

***An IFC Reports Interview with***

**Sheikha Intisar Salem Al-Ali Al-Sabah,  
Chairperson & Managing Director,  
Refrigeration Industries Company,  
State of Kuwait**

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**For our special report on Kuwait**



**IFC REPORTS: The main focus of our report is the development plan which was unanimously approved by government in 2010. It consists of \$125 billion dollars worth of projects to be invested in the country with 2 main aims; firstly to diversify the economy from the oil sector and secondly to increase private sector participation. What is your opinion on the development plan and its importance for the country?**

**SHEIKHA INTISAR:** Kuwait has a lot of money and it is about time that it started to trickle down into industry and not just to the people. Your progress will be much more sustained that way than if you just give money away to people. Hopefully it will make a big difference in Kuwait. Because Kuwait is such a small country, with limited market size and that is why we mainly survive on exports. That is one of our strengths, and we have to be good enough to export more products into other markets.

**IFC REPORTS: Kuwait also relies heavily on imports, for example 94% of food is imported in the country.**

**SHEIKHA INTISAR:** Yes, but there is nothing you can do about food here. You cannot grow food here, even if you tried. Kuwait would need to subsidize food production, but experience has proved it to be better, cheaper and more efficient to import food produce than it is to subsidize it in Kuwait. We used to grow cucumbers and potatoes etc. but you need a lot of water to grow these things and some countries have stopped doing this because they are using all the underground water to produce potatoes when you do not really need to do that in such a hot climate. You can just import them.

**IFC REPORTS: Looking at the Development Plan Projects, such as the Boubyan Port, the Rail Link, and so forth. How important are these projects, not only for the country itself but also for companies like RIC?**

**SHEIKHA INTISAR:** It is very important for Kuwaitis because we have been at a standstill in Kuwait for many years. Things have been progressing but at baby steps. We used to be leaders but now we are followers. Having a project like this increases the morale of everyone in Kuwait. There is a plan to make people more comfortable with investing, and it is more about morale than anything else. The money has always been there, but instead of putting it in small batches; you impress people with a big batch. We have always had the money and projects – it is just that if you put it in one place, it impresses people and boosts their morale.

**IFC REPORTS: Concentrating on Kuwait's industrial sector, what would you say are its main challenges for growth?**

**SHEIKHA INTISAR:** I always like to say that the glass is half full. Switzerland or Luxembourg are both small countries for instance, yet they do have industries. They just go vertically. When there is a will there is a way. When we hired upper management from our competitors, they came with their culture engrained and they expanded horizontally, but that does not always work. Why do you need 10 hangers when you can have 1 hanger working very efficiently? When someone says we do not have land, there is always a way. Luxembourg does not have much land, yet they have very strong industries, and so does Switzerland. You just have to find ways to work more efficiently, and the more efficiently you work the higher margins you make. Do not reinvent the wheel – look at other countries that do not have land and work that way. Luxembourg produces to sell, or if you make an order it is ready within a month. They do not

have storage or anything – they have lean manufacturing and everything works on time. We need to imitate that and not think we need a 15,000 square meter warehouse with 50,000 sqm of manufacturing space and 20,000 sqm for finished goods. That is what we are doing here – we are minimizing. We just need to plan really well and use the latest manufacturing methods, and if you do so you eliminate unnecessary space, work and procedures. It makes more sense to be lean. I always tell my manufacturers that you do not need land. You need to do things efficiently. You can live in a 100 sqm or a 10,000 sqm apartment – it depends on what you want to do.

**IFC REPORTS: Many people have commented to us that one of Kuwait's competitive advantages is its location, being ideal for expansion into the region. What would you say are the advantages for companies to establish here?**

**SHEIKHA INTISAR:** I think the main advantage in Kuwait is that there is no monopoly, and because it is a small market you have to be really good to be able export. If you are just working for the Kuwait market, it is very mediocre. You have to be better than Saudi products to be able to export to Saudi. They have a monopoly, so in order to break the monopoly you have to be so good that they have to import it. That is the strength that we have in Kuwait – because it is such a small market, you have to be better than everywhere else.

