



Badr Jafar

**EDITORS' NOTE** *In addition to his current posts, Badr Jafar is Managing Director of Crescent Group, the parent company of Crescent Enterprises and Crescent Petroleum. Badr has a variety of other international business and philanthropic interests and pursuits. He holds a Master's Degree in Engineering and a Business Degree from the Judge Business School of Cambridge University.*

**COMPANY BRIEF** *Crescent Enterprises (crescententerprises.com) is a multinational company headquartered in the UAE with diversified global businesses under three verticals: operating businesses, strategic investments, and new business incubation, spanning sectors including ports and logistics, power and engineering, business aviation, healthcare, and entertainment. Crescent Enterprises employs over 4,800 people in 20 countries across five continents. Operating businesses within Crescent Enterprises include Gultainer, Momentum Logistics, Uruk Engineering & Contracting, Gama Aviation, and Clinical Pathology Services. Crescent Enterprises is a subsidiary of the Crescent Group. Crescent Group's other subsidiary, Crescent Petroleum, is the first and largest indigenous, privately owned upstream oil and gas company in the Middle East.*

**How do you decide which areas to focus your time on in your role?**

I split my time between optimizing and consolidating our legacy businesses that I now have the privilege of looking after, and the more recent activities and ventures that we have launched as a group since I joined in 2002.

On the legacy side, that means working alongside my brother to further develop a second-generation family business that has been active since the late 1960s, Crescent Petroleum, which is primarily focused on upstream and midstream oil and gas.

# The Power of Purpose

## An Interview with Badr Jafar, President of Crescent Petroleum and Chief Executive Officer of Crescent Enterprises

All other activities in the group are more recent and are now under Crescent Enterprises' umbrella. When I joined the group, I did so with a clear objective of diversifying our activities into a number of other strategic sectors, and to identify synergies we could take advantage of across the group. That's why I launched Crescent Enterprises.

My objective at the outset was threefold: first, making sure their activities were relevant and up to date with existing market challenges and opportunities in the sectors and geographies they were active in; second, determining how each business could work together to take advantage of potential synergies and to generate a multiplier effect on our output; and finally, bringing my own personal value systems into the way the businesses are run.

We also had an opportunity to think more holistically about our overall impact. A business might generate more impact in one specific city or country, but the reality we face is that the world is becoming increasingly interconnected, so with our ambitions to expand into new markets, we needed a broader mindset.

**Will you touch on the two different segments of the business?**

The two wholly owned subsidiaries of the group are Crescent Petroleum and Crescent Enterprises.

The immediate objective for Crescent Petroleum was to look to the future of energy. Ultimately, I see that as being in renewables, but I also believe that a full-renewables future is still some ways off, despite the very promising advances we've seen of late in solar. That makes natural gas an important bridge fuel to a cleaner energy future. When we think about assessing the overall quality of an energy source by examining how it stacks up against the three A's: acceptability, accessibility, and affordability, right now, natural gas has a competitive advantage over the rest. With this in mind, we have pivoted at Crescent Petroleum over the years to become a more active natural gas player in the energy space and, in fact, have been proud pioneers of the gas-to-power sector within our region since the '80s.

At Crescent Enterprises, my immediate goal as CEO was to create a synergistic group of operating subsidiaries in strategic and socially conscious sectors with a long-term horizon.

For example, one of our fastest growing businesses is Gultainer, which owns and operates ports and related logistics globally, and is today widely considered one of the most efficient port operators in the world. For any country or region, having efficient and effective entry and exit trading points is transformational for the economy and society. As a private company, we tend to pick locations where we feel we can have the most significant positive impact, which also happen to be locations others are hesitant about because of real or perceived operational challenges and risks.

When I first took over the business as Chairman of its Executive Board, we operated two ports. Today, we operate 16 terminals

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Above all, this meant creating a more deliberate alignment between our business activities as a group and the societal imperative.

In other words, we had to be more deliberate about designing specific business objectives around social as well as environmental realities within the spaces that our businesses are operating in.

on four continents, the latest of which is Canaveral in Florida. Why Canaveral? With the Panama Canal expansion, we felt it was a great opportunity to bring our expertise and capital to play a constructive role in the ongoing transformation of the U.S. East Coast trading hubs. It has been a great experience so far, and we have plans to expand our activities in the U.S. in the future.

Another example is within the health-care space, where we identified an opportunity to improve certain related standards within the region, specifically with reference laboratories and providing local communities with high-quality medical diagnostics. We set up a chain of new labs, starting in Dubai, that were the first to have UK accreditation standards which, in turn, forced the numerous kitchen labs doing business here to get into shape, thereby lifting the overall quality of these important medical services to our community.

