

WASHINGTON BUSINESS JOURNAL



2019
FAMILY-OWNED
Business Awards

CENTENNIAL
AWARD

**MYA
SARAY**

Industry: Hookah, crystal
manufacturing

U.S. headquarters:
Sterling

**2018 International
revenue:** More than \$60
million

**Percent owned by
family:** 100

Employees: Seven

Established
1863

Mazin Badawi demonstrates some of Mya Saray's products.

NOT ALL SMOKE AND MIRRORS

For more than 150 years, this family has made its mark on hookah innovation

BY KATISHI MAAKE | kmaake@bizjournals.com

If you have ever smoked hookah – at home or at a hookah bar – there's a strong chance the contraption before you is from Mya Saray. The reason why dates back to 2002, when Mahmoud Badawi was tapped by his father-in-law to head U.S. operations of his family's Mya Saray hookah company, based in Lebanon but with offices in the Czech Republic, United Arab Emirates, Turkey and Saudi Arabia. Outside of the U.S., you'd know the company as Mya International Offshore. But in all, Mya (pronounced mee-ah), which is being honored with the Washington Business Journal's Centennial Award at the 2019 Family-Owned Business Awards, traces its roots four generations back to 1863.

Hookah, both literally and culturally, has long been a fixture in the Middle East and Southeast Asia, with the first hookahs dating back to the 1500s. For more than the last century, Mya Saray has built an empire in the Middle East by not only selling hookahs, but also creating products such as chandeliers and vases from its famed Bohemian glass and crystal. With its reach, hookah has slowly gained popularity outside of its native region, particularly among young people – and Mya Saray USA sees itself as part of that evolution.

That wider acceptance is reflected in the company's top line. Just last year, the Mya International manufactured and sold more than 1.2 million hookah sets and brought in about \$60 million in sales

globally. That surpassed 2017 when the company manufactured 1.1 million sets for more than \$51 million in global sales.

Mya Saray USA sold about 240,000 hookah sets last year, accounting for roughly 18 percent of the international company's units sold. Badawi declined to offer revenue numbers for Mya Saray USA.

"I wanted to do something really big with this company," Badawi says. "I want to be in every single store. I want to be in Target. I want to be in Walmart. Because I can produce and I can sell. I have the capacity to do that."

Business beginnings

Badawi's story starts long before taking up a wing of one of the world's largest hookah manufacturers. In 1950s Kuwait, his grandfather opened a restaurant on a busy commercial strip. Badawi was born in 1964, around the same time his father and uncle converted the restaurant, which had become quite popular by then, into a men's clothing store where the family imported garments from across the world.

At age 20, Badawi applied to George Washington University, where he earned a bachelor's in electrical engineering and, eventually, a master's in information sciences. He went to live with his brother, Hussam, and sister Yasmine.

WASHINGTON BUSINESS JOURNAL

With an American education and his family's business waiting in Kuwait, Badawi planned to return, purchasing a plane ticket that would send him back home on Aug. 11, 1990.

But on Aug. 2, 1990, the then-president of Iraq, Saddam Hussein, invaded Kuwait, triggering the Gulf War.

"While this happened, there was no communication," Badawi says, adding that money was very tight. "It was a really tough time."

After the invasion, Badawi told his parents to temporarily move to the U.S. as he feared the conflict would last much longer than anticipated. His parents left the country just before a U.S.-led coalition started bombing Iraq and Kuwait, destroying the family's home, warehouses and merchandise.

"We couldn't go back to Kuwait," he says. "That was it."

But not every Badawi family member was accounted for. Mahmoud's youngest brother, Mazin, was still in high school when the Gulf War broke out and couldn't leave Kuwait for the U.S.

"I was left all alone at age 17, not knowing where to go. So, they took me to Lebanon," Mazin says. "It's a beautiful country, but the atmosphere was a war-zone country. I try to erase as much as I can of that memory."

Back in the States, Badawi could barely afford to pay rent. He secured an accounting position with a small Alexandria company called Viar, which initially didn't want to hire him for fear the master's degree holder would soon seek higher pay elsewhere.

He stayed for more than eight years.

Rise of Mya Saray

It was during this time Badawi met his wife, Dima Mehio, heir to the Mya Hookah brand and owner of 51 percent of Mya Saray USA.

It was 156 years earlier that Dima's great-grandfather, Tawfiq, started the Mehio family tradition of selling hookahs, buying a few on the market and reselling them. Customers, however, would often complain to Tawfiq that the head of the hookah, where the tobacco is placed, was made from a clay that tasted bad when they inhaled.

Tawfiq took action.

"He found land that has a very good clay. He purchased that land and started building the head and selling it," Badawi says. "People fell in love with it. It spread to Syria, to Palestine – to everywhere. The Mehio Head."

