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IMPACT AT SCALE

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THE **GROUP CEO OF EFS** FACILITIES SERVICES GROUP REVEALS HIS VISION TO BUILD A US\$1 BILLION ORGANIZATION



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by TAMARA PUPIC

In 2009, Tariq Chauhan, the newly-appointed CEO of EFS Facilities Services Group (EFS) at the time, was thinking big, despite personally recovering from a few scars of the 2008 global financial crisis. EFS was well-positioned in the integrated facilities management services sector, but Chauhan was about to unleash a series of shrewd moves. “I felt that to have the critical mass and to be large was no more an option, but a necessity,” he says. “There was no room for me to remain in the small to medium space -to be a US\$100 million company- we had to have the critical mass, because of the challenges that the business was facing.” At the time (2010), EFS had 2,000 people on the books, enjoyed 76% of contract retention, and 21% revenue growth. However, Chauhan’s vision was only beginning to take shape.

Today, EFS is a regional leader in delivering integrated facilities management services with its network of 26 operating companies in 21 countries across the Middle East, Africa, South Asia, and Turkey. With 97% client retention rate, it enjoyed an AED3.5 billion contract backlog, 26% revenue growth, and 7% profit increase in the last year alone. Interestingly, that is the same year which the company’s media pack describes as a period of challenges and introspection, since EFS experienced a 18.76% drop in gross margins driven by difficult market conditions, economic slowdown, and emerging competition. Two interesting points are to be noted here: firstly, Chauhan does not shy away from stating the unpleasant facts, and secondly, the market difficulties haven’t dramatically affected his plans, as EFS has already achieved the status of a large company. However, being a large business is no longer enough for Chauhan. “We have definitely established ourselves amongst the large, but this large is still far from where I want to be,” he says. “To be successful and sustainable in the long-run, we need a quantum leap in our approach, and that is exactly what we have done this year. Besides some obstacles, we have enjoyed a 90% growth this year. We’ve been growing by 25%, and by any global standard, that is considered extraordinary. There has been a lot of work in progress to develop our capabilities to take on mega projects, and that is what has led us to this 90% growth. Three core mega projects have come our way. In the past, we did have some misses, but eventually everything happens for a reason.” >>>



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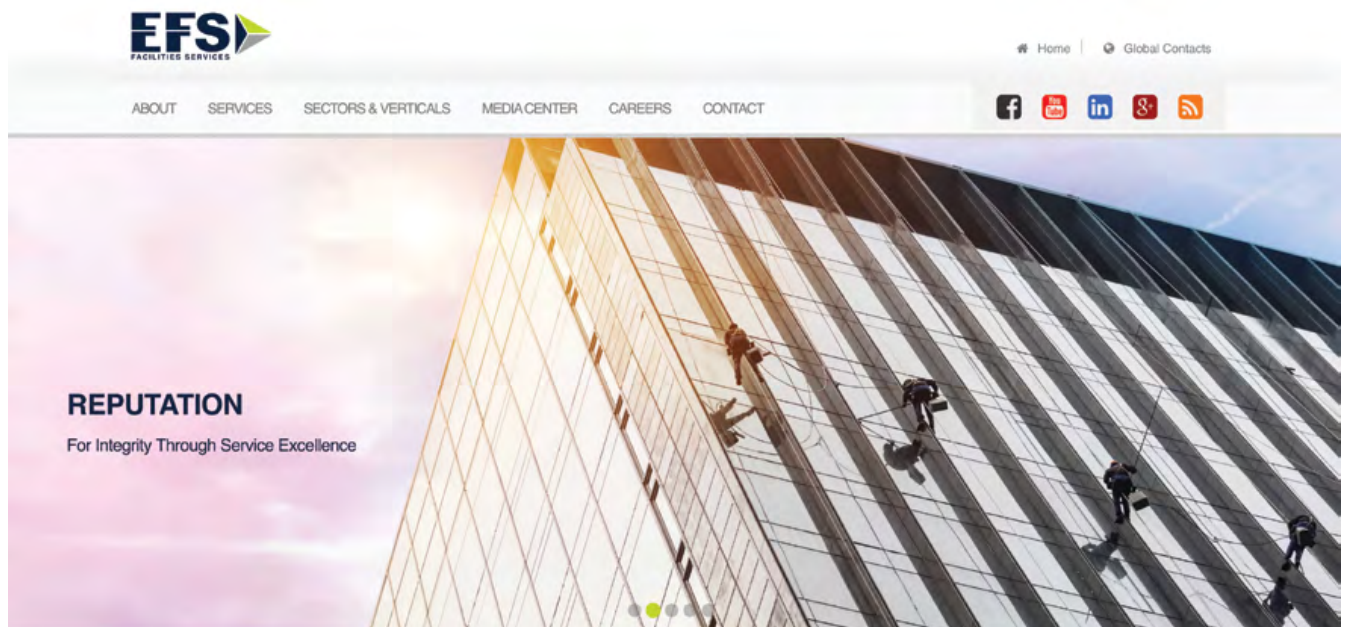
The reason for the current dissatisfaction is in the details of Chauhan’s grand plan which is only now being fully revealed- it includes spurring social change by empowering individuals to pursue their own potential. To achieve that, his eyes are set on building a \$1 billion organization. “I seek socialism in capitalism,” he says. “As a \$1 billion organization, my business would employ about 100,000 people. These people and their families would enable me to make an impact on a larger percentage of the population. If you can create your good in others’ good, how better can it be?” His belief is strongly rooted in the company’s unique ability to influence the blue-collar worker segment, which forms the majority of EFS’ 15,000-strong workforce. “I

