

## **An *IFC Reports* Interview with**

# **Mr. Lionel Gittens, Managing Director and Mrs. Sheila Gittens, President, American General Trading & Contracting Co (AGT), State of Kuwait**

**On the  
11<sup>th</sup> April 2011**

**For our special report on Kuwait**



**IFC REPORTS: The Development plan was unanimously approved last year. It is the first plan since 1986 and it aims to inject \$125 billion dollars worth of projects into the Kuwaiti economy and increase private sector participation in the economy. What are your views on the development plan and the targets it has set?**

**MR LIONEL GITTENS:** There are an abundance of multi-million dollar projects being conducted in the oil sector and the government is in the process of developing a causeway bridge as a convenient link to silk city which is a multi-billion dollar project in itself. After recent developments, AGT has chosen to focus primarily on KOC, KNPC and the joint operations opportunities in the oil and commercial sectors. Kuwait will be spending 55.6 billion USD on infrastructure so we look to establish ourselves and gain a foothold in these sectors.

**MS. SHEILA GITTENS:** Kuwait will be tendering approximately 8.7 billion USD towards new housing, public and private sector business complexes, universities, schools, mosques, sport and entertainment areas, healthcare and port expansions. It is a mouthful but it is a reality for the near future. Production and modernization of power plants will be benefactors of 25 billion KD as well.

**MR LIONEL GITTENS:** we see the growth of the country in the youth, the strides they've made in the education arena is due to their stretching beyond borders to advance intellectually and conceptually in terms of business.

**MS. SHEILA GITTENS:** Kuwait's plan is optimistically progressive and is definitely aimed at technological advancement as well as environmental and humane advancements. This country is in the midst of an awakening that will far exceed their GCC counterparts. That being said, I do not think Kuwait is trying to compete with these countries but instead their focus is more on trying to enhance the region. Kuwaitis naturally have an affinity for Saudi Arabia and respect the rest of the region but they choose to remain individualistic in their ideological approach to elevating their country. Assimilation is not warranted or acceptable. They are content being Kuwait and would prefer being their own pearl. Change is coming about very slowly and purposefully, in order to maintain their identity. The younger generation is in touch with their ancestry and their traditions so from my perspective this country ranks as one of the best for the amalgamation of old and young.

**MR LIONEL GITTENS:** Speaking of enhancing the region I would like to elaborate on that by adding the influence Kuwaiti businessmen will have on the redevelopment of Iraq will be immeasurable. The business highway is open between the two countries and I have met several Kuwaiti business men who are taking full advantage of access and opportunity. There is only 1 deep water access port you can utilize to get into Iraq and that is Umm Qasr, the only other logical option to transport goods to that destination is through here.

**IFC REPORTS: What opportunities do you foresee from the development plan for companies such as AGT?**

**MS. SHEILA GITTENS:** AGT and companies alike will have exponential growth if these plans come to fruition. I believe there are innumerable opportunities for Americans and British people as well as other nationalities. The country has a thirst now for a variety of products and services and the people are determined to make it happen. For the companies that look to expand into this market they should focus on bringing capabilities that can enhance Kuwait

and not solely base their focus on how much revenue can be generated. Kuwait isn't opening its doors to create a feeding frenzy; there must be mutual benefits for all parties involved. A few years ago we purchased a US Franchise called "**Coverall Cleaning Concepts**" and the average person would say that it is janitorial service, but it is not – it is a health based cleaning system that aids in the prevention of cross-contamination. Our concept targets the collaboration of chemicals, equipment and training coupled with proprietary techniques to create a healthier and cleaner living and working environment. We are venturing into the commercial facility management business, high rise window cleaning, security services etc. Kuwait is seeing the effects of poor hygiene in public areas and the regulations are becoming more stringent as a result of their heightened awareness. The level of consciousness has risen in the hospitals. I was in a government hospital today and it was aesthetically pleasing, but there were no smells, it was clean and I was very impressed. I can see it getting better, but it is going to take time. Kuwaitis have patience but the participation and efforts of the younger citizens will be essential in making Kuwait the Pearl of the Middle East again.

**Mr. Lionel Gittens:** I see AGT as a center of influence for many companies entering into this market as well as for those that are pre-existing. AGT's international appeal is based on our American management systems coupled with our experience in the GCC, these attributes make us attractive to other companies whether it's for Agencies for foreign companies, corporate sponsorship, project management, teaming partners or Joint ventures etc...Our goals and objectives are congruent with the international business community, the country and its developmental plan. For many US corporations, AGT-US is the *Gateway to the Middle East*.

