

1-1-2012

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Prakash Vel

University of Wollongong in Dubai, pvel@uow.edu.au

Bernard Creed

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Roshni S. Narayan

Heych Digital Marketing Agency

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Recommended Citation

Vel, Prakash; Creed, Bernard; and Narayan, Roshni S.: The corporate strategy of Dubai Duty Free 2012, 40-52.

<https://ro.uow.edu.au/dubaipapers/420>

The Corporate Strategy of Dubai Duty Free

Dr.K.Prakash Vel

Associate Professor, University of Wollongong in Dubai, UAE
E-mail: prakashvel@hotmail.com

Bernard Creed

Vice President (Finance & CR), Dubai Duty Free, UAE
E-mail: Bernard.creed@ddf.ae

Roshni Satya Narayan

Account Executive, Heych Digital Marketing Agency, UAE
E-mail: roshni.s.narayan@gmail.com

ABSTRACT

The business arena is abundant with myriad organizations offering a wide variety of products and services. But only those organizations that are able to function successfully in the marketplace are able to survive and subsequently evolve. For an organization's performance to be determined as successful, the metrics of the organization prove to be vital indicators. Some commonly used metrics to measure organizational success are total sales and revenue, total assets held, employees training expense, attrition rate, investment in IT, market share, awards and recognition received, press/media mentions, CSR campaigns etc (Finney and Corbett, 2007; Liebowitz and Suen, 2000; Self, 2004). Many organizations bifurcate these metrics into internal and external metrics to make performance measurement easier. If an organization has excelled on the majority the above mentioned metrics, it can be deemed successful. Analyzing the reasons behind the success of an organization would require delving into the dimensions that play an important role in the flawless functioning of the firm. These include strategic planning, leadership styles of the managers, organizational culture and strategic alliances. This paper presents an analysis conducted on an organization which has been in business for the past 28 years in the duty free environment and has been the number one Duty Free in the world, based on revenues - Dubai Duty Free. The methodology implied involves primary data collection by way of in-depth interviews conducted with twelve of the senior executives of Dubai Duty Free heading IT and Logistics, Marketing, Human Resources, Operations, Purchasing, Finance etc. Upon completion of the primary data collection stage, the secondary data obtained from the organization has been put to a content analysis. The findings indicate that Dubai Duty Free, over the 28 years of its existence, has orchestrated and implemented an indigenous strategic framework for itself. This has encompassed and utilized diverse dimensions of strategic management. This paper captures and illustrates the strategic framework of this organization.

Keywords: Strategic Planning, Strategic Management, Leadership, Organisational culture

1. INTRODUCTION

The uncertainty of survival and the pursuit of success are two things that every organization is familiar with. As the economy becomes tighter, competition becomes fiercer and the consumers become wiser, survival and success become distant possibilities. One organization that has been able to tame both these demons effectively and efficiently is Dubai Duty Free. What is reason behind the colossal success of this organization and how

did it become the single largest airport retailer in the world (ahead of London’s Heathrow)? Which style of management is used to run this organization and how have the employees contributed to its success? This paper aims to answer all these questions and delve deeper into the success story that is Dubai Duty Free.

2. GAUGING ORGANIZATIONAL SUCCESS

Almost every organization in the business arena strives to attain success in their respective field of operation. The heterogeneity of each organization and its activities makes the ‘attainment of success’ a very subjective term. Hence, it becomes imperative to establish a set of metrics against which the performance of an organization can be measured (Self, 2003). Unfortunately, there seems to be a lack of a standardized and well defined set of metrics that can measure the success of an organization. However, the literature is rich with metrics that measure specific areas of an organization’s performance. According to Liebowitz and Suen (2000) metrics are of utmost importance to a company’s survival. Aspects of a firm that cannot be measured cannot be managed. Both Liebowitz and Suen developed an elaborate list of metrics that measure intellectual capital or knowledge assets which have gained immense importance in today’s business scenario. These were then bifurcated into internal and external.

Internal Metrics	External Metrics
Sales	CSR activities
Profits	External recognition
Market Share	Web positioning
No. of employees	
No. of products	
Investment in training	
Investment in IT	

These metrics cannot be achieved if the organization is unable to plan for them. In order to reach the final destination, strategic planning paves the way for the organization.

3. STRATEGIC PLANNING

Planning is done at two different decision levels: strategic or tactical. Decisions at the strategic level are concerned with issues related to the existence of the business as a corporate whereas tactical decisions affect the way business is conducted at a certain stage of its growth. The following definition most closely reflects the meaning of strategic planning.

