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World Class Hospitality

Dubai-based Jumeirah Group sets a new standard for luxury

With all of the attention on Dubai these days, I felt it deserved a firsthand visit to report on this aggressive new destination from an industry point of view and to focus on one of Dubai's and the world's fastest-growing luxury brands, Jumeirah Hotels and Resorts.

The growth there is part of a well-developed and well executed strategy to make Dubai the leading commercial and leisure destination in the Middle East—and surely one of the most exciting destinations in the world today.

It is the vision of Sheikh Mohammed bin Rashid al-Maktoum, the ruler of Dubai and prime minister of the United Arab Emirates, that is setting the pace for the accelerated speed and growth of Dubai. The goal is to create a fully integrated world-class destination for commerce, for living well with the finest residential facilities, for healthcare and educational systems that will surpass most of the western world, and with the added benefit of dramatic expansion into the tourist and luxury leisure and incentive markets. And the country's tax-free environment favors corporate growth as well as the residents of Dubai.

About 25 percent of the world's construction cranes are now operating in Dubai, giving the skyline the looks of Miami and Miami Beach with some Houston tossed in.

The Dubai airport models how the world's airports should operate. With yet another \$33-billion expansion scheduled to handle more than 110 airlines and 15 million visitors by 2015, Dubai World Central will become the world's largest airport complex.

As an example, Emirates Airline currently operates 14 direct daily flights from Dubai to the United Kingdom, seven direct flights to Germany, three daily flights to Hong Kong and three direct to the U.S., with more on the way.

There are more than 30,000 rooms and 250 hotels open and operating, with a drawing board calling for several thousand additional rooms slated to open in 2008 alone, including the Jumeirah al Fatan Resort and the 1,500-room Atlantis that will dominate the new Jumeirah Palm Island project.



The Jumeriah Emirates Towers is in the heart of Dubai's retail and office district.



The Madinat Jumeirah in Dubai honors the country's history.

THE BIG IDEAS

Jumeirah Group Profile

Ownership: Dubai Holding
Headquarters: Dubai, United Arab Emirates

Regional offices: New York, Shanghai, London

The portfolio today:

- Nine hotels and 3,015 Rooms
- Destinations: Dubai, London, New York
- 87 restaurant
- 7 Spas
- 15 retail outlets

Workforce: 11,500 associates representing 102 nationalities

Training: Emirates Academy of Hospitality Management

Under development: 12 hotels and resorts in eight destinations

Goal by 2011: 57 hotels and resorts worldwide

Consider that one new development area, Dubailand (the 107-square mile, \$64-billion leisure, tourism and entertainment zone projected for 2010), will have an estimated 45,000 hotel rooms, and you can understand why every major four- and five-star hotel brand will soon be represented in Dubai.

Yet, currently there is a shortage of 2,000 hotel rooms to meet the existing demand. Hotels operate at 95-percent occupancy with average rates in the \$400-a-night range.

And with expectations for a destination that will triple from five million to 15 million visitors by 2015, one can only imagine that Dubai is going to continue to draw the attention of the global hotel brands of the world.

During the recent NYU International Hospitality Industry Investment Conference in New York, I had the opportunity to talk with Gerald Lawless, executive chairman of the Jumeirah Group, about the company's global expansion plans.



Jumeirah Executive Chairman
Gerald Lawless

After a 23-year career with Forte Hotels, Lawless joined Jumeirah in 1997 to oversee the opening of the Jumeirah Beach Hotel and Burj al Arab. Today he directs the worldwide operations and expansion of Jumeirah from Dubai and three area offices in Shanghai, London and New York.

With six properties and 2,200 rooms, Jumeirah is the first and largest chain of hotels and resorts to operate in Dubai. Five more Jumeirahs are on their way in Dubai, with another seven under development in eight additional global markets. By 2011, there should be more than 57 Jumeirah Hotels and Resorts, making them a company to watch in this decade.

Q The Jumeirah Group is considered to be one of the fastest-growing luxury hotel chains in the world, beginning with just three properties in Dubai four years ago and now with a plan to grow to nearly 60 properties by 2011. How are you doing it?

A Our parent company, Dubai Holding, and its investment arm, the Dubai Investment Group, have a multifaceted and rapid expansion plan that includes not only Jumeirah Hotels and Resorts but also restaurant chains, entertainment parks and real estate development activities in Dubai as well as elsewhere in the MENA (Middle East, North Africa) region and the world at large.