#### **IFC REPORTS: What is it like for foreigners to actively participate in this market?**

**MS. SHEILA GITTENS:** Since my arrival in 1991 I have seen a lot of changes and now Kuwait is has an excellent and courteous atmosphere to work in for women. I feel the role foreign women play in business is critical to the success of Kuwait and for the entire GCC. Once you entrench yourself into the business world and become recognized as a perspective and very astute business person then the shroud of mystery evaporates. Business is the same across the globe you need to familiarize yourself with the business practices for that environment and take into account the cultural deviations. I can recall meetings with just men in attendance and I would say something and they would address my subordinates or male counterparts, whereas now if I make a statement, their responses are directed to me. I enjoy doing business in this market, I know the players, and I know the game, what more can I ask for!

**MR LIONEL GITTENS:** When we arrived in the country, quite naturally we were naïve but we persevered through trials and tribulations. We now enjoy a market that lacks discrimination and encourages enterprise. Foreign participation is welcomed by most but you must do your due diligence before choosing a (Kuwaiti) partner that will own 51% of your business. Once we entered the local market and we found a Kuwaiti who owned a company that we wanted to develop, I found that it was not easy to develop a business in Kuwait as a foreigner from the ground up; however, we have been very successful in doing so. As a manager, they take very good and highly qualified individuals from around the world, primarily from the west that bring in new ideas and concepts. The most challenging part of doing business in Kuwait is the interaction with the ministries. The policies and procedures are not very transparent and tend to change without reason or notice. A company cannot survive without a Mandoob or team of Mandoobs (which are company representatives that can read and write Arabic along with comprehending official government documents). The inner workings of the ministries are perplexing to most foreigners and without adequate representation most

foreigners/companies will fail. They have so many checks and balances (for example they only issue a certain number of visas per nationality for a period of time and then cease to issue as it reaches the limit. A quota system is common in the GCC). Policies are in place to continuously balance the market, if a particular nationality has recurring issues they can and will shut the door on that nationality indefinitely.

**MS. SHEILA GITTENS:** That is also however advantageous for Kuwait or other countries whom adopted these practices for that matter. Our countries are very liberal and do not believe in such practices, maybe we should. The influx of foreigners is manipulated and highly controlled by the government which aids in the retention of their identity. They control the working classes but for mid and upper management, there are few restrictions.

**IFC REPORTS: Kuwait's industry is predominantly imported - 94% of food is imported for example, so there are many opportunities here for value addition. In this respect what role do you think American companies could play in the future sustainable success of Kuwait?**

**MR. LIONEL GITTENS:** America has had a huge impact in the military sector here in Kuwait but I believe we have yet to scratch the surface in the realm of export of goods and services to Kuwait. I think American companies have so far played a major role in defence and yes you see American eateries (franchises) all over Kuwait but that's minuscule in comparison to all us (Americans) have to offer. Initially I believe services and products that enhance the environment or are eco friendly will have the largest impact. Especially with 3 billion USD allocated towards programs to clean up the contaminated environment. These efforts are being supported by the heavy hitters in the oil sector like KOC. Even the Ministry of Electricity and Water and other organizations is working on rehabilitating underground water wells and are preserving protected areas such as on Boubiyan Island. Of course the clothing and food industries are based on cultural trends but I see significant gains coming in those sectors also (not that America manufactures clothing).

Our experience is heavily based in the Military sector so we tend to notice the effects of the US Military initiative here more than others. The military are huge consumers in the local market and yet they still import an innumerable amount of goods from the states. It is a two-fold situation where US provides the defence and they also help to develop the economy because of their dependency on the local market for goods and services. This is where AGT prospers - we have been beneficial on that end. We also provide sponsorships for major corporations in the US that are prime contractors for the US Government; we assist with life support, supplies, construction and other support services.

