

# Oman Industry Day

SPECIAL SUPPLEMENT

## 'Family businesses will continue to contribute to economic growth'

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**L**EADING the way in the production of high quality switch-gear products, Al Hassan Group is a tried, tested and trusted name in Oman, specially in the local manufacturing industry. Its products are not only widely used across Oman but in the region too. Its wide production line basically caters to the demand of local households, utilities and industrial plants and factories. With increasing demand for electrical products in and outside the country, the Group is now looking to expand its production capacity.

"The success in the local market has spurred us to establish a new manufacturing unit in Buraimi to cater to the regional export market in addition to its first switchgear factory in Muscat," Maqbool Ali Salman, Managing Director of Al Hassan Group, told Times of Oman in an interview.

Excerpts from the interview:

### To what extent are local family businesses like Al Hassan able to influence the development of a modern and diversified economy?

Family businesses make up significant portion of the business in the world economy. In the Middle East, more than 85 percent of businesses are family-owned. It was this strong family business network in Oman that helped jump-start the economy more than 40 years ago. These businesses have developed in both their sophistication and management levels, and they will continue to contribute significantly to the economic growth in Oman.

Family businesses are expanding their networks from local and regional to international markets, with the end goal of becoming family conglomerates. These conglomerates will be highly competitive in the global market, and contribute to a stronger Omani brand. This will also create more opportunities for joint ventures.

### How has your Group contributed to industrial development in Oman?

As a major local contracting company in Oman, which was established around 30 years ago, Al Hassan Engineering Co. SAOG (AHEC) has built many power plants, gas processing plants, oil & gas pipelines, water treatment plants singly and in joint venture with international partners. AHEC can justifi-

ably claim to have constructed the most number of power generation plants both for PDO (Mukhaizna, Qarn Alam Phase-I & II, Hubara and Saih Rawl Power Plants) in addition to Amal Power Station (under construction) and non-PDO clients like Barka IWPP, Sohar Aluminium Smelter Captive Power Plant (1000 MW largest power plant in Oman). AHEC also has to its credit being partner with GS Engineering, Korea, in construction of the three major petrochemicals plants in Oman – Oman Polypropylene Plant, Aromatics Project Oman and Salalah Methanol Plant.

In the area of manufacturing, Al Hassan has focused on providing highly reliable, cost-competitive electrical switchgear products to cater to the demand of local households, utilities and industrial plants and factories. The success in the local market has spurred us to establish a new manufacturing unit in Buraimi to cater to the regional export market in addition to its first switchgear factory in Muscat.

Al Hassan also distributes a range of electrical products across Oman through its nationwide dealer network, bringing world-class product and technology to the consumers in Oman at affordable rates.

### What has been the growth scenario like for Al Hassan Switchgear in the domestic market and the international markets?

2010 has been a particularly good year for Al Hassan Switchgear in terms of new orders won. In Oman, AHSO has won many prestigious orders including PDO Qarn Alam Power Plant-3 and PDO Amal Steam Surface Facilities Project. In addition, it has been selected by PDO for supply of Beam pump control panels for a long term contract till 2015. We have also won major orders for Jebel Sifah Beach Project and Muscat International Airport Expansion Project. All these orders have been won from international EPC contractors and consultants against fierce domestic as well as international competition.

AHSO has also won a major export order for Qatar's utility major Kahramaa to design and supply low voltage switchgear panels from Siemens Qatar, Hyosung South Korea and Siemens LLC Abu Dhabi. The order feeds into Phase IX expansion of Qatar General Electricity and Water Corporation (KAHRAMAA) the latest stage to upgrade Qatar's power transmission infrastructure.

### What is the outlook like for industrial manufacturers in Oman going forward?



Al Hassan Engineering Company has constructed most number of power generation plants in the country:

Maqbool Ali Salman,  
Group Managing Director

With the progressive policies of His Majesty Sultan Qaboos bin Said and his government towards industry, the outlook is quite bright for manufacturers in Oman. With a huge investment of RO 12 billion as outlined in 8th Five Year Plan in infrastructure projects like roads, ports, airports and power plants, the future looks quite bright for the domestic industrial manufacturers. The filter down effect from government's infrastructure spending in building airports, roads, and expanding ports on the local manufacturing sector will be huge. This is because of the chain of backward and forward linkages that the infrastructure sector has with other sectors of the economy. Several ancillary industries such as cement, steel, brick, and building materials are dependent on the construction industry. A unit increase in this sector has a multiplier effect and the capacity to generate more employment and income. This will also act as a catalyst for the future development of the Sultanate.