[. . .] *the devising and formulation of organizational level plans which set the broad and flexible objectives, strategies and policies of a business, driving the organization towards its vision of the future (Stonehouse and Pemberton, 2002).*

Today, strategic planning has become absolutely crucial for all industries as never before have they been confronted with such substantial increases in both competition and uncertainty and those companies less than thorough in this respect are without doubt, taking a gamble with their future. Strategic planning is useful not only because it can mitigate unforeseen risks or realize the vision of the upper management; it also has many more benefits. Strategic planning enhances co-ordination, controls by reviewing performance and progress toward objectives, identifies and exploits future opportunities, encourages personnel in a favorable attitude to change and improves the corporate performance of companies (Greenley, 1986; Koufopoulos and Morgan, 1994). For the strategic plans of an organization, on which a lot of time and energy is invested, to come to fruition, strategic planning has to be complemented with strategic management.

4. STRATEGIC MANAGEMENT

The study of the importance of strategic management in the success of an organization is fairly new and not much literature exists for the same. Strategic Management has been defined as a process that deals with the entrepreneurial work of the organization, with organizational renewal and growth, and more particularly, with developing and utilizing strategy, which is a guide to the organization's operations (Lyles, 1990, pp. 363-75).

So far, strategic management has been defined in terms of the 'end' that it enables the organization to successfully attain. In reality, the 'means' to achieve this end are just as debated as the end itself (sometimes even more). In recent times, two very different schools of thought have emerged in the field of strategic management. Organizations may choose to 'manage by objectives' or 'manage by exception'. Management by Objective (MBO) is a system in which specific performance objectives are jointly determined by subordinates and their superiors; progress toward objectives is periodically reviewed and rewards are allocated on the basis of this progress (Robbins, 1997). By linking objectives throughout the levels of the organization it allows each employee to make a specific, identifiable contribution. The greatest advantage of management by objectives is perhaps that it makes it possible for a manager to control his own performance (Druker, 1979). One of the biggest disadvantages of this technique is its ineffectiveness in the long term when preplanned objectives become less than accurate. Management by Exceptions (MBE), on the other hand, takes a totally different approach. MBE is a process by which management devotes its time to investigating only those situations in which actual results differ significantly from planned results (Lewis, 1976). Under MBE, the decision that cannot be made at one level of management is passed on to the next higher level. This instills a sense of autonomy among the employees of the organization and makes MBE an important motivational tool too. One of the biggest disadvantages of MBE is that it can result in myopic management behavior as managers try to solve problems as and when they occur and may not always analyze the impact of such decision on the long term prospects of the firm. Both management by objectives and management by exception have been accepted and implemented by organizations all around the world. Both forms of strategic management have their pros and cons. However, there is no clear verdict on which one is superior and is easier to adapt. Which one of them works best in the current business scenario and which one helps an organization attain greater success is still to be known.

5. STYLES OF LEADERSHIP

While management is all about doing things right, leadership is about doing the right things. Although, leadership is regarded as an inherent ability to influence others by controlling the behavior of other members of a group, leadership styles have evolved and extended beyond influence, to include motivation and enabling of others to help achieve organizational goals and ultimately leading the organization to the path of success (House et al., 2004). Two very different, yet promising, styles of leadership are discussed in the following sections.

5.1 Task Oriented Leadership

Leaders differ in their concern for the groups' goals and the means to achieve the goals. Those with a strong concern are considered to be task oriented. Task-oriented leadership is multifaceted and encompasses a diverse range of behaviors including assigning followers to particular jobs, emphasizing deadlines, checking that followers observe rules and regulations, setting deadlines, and making followers work hard (Misumi, 1985). They initiate structure for their followers, define the roles of others, explain what to do and why, establish well defined patterns of organization and channels of communication, and determine the ways to accomplish assignments (Hersey & Blanchard, 1977). Immediate supervision, combined with management as a whole, can foster a "culture of productivity" in which supervisors, managers, and workers alike focus on the work being done and organizational success. However, purely task-oriented leaders are likely to keep their distance psychologically from their followers and to be cold and aloof (Blau & Scott, 1962).

5.2 Relationship Oriented Leadership

Leaders also differ in the extent to which they pursue a human relations approach and try to maintain friendly, supportive relations with their followers. Those with a strong concern are identified as relations oriented (Fieldler, F, 1997). Relationship oriented leadership comprises a wide range of behaviors including providing encouragement to followers and maintaining pleasant leader-follower relationships that are characterized by mutual trust, respect for followers' ideas, and consideration of their feelings (Bass, 1985). Such leaders maintain personal relationships open channels of communication and delegate to give subordinates opportunities to use their potential. However, a highly relationship oriented leader can sometimes create a staff that gets so comfortable with the current state of democratic affairs that they become hostile to change. Both styles of leadership, i.e. task oriented and relationship oriented are effective in their own regards. Which style of leadership suits these levels the best is also a question that is worth debating. However, a well defined organizational culture that is conducive to organizational innovation, effectiveness and efficiency has been proven to produce positive results for an organization.