**MS. SHEILA GITTENS:** I think given their size, America has a significant market share in many products. American companies have to commit to the Middle Eastern countries and market wisely to increase their presence/market share. More US products are slowly creeping in but on a limited basis and only to select outlets, we needed to broaden that base. America is trying to create more jobs within our borders so creating more export opportunities is a win-win. We do not really promote international business within our schools systems, while India and Kuwait teach it. We need to make a concerted effort across all commercial industries. The American people are scared of Kuwait - they think Kuwait is Iraq and they think Iraq is Afghanistan. I feel safer here than I do in my own country. Ignorance is not always bliss, Kuwait's justice system has maintained a peaceful and harmonious society for the 20 years I

have been a resident. Law enforcement is quite successful in finding the guilty party involved in a crime and investigations are conducted efficiently and with purpose.

**IFC REPORTS: I know Lionel you arrived to Kuwait in April 1991 and as such are celebrating 20 years of being in the country. What I'd like to know is how you both foresaw the opportunity of establishing AGT?**

**MS SHEILA GITTENS:** AGT has had several names including *International Entrepreneur* and *American Business Services*. When we finished our employment contracts we still had bills to pay in America. At that time, I do not think America had a lot of opportunities for middle-aged black entrepreneurs. We had bills to pay for our children's education, a mortgage, personal goals we wanted to pursue and dreams that required financial freedom. We both have an entrepreneurial spirit within us therefore going backwards in life was not an option, so we calculated the risk and moved forward with establishing a company called AGT. With the support of our dear friend and sponsor "*We Made the Impossible Possible.*" We zeroed in on the military sector with support services and parlayed that momentum into sponsorship of several major American companies in the country. We have a proprietary manual we wrote for our cross cultural orientations (which is a service we offer foreign companies entering this region) that deals with the foreign experience of doing business in Kuwait and what to look for in terms of regulation and cultural divides.

**MR. LIONEL GITTENS:** We have neglected to mention AGT's Interior Design Division which is an area of expertise we are exceptionally astute in. We customize restaurants, homes, military installations like USO and their MWR (Morale Welfare and Relaxation) locations. We have completed numerous military projects here, in Iraq and Afghanistan. The largest USO in South West Asia was designed and constructed by our engineers and architects, an accomplishment we are most proud of because it benefits the soldiers, by them being able to relax in a homelike atmosphere, while risking and sacrificing everything for democracy and human civility.

**MS SHEILA GITTENS:** Every human regardless of nationality or colour has god given rights to sustain a suitable level life even if it is in its most humble form, so we donate to charities in every country we visit whether for business or leisure. For 16 years our charity was Operation Thanksgiving also known as Operation Christmas. We started that charity in 1994. All the hotels in the country participated and it was amazing program. It was really creative and the only one of its kind to my knowledge. Every year we donated 22,000 Christmas bags to soldiers across several bases in and out of theatre. Unfortunately we had to conclude the annual event due to the bureaucracy within the military; too many logistical hurdles resulted in a loss of appeal. All is well that ends well, in total we serviced over 1.4 million soldiers and have given away everything from board games to laptops. It was really an inspiring charity that started due to our late son, Christmas was his favourite time of the year and Sheik Saad Al Abdullah Al Sabah, the past Crown Prince of Kuwait actually submitted our first donation back in 1994, and every year after we received a donation from his office. The Kuwaiti companies here were unbelievable in their support and should be recognized for their philanthropy. There were appearances on CNN and Good Morning America, articles were written and attention grew with positive responses. We received numerous honors, letters, certificates and plaques from various individuals such as General Petraeus (US Army), General Richard Myers (Chairman of Joint Chief of Staff) and other Generals, Colonels, Base Commanders, soldiers and Kuwaiti dignitaries alike. However, you will confront opposition even when your efforts are gallant and your cause is sincere. We had to battle to keep this charity alive against allegations that we did not have a licence to operate a non profit organization and after further

investigation by the ministry we were allowed to continue, but the ridicule had an adverse effect on our eagerness to give.

We believe our employees are the foundation of our company so we host annual appreciation dinners for our staff and give bonuses twice a year. The economy has been sluggish so bonuses may not be as frequent or as big as in the past but we still appreciate our staff with dinners and other company hosted celebrations. We do not have a high staff turnover because we want AGT to set a standard for how we want to be treated. As minorities in America we were treated differently because our socioeconomic status, we came from poor backgrounds. We want to remember the side effects of inequality so we do not treat others with the same disdain. That is the key to our success and the success of AGT. Your staff can make you win or make you lose and no matter what position an employee holds in the company he is still a cog in the wheel that turns toward progress. Any American that comes over here has to remember honesty, integrity and genuine care for people. They do not have the same rules here as they have in America – you have civil rights and women’s rights and minority rights, whereas here they’ve adopted their own set of human rights and moralistic codes which differ from those in the west.

