



Mohammed Al Barwani

WITH 37 YEARS EXPERIENCE IN THE OIL INDUSTRY, OCEANCO'S NEW OWNER IS USING HIS BUSINESS ACUMEN TO HELP THE DUTCH YARD REALISE IT'S FULL POTENTIAL

BY FRANCES & MICHAEL HOWORTH

Pointing at the hull of the 86m (282ft) Y708 — which lies in Oceanco's Alblasterdam yard in the Netherlands waiting to be united with its superstructure lying nearby — Mohammed Al Barwani says he is looking forward to owning a large yacht just like it. Since purchasing Oceanco in 2010 he has been closely involved in the day-to-day running of the yard and describes it is the 'most fun of all my businesses'.

A petroleum engineer by profession, Al Barwani made his fortune in the oil and mining industries, but describes drilling wells as being like gambling in a casino.

"You never know how many rocks you're going to have to turn before you find a jewel," he explains. "Building superyachts may not be as profitable as mining or oil exploration, but I find that creating a beautiful masterpiece such as an Oceanco yacht is — in emotional terms — very satisfying."

Al Barwani has had a love of yachts since childhood.

"My first was a 22m (72ft) Hatteras — a brand I've owned ever since," he says. "And my current 32m (105ft) yacht is my biggest to date."

The lure of the industry

"I remember the day I bought my first drilling rig, but I don't remember the day I bought my third or fourth rig, and now we have more than 50. Yet I do remember the day I bought each of my boats — and I look forward to the day when I finally get to own my first Oceanco."

Attracted by the respected brand name of the company and curious to learn more about superyacht construction, Al Barwani first visited the Oceanco yard in 2009.

"I did not come with the intention of buying Oceanco," he clarifies. "On that first visit I was very impressed. ■■■▶"

BIOGRAPHY YEAR-YEAR

- ▶ **Current role:** Chairman of MB Holdings and owner of Oceanco
- ▶ **Work experience:** With 37 years experience in the oil industry, including time spent working as an engineer Al Barwani set up MB Petroleum Services in 1986 and Maward Mining 10 years later. Petrogas followed in 1999 and Daleel Petroleum in 2001. He came into superyacht building with the acquisition of Oceanco in 2010. He is a member of the International Seakeepers Society and Oman's Council for Scientific Research as well as honorary consul to the Republic of Poland.

Photo: Frances Howorth & Oceanco

TO THE POINT

Would you consider investing in another shipyard?

I would, but I wouldn't want to dilute Oceanco's brand name by doing so. Turkey and Italy build good yachts, but of a different quality and value to those built by the Dutch. Well-built yachts from superior Dutch yards will always hold their value.

Why are the Dutch so good at building superyachts?

I have asked myself that same question before and the real answer is that here in Holland everything fits together well. Door locks work, integration functions — that's why a Dutch yacht is better. Add to this the tradition of shipbuilding, which seems to be innate in every Dutch person, and I think that is no coincidence. After all, the word yacht has its roots in the Dutch language.

What have you achieved since coming to Oceanco?

We have increased the number of employees by 10 per cent, invested in quality engineers to support our supervision team, and refurbished the facilities. I approved plans to construct a new dry-dock where we will commission and build new yachts. We want to be able to build superyachts up to 140m (459ft) in the new building, and work on our new facility has already begun.

Who do you view as your biggest competitor?

I believe we are one of the finest builders in the world and when you ask who else is in this league, the answer is probably Feadship and Lurssen. The industry is changing however and we must not forget there is a second tier of



contenders in the market. Turkey is a strong contender and the Italian market is showing signs of recovery.

How important is transparency in the business?

We always try to be transparent in our dealings. We don't favour anyone and nothing is hidden when we do business. We always build what the client wants rather than what we think they should have. That means we are more flexible than several of our competitors, who at times seem to forget who is holding the chequebook. We never

forget that we are working for the client.

How willing is the company to collaborate with others?

I believe close co-operation between yards, brokers and designers is a good thing. We work closely with all of the brokerage houses and most designers, from the most famous to the up and coming.

What is the risk of Oceanco having to consolidate?

Consolidation has already happened within the industry. This had to happen and will probably continue to happen. It is all a question of survival of the fittest. It is true that some companies have suffered more than others, but I can assure you that here at Oceanco we are moving in one direction — confidently forward.

“The quality of people drove my decision to invest in the company. I got the feeling it was well organised, yet still had untapped potential”

I liked the feel of the company and was comfortable with the management team and the people running it. People are more important than fixed assets or infrastructure and every business is about people — they are the key to its success.

“Oceanco had key people and I quickly recognised who they were and what they could do. It was the quality of these people who drove my decision to invest in the company. I got the feeling it was well organised, yet still had great untapped potential. All of which was subsequently proven true when we went through the due diligence.

