



THE SUNDAY TIMES

The Sunday Times July 14, 2024

BUSINESS

My hotel giant can conquer the world

Elie Maalouf, Lebanese boss of the hotels group IHG, was bounced into learning English as a boy. He's a straight-talker now

INTERVIEW
OLIVER
GILL



One thing people can't say about Elie Maalouf is that he's too PC. The Lebanon-raised chief executive of the world's biggest hotel company, InterContinental Hotels Group, is recalling what it was like being packed off, aged six, to an English-speaking school when he had zero grasp of the language.

"Today you'd probably call it child abuse," the 60-year-old says, sitting in a sumptuous top-floor suite at the InterContinental London Park Lane. "Seriously, given how sensitive people are."

His PR handlers gulp hard on their lattes. Out of the window, Hyde Park looks resplendent in the sunshine. It's a picture-postcard day in London, with the blue sky interrupted only by a few wispy clouds and the criss-crosses of aeroplane contrails.

Maalouf is in good spirits for his first sit-down interview since taking the job a year ago, and it is not just because of the weather.

IHG, the £13 billion hotels juggernaut whose brands include Holiday Inn, Crowne Plaza and Kimpton, has gone from strength to strength since he took over. The FTSE 100 stalwart's shares are up more than 50 per cent.

The company employs about 375,000 people across nearly 6,400 hotels globally. And despite a difficult economic backdrop, revenues rose last year by nearly a fifth to \$4.6 billion, with pre-tax profits almost doubling from \$540 million to \$1 billion.

IHG's roots go back to the early days of Britain's "beverage" – the wealthy beer barons who made fortunes from pub-going Brits. William Bass set up his eponymous beer-making empire in 1777 in Burton upon Trent in Staffordshire, soon opening pubs and then adding inns with rooms to his empire.

Bass moved into mainstream hotels in the 1980s, buying the Holiday Inn franchise outside America. Then, in the early 2000s, the sprawling group was split in two. The pubs became Mitchells & Butlers and the hotels became IHG.

Much of the hotelier's success since then can be attributed to trailblazing an

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"asset-light" business model. IHG sold off its freeholds and long leases to property investors, but continued running the hotels under management contracts. With the \$8 billion it raised from selling its properties, it bought and launched more brands, and now has 19 around the world.

Maalouf's favourite? "I don't have one," he claims, somewhat unconvincingly.

Dressed in a blue suit and open-necked white shirt, Maalouf takes a sip of his decaf skinny latte as he sets out his plans for IHG's next chapter. Embedding newer chains such as the budget brand Garner will be important, he says, but more critical is growing the group geographically.

"We're very big in North America, Europe and China, where we have nearly 800 hotels," he explains. "But there are other markets that have a lot of potential – established markets such as Japan where our share is low but the market's big, and then also emerging markets, southeast Asia and the Middle East, like Saudi Arabia."

"And we now have enough hotels under development to double our business in India," he adds.

Another priority is growing branded "residences" – luxury apartments or houses that are tied to a hotel name, meaning customers can benefit from all the amenities of the brand. Roughly half the new opportunities in the luxury sector come through branded residences, says Maalouf.

Born in the US in 1964 while his father was studying there, Maalouf grew up in his family's native Lebanon. "I'm more American than my name, but less American than my accent," he says in his US drawl.

The 1960s were something of a stable period for Lebanon, with Beirut's beach club hotels becoming a playground for film stars such as Brigitte Bardot and Peter O'Toole. Yet by the end of the decade, Maalouf's father, a UN diplomat by this point, could sense political tensions were mounting. He moved the family first to Algeria and then Italy, where they looked on in horror as the country descended into civil war in the 1970s.

It was in Rome that Maalouf was dispatched to an American school having never spoken a word of English. "But I figured it out and moved on," he says.

From school in Italy, he left his parents to head to the US, where he studied engineering at Virginia Tech followed by an MBA at the University of Virginia. After that came a job in Washington DC at the real estate arm of Weyerhaeuser, one of America's biggest timber companies.

By 1993, Maalouf's parents had moved from Italy to a home in Washington to retire. Maalouf, a big family man, was looking forward to living closer to his parents in their later years. But then he was offered a dream job at Weyerhaeuser's head office in Seattle, nearly 3,000 miles away.

"I'll never forget my father saying, 'Just do it – we'll see each other, we'll figure it out,'" he recalls. "I felt really bad about that, because they were waiting all these years to get closer. And now we were packing up and leaving."

