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**The Dar Al-Handasah Culture: Our Approach to
Leadership and Management**

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President Waterbury, Dean Najjar, ladies and gentlemen

First I must offer my congratulations to Dean Najjar for his continued success in advancing the Olayan School of Business, to become the best business school between Europe and South Asia. He has done this in leaps, rather than steps.

I thank Dean Najjar and the School for extending to me the honour of naming the School's Executive Leadership Program the Kamal Shair Program.

November 2006 marked the fiftieth anniversary of Dar Al Handasah, the enterprise that has been my privilege to lead since its foundation. As a student in the United States during the late 1940s / early 1950s I resolved that I would dedicate myself to establishing a world-class architecture/engineering consultancy in the Middle East, capable of competing with the European and American firms that dominated in our Region.

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Following my doctoral studies, I returned from Yale convinced that Beirut was the appropriate place to realize my mission and that AUB would play a major role in supplying the necessary human resources. I was fortunate to be appointed in 1956 as an assistant professor at the School of Engineering and Architecture of AUB.

In the early summer of that year, I took the plunge and invited four colleagues for coffee on the campus. We quickly agreed that the Region was ripe for an Arab multi-disciplinary consultancy to compete against the dominant Western firms. We had an advantage in that we were all working as academic staff at AUB, and the university was happy to enable us to embark on an entrepreneurial challenge in the real world and thus enrich our capacity as professors.

We resolved to contribute initial capital for our venture, the equivalent of around \$10,000 as I recall. Half was subscribed to meet start-up activities over the first six months. The other half was to be called later if needed. Early revenue flow was such that the second half was never called. Dar Al Handasah was in business.

Fifty years on, the Firm is among the leading international multi-disciplinary architecture/engineering consultants. Not only has it met the challenge of competing with leading Western firms within the Region, it has also built the Dar Group across the Globe and is a leading participant in American and European markets. The Group has well in excess of 8000 employees worldwide, and 40% to 50% of its revenue has been generated in North America.

Our corporate roots in Lebanon certainly provided the Firm with a platform that served it exceptionally well as it evolved into a Global presence. Lebanon endowed the firm with a number of comparative advantages that fired its advance and progress. Among the advantages I would list are its renowned entrepreneurial culture; the Lebanese work ethic; the esteem accorded to high quality education; its multi-lingual versatility; and its deep rooted traditions in the provision of professional services and creative skills throughout the Arab world, across the African continent, and beyond. Our base in Lebanon has provided us with cost effective access to world-class skills that gave us a competitive edge against our international competitors.

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We have benefited from high grade technical and entrepreneurial individuals who have led and managed the Firm. However, individuals with leadership potential require an institutional environment in which they can emerge, flourish and marshal others along the route to progress.

I believe that a fundamental aspect of Dar's success has been the creation of a corporate environment which provides the motivation to realize leadership potential and mechanisms for the perpetual renewal of the Firm's leaders.

By the end of the 1960s the Firm had grown to around three hundred employees. We needed to add further capacity. As the Firm grew it was necessary to evolve a leadership cadre with a substantial commitment to the Firm. Extending ownership of the Firm and the benefits of ownership, to those identified as having leadership potential was the solution. I was determined that this was the only way to sustain the Firm's advance. On 1st January 1970, when I was the sole owner of Dar Al Handasah Consultants (Shair and Partners) I gave away 60% of the shares of the company to ten senior engineers and architects. Dar immediately became a highly energised enterprise.

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I believe that concentrating ownership among a small cadre of key individuals was the most effective way of injecting motivated leadership at the top of the Firm. The rewards of ownership provided the incentive for individuals to assume increased responsibilities.

The impact of the 1970 restructuring was immediate. Not only did we expand in our existing markets in the Middle East, we also expanded into North and West Africa. There was a new energy and dynamism within the Firm.

By the end of the 1970s we had grown to around 1000 employees. We needed to expand the leadership cadre again, and to address the process of continual renewal of the cadre. The cadre would be continually renewed as those retiring or leaving the firm automatically passed their shares back to the Firm to be 'recycled' to those identified as the next generation of leaders. The Firm buys back shares from departing partners. We introduced a mechanism by which new partners acquire their shares, based on the net asset value per share, and start earning profit on them immediately. Only when the initial value of the acquired shares is covered by their earned profits, the partners start to receive full dividend payments.

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I have no doubt that my decisions in 1970 to embrace the leadership cadre as collective owners of the Firm, and in 1979 to provide for the recycling of ownership, have been fundamental in developing leaders through the generations.

I also have no doubt that the energy and enthusiasm of the leaders and managers of the Firm owes a great deal to a clear and persuasive corporate vision that provides inspiration and illuminates the path of progress.

