



# The quiet PERFORMER

Ananda Fernando, Managing Director, Contract Services Group, Renaissance Services has played an integral part in the growth of the group over the last 26 years. He shares his thoughts on the business, its progress and future plans in a candid interview with Mayank Singh

**Can you give us a brief on your educational and professional background?**

I read mechanical engineering and started my career in the steel manufacturing industry in Sri Lanka. Prior to joining Renaissance (formerly known as Tawoos), I was a chief estimator for Grandmet in Saudi Arabia. I joined Renaissance in 1988 as a cost controller looking after tendering, commercial and other related areas. My original expertise lies in business development and I still play a hands-on role in this area. From cost controller, I became commercial manager, deputy general manager, general manager and then the CEO of the Contract Services Group (CSG). Under a new structure we are putting in place, the role is renamed as managing director (MD).

**What was the size of the business when you joined in 1988?**

It was a very small business with four to five contracts and a workforce of less than 200 people. The average annual turnover was around RO2-2.5mn. Since then it has grown exponentially in various phases to reach a turnover of over RO100mn. Today, we have an employee strength of 6,500 plus people in Oman and another 500 in our international operations.

**What are the main lines of business of the CSG?**

Our traditional core business is contract services:

catering, housekeeping, laundry, maintenance, landscaping, pest control and related support services. We still provide those services today, but we have also developed these core competencies into a turnkey integrated facilities management company, where we look after a client's property and his non-core services needs from A to Z. We have taken even this to one further level, where we build, own and operate our own facilities in flagship projects, such as the Permanent Accommodation for Contractors (PAC) facilities for PDO contractors in Oman's oil and gas fields.

In contract services we serve clients in many sectors, including oil and gas, education, defence, commerce and industry and healthcare. For example, in the healthcare sector in Oman, we provide catering, cleaning and other support services to over 85 per cent of Ministry of Health hospitals, as well as Armed Forces Hospital for MoD and Sultan Qaboos University Hospital for SQU.

Renaissance owns and operates five PACs in PDO's oil and gas fields. And we are looking to expand on our PAC portfolio with a major new 16,000-bed PAC in the Duqm Special Economic Zone. This requires major investment of \$250mn; but we have always had the full backing and support of the Renaissance board since our first PAC venture back in the year 2000.



**The CSG's business is not restricted to Oman, but you have ventured out internationally into countries like Norway, Iraq and Angola. How did this come about and is there a roadmap for your international operations in future?**

Our first international venture was through acquisition of an offshore catering company in Norway intended to gain catering expertise in an offshore oil drilling environment. Since then that business has grown to become the largest offshore caterer in the Norwegian sector of the North Sea. We hope to take our offshore catering expertise into important new markets, including Abu Dhabi and Angola.

Our big leap was the 2003 contracts that we won in Iraq. These contracts were primarily to feed multiple US army personnel, but we also had assignments assisting the UN aid mission in Iraq (UNAMI). Out of these, the first contract was to provide cooked food for 25,000 soldiers. We got an enquiry from KBR (formerly Kellogg Brown & Root), and bid for the contract. For security reasons the place was given a code name – Dogwood. Therefore when we searched the map of Iraq, therefore we could not find it as it did not exist. On reaching the place we found a barren piece of land and established our camp with the military around us. Until we arrived the soldiers were living on ration pack meals. We established our operations in record time and started feeding them cooked meals. We had a supply line carrying structures, equipment, supplies and people on convoys of 120 trailers snaking across the Arabian Peninsula from Oman, UAE, Saudi Arabia and Kuwait, with the perennial threat of ambush and attacks. Our greatest pride is that we kept our people safe and suffered no fatalities in the eight years of our Iraq operations. It was a project that took the group to a new level. Our experience in Iraq gave us the confidence to take on challenges. We competed with the major contract services multi-nationals and won our share of that international competition. Our standards of service were recognised with major client awards.

Looking ahead, we are planning to divide the CSG group into two parts – Oman and international. The Oman market is still growing fast for us and the Duqm project alone is a huge assignment. Oman will continue to support the international business as it grows. Somehow, we want to bottle all that we have achieved in our home market and watch it flourish and grow abroad. For this purpose, we are establishing independent resources in Dubai, UAE to focus on fast-tracking growth in international markets.

**Looking back, which one of your contracts would you view as seminal in CSG's growth?**

With hindsight, I think the first PAC contract (1999-2000) and Iraq were landmark milestones. The success of our original pure contract services business gave us the courage and confidence to build, own and operate PACs; and the success of our PACs gave us the pre-qualification expertise to build dining facilities and camps to operate in Iraq and later in Afghanistan. Each success led on to another.