Therefore Americans have to maintain their values and govern their businesses with the same ethical standards as we have at home. If you do this, you will be successful. Having a good sponsor is an integral part of success too. You need a principled representative to work for and one who will work for you preferably one you know personally. Business is business and friendship is friendship, but here they overlap and you have to learn to balance both. The Kuwaiti partner has to be familiar with you and be confident that you won’t abandon him if the outcome becomes bleak and abscond. It is a marriage and it has to be a reciprocating arrangement. It is not just a business deal here – it is a long-term commitment.

### **IFC REPORTS: AGT has expanded to Qatar and the US. What are the future plans for AGT?**

**MS. SHEILA GITTENS:** AGT has grown in Qatar in notoriety since starting a few years ago. All of the AGT affiliated companies have the same name handle "AGT", but they are not connected for strategic purposes. They each have their own business agendas with some similarities of course but still diverse from the doctrines in Kuwait. Most of the big contracts in Qatar are in two sectors: – The Gas and Oil sector or the military monopolize the country. In the Gas and Oil sector, the average American business man or woman will not be in a position to capitalize on the larger opportunities unless he or she specializes in custom made oil products. You must know how to navigate within this system. Maybe Shell, Texaco or Exxon can come to the table with limitless financial resources but the average company, most likely, would not succeed in this high stakes arena. Our advantage is that we can travel to DC and seek out mega contracts issued by the Government. Our presence in DC is vital to our business so we maintain our ties there by visiting several times a year, its costly but a necessary and easily justifiable expense. We do have a sales and marketing team there for daily operations which allows us the freedom to float in and out as we deem necessary. We have got the best of both worlds and that's where AGT’s Cross Cultural Training Classes are dexterous for foreign firms looking to benefit from our 20 years of experience. We can advise them of the right path to utilize when seeking and or coming in with government contracts and sympathize with their needs because we understand their interest. Our access to the knowledge required will help them focus on their mission and avoid pitfalls while alleviating headaches due to an alliance with a company that has focus, dedication, required services and ingenuity.

**IFC REPORTS: On a more personal note, AGT seems to be a very family-oriented firm.**

**MS. SHEILA GITTENS:** Yes! We have been here so long that we are an American/Kuwaiti family now. On Thursday nights we have family night, so my children, although they see me every day, must come to my home for dinner, roundtable discussions, social talk and leisurely activities to lighten the stresses of a trying work week. My husband and I used to do it many years ago in the States on Sundays; however, the weekends are different here. I love Kuwait for its family friendly atmosphere and I feel more at home here now because I have the unity of my family here with us. Before they came here, we filled the void by spending time with many Kuwaiti families who accepted us as their family which helped us retain our family values. Due to the breakdown of family structures and respect for each other in the US today, especially for a black family, we are trying to demonstrate to our relatives how to hold on to our family traditions and values.

**IFC REPORTS: from a business point of view, what kind of legacy are you trying to leave?**

**MS. SHEILA GITTENS:** I think my husband and I want to leave integrity first. Some of my children are not entrepreneurs and they never will be, but we want to leave integrity and honesty with them. Everything else will follow with that.

**MR. LIONEL GITTENS:** Kuwait makes you realize that there is a much larger pot of gold here compared to the rest of the world. You are talking about a total spend of \$125 billion for a total population of 2.5 to 3 million, so that is a large chunk of money to get into if you have the know how. I want my family to take our business to the next level and survive, it is a big opportunity that many people of colour will never have. Right now AGT is trying to move from the military side into the private sector including the Oil and Gas sector and also the environmental sector.

For instance, Qatar has been awarded the World Cup host country in 2021, so they are building Six (6) new state-of-the-art stadiums and making mass improvements to the infrastructure, thus solicitations for goods and services will be in the billions, just for that event; they have already initiated the gentrification process.

**MS. SHEILA GITTENS:** Even If they do not take the company to the next level and if they stay in the Middle East, as long as they stay who they are and maintain their status in the international market, that is fine with us. I think the opportunities for Americans will be in the international market for the next 10 to 15 years. Based on the state of the domestic economy today, America may not be the land of opportunity for a while. I want our lineage to learn from their grandfather and initiate change to make things happen wherever they are.

**IFC REPORTS: Thank you both very much.**