Thus far, our socially conscious bets are proving to be successful ones. As a result, what I've personally experienced is that there doesn't have to be a trade-off between our mission-driven purpose, based on societal and environmental stewardship, and our commercial and financial success. I am now convinced that one enhances the other, and if we are authentic in how we develop a business around these principles, then it doesn't have to be a zero-sum game between profit and purpose.

It is also important to appreciate that this corporate cultural shift is a journey, and like all businesses we risk falling back into a short-term mindset, so it takes a concerted effort to work with our stakeholders, and most importantly our workforce, to make sure we stay true to this corporate ethos.

**Will you talk about the legacy business and how important it was to communicate to your people during a period of change in order to get the organization onboard?**

It's natural and, in fact, surveys such as Edelman's Trust Barometer demonstrate this, for trust levels to drop when a family business' leadership transitions from one generation to the next. That is logical when we consider that there would naturally be doubts about whether future generations will uphold the same principles

and values that the generation before did, or whether they embody the same spirit of entrepreneurialism.

While that means the next generation starts at a general disadvantage, that is a great opportunity in itself, since by recognizing that these legitimate concerns exist, we are even more driven to earn people's trust and faith in our leadership qualities and values. Fundamentally, trust is the most valuable commodity within any organization, and this is even more so for family businesses navigating generational transitions. Without a spirit of trust within the workplace, we'll be fighting an uphill battle to get anything done.

The thing about trust is that it is underpinned by our corporate and personal value systems. In this day and age, we are increasingly faced with the reality of having to completely shake up a business to stay relevant, or one of the sectors we operate in might be completely disrupted and, in those situations, the only constant that we have to rely on are our values. If we have strong value systems underpinning our business model, then I believe the people we work with are far more likely to recognize the need for change when it arises, and to embrace it with us.

For the generational transition that we went through in our business, one of the key things that we did was to make sure that our corporate DNA was clearly articulated for everyone, including new management.

An example is with one of our subsidiaries where we hired a new CEO who, in a short time, hired four senior managers from different corporations, each of them with their own corporate culture. That sort of management shake-up is never going to be seamless, and the first six months was turbulent to say the least.

I called for a retreat with all management, not to talk about business plans but to spend a full day discussing our heritage and history, and what about the company's DNA made us who we are. We had long-serving employees at all levels in the company talk about the learning journey that the company had navigated over the years, and put down on paper what values helped the business get through the various market cycles over three decades and come out on top.

It wasn't until the second day of the retreat that we were ready to start strategizing about the future, and it became clear that we now had a solid collective vision underpinned by our values and embraced by all, borne out of our heritage but focused on the future.

**For years, you have talked about the importance of building good corporate governance standards. Have you seen progress in that area?**

Eighty-five percent of non-oil GDP in the Middle East comes from family businesses. This is both an opportunity and a major risk.

It is widely known that we have a huge unemployment crisis in the Middle East. We have a demographic time bomb that is on the verge of exploding as hundreds of millions of youth graduate into economies with an acute deficit of opportunities waiting for them. It's obviously a complex issue with many causes, but the truth is that some of these unemployed or underemployed youth are vulnerable to being recruited into destructive causes, which is why we simply don't have the luxury of time in responding to this challenge.

Accepting the reality of a bloated public sector across a lot of the region, most policymakers are now coming to terms with the fact that small and medium-sized enterprises are their best job creators. That's why we are seeing so much investment and fanfare in developing entrepreneurial ecosystems. The more entrepreneurs that we create, the more chances we have for these micro and small businesses to become medium-sized enterprises, which in turn have the potential to soak up job seekers in the future.

I'm a fan of this general strategy and logic, but the problem is that it takes time to implement; time we simply don't have, considering we need to create over 200 million jobs in the Middle East over the next 15 years if we are to stop average youth unemployment from increasing above already record levels of 40 percent. Entrepreneurship is also inherently risky, with only a small percentage of start-ups going on to succeed in creating a meaningful impact on the unemployment rate. Also, don't forget that a lot of today's start-ups are within the tech sector, which isn't exactly a people-intensive business.

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That's why we need to be putting energy into improving the health and sustainability of our existing businesses. In the short term, existing businesses across the region stand the best chance of creating many of the jobs we need in the short term. If these businesses are well-placed to generate more value creation and, therefore, opportunities for our region's youth, then we stand a chance to beat this epidemic. That's why I felt the need to establish the Pearl Initiative, as a business-led nonprofit to work on strengthening our businesses through spreading a culture of strong corporate governance and best practice.

