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Set for SUCCESS

RAK Ceramics draws on high-quality materials and sterling operational principles to provide whole solutions in tiles and ceramics for the global market.

Images courtesy of RAK Ceramics

RAK Ceramics was established in 1989, founded by a vision of using the latest technology and machinery to produce the highest quality sanitaryware and tiles in the global market. From the very beginning, RAK Ceramics has been built on a solid foundation; the company is known for having some of the best production tools in the world. After producing and selling its products in the United Arab Emirates (UAE) and exporting to the surrounding Gulf Cooperation Council (GCC) states, by 2000 RAK was widely accepted as one of the best ceramics producers in the region.

RAK Ceramics continues to distinguish itself in the international market. From 2000 to 2004, RAK Ceramics expanded around the world until it had a footprint in more than 120 countries. After 2004, the company started on plans to double its capacity. Shortly afterwards, Abdallah Massaad joined as a marketing consultant for RAK Ceramics, providing advice on how to strengthen the company's distribution network, develop a

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- Abdallah Massaad

range of products, and enhance their image as the leading company in the ceramics industry.

By 2006, Abdallah had earned himself a permanent position, where he focused on the sales and marketing activities of the organisation. Just as the company finished executing its strategy for expansion, the global financial crisis came crashing through the market, affecting all major industry players. “At RAK Ceramics, we didn't shut down or reduce any existing capacity during the crisis because we had already established a network throughout 160 countries, as a part of our expansion strategy,” Abdallah proudly states.

“Thus, although we were affected in some countries, it was easier for us to shift some of our business away from markets that were hit by the crisis, into markets that were growing. Thanks to our vast geographical footprint, we were able to manage the biggest capacity in the world for tiles and sanitaryware, to continue thriving.”

By 2010–11, RAK was recognised as the largest ceramics group in

the world—an impressive effort, given that the company had not built on its capacity since 2008. Instead, RAK Ceramics' compelling growth was the product of its many joint ventures. The company's factories in the UAE make up almost 70 per cent of its capacity. RAK's production of tiles and sanitaryware, as well as grout, adhesives, taps, faucets, and tableware all take place there. The company also has factories in India, Bangladesh, China, and Iran, alongside investments in mining, construction, and other industries.

Now that the company has achieved continuous, sustainable growth in both top-line and bottom-line revenues, Abdallah explains that it is now focusing on refining its core business. “We had both core business and non-core business activity, but our strategy is now for us to focus on growing the profitable non-core and the existing core business, which we have already mastered. Following that clear vision, we made plans to strengthen our core business by modernising, upgrading, and continuing to invest heavily in technology for our factories.” >



“We felt that we could double the capacity of our successful sanitaryware business in locations like Bangladesh, India, and the UAE where the growing markets can absorb it. Then, we will be able to build our brand’s visibility and create better margins.” Within two years, RAK Ceramics bought 30 fully digitised machines and invested in a line that can produce tiles up to three metres long. “Our challenge was to change our product mix in order to uplift our core business. Our aim is to make the most interesting ceramics products on offer and position ourselves as a reliable supplier, close to our key markets. We want to always be coming up with the latest and best offers and increasing our capacity in tableware, faucets, and taps. We want to strengthen the top and bottom lines.”

Abdallah knows that this ambitious target will not be achieved without first overcoming some significant difficulties. “There will always be challenges to do with the macro-economic environment,” Abdallah says, “but I am very confident that in the next three years, we will be able to double our sanitaryware and tableware business around the world. Of course, we have to be more innovative and creative than our competitors and get closer to our market worldwide.

“We can see that the market is growing: the per capita consumption of ceramics has increased worldwide. If you go back fewer than 10 years, the consumption has almost doubled since then, due to the innovation that has occurred in the ceramics space. After digital technology entered the industry, we were able to produce tiles on a non-flat surface and create a product that can substitute natural wood, cement, marble, stone, and other wall and floor materials.

RAK Ceramics has kept pace with this astounding growth in demand by upholding key operational principles and streamlining its processes. Abdallah explains that the company has three primary principles. “Firstly, we have always had a principle of investing in the latest technology and the best machinery, because these things are vital to providing a great product. We never went into business with a mindset of saving money on machinery.

“Secondly, we invest heavily in research and development. If you fail to differentiate yourself from your competitors with a new, innovative product, you will not be accepted into the worldwide market. Thirdly, we feel that we need to be close to users within each market. We are very diversified, with operations in over 160 countries, so we customise our products for each region, according to specific cultures and requirements.”

Abdallah also recognised the need to set out the ambitious target of improving efficiency by 3 to 5 per cent over the course of one year. “We appointed a consultant from PricewaterhouseCoopers and they stayed in our production plant with our experienced in-house technical team for one year to identify ways we could enhance production quantity and quality.

“Meanwhile, my message was to think outside the box about how we can optimise or change our production processes. As a result, we were able to reach a 3-per-cent efficiency overhaul. We rolled out SAP and ERP systems in the UAE and were awarded the prestigious Gold Award in the Large Enterprise category for having the best SAP implementation in our sector. We have also started to link our operation in tableware and sanitaryware in India and Bangladesh with SAP.”

Of course, the company’s success can also be attributed to Abdallah’s dedication to building strong, mutually beneficial relationships with RAK Ceramics’ suppliers. “It is very important for us to maintain good relationships with our suppliers. We have procurement offices and purchase managers within each operation, as well as a central procurement operation in the UAE, which monitors and coordinates the whole procurement strategy. This enables bulk purchasing and delivers economies of scale.

“We are a growing company with a large volume, and we take pride in being one of the most ethical organisations in our industry. We look into having long-term relationships with both technological and material suppliers, in order to ensure that our factories are producing consistently high-quality goods. There are 75 to 80 critical suppliers globally, across the areas of design technology, raw materials, and machinery, which are critical to our operations.

“In our business, logistics play an important role. Sometimes you

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might find the same product, where the cost at the source might be slightly higher, but saving on the cost of transportation makes a big difference. In terms of raw materials, we always give a preference to suppliers who have a logistical advantage.”

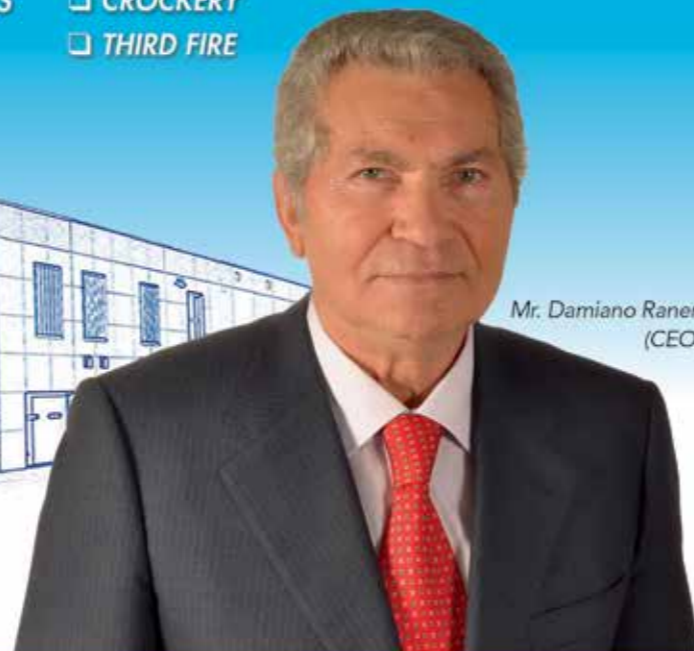
RAK Ceramics differentiates itself from its competitors by having a wide product base, with over 8,000 different products in ceramic tiles and 36 sanitaryware suites. With its versatile offering,

solid business relationships and strong principles, RAK Ceramics is all set for success in the future. “We are now a global player. We have a strong professional team and we will continue to strengthen this. What we want in the next three years is to strengthen our network, work on our brand perception and value, and to be perceived not as a supplier but as a one-stop shop with the latest and best innovative solutions for walls, floors, bathrooms, and kitchens.”

“C.I.M.E.S. Ltd. is proud to be a preferential supplier contributing to RAK Ceramics Group. For 40 years, C.I.M.E.S. Ltd. has been a global player in ceramic products glazing; specialising in design and construction for glazing and screen-printing of ceramic tiles and terracotta products.”
- Damiano Raneri, CEO, C.I.M.E.S.

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