

## Raouf Ghali (CEO Hill International):

### Time heals everything and business will always find a way to continue despite world's challenges

Hill International, with more than 2,700 professionals in approximately 69 offices worldwide, provides program management, project management, construction management, and other consulting services to clients in a variety of market sectors. Engineering News-Record magazine recently ranked Hill as the eighth-largest construction management firm in the United States. Raouf Ghali, Hill's Chief Executive Officer, has been with the company since 1993. Over the course of his nearly 30-year career, Mr. Ghali has helped to deliver complex, high-profile building projects for clients around the world, relying on his expertise in project cost control, financial analysis, planning and scheduling, procurement and contract administration, claims analysis, and accounting. Al Bayan Magazine had the opportunity to conduct an interview with Mr. Ghali and following is the Q & A.



**“ Inflation is an issue for all industries and we will grow in terms of market share in the locations we are currently in ”**

• **Oil prices have reached \$ 120/bbl. globally. How will this impact government spending in the GCC on infrastructure and development projects?**

- In the Gulf region, the oil prices have impacted the spending positively because the income is much higher and we are starting to see some of the reluctance from both public and private sectors to reinvest in the region coming back much stronger this year. It is the usual trend whenever the oil prices are up and I think there is an additional though factor that really also supports and drives it. A lot of the regional disputes that could turmoil in the region, many of those have now been resolved and things are back into normal. The GCC is functioning without disruption between Qatar and other GCC members. With the exception of some of those continuous regional issues, a lot of them have calmed down and then have also really strengthened the business side of the region.

• **What sectors of the economy (aviation, housing, healthcare, railways) and what countries (Saudi, UAE, Qatar, etc) do you think will be impacted most in terms of the benefits of this high oil price?**

- There are a lot of spending on continuing upgrading infrastructure in the Kingdom of Saudi Arabia as well as reinvesting in non-oil future income producing matter such as industrial, potentially leisure and tourism for them to be preparing for a non-oil revenue producing country to become. There will be a lot of investment in order to create whether touristic destinations or manufacturing hubs, and that requires focusing on infrastructure. The 2025 vision now has a lot more tracking to it because there is more money available. Other regions such as Dubai with the fact that a lot of Russian and closer Russian countries are entering it, this is creating more demand on the housing section and bringing some of the large developments in construction to life. The only concern that we have is material shortage because of the supply chain, the war to some extent had negative impact on it and it will be lingering around for another year and a half to things really normalize. We are starting to see in particular in housing and hospitality projects, an overall of 20 percent increase in cost.

**We will expand our services & maintain our regions**

• **What is the strategy of Hill International in the region? Any expansion plans?**

- As a company, we took the decision that we will not expand regionally. We will expand our services and we will maintain our regions the way they are and grow in the market as a market share within the locations that we currently are in business. We have introduced facility management in addition to our core project management and construction management. We are adding back the advisory services and the non-compete from the claims group sale that we sold five years ago is no longer available now. We are looking very strongly at claims assignment and regrowing our claims business. We always had the talent; we are now just putting them more to work and leveraging that talent for more growth.

**Egypt is a very solid market**

• **Where do you see potential for growth?**

- Saudi Arabia, UAE and Egypt is also of our biggest growth areas. Our Cairo office now has just become our largest single office in the company. Egypt is a very solid market, and it is the entrance to a lot of African countries. We are looking at that but we are not ready yet to go into those countries, we are still staying in North Africa. Also, we already have several assignments in Algeria, Morocco is witnessing regrowth and reinvestment where there is a lot of investment that is coming from the GCC which for a while was a little bit softer because of their own local condi-

tions but now it is coming much stronger. Concerning Tunisia, we didn't have a lot of activities but because of the Libya situation, there are a lot of companies setting up in Tunisia and really managing what they think the future work in Libya will be out of Tunisia. And once the conflicts and internal governmental issues are resolved in Libya, it will be a very big market.

• **Hill International acquired last year a major cost consultancy firm in India to strengthen its capabilities. How has this deal impacted your operations so far?**

- When we acquired the company, it was really looking at it in a free fold view on things. For our Indian organization, they brought in locations and India is a large market and country, lot of it is localized. So, being in different locations does help you grow, the company has been in locations where we were not there and this gave us the footprints we needed for growth. We could take their clients and expand the type of services that they were offering, they were only providing them with cost consultancy but now all of a sudden they can sell to all their existing clients all the services of Hill International. This doubled our organization in India and gave us cost consultancy with the entire Indian market which is a requirement as part of the construction industry in India. The last of it all, it gave us the ability to really use the Indian talent which is a low cost paid but a very qualified one to do a lot of the cost estimating that we were using higher priced back office people. Now the Indian talents do it and we use the Western countries more for reviewing it and doing the client facing requirements. It increased our margins in many of our locations and gave us depth as a company with a fast consultancy.

**We love to be more into the acquisition game**

• **Are you looking for similar opportunities in different parts of the world?**

- Of course we do. We love to be more into the acquisition game and are still trying to maneuver Hill International into cash positive and be more liquid as we used to be in the past. We are trying to make sure that the balance sheet stays intact and we don't put the company in any jeopardy. I think in the future, we will see a lot more acquisitions from our side which will intensify the growth that we want.

**Time heals everything**

• **What challenges are we seeing in the industry right now? Is inflation an issue and are projects becoming more expensive? What about manpower and qualified staff. Are they a problem to be retained?**

- Inflation is definitely an issue for all industries including construction industry. Our benefit is that 70 percent of all our businesses are related to infrastructure and that doesn't mean that infrastructure projects are not going to be impacted by inflation but they are usually funded for long term. The short-term inflationary issues will be overcome, there will be some delays here and there but overall the projects will continue. Some of the real estate and touristic projects are more sensitive and elastic with the inflationary problems but nevertheless all industries will find their ways to overcome all the challenges. I think time heals everything including inflationary cost. Maybe some of the smaller assignments on the private side of the business will suffer a little bit in the short term but it will not have a huge impact on our business.

• **Any last message?**

- I think even though the world is always in a constant challenge, yet business will always find a way to continue and with the population growth there will always be a need for new infrastructure, new homes and hotels.