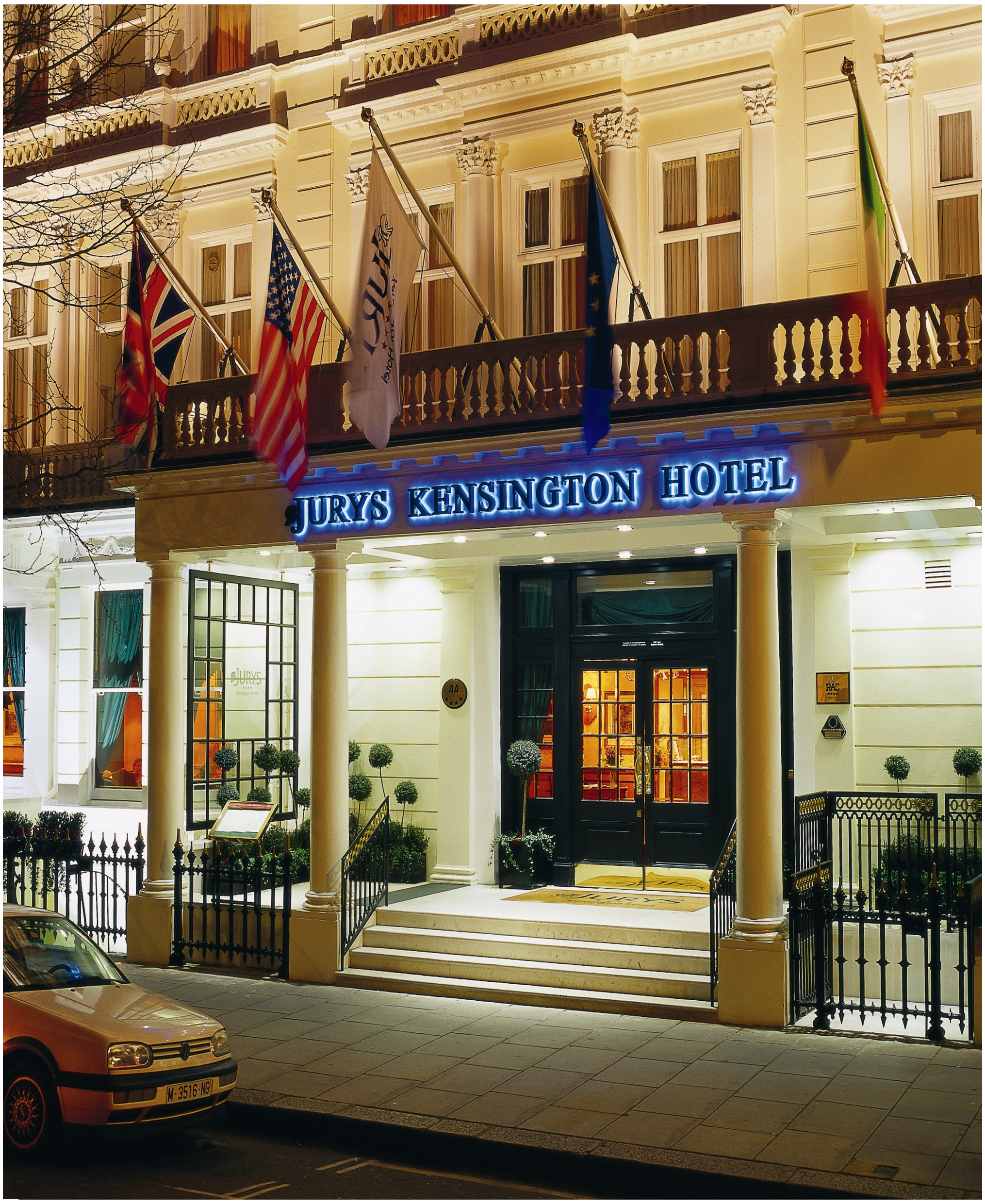
RePro Project | Real–Life Business Projects in Multicultural Student Centered Learning

RePro Case



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A Travel Deep in History

The "Commercial Lodgings" at No. 7 College Green, Dublin in 1839 was only the beginning of a long and successful tradition in the hospitality industry for Jurys Doyle Hotel Group plc. William Jury, himself a former commercial traveller, started this enterprise based on his experience as a guest (the equivalent to customer in the hospitality industry) of many inns and lodgings. Within the next decade, "The Commercial and Family Hotel" occupied Nos. 6, 7 and 8 College Green as well as Nos. 1 and 2 Anglesea Street. For the next 150 years the concept would not change, regardless of the enterprise's growth: accommodation appropriate for business people and families as well, with the same personal care that a small hotel owner would offer its guests.

