



'When I start buying hotels with golf courses, you know it's over'



Ciarán Hancock

Business Editor

Dalata chief executive Dermot Crowley says the secret to the Irish hotel group's success to date has been its staff

"It's been a really bad weekend," says Dermot Crowley, chief executive of the Dalata Hotel Group. He's referring to the Cork senior hurling team's defeat the previous Sunday to Clare rather than a slew of empty rooms at the 53 hotels that comprise the Irish hospitality chain.

"I'm a big Cork hurling fan... we keep losing these classics by a point or two," he laments with a shrug. He's not a fan of the GAA's new championship structure either, but that's a story for another day.

We're meeting in the smartly appointed four-star Clayton Hotel in Leopardstown. General manager Simon Anglin tells me the hotel was full the night before.

The Clayton is well located, situated close to Leopardstown racecourse, the Central Park office campus and Sandycroft Business District, both of them busy corporate hubs. After the interview, the foyer and public lounge are humming with activity. It follows the Dalata model: corporate on week days, leisure at the weekend.

Dalata, which listed on the Irish stock market a decade ago, last month reported "lower levels of trade in Ireland" so far this year, with RevPar (revenue per available room, a key industry metric) down 4 per cent for the period January to April on a "like for like" basis when compared with the same time frame in 2023.

This followed two strong years of trading post the lifting of pandemic-related restrictions. Revenue last year rose by 9 per cent to €608 million from a portfolio of 53 hotels. In 2019, the last full year before Covid-19, it booked revenues of €429 million from a chain comprising 44 hotels.

Crowley cites a mix of factors for the recent soft trading. "In the first quarter of this year, there were over 2,000 additional rooms [in Dublin] versus the first quarter of last year," he says, noting the opening of new properties and others that came back into the market, having previously been rented to the State.

"On top of that, you had the VAT rate going from 9 to 13.5 per cent, fewer events as well, just the way the calendar fell. January and February were well behind. March was on par with last year, and then April was also behind because in that Easter week [of 2023] you had the [President] Biden visit."

"But as we look into May and June, bookings are strong, with lots of concerts, rugby matches on, and the Uefa Europa League Final in Dublin. The underlying corporate demand has been strong as well."

"It's a different type of corporate. Some of the large users pre-Covid still aren't back, the technology companies aren't back using hotels as much as they did because of working from home and not travelling as much for business. All in all, it hasn't been too bad."

In the UK, London is "still recovering",

he says, but "provincial UK is doing okay".

In spite of recent soft trading, Crowley says the outlook for the Dublin market remains bright, with the economy performing strongly and almost at full employment. In addition, just 600 new bedrooms are due to come on stream in each of the next two years, higher interest rates have made funding a challenge for new hotel developments, rising, and new legislation will crimp short-term lets for tourists.

Business activity might have softened, but Dalata continues to invest in growth. It has just spent €3 million on a brand refresh to bring some consistency to its three brands – Dalata (the mother ship), and the four-star Maldron and Clayton hotels. Dalata will also open four new hotels in Britain this year, in Brighton, Liverpool, London and Manchester, to bring the portfolio up to 57.

Damaging perception
Crowley bristles at the mention of price-gouging by Irish hotels, a charge levelled by some politicians over the past couple of years as room rates have risen post-pandemic – especially when big events are on. He says this commentary is beginning to hurt the industry.

"The perception that hotel prices in Dublin are always expensive is definitely unhelpful in terms of domestic trade. In January and February, when there was really good value, people weren't checking. We can see that the number of Google searches for hotel stays dropped considerably in the first few months of the year in terms of domestic searches."

"Inevitably, when Taylor Swift is playing, someone will charge €1,000 for a room, but it won't be us, and it will be all over on the media. Everyone will focus on that and won't focus on the fact that our average room rate last year was €158. That's something the industry needs to address, but I'm not sure how we do it."

Dalata is Ireland's biggest hotel chain by a distance. Is there still room for growth?

"We're putting a new hotel in beside Croke Park [about 200 bedrooms], a Maldron. We're doing an extension at our Cardiff Lane property, adding 110 rooms there. We'd always look to do an extra hotel or two in Dublin, it's a growing city. We'd like another hotel in the centre of Galway, we've been looking for quite a while but it's a hard city to get into. Apart from that, we're done really in Ireland."

Dalata won't be a bidder for the Mount Juliet or Slieve Russell golf resorts that were recently put up for sale. "When I start buying hotels with golf courses, you know it's over."

The UK is the near-term target for expansion. By the end of August, Dalata will have 22 hotels in Britain, amounting to about 5,500 bedrooms, he says.

Crowley sees plenty of headroom for expansion. London, where it has four hotels, with another in Shoreditch to open later this year, could be a "very significant growth platform" for Dalata. In Manchester, it's adding another 200 rooms at its airport hotel, with a new Maldron to open in the city centre, and, he adds, "we'd do another one".

