

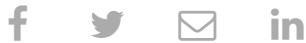
## NEWS

# Big interview: Faris Bundakji and Mohammed Bundakji Initial Saudi

The mantra for any business to thrive in the kingdom’s economy is understanding the quintessential “Saudi-way”

by **Nikhil Pereira** July 04, 2018 07:15 AM GST

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Big interview: Faris Bundakji and Mohammed Bundakji Initial Saudi

**Initial Saudi is a KSA-based conglomerate and a true pioneer of the facilities management sector in Saudi Arabia. The group employs more than 22,000 employees with plans of becoming a 40,000-strong company in the next two years as it bids to go public in the next three years. Faris Bundakji the founder and chairman of Al-Bundakji Holdings — Initial Saudi’s parent company — is calmly confident about achieving the targets set.**

Faris Bundakji is joined by Initial Saudi’s group managing director Mohammed Bundakji for the interview, and they examine the Kingdom’s FM sector using a fine-toothed comb. “We have been involved in FM — in the sense as the term known today — for little over a decade. Clients have the tendency to request service providers to offer more than just cleaning or landscaping. They ask ‘why don’t you maintain our MEP systems as well?’ and so on and so forth. and that’s pretty much how we grew into FM and offering integrated services to our clients,” Mohammed Bundakji tells fmME.

Initial Saudi traces its roots to the mid-1980s when the Bundakji family led by Faris Bundakji made a couple of acquisitions. These included Initial Saudi Arabia (a Saudi-British joint venture), and Duraclean (a US service company).

Faris Bundakji recalls: “We grew into FM after acquiring the two companies, following which we grew exponentially. This was made possible due to the manner in which we ran the company and managed to tie up with major clients.”

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Revealing more about the list of its clients he says Initial Saudi is involved in the King Abdullah Economic City and Riyadh International Airport. “We are also involved with commercial companies such as Alesayi Group and Abdul Latif Jameel — the Toyota dealership throughout Saudi Arabia. We offer them a range of services which includes services in the FM space as well,” he says.

Initial Saudi does not outsource any function to third party service providers, and looks to take on all functions in-house. “We have added functions as we have gone along, and so we have grown horizontally as much as we have grown vertically,” Faris Bundakji asserts.

Both Faris Bundakji and Mohammed Bundakji have lauded the sweeping changes made by Saudi Arabia’s Crown Prince Mohammed Bin Salman Al Saud. “Our new regime, which is under the young and dynamic rulership of Crown Prince Mohammed Bin Salman is creating a change for the benefit of the young. This change is going to support businesses in Saudi and across the region, which is leading to new opportunities for companies such as ours.”

Faris Bundakji also puts several new contract wins for the company down to the positive changes that’s been brought about by the rulership. “The reason we are able to get into some of the large contracts is because ‘those’ companies are unable to operate in KSA. Until a year ago, we found a difficulty to crack into several sectors. But it has changed now and I’d suggest companies from outside the Kingdom to re-consider Saudi Arabia,” he tells fmME, indicating that the economic changes brought about in the Kingdom have benefitted Initial Saudi.

Mohammed Bundakji echoes these sentiments; he says: “In the past we would only hear about contracts, and the tenders would close even before we got a chance to bid for them, it’s not the case anymore.”

The new economic conditions in the Kingdom have prompted renewed focus from businesses in Saudi Arabia. Taking a leaf out of Dubai's handbook, Faris Bundakji recognises the emirate's approach towards professionalism. He explains: "Dubai had become a hub for professionalism with the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum that allowed professionals to come to Dubai and exercise their skills in a fair manner, not having to do things differently.

"And Saudi Arabia's change has brought about this mindset as well, as companies are now coming in with professional people. Dubai always had a transparent modus operandi and that's what made international companies thrive in Dubai. Now, we have that same opportunity in Saudi Arabia in a far bigger way," he says.

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Faris Bundakji draws further parallels between the two markets, but says the cities in the two neighbouring countries have their distinct style of going about business, in this case FM. He highlights the "failed attempts of Dubai-based FM companies in Saudi" and the bad taste it left due to the experience.

"We are dealing with two completely different markets, and companies fail to understand that several times. Even our parent companies [Initial and Duraclean] did not understand how a business should be run in Saudi Arabia — which led to their downfall.

"You have to understand the Saudi way — which involves understanding the unique nature of the market requirements. And western companies that entered this space came with western concepts, which is applicable to Dubai in certain cases as Dubai had taken the western approach right from the beginning. But Saudi is not, and will not be [as western in its approach]," Faris Bundakji asserts.

He goes on to explain that it was this lack of understanding that led to failing businesses. "Most of these FM companies [that expanded from Dubai to Saudi Arabia] failed. We witnessed it first-hand as we were part of a joint venture with a Dubai-based FM company — they just couldn't understand. They said 'we've not been paid for three months, we are out of here' — and we asked them to be patient. In fact, it was through those partnerships we managed to get into the King Abdulla Economic City, and three years on we are still there as a service provider and expanding our services within KAEC. Meanwhile, this FM company walked out of the market," he reveals.

Mohammed Bundakji adds: “You also need to be extremely flexible in Saudi, which is one of our strengths. We work with clients to come up with a solution that suits them. We don’t impose our standards etc. on them, which was the case with international FM companies operating in Saudi. They came with their UK standards, Dubai standards and rating systems which was all-new around five years back for the Saudi market. It’s only coming now and thanks to MEFMA and the chamber of commerce [in Saudi Arabia] who are doing their best to bring standards along with them.”

Mohammed Bundakji says that a decade ago Saudi Arabia wasn’t an FM-focused market, and didn’t care about KPIs and SLAs. “The only thing that mattered was head count — clients would want FM companies to throw a few hundred bodies at a project and the staff would then clean and maintain the place. Matters pertaining to supervising, standardisation or CAFM systems were not high on the list of priorities.”

But price sensitivities have changed that mindset. “Before clients payed good money but did not care about quality. Then quality became a top priority — as they started asking for well-defined KPIs, SLAs and ERP systems in their contracts. And today, you have to deal with issues such as rising costs, taxations and government levies coming in. So clients have become savvy as they understand the importance of manpower within FM. Previously 100 staff that would be involved in one project can now look after three to four projects by streamlining operations.”

Mohammed Bundakji says that the time spent by Dubai-based FM companies in Saudi Arabia also helped clients in the Kingdom understand a few important lessons about FM. “As a result of the lessons learnt, Saudi Arabia’s knowledge and talent in the asset management and FM sector has improved a great deal over the last 10 years,” he says.

He adds that some of its blue chip clients are more sophisticated and are the ones asking about standards and health and safety manuals. “It’s not so much of a requirement from the others, but they are getting there as well,” Mohammed Bundakji says.

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Meanwhile, the KSA’s Minister of Housing Majed bin Abdullah Al-Hogail invited Initial Saudi to discuss the future of FM, standards and rating of FM companies in Saudi Arabia. Mohammed Bundakji says any rating system will be welcomed in the

Kingdom which also indicated the importance placed on the sector from a government level.

Speaking about the company's efforts to localise positions (see box out on Saudisation on p.22) Mohammed Bundakji says that Initial Saudi employs more than 2,000 Saudi nationals from its 22,000 strong roster. And with the change in mindset Faris Bundakji says more Saudis are now seeking employment opportunities.

“It's good that Saudis are now demanding jobs, and they understand the importance of education. Or else they will be left in between a labourer's job that they will never do and a skilled job that they cannot do. That change is taking place right now, and quite rapidly at that,” Faris Bundakji says.

The next big push for Initial Saudi is going public within the next few years, it's a move that Initial Saudi “should have made this year” according to Faris Bundakji. “With the change that took place it should be within the next two years to three years. We have changed our approach with the change in market conditions, as we look to almost double our staff. While our company is majority family owned, and Ali Sayegh Group as an investor in the company, going IPO is almost a natural step.”

In terms of expansion of the company itself, Faris Bundakji says he is “against” it. He explains: “I've always been against that [expanding outside Saudi Arabia] because we haven't even scratched the surface in the Kingdom. And Saudi by itself is one large market. For instance, a licence in Jeddah allows you to operate in Riyadh, Dammam or anywhere else in the country. Meanwhile, Mohammed Bundakji concludes: “Expansion is something we don't entirely rule out, maybe it's something for the mid-term future. We are considering Bahrain in the meantime, and that's because of the proximity of its location. Dubai is too far for now.”

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