

Face to Face: John G Spitz of Hill International

John G Spitz talks about his firm's \$40bn workload in Saudi Arabia

Construction Interview



John G Spitz, Hill International's senior VP in Saudi Arabia, training the country's workers project management.

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John G Spitz, Hill International's senior vice president in Saudi Arabia, talks about the work the firm is undertaking with the government to build knowledge and expertise of project management in the Kingdom. By Yamurai Zendera

Hill International has been established in the Kingdom of Saudi Arabia since 2007. In that time it says there has been a positive shift in government attitudes towards project management (PM).

Four or five years ago PM was non-existent in KSA, now clients are seeing the benefits of what project management consultancies (PMCs) bring to a project, says John G Spitz, Hill International's senior vice president – KSA operations. And he should know, given that Hill currently manages just over \$40bn worth of work in Saudi.

It's clear that Spitz prides himself on the work Hill is doing to further understanding of PMC in KSA. It has established key ties with a number of government ministries such as the Ministry of Interior (MOI), the Ministry of Health (MOH) and the General Authority of Civil Aviation (GACA) to train local staff and students on PM and also set up robust procedures. It is also working with Aramco Gulf Corporation (AGO) near the Kuwaiti border.

Asked why Hill is making such a concerted effort to train up Saudis, Spitz gives an insight into the philosophy of the firm, which translates not just in Saudi Arabia, but across the entire region. Currently around 15% of its Saudi workforce is local, comfortably above the 11.9% mandated by the Ministry of Labour.

"It's our responsibility as a company not to go in and do our work and then walk away, and they're (the Saudis) left with a beautiful job done, but what did they learn? The way I look at it is as training somebody that will take my job at some stage in time."

But Hill has a clear vision of what he wants to achieve: "And what would even be better is that person we train came up through the ranks and was a born and bred educated Saudi Arabian."

"We have huge difficulties in markets where they don't understand what we do. So when you go in and train people, especially the young ones: the young engineers, the young graduates.

Once they understand what this is all about and they see the benefits of having PMCM (project management/construction management) it opens the doors for us in the future to be able to swiftly, easily and transparently talk.

They will understand what we are talking about rather than hitting a brick wall where no one understands. This is why this is hugely important for us throughout the region, not only here. We do master classes even for senior people."

Spitz says that when Hill deals with clients it always gives a presentation about what he calls "knowledge transfer" whether or not it is stated in the contract. "We are serious about it, we're not one that just talks about it; we actually do it."

With Saudization of jobs a huge issue in the Kingdom right now, it is easy to see why Hill's approach to training up the indigenous population and setting up government ministries procedures is being met favourably.

Towards the back end of last year, it signed two five-year contracts worth a combined \$32m with the MOH for PMCM services on the King Faisal Medical City in Abha, the Prince Mohammed bin Abdulaziz Medical City in Al Jouf and 10 hospitals with locations throughout the Kingdom.

All of these medical projects are part of the government's efforts to improve healthcare services for its rapidly growing population, which is expected to rise from the current 26 million to 29 million by 2015.

Interestingly, Spitz says that the MOH was initially reluctant to bring in a PMC on these massive social infrastructure projects, but with a shift in attitude it is now keen to use a professional process for PMCM to effectively and efficiently manage time, cost and quality of their capital construction program.

What has been pleasing for him to see is that the health minister himself is fully involved on the project and eager to learn what project management is. "At first he was hesitant about project management and the tools that go with it," says Spitz.

"We actually gave him a presentation of a live project; how the thing is set up. He can go on his iPad and view the job as to what's going on. All of those things are set up with our own in-house system called PMWeb.

It's a system that they like so much that they are talking to us about using it for the whole organisation. We introduced it here because we like the Arabic part of it.

Arabic people want to see reports in Arabic. It helps them to understand where the project is. Not only the Arabic part, as a system it's much easier to use. It's not only just setting it up within the Ministry of Health; it's also setting it up with the other consultants, because everybody has bought into it.