believe that CSR is embedded in this role, because of the structure of the business itself- there is a large section of people who are at the lowest part of the self-actualization curve,” Chauhan explains. “So, with the success of this organization, we are doing better for everyone, and mostly for this section of people. When I talk to an average cleaner, there are two things in life that he wants to have- to make sure to send money to his family, and to own a house of his own. Furthermore, 90% of people who earn AED500 per month have dreams to finance their sister’s marriage ceremony, to have their own house, and then to get married. When employing people, how often do managers discuss these things? But here, we try to do that.”

In 2012, EFS adopted “People, Passion, Precision” as its mantra, not just as a marketing slogan, but as a fundamental part of its internal purpose. Having aligned his employees towards achieving one goal, Chauhan then focused on building organizational systems and structures. “You can pick and choose the right people but for them to flourish you need to create the right ecosystem,” he adds.

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“Every organization must have the right structure. Then, you need to focus on building systems, technology and processes in order to achieve success. These are fundamental basics. Global knowledge, regional presence, and local experience have become pillars of our organization. Then I again ask people where they can find themselves in this.” In helping others, Chauhan is firm to point out those who have helped him along the way too- from a chance encounter with the Chairman of EFS in a hotel bar in Dubai nearly a decade ago, when he got the offer to take on the challenge of transforming the company, to his shareholders, clients, and employees today. “Your choices in life come from your personal conviction, which does not only come through your own stubbornness, but through others believing in you and letting you succeed and collaborating with you,” he says. “That eventually leads to the formation of your conviction. Success is not an individual



story, but a mix of many collaborative approaches coming from different people—your colleagues, your clients, your shareholders, and so on. You need multiple endorsements to be successful, and it does not necessarily mean money. It includes the impact you create, and the others buying into it, which eventually evolves into a pyramid. CEOs are the agents of the company’s success, and they cannot put themselves ahead of the company. It is the institution that matters. Many have done that, trying to create their personal brand, without realizing that their personal brand’s sustainability lies in the overall sustainability of the company’s brand. CEOs lead companies, but in this pursuit, they must not lose the balance. The horse must not become the brand. I am being careful, because there is a lot of individualism that comes in when organizations are undergoing transformation.”