**IFC REPORTS: The Refrigeration Industries Company (RIC) was established back in 1973 and it has played a fundamental role in the development of Kuwait by being the first company to have refrigerated transportation, something essential for a country with such a warm climate. How has the company evolved over the years?**

**SHEIKHA INTISAR:** We started in 1973 more as a cold storage company because perishable goods rot quickly, and then in 1981 the factory was established. At the time it was semi-governmental and in 2004 they started privatizing it. RIC's previous management had different views about its path so they deviated from its core businesses which were cold stores and manufacturing, and went into new lines, these lines brought in money short term but also destroyed our two core products which we were really good at. When the new management came in 2007, we wanted to go back to our roots and expertise which is manufacturing and warehousing. Since 2007 we completely revamped the whole company. 96% of the company employees have changed.

We have brought in new manufacturing methods and new international upper management, and we are bringing in more and more people. We do not want to compete in Kuwait – we want to compete internationally. We are 50% of the way there. We have started selling in Qatar and Saudi and we will have offices in Dubai, Qatar and Saudi within the next six months or so. We want to export – we do not just want to produce in the local market. It is too small a market. Coolex has been around since 1986 and it is one of the oldest brands and it is only logical that we became the best.

**IFC REPORTS: RIC used to have an affiliation/Joint Venture with York. With this in mind how important do you think are western companies for the transfer of knowledge and technology?**

**SHEIKHA INTISAR:** I was not actually here when the affiliation was broken with York, so I do not know why they did that. I do not think it was the smartest move. Sometimes people do not have the necessary knowledge to know what is right or wrong. We are always open to

affiliation in Kuwait, and we have already spoken to a few companies to look at the possibilities of affiliation or joint ventures and transfer of knowledge. We are continuing, but at the same time we are also working on bringing in the best people to help us develop Coolex into a very strong brand. It is working so far. A transfer in technology will definitely propel us faster, but we are getting there steadily. We are open to all suggestions, but we are working towards positioning Coolex very strongly in the Middle East in the next year.

We sold the logistics business, which was mainly set up for Iraq purposes. If you look at other logistics companies that started off in 2003 and 2004, most of them have either downsized or started losing out. It was just a phase, and that is why I am saying it did bring in money at the beginning, but it moved us away from our core business. It was not the right decision at that time in my opinion. We say in Arabic that anyone with two minds is a liar, and you cannot have a company doing five different things. It does not work; we have completely scrapped the logistics area. Our core business is manufacturing and warehousing. You cannot cut something quickly because of morale and you cannot do something as fast as you want.

**IFC REPORTS: Restructuring and expanding require good management expertise, what is unique about RIC in this respect?**

**SHEIKHA INTISAR:** We have got two women running the company, and if you know women, they either love challenges or they do not. Before we die we are going to prove that women can run manufacturing companies better than men! We are not afraid of challenges and we have no fear, and the worst thing we can do is fail. But we are doing ok.

**IFC REPORTS: As the Chairperson, what is your vision for the company over the next few years?**

**SHEIKHA INTISAR:** Come and talk to me next year when we have the results. We are also rebuilding our factory which has not been touched in a long while because we moved away from the core business. But we are rebuilding it now using the latest manufacturing technology to try to cut as much time as possible.

**IFC REPORTS: Our report is going to be published on the 19<sup>th</sup> June, timed with Kuwait's true Independence Day. Is there any final comment or message you would like to send to our readers given the importance of this year?**

**SHEIKHA INTISAR:** The 19<sup>th</sup> of June is the best date for us because it is so hot and we do a lot of business! The summer is our season. Funnily enough we sell more air conditioning in the summer than we do in the winter. Summer is low season for everywhere else in Kuwait, but for us it is crazy. We love summer at RIC and the hotter it gets the better!

Also I forgot to mention we are on the local currency. Our warehouse was the first warehouse to be built and it was in the port. It was a state-of-the-art facility and was something to be proud of, and hopefully when they introduce a new currency we will be on it too.

**IFC REPORTS: Sheikha Intisar it has been an absolute pleasure, thank you very much.**