Our view at the Pearl Initiative is that we need to focus on the business case behind good business practice and good corporate governance. If we can prevent businesses from stumbling later on and learning the hard way, by instead imbedding these best practices and corporate governance frameworks into their business models as early as possible, then we'll have a much better chance of those businesses creating opportunities and jobs for others. This simple yet effective mission seems to have resonated with others – in five years, we've grown to 127 partner companies across the region who work with us in generating content, conducting workshops and roundtable discussions, and engaging students in every major city.

**Is it hard to be optimistic that the region will be able to meet its needs?**

The challenges we face in the region are tough, but they are also building people's resolve to overcome them and giving them hope for tomorrow. As they say, adversity is the mother of progress. The best way to further cultivate this hope and resolve is to spend more time with our youth. Connecting our students with business leaders is a great way to go about doing this.

The Pearl Initiative co-hosts a flagship event every year, and earlier this month we assembled 800 business and public policy leaders from across the region in Dubai. The purpose of this year's forum was to contextualize the UN's Sustainable Development Goals (SDGs) to the Gulf Region of the Middle East, and to hear from local business leaders how they felt these wide-ranging goals were relevant to them as businesses

and stewards of business. We consolidated the 17 goals into five key themes, the five Ps: people, prosperity, planet, partnership, and peace, and had sessions around the business case behind each of these pillars of sustainability. Before we broke for the day, we launched our own Business Pledge. Appreciating that everyone is a bit pledged-out, we wanted to make this one more meaningful and impactful, so we made it more like an action tool kit for businesses made up of the best ideas generated throughout our deliberations at the forum. The key is to keep it relevant and practical.

We also wanted to create a sense of accountability for business leaders to make sure they were actually doing something to honor their commitments. This has always been a challenge with 'loose' pledges, where there is no way to properly track a CEO's commitment to taking action.

With our Business Pledge, we created a model in which, at the end of every year, CEOs who signed our pledge will commit to sitting with a group of students from the region assembled from the 42 universities the Pearl Initiative collaborates with. The CEOs report to them about the specific things they've done within the past 12 months to honor the pledge that they have made on behalf of their businesses. It will be an hour-long session, and they can do it at a university or in their offices. This way students get inspired firsthand around this important subject matter and get to quiz businesses directly, and today's business leaders are accountable to our future leaders who are ultimately going to inherit the solutions and/or problems we are generating today.

We had 160 companies sign the pledge on the very first day and we've signed up another 80 companies from across the region since. To be honest, it's a little overwhelming because now we have to facilitate all of these annual sessions.

**In a broader sense, what can be done to enhance the relationship with the West?**

As an example, America and what it represents is obviously respected and revered by a lot of people around the world. However, it's not because of its politics or foreign policy, which often baffles outsiders. The main reason there are such strong

personal affinities with the U.S. as a brand and 'a land of opportunity' is because hundreds of millions of youth all around the world spend so much time using products and services created by innovative American companies. In recent times, whether it is surfing the Internet on Google, connecting via Apple, riding with Uber, and lodging with Airbnb, it's these kinds of cultural experiences, including of course within the music and arts space, that create the powerful identities for the world's most successful regions, countries, and economies.

Speaking frankly, we have done a very bad job of this in the Middle East. In any of the global cities, one would be hard-pressed to find successful brands that are associated with our region and, because of this vacuum of positive cultural currency, instead the narrative about the region is one of negative connotations related to conflict, wars, and terrorism.

I'm talking about brands that people can relate to that are impacting their lives in a positive way. Rewards that these products and services generate through cultural brand diplomacy do not exist for us today. There are only a handful of examples in a huge region made up of 400 million or so people.

Emirates Airlines is one of the only ones I can think of right now, and it's wonderful that those who get to travel with it can associate the values that underpin this business, including reliability, innovation, and hospitality, with those of its host nation, and my homeland, the UAE. But one strong brand is nowhere near enough to counter the existing narrative that occupies many people's psyches when they think about the Middle East.

This is another example of where we have a huge opportunity, through our businesses, to positively impact our social landscapes across different parts of the world. However, these bridges aren't going to be built by our politicians alone, if at all. Some of the most important human connections are going to happen through our commercial and cultural exchanges. That's why I launched Crescent Ventures, which is designed to build out new start-ups in any sector where the business model is built around creating this global experience, connecting people to create the future we want to see. ●