

Global players vs local expertise



Expertise in hospitality is now a growing trend in the Middle East. But how do regional hospitality consulting firms compare to the global players? **Nagi Morkos**, managing partner of hodema consulting services, reveals whether

regional hospitality consulting firms are fit enough to compete with international players

Despite the global economic slowdown, the hospitality business is still going strong in the region, with many international brands expanding in the area. The food and beverage (F&B) sector is specifically witnessing a regional growth. It seems as a "cash & carry" business with a relatively low startup investment, and thus attracts many investors.

The boom of the sector, whether new projects or franchise development, benefits consulting firms, which in the last few years have been setting their mark in a region where investors usually think they don't need professional guidance to start a business. However, with the introduction of numerous international brands, a more professional approach to establishing a business is required. If the consulting activity is more often associated in people's minds with finance, human resources (HR) or



management, expertise in hospitality is now a growing trend. "Investors understood that without an expert counseling, their

restaurants could not survive very long," says **Toufic Akl**, consultant-office-manager, **hodema consulting services**.

Around thirty consulting firms currently share the hospitality regional market. They are extremely diverse, with big structures alongside smaller ones,

different types of clients and a wide range of services.

International consultants score high with investors

The biggest players are mostly international names setting a foot in the region by opening a branch, usually in Dubai which is seen as a hub for the business. Names such as HVS, Jones Lang LaSalle, Ernst & Young and KPMG are currently operating in the area. If they all offer their expertise to the hotel business, they are less involved in F&B. Most of them provide feasibility studies, market studies, asset management, corporate finance and strategic

support. Other services more specific to the F&B sector such as franchising or concept development are thus left aside.

Strategically some of the firms focus on a specific activity: for instance Jones Lang LaSalle specializes in brokerage, which consists in acting as a go-between in hotel transactions. A useful expertise these days, as Gulf investors show their appetite for European high-end hotels such as Essex House in London or Le Royal Monceau in Paris.

The international profile of these consultants give them extra marks with investors from the GCC, who look for experts with global working standards and a good knowledge of the international hotel market. "Our



name and reputation definitely help our local activities, our clients are looking for our signature on the studies", explains **Fadi**

Moussalli, regional director of International Capital Group at **Jones Lang LaSalle MENA**.

These international consulting firms are not the only ones to operate in the region; smaller regional and local structures try to stand out as well. It is difficult to estimate their exact number in the whole region, as

they are not all registered with a professional body. But, according to our research, there are more than twenty in Lebanon alone. Unlike international names, most of these small and medium scale consulting companies also work in the F&B industry, an ever-booming sector in the Middle East and hence creating a source of opportunities for consultants.

Local consulting firms offer niche expertise and flexibility

To be able to stand up to bigger international structures, they develop a niche expertise usually based on their familiarity with the culture and habits of the region, a skill particularly useful in F&B. "The concentration of consultants specialized in F&B is limited to Beirut and more recently Dubai. The reason behind this is the high concentration of international and innovative restaurant concepts, and thus specialized personnel," analyzes Akl.

Being small and medium sized, these consulting firms are more flexible than the global ones. The profile of their clients ranges from real estate developers, hotels, retail chains, governmental bodies, to hospitals and financial institutions. Lebanese consultants also have the particularity of expanding their activities to neighboring countries, since market opportunities can be limited by the small size of the local market. Damascus until recently was a natural extension



for their business, and countries members of the GCC such as Saudi Arabia, Qatar, United Arab Emirates (Abu Dhabi) and Kuwait are stable growing markets.

“Our name & reputation definitely help our local activities, our clients are looking for our signature on the studies”

The increased number of Lebanese consultants forces bigger firms to act. Some of them are already considering the idea of setting up a local F&B expertise on top of their other activities. This move also answers the recent “back to the roots” trend which has spread throughout the region, with a growing number of traditional restaurants and venues opening and the success of local franchises.

For these clients, local consultants can win over international names. The language, geographical and cultural proximity gives the Lebanese consulting companies an advantage over foreign companies. But the latter still get the favors of foreign hotel chains, which are not looking to adapt their concept to the local markets but rather bring their international prestige to the region. “Being physically in the market, through a branch gives an edge to the consultant in terms of understanding the

local specificities; however, large companies compensate by having a wider penetration of the regional market and contracts with global brands,” explains Moussalli.

The third, and relatively new, type of hospitality consultant is an individual selling his/her own expertise without the framework of a company. Experienced consultants have always offered their services under their own names and succeeded thanks to their credibility, but now younger ones try to build themselves a reputation without being employed by consulting firms before standing on their own two feet.

