

# THE WALL STREET JOURNAL

## 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 villas—luxury compounds where guests 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, Hong Kong 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 in Nusa Dua.

So, what do executives catching on to as they meet?

"I'd say the talk is half work, half personal," Mr. Reed says. He uses the Maharaj for treating clients, holding off-site meetings, wooing potential employees, and—vitality—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-services experts. "If I meet five people like that," says Mr. Reed, "you're 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 **Hermès** used the Purnati villa in Ubud to launch its Nomade watch.

Marcus Foley, managing director of high-end interior-design firm **PDM International** in Shanghai, 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 completed Istana, which overlooks the sea on the cliff edges."

Mr. Foley says he prefers villas for several reasons: "The benefits over a traditional hotel," he says, "include unique accommodation, great ambience, flexibility and costs 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 response to the increased interest from business users.

"I've received quite a few inquiries from businesses—including from Hong Kong, Singapore and Jakarta—in the past year asking about using the villa 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 a media or meeting room. **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, it's 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. Adds 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."

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## Boston Private Seeks to Expand Beyond Its Roots in Beantown

By FRANK BYRT

Dow Jones Newswires

BOSTON—**Boston Private Financial Holdings Inc.** aims to be another place where everybody knows your name—and not just in this city.

This private bank for the affluent, based in a suitably imposing marble-and-brass edifice in Boston's Financial District, uses a "high touch" approach that includes regular meetings with clients as part of its agenda of managing wealthy families' banking, investment management and financial-planning needs, said Timothy Vaill, the company's chief executive.

It plans to leverage that platform into a national presence, said Mr. Vaill.

Boston Private has operations in five areas of the country now—Boston, New York, Los Angeles, Seattle and California's Bay Area—and plans to grow to about a dozen cities over the next five to 10 years, Mr. Vaill said.

The company has been aggressive about growth this year, gaining footholds in several new markets.

In September, it signed an agreement to buy a 20% stake in the financial-planning firm **Bingham, Osborn & Scarborough LLC** of San Francisco, and it has two other pending deals: It is buying all of **First State Bancorp**, which owns a commercial bank in Los

Angeles, and 80% of money manager **Dalton, Greiner, Hartman, Maher & Co.** of New York, which has about \$2.4 billion in client assets.

As a strategic buyer, Boston Private plans to maintain the local firms' names and personnel, but bring in the parent's diverse products and services, Mr. Vaill said.

It also has what is known in money management as "open architecture" in that it will recommend others' investment products and services on an as-needed basis.

Boston Private's target market is huge and—if targeted correctly—hugely lucrative, but it is also a highly competitive market, said Paul Fullerton, an associate director at consulting firm **Cerulli Associates Inc.**, in Boston.

It is so competitive that "you'd be hard-pressed to find a financial-services firm that says they're not targeting high-net-worth individuals," said Mr. Fullerton, who recently completed a study of private wealth managers.

The private client, high-net-worth segment represents about \$2 trillion in assets, Mr. Fullerton said, and everyone from local stock brokers to multinational firms such as **Mellon Financial Corp.** and **Goldman Sachs Group Inc.** is in the market.