In 1916, 44 years after the establishment of the first U.S. national park at Yellowstone, President Woodrow Wilson signed the act creating the National Park Service (NPS), a new federal bureau in the Department of the Interior responsible for protecting the 40 national parks and monuments then in existence and those yet to be established. Today, NPS is responsible for 384 different sites, including 83 million acres, established as public lands for the enjoyment and appreciation of its citizens, as well as travelers from all over the world. To this end, NPS has long had a policy of collaborating with federal, state, tribal, and local governments, private organizations, and businesses to work toward common goals. This includes contracting with private sector companies to provide many of the visitor services that are available at the parks: lodging, dining, retail, recreation and interpretive activities, to name a few.

In 1993, Delaware North Companies, an 85-year-old hospitality and entertainment company founded and headquartered in Buffalo, N.Y., expanded its business with an entrée into the parks concession business. Through an unusual set of circumstances, Delaware North won the bid to manage guest services at Yosemite National Park in California, NPS' largest contract. Its hospitality expertise and reverence for the beauty of Yosemite soon led it to pursue other contracts for public lands and national treasures, including Sequoia, Grand Canyon and Yellowstone national parks, and Kennedy Space Center Visitor Complex.

From the beginning, Delaware North’s approach was different. Managers saw their role as one of steward, and their relationship with the client as a true partnership in every sense of the word. More than a management style, this operating philosophy traces its roots to the company’s founders. One of them, Louis Jacobs, gave the owner of the Detroit Tigers a refund of $12,500 in the ‘30s after the first year of Delaware North’s contract with the Tigers. In Jacobs’ opinion, the deal was far more lucrative for his company than it should have been. “In baseball, everyone is a brother, and baseball is a big family,” he said.

So when Delaware North entered the parks concession business in 1993, it began operating with the same philosophy. Winning the Yosemite National Park contract not only sowed the seeds of a new Delaware North business unit, it also provided the impetus for change on a national level.

Up to and including the time that Delaware North won the Yosemite bid, legislation made it very difficult to unseat an incumbent national park contractor. Preferential right of renewal worked to discourage competitive bids or any bids, for that matter. Given the time and expense involved in putting the packages together, most companies decided it wasn’t worth it.

1 www.nps.gov, the official Web site of the National Park Service.
The Yosemite situation was unique. The previous concessionaire had operated in the park for decades, but in the early '90s, its parent company was being purchased by a Japanese conglomerate, raising concerns about a foreign firm running a U.S. national park. And because any transference of a contract requires the approval of the National Park Service, the Secretary of the Interior and the director of the National Park Service reviewed the case and disapproved the sale. Thus, the Yosemite contract was open to competitive bids. Delaware North and four other bidders entered the ring, and Delaware North was awarded the contract.

To this day, Delaware North prides itself on the differences between its agreement with NPS and other concessionaire contracts. The former Yosemite contract gave American taxpayers about 1 percent of approximately $100 million in annual gross revenues generated at the park through its restaurants, retail and lodging operations, including the famous Ahwahnee hotel, as well as all of its recreational and interpretive activities. In its bid, Delaware North promised a return of about 15 percent, including investment into a capital improvement fund, a $61 million buyout of the previous concessionaire’s investment in the park (at the end of Delaware North’s contract, the assets, including the buildings in the park, will revert to the ownership of the government), and a $12 million environmental cleanup project at the park, which involved mitigating the damage caused by 31 leaking, underground storage tanks put in place by the previous concessionaire. In addition, Delaware North has invested about $40 million voluntarily, over and above the capital improvement fund, into major renovations and improvements to the park’s facilities. In slightly less than 10 years of operation, Delaware North has given back $140 million, or about 17 percent of revenues.

And the company’s dedication transcends its financial contributions in a profound way. Yosemite is one of the most spectacular places on the planet. Inspired by its beauty and instilled with a sense of responsibility to act as a steward of the property and help ensure that it would be there for generations to come, the company developed a formal, documented system of environmental management called GreenPath®. It has won numerous awards and has earned registration to the rigorous standards established by the International Organization for Standardization, a first for a U.S. hospitality company or parks concessionaire.

There is one other distinguishing characteristic of Delaware North’s contract at Yosemite. There is no preferential right of renewal clause, although it was the rule in '92 when the bid was presented. At the end of its term, Delaware North will compete head-to-head with other interested parties for the Yosemite contract.