Moving from the east to the west of the



RACHEL ADAMS FOR THE SUNDAY TIMES/ILLUSTRATION: TONY BELL

We don't have any plans to leave the London Stock Exchange. It's not on top of my list

Elie Maalouf says there is a lot to like about Britain ... even the weather

US with his wife proved a seminal moment in Maalouf's career, partly because Seattle was home to some new giants of business. "Microsoft was booming, Starbucks was getting started. And we had a wonderful four years there from 1993 to 1997. I made a lot of great friends. I learnt a lot working at corporate headquarters in those years."

Maalouf's desire to return to Washington DC and his parents persisted, however. So when a senior job came up with HMSHost, a spin-off of the hotels group Marriott, back in the US capital, he jumped at it. But tragedy struck. "My father passed away before we could even tell them," he says, pausing reflectively.

Then he shrugs: "You can't plan things perfectly, but I know he would not have regretted the fact that we moved away. I learnt a tremendous amount in those four years at the corporate. You get to see how the top of an organisation works, even though you're carrying bags and shuffling papers for people."

After working his way up to chief executive of HMSHost, Maalouf spent two years with the consulting giant McKinsey before being headhunted to run IHG's North American arm in 2015.

He says working in close proximity with senior executives was what made him the success he is today, and it is why he harbours fears for younger generations as the post-pandemic trend for working from home becomes the norm.

Remote working is a bugbear for Maalouf. "We promote flexible work and we allow people to work remotely from time to time. We think it's a good idea, especially in a travel business."

"But the reality is that for personal development and growth, a significant amount of it comes from observation, interaction, learning the soft skills, and observing leadership. It's hard to become a leader, an effective one, without observing it in its own natural state."

"The concern I have is more about the younger generation being misled that remote working will be enough to propel the career. Because I know they're ambitious. I know they've spent a lot of time and effort on their education in many cases. I just don't want them to believe that it can be done in their pyjamas from their living room."

A growing number of London-listed companies have left for America over the past 18 months to tap into deeper pools of capital. Cement maker CRH, building supplies company Ferguson and bookmaker Flutter are three of the larger companies that have deserted the London Stock Exchange, while reports have suggested that oil major Shell and construction supplier Ashted have likewise reviewed options for quitting the UK.

So, will the international IHG be leaving the UK stock market? The answer is somewhat equivocal: "We don't have any current plans to do anything different. However, given the responsibility that we have to our shareholders, you have to assume that our board from time to time will evaluate all possibilities to create sustainable shareholder value. But we don't have any current plans. It's not on top of my list."

Maalouf has spent recent weeks on the road seeing institutional investors. So what do they say about moving the listing to New York? "We don't feel a meaningful drive. I've just spent a lot of time with our shareholders. It's not a major theme with our investors."

He adds that Britain has a lot more going for it than a lot of people think. "There's a tendency to be too hard on a lot of things. Even the weather here in the UK is underrated, as much as people complain about it all the time."

"My wife and I actually think the weather is very congenial."

After the summer we've had so far, that's another controversial statement.

THE LIFE OF ELIE MAALOUF

Born: May 14, 1964
Status: married for 31 years with three sons
School: Notre Dame International School in Rome
University: BA from Virginia Tech and an MBA from Virginia University
First job: a waiter in college
Pay: £3.9 million
Homes: London, Washington DC and "everywhere the business takes me"
Car: "In London I use taxis, public transport and I like walking. In the US, a 2011 Audi A8"

Favourite book: *Wuthering Heights* by Emily Brontë
Drink: various teas including breakfast and ginger and a Lebanese favourite of adding orange blossom to tea. A little wine and beer
Films: *Cinema Paradiso* and *Senna*, a documentary on the late Formula 1 champion
Music: "I like a variety – Vivaldi, Bach, Santana"
Gadget: iPad – "I would be lost without it. It's small enough to carry everywhere and big enough to read properly"
Watch: Tag Heuer or Timex for casual
Last holiday: Maine for a long weekend on his wedding anniversary
Charity: Sesobel, which supports children with disabilities in Lebanon



Maine provided a romantic backdrop for Maalouf. Bach is a musical favourite



WORKING DAY

"Being CEO of a global business, I could be waking up in any part of the world," says Elie Maalouf. "Wherever I am, I get up early and do some form of exercise to stay healthy."

"Every day is different. I spend lots of time with key stakeholders, colleagues, our hotel owners, customers and shareholders – looking at the business and where we're going to grow."

DOWNTIME

The chief executive of IHG likes spending time with his family – his wife, sons, two sisters and mother – and a few friends. "In the summer, I like to grow a vegetable garden in the limited patch my wife allows me."