When the British retired from Ireland in 1922, the now called "Jurys Hotel" remained vacant before being purchased by a group of twelve Dublin businessmen, in 1924. In the years to come, the Company acquired a second hotel in Dublin, The Moira, which was located on Trinity Street. Jurys Hotels Limited was reasonably successful and in 1963 a new wing of eighty bedrooms was added to Jurys Hotel. In the same year, the first performance of Jurys Irish Cabaret took place to cater for the tour groups now arriving from America on Aer Lingus's newly purchased Boeing 707's. Steadily, the show has grown from humble beginnings in the sixties to a world-renowned show that has entertained millions of people.

Jurys Hotels limited has seized the many developmental opportunities offered in the '70s, most of them offered by Bord Fáilte (the Irish Tourist Board) to become Jurys Hotel Group Limited with Jurys Hotel Ballsbridge in Dublin becoming the flagship property of the new company. In April 1986 the company was floated in the stock market with huge success as the issue was massively over-subscribed, and Jurys Hotel Group plc became a reality. Over the following years, refurbishment and development programmes were undertaken at each of the hotels, while the possibility of overseas expansion was given serious consideration.

A New Branding Strategy

Tapping into the market needs, in 1993 Jurys' management decided to target two different but equally profitable markets: upmarket business and perhaps leisure travellers and the "budget" market. The company now offered two distinctive brands, the Jurys Hotels and the Jurys Inns. Jurys Hotels offered their guests a superior array of luxury 4-star and 3-star accommodation in prime city-centre locations, designed to give a winning formula that has proven its popularity with both business and leisure travellers alike. While offering all the advantages of locations chosen for their proximity to both local attractions and business districts, guests would also find excellent conference, dining and leisure facilities. On the other hand, Jurys Inns would offer all the advantages of a budget-style hotel in central locations, at a fixed room rate with a basic contemporary bar and restaurant. Rooms would be large and spacious offering all modern conveniences and able to accommodate three adults, two adults and two children sharing or just one person in complete comfort.

Welcome Mr Doyle!

Pascal Vincent Doyle was an entrepreneur who recognised that as tourism became more available and more affordable, Dublin had the need for new "medium" grade hotels. He founded the Doyle Hotel Group in 1964 by opening the Montrose Hotel in south Dublin, an instant success, serving local businessmen during the week and providing affordable, quality accommodation for guests coming into the City at the weekend. Doyle's entrepreneurial skills grew the company at an unbelievable rate. In 1972 the group developed the 506-rooms Burlington hotel in Upper Leeson Street, in

‘Georgian’ Dublin, the heart of the action and central to the whole whirl of Dublin life - the ideal location for business or leisure. It was and still remains Ireland’s largest hotel.

Doyle’s strategy has been to grow the business organically and by acquisition to achieve geographic and segmental mix to generate strong business from the corporate, tourism and leisure markets. Soon, the Doyle Hotel Group became Ireland’s largest privately owned hotel company with a presence on two continents in three capital cities – Dublin, London and Washington DC. In total, the Doyle Hotel Group had eleven hotels with 2,087 bedrooms comprising seven hotels in Ireland, one in London and three in Washington DC.

In May 1999, Jurys Hotel Group plc acquired the Doyle Hotel Group for IR£194.5 million, the consideration being new ordinary shares valued at IR£96.2 million, cash of IR£90.8 million and costs of IR£7.5 million. In June 1999, the name of the enlarged Group was changed to Jurys Doyle Hotel Group plc. Following the acquisition of the Doyle Hotel Group by Jurys, the enlarged Group comprised twenty hotels and nine Jurys Inns with over 5,200 bedrooms.

Today, Jurys Doyle Hotel Group, Ireland’s largest hotel group, is a market leader in the Irish hotel sector, with an established presence in international markets. It offers business and leisure customers a portfolio of 3-, 4- and 5-star hotels, and inns, in prime city centre locations, in Ireland, the UK and the USA. Headquartered in Dublin (146 Pembroke Road, Ballsbridge, Dublin 4), the Group currently has 36 properties, totalling over 8,000 rooms, with approximately 4,000 employees and has a further 5 properties in development (see Exhibit 3) which will add 1,235 bedrooms to the Group.

