of communication skills; lack of operational support and training skills; lack of time management and planning skills; doubt that she is honestly presenting situations accurately; lack of follow-through; a lack of work ethic; a misuse of power; and a conflict of interest with other personal city commitments, Mayoral committees, etc.

We believe that Aloha Festivals needs a fresh, new face who can effectively deliver and produce a fresh, new vision and event for the community to rally around.

Staff

To support the President, we would suggest adding the following positions, as resources allow. Money to support these positions may be gained by bringing currently outsourced programs in-house:

- A full-time Director of Sponsorship position to oversee the creation and identification of assets, sponsorship sales and service, and timely follow-up and evaluations.
- A Finance Director to create and oversee systems to help ensure a financially viable organization.
- A Director of Marketing to oversee all media and marketing efforts.



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“The key is having effective people running the event.”

—AF Board Member

- A Volunteer Director responsible for recruiting efforts, training, motivation programs and maintaining a current database of (true) volunteers on all islands.
- A Food, Beverage & Merchandise Director to oversee key non-sponsorship revenue programs.

Intern Program

Until funding is available for all positions, we would encourage the festival to pursue the use of interns from local educational institutions. This can help to meet some immediate needs and build relationships with those who may offer potential for future staff positions.

Island Managers

In several cases, the neighbor island events are performing stronger and with greater support than those on Oahu. This is due to a number of dedicated individuals (not only the Island Managers) who are often placed in personally uncomfortable situations due to an uncertainty of funding, training or support from the Oahu office. There is a perception that Honolulu gets covered first and the rest get excuses, often placing them and their reputations in jeopardy.

We would suggest combining the monies used to pay both Island Managers and Assistant Island Managers to create a larger sum of money to pay a single, more qualified and committed person on each island. Another option would be to combine all island staffing dollars to pay one traveling Island Manager to oversee and coordinate the neighbor island events and relationships, using volunteers to support to a greater extent on each island, but with more training and motivation.

Some of the neighbor island events could successfully exist on their own, but we believe that part of the magic of Aloha Festivals lies in the feeling that everyone is part of a larger festival and happening. That is part of the “aloha spirit” and a valuable benefit for the state, which already battles the image of one island /city getting the majority of attention. Aloha Festivals should draw the state together like a winning football team.

Committees

As a top priority, the new President needs to create an operational chart of necessary committees, to be staffed with the highest quality, personally recruited volunteers. If any are staffed by current board members, it should be clear that their role as a committee chair is completely separate from their role as a board member, reporting to the President. Once created, each committee should recruit and put into place a natural succession plan in the event of the departure of any committee chair. This should include keeping a notebook/database of all committee duties, contacts, timelines, etc.

Professional Training

The Aloha Festivals President and key staff positions, as well as the current and/or incoming Board Chair, should be provided with and expected to take advantage of regular opportunities for industry training and networking with peer events. These exist through organizations like the IFEA and HTA, as well as others.



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FINANCE

During the course of our research and interviews, we became aware of a cash deficit ranging between \$120,000 and \$150,000. While the Executive Committee stated that the organization's schedule of accounts payable was current and up-to-date, interviews with the island managers would indicate outstanding balances that may or may not be included in this debt estimate. It is our understanding that all island expenses must fall within the respective island budgets, and it is unclear if credit accounts with island vendors were approved within the confines of these budgets.

We suggest a conversation between the organization's treasurer and each island manager to reconcile any open accounts and clarify procedures on establishing vendor credit.

We were unable to determine Aloha Festivals debt service timeline and strategy. It is our understanding that the organization has access to a line of credit that has been rolled into a loan. We also understand that the organization has received personal donations or loans to cover immediate operating expenses and is in negotiation with unpaid vendors to create payment plans. We believe a more aggressive strategy must be created to service the organization's debt. Several Aloha Festivals board members indicated that a fundraising campaign was being planned to service debt and create an operating budget for the organization; however, there does not seem to be a clear timeline or formal plan for short-term or long-term financial sustainability.

We also suggest a review of internal financial controls following an incidence of embezzlement by a former Aloha Festivals employee. The Executive Committee reports that the matter was filed with insurance and that a restitution plan has been established with the former employee.

In reviewing the reports submitted to HTA over the last five years, it is difficult to determine the actual cash position of Aloha Festivals. A large volume of superficial financial data is present in the reports, such as copies of checks received and a general ledger by account. However, the report did not include a profit and loss statement, accounts payable register, accounts receivable register, balance sheet or statement of cash position. HTA has routinely cited tardiness and incomplete reporting on use of funds by Aloha Festivals, including a lack of complete financial data.

