

Hospitality

One Culture

An Interview with Jonathan Segal,
Founder and Chief Executive Officer, The ONE Group



STK in New York's Meatpacking district

EDITORS' NOTE Jonathan Segal has over 34 years of experience working for family owned hospitality companies, including The Modern Group. With his partners, he created The International Travel Group in 1991, a successful merger of two hotel booking companies, Exotel Hotel Reservations and Room Center. In addition, he was also the Co-Creator of WorldPay, the world's first Internet payment company and the predecessor to PayPal.



Jonathan Segal

COMPANY BRIEF The vision of The ONE Group (www.togrp.com) is to create a global hospitality company that develops and operates luxury restaurants, lounges, nightclubs, and a turnkey food and beverage operation for boutique hotel groups. Founded in 2001, the company currently operates a number of brands including One, STK, STK OUT, Asellina, Cucina Asellina, and Heliot, and partners in nightclub Tenjune and French bistro, Bagatelle. The company operates venues in New York, Miami, Los Angeles, Las Vegas, Atlanta, Atlantic City, and London.

Many business leaders talk of volatility in the marketplace. Have you felt that or has the business remained strong?

Whatever anybody throws at it, New York is always going to be strong and it has been strong for us.

We've had the odd dips here and there, but I don't believe anybody is recession proof. You can stack the cards in your favor to minimize the impact of a recession and we have been successful with that.

This is against the backdrop of an amazing city that keeps coming back time and again.

You have a strong brand in STK with a loyal following in the Meatpacking district and now in Midtown. Does the Midtown space complement what you're doing downtown?

We get a much stronger after-work business in Midtown. But rather than the change in the demographic of the people, what was more interesting was to get validation for the STK brand outside of the Meatpacking district, which it has, by excelling in Los Angeles, Atlanta, and Las Vegas, and in a second New York location.

The demographics of our clients is mixed. There is an underlying trend, but in Midtown, we have the after-work market; in LA, we have

the artsy market; in Atlanta, we have a strong sports market; in Vegas, everybody is there to party. Now we're taking STK to London this fall.

While you cater to the local market, do you maintain a consistent STK feel?

Absolutely. There are many entrepreneurs that have had an amazing brand in New York or LA but they can't export it well. It's because this isn't a country of 50 states but of 50 countries; the customs and underlying trends in each of these states is so different. And within the states themselves, the environment in Los Angeles is different than the environment in San Francisco, for instance. So there are multiple mountains to climb to find the perfect package to export.

There are things in our business that are non-negotiable. It doesn't mean we have to play the music loud, but in our restaurants, we have DJs.

There are certain service and development styles that are going to be the same city to city.

Outside of that, we become a chameleon because we have to take on the culture, style, and operating expectations of the cities in which we operate.

Does something like Bagatelle, which is more of a partner brand, change the dynamic?

We choose our partners very carefully, whether that's in real estate, investment or in operations. It's important that the people we work with understand exactly what it is that we do.

We may not have the answers to every single question, but this business started in 2004; by 2006, we still only had one venue. We opened our second venue in the middle of 2006. So we didn't start expanding this company until that year.

In five years, we have 30 venues opened and under construction and revenues are up from \$6.3 million in 2006 to \$130-odd million at the end of 2012.

So we're doing something right, but it's important that when we have partners, they understand there are certain ways we operate and certain cultural and staff and team member elements that are explicit to our operations, and we're not prepared to change those.

What is your vision for growing the brand overseas?

In London, we have fully opened seven venues in two facilities.

We recently opened the Hippodrome Casino in London with Simon Thomas, where The ONE Group handles all the bars, the catering, the

restaurants and food, the private dining rooms, and the music in the venue. The only thing we don't do is put on the cabaret shows and gaming.

In September, we opened some of our venues in the new ME London Hotel, including Marconi, a bar on the ground floor; STK London; Cucina Asellina, after our Ristorante Asellina in New York; and 140-feet of rooftop lounge called Radio.

From the second floor up, we do all the room service and the minibars, and in the basement we do the events and the catering for the event rooms.

We're expanding rapidly and we'll get a strong base from these two operations in London.

So the U.S. operation will handle North America, South America, Canada, and the Pacific Rim to Hawaii, and the U.K. company will handle Europe, the Far East, and the Middle East.

Do you worry about maintaining the culture as you grow?

I was the creator of the culture, but the gatekeepers of the culture are the people in the company.

I always say we're a company of young, enthusiastic, and ever so slightly inexperienced people.

If you put people into positions that maybe they're not fully qualified for, you're going to get stunning loyalty and commitment, and these are the people that are going to help carry the torch of company culture.

With reservations being made online today, is some of the hospitality being lost?

I'm putting menus on iPads in my sports restaurants because particularly in Vegas, you can gamble while you're in the restaurant.

Outside of that, I don't think I will ever put a menu on an iPad. I don't want electronic ordering in my places because I want that interaction between the staff and guest. That interaction is as much a part of the evening's experience as the eating of the food itself.

What is your focus for the future?

We never stop aspiring; it's what we as a company can do to reinvent how people interact within a social environment and within our medium.

If we have a following, it's because we are innovative and because we offer the right product at the right time at the right price in the right environment – and we have to keep doing that because our market will drop us as soon as we stop thinking about them. ●