Since there is no specific training leading to consulting, most professionals either study food science and hospitality or have experience in opening and managing a place. This lack of consistent standards can harm the sector and confuse clients, who may struggle to find their way around the industry.

This is why some Lebanese consultants have recently decided to create a structure gathering their fellow hospitality experts.

The Hospitality Consultants Association Lebanon (HCA Lebanon) aims at regulating and protecting the rights of hospitality consulting firm owners in Lebanon and promoting the industry. Its goal is to establish an entity acknowledged by the government and the hospitality key players.

The HCA Lebanon currently has five members (hodema

Selected hospitality consultants in the ME

Company	Year est.	Country est.
Abi Nader Hospitality Consulting Services (AHCS)	N/A	Lebanon
Addima	2003	Lebanon
Amber – Hospitality Consulting	2006	Lebanon
Benchmark	2003	Lebanon
Bites Food Co.	2009	Egypt
Booz & Co.	1914	International
Business Unlimited	1983	Lebanon
Core	N/A	Lebanon
Deloitte	1880	International
ECE	1982	Lebanon
Ernst & Young	1989	International
Euromonitor International	1972	International
FBC	2004	Lebanon
G.W.R	2004	Lebanon
GA Consult	2006	Lebanon
Glee	N/A	UAE
h-hôtelier sarl	2009	Lebanon
hodema consulting services	2004	Lebanon
Hospitality Concepts and Solutions (HCS)	2004	UAE
Hospitality Senses	2011	Lebanon
Hotels & Tourism Development	1995	Lebanon
HVS	1980	International
Integrated Management Consulting (IMC)	N/A	Lebanon
Jones Lang Lasalle	1999	International
KPMG	1987	International
Milestone	1997	International
MKG	1985	International
N4TC	2003	Lebanon
Platinum Pitch	2005	Lebanon
Price Waterhouse Cooper	1998	International
Profinance	N/A	Lebanon
Protocol	2005	Lebanon
The Beirut Consulting Group	N/A	Lebanon
The Unit	2008	Lebanon
TRI Hospitality Consulting	approx 1972	International
Turnkey Ventures	2008	Lebanon
Ulysses Management & Consulting	2002	France
Viability Management Consultant	2006	UAE

Source: hodema 2012

Consulting Services, Turnkey Ventures, h-hôtelier, Amber Consulting, The Unit) but aims at setting a unified structure for all consultants in the country. This initiative can be of great support to Lebanese consultants allowing them to meet international quality standards,

hence further attracting regional hospitality owners, investors and operators, who are usually seduced by international consulting names. (hca-lebanon.com)



NEW TREND: ONLINE PROPERTY AUCTION

As online auctions continue to gain traction globally as an accepted method to buy and sell real estate, the new partnership between UAE-based Asteco Property Management and the international real estate auction-marketing company LFC International Real Estate Brokerage, will give clients a competitive advantage over traditional real estate sales and marketing tactics, while delivering broader exposure and accessibility to investors across the globe.

“The real estate market in the UAE, particularly Dubai, continues to draw a significant amount of interest from institutional and private investors from overseas. Furnishing these financiers with the opportunity to invest in local property through a safe, secure and transparent online auction will undoubtedly make it more convenient and therefore even more popular,” said Elaine Jones, CEO, Asteco Property Management.

LFC is a member of the US-based LFC Group of Companies, which has been auction-marketing residential, retail, commercial properties as well as land, worldwide for over 35 years. The partnership aligns Asteco’s strategic goal to deliver internationally recognized sales and management solutions, by providing their clients with the capability

to market properties internationally via an online auction.

“LFC has successfully auction-marketed thousands of properties, with sales in excess of USD 5 billion and for the last seven years, has conducted real estate auctions exclusively online,” commented Bill Lange, CEO & president of LFC.

Typically the process for an owner to sell their property via the online auction begins with submitting an agreement, establishing the minimum bid, and setting the bid deadline which is usually 30 days after the property’s profile page is “live” on the auction website Freedom Realty Exchange - FRE.com. Interested buyers can then view property images and conduct due diligence directly from the website, as well as place their bids. Once the auction concludes and the reserve price has been met, the highest bidder is contacted, a solicitor is instructed to carry out all legalities, contracts are exchanged, funds released and the sale is completed.

“We live in a digital age and along with QR codes and smart phone ‘apps’ clearly online auctions have a integral part to play in the virtual property marketing mix, both now and in the future,” added Jones.