6. ORGANIZATIONAL CULTURE

Organizational culture typically is defined as "a complex set of values, beliefs, assumptions, and symbols" (Barney, 1986) that guide the behaviors of organizational members (Hofstede, 2001). It is the values, beliefs and hidden assumptions that organizational members have in common (Cameron and Quinn, 1999) or in simpler words 'it's the way things are done in the organization'. Over time the organizational culture of an organization gets deeply rooted in the subconscious of the employees and manifests itself in their attitude and behavior and ultimately the typical characteristics of the organization. Since an organizational culture is integral in every organization and its absence would affect the smooth functioning of the organization, it is without a doubt an indelible hygiene factor. However, in large and dynamic organizations organizational culture doubles up as a motivator. Whatever the case be, organizational culture serves as a mediator between the organization and success. It offers a shared system of meanings, which forms the basis of communication and mutual understanding (Martin and Terblanche, 2003). Without the organizational culture acting as a mediator in a satisfactory fashion, the efficiency of the organization may plummet pushing the chances of success further away. On the other hand an enriching and augmenting organizational culture is conducive to organizational learning.

7. ORGANIZATIONAL LEARNING

The concept of organizational learning has slowly but gradually gained prominence in the past decade. However, due to the very fluid form of this learning process, defining it has been a challenge. Most definitions deal with the learning process and are rooted in social and cognitive psychology (Lipshitz, 2000). For the purpose of this paper, the definition offered by Hodgkinson (2000) would be used.

Organizational learning is defined as *the coming together of individuals to enable them to support and encourage one another's learning, which will in the longer term be of benefit to the organization.*

Broadly speaking, research on organizational learning focuses on the issues of 'how does an organization learn?' (Tsang, 1997). Organizational learning occurs when the individual members detect the discrepancy between actual and expected results, and try to correct the errors or challenge the underlying assumptions. This implies that organizational learning is the process of improving actions through better knowledge and understanding" (Fiol and Lyles, 1985). Organizational learning occurs in two different dimensions – single loop and double loop. In its first, basic dimension, learning is action-oriented, routine, and incremental. In its second, higher dimension, learning involves changing mental models, norms, policies and assumptions underlying day-to-day actions and routines (Argyris, 1996). The more complex the organization's environment, the more necessary the second, higher form of learning is considered to be. Every individual successful organization is said

to have its own strategic framework. This paper talks about the strategic framework of Dubai Duty Free.

8. DUBAI DUTY FREE – An Overview

Established in the year 1983, Dubai Duty Free is the single largest airport retail operation in the world, ahead of London Heathrow. The airport retailer was one of the first Dubai Government organizations to actively promote Dubai as a leisure destination. Today Dubai Duty Free has become one of the most prestigious brands in the industry due to its 5 point strategy of providing high quality goods, wide range of products, value for money, convenient shopping and first class customer and after sales service. From its humble first year turnover of US\$ 20 million, Dubai Duty Free announced its first quarter sales of US\$343 million in the year 2011. Much of this success can be attributed to its first class management and the guidance of Executive Vice-Chairman Mr. Colm McLoughlin and his competent staff which started out as 100 but today has reached nearly 4,400 employees.

9. HOW IT ALL BEGAN

The story behind this successful organization started early in 1983. Director General of Dubai's Department of Civil Aviation, Mohi-din Binhendhi was planning a new retail sales area for Dubai International Airport. The Director General was impressed by the operations of Michael Geoghagan, manager of Irish airports operator Aer Rianta that ran duty-free operations at Shannon airport, in Ireland. Mr. Colm McLoughlin and Shannon airport finance manager Michael Hanrahan were invited to Dubai in July 1983 for exploratory talks. With their Irish negotiation skills Aer Rianta managed to secure a six month contract to get Dubai Duty Free up and running before the end of the year, with an initial funding of 3 million AED (US\$ 800,000) from the Government of Dubai. By September, a ten man team from Aer Rianta was in place in Dubai. Their brief was to 'develop the best-every duty free shops in the industry'. Of that original 10, both Colm McLoughlin and George Horan have been with Dubai Duty Free ever since.

10. DEVELOPMENT STAGES

The following stages describe the growth and expansion of the Dubai Duty free over the span of 28 years. From its inception in the year 1983 till present year 2011, Dubai Duty Free has had a fascinating journey and the following sections will capture all the events that stood out in the past 28 years.

