The cement industry is rarely likened to a fairytale, but that is exactly how Dr Ahmed Zugail describes his return to Yanbu Cement Company after a spell running rival company Najran Cement. “It was like coming home,” Dr Ahmed remembers. “I was doing all the things I had hoped to do, but this time as the top executive at Yanbu Cement.”

During his first stint at Yanbu, Dr Ahmed progressed to an executive role before being recruited by the newly established Najran Cement. “With my experience in systems, projects, recruiting and organisation, we were able to have a successful company in less than three years,” he says of his time with Najran.

Dr Ahmed also gained invaluable experience through his involvement in the public listing of Najran Cement in 2012. “You have to be a responsible company and attractive to the shareholders to be involved in the stock market,” he reflects. “My experience at Najran enhanced my resume. With my previous CEO experience and my firsthand knowledge of Yanbu Cement, it made me the preferred candidate for the CEO role.”

“I believe it was a good decision from the company’s point of view as well,” Dr Ahmed adds. “I was proud to return as the CEO of Yanbu Cement. I was confident I could fulfil the plans and aspirations of the board and make the necessary changes for the new era, and the transformation that’s happening across the country. I believe we have succeeded by far in increasing company dynamics, financial stability, competitiveness and operational excellence.”

“We have succeeded by far in increasing company dynamics, financial stability, competitiveness and operational excellence.”
confronting him was not always easy. He needed to make difficult decisions such as decreasing the workforce from 1,300 to under 1,000 – a reduction of around 20 per cent. “I think we will continue in that direction, but more cautiously,” he says of the staff cuts.

“Our approach has always been that if we need to go the extra mile then we will do it, so we can keep the company and its relationships strong.”

“Yanbu cement is celebrating 40 years of success; as years go on and competition grows, companies thrive from being more dynamic and lean. Over the past three years we have focused on increasing manpower productivity, cost reduction, digitisation and overall efficiency. However, the final stages are always the toughest and must be implemented carefully.”

He says the company is considering short-term subcontracting of operations to facilitate further manpower development and sustainable efficiency improvements.

“We will try to focus on improving our competency levels. Workforce competency is a concern of national importance. It’s our duty to raise the competency levels of Saudi engineers, technicians, and all other employees.”

Dr Ahmed has overseen a suite of major changes in the five years since his return. Yanbu has modernised its enterprise resource planning system and increased the capacity of its two production lines by 16 per cent. More broadly, it has solidified its market share against a background of decreased demand for cement in Saudi Arabia as well as various other fiscal problems in the region in the past three years.

The CEO has called on the government to help businesses by ensuring the price of fuel remains steady; facilitating competition with exporters in neighbouring regions. Further, he advocates a freeze on fees for royalties on limestone and other raw materials, to incentivise the expansion of Saudi Arabian manufacturers beyond the domestic market.

Despite facing some external challenges, Yanbu offers a level of stability that is reassuring to its customers and suppliers. Dr Ahmed also affirms the importance of open communication. “You should avoid deception and volatility,” he says. “Our approach has always been that if we need to go the extra mile then we will do it, so we can keep the company and its relationships strong.”

“Yanbu’s partners also benefit from the company’s rigorous internal processes. Dr Ahmed’s pet project is a newly established department dedicated to performance management. “This is a new concept that I am introducing to the company. When I came here, I said ‘We have to have a department of experts.’ I recruited experts from outside the company, whom I acquired from an international cement company, LafargeHolcim.

I created the department to monitor the performance of the other departments, and put forward suggestions and plans to improve the performance of individual sections of the business, and the company as a whole. This is a new concept in the cement industry in Saudi Arabia that’s not found anywhere else.”

Dr Ahmed says Yanbu is also evaluating opportunities for acquisitions in light of a stagnant domestic market. “The Saudi »
The cement sector has been hit in the past couple of years. There has been low demand, a ban on exports, and rising inventories. This has led to competition between cement companies and lower prices. As a result, margins have gone down.

He describes the current lack of growth as unsustainable. “The best way out is for mergers and acquisitions, or consolidation, to take place in the market. This means government regulatory reforms and approval. We need to look at this from a national point of view.”

Dr Ahmed says there is also the possibility for Yanbu Cement to consider expansion outside Saudi Arabia, and to export clinker and cement to areas where there is potential for rebuilding. “If stability returns to the Middle East, I think countries like Syria, Libya and Yemen will need a lot of cement. That could be an opportunity for us.”

Elsewhere in the region, there are markets in Sub-Saharan Africa and East Africa that lack manufacturing facilities and Dr Ahmed says they could develop into lucrative export markets. Alternatively, there may be opportunities for Yanbu to invest in manufacturing there. “These are two areas of great potential we are studying,” he says. “With our strong financial position and support from the banks and the government, there could be a real opportunity for us to grow.”

While many companies face significant challenges in securing finance, Dr Ahmed says banks are actively approaching Yanbu, offering finance for expansion or other investments. This support will serve the firm well as it looks to expand its international footprint. Dr Ahmed points out that Yanbu was recently shortlisted to be part of the national transformation program, an ambitious plan to overhaul the Saudi Arabian economy by 2030. “We are one of the leading companies to expand globally and we are very proud of that.” The fairytale may be just beginning.

EMBRACING SAUDIZATION

As part of its Vision 2030 strategy, Saudi Arabia has amended its Nitaqat or ‘Saudization’ policy to increase the ratio of Saudi nationals to foreigners employed by local companies. Ali bin Nasser Al-Ghafis, Saudi Arabia’s minister of labour and social development, has described Saudization as a key pillar of economic growth and national development.

While many companies have argued Saudization places unreasonable demands on them, Dr Ahmed says that Yanbu Cement Company has embraced the process and has been recognised as a leader in providing employment opportunities to Saudi citizens.

“Yanbu Cement Company and Zahid Tractor’s longstanding business relationship exemplifies a true partnership in both letter and spirit. We are diligently working together with our customers to build a better and brighter future for the Kingdom of Saudi Arabia, in line with the aspirations of Vision 2030.” – Hamza W Zahid, Group Executive Vice President, Heavy Machinery, Zahid Tractor

For over 60 years, Zahid Tractor and Caterpillar have been serving our customers in Saudi Arabia with dedication and commitment to excellence. We are proud to be part of the economic advancement and industrial progress of our great Kingdom. We continue our commitment to the growth and development of the Kingdom through superior products, efficient services and a dedicated nationwide network of branches.

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E-mail: inquiry@zahid.com
Web: www.zahid.com
Toll Free: 800 2 444 999

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