On the Lebanese land with better clay, Tawfiq built his first factory in 1863. That same year, the Mehios built the first retail store in Lebanon to sell hookahs. The Mya Hookah brand was born.

In 1931, Tawfiq's son, Anis, became the first Lebanese citizen to travel to the Czech Republic to manufacture a hookah base with mouth-blown Bohemian glass and crystal – another defining trait of present-day Mya hookahs.

Dima's father, Youssef, took over the family business in 1957, at the tender age of 14, after Anis' early death. Youssef ushered the company into an era of success, making the wealthy Mehio family a household name in Lebanon. ("If you say, 'Mehio family,' everybody knows them," Badawi says.)

Like his grandfather before him, Youssef fielded several complaints about the set, about rusting of the stem that would render the entire piece worthless. If one part of the hookah malfunctioned or went missing, the entire piece would have to be



Mahmoud Badawi in the Sterling office.



Hussam Badawi at Mya's Sterling showroom.

thrown out.

Youssef took action.

From the hose to the base to the stem, Youssef realized that manufacturing interchangeable pieces that could be easily replaced didn't force customers to buy entirely new sets.

"It all came together," Badawi says. "He took it to a totally different level."

Coming to America

If you watch the music video to the song "Mia" by Puerto Rican Latin rap and reggaeton singer Bad Bunny, featuring hip-hop superstar Drake, you'll notice multiple shots of people partaking from a Mya hookah. It proved something: The hookah had become a stylish, alluring fixture, one that could tie together a social setting.

WASHINGTON BUSINESS JOURNAL

But Badawi knows firsthand this wasn't always the case.

After agreeing to head Mya's U.S. operation in 2002, Badawi – who to this day has not smoked – had a lot to learn. He felt there was a stigma with a hookah akin to cigarettes.

While he doesn't purport that smoking hookah tobacco is harmless, Badawi believes his products particularly are meant to be used as social catalysts or even decorative pieces for homes.

"I thought hookah would be a good thing here because there isn't any product like this here," he says. "But when I read about it, I did find there was going to be a struggle because of the laws, and they consider smoking something like this paraphernalia."

Badawi gave his father-in-law \$12,000 to take a few hookahs to a Las Vegas trade show. The general reaction, he said, was shock from the beauty of a handmade solid-color crystal hookah. "I started getting orders from customers right away – and I didn't even have the product," he says.

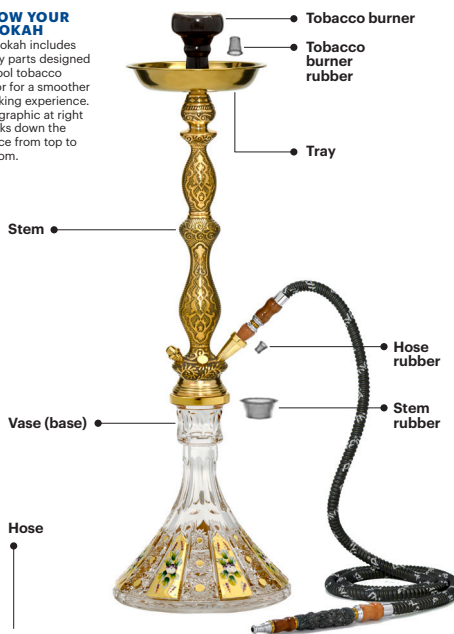
But a niche customer base previously inclined to smoke hookah wasn't enough. Badawi knew he had to bring his product into the mainstream. He pushed the quality of the Bohemian crystal to snag a storefront at high-end Tysons Galleria, home to Mya Saray's first retail location in 2003.

Meanwhile, after a decade of butting heads with U.S. immigration services, Badawi's brother, Mazin, finally secured a U.S. visa two weeks before the Sept. 11 attacks. He started helping his brother with Mya in 2004, the same year Badawi decided to close the Tysons store.

With his brother on the team, Badawi said it was time to focus on factory-level production, as opposed to retail, to grow Mya USA to the level of its international counterparts. Today, it imports hookah parts and assembles them stateside before shipping hookahs for retail and wholesale out of two facilities in Sterling. The company works with stores and lounges across the United States, including the District's very own Chi Cha Lounge, Gazuza

KNOW YOUR HOOKAH

A hookah includes many parts designed to cool tobacco vapor for a smoother smoking experience. The graphic at right breaks down the device from top to bottom.



and Soussi D.C. in Adams Morgan.

Soussi D.C. Managing Partner Sofia Farouidi Grace has been buying from Mya Saray for 10 years, working directly with Badawi's brother, Hussam. Four times a year, the lounge purchases about 30 hookahs for one key reason: Hookah-savvy customers notice the difference in quality, she says.

"Mya's hookahs have been great," she says. "I've never had an issue with them."