All the planned expansions will lead to significant increase in en-

ergy demand and the government is planning many major mega power projects and corresponding interconnecting transmission grid projects. A number of renewable energy projects are also being planned including, the development of a large scale solar power plant. These developments augur well for domestic manufacturers in the power generation, transmission and distribution arena, e.g., transformers, switchgears, cables, poles, batteries, etc. With several construction and infrastructure projects announced in the 8th Five Year Plan either in the drawing /initial stage, suppliers as well as manufacturers of materials to these sectors will be quite busy in the future. Many of the local firms including cement manufacturing and steel units have already increased output or are looking to boost capacity.

### In your view what have been the key developments during the 40 years of Oman's Renaissance march?

The country has made all-round

progress by leaps and bounds in all spheres of economy, education, health care, world-class urban infrastructure, telecommunication, transportation, industrial base, trade and industry and attaining self-sufficiency in meeting the ever growing domestic energy needs, broad-basing its economy from totally oil-dependent to a widely spread out industrial economy with the establishment of oil refineries, petrochemicals and fertilizer plants, industries such as steel, aluminum, etc.

Above all, there is tremendous progress in developing Omani talent. Today, you find a breed of Omani CEOs who are running many of the major organisations very successfully.

### Which economic sectors do you believe offer the most attractive growth potential for the coming years?

The tourism sector in Oman has yet to reach its full potential. In the past, emphasis has been placed on the development of tourism in Muscat. However, the entire country has a great deal to offer and the potential to appeal to travelers.

The oil and gas sector will also continue to develop. We need to find new and innovative ways to explore, discover and extract our available hydrocarbons resources. Our natural resources require the development of new technology and unconventional methods of extraction. Gas is also a promising sector where there is ample potential to expand off-shore drilling.

Finally, there will be a significant upside for investment and development of both power generation and infrastructure development. As part of its five-year economic development plan, the government has laid out a programme that should further enhance these two sectors. This commitment to development will create a significant number of business opportunities for any number of parties seeking to get involved.

### How can Oman's business community foster and contribute to youth entrepreneurship?

First, local companies can encourage their employees to provide advice and support to young people starting out in business – especially in mentoring capacities. The value of creating links between new entrepreneurs and established firms cannot be overestimated. Secondly, local companies can provide work experience schemes, together with internships, apprenticeships and training programmes. Thirdly, one

of the main challenges is understanding and being equipped for the world of work. Direct and early insights will raise jobseekers' confidence and new entrants' efficiency, and local firms can play a valuable role in this respect.

At Al Hassan, we believe in "people power". Hence we have adopted policies to attract, train and retain local talent. We have great faith in the youth of Oman and we ensure that young Omanis are taken on board, properly trained and given job responsibilities on merit.

Every year in line with the growing business needs, the Group recruits a sizeable number of graduate engineer trainees from engineering colleges across the country. A two-month-long induction programme helps these trainees to transition from the academic to the industrial world to understand how engineering knowledge is applied in practice. The programme is structured in a way so that they get the requisite knowledge and skill and develop their competencies. One of the bold initiatives which Al Hassan has taken is the formation of Management Development Center. This center not only helps in the process of identifying the talent but also in enhancing the competencies by way of structured training and development activities.

The Group strives to develop not only the basic skills of locals but also to cultivate leadership in Omanis. The Group is committed to Omanisation and it leaves no stone unturned to serve the local community. Yet another initiative taken by the Group is formation of technical center. A structured mentoring and coaching programme is put in place to ensure that the Omani engineers are developed so as to serve the critical positions in the company. A succession plan is being put in place so that the Omanis have a career path and they stay, serve and grow in the company.

### What are your future plans? What is the key focus of your Group?

Our strategy, formulated in 2008, continues. We will focus our attention on development and growth in the energy sector – power, oil, gas and petrochemicals and water and wastewater. We will also continue with our penetration of the adjacent UAE market within the energy sector. With the current investment shift by the government in infrastructure projects, Al Hassan is considering realigning itself with this shift and expand its activities in this sector so as to effectively sustain its position in the market.