"We'd be the biggest four-star operator in Manchester as of this year. We like clusters of hotels. If someone joins us and they don't want to leave Manchester, they can grow [their careers] between properties."

Dalata last year announced plans for a first hotel in Edinburgh, and Crowley says it would like to get to the point where it has about 2,000 bedrooms in the Scottish capital, but it's "really difficult" to find properties there. "We've only one hotel in Birmingham, we'd like a few there, we've only one in Bristol, and we'd like a second one

Dermot Crowley, chief executive of Dalata: 'When you go in with a new product, that's when you do really well'. PHOTOGRAPH: BARRY CRONIN

there. We reckon there's another 4,500-5,000 rooms we could do in provincial UK outside the current pipeline.

"There are a lot of crummy hotels right around the UK that are really struggling. So when you go in with a new product, that's when you do really well."

Dalata has also dipped its toes into the continental European market, taking over a former Hard Rock Hotel-branded property (173 bedrooms) in Amsterdam last year and opening in Düsseldorf, dubbed the fashion capital of Germany. The Dalata effect is demonstrated by the fact the Amsterdam property has had "six or seven" nights of full occupancy this year. "Last year, they didn't have one night full," he says. "And that hotel is only with us six months."

Over the longer term, Crowley sees plenty of opportunity for growth across Europe and it has just hired someone who will be based in Germany to scout for opportunities.

"We're looking right around a variety of cities and ones that have a strong mix of corporate or leisure. So if you look at Spain, we would go to Madrid, but we wouldn't go to Marbella. If we were in Portugal, we'd go to Lisbon, but not to Faro. In Germany, Munich, Cologne, Hamburg, Berlin, are all really attractive cities for us to operate in. In Belgium, Brussels makes sense for us."

"Continental Europe is the growth engine. For now, we'd like to be adding a hotel a year for the next couple of years and then a couple of hotels a year, and you go from there. In reality, the major growth [for the next five years] is going to come from the provincial UK and London. In five years' time, we'll still be growing in London, but Europe is then where we'd be growing."

Relentless focus

Crowley says the secret to Dalata's success to date has been the "people".

"The hotel business is reasonably simple. The distribution is a bit tricky, but if you've got really good, well-trained, well-motivated, happy people, they'll take care of your customers, and if you've got happy customers, that then will lead on to everything else. We are relentless in our focus on people. It's the investment in the Dalata academy, and it's the promotions from within – over 500 promotions internally last year. Over 800 went through development courses."

Innovation is another key element, something that Dalata has used to help fund wage increases for lower-paid staff – essentially paying fewer people more money so that they can make ends meet in their private lives. Crowley cites its housekeeping department as an example of this.

Following a time-in-motion study, Dalata reduced the amount of time spent cleaning rooms at its Irish hotels by 10 per cent on a like-for-like basis. All that while retaining high scores with staff on engagement, with customer satisfaction scores "up marginally", and no compromise on cleaning.

"We did simple things like cordless vacuums, which stops someone bending their back about 28 times a day, and they're saving time. We introduced a QR code on their trolleys, so if they use their phone they get information as to which rooms have been checked out. Previously, they had to knock on the door, wait 15 seconds, knock a second time and wait 10 seconds."

"We also looked at the type of cleaning. So if you're a single corporate, the type of clean will be different to a family room. It's tailoring the cleaning to the customer."

In its kitchens, most of the cooking is done off-site now and food comes in needing only to be heated in high-tech ovens and dressed on the plate. "We've increased our customer scores in terms of our food,

CV

Name: Dermot Crowley
Job: CEO, Dalata Hotel Group
Age: 57

Lives: Leopardstown, Dublin
Family: Married to Jo-Ann Durrin with three children, Darren, Shayna and Ryan.

Hobbies: Loves all sport. Played rugby and tennis but hurling is his "favourite sport to watch" and he coaches an under age hurling at Kilmacud Crokes in Stillorgan.

Something we might expect: "I am data driven."

Something that might surprise: "Up to 10 years ago I would have preferred to go to the dentist rather than do public speaking. Would be shaking going up to speak. But I constantly forced myself to do it. And now I've no problems with it."

Leadership style: "I'm really good at shutting off. I'm not on 24/7. I wouldn't feel the stress of the job. I rely on my team. I spend a lot of time on team dynamics."

while the quality and the consistency has increased."

He says entry pay levels are now 20 per cent higher than two years ago, without the need for redundancies. The efficiencies helped reduce the need for casual workers and targeted areas where there are "always vacancies".

That said, customers might be surprised to discover that their meals are essentially par-cooked off-site and reheated in the hotel. "The technology in terms of cooking food has changed completely, and in that environment you get more consistency. And quality has gone up," he insists, adding that this is common at other Irish hotels and restaurants. Steaks and "more complex dishes" are still cooked to order on site, he says.