As our enterprise grew larger I was acutely aware of the challenge to provide a corporate culture and management structure within which the professional skills we depended on could flourish and develop. We needed to create a corporate culture that combined three key ingredients:

1. Processes to continually harness the creative potential of the professionals on which our business depends;
2. Mechanisms that monitor and assure the quality of the deliverables to our clients; and
3. A clear vision of the direction and purpose of the Firm that constitutes the banner under which the energies of all members of the enterprise are marshalled and progress achieved.

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Our management structure is a participative one in which responsibility, and corresponding accountability, is delegated through the professional hierarchy.

We have put in place regular assessment procedures that allow us to identify high-flyers and place them on an accelerated fast-track through the professional hierarchy. This is supported by structured bonus schemes and flexible remuneration adjustments that motivate acceleration onto the fast-track. The Firm also provides access to seminar and conference programmes that support the professional development of staff at all levels.

The guardians of the technical quality of our work are our Technical Directors who constitute half of the Firm's leadership cadre. Technical directors ensure that their departments maintain state of the art design standards, analytical techniques and professional practices. While our corporate culture is one that avoids bureaucracy we operate world-class quality assurance procedures. In common with our advanced country subsidiaries our design offices operate under ISO 9001 certification accredited by SGS - Switzerland.

We have a dedicated Director of Operations in our design offices whose primary responsibility is to coordinate and reconcile the deployment of human and technical resources among project commitments so as to maintain standards of excellence across the Firm. He also ensures timely submission of deliverables in accordance with the programme set for the implementation of each project.

Our corporate vision serves as the fulcrum against which the energies of all those within the Firm leverage the Firm's advance. The vision has a number of dimensions:

1. Our commitment to providing a corporate environment that facilitates the continual renewal of the Firm's leadership. We are committed to identifying leadership potential among our young professionals and admitting them as shareholders into the leadership cadre when they are ready, irrespective of age. As a result we have substantial representation of younger professionals within our leadership cadre. The Firm currently has twenty eight partners of whom half are in their 30s or 40s. This age structure of the partners is a guaranteed security for the sustainability and the continuity of the Firm.

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2. We are unique among our peers in the architectural/engineering design and consulting business in that our roots are in a developing country. That a firm with our roots commits itself to competing with the Global leaders in our industry differentiates us in the market and is a source of pride and inspiration within the firm.

Our commitment to world-class professional standards and values has placed us in the vanguard of the adoption of international best practice.

3. Our roots in the developing world have endowed us with an intense commitment to play a comprehensive and independent role in all aspects of physical development in our Region and beyond.

4. Our commitment to long-term participation in the advance of our client's communities has led us to dedicate around half of our leadership cadre to serve as Directors of Area Operations who are dedicated to particular market areas. They live, along with their area teams and families, in the market areas they serve. They understand their clients' requirements and deal with all aspects of client relationships from the conceptualisation of an assignment to successful completion.

5. Our commitment to competing with the leading firms in the Global market place has led us to establish a structural link with advanced segments of that market place. Starting in the mid 1980 we have developed the Dar Group that embraces world class practices active across advanced nation markets.

Group companies now include:

- The distinguished US architectural firm, Perkins and Will, head-quartered in Chicago. It is recognised as a world leader in healthcare and educational and research facilities and other public, commercial and corporate buildings.
- San Francisco based T Y Lin International, a respected specialist structural engineering and bridge design firm which has evolved into a leading transportation engineering practice across the United States, SE Asia and mainland China.

- London based Penspen Group serving the oil and gas industry in engineering pipelines and facilities around the Globe. Penspen has recently added to its capabilities by the acquisition of Houston based Greystar Corporation, a respected provider of oil and gas facilities management, operation and maintenance services.
- Paris based Pierre-Yves Rochon is a world leader in interior design. Johannesburg based R & H Railway Consultants is Africa's leading railway engineer. Edinburgh based IPA Energy and Water is an international leader in the design, implementation and operation of markets for electricity, gas and water.

These subsidiaries are managed as independent businesses responsible for maintaining their leading position in their domestic markets and specialist sectors. They provide a structural link through which Dar maintains immediate and intimate contact with the leading edges of design and professional practice. The structural link constitutes a bridge for the transfer and application of the skills and experience of advanced nation Group members in Dar's traditional markets.

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Dar's record over its first half century combines engineering and design excellence, commitment to fulfilling its clients' development aspirations, and the provision of the highest quality of professional service to its clients. The Firm has established a corporate culture that facilitates the continual renewal of a dynamic committed leadership cadre at all levels. It has evolved a management structure that enables the professional skills on which our business depends to be harnessed, developed and effectively deployed. I believe that Dar provides an instructive model for professional service businesses in other emerging-nation markets as well as in advanced nations.

Thank you.

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