Today, EFS’ goal is to continue integrating automation, technology, and processes in order to create an integrated management system—the last part of Chauhan’s machine for making a quantum leap. This was preceded by the phase of stabilizing the business (2010–2012), and then transforming it (2012–2016). “In the transformation stage, we started expand our service lines and our geographical presence, changing our client mix, and many other things, which have taken the organization to the next level,” he says. “In achieving this, we have carefully chosen clients who haven’t kept us in the cycle of payments, which is usual in this part of the world, but it has been maximum 60 days. That has

helped us to keep reinvesting in our business. Also, our shareholders have been very strategic in their approach. They weren’t looking for any cash dividends or cash payouts, but they wanted us to reinvest in the business. In addition, we’ve built strong relationships with the banks to support our usual working capital requirements. Business without the alignment of bottom line and cash flows can never be a sustainable business. One of my principles has always been that three alignments are important. Firstly, zero tolerance for top line growth without cash flow sustainability. Secondly, a consistent year-on-year growth. Consistency is critical to any sustainability. Lastly, it’s about alignments of all stakeholders—employees, clients, suppliers, and shareholders. They all have to have a common vision. It is important for a CEO to be trusted by employees and respected by clients.”

However, over the last two years, the growth pace hasn’t been as strong as expected. “The facilities management is not a capital intensive business; however, it does require investments in the times of austerity when you are playing on low margins, meaning in times when you don’t have enough profit



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generated internally to support developmental projects,” Chauhan says. “This business is now going through a rapid paradigm shift, from a conventional to a digital model, and, for me, digital is again about a mindset change. I am not overwhelmed by this, although the price of our

success is the extraordinary pressure that the core team has had to take on, and the pressure on me to keep those members engaged. But, if I was not personally convinced and able to take the risk, I wouldn’t have reached this stage.”

Therefore, the company is still on its growth trajectory, and Chauhan exhibits nothing but patience and conviction. This wisdom, as in many other cases, comes from experience. Chauhan’s career started in banking in 1987 in Oman, and saw him working for three different banks and operating in 11 different countries. He moved to the UAE in 1995 to start managing a high-network investment portfolio for El fina Banking & Financial Investments Co., which would eventually become his own company. With the wisdom of hindsight, he describes it as a challenging period, but it did not prevent him from making further entrepreneurial attempts. Later, he started up other businesses, including KOL Corporation, an IT company providing e-business integration, supply chain and real estate solutions. “Unfortunately, the 2007/2008 [period] shook me completely, and I was near financial collapse,” he says. >>>



EFS at the IFMA event, April 2018

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“Then I decided that I had to focus on capital, and if I had to do that, I needed partners. I needed to work with people, not by myself. So, having gone through those previous experiences, and having realized that the capital requirement was critical for building a sustainable business, I knew that chasing \$1 billion on my own was not feasible against the backdrop of one of the biggest recessions in the past 75 years. I realized that I needed to be a part of a larger business, which is in a sunrise industry, so I decided to leverage my experience and join EFS.”

In less than a decade Chauhan has grown the company’s portfolio to include more than 300 governmental and international organizations, delivering over 75 service lines across 15 business verticals. In doing so, however, the emphasis was on building solid foundations and defenses from any future market downturn. “We diversified our operations,” he says. “More than 10% of our businesses must not be in one single country. No single contract should be larger than 10% of our business. We have also brought diversity in terms of ethnicity of employees as well. That helped us to be sustainable



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long-term and against market dynamics. I’m not growing in all countries; in some, I’m trying to consolidate, for example. You should keep your company above markets. Preparing the core of your organization for tough times, being able to take shocks, to mitigate risks, and

to preserve a certain level of sustainability starts with doing that to yourself first. That is exactly what I did from 2012 to 2016.”

Having witnessed and successfully navigated two economic slowdowns, Chauhan ends our conversation by advising other entrepreneurs to

remain calm, focused, and patient. “In 2008, we weren’t prepared, and it was a reminder for people to wake up,” he concludes. “So, when the recent recession came to be, fortunately, we were well informed, we had the past to remind us, and that helped us prepare. Recessions are a part of life, and serve for companies to build their own character, the overall organizational bloodstream. So, markets are affected by it, but companies should not be.” ■