

THE DAILY STAR

LEBANON

Steering a struggling company to profitability

By Mohamad El Amin

BEIRUT: In 2000 Dania Nakad presented a plan to restructure Wardieh after the petroleum importer and distributor was on the verge of being sold to a local competitor following years of losses.

In 2002, she became the head of the company, which now makes annual profits in excess of \$5 million and has a secure position as a market leader.

Celebrating its 90th anniversary this week, the company has been building on traditions going back to the 1920s and is part of Lebanon's own history of ups and downs, Nakad told The Daily Star from her office at Wardieh's 42,550-square-meter Dora storage terminal.

In 1934, she said, the company built the Tripoli refinery in partnership with Iraqi Petroleum Corporation. It later constructed the Zahrani refinery in a joint venture with Caltex.

By the 1950s, Wardieh, back then a subsidiary of Mobil, was the Middle East hub of the international company's operations as economic prospects in Lebanon brightened.

But along with the rest of the country the industry took a sharp downturn in 1975 when the Civil War engulfed Lebanon.

Mobil exited the country, selling its shares to local investors, but Wardieh persisted.

After a high turnover of shareholders in the post-Civil War period, Wardieh was in decline, faced by a decreasing market share and difficult market conditions, convincing many, including its former general manager, that it should be put up for sale.

"I was completely against the idea. Having worked at Wardieh for five years as a human resources and administration manager, I had a different view about the company's future," she said.

"We were the market leaders for many decades, and I found the idea of seeing the company closing down extremely awkward," she said.

Motivated by her strong belief in Wardieh's ability to bounce back and take on competition, Nakad put together a five-year plan to regain market share and boost revenues.

The plan, she said, involved utilizing significant assets that the company had long overlooked.

The location of the headquarters in Hamra, for instance, was extremely impractical given that

the location of most of the facility was in Dora.

“I suggested that we sublease the head office and move offices to the terminal and sublease the building. This helped boost our revenues significantly,” she said.

Wardieh also sold properties outside of Beirut to boost cash flow and help the company become more agile. The next step was to upgrade some 160 stations and to organize a supply arrangement with Total Liban to jointly import fuel, guaranteeing better quality, price and continuity of supply.

Investing in more skilled employees at Wardieh was also crucial, Nakad said, adding that computerization of financial transactions ensured the company had no uncollected money in the market.

Another key aspect of the plan was to diversify revenue streams, signing long-term contracts with ExxonMobil and other international suppliers for lubricants, as well as aviation fuels businesses.

“I joined in 1995. From 1995 to 2001, Wardieh was on an annual basis losing from \$500,000 to \$3 million. From 2001 up to today, the company has been making a minimum of \$5 million to \$10 million on an annual basis,” she said.

Commenting on prospects for the oil industry in Lebanon, Nakad complained that as the country’s untapped offshore oil and natural gas prospects are studied, local oil companies have been kept aside from these developments.

Despite admitting that local companies lack the experience needed for oil and gas excavation and extraction, she said that their long-standing affiliations with international oil companies could help bring more bidders to tap the wealth.

Being at the top of the corporate ladder, Nakad agrees that women still face some difficulties reaching top positions, but added that the situation is improving in many businesses, particularly in banking.

“I was 34 years old when I became general manager of the company. People said our shareholders were crazy, and I had to listen to too many ‘lectures,’” she said.

“But you have to have a lot of perseverance and push your way through. Those who used to lecture me back in 2001 are now calling me for advice, and I happily give it,” Nakad added.

Copyrights 2011, The Daily Star - All Rights Reserved

28/08/2012