“Like with any system, it's only as good as the information that's programmed, so you want to make sure that everybody puts in the right information. So we are training all the consultants, all the contractors, all the people from the client side.

"Everybody will have access and it's web linked. They can go on it anywhere in the world as long as they have a browser and look at the work being done.”

Since May last year Hill has been providing project management training, auditing and value engineering services at Jeddah's King Abdulaziz International Airport, where a \$7.2bn expansion is underway.

Under a \$3.8m contract signed with GACA, Hill is passing on its expertise to around 50 Saudi students.

Spitz says: “We interview all the candidates that they (GACA) want to train. We find out where their strengths and weaknesses are and set the program on project management starting with the controls and we work them through every aspect of project controls.

"Not only that, we get them involved to understand how to build and we start them out on the sites so they can see for themselves what they are learning in the classroom: how you transfer that knowledge you have from the field into systems that you have to make sure are updated to the latest information that is there.”

In addition to this, Hill is setting up procedures for the MOI, carrying out design review for the National Guard on some 6,000 villas it is constructing in Riyadh and is the PMC on the massive King Abdullah Financial District project, to name just a few of the public sector ventures it is currently involved in.

Spitz says Hill has seen its staff in Saudi expand from around 30 before 2009 to more than 300 today in response to the astonishing economic growth the Kingdom continues to achieve. And you can see why it would do so when you analyse the economic data released by the National Commercial Bank (NCB) late last year.

The NCB projects total revenues for 2013 at SAR1,147bn (\$305.8bn) and expenditures at SAR870bn (\$231.9bn), predicting a surplus of SAR277bn (\$73,8bn) in 2013 (based on an average Arabian light oil price of \$110 a for 2013).

“The growth has been phenomenal,” says Spitz. “The thing with Saudi Arabia in the downturn, as much as it hit Dubai and Abu Dhabi, it has always had steady growth.

The only people that were really affected were in the private sector.

The government sector has never stopped - it's actually increased, and it's getting stronger every year. The growth outlook for the next five years is so strong."

The NCB estimates that spending on education will soak up the greatest amount (24%) of the government's SAR204bn (\$54bn) 2013 budget, about 21% higher than the amount budgeted for last year.

It states that new projects include 539 schools, in addition to 2,000 schools that will be renovated and work to continue on the 1,900 schools currently under construction.

It says the government has renewed its commitment to its overseas scholarship program, with continued focus on building and operating several technical and vocational colleges and institutions. Spitz agrees with the NCB that education projects are at present not even close to reaching their full capacity.

"There isn't a lot of that work out on the street yet but there's a tremendous amount of work that's going to be coming out," he says.

With regards to the private sector, Spitz says there seems to be more work coming out this year than in the past. Hill is involved with Al Rajhi Bank in Riyadh and is PMCM on Jebal Omar in Makkah to name just two. It is eyeing a particularly big project in Makkah as PM, although Spitz was coy on revealing any details, only saying that it would be a massive coup.

"You're seeing more private money coming out now for projects along with the government work still going on. It's not that the banks are easing up on loaning money, because there's always going to be difficulties since the downturn - but the banks are looking at things where the revenue in the end will be able to stack up."

But how does Hill intend to position itself to meet the explosion of work set to come online in KSA in 2013 and beyond? Spitz says: "We pride ourselves on our project management work, we pride ourselves on the people that we have and we pride ourselves on the people that we hire.

In Saudi it's about the relationships you have. You get to meet the people you need to meet; you have a good relationship with them.

"We don't avoid any project. We will look at them but we're not out grabbing everything that walks through the door. We actually strategise in-house to see which one is beneficial to the work we do. We are not interested in overloading ourselves where we can't serve our clients."

Asked for his thoughts on the government's contentious yearly SAR2,400 (\$639.9) levy announced late last year on businesses who employ less than 50% Saudis, he says simply: "You realise that's a fee you have to pay and you cover it in your bids."