Another Kind of Partnership

The Group has always had the ability to take advantage of the opportunities presented in order to develop and grow. No exception to this ability was its participation in several initiatives funded by the Irish National Centre for Partnership and Performance (NCPP - http://www.ncpp.ie) whose remit is to enable organisations in the private and public sectors, through partnership, to respond to change, to build capability and to improve performance.

In 1998 SIPTU, the Services, Industrial, Professional and Technical Union which represents over 200,000 Irish workers from virtually every category of employment across almost every sector of the Irish economy, received support from the EU under the ADAPT programme to examine the issue of workplace partnership, and to pilot some initiatives. With the backing of NCPP the Group nominated its flagship Jurys Ballsbridge Hotel -employing approximately 500 people at the time- and established a partnership steering committee, consisting of five SIPTU and five management representatives together with an independent facilitator, who was employed to support the process. In the same way more committees were formed for several other hotels in the Group.

This partnership aimed at:

- The development of a more pragmatic approach to problem-solving. Better quality solutions could be now devised as a result of involving all key stakeholders in the development of a solution.
- Higher levels of trust between management and unions. The spin-off benefits of this were evidenced in the relationship between the two on an ongoing basis.
- The identification and delivery of shared benefits. The process would attempt to deliver more cost- competitive and flexible working arrangements for the organisation, and provide employees with an opportunity to influence decisions that affect their work and with the possibility of financial reward as a result of certain initiatives.
- An enhanced capacity to respond to market changes, through appropriate organisational change. The steering committee and local partnership committees would tackle difficult issues and resolve them through a partnership approach. In a fast-changing customer- oriented

business environment, this would be a significant achievement of the partnership process

In practice the work carried out by these committees is admirable. Employees began to have greater input into decisions affecting their work. When rooms in a hotel, for example, were redesigned, housekeeping employees would be consulted at the design stage, thus enabling practical issues of concern to them to be addressed. Using this partnership mechanism productivity deals were also addressed, such as for example gain-sharing for front desk personnel in return for a reduction in their staffing levels. During the Foot and Mouth crisis, the partnership committee offered a platform for all sides to understand the impact on the business, and the strategies that needed to be adopted in order to survive crises of that nature. This was further emphasised in the aftermath of the events of September 11th.

With regards to the work/life balance of employees in the Group the partnership committee secured an NCPP funding of €38,100 to launch programme in16 properties in Dublin, Waterford, Limerick, Cork and Galway aiming at improving the work life of its employees. A dedicated work / life balance co-ordinator was also hired to ensure that "things have happened". This resulted in a series of policies that the Group adopted such as flexible working conditions - job sharing, part-time work (i.e., three days a week), term time working and flexi-time working to accommodate the needs of working parents and students; additional types of paid leave - wedding leave, paternity leave, compassionate leave; facilitation of evening courses such as wine tasting, language courses, and basic IT skills, and a Save As You Earn (SAYE) scheme which offers employees the opportunity of joining a company share-save scheme by saving a monthly/weekly amount of their salary and after a specified vesting period, they are given the choice of keeping their savings or purchasing shares of the company at a discounted price.

Work practices and ethics proposed by this partnership have won the Group the 2005 O2 Ability Award for Best Practice in Career Development, Training and Retention. The awards recognise employers who apply best practise to hiring and working with employees who have disabilities, and are organised by the Aisling Foundation. As part of the judging process a committee visited Jurys Ballsbridge Hotel to meet with some of its employees. Elizabeth Valentine, Gerard McLoughlin and Pat Lawlor from the hotel took part in a documentary about the hotel group, which was used for the awards and helped to give the judges a better idea of how Jurys Doyle Hotels Group have helped them progress with their careers despite their disabilities.

Managing Precious Resources

The Group, however, showed also genuine concern to provide the right environment for its employees as well as its guests. Over many years, they have been implementing policies and systems designed to reduce the impact the hotels have on their natural environment. One of the first activities of the group, in 1996, was to convert to clean technology in the form of combined heat and power systems in the hotels. This has had the effect of retaining and reusing the heat which otherwise would be lost in the generating of electricity. The positive consequences of this were that there is a substantial reduction (roughly 7,000 tonnes per annum) of carbon into the atmosphere by the more efficient use of energy. In addition to this, in 2003 all of the properties in the UK have signed up to the Hospitable Climates Programme (sponsored by the British Department of the Environment) to meet the EU targets for reduction of greenhouse gases. Since its launch in February 2000, Hospitable Climates helped all sizes of privately, or group-owned, hospitality businesses in the UK by significantly offsetting the effects of the Climate Change Levy, which has added as much as 15 per cent to energy costs. In 2003 alone, the programme had seen the combined cumulative energy savings to exceed the €20 million mark. “We were keen to ensure ‘best practice’ in energy-saving, and the adoption of Hospitable Climates has helped us significantly in achieving that objective in the UK where it fitted in well with our other environmental initiatives” , said Jurys Doyle Environmental Manager Dan O’Connell.