“I saw the acquisition of Oceanco as a golden opportunity to acquire a business that I would enjoy owning. It was, without a doubt, an excellent opportunity that came my way at the right time in my business life. I was impressed with what I saw and I bought it at a good time.”

As the chairman of MB Holdings (the company that manages his numerous and diverse investments) Al

Barwani is able to take ideas from his other businesses and cross-pollinate them.

Problem solving

Even though building superyachts is very different from his other investments, he has been able to translate business practices learned from the mining industry (in which he is heavily involved) into Oceanco.

One company Al Barwani had invested in, and was on the board of directors of, was left potentially vulnerable when its CEO walked away, taking some senior bankers with him. Al Barwani stepped in to manage the problem and worked closely with the other directors and management until a replacement CEO was hired, and the management team reconstructed.

“I love business, and I am fascinated by it. However, I see myself more as a fire-fighter — that is my greatest strength,” he says. “In this regard, I believe the trick is to always headhunt the very best people.

“My management style is delegation through professional managers and decision making by consensus. I like to employ a velvet touch and I do that because I have discovered that the iron glove approach just doesn't work for me.”

Al Barwani is also clear about his long-term plans for the Oceanco yard.

“I never go into a business on a short-term basis,” he says. “My policy at MB Holdings is to invest in businesses, and never give up when things get rough.

“I once had a business in Indonesia during Suharto's

time in power. It was losing money and we were persuaded to close it down, to cut our losses and get out. Seven years later we went back to Indonesia. The climate had changed and, in retrospect, I really regret pulling out and losing that continuous growth.

"I learned an important lesson from that experience. A few years ago our business in Saudi Arabia was not doing well, but we persevered and now the business has really improved.

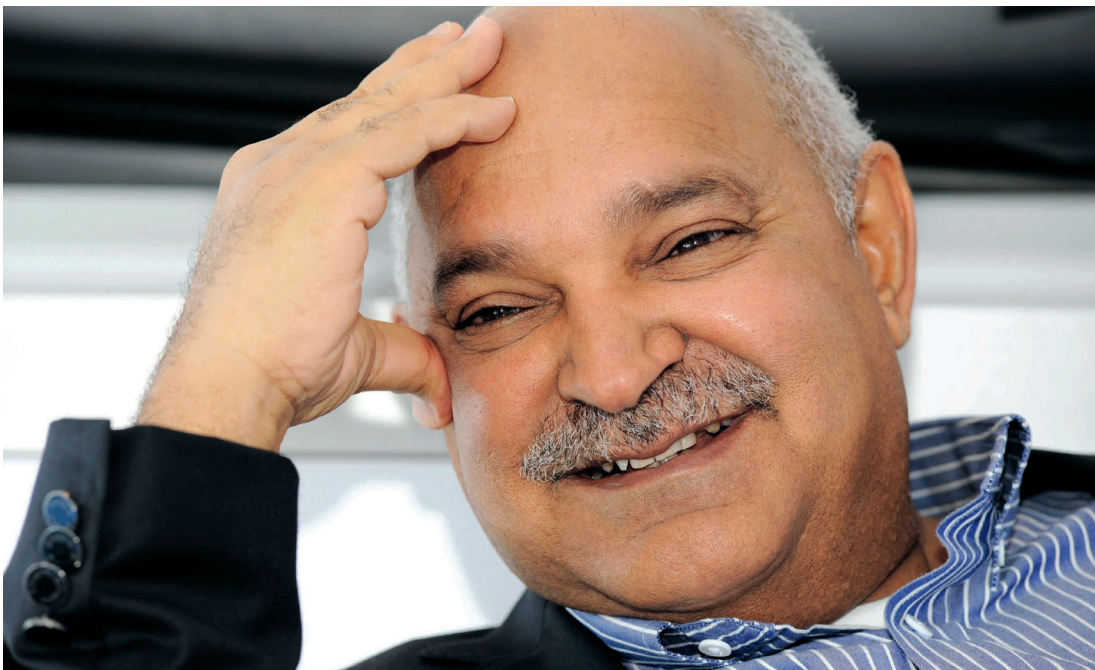
"Not all businesses will make money all of the time. I make sure I look after the weaker ones because I know they will turn around eventually.

"In business you must always think out of the box and look for the simple answers or practical solutions. I endeavour to never overcomplicate anything. Of course I have had doubts in my business life. This was

his wealth he has never forgotten his civic and social duties. If there is one thing I hate more than anything else, it's the billionaire's ego.

"The person who now influences me the most has to be, of course, my boss, and by that I mean my beautiful wife. In the past it was my father, who was a successful merchant and trader. He inspired me when I was young and starting out in business. He encouraged me, showed me how and — more importantly — *when* to take risks and assume responsibility. I owe him a great deal.

"I remember the day I took my first million dollar order — it was without a doubt the most exciting moment of my career. But I was both happy and sad when it happened. I was on a high, yet at that very same moment I realised that everything else from then on would be easy by comparison. Nothing afterwards,



Al Barwani recognised Oceanco's untapped potential on his first visit to the yard

particularly true when I was younger. At times we have tried to acquire companies that were too big for us. Inevitably doubts set in, but we persevered and eventually prevailed.

"Looking back, I am glad we held steady, kept our nerve and soldiered on, because some of those early companies have become the foundations of our current good businesses."

Inspirational figures

In business, Al Barwani takes inspiration from self-made entrepreneurs such as Li Ka-Shing, the late Sir James Goldsmith, Warren Buffet and Bill Gates. Li Ka-Shing is a wealthy businessman from Hong Kong and reportedly the richest person of East Asian descent in the world. He is the chairman of Hutchison Whampoa Limited and Cheung Kong Holdings and, through them, the world's largest operator of container terminals.

"Li ka-Shing started by selling plastic flowers and is now considered the most powerful figure in Asia," says Al Barwani. "Bill Gates is also admirable because despite


no matter how big the deal, was quite the same, nor did it give me the same buzz of excitement."

Recovery in sight

"There are two recessions currently going on in the superyacht business, or if you like, a recession within a recession," suggests Al Barwani. "The first is the background recession caused by the collapse of the global banking and credit crises. Within this is the recession of the yachting industry — and that's the one that has really affected us the most.

"The superyacht industry is now beginning to recover 12 to 18 months after the recovery of the world economy. We are beginning to see orders being placed.

"We want Oceanco to be known as the builder of choice for any superyacht constructed between 70m-140m (230ft-459ft).

"Phase two of our expansion programme here in Alblasterdam will see us increase our facilities to a point where the building of 160m (525ft) superyachts is a possibility." 



Al-Barwani and his son Usama in front of Hull Y708 at Oceanco's yard in Zwijenburg where its hulls are constructed

"Superyachts built now are much larger than those built when the term 'superyacht' first originated. Comparing the largest yachts built 10 years ago with those built today, you will see that the top yachts in the '100 largest yachts in the world' list have gone a long way down in the size ratings.

"I believe that the size of a yacht is not as significant as how an owner is going to use it," says Al Barwani. "That should always govern its build specification."

Privacy is also an issue of growing importance. With the increasing threats created by international terrorism, owners are much more reluctant to identify themselves with a particular yacht.

"The type of person we traditionally think of as a superyacht owner is changing. Buyers are now coming from new areas in the world"

"The type of person we traditionally think of as a superyacht owner is changing, with buyers now coming from new geographical areas. India and Russia come to mind," he says. "It is not only where they come from, but the industry from which they come, that is changing. You're just as likely to find an owner involved in information technology as in mining and minerals.

"The sheer size of China makes it a huge potential market. Once China's infrastructure develops to the point where superyachts have support facilities to cruise their waters, the idea of the Chinese owning superyachts is sure to take off.

"It is important to remember that just because a person is wealthy, they might not actually want a superyacht. Not every potentially qualified customer seeks to buy one. The first requirement is that they have a love of the sea and the associated lifestyle — and that's a far more important factor than just wealth."

Research shows there are thousands of potential superyacht customers worldwide — far more than the superyacht industry has managed to tap into.

"I am sure the industry is missing out and failing to capture them," he says. "Here at Oceanco we are hoping to change that with our approach to custom yacht building and by providing excellent after sales services and support."

Believing that fuel efficiency is going to play a far more important role in the future, Al Barwani decided that Oceanco's 86m Y708 should carry an Environmental Protection notation, ensuring that performance surpasses the standard environmental conservation norms. All Oceancos are also supplied and installed with Seakeepers' monitors.

Developing industry

Al Barwani doesn't believe nuclear-powered yachts will ever be an option because the fission plants required to power them are too big and regulating them would be a troublesome issue. Although he does concede that power plants could be the next big development.

"I would like to see the superyacht industry develop by becoming more conscious of the environment in which these craft are operated," he says. "I don't think you're going to see a lot happening in the next five years with regard to the evolution in materials used to construct superyachts.

"Changes in construction techniques will continue but I think it will be 10 years before the next quantum leap is envisaged. My gut feeling is that there will be a move away from the floating palaces of today towards yachts that are more carefully constructed to become holiday

resorts, spas and a fun place for the family and business associates."

Al Barwani plans to help Oceanco's continued growth by strongly investing in human resources, research and development, and in the latest technology.

Facilities are being advanced through the construction of an impressive 160m (525ft) dry dock that will be able to accommodate a new generation of yachts in the 100m-plus (328ft-) range.

"I believe a shipyard with the pedigree and allure of ours needs a showcase yacht, so eventually I will build one," he concludes. "But that will be another story." **SB**