10.1 Stage 1 (1983 – 1991) - The Empire Forms

The eight man team dispatched from Aer Rianta had a very difficult task in their hand – developing the best duty free shops in the industry in only four months time. The inauguration of Dubai Duty Free was scheduled on the 20th of December 1983 and a host of complex tasks had to be undertaken. However, they were able to set up the new duty free area, comprising 24 different shops, write procedural manuals for every aspect of the complex retail operation, establish security procedures with police and custom authorities, arrange for a storage warehouse and acquire delivery trucks and fly in staff from India and Philippines. Most daunting of all was the task of sourcing and buying the thousands of different items needed to stock the duty free shelves (around 70% of the items for sale had been bought locally). The design and fitting of the new facility itself was done by renowned British companies: Fitch and Co, and Ruppel and Co, respectively. On 'the day', as the clock struck 7, Dubai Duty Free opened for business for the very first time. A few minutes later, a bottle of whiskey and a carton of cigarettes became the first ever purchases in this brand new world class shopper's haven.

10.1.1- Strategic Thinking

With the facility functioning, three of the Aer Rianta team, Mc Loughlin, Sutcliffe and Horan were charged with guiding Dubai Duty Free during a period when it would need to

evolve from its opening state, absorbing fresh market conditions and morphing into a more Gulf oriented entity. They quickly learned that requirements would be different in Dubai, since a majority of the airports users were nationals from Asian countries. Instead of going with a big area for crystals (as they did in Shannon), the trio came up with the idea of having an area for gold. Although it was a costly decision, it worked wonders. Gold, in the form of tola bars and jewellery has been among the best sellers at Dubai Duty Free since 1983. The team kept a close eye on the items that were popular, analyzed figures day in and day out, introduced new products and expanded the range of brands.

10.1.2 - Achievements and Accomplishments

Dubai Duty Free ended 1984 – it's first year of operations – with total revenues of US\$ 20 million (70 Million AED). Based on the number of passengers on the airport, this gave an average passenger spend of US\$ 5, which was a considerable spend in the 80s. Dubai Duty Free claimed awards from Ricoh and Kodak, both in recognition for outstanding sales. This inspired the Dubai team to enter the *Frontier* magazine awards in the year 1985, which it won. By 1986, Dubai Duty Free had won two more Frontier awards – one for The Best Marketing Campaign by an Operator and Duty Free Person of the Year for Mr. Colm McLoughlin. The same year Dubai Duty Free achieved over US\$ 28 million in sales.

10.1.3 - Sports Sponsorship and Global Avenues

Dubai Duty Free has always had a dual mission of promoting brand 'Dubai' and brand Duty Free. They promote the former through promoting the latter. One of the biggest breakthroughs in terms of this dual promotion strategy came when Dubai Duty Free decided to sponsor sporting events as sports are universal and have the power to unite people from different nationalities. They began with backing the Gulf Water-Ski Championship in the year 1986. Sponsoring horse racing at Longchamp (France) during the summer of 1987 proved to be the first of over 20 consecutive seasons when Dubai Duty Free would back a growing portfolio of the best thoroughbred races in Europe. On the operations side of Dubai Duty Free, three new outlets were opened landside to serve people who were visiting the airport to see off departing passengers or welcoming those arriving and on October 15th 1987, Dubai Duty Free had a historic moment when the day sales topped Dhs 1 million for the first time. A decision was taken to expand Dubai Duty Free (a huge new shop floor, separate admin offices and a huge new warehouse). On the 20th of December 1989 (the sixth anniversary of Dubai Duty Free), Sheikh Mohammed Bin Rashid Al Maktoum, Prime Minister of the UAE and the Ruler of Dubai, cut the ribbon on the new and vastly improved Dubai Duty Free. By the end of 1990, Dubai Duty Free had achieved over US\$ 83 million in sales, sponsored the World Karate Championship and in 1991 moved into high-octane sports by sponsoring offshore power boat racing. Just like the power boats in the blue seas, now there was no stopping Dubai Duty Free (Wilson, 2008).

10.2 Stage 2 (1992 – 2001) - Conquering Tennis Sponsorships

In 1992, Dubai Duty Free was quietly handed over the management of the Dubai Aviation Club – a small social and sporting complex not far away from Dubai International Airport. The same year Dubai Duty Free organized the 'Aviation Club Tennis Cup' which featured greats like Andre Agassi and Stefan Edberg. The Cup was a success and it paved way for the Dubai Tennis Championships, which is perhaps the biggest event in the Dubai Duty Free sporting calendar. The organization realized that it had struck gold with tennis and continued to support the sport. In 1995 Dubai Duty Free inaugurated its own tennis stadium and eventually brought stars like Anna Kournikova, Martina Hingis, Roger Federer and Venus Williams to Dubai to play international matches in front of the home crowd. In terms of media, the exposure was worth millions to brand Dubai and Dubai Duty Free.