The rationale behind our ambitious expansion plans is that we believe it is achievable. And while we have the objective to grow the company, at the same time we want to make sure we're very well-placed with the top players in the luxury market, such as Four Seasons, Mandarin Oriental and Ritz Carlton.

In my career I have never seen the industry so vibrant in its expansion so the opportunity is there for us and others. But what makes us so unique is that we are also a part of the Dubai story. Dubai has shown through Emirates Airline that it is possible to become well-known with a world-recognized brand at the top end of the business in a short period of time. Dubai has become a place that is a very solid base to operate a luxury brand like Jumeirah— especially on an international scale.

Q What are your plans for the North American market?

A While we don't want to ignore the Americas marketplace, we do see more growth in the Far East and Asia Pacific regions, starting with Istanbul and going east. We really do think that there has been a big shift in operating internationally in the Asian marketplaces as well as the west.

Ultimately, we hope to have roughly 60 percent of our properties in the Asian and Pacific regions and 40 percent in Western Europe and the Americas.

It's important to point out that we wouldn't consider ourselves a serious global brand if we weren't well represented in North America as well as Europe, which is part of our rationale for buying and managing the Jumeirah Essex House in New York and the Jumeirah Carlton Tower and Jumeirah Lowndes Hotel in London.

It is why we have opened a North American office in New York with Frank van der Post heading up that development.

We have a road map for our growth that allows us to be opportunistic without limiting ourselves geographically. For example, if someone in Argentina said they wanted us to operate their hotel, we would be there if the opportunity was right.



Chic, contemporary
Jumeirah Lowndes Hotel is in
London's Knightsbridge district.

Q What North American destinations interest you?



Renovated guestroom at the Jumeirah Essex House

A We are very interested in the key cities of the U.S. If we have representation in at least three of the following destinations, we would feel that we had made great inroads in the North American market. Cities like San Francisco, Los Angeles, Chicago, Boston, Washington D.C. and Miami are our targets. And, of course, we are already in New York City with the Jumeirah Essex House.

We also feel there are great opportunities in the resort destinations of the Caribbean, Mexico as well as Latin America. And, of course, Bermuda, where we have already announced a project.

Q Does size matter?

A In city centers, we would need about 250 rooms. But on the resort side, we can be more flexible in size. Our Phuket property is around 80 rooms.

Q What about new development versus acquisition? How does that stack up?

A A lot of our activity will be aimed at developing the brand the way we want it to be from the ground up. But we realize there are certain markets where there are barriers to entry. In those situations, acquisition would be the route, very much along the lines we have done with the Jumeirah Essex House in New York and the Jumeirah Carlton Tower and Jumeirah Lowndes Hotel in London.

We like working with developers from the ground up on the style that we feel the brand should represent.

Q How do you differentiate yourself as a brand? What makes Jumeirah unique in the highly competitive marketplace that exists for luxury operators in search of management contracts?

A While we highly respect our competition, right from the beginning we've worked very diligently in establishing the culture of the brand around a notion of service—something that has been embedded in the Dubai culture for centuries. We have set out from the very beginning to lead in terms of how we deliver service standards.

Firstly, we have a great culture in looking after our guests. We also have a culture of looking after our people—the people who work under the Jumeirah brand.

Q Tell me about the “Jumeirah: Stay Different” philosophy.

A We've demonstrated a difference in our Stay Different branding in that we recognize that our guests are different—each is an individual. And that we are a brand of hotels that are uniquely different as well, but with a common standard of service that starts first with the guest, but also with our colleagues and our commitment to them.



Jumeirah built and operates the Emirates Academy of Hospitality Management.

We embrace that difference in everything we do. And being innovative is one of the key ingredients in our Jumeirah core philosophy. We want to get to a point where we actually say to a general manager you have the autonomy to run this hotel your way. We don't want all of the innovation coming from the head office. We want it from the point of delivery, led from the front.


As an example, we're quite happy having different amenities in differing properties, provided they meet certain luxury quality standards that we've set in advance. It's important because it strikes a chord with developers, but more importantly with guests.

You see it even in Dubai. Jumeirah Emirates Tower is totally different from the Mina A'Salam. There is a clearly defined difference between each hotel.