THE FESTIVAL PRODUCT

While we heard many people refer to the large number of events and attendance estimates (over one million people in some materials) that make up Aloha Festivals, our project team could not find the information to substantiate the image being presented to us. In an attempt to answer our own questions we came to some interesting perception vs. reality conclusions:

- On the island of Oahu, there are roughly 15 events for a total of 30-40 hours of actual festival activity currently spread over a five-week period of time.
- The total attendance (according to Aloha Festivals 2007 HTA Report) at all Oahu-based events is 124,000 (70,000 residents and 54,000 visitors), of which 106,000 are attributed to two events – the Parade and the Waikiki Ho'olaule'a block party (60,000 residents and 46,000 visitors).



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“From a cultural perspective, we need to decide if we want to be the History Channel or the Travel Channel.”

-AF Board Member



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- The 70,000 local attendees represent 7.7% of Honolulu County’s population.
- Events other than the Parade and Block Party attract only 10,000 residents, which represents only 1% of the county’s population.
- Using the 2007 total attendance and budget numbers provided to us, cost to reach each attendee was about \$6 and the cost of event production was somewhere in the neighborhood of \$23,000 per hour.

In the festivals and events industry, it is not unusual for a successful festival or event to draw a much larger percentage of community participation (50% or more) and some regularly exceed community population numbers when visitors are included.

The true image of a festival includes a large number of activities (dozens to hundreds), highlighted by a number of ‘signature events’ (i.e., parades, concerts, air shows, balloon rallies, fireworks, sporting events, etc.) in a condensed period of time. It is not unusual for a festival attendee to spend a full day or several full days, from early morning to late at night, at the event, helping to drive economic impact in the form of food, beverage, arts, crafts, merchandise, ticket sales and visits to local businesses and retail merchants. A condensed time frame (one day to one week) allows attendees and volunteers to plan their involvement around vacation time, family reunions, school activities, corporate projects and other obligations.

Using the above definition, Aloha Festivals does not currently produce a festival. They produce a series of small events under a common logo umbrella. They produce two larger events, at least one of which has faced serious decline since 2001 and another which, while popular, does not further their mission to preserve and perpetuate Hawaiian culture. While their income sources continue to dwindle under the current format, they are able to survive due to the very generous support of the Hawaii Tourism Authority. It is important to note in this report that no other state in the United States provides anywhere near the level of support that Aloha Festivals has enjoyed on an annual basis from HTA. Unfortunately, this support appears to have led, in part, to a response of expectation and stagnation, instead of the appreciation and creativity that it should have.

We believe that the Aloha Festivals board and staff need to do an extensive revisiting of the festival, doing substantive product research with local audiences, sponsors and other constituents to create a redesign of the entire festival product. The end result should be shortened from the current 6-8 weeks (counting neighbor island events) to a more controllable long weekend or week-long event at the most, allowing local tourism organizations to package the product to outside visitors as well. The original “Aloha Festivals Week” was closer to the correct idea.

We would encourage the redesigned event to take on more of a friendly “Aloha Spirit” to welcome attendees and effectively achieve the mission of educating, preserving and perpetuating the diverse customs and traditions of Hawaii. In its current form there is a perception that is less friendly and that has created, in many cases, a separation and/or irritation with the customs and heritage aspect of the festival, especially surrounding the King and Court.

“Sponsorship of Aloha Festivals is a series of unfulfilled promises.”

-Current Sponsor



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SPONSORSHIP

Sponsorship is critical to the success of Aloha Festivals, but it is an area that is on life support. Commercial cash sponsorships (other than those provided by Counties and CVBs) totaled under \$100,000. Although there remains a substantial amount of in-kind support, in-kind support does not pay the bills.

Additionally, although this number currently is inadequate, it is the opinion of the consulting team that the number has nowhere to go but down. This is reflected in the inadequacy and quality of the sponsorship sales materials, the lack of follow-up with existing and potential sponsors and the overall attitude that sponsors should support this event because it is important to Hawai'i. Although this may indeed be the case, commercial sponsors are not going to sponsor something because it is the right thing to do; rather they want tangible returns on their investments.

As an example of the inadequacy of the materials, the sponsorship solicitation kit states: “Nearly 30,000 volunteers labor to stage the events, which are attended by nearly 1 million people...” Neither the number of volunteers, nor the attendance numbers are anywhere near reality, as borne out by the Festival's own statistics. Sponsors know this.