10.2.1 - Growth without Boundaries

In 1995, Dubai Duty Free was ahead of the curve. As the airport added 13% on its movements over the previous year, Dubai Duty Free saw its turnover rocket, announcing an

annual turnover of US\$173 million. Awards were pouring in. Costain International, architects of a Dubai Airport Master Plan prepared a study on the next logical step and decided that the solution was a new terminal building. After months of work, Costain unveiled a proposal that put Dubai International Airport at the forefront of the industry. It encompassed a new stand alone terminal building, linked to the present one by two tunnels for the incoming and outgoing passengers and cargo. Dubai Duty Free was to move. Its area was to be doubled. Its position, instead of being down an escalator, ways from the life of the airport, would be at the very heart of it. On May 1, 1998, Sheikh Ahmed inaugurated Terminal 2. The same year Dubai Department of Civil Aviation unveiled plans for the spectacularly new Sheikh Rashid terminal. The new facility blended technology with the requirements of a burgeoning airport. Dubai Duty Free was mirroring the ground breaking achievements made by the Dubai International Airport – posting a 4.4% increase in sales for 1999, with a turnover of US\$188 million.

10.2.3 - Management of Sub-projects

In the year 1996, Sheikh Mohammed inaugurated the Dubai Tennis Stadium, another initiative by Dubai Duty Free. It boasted a 5000 seat centre court, VIP stand and Royal enclosure, press office, media complex, commentary boxes and admin blocks. The same year 'The Irish village' opened. It slowly became one of the most popular venues in the emirate and also received an honorable mention in Time magazine as one of the world's top meeting places steeped in character and traditional ethnicity. Another subsidiary - The Dubai Duty Free Foundation - was set up in 2004 to raise funds for needy causes around the world with a particular emphasis on causes that directly benefit children. In July 2012 Dubai Duty Free opened a 292 room hotel called the Jumeirah Creek Side Hotel in Dubai.

10.2.4 - Overcoming Obstacles

One of the biggest setbacks that Dubai Duty Free had to face and struggle through occurred on the morning of September 11, 2001. The attack on the World Trade Centre using hijacked airplanes was on every news channel and Mr. McLoughlin knew at that very instant that this event would have huge repercussions for aviation all around the world. All air traffic from North America was grounded. Elsewhere in the world, amid the uncertainty, passenger cancellations spiked. There was a markedly subdued atmosphere on the shop floor of Dubai Duty Free that afternoon and evening. Dubai Duty Free has always been aware of its responsibilities in promoting Dubai and the UAE and hence they set out to conduct damage control. A TV campaign with CNN was launched which took the viewer on a 'cultural voyage' of Dubai using vignettes each providing the global audience an insight into various beautiful aspects of Dubai and the UAE. It was an enormously successful campaign both in terms of cleaning the image of Dubai, the UAE and giving Dubai Duty Free exposure. Hundreds and thousands of people were offered a window into the region, precisely at a time when such a thing was needed. A difficult year ended. Despite the trying weeks, a total of 13.5 million passengers passed through the airport, registering a growth of 10% over 2000 (Wilson, 2008).

10.3 Stage 3 (2002 to present year) - Obtaining 'Superbrand' Status

In the year 2002, Dubai Duty Free was given the status of a Superbrand. In the very same year, Dubai Duty Free had also smashed the one billion dirham barrier. At the close of business on December 31st, 2002 turnover stood at US\$306 million, equating to around US\$840,000 a day and nearly US\$35,000 an hour. Out of the ordinary and notable endorsements followed that year with Dubai Duty Free winning the Dubai Quality Award – Gold. By 2002 Dubai Duty Free's reputation was stellar to the extent that there would be a stampede each time the organization advertised jobs within the firm.

10.3.1 - Excellent Customer Penetration

In 2005 Dubai Duty Free crossed a remarkable threshold. That year, for every single departing passenger who passed through Dubai International Airport there was an average

of US\$ 40 per passenger spent in the duty free. The placement of Dubai Duty Free in the crux of the terminal shows clever and targeted commercialism. It is not just the positioning that is major factor but the brilliant staff, their training, prices, point of sale technology and customer service. The search for turnover and serving customer needs also led to work on a revamped arrivals shop. Dubai has been one of the first airports in the region to boast a duty free for arriving passengers. In 2008, Dubai Duty Free recorded a 43% penetration, almost double what is generally considered to be the global norm.

