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# WASTE and RECYCLING **MIDDLE EAST**



**Sayed Metal's secret weapon  
to continue growing**



# Sayed Metal's secret weapon to continue growing

*Did you know that Sayed revenues grew about 115% last year? Even in the face of declining revenues this past year, the company continues to keep its profits at around millions each quarter - a well managed, profit making machine that continues to grow.*

One would wonder what makes Sayed Metal a grail of efficiency and innovation. The recycling pioneer draws from what Sayed Metal's chief, Dr. Sayed J. Hussain calls the 13 core principles of success. We reveal the secret of the company's success. This inside report, based on in-depth interview and access to confidential information, outlines the key complementary strategies that characterise exactly how the company competes and operates. With the intelligence and trust of talented employees and exceptional management, Sayed bucks the trend with competitive strategies and clear organisational goals that produce self-critiquing, learning and improving. A flexible, incremental approach to market development and a relentless pursuit of future market demands – the company has combined all of the elements necessary to get to the top of a fast growing industry - and stay there. Here are the 13 rules that form part of Sayed Metal's dynamic culture, which any industry player, large or small, can adopt for success in business.

### Winning Secrets

"Many people quiz if I have found a secret recipe to successful business model. After reflecting over a decade of experience and thinking what ingredients make a successful venture, I have come up with thirteen secrets for a profitable business model in scrap metals recycling business in the region," says the managing director, who has a doctorate in management.

#### 1. Enjoy what you do

Do something that each one of you is proud of. Have a mission that matters. Nobody likes to work for a firm whose mission is to make its shareholders rich. "At Sayed Metal each person has a strong mission and purpose of protecting and conserving the environment. We have been doing this by hiring only those who share

our idea of preserving the nature. We believe our work impacts our staff and our community at large," says Dr Sayed.

#### 2. Create a unique selling point

The mills would not buy unless you offer what the other scrap metal recyclers cannot offer. If a recycler offers similar products and services, then the business deciding factor would be just the price. Create a niche in the industry that mills cannot resist. Be visible in the industry. Instead of dealing in all ferrous and non ferrous items, Sayed specialises in fewer products. To increase sales, several recyclers venture into cross trade, smelting, trading and so on, but at Sayed they focus on one core business. They make things happen quickly because they focus on single goals, all their efforts leading to accomplishing the main goal. "I see lots of people who operate what I label the 'bankruptcy model'. They deal in several commodities and through different unrelated channels, pulling the firm in too many directions. They offer all kinds of scrap to all clients but in reality they are compromising on every area of performance."

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### 3. Build a great team

A successful firm builds a great team, one that works like a family. "My business would not be a fraction of what it currently is without my loyal and dedicated workforce. The bottom line is that being successful is a sport and you need to see the right people in the team.

"Among four vitamin Ms of the business - Money, Material, Machine and Man, the Man resource is the key ingredient to Sayed's success story. There are limits to what money can buy or a machine can perform, but there is no limit to human capacity and in my balance sheet, the weighty resource is the human asset. Technology, financial models and other business aspects can be replicated, but the human resource aspect cannot be imitated by my competitors," he emphasises.

"Our company's fundamental strength lies in the efficiency of our workforce. We aim at providing a pleasant and safe workplace for our employees, making it an enjoyable experience to work with us." The focus is on developing the talent and motivating their staff through extensive training programmes, and making the work interesting and challenging by often switching roles, so the people are familiar with different aspects of work. For example how can a sales team sell millberry unless it has no tangible idea of what the product features. At Sayed, all employees go through rigorous product training irrespective of gender or position they have.

He also believes in maintaining a healthy lifestyle and encourages his employees to be mentally and physically fit by engaging in sports activities, working out at the gym, followed by a healthy meal, and relaxing on holidays by going out on company picnics,



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visiting exploratory places and so on. "We take good care of our employees and all their energy is positively used to perform well. A mentally relaxed and active workforce is much more efficient, enthusiastic and productive than one that is over-stressed. This could be one of the reasons for the high retention rate as compared to other companies that experience high turnover rates," he reflects.

### 4. Be a good leader

Successful entrepreneurs know the power of networking. This art involves identification and building of relationship with key peers within and outside the firm like vendors, suppliers and clients. This inner network provides support, direction and an increased number of people to assist. He says cultivating on young, dedicated and loyal people increase the bottom line of the company. Delegating and trusting its employees by giving decision making authority makes each employee a profit centre on its own. "We treat our employees as family members, and these values have helped in enhancing their performance. We set our targets and work professionally to achieve them. Everything is performance-based rewarded. Unlike traditional family owned recycling firms, at Sayed we listen to the right people, people who are qualified and have experience in their particular field and not on the basis of relationships to the shareholder."

### 5. Take quick decisive action

Successful organisations are action oriented. They are opportunists and pounce on it decisively. "In my view main causes of failure arise from lack of action at the right time. Too often the decisions are delayed due to relay in information to the top management which takes the key decisions. Metal prices move faster than ever before, and if you take longer than a day or two to ponder and deliberate, you are not going to get anywhere near success."

The information flow at Sayed is really quick with problems being addressed at the earliest. According to Dr. Sayed, they maintain immediate responsive standard by attending to clients' requests worldwide in a short time frame despite the time differences, and the clients in turn appreciate their promptness, punctuality and professionalism. "For instance, we have clientele base ranging from the Americas to Far East and replies to all emails are sent within 30 minutes, which is done round the clock, 365 days."