In 1998, a waste management programme was launched to direct the hotels’ waste from landfill towards “Reduce, Re-use and Recycle”. Since then, they have implemented complete waste-management systems at all of the Groups hotels and inns in Ireland. Overall, the Jurys Doyle Hotel Group is recycling over 280 tonnes of glass and 90 tonnes of cardboard each year as well as 35 tonnes of office paper and 40 tonnes of newspapers while they have invested in state-of-the-art equipment for the on-site treatment of organic waste which is prepared and passed for composting. The results to date show that levels of 60% recycling have been reached at the majority of the Group's properties. A contributing factor to this success is that two team trainers in each hotel involve all members of staff from their induction day. Posters and reminders are also placed on staff notice boards to ensure 100% compliance with the waste management strategy.

Since March 29, 2004, under legislation enacted by the Irish Government, smoking of tobacco products is prohibited in all Jurys Doyle Hotels and Jurys Inns in Ireland, except in designated bedrooms where an exemption has been granted. The primary purpose of the prohibition is to afford protection to workers and the public who are exposed to harmful environmental tobacco smoke (ETS).

Enemy at the Gates

In May 2005, amid speculation about a possible takeover and with shares jumping strongly by nearly 5 per cent, valuing the company at around €880 million, the Group received an unsolicited, preliminary approach from a party that at the time it declined to name. At that point, any buyer would need to win the support of a number of key shareholders. More than a fifth of the company was owned by Eileen Monahan, Bernie Gallagher and Ann Roche, the three daughters of the late hotelier PV Doyle. The former chairman of Jurys, Walter Beatty, held a further 7 per cent while Bank of Ireland Asset Management was the largest institutional shareholder with a 9 per cent stake. Neither the Beatty nor the Doyle family had given its support to the approach. The newspapers identified the bidder as the consortium Precinct, which the previous summer completed the takeover of another Irish hotel group, the Gresham. The press noted that Precinct, or any prospective purchaser for that matter, would have to pay up to €1 billion to secure control of Jurys Doyle. Until August of the same year, five more attempts made by Precinct, regulated this time by The Irish Takeover Panel, have been unsuccessful resulting in Precinct to withdraw its takeover intentions.

In reaction to this hostile takeover attempt the 3 Doyle daughters, Walter Beatty and Elizabeth Nelson member of the Group's board of directors since 1972 formed a consortium called JDH Acquisitions plc, which in September made a takeover offer to the Group at a level of not less than €18.90 per share for the entire share capital of the company, subject to an acceptance condition of 50% of Jurys Doyle ordinary shares plus one Jurys Doyle ordinary share, and a number of pre-conditions including due diligence. By law, the Group has formed an Independent Board (comprising members of the Board of the Company who were other than those who were members of the consortium) that would deal with this approach, and this Board confirmed that it would be prepared to recommend the consortium's approach for acceptance to Jurys Doyle shareholders. On 26 October 2005, the Independent Board issued to all shareholders a "Recommended Mandatory Cash Offer" explaining the reasons why it was unanimously recommending that Jurys Doyle Shareholders accept the consortium's cash offer. By 21 December 2005, JDH Acquisitions had acquired approximately 90.81 per cent of the Group. Following the compulsory by law purchase of the outstanding issued shares, by 5 January 2006 JDH Acquisitions had acquired 100% of the issued share capital of Jurys Doyle Hotel Group plc. On 6 January 2006 Jurys Doyle Hotel Group plc was delisted from the Irish and UK Stock Exchanges.