10.3.3 - Making a Major Move

The Dubai International Airport was to be developed to create a new terminal – Terminal 3 (Concourse 2). For Dubai Duty Free this translated into a total of 18,000 square meters of retail space. This was perhaps the biggest undertaking in the history of Dubai Duty Free. Soon Dubai Duty Free staff levels doubled and crossed 3500 people. The company had begun operations, a quarter century back with a staff of just 100. With Terminal 3, Concourse 2 opening, millions of transactions would be made. The IT department looked at off-the-shelf platforms that would reduce complexity and confusion and ultimately designed a detailed and comprehensive system that is unique to Dubai Duty Free. Another consideration was logistics. A cluster of shops around the airport required an enormous logistical operation. Warehousing also played an important role. IT and business services company Enabler was called in to design and implement a warehouse management system for a new Distribution Centre Facility which is a state of the art semi-automated warehouse with storage and retrieval for both palletized non-palletized merchandise. In the year 2008 Dubai Duty Free successfully opened 8000 square meter of retail space in the new Emirates Terminal 3. The terminal till this date accounts for a high percentage of the total revenue of Dubai Duty Free.

10.3.4 - Battling the Recession

In the year 2008, the world economy was being crushed by the colossal economic recession. Dubai Duty free achieved record first-half sales of US\$ 537 million and by the end of the year the organization recorded a turnover of US\$ 1 billion (AED 4 billion). This was also the year Dubai Duty Free celebrated its 25th anniversary. Dubai Duty Free achieved sales of US\$1.14 billion and successfully retained its position as the single largest airport retail operation in the world. This placed Dubai Duty Free ahead of London Heathrow. December 2010 saw sales going up by 21% during the first quarter – nearly twice the industry average of 11.2%. The same year Dubai Duty Free's 27th anniversary became memorable in more ways than in one, with the daily sales reaching an incredible US\$ 18.2 million (AED 66.7 million) in the 24 hour period between December 19th and 20th.

11. ACHIEVING THE GOALS OF THE ORGANIZATION – The Dream Team

Dubai Duty Free has in place an Executive Management Committee that has proven to be integral in both strategic planning and managing the day to day running of the organization. This committee has been aptly named '*The Dream Team*'. It consists of the Executive Vice Chairman Mr. Colm McLoughlin and the senior managers from all the departments in Dubai Duty Free. Any decision taken by the Dream Team is made in compliance with the Dubai Duty Free Five Point Mission Statement which includes high quality goods, wide range of merchandise, value for money, convenient shopping and first class customer service.

12. ENSURING SUCCESS – Organizing, planning and controlling

As mentioned earlier, the Executive Management committee – The Dream Team – consists of a representative from each department housed in the organization. This proves the importance of each and every department in the smooth functioning of Dubai Duty Free. The various departments of the Dubai Duty Free are:

12.1 Corporate Communications (Senior VP – Mr Salah Tahlak): The Corporate Communications department of Dubai Duty Free was formed in the year 2004. As one of his PR responsibilities, Mr Tahlak liaises with the local, domestic and federal government and also serves as a link between his department and various departments within the Dubai Airports. Sports sponsorships and the resulting PR is a huge part of the workload of this department – Tennis being the most domineering sport for Dubai Duty Free. In doing so, they promote Dubai Duty Free and the city of Dubai using sports as a medium.

12.2 Corporate Responsibility (VP – Finance and CR, Mr. Bernard Creed): Although Dubai Duty Free has been performing various acts of philanthropy and corporate responsibility from its inception, a dedicated department was established in the year 2008. The major responsibilities of the department can be summarized to three broad headings - health, safety and environment. In addition to these, Mr. Creed also manages the Dubai Duty Free Foundation which began in the year 2004 which aims at raising funds for charitable causes.

12.3 Finance (VP - Mr. Bernard Creed): The Finance department, managed by Mr. Bernard Creed, is the crunching department of Dubai Duty Free. The exchange bureaus and the cash offices fall under the jurisdiction of the finance department. Some of the biggest functions of the Finance Department are the recording and monitoring of stock and the preparation of monthly accounts. Quarterly stock counts are performed by the Finance department. The accounts prepared by the Finance department are audited both internally and externally.

12.4 Human Resources (VP - Mr. Nic Bruwer): The Human Resources department shifted its focus from being admin oriented to employee oriented and investing in employee training and development programs. Ms Rachel Green, Recruitment and Employee Development Manager, has played an important role in the designing and implementation of these programs that include safety training, product training, skills training, behavioral training, supervisory training etc. Apart from training, the HR department also supervise employee services such as accommodation, transport etc.

12.5 IT and Logistics (Senior VP - Mr Ramesh Cidambi): Mr Ramesh Cidambi started the I.T Department and undertook automation of personnel and payroll as his first project. From then on as Dubai Duty Free grew, the IT department grew along with it. In 2001, Dubai Duty Free implemented the Oracle e-business suite which facilitated inter-departmental integration and was also in line with exceeding consumer expectations. Dubai Duty Free was also the first to go live with credit card authorization that was integrated with the sales transaction. The department has also remarkably improved warehousing activities by putting in place an automated retrieval system which led to quicker order processing from the shop floor level and increased density of storage.