From the interview and questionnaire process, here are some of the comments that were made by current and former sponsors:

- “The consistent answer when sponsors ask a question or want to do something different is ‘no’.”
- “All of the heavy hitters have left, because there was no value.”
- “No one follows up on sponsorship.”
- “Are we selling to companies that are tourist-based or local-based; no one seems to know.”
- “We were not treated well as a sponsor.”
- “We signed on as a sponsor and the chase began.”
- “We should not have to work to get information as sponsors, rather, it should be provided to us.”
- “Sponsorship of Aloha Festivals is a series of unfulfilled promises.”

Certainly, a significant part of the issue is that there is not a staff person dedicated to the sales, fulfillment and follow-up of sponsorships. This is a critical error and desperately needs to be remedied if the Festival is to move forward.

OPERATIONS

On the operational side, there appear to be very few systems in place. There is a complete breakdown of communications between the main office and the island managers, and the island managers feel unappreciated at best and ignored at worst. There is no real staff training program.

We did not get any indication that there were written operational plans in place for major events, and they seemed to happen just because the volunteers who manage these events have been in place for a long time. There is absolutely no succession plan in place should these people leave and no real training program for volunteers in general.

Some of the successful neighbor island events take place because a hotel or radio station manages them, not because of anything that Aloha Festivals does. Also, some neighbor island events, such as those in Hana and Hilo, appear to take place with very little input from anyone.

Operational information is rarely given to participants or sponsors in a timely manner. For example, parade participants show up at a certain time, but are given little information with regard to their lineup placement. Sponsors appear to be given even less information, often depending upon volunteers or police officials to find their locations. Communications in general are completely dysfunctional.

The sponsorship promotional material speaks of 30,000 volunteers, but no one seemed to really know how many volunteers there actually are. Estimates from current and former staff range from a few hundred to a thousand. It is impossible to really state an accurate number as there is no database, particularly on the neighbor islands.

There also appears to be a huge disparity in the quality of the events. For example, the Oahu parade has gone downhill through the years, and although it is easy to blame the lack of television coverage for this, there are other ways to increase the quality. The parade seems to take place because “we’ve always done one.”

Although everyone thinks that the preservation of Hawaiian culture is the most critical element of the Festival, there appears to be little agreement as to what that means from an operational and event execution perspective. To some, the Court is the most critical element of the entire event, yet there is a huge operational disparity as to how the courts are operated on the islands. The same can be said for the educational/cultural outreach.

A full set of operational plans for each major event needs to be executed as soon as possible, as well as a formalized volunteer and staff training program and committee succession plan.

MARKETING

Our primary recommendation for the overall marketing of Aloha Festivals is to take control over all promotional elements to ensure continuity, increase effectiveness, manage expenses and create potential revenue streams.

Currently, the primary promotional collateral is the program book, produced by *This Week*. According to Charlian Wright, the program generates roughly \$90,000 in revenues, of which \$6,000 is paid to Aloha Festivals. She also states that a representative of *This Week* serves on the board, which presents a clear conflict of interest.

We recommend taking over production of the program book to retain the advertising revenues. We also suggest a redesign of the publication. Currently the publication is somewhat disjointed and lacks certain consumer information needs.

We also recommend separating the program book from the ribbon sales program (traditionally sold as a package). Since there are no other printed collateral materials, current packaging requires potential customers to buy a ribbon to access any informa-



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“The problem with marketing the event is the first question the media asks is ‘what’s new’ and the answer is ‘nothing’.”

—Festival Marketer



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tion about the event. This especially impacts the visitor market which may not be aware of Aloha Festivals and wary about having to pay for promotional information.

For a number of years, the festival has outsourced its public relations needs and recently retained Communications Pacific at a cost of \$5,000 per month, plus expenses. We recommend also bringing this function in-house. By taking over production and implementation of the program and public relations, Aloha Festivals could net \$150,000 and easily fund two or more full-time staff positions.

Another key obstacle faced in marketing Aloha Festivals is meeting timelines and promoting the event with enough lead time. In most of the festival’s reports to HTA, this issue was cited as a problem that affected attendance, merchandise sales and sponsor fulfillment. However, no action has been taken to set industry-accepted promotional timelines and enforce them.

For example, all information currently posted on the festival’s website is from the 2007 event. With the event just over seven months away, valuable promotion time has been lost and sponsor fulfillment has been limited. While the public relations firm makes media contacts, there is no online information to support their efforts. The most recent news releases posted to the site are from July 10, 2007, and no media kit or promotional images are available online.