An important milestone in the history of the company was the sale of the Burlington Hotel to Soltura Ltd for EUR 288 million in April 2007. Following a strategic review undertaken by JDH, the Group was re-structured into two divisions- a luxury hotels division and an Inns business. The sale of the Burlington was part of this re-structure and strategic re-positioning allowing the Group to focus on their luxury properties with significant capital investments in hotels such as the Westbury Hotel, Jurys Kensington, Jurys Clifton Ford, Jurys Great Russell Street and Jurys Bristol. The sale has also enabled the Group to re-invest in its other premium Irish, UK and US hotels and facilitated its plans to expand internationally adding to its existing portfolio in the US and Europe. In June 2007, the Jurys Inns were sold to Quinlan Private for EUR 1.165 billion in cash. The Inns business is currently in 20 city centre locations (14 in the UK and 6 in Ireland) and has a significant pipeline of additional UK Inns. The Group currently owns 12 properties, totalling over 2,600 rooms.

Exhibit 1 – Jurys Doyle Portfolio of Properties

		Number of Rooms	Rating
Ireland:	The Westbury Hotel (Dublin)	204	5-star
	The Burlington Hotel (Dublin)	506	4-star
	Jurys Croke Park Hotel, (Dublin)	232	4-star
	Jurys Cork Hotel	182	4-star
	Total	*1,721*	
UK:	Jurys Clifton Ford Hotel (London)	255	4-star
	Jurys Great Russell Street Hotel (London)	169	4-star
	Jurys Kensington Hotel (London)	173	4-star
	Jurys Bristol Hotel	191	4-star
	Total	*788*	
USA:	Jurys Washington Hotel (Washington DC)	314	4-star
	Jurys Normandy Inn (Washington DC)	75	3-star
	The Courtyard by Marriott Northwest (Washington DC)	147	3-star
	Jurys Boston Hotel	225	4-star
	Total	*761*	

Exhibit 2 – Locations of Properties

Locations Opening Soon: Plymouth (July 2007), Brighton (Autumn 2007), Liverpool (Early 2008)

Exhibit 3 – An excerpt of the Recommended Mandatory Cash Offer

In forming its view to recommend the Cash Offer, the Independent Board, which has been advised by IBI Corporate Finance, has considered, inter alia, the following factors:

- The Cash Offer represents a premium of approximately 51.2 per cent. over the Closing Price of €12.50 per Jurys Doyle Share on 5 May 2005, being the last Business Day prior to the receipt of the first approach submitted by Precinct Investments Limited;
- The Cash Offer represents a premium of approximately 67.6 per cent. over the average daily Closing Price of €11.28 per Jurys Doyle Share over the 12 months up to 5 May 2005, being the last Business Day prior to the receipt of the first approach submitted by Precinct Investments Limited;
- The Cash Offer represents a premium of approximately 68.1 per cent. over €11.24, being the net asset value per Jurys Doyle Share as at 30 June 2005, post completion of a revaluation of the Group's hotel properties and a premium of approximately 36.4 per cent. over €13.85, being the net asset value per Jurys Doyle Share as at 30 June 2005, post completion of a revaluation of the Group's hotel properties and adjusted for the profit in respect of the Company's exit from the Ballsbridge Site;
- The Cash Offer represents approximately 31.7 times reported earnings per share of 59.7 per cent. for the year ended 31 December 2004;
- JDH Acquisitions now owns or has received irrevocable undertakings to accept the Offer in respect of 35,940,807 Jurys Doyle Shares representing approximately 56.7 per cent. of the issued share capital of Jurys Doyle and in respect of 2,892,500 Jurys Doyle Shares issuable pursuant to Jurys Doyle Options representing approximately 4.4 per cent. of the issued share capital of Jurys Doyle on a fully diluted basis. Consequently, JDH Acquisitions now owns or holds irrevocable undertakings to accept the Offer in respect of approximately 58.6 per cent. of the issued share capital of Jurys Doyle on a fully diluted basis;
- While a number of parties have indicated, via public announcements, that they have a potential interest in making an offer for the Company, as at 24 October 2005, the latest practicable date prior to the posting of this Offer Document, the Board has not received any other approaches to acquire the Company, save for the proposals received from Precinct Investments Limited; and
- The recent stakebuilding in the Company's shares could potentially reduce the liquidity in Jurys Doyle Shares and may have implications for the Company's ability to maintain a listing of such shares on the Official Lists. The Cash Offer provides all Jurys Doyle Shareholders with an opportunity to sell their Jurys Doyle Shares for cash at the Offer Price.

Taking into account these factors, the Independent Board considers that the Offer represents an attractive opportunity for Jurys Doyle Shareholders to realise their investment for cash by accepting the Cash Offer.

Electronic sources:

http://www.jurysdoyle.com/about_us.html

http://www.hospitalitynet.org/index.html in the search box type "Jury's" or "Jury's Doyle"

Education and Culture

Leonardo da Vinci

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