The counterfeit factor

Throughout Badawi's 17 years of operating Mya Saray, he's run into a recurring problem – knockoff Mya hookahs, complete with Mya's logo often stamped on the counterfeits.

"When my distributor buys the product from us and starts selling it and there's a fake in the market, he can't sell our product because of the price difference," Badawi says.

Mya started noticing the copies in 2005 as customers started calling about defective products. Badawi says there are some tell-tale

HISTORY OF INNOVATION

Here are some of the new technologies that Mya has patented in recent years to set its product apart from other hookah systems on the market.

► HOOKAH HOSE

Patent number: U.S. Pat. 9,107,456

What it does: Protects Mya's innovative "Freeze Hose" system, in which nontoxic frozen packets are inserted into the hose handle to chill the smoke

► SMOKING APPARATUS

Patent number: U.S. Pat. 8,001,978

What it does: Features a revolutionary smoke ascension system, whereby the stem attaches to the base merely with a seal

► HOOKAH

Patent number: U.S. Pat. 9,894,929

What it does: Protects Mya's hidden stem affixation system to allow for easy replacement stems that can fit on various Mya bases

► DISPOSABLE HOOKAH BOWL

Patent number: U.S. Pat. 8,347,892

What it does: Protects one-use, preloaded hookah bowls

► MODULAR SMOKING APPARATUS

Patent number: U.S. Pat. 7,806,123

What it does: Protects Mya's modular hookah stem

► PORTABLE HOOKAH SYSTEM

Patent number: U.S. Pat. 7,404,405

What it does: As Mya's first patent, it protects the company's first attempt to make hookah smoking an "on-the-go" activity

"HOOKAHS USED TO BE HIDDEN UNDER THE TABLE. PEOPLE WERE AFRAID TO SELL THEM. I THOUGHT IF I CAN OPEN A STORE IN A MALL IN FRONT OF EVERYBODY AND SELL IT, WHAT WOULD BE THE CONSEQUENCE?"

MAHMOUD BADAWI, co-owner of Mya Saray USA, about its decision to open its first retail store at Tysons Galleria in 2003

WASHINGTON BUSINESS JOURNAL

signs that distinguish its hookah from counterfeits.

For example, the base of many Mya hookahs are made from solid-color Bohemian crystal or glass. Counterfeits are often made from spray-painted glass.

Still, fighting the counterfeit market has been a difficult business. Over the years, Badawi has incurred thousands of dollars in legal fees pursuing companies that imitate his products. Often, by the time he serves notice, they go bankrupt – tying his hands in pursuing retribution.

“I spend all this money on fighting these companies and what they do is just go bankrupt and then I lose everything,” he says. “I lose the money I give the lawyer. I can’t do anything to them. There’s no protection for me.”

Badawi says the company still receives calls from angry customers complaining about faulty, counterfeit hookahs. Once Mya is able to discern it’s a counterfeit product, the company offers those customers a discount to purchase a real Mya hookah.

After years of attempting to stop the bleeding from counterfeit competition, Badawi embraced a new approach, following in the footsteps of his great-grandfather-in-law: innovate.

Since Badawi started the U.S. branch in 2002, Mya has received and filed for more than 62 patents for hookah products or features. Dima’s brother, Nizar, is behind most of them. Badawi says their inventions are often replicated in the market, sometimes with the physical patent duplicated on the fake.

But for example, Mya offers a hookah called the MX-Function, an internal purge valve system that breaks down air bubbles to cool the smoke that passes through the water for less abrasive intakes. The product is patent-pending, but just one of many ways Mya has to innovate to stay ahead.

Badawi says if Mya can bring a distinct and better product to the market, then he’ll be able to compete with those who attempt to copy him. “Now whenever I’m copied, I’m already six or seven ideas ahead,” he says.

He says the company has also faced increasing competition from the burgeoning e-cigarette market, particularly from the maker of



Mahmoud Badawi, center, made Mya Saray USA a family affair, bringing his brothers Hussam, left, and Mazin on board to help with marketing, production and sales.

JUUL. Marlboro’s parent company, Altria Group Inc., made a \$12.8 billion investment in JUUL labs in December, valuing the company at \$38 billion.

Then the Federal Drug Administration started cracking down on the e-cigarette industry, particularly on its marketing tactics and availability to teenagers, forcing JUUL to suspend selling most of its flavored e-cigarettes in stores.

Badawi says while this should help his business, he wants Mya Saray to take a more active approach in communicating more with its customer base and educating them on what hookah – and Mya’s hookahs in particular – have to offer. And, most importantly, he remains grateful of where he, and Mya, stand.

“Every day I wake up and say ‘Thank you God’ because I think he really gave me more than I deserve,” Badawi says. “Even with the struggles I’ve had, I think I’m much better off.” ❧