12.6 Marketing (VP - Ms. Sinead El Sibai): The primary objective of the Marketing department of Dubai Duty Free is the marketing and promotion of Dubai Duty Free as a first class retail operation providing value for money and an excellent shopping atmosphere. In order to accomplish this, the marketing department conducts and supervises numerous PR events, advertising campaigns, exhibitions and conferences. Marketing is also responsible for monitoring and maintaining good media relations. The secondary objective is to promote Dubai internationally as a top travel destination. Although the second objective is partially accomplished via achieving their primary objective, Dubai Duty Free's sports sponsorships help seal the deal. Marketing coordinates the sporting events sponsored and conducted by Dubai Duty Free and these in turn take Dubai and Dubai Duty Free to numerous locations around the world. The department is currently working on increasing their involvement in social networking sites and enhancing their web presence.

12.7 Operations (VP - Mr. Sean Staunton): The Operations Department, managed by Mr. Sean Staunton, is mainly responsible for the retail/selling side of the organization. This department is in charge of the retail sales force and also handles customer service (creating a convenient shopping experience), after sales service (addressing customer complaints and

suggestions post sale; a unique department for a duty free operation), merchandising department (responsible for ordering and receiving stock from the warehouse) and the display department (handling graphics, signage and seasonal campaigns).

12.8 Purchasing (VP - Saba Tahir): The Purchasing Department of Dubai Duty Free handles more than 33 product categories, 300 plus brands and over 30000 products. The department is responsible for selecting the products, negotiating cost prices, maintaining optimum stock levels, positioning product on the shop floor, replenishing orders and also trying to predict future trends. The purchasing department is responsible for studying and monitoring the pulse of both the international and domestic market in order to know which product categories are doing well and which ones are not benefitting the firm in terms of revenue or profit return.

13. MARVELS OF DUBAI DUTY FREE – The Strategic Framework

13.1 Commensurate Motivation

Motivation of employees is of utmost importance in the workplace. The source of motivation for an employee can be extrinsic (driving the employee to work for external rewards) and intrinsic (existing within the employee rather than relying on any external force). For an employee to be optimally motivated, he should be both intrinsically and extrinsically motivated (Amabile, 1993). An employee working for Dubai Duty Free is working for the largest duty free retail operation in the world. The work environment is dynamic and challenging yet optimistic. Extrinsic motivation is well taken care of by the HR department. The employees are given realistic pay packages, accommodation facilities, a variety of training programs and vacation packages, etc. This is the reason why Dubai Duty Free has had a consistently low staff turnover rate over the years

13.2 Aiming at holistic growth

The holistic growth of an organization is an effort that is planned organization-wide (and managed from the top) in order to holistically increase the organization's effectiveness and prolong its longevity. The managerial body of an organization aiming at holistic growth should develop and utilize strategies that lead to continual growth and the consistent success of the organization. At Dubai Duty Free, the executive planning committee – also called the 'Dream Team' meets every week. The Dream Team comprises of the heads of all the departments and their deputies, along with the Executive Vice Chairman and President.

13.3 Futuristic Planning

Mr. McLoughlin seemed enthusiastic about the launch of Concourse 3 which would extend Dubai International Airport further more and already has plans in place for the next 10 years. The organization is gearing up to handle the increased flow of passengers that will be a result of the opening, bringing the capacity of the airport to 98 million passengers by the year 2020. Dubai Duty Free is expecting its total sales to double in the next six years. The organization has already doubled its sales six times since its inception in 1983. They hope to reach AED 10 billion by the year 2018. Planning for the future helps the organization to combat volatile and unforeseen events that may stagger the growth plans of the organization. Dubai Duty Free proves that planning for the future is a safe bet.

13.4 Customer Centric

Dubai Duty Free gives utmost importance to its customers and has designed a five point mission that every employee of the organization embodies. The mission includes providing customers with high quality goods, wide variety of merchandise, value for money, convenient shopping and first class customer service. Providing after sales services is considered very rare in the duty free industry however, Dubai Duty Free takes pride in it. It is clearly visible that the crux of this organization is in delighting and satisfying every consumer that walks through the duty free gates.

13.5 A Dedicated Concern for Manpower

The employees of an organization are just as important to the success of organization as are the customers. Dubai Duty Free looks after their employees to the fullest of their ability. Apart from their pay package, accommodation, transport, uniforms etc. Dubai Duty Free also provide various recreational facilities (such as gyms, volleyball courts, computer labs) and also assist with financial advice to the employees to help prevent them from entering debt traps. The senior management has created a very paternalistic organizational culture where employees work to their fullest potential and in return are taken care of very well. This raises the point that whether the leadership style is task oriented or relationship oriented, if it deviated from human concern, it is bound to fall apart.

