

MAKING AN ENTRY

Uncovering the facts behind the multi-million dollar launch of Wared Logistics with chief executive officer Brian McHale.

Despite the odds, a number of successful companies have been launched during a global recession. From technology giants such as Microsoft and Hewlett Packard to television powerhouses such as CNN and MTV, each venture has succeeded by finding opportunity in a bleak market. Even members of the logistics fraternity can be included in this recession-proof elite, with FedEx and Deccan 360 showing how businesses have triumphed in the face of adversity.

Following this trend, Wared Logistics was launched earlier this year as Saudi Arabia's latest entrant into the global 3PL sector. With an initial capital of US\$32 million, the newcomer is a 50:50 joint venture between Construction Products Holding Company (CPC) and Zahid Holding Group - both well-established and respected entities in the Kingdom. And whilst a section

of the market could question the timing of this launch, the project's wheels were actually set in motion around four or five years ago, when the Middle East economy was developing at breakneck speed.

Even so, Brian McHale, the recently appointed CEO of Wared Logistics, is confident about his company's future and remains adamant that its development strategy will continue as planned. Given his track record at the likes of Menlo Worldwide Logistics, Ryder Integrated Logistics and NFI Industries, it seems this judgement

comes from an experienced hand. "The concept of Wared Logistics was formed after a detailed study into the global logistics market, with a particular focus on the Middle East and Saudi Arabia, where companies need a high level of expertise and professionalism to facilitate their business," McHale states with conviction. "Through this research, Zahid and CPC received a snapshot of the region's potential as a global warehousing and transportation hub, which in turn highlighted the scope of a venture such as Wared Logistics."

Despite its global ambitions, the fact that Wared Logistics is based in Saudi

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Arabia is actually considered a key strength by McHale, who believes the Kingdom is emerging as one of the most promising logistics markets in the world. The company has already developed a network of 12 distribution centres in cities such as Jeddah, Dammam, Medina, Jubail and

Qassim, with future plans for two 40,000m² facilities in Riyadh and Jeddah.

"There's a lot of talk about Saudi Arabia at the moment, its blossoming," he admits. "Of course, there are challenges in the form of red tape, but that's actually an advantage for Wared Logistics, because our parent companies are Saudi businesses that have operated in this country for decades and employ over 40,000 people in the Gulf. We understand the rules and regulations and have access to tremendous shortcuts as a result. At the same time, we need to educate



Wared Logistics owns 12 warehouses in Saudi Arabia

the market about the benefits of outsourcing supply chain operations to a third party. There's a low uptake in terms of outsourcing at the moment, although the situation has shown signs of change and I'm confident that will continue in the future too, which will be particularly beneficial to organic Saudi companies such as Wared."

Launched as a holding company, Wared Logistics includes four separate entities - Wared Express, Wared International, Wared Transport and Wared Distribution - each with a different focus on the wider logistics industry.

"We want to provide our solutions to a broad customer base in the Middle East and North Africa (MENA) region, including companies in the construction, industrial, retail and project sectors. Therefore, each of our divisions will cater to a different segment of the market," continues McHale. "For example, Wared International is based in London and provides global trade management services, such as forwarding and customs brokerage, while Wared Express is based in Saudi Arabia and provides less-than-truckload (LTL) and express transport services."

The latter was actually established following the acquisition of United Transport Corporation (UTC), which was previously owned by Wared's parent company CPC. In a similar fashion, the Wared Transport division was created through the acquisition of Zahid Heanor, a specialist heavy-lift transportation company that was operated by Zahid Holding Group, the second parent company.

These acquisitions have provided Wared Logistics with a solid foundation to kick-start its operations, including around 1000 employees, a fleet of 500 heavy, medium



United Transport Corporation (UTC) and Zahid Heanor have been acquired by Wared Logistics in the past year



Wared Transport has been awarded contracts from Premco, Bahra Steel and United Arab Aluminium Company

and light trucks, and a customer base of 85-95 companies from the construction, fast moving consumer goods (FMCG) and food distribution sectors. In addition, Wared Transport was able to capitalise on Zahid Heanor's existing base in Syria, which has been developed to create a service portfolio of container drayage, full truckload and specialist heavy-lift transport.

Despite its infancy, the acquisition strategy has already received a strong response, with further contracts being awarded by Premco, United Arab Aluminium Company and Bahra Steel Company in recent months. "These customer-wins have proved that this region needs a professional organisation that knows how to move heavy and oversized loads," states McHale. "That professional organisation is Wared Transport and to accommodate current and future customer requirements, we are supplementing our Syria fleet with 20 new tractors and 30 new trailers. Each tractor is equipped with the Telargo system for tracking and driver communications, while the trailers include low and extended flatbeds of 18, 24 and 26 metres."

Another of the new divisions to hit the ground running is Wared Distribution, which provides contract warehousing and inventory management

"We're looking at acquiring a small transport company in the UAE"

services for general commodities and temperature controlled products. The company recently announced a partnership to construct and manage refrigerated warehouses throughout the MENA region with Preferred Freezer Services (PFS). "PFS is a global provider of cold storage warehouses and has the best designs and state-of-the-art systems in the market, which can be perfectly combined with Wared's requisite support services, such as temperature controlled storage, transport and importation," says McHale.

Construction plans have already been completed for the initial facilities, with the first warehouse being earmarked within the Wared Logistics hub in Cairo, Egypt, while the second will be situated in close proximity to Jeddah Islamic Port in Saudi Arabia. A third is expected to follow in Abu Dhabi and there are long-term plans for nine additional centres throughout the MENA region. Further acquisitions will also be considered to encourage the company's future growth in the MENA region. "We want to expand in Saudi Arabia, UAE and other Middle Eastern countries, followed by North Africa. The expansion plan includes, in the short term, the opening of branches in Abu Dhabi, Lebanon, Jordan and Algeria. The mid-term goal is to expand across the Arab countries to the far west, to South Africa, and eastward to

Asia," he concludes. "We're looking at acquiring a small transport company in the UAE and although we're leaning towards organic growth rather than acquisitions, if the right opportunity came along, we will certainly pursue it." ■

COMPANY PROFILE

Company: Wared Logistics

CEO: Brian McHale

Parent Companies: Construction Products Holding Company (CPC) and Zahid Holding Group

Subsidiaries: Wared Express, Wared International, Wared Transport and Wared Distribution

Initial Capital: US\$32 million

Employees: 1000 people

Fleet: 500 heavy, medium and light trucks (plans to expand with 20 new tractors and 30 new trailers)

Acquisitions: United Transport Corporation (UTC) and Zahid Heanor

Warehouse Network: 12 facilities in Saudi Arabia, in addition to warehouses in Syria, Egypt, Lebanon and the United Arab Emirates