'Mad money'

Hailing from Cork, Crowley trained with PwC there before departing for a role with Procter & Gamble in the UK. Through a friend he was approached to join Forte hotels and returned home to be financial controller in the Shelbourne. "I worked there for three years and really enjoyed it. I did some duty management and hadn't a clue what I was doing."

From there, he went to work for Bill Cullen in the motor trade for two years, before being approached by Pat McCann to join Jurys Doyle hotels. McCann later tapped him for a senior role with Dalata in 2012, and he succeeded McCann as CEO in 2021.

Crowley was heavily involved in the sale of the Jury's hotel in Ballsbridge to Sean Dunne for an eye-popping €270 million. With the closing of the sale dragging on, Crowley gave Dunne an 11.30am deadline one Sunday morning to complete the process, after which he would switch off his phone to attend a Cork v Waterford All-Ireland hurling quarter final. "He was a bit surprised, but I think he believed me eventually and we agreed it and I went off to the match."

The Berkeley Court later went for €130 million, also to Dunne, which Crowley accepts was "mad" money. Dunne, of course, never got to develop either. "My theory was just sell it to the highest bidder. It wasn't my job to work out if they were going to make money out of it or not."

The ultimatum to Dunne worked – Cork beat Waterford and went on to lift the Liam MacCarthy cup. It was the county's last All-Ireland. One weekend that wasn't a disaster.

Planet Business

Laura Slattery



In Numbers Shipping forecast

20%

Industry capacity between Asia and Europe will fall by up to a fifth this quarter, as disruption to Red Sea container shipping rises, warns Danish giant Maersk.

125,000

Additional containers leased by Maersk in order to "boost reliability" and compensate for the impact of the attacks by Houthi militants in the area.

40%

Maersk's fuel costs for the affected routes have climbed this much higher, it said, with its vessels now swerving an expanded "risk zone" and going the long way around Africa's Cape of Good Hope.

Image of the week Airport hell



It is one of the founding principles of the universe that the length of a queue at passport control will be inversely proportional to the height of the ceiling at the passport control corner of the airport in question. That's just physics.

To be fair to the robots in charge of the Border Force e-gates at UK airports, they at least had the decency to wait until after the bank holiday to go into meltdown, with the widespread glitches prompting significant disruption at airports including Heathrow, Gatwick, Stansted, Edinburgh, Birmingham, Manchester and Bristol.

This meant immigration officers – some of whom were on strike at Heathrow last week – were obliged to "manually process incoming passengers", old-school style.

The resulting delays and chaos – which saw thousands of penned-in arrivals forced to stand in line for hours, often after long flights – does not bode well for the smooth passage of the summer holiday season. Top travel tip: always carry a duty-free Toblerone for emergency snack purposes.

Getting to know Boeing Starliner

Casual surveyors of Boeing headlines in recent months might be surprised to hear of the company's ambitious plan to boldly go where it has never gone before: on a crewed mission to the International Space Station. Wait, aren't you guys having trouble flying 737 Max 9s at 16,000ft over Oregon without losing bits of the aircraft along the way? Are you sure you're ready to take actual humans off-planet?

Nevertheless, Boeing's new CST-100 Starliner space capsule was due to be launched last Monday with two NASA astronauts on board – Barry "Butch" Wilmore and Sunita "Sunni" Williams – and the flight was only called off with two hours left in the countdown.

This was because a pressure regulation valve malfunctioned on the upper-stage liquid oxygen tank of the Atlas V rocket that was due to carry it into space, with this rocket being the product of a Boeing-Lockheed Martin joint venture. Talk surfaced of another attempt being made as early as today, before NASA confirmed it would be at least May 17th before the Starliner made its debut.

The List Millionaire cities

You can't move for millionaires in some cities. Well, obviously, you can as they're all just taking private helicopters from one millionaire cave to the next. But which cities have the most millionaires? "Investment migration" advisers Henley & Partners, in partnership with New World Wealth, have crunched the numbers.

5. London

The UK capital has 227,000 dollar millionaires – down 10 per cent over the past decade – and 35 billionaires. But slightly fewer of each in sterling terms, obviously.

4. Singapore

By contrast, Singapore has become even more of a millionaire magnet over the past 10 years and now has 244,800 millionaires, according to the Henley data. Oh, and 30 of them are billionaires.

3. Tokyo

There are 298,300 millionaires based in Tokyo, apparently, and 14 billionaires, with that first tally falling 5 per cent between 2013 and 2023.

2. Bay Area, California

Not even lumping all of Silicon Valley in with San Francisco was enough to take top spot, with 305,700 millionaires and 68 billionaires knocking about. Either despite this or because of it, thousands of people in San Francisco are homeless.

1. New York

The city has 60 billionaires and 349,500 millionaires, which goes some way to explaining the existence of the Met Gala.