13.6 Long Term Orientation

A long term orientation is necessary to ensure the survival of an organization. Dubai Duty Free as been focusing on a long term strategy since its inception. At the very beginning instead of developing a trading space and leasing it back to the vendors who were already established at the airport, Mr. McLoughlin decided that the government should take over the space and manage it themselves as a huge retail operation. The organization combines together the classic management styles of MBO and MBE by predicting future trends and learning from past events and the success of the firm proves the effectiveness of this method. The firm successfully envisions the future and explores the past. The senior board of managers has developed a mission for the organization that leads Dubai Duty Free towards the future and at the same time data from the past years allows the management to learn from mistakes or find patterns that reflect emerging trends. The latter is made possible by a special Business Intelligence team at the head of which are Mr. Munavvar Saqqaf (Manager) and Ms. Lorna Borja (Analytical Processes). This team provides periodic reports and data using systems such as Oracle Discoverer and Micro Strategy (Retail Data Warehouse) to all the departments of Dubai Duty Free.

13.7 Team Cohesiveness

Cohesiveness among teams helps in bettering communications and helps in the better understanding and execution of the objectives and goals set by the executive level. Also the presence of team cohesiveness reflects the lack of conflicts in the organization. In Dubai Duty Free the interdepartmental collaboration is commendable. The daily sales analysis report generated by I.T is awaited by all the departments, the concerns of all the departments can be addressed by HR and Corporate Responsibility conducts health, safety and environmental training for the new inductees of all the departments. The earlier mentioned 'Dream Team' consisting of senior members from all the departments and the organizational heads literally personifies the term team cohesiveness.

13.8 Environmental Concern

In order to ensure that Dubai Duty Free does not damage the environment, the Corporate Responsibility department works very hard. The department has obtained the ISO 14001 environmental standard and OHSAS 18001 occupational health and safety management system specification. Starting with small changes such as making the switch from foam cups to plastic cups in the organization and using oxo biodegradable plastic bags on the shop floor to incentivizing the preservation of water and electricity in the staff accommodation, Dubai Duty Free tries to do its bit.

13.9 Accountability Centered Organizational Culture

Accountable organizations are productive because employees work together with a shared vision toward a common goal. In simple terms, accountability means that employees will do what needs to be done, do it well, and will ultimately take ownership for their role in the process. Accountability is interwoven into the fabric of Dubai Duty Free. Finance, Corporate Communications and Corporate Responsibility are directly accountable to Mr.

McLoughlin and HR, Operations, I.T and Logistics and Purchasing are accountable to Mr. Horan who in turn reports to Mr. McLoughlin. As the Chairman of the enterprise, each and every person is ultimately accountable to HH Sheikh Ahmed Bin Saeed Al Maktoum. Although the organizational culture is paternalistic in nature and allows employees to learn from their mistakes, dishonesty is an inexcusable offense.

13.10 Policy Sensitive

A "Policy" is a direct link between an organization's "Vision" and their day-to-day operations. Well written policies & procedures allow employees to understand their roles and responsibilities within predefined limits and allow management to guide operations without constant management intervention. Dubai Duty Free has a well defined set of policies and procedures. Since it is a government organization, it has to follow an external set of policies in order to adhere to the requirements of the government. Secondly, Dubai Duty Free also has a set of internal policies and procedures that the employees of the organization follow in order to ensure the smooth running of the firm. Being aware and responsive towards such policies is one of the reasons why Dubai Duty Free has reached such great heights.

14. CONCLUSION

Dubai Duty Free has orchestrated and implemented an indigenous framework that has helped the organization reach such dizzying heights. Change in the framework is welcomed only when it is necessary; not just for the sake of introducing change. The organization follows a simplistic approach to management that puts heavy emphasis on the well being of both the internal and external customers of the firm. The paternalistic organizational culture gives the employees the freedom to fail and learn. At the same time, the organization invests in state of the art equipment, designs contemporary training modules (both online and offline) and supports a very modern and dynamic work environment. Hence Dubai Duty Free has been able to strike the right balance between modernism and traditionalism. Dubai Duty Free carries out extensive, sophisticated marketing but it also values the staff volleyball matches and weekly meetings just as much. Dubai Duty Free owns a state of the art warehouse that can easily store and retrieve 8000 pallets and 10000 totes but at the same time Dubai Duty Free also understands the importance of making a customer feel happy when they buy a single product from their shops. Dubai Duty Free is a paradigm for organizations world over and true to its slogan is 'Full of Surprises'.

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