Aloha Festivals should consider taking advantage of other Internet-related promotions, such as email campaigns, a MySpace page, mutual website links, and online event calendar listings, to build low-cost awareness and target younger consumers

There also seems to be a delay each year in announcing the theme so that it can be incorporated into all promotional elements. The theme typically explores an aspect of Hawaiian culture, but some themes have been too complex to translate well into promotional materials.

While many who were interviewed cited financial limitations for the lack of thorough marketing, it should not be overlooked that a great deal of free publicity can be generated by cultivating partnerships with other organizations. Most of the tourism professionals that were interviewed said they either did not receive information about the event or received it too late to incorporate into their promotional programs.

NON-SPONSORSHIP REVENUE

Currently, the only sources of non-sponsorship revenue for Aloha Festivals are memberships, ribbon and event merchandise sales. Improving the profitability in each of these areas and creating new sources of revenue must become a priority to lessen the event’s financial pressures.

Membership sales are not generating the level of revenue needed to justify their existence. In many cases, memberships can act as a deterrent to sponsorship sales because they offer exposure and benefits that should be reserved for larger investments. We suggest either eliminating the membership program or creating a “club level” of giving, which become low-level sponsorship opportunities.

The ribbon program generates respectable sales and could likely generate even more sales with a more contemporary approach. We suggest looking at a different type of item that is easier to wear and may better complement the theme, such as a unique lei or exclusive-design Hawaiian print shirt. This should be separate of the program book, but care should be given to creating value for the purchaser by building a bundle of discounts and benefits not available through any other source.

Aloha Festivals merchandising program has encountered a number of challenges – lateness in approval of design and ordering of product, inventory control flaws, ineffective private vendor licensing and lack of merchandise diversity and creativity. We recommend working with a private sector retail partner who can provide assistance in each of these areas and diffuse financial risk to the event. Again, realistic timelines will be critical to making this program work. For example, we heard frustration that merchandise sales on the neighboring islands was poor, but the island managers consistently report not receiving souvenir product to sell until the beginning of the event. In any merchandising arrangement, sales histories must be built so that reasonable volumes can be ordered, distribution must happen in a timely fashion and real-time inventory systems must be developed to shift product as needed.

Ticket sales to individual events can be used to generate revenues, but we recommend keeping events free whenever possible. Building attendance through free admission generates vendor sales and increases sponsor awareness in ways that may offset ticket revenues.

We believe the festival has tremendous room for growth in the areas of food and beverage sales and hospitality opportunities, such as designated parade seating and VIP areas. For the number of attendees, food and beverage sales are surprisingly small. Food is a natural extension of culture and emphasis should be placed on building a more robust food vendor program.

There are many training materials and opportunities available to help events build new revenue streams. In February, a full-day education workshop on the topic of Non-Sponsorship Revenues will be offered in Honolulu as part of the IFEA Certified Festival and Event Executive (CFEE) program. We suggest attendance at these sessions, which are being offered at a tremendous savings due to underwriting by HTA.



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“What the festival needs is structure, a great quality product and a sustainable business plan.”

—Festival Marketer



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OUR RECOMMENDATIONS

Based upon the findings and conclusions above, as well as the critical financial situation that the organization now finds itself in, it is the recommendation of the IFEA Project Team that Aloha Festivals:

- Take a two-year hiatus to revisit, redesign, recreate and reintroduce itself to the community.
- Reduce and Reconstitute the Board of Directors, building the foundation for future visions and success from every level.
- Do a national industry search before hiring an experienced new President to lead the organization into the future.
- Hire a professional staff to support the President.
- Redefine the core values, vision and mission of the organization.
- Shorten the length of run to a more manageable, packageable and memorable long weekend or week-long event at the most.
- Begin building important new partnerships and relationships to share in the new vision.

NEXT STEPS

To that end, the immediate next steps would include the following:

- Obtain a buy-in from the current full Board of Directors.
- Define short-term financial options to cover current debts and allow for initial re-planning phase (without declaring bankruptcy).
- Pick a Hero, someone recognized and well respected in the community, but with no strong ties to the past that keep them from being identified and accepted as part of a new vision. This person will lead the process and be the voice to the community throughout that process.
- Craft your message, clearly explaining that the festival has a long history in Hawaii and is taking steps to ensure that history is just the beginning of a very long and successful legacy. Make sure everyone tied to the festival knows the message.
- Determine the process timeline, understanding that two years is still a very short fuse for all that we are suggesting.
- Dream BIG, let go of all constraints from what the festival was in the past, and do “whatever it takes” to build an icon event fitting of the people and state of Hawaii.