

IN BALI, VILLAS LURE BUSINESS CLIENTS

By **STEVE MOLLMAN**

Bali, Indonesia- A gentle breeze floats over the pool. Thin clouds stretch lazily across a deep blue sky. The temperature is magical at the Maharaj, a luxury villa in the Oberoi district here. It is ideal for doing nothing at all.

Or, if you are Bob Reed, it is perfect for getting real business done. Mr. Reed is co founder and principal at **Options Group**, a global executive-search firm. For him, Bali's villa — luxury compounds where guest usually stay in individual pavilions are as appropriate for work as for relaxation. "At the senior level, it's better to build relationships in this kind of setting than in a conference room in Tokyo, HongKong or Singapore," he says. "Where the vibe is more relaxed, relationships just mushroom."

Mr. Reed isn't alone in finding villas an ideal if unexpected place for doing business, even following the Bali nightclub bombing in October 2002. "More people are catching on to what a great deal the villas here are, and more companies are looking for private villas to have private meetings," says Jose Luis Calle, General Manager of the Bale, a villa/hotel in Nusa Dua.

So, what do executives catching on to as they meet? "I'd say the talk is half to work, half personal," Mr. Reed says. He uses the Maharaj for treating clients, holding offsite meetings, wooing potential employees, and holding parties.

Such events are essential to Mr. Reed's head hunting business. Back in August, he recalls, he invited a guest at a nearby villa to a party; that guest in turn brought along his own group of contacts, including several high level financial service experts. "If we meet five people like that," says Mr. Reed, "you are talking potentially hundreds of thousands of dollars in fees over the next few years.

And it isn't just financial types turning to villas. Last year, the fashion group Hermes used the Purnati villa in Ubud to launch its Nomad watch.

Marcus Foley, Managing Director of high-end interior design firm PDM International, says that in the past five years, he has held a number of meetings with clients and staff in Bali and has stayed in "maybe 12 different villas." Mr. Foley's favorites include Villa Santai, Maharaj and Banyan Estate. "Also, the recently complete Istana which overlooks the sea on the cliff edge."

Mr. Foley says he prefers villas for several reasons: "the benefits over a traditional hotel," he says, "include unique accommodation, great ambience, flexibility and cost savings when you include food and drinks that are cooked and served by the in-house staff, and the fact you are made to feel special.

Not surprisingly, villas are becoming more business friendly. Ita Newman, owner of Umah Di Beji, a five-room villa in Canggu, says she is making modifications in responses to the increased interest from the business user.

"I've received quite a few inquiries from businesses including from HongKong, Singapore and Jakarta in the past year asking about using the villas as an off-site," she says. "I've definitely sensed a change." After reluctantly turning away business groups that were too large, she is adding extra

buildings as well as an underground area for use as media or meeting rooms. Cahaya Mentari, a villa under development between Seminyak and Canggu, will specifically target business users and has conference facilities built into the master plan.

“I would compare it to a golf outing with a client.” Mr. Reed says, “We never really need to sit down at a conference table and hash things out. We might need the Internet and a phone, but not necessarily professional facilities.”

Indeed, the very informality of a villa that sets it apart from chain hotels. “We feel villas are more personal,” says Mr. Foley of PDM International. “They allow us to better communicate and develop longer term relationships.”

There is also the matter of economics. While a villa may sometimes sound expensive, it costs less than a hotel. Umah Di Beji, with five rooms, charges **\$650** to \$950 a night to rent the entire complex. The Maharaj, also with five rooms, is a bit less expensive, at \$250 to \$450 a night.

“Hotels lure people in with cheap room rates and then nail them on the food and beverage and event costs corkage fees, must-use hotel catering, event fees, First World pricing for food and drinks, and so on,” says Ian Macaulay, Managing Director of Elite Havens, a villa rental agency.

Villas, in contrast, include the staff in the price, which means it will cost nothing extra to have staffers run down to the local market for vodka and tonic and serve drinks all night.

But it remains a niche business for now: Big banks and multinationals aren’t flocking to Bali, not while governments are warning their citizens about the threat of attacks, a villa owner acknowledges. Add Stephen Vickers, President and Chief Executive of International Risk Management: “American companies especially tend to avoid Indonesia.”

“Most of the villa guests tend to be Asia-based owners and executives of high-level but not necessarily large companies.” Mr. Macaulay says, “They don’t have to deal with multinational paranoia and liability issues.”

www.elitehavens.com