Q Let's talk about the important training that follows luxury service delivery. Can you tell us about The Emirates Academy of Hospitality Management, which is your company-owned training facility?

A It is a full-scale hotel management school with a four-year curriculum in hospitality management. We also do a B.A. course in travel and tourism. Both of these programs are approved by the Ministry of Higher Education of the United Arab Emirates. Our goal is to be among the top 10 hospitality schools in the world.

As an example, we have a unique academic association with the Ecolé Hoteliere de Lausanne in Switzerland and student exchange programs with a number of other respected colleges and universities. But we still run the school ourselves.

	<p>Q Is this training only available to potential Jumeirah employees?</p> <p>A No, they are free to work wherever they want. We have an obligation to the students that the college will be internationally recognized. And within the hotel school management process, there are a number of internships they must do. We encourage all of our colleagues within other hotel companies to take our students and have access to the student body.</p> <p>Now all of the big companies come to Dubai to interview our graduate class for potential jobs. Altogether there are almost 400 students within The Emirates Academy of Hospitality Management.</p>
<p>Fun and surf at the Wild Wadi waterpark in Dubai</p>	

The next phase is that we have been given 1.2 million square feet of land to establish a vocational training center as well. We see a huge need for training our future bookkeepers, chefs, waiters, restaurant managers not only in Dubai, but in the world, in general.

Q Too often when we hear about Dubai, it is described as Las Vegas without the gambling or as a Disney wannabe. But having experienced the destination firsthand, that's not what it is about, at all. Instead what I see is a totally integrated vision and strategy that focuses on Dubai as the Middle East's key destination for trade, for commerce, for healthcare, for finance, as well as for hospitality and tourism.

As an example, the fact that Healthcare City already has ties with Johns Hopkins, Harvard and the Cleveland Clinic and is building healthcare facilities unmatched anywhere in the world.

In short, this is not just a tourism play. What is driving this strategy?

A You're correct. It's truly a multi-dimensional vision that is based on a set of beliefs by His Highness Sheikh Mohammed, the ruler of Dubai. The leaders of Dubai and others in the Emirates have always had this type of culture that focuses on excellence. It is at the core of everything we do or develop.

Sheikh Mohammed decided to create Healthcare City and invited the top echelon of world-class universities and faculty to come to Dubai. And to do that you have to be able to attract the key minds of the world to come. The whole environment and lifestyle has to attract the best.

The goal of Dubai is to be a global city, a center of excellence in technology, healthcare and in attractions like Dubailand.

Some of the best hotels in the world are now in Dubai. And while we have some of the most innovative real estate projects we still have a base of great culture and heritage.

Travel and tourism helps to foster international understanding. And Dubai has always been a place where people have gathered for the purpose of trade and prosperity.

Abu Dhabi, one of our sister states, is also growing very rapidly but on a different level largely because oil continues to be a major source of its gross national product. This isn't the case with Dubai, where our oil economy is less than 10 percent of GNP.

Q What has been the response from the American market?

A The North American market is becoming much more aware of Dubai and the Jumeirah brand. The traffic to us has more than doubled in the last three years. We're experiencing a huge surge in American visitors to all of our properties, not just Dubai, but London as well.

Americans are beginning to understand that places like Dubai and the Gulf States are very different than other places in the Middle East. Dubai, Abu Dhabi, Doha are recognized as being historically the safer regions of the Middle East and aligned more with the West in their political philosophy.

The fact that Emirates Airlines has 15 flights daily to the United Kingdom, three flights to the U.S., is opening service to Sao Paulo and that Delta has just opened nonstop service from Atlanta to Dubai indicates the growth of interest from North America in the Gulf States.

Q You recently spoke at the opening CEO Session at the NYU Investment Conference. What words of wisdom did you impart?

A People have to feel a lot more comfortable with Dubai. We received a great welcome in New York when we took over the Essex House—from Mayor Bloomberg, Senator Clinton as well as the unions.

We are really connecting well between the Gulf States of the Middle East and America. People need to understand that Americans are welcome in Dubai and that it is a great place to visit.

What is important is that Jumeirah and our parent company, Dubai Holding, are very transparent. We are very public even though we are a privately held company. We are rated by Standard and Poors as well as Moodys. Everything we do is very much out in the open. We are proud of our heritage of service and excellence. And we want to share it with the rest of the world.

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