The PACs stand out because they were a brand new concept at the time. We had found a way to deliver higher standards at lower costs through economies of scale. Where workforces were previously accommodated in low standard portacabins with no facilities, today they live in permanent structure buildings, compliant with UN and ILO minimum standards of space and proper ablution ratios per capital with 24/7 clinic operating with doctor and nurses; recreation outlets from swimming pool to gymnasium and other sports and leisure facilities, and good nutritional food. There are still pockets of the old poor standard temporary accommodation camps; but our PACs are the answer. And as PDO declared in its 'Post-Implementation Review', they are, at worst, cost neutral to the oilfield operations. PACs consume less water and electricity than the inefficient temporary facilities. They are associated with better safety performance and less downtime for sickness. It is a win-win-win solution

for clients, for the people who live in them and for Renaissance.

**Duqm is being talked about as the CSG's next big leap. Why do you think that Duqm will be such a game changer for the company?**

Duqm is a huge area of economic development and I have seen similar facilities in Jubail and Yanbu in Saudi Arabia. These are areas where industrial zones started many years ago and the concept that they followed was building staff accommodation well in advance. Oilfield producers and operators started drilling oil well over 50 years ago but they went in for PACs much later. The Duqm authorities agree with us that they can learn from PDO's excellent example and ask us to build high standard facilities up front. They recognise that this is most cost-effective in the long run. The Duqm PAC shall enable projects to come to Duqm. We expect to accommodate people coming to build a refinery, operate the port or fertiliser plants.

We are going to build the facilities at a very competitive rate, and are confident that no one can even build a porta cabin based camp at this price. Overall, CSG will provide 16,000 beds. The facilities will be owned by Renaissance, with only the land being leased from Special Economic Zone Authority at Duqm (SEZAD). We have awarded the contract for construction and the facility will be ready by 2016. It will be spread over 200,000 sq mtrs. The project is worth \$250mn and around half of that value would be invested by Renaissance Services. We want to offer the opportunity for share ownership to local community investors, Omani pension funds and sovereign wealth funds.

**The group has always believed in following best practices and being ahead of the curve, despite such measures coming at a cost. Why has this been an article of faith?**

Whether it comes at a cost or not, we believe in delivering our operating mantra: safe, efficient, green and local. When we started our journey with best practices in HSE or systems covered



Asked about Ananda Fernando's contribution to the development of the Renaissance Contract Services Group, Stephen Thomas, CEO, Renaissance Services, said: "Oh - Ananda? - astonishing. He is a leader who, quite rightly, talks in terms of 'we' not 'I'. And he has nurtured a fantastic team around him. But teams are great at synergizing improvement in implementation and delivery. It takes an individual to create ideas, galvanize momentum and stimulate progress and change. Make no mistake, every contract services business needs a Fernando. I am truly grateful to have him as our trusted colleague. His role has been pivotal to all our success." And he added with a chuckle: "Please don't tell him I said this. He will make my life miserable reminding me of my words".

by the ISO loop, these were relatively new concepts in this market; and we were usually the first in our industry to adopt these measures before they became fashionable. We started a comprehensive programme for employing Omanis before anyone had coined the word 'Omanisation'. But the good news is that when you do these things well the cost becomes neutral and then cost-effective. A strong HSE ethos is in fact the most efficient way to run a company irrespective of the moral, contractual and legal imperative that we do not wish to cause any harm to people or the environment. We are always looking at ways to drive efficiency. In recent years we have invested in our own supply chain and warehouses, giving us better control over sourcing, husbandry and costs.

**CSG has commissioned a pilot project involving Solar power. Can you share details of the project?**

We expect PACs to consume 40 million kWh of power all put together. This comes from burning a lot of energy in terms of oil and gas. We currently get power at a subsidised rate of 15 bzs per kWh, whilst the actual cost

of production is three to four times higher. There are indications that the government will not subsidise electricity for a long period, as it leads to loss of precious national resources. We thought of being futuristic and looked at getting 25 - 30 per cent of our energy requirements from solar energy. We are doing a pilot project in Fahud, and are looking at generating two million kWh annually out of the seven million kWh that we consume there at the moment. This is going to cost us 40 bzs per kWh, compared to the subsidised rate of 15 bzs. But given the carbon footprint and energy that is being saved we can prove Renaissance's sustainable approach to our government clients, PDO and others. This initiative stems from Renaissance Services way of thinking, wherein we do not pocket every penny that we make, but look at ways in which we can give back to society and the country. Our solar project may cost us something today, but it will be cost beneficial in the future.

**The CSG group has achieved a quantum leap over the last couple of decades. What kind of future growth**

**do you foresee in the years ahead?**

We have reached RO100mn in terms of turnover and are looking at doubling it to RO200mn in the next three to four years, with the business in Duqm contributing to it in a big way. We are confident that we will experience steady growth internationally. With Duqm and our international operations, doubling our turnover is not going to be very difficult.

**Your work entails long hours and travelling. How do you strike a work life balance and how has your family contributed to your success?**

I have failed to strike a very good balance between work and my personal life. I get constant complaints regarding this from my family. CSG is a very demanding job which requires attention 24 hours a day all around the year. Over the years, my wife Sriya has taken great care of the house and our children and this has helped me greatly in my professional life. I have been blessed with a supportive wife and three wonderful daughters – Shalini (26 years), Shenali (18 years) and Shinara (8 years). **OER**