



International Business Relationships

Written by Nicolas Estay

Introduction

This success story describes one experience and two levels of feedback on international business relationships.

The experience is my assignment as Executive Vice President for Orascom started 7 years ago.

- one level is describing a senior management position within an emerging market leader organization
- the other is how, on a global basis, interrelations (business, ethics, strategy) between emerging economies are building a breakthrough position vis-à-vis multinational companies from, to make an easy reference, the so-called western world.

Context

Being a European engineer holding an Insead MBA it was always a driver to work internationally. From 1986 till 2006 I held various positions in Africa, Asia, Austral-Asia, Europe and Latin America, and always in major companies.

But these companies were always Western European companies and in particular French. But this analysis is valid for all major Western European groups.

Starting in 2003 I met Orascom founder and Chairman, M. Onsi Sawiris and joined the group in 2006 till today.

This is the major change and challenge in my career and where above all the learning has been so extreme.

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Situation

When I effectively crossed the board in 2006, I knew the owner/family as a client & partner but not really the company from inside.

I also must admit that it was difficult to leave my previous company as the senior management proposed me an interesting challenge in Asia.

And more importantly it was a jump to a truly emerging world market and organization, still fairly unknown to western managers.

Problems encountered

Obviously knowing now the level of difficulties, I would not have probably taken up this new career path! (even if the overall period is a great success)

Lack of organization, default of communication and inexistence of middle management is a list of main drawbacks of such companies

But probably the cultural gap is one which can bring failures all the time: religion, vision Western versus Arabian world, old economies/emerging, etc...

And more importantly is the level of discrimination the company and its people have encountered in trying to break the ice and make sound and reputable business relations.

Strategy

Once I started this challenging position, I decided to concentrate on two axis:

- Build internal recognition of my action and support it with key staff in order to obtain relevant relay in the head of office and countries of operations
- Improve the level of acceptance and knowledge of the company by the main stakeholders of the business environment: obtain quick wins and high visibility: for instance gain a significant position in the cement

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industry in Spain, do a lot of marketing activities in France, make strategic investments in the Netherlands, etc...

Achievements

- Turnaround of the company from a 75/25 ratio between domestic market (Egypt) vs international presence in 2006. Today 75% international presence (Europe, Africa, USA) versus 25% in Egypt.
- A strong strategy in vertical integration industries:
 1. First in cement from 1999 till 2008 where the group built a 40 mt capacity in 20 countries and that was sold to Lafarge for an enterprise value of 14 bn USD.
 2. Second phase is underway with Nitrogen based fertilizers plants in Egypt, Algeria, Nigeria and USA and Brazil
- Maintain a double digit EBITDA level throughout the crisis period
- Develop and maintain key account relationships with major groups from Western Europe and US.
- Support the family to decide strategically on the next moves

Lessons learnt / Key success factors

1. Focus and speed are the essence: focus means you study and decide on strategic items (M&A, presence on a market) and you make it your priority for a specific period. And speed indicates you concentrate your team and you work more than anybody else
2. No ego: you do not discard an opportunity “a priori” and you are not afraid of a failure: you adapt and restart.
3. China is not an opportunity, it is a competitor: you have to look for partners where there is added value for you.

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As a conclusion: The spirit of entrepreneurship is independent of the location! It means that wherever you are or you join an entrepreneur/ a family owned business or you create your own structure the KSF mentioned are valid .



About Nicolas Estay:

Civil Engineer (ESTP "Grande Ecole"), Master of Economics from Dauphine and MBA from INSEAD.

From 1987 till 1989, Nicolas Estay was based in Gabon where he managed projects for Colas (Bouygues Group).

From 1989 till 1993, within the Group Schneider (Spie Batignolles subsidiary) Nicolas was at first Deputy Project director for a bridge in Guyana, then Project Director and Representative in Spain in Madrid.

Then from 1994 till 1997, for Bouygues, he was in charge of the development of Civil Works Division in Asia.

Since 1997, at Alstom Transport, Nicolas was successively Sales manager for Europe and Latin America, then General Manager in Australia from 1999 till 2002, then in 2003, Vice President for Latin America (500 MEuro) and since October 2003, Vice President Development of Southern Europe region (3000 MEuro).

In May 2006, he joined Orascom Construction Industries and Sawiris family as Executive Vice-President, Board member of Besix , particularly in charge of International Development. Since May 2007, in addition, he is Transport CEO for the group.

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