Because Delaware North didn’t take advantage of the preferential right of renewal protection afforded by the law, the company had more credibility when it appealed Congress to pass the National Park Service Concessions Management Improvement Act of 1998, which invites high quality, competitive bids, while still protecting small companies. Delaware North was able to demonstrate what more could be done when the playing field is leveled, and how strong partnerships benefit the American people. The Delaware North contract, which provides the government with far more than the incumbent had, is the starting point from which the company operates, not the level it aspires to, a key to understanding the essence of a partnership.

Yosemite, which is integral to understanding the Delaware North business, also has become the model on which subsequent NPS contracts have been based.

But it is not the only example. Several years after Delaware North won the Yosemite bid, it was awarded the contract at Kennedy Space Center Visitor Complex at Cape Canaveral, Fla., where the National Aeronautics and Space Administration (NASA) executes its space missions. The attraction was primarily a museum that housed some dusty memorabilia, and the contract a traditional food and retail setup.

When the company took over the operation in May 1995, it proceeded with a plan. Delaware North’s mission: “to tell the NASA story and inspire all people to support the exploration of space.” Delaware
North pushed the envelope, not only because it believed doing so would increase sales and revenue for NASA, but because it was proud of what it had become a part of and wanted to share it with others.

In less than 10 years of operation at Kennedy, Delaware North has invested about $140 million expanding and revitalizing the visitor center. One of the company’s proudest accomplishments is the $37 million Apollo/Saturn V Center, which celebrates the program that put man on the moon. Initiatives like Dine with an Astronaut, Overnight Adventures and Astronaut Encounter engage children and adults, giving them an appreciation for the uniqueness of the property and the importance of the story.

Gene Cernan bears the distinction of being the last human being on the moon. He is an advocate of the visitor center and as such, a strong supporter of Delaware North. He once said, "For many years before Delaware North, NASA had a visitor center, but there were so many things that couldn’t be seen or touched. Delaware North changed the face of NASA by doing what most people didn’t think could be done."

When Delaware North began operating there, ticket sales numbered less than 1.5 million. In two years’ time, we built attendance to 1.85 million. In the first five years of the contract, revenues increased 77 percent. In addition, the property has won themed entertainment awards and has been named “Best Day Trip” in a “Best of Orlando” poll, an impressive achievement given its close proximity to Disney World and SeaWorld Orlando. The latest recognition came a few weeks ago from TripAdvisor.com, a Web-based travel research site that named Kennedy Space Center the number-one family-friendly destination in the United States.

While Delaware North had to “push the envelope” in the first years of our operation, it has shown NASA the importance and the benefits of collaboration, and has earned the client’s trust.

Delaware North shares revenue and profit and even lent money to NASA to facilitate the changes that it suggested to NASA. The end result is that it has been a win for everyone involved, with more changes on the way in the second half of the contract period.

Delaware North’s partnership with NASA has been gratifying and rewarding. NASA has come out a winner, and so has Delaware North. It is how and why private sector businesses exist. At the same time, in a true partnership, there will always be times when the bottom line should be disregarded so that consideration can be given to more important issues.

February 1 was one of those times. When the shuttle Columbia broke apart re-entering the Earth’s atmosphere, Delaware North employees were there, on the ground, in some cases before they received a phone call to come in. Fearing the worst, they immediately went to work to prepare the Astronaut Memorial for the thousands of mourners whom they suspected would come. Maintaining the memorial is not part of Delaware North’s responsibility at Kennedy, but there was a need, the company saw it and acted upon it.

In addition, Delaware North purchased flowers for those who were coming to pay their respects and waived the admission fee as well for the week following. It came at a financial price, but not with the burden of debate among Delaware North managers. It was the right thing to do, and it was not questioned.

In the midst of the shuttle tragedy, the Delaware North contract provided no direction on what action the company should take. But the company’s sense of partnership clearly did. The belief in the importance of its role in helping NASA articulate its vision for the visitor complex took center stage.

As Delaware North grows increasingly confident in its approach to the management of public lands, it is proud of what it has accomplished by working hand-in-hand with NPS, NASA and other agencies and organizations that care for the United States’ parks, monuments and historic places.