

An *IFC Reports* Interview with

Mr. Wael Al-Sabih, President and
Mr. Hussain Al-Wazzan, Vice President
Kefan Optics, Kuwait

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For our special report on Kuwait



IFC REPORTS: What are your opinions on the recently approved national Development Plan, which aims to inject \$104 billion into the economy?

MR. WAEL AL-SABIH: I believe this is a beneficial plan which will be favorable for many sectors however we require the government and parliament to cooperate in making it successful. I believe another important factor is for the region to stabilize and for peace to be restored in some of our neighboring countries.

MR. HUSSAIN AL-WAZZAN: I believe the most important aspect of this Plan is to help in opening the country up. The real project which I believe will help Kuwait is the Boubyan Port Project. In the south of Iraq there are at least 20 million inhabitants living there and if they open the borders, we can discuss the development and incoming revenue which can be obtained through the private sector. There are industries that are planned to help serve Iraq, however our involvement on this is delayed and if we are not careful they will end up exporting to us in the end.

MR. WAEL AL-SABIH: Kuwait has amicable business relations with Iran; however the border is still closed with Iraq. Kuwait is a very small country; if we or any major company opens a massive factory there, the government needs to ensure there are sufficient rules and regulations which will assist in importing and exporting easily.

IFC REPORTS: What competitive advantages do you see that Kuwait has to develop its industrial sector over its neighboring countries?

MR. HUSSAIN AL-WAZZAN: I believe it is very challenging for Kuwait to compete with countries such as Saudi Arabia. Overall many of the goods are manufactured in Saudi and they have supported this sector for a long period of time. As a result, we have imported a lot of our products from their factories.

MR. WAEL AL-SABIH: For us to succeed as an industrialized country we require more government support such as those in countries like Saudi Arabia which have a big market. We also need to be supported by being provided more land.

MR. HUSSAIN AL-WAZZAN: Yes, the government needs to try to encourage other countries to import from Kuwait to make it easier for us so that we can succeed outside of our small market. Kuwaitis, in general are very clever and highly educated people and we once led the way for trade in the region in other industrial sectors such as real estate and banking in which we are doing very well.

IFC REPORTS: Kefan Optics was established back in 1978 by both your fathers. Can you tell us a bit about the history of the company and the journey it has taken over the years?

MR. WAEL AL-SABIH: Our fathers founded Kefan Optics, back in 1978 with one single branch in Kaifan's Cooperative Society. It was not until the Kuwait liberation in 1991 that we began to expand and open more retail branches across the Kuwait. Currently we have 27 retail branches in Kuwait and 1 in Dubai, 3 in Abu Dhabi and 2 in Jordan with more branches to open in the near future in these areas as well as in Iran, Iraq and Oman. Our Nikon distributing offices are located in UAE, Saudi Arabia, Iran and Jordan. We have also added to our portfolio of wholesale products contact lenses and frames in our UAE and Saudi Arabia offices.

IFC REPORTS: You also have an exclusive agreement with Nikon, can you tell us a bit more about this?

MR. WAEL AL-SABIH: When we decided to establish an ophthalmic lens manufacturing plant we approached Nikon for their support and products. We started distributing Nikon products initially in 1996 and we became commissioned in 2005, and built our Nikon state of the art manufacturing plant which is spread across 1500 sq meters. It is carefully monitored and regulated by Nikon France and Nikon Japan.

MR. HUSSAIN AL-WAZZAN: Ophthalmic lenses has a small part in Nikon. 3% of their turnover comes from other ophthalmic products and we contribute to that 3%. Nikon and Essilor, another leading ophthalmic lens manufacture, have merged and formed a new company which is based in Europe. Nikon have always been the pioneers for many innovative products in which Essilor has benefited from their technology.

MR. WAEL AL-SABIH: We manufacture a variety of special orders for lenses to suit the market. Although our portfolio includes a vast variety, we are unable to house all lens types and styles in our Factory. We do pride ourselves in manufacturing the most premium and optimal lens types. We also have to distribute contact lenses and hold the distribution rights in Kuwait to some of the most sought after brands of sunglasses and frames.

