



“CREATE A WINNING STRATEGY”

Excellence in what you do is an advantage during difficult times says Peter Hall, CEO of Al Hassan Engineering

Some companies by virtue of the nature of their business are better placed than others to tide over difficult periods. During the turbulent period of mid-2008 and 2009, most companies in Oman, like their counterparts around the world, went through challenging times. While many managed to sustain their businesses with their opening order book backlog, companies like Al Hassan Engineering Co (AHEC) fared better. In such situations, it's important to remain focussed in order to stay ahead of the rest.

Says Peter Hall, CEO, AHEC, “If we were to review our operations in 2009, we opened the year with a strong order book. So in terms of revenue growth we had a good platform on which to start. We also had a number of upcoming target projects on which we based

our order winning strategies. These projects provided us with revenue for 2009 and a backlog for 2010 and beyond. All this enabled the company to achieve a good performance in 2009, giving greater value for the shareholders. The turnover increased by over 20 per cent and net profit increased by 30 per cent on 2008.”

Hall is obviously very happy with the results but admits that it was a challenging year. But since the company had put in place a number of strategies and initiatives to both win the targetted projects and to ensure their commercial performance through the execution phase, the desired results were achieved.

Significant orders

Among others, the major new projects that AHEC won in 2009 included the 260 MW Amal

Power Plant project from PDO. It was also a particularly significant milestone as AHEC became the first Omani contractor to take a full EPC contract for a power plant in the country. This project is scheduled for completion by mid-2011. Hall is quick to point out that over the years AHEC has been involved in over 40 per cent of power plants in the Sultanate including the 1000MW power plant constructed for Sohar Aluminium by Alstom of France for whom AHEC was a major subcontractor.

The second major project in 2009 was the Gas Depletion Compression project at Kauthar for PDO. This was another significant milestone for AHEC as it gave an opportunity to develop our business relationship with a new customer, the internationally renowned main contractor

Petrofac who awarded AHEC a sub-contract for civil, mechanical, electrical and instrumentation installation. Work on this project is due to be completed in early 2012.

Streamlining systems

Elaborating on the strategies and initiatives implemented, Hall says that in terms of business performance there are a number of activities that were examined including internal costs, efficiency and business process re-engineering in order to optimise the effectiveness and overall efficiency of the organisation. One specific area was that of materials management; many improvements were made in the supply chain management cycle which have resulted in significant improvements in the operational performance of the business. We also made many improvements in our financial/accounting reporting systems giving us greater transparency and timely reporting of information on which we base our business decisions.

"The company went in for a major revamp of its website keeping in mind its global audience of potential partners, job seekers, customers, journalists and investors. Google analytics reports have shown a 200 per cent increase in the number of unique website visitors," says Hall. The company's website www.al-hassan.com also won the First Prize in Corporate Category at the prestigious Pan Arab web Awards in June 2010.

Hall did not fully support the view that the industry was in crisis management mode, more than that the dynamics of the market had changed albeit significantly as a result of the prevailing economic climate. Oman, however, was perhaps less significantly affected as elsewhere in the region. "By

that I mean that very few, if any of the projects that we were working on were cancelled or shelved. It may have taken them longer to move through to the contract commitment stage but they did not actually stop. In this regard, I would say that Oman has demonstrated more stability than other parts of the region thanks to the policies put in place by His Majesty's Government. So those projects that we had targeted went ahead as planned and our winning strategy worked well," Hall informs.

Excellence in what you do is an advantage during difficult times as it provides customers with confidence in your delivery capabilities. And that was what AHEC did. "We wanted to maintain our position in power generation where we have a market share of 40 per cent. This consistency allowed us to move up the value chain by undertaking the full EPC for PDO's power plant," Hall points out.

Similarly, in winning the Kauther project, where AHEC is a subcontractor to Petrofac, AHEC's strong reputation in successfully completing a number of gas projects was a key factor. In particular, the more recent Burhan/Harmal Gas pipeline project where AHEC in very close and open collaboration with PDO were able to bring in the project completion some four months ahead of schedule clearly helped demonstrate their capabilities and gave tremendous support in securing this work with Petrofac as a new customer.

HR management

An essential leadership quality is ability to build a good team. A team that is able to carry on the good work with the necessary help and support and with the right level of autonomy to do their job.

Staff retention is an area AHEC paid attention to bringing in new people with essential skills to grow the business.

The company appointed in early 2009 a professional and experienced HR manager who has undertaken a number of initiatives including structured staff development programmes and a management development centre to formalise and control how it trains and develops staff. "Since we carried over good order books in 2008 and 2009, if anything, we are increasing the numbers of our people as opposed to cutting down because of our growth. In addition, we had to refocus ourselves and rearrange ourselves and our processes to optimise the efficiency of our organisation in order to maximise our productivity," says Hall.

Opportunities in Oman are good but clearly there is increased competition which has challenged AHEC to implement its strategies and initiatives to take advantage of the situation and build on its reputation of safely delivering quality projects on time.

"We've got a reputation of delivering projects on time and most importantly safely without lost time injury (LTI). We have a total of more than 35 million man-hours without LTI since 2007. We are a flexible organisation and we understand the needs of our customers and we always strive to fulfil their requirements. At the same time with our management systems we ensure that we complete projects within budget which is a significant consideration for us," Hall says. As they say, leaders do some situational changes, AHEC improved its communication process so that everyone knew about the challenges the company was facing.

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