# COVER STORY



### 6. Focus on efficiency

Generically, the recycling business is about moving scrap from one point to another. With markets getting mature, most variables like vendors, clients, rents, logistics and operation components, sales price, etc, have become common to all. Therefore, the major factor to profitability is lowering overhead by increasing efficiency. The amount of storage area and working space Sayed need, the logistics, manpower, capital and time are all synchronised, thereby building a system of well defined modus operandi. Following the systematic just-in-time policy – the material is collected, processed and shipped within 24 hours, he elaborates.

### 7. Fail well

You cannot learn unless you try. Failure is result of trying. Learn the importance of mistakes. Failure isn't a disgrace or phobia to be attached with. It's practically impossible to not fail in your ideas if you are a pioneer in innovation. "Once we learn that a process adds less value to our operations, we outsource it to the one who does better than us. We learn from our mistake at the expense of our failure to do better than another." Sayed's management does not play the blame game, he says. They learn from their mistakes and from other people's mistakes too. Each worker is encouraged to not be afraid of mistakes and to receive feedback on their performance. "No one is perfect at Sayed. Feedback is a great way to learn because it is honest. Each year Sayed's teams visit the clients and vendors to share their experience and give opinion on its service. They approach them right and avoid becoming defensive, which

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provides a great learning experience. It's all about listening and interpreting in the right way," states Dr. Sayed.

### 8. Focus on customer

Focusing on profit is not the key, when you focus on the customers all else will follow. Successful business requires an unwavering commitment to the customer. This commitment encompasses a mindset of understanding the customers' world. "Focus away from business profits and towards what you can do to improve the experience of your customers. There is nothing but cost saving if you get repeat orders from existing clients rather than spending huge amount on advertising to find new ones," the managing director says. "Instead of having budget for advertising and PR, Sayed has budget for claims and customer satisfaction." Delight the customer with positive experience and the profit will automatically be generated promises Dr. Sayed. It is really not worth taking a position on incorrect claim rather such expenditure will attract more volumes from existing satisfied clients. "We have long-term clients who have been with us since the company was established and we provide quality products and services at premium rates." He has a marketing degree and everyone in the management at Sayed has a marketing background. He says this is not coincidence, or luck; it's deliberate as Sayed is marketing focused, not sales.

### 9. There is always a better way

Every firm has a vision and mission and if you bet on it, it will lead to major profits, he says. "We cannot just follow a process because everyone in the industry does it. Rather, each day we need to think out of the box and see the possibility of doing it better next time. Formulating a habit of consistently





finding a better way drives higher productivity at Sayed. Instead of enhancing technology or automation, our focus is on improving business processes. The company picks fights with its competitors, spin off divisions or announce radical changes to its existing product process.”

#### **10. Ship and iterate**

Ship your product often without hedging and stocking, and do not wait for prices to peak, he stresses. “You may not make money on every shipment, but trust that your clients will get back to you for consistent demand. Success requires the ability to adapt to changing situations as nothing goes as planned in the recycling industry. Metal business is full of surprises and speculating on it is just an expensive gamble. Sayed reduce costs by keeping low inventory without the fear of uncertainty. No clients want surprises. Instead they want security of the contracts concluded. Sayed makes good, dependable performance for their clients. Those are the companies that generally last in the business.”

#### **11. Be an Opportunist**

Problems are a regular part of business life – customer misunderstanding, credit crunches, recession and so on. Successful businesses see opportunity in every problem. “After the 2007 financial crisis, Sayed Metal in fact expanded at a higher pace than pre 2007 level. With prices crashing and several cancellations of demand order, Sayed saw an ample opportunity in acquiring the stock at lower prices. We invested in improving facilities, enhancing training programmes and expanded our volumes and workforce to meet the demand. With tight margins in the industry Sayed profit grew due to higher sales volumes.”

#### **12. Give employees a balanced lifestyle**

Provide employees time to pursue projects outside their work, projects they are passionate about even if it is outside the company’s core mission. The energy in work performance will then delight you. “At Sayed all are given free gym and encouraged to perform in their hobbies like playing music, dance and sports.” The talents are encouraged and no wonder some of its employees have won GCC level sports awards. This makes the employees work life more enjoyable working for the company.

#### **13. Default to open process**

Open up your process and balance sheet to all your stakeholders. The collective energy of these stakeholders in turn increases profitability.



“When we were making losses in few projects we opened our accounts to our clients simply by being honest. We detailed down the procurement, operations and logistics sheets. They could not believe we were operating at significant loss. In return they were encouraged to increase our sales price despite it being contracted lower.”

#### **Industry Outlook**

Dr. Sayed sounded confident as he tried to reassure Europe’s recycling industry was booming and the region is making up an increasingly large slice of Sayed Metal’s revenue. “Mature markets now look like they’ll be the largest new source of profit for Sayed Metal. Sales in the Asia last year actually declined about 40 per cent compared with the year-ago period. And with Sayed’s sales in Europe hitting an all time high, that part of the company’s sales are almost half its Asia revenues.” Europe is an incredibly important market to Sayed. “I think you can’t be in the business that we are in and not have a reasonable Europe business.” With 900 million European population and its economy’s size of USD 20 trillion (largest region in the world) makes it one the most attractive markets for any company. Its growing economy after bottoming down is showing a rapacious appetite for recycling raw material.

Dr. Sayed has reservations on the growth of emerging giants like China and India where scrap imports have started to slow. “I think these great economies have a lot of potential but are relatively not much developed to handle sustainable systematic profits for recycling exporters. Thefts at port, under invoicing, leveraging on claims and non fulfillment of contracts during price falls are still common in these sectors. It is still happening in China,” is Dr Sayed’s answer. “One of the most important things for us in the copper exports was to do really well in mature markets, we had the best year ever from that aspect,” he concludes.

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