One of our most widely known franchises was *Sunglass Hut* which we originally opened in the Kuwait International Airport. The opening was in 2003 around the same time of the Iraqi liberation by the Americans. Due to the recognizable name, most of our customers were American soldiers, as they felt it was a name they could trust. However once we realized that our reputation in the market was strong enough to stand alone without the franchise name we decided to convert the branches to Kefan Optics, which reaped more profitability.

IFC REPORTS: I understand Kefan Optics prides itself on the training and further development it gives its employees. How has this influenced the company?

MR. HUSSAIN AL-WAZZAN: In our quest to ensure an outstanding experience for our customers, we have invested heavily in training our employees. We employ over 200 multi-cultural employees across the GCC who enjoy regular training programs on subjects from optics and customer service to diverse subjects on positive thinking. We acknowledge our loyal employees and regularly reward them for their dedication, motivation and commitment to the company. Employees are treated with courtesy and rewarded with bonuses, commissions and incentives.

We believe that when we train our staff they have more confidence in selling premium products to our customers and can sell products according to the customers lifestyle needs. This philosophy we have adopted has helped our company grow and has distinguished us from other companies in the market. When we built the Factory, we allocated room for a training facility which we utilize on a monthly basis for our own purposes and for our suppliers and partners to provide training for our staff.

IFC REPORTS: Was this under your management?

MR. WAEL AL-SABIH: Kefan was founded by our fathers Abdul Mohsin Al Sabih and Ali Essa Al Wazzan, in 1978 and then successively passed to us.

MR. HUSSAIN AL-WAZZAN: Wael was the first to begin working with his father in Kefan; I joined Kefan after the liberation in which I learned a great deal. Prior to joining Kefan, I was working at the Ministry of Foreign Affairs for 13 years.

IFC REPORTS: How would you say the management, leadership and vision of the company has changed going now into the second generation?

MR. WAEL AL-SABIH: As second generation, we are more actively involved in all aspects of the business.

MR. HUSSAIN AL-WAZZAN: Since our inception, it has been our strategic goal to build on the momentum that we have established and aim for further growth in this industry. As a company we work very hard.

MR. WAEL AL-SABIH: We were the first Kuwaitis to enter into this market; it was primarily an Iranian market. We faced a lot of competition in establishing our selves in the beginning, especially with suppliers.

MR. HUSSAIN AL-WAZZAN: Initially we had fought for brands, however now we are one of the market leaders! Due to this hard work we were able to set our sights outside the Kuwaiti market. We realized in the past four years the potential is outside Kuwait, so we opened our first retail branch and newest concept, Optysport in Dubai Mall.

MR. WAEL AL-SABIH: We have also established a sister company, Optical Supplies, which specializes in selling ophthalmic equipment, supplies and contact lenses to the market.

MR. HUSSAIN AL-WAZZAN: Our retail sector has grown not only in Kuwait, but also in UAE and Jordan with other locations expected to open in Iran, Iraq and Oman.

IFC REPORTS: What is the future for Kefan Optics?

MR. HUSSAIN AL-WAZZAN: We are currently covering the GCC (Gulf Cooperation Council) with both our wholesale and some in our retail sectors. Our dream is to have a presence in the Stans (Kazakhstan, Uzbekistan) in both our sectors. These are very closed and growing markets, in which potential can be found. We have conducted market studies on these countries and currently the market there is controlled by the Turks. The Turkish economy is booming and they have done very well over the past five years. Northern Iraq, for example is controlled by the Turkish private sector.

In our retail sector, we have created a new concept, Opty Sport to compete in the Dubai market and to differentiate us from the other retailers. This is a unique concept which I have not seen even in Europe. It has been very successful and we were surprised how the market took to this concept. The potential market for this concept of sport eyewear may be in the United States which is a possibility that we are considering in the future.

IFC REPORTS: What final message would you send to Americans looking to invest in Kuwait and the region?

MR. WAEL AL-SABIH: We would like to graciously invite American companies to invest in Kuwait. The GCC is a very good market to invest in and the Kuwaiti market, although small, is a



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stable country in which economic growth is not based on tourism and capital is vast. Should they decide to enter this market, Kefan Optics extends our support and hopes that mutually we can benefit from their investments in our country.

IFC REPORTS: Thank you both very much; it has been an absolute pleasure.