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Random Thoughts on Trip to Saudi Arabia, Germany, England and Denmark

Saudi Arabia

A world of contrast and double standard. There is the public side of Saudi Arabia, and the private side. The private side is behind the closed doors at home or the walled courtyard. All homes in Saudi Arabia have walls around them. Inside the home they can dress in casual Western clothes, including the women. Outside the wall they must dress in the traditional Saudi apparel. The women are covered except for their face, hands and feet. There are no movie theaters in Saudi Arabia, yet, inside the home is modern day television and video. Everywhere one sees evidence of the wealth of Saudi Arabia including the cars driven and size of homes. Yet, one also sees the contrast of poverty. Many of the "service workers" imported from the Philippines, Srilanka, and Ethiopia, live in poverty and despair. Every block or two there is a mosque and the Saudi's "religiously" pray five times a day.

I had the opportunity to stay at a beautiful villa owned by Sheikhh Aziz. He was an interesting man. His father was the Chief of Staff to the King and had been Chief of Staff to the prior three Kings. The King owns everything in Saudi Arabia, including the oil. He contributes enough money to the government for it to run and retains the rest. He also gives out parcels of the land to those who trust and serve him. Obviously, this is how Sheikh Aziz got his beautiful villa by the Red Sea and also how he got the property in downtown Jeddah including the property where the Sheraton hotel is located.

Everything operates in Saudi Arabia based upon relationships. Sheikh Aziz is a partner of Hassan Moharrak in Al Majal ServiceMaster. Also, Prince Mohammad, the son of a brother to the King, is a partner. Business goes to the people you know and favor and you must favor and serve them in some additional way. In Arabian terms, you "wash each others hands."

The average Saudi will not do service work. This means that the gas station attendant, the waiter, the porter, the service worker in the hospital, the janitor, must all be imported labor. You can understand how it was difficult for the Saudi managers to be trained in our system which requires all managers to do the basic service work they are ultimately responsible to manage. "Never ask someone to do a job you are not willing to do yourself" is a basic management principle of ServiceMaster. As we conducted our various management training sessions, the managers of Al Majal Servicemaster thanked me for the teaching of this principle. One manager said, "you have taught us to do dirty work and as a result we know something more about ourselves and how to treat others with dignity." He also went on to say that as a result of his ServiceMaster training, he has learned to treat his wife more like a human being. This is a significant statement for a Saudi man to make since the woman is very definitely a second class citizen. When she is married it is declared that she is now owned by her husband. She can never go out in public uncovered. She must always be beholden to her husband and serve him. She is not given the privilege, for example, to drive or to have a drivers license, nor is she entitled to go to certain restaurants or other public establishments. There are always rooms in the home reserved entirely for the men.

There are men in Saudi that have more than one wife and the Koran sets the standard that this should only occur if the man can be fair and equitable to all of his wives (story of Sheikh Aziz and his "wives" or "girlfriends" - "the modern day harem").

Everywhere one sees the evidence of Islam. In public, or on the surface, there is no evidence of Christianity. I could not attend a Christian church the Sunday I was there in Ryad, a city of two million, simply because there was no church. That is, no church building. There are house churches especially among the Filipinos who are there to serve.

As a Muslim relates to Christianity, an old story is often told. The story is about Mohammad who in his early ministry was considered to be a religious fanatic by most Arabs. In fact, he was persecuted and harassed. This time, Mohammad advised a group of his followers to leave Arabia and go to the neighboring country of Ethiopia, where the King was a Christian. When these followers of Mohammad arrived in Ethiopia, they were presented to the King. He asked them the simple question, "What do you say about Jesus?" It is reported that the spokesman for the group said, "We say about Jesus that which our prophet has told us, Jesus is a servant and messenger of God, the spirited word of God whom God entrusted to the Virgin Mary." When the King heard this testimony he took a stick from the ground and said, "I swear the difference between what we believe about Jesus, son of Mary, and what you have said does not exceed the width of this stick."

That stick is not so narrow today. In fact, it is very wide. A history of fighting, including The Crusades, then both religions infused by culture, have added to the difference. But also, there is the basic difference that we Christians believe that Jesus Christ is God. The Muslim would say he was merely a prophet, like Mohammad. There is only one God, Allah, and he is one. So to call Jesus God is blasphemy for the Islam religion. Islam comes from the Arabic language and means submission to God or total commitment to the authority of God. Muslim is a person who belongs to the religion of Islam or one who is submitted to God.

There are five duties of worship for a Muslim: 1) confession of faith, 2) prayer five times a day, 3) contribution to charity, 4) fasting during the month of Ramadon, and, 5) pilgrimage to Mecca or Hajj.

Hajj was occurring at the time I was in Saudi Arabia and Mecca is close to Jeddah. Over two million pilgrims from all over the world come to participate in Hajj. In fact, they have built a separate airport at the Jeddah airport to handle this pilgrimage which occurs once a year. The pilgrims all dress in similar white garments of the ancient style to remind them of the time of their father, Abraham. The faith of Islam, allegedly, does not announce a new doctrine from that given by Abraham, but rather recommends a return to the pure monotheistic faith of Abraham, who is called the friend of God. They claim their lineage from Ishmail, the son Abraham, and his hand maiden, Hagar, and they do homage at the kaba in Mecca, the ancient shrine, in a spot where they believe that Abraham built the first house of God. They walk seven times between two hills in the city in memory of

Hagar who is repudiated by Abraham and who is believed to have run back and forth there in search of water for herself and her son, Ishmil. They draw water from a well of sonsham which is an artisan well still running reputed to be the source of water miraculously provided for the mother and son after they were rejected by Abraham. On the tenth day of Hajj, the pilgrims sacrifice animals for each household in memory of Abraham's willingness to sacrifice his son, Isaac, in obedience to God's command. (What a mix and confusion of belief.) (Too bad they don't read the trustworthy story in the Bible.) Rather than waste all of the animals, including sheep, goats and camels, that are sacrificed the Saudi Arabian government now provides that the meat from these animals are butchered and sent to impoverished areas of the Islamic world to feed the poor.

Over the centuries, the encounter between Islam and Christianity has been marked by struggles to gain and maintain world power militarily, politically, and economically. After the death of Mohammad a mighty push of violent expansionism began as Arab armies marched against a good part of the Arab world at that time. Soldiers and statesmen who were inspired by the political unity in Arabia newly achieved through Islam conquered the Byzantines and Persians, moved to Syria, Egypt, and Mesopotamia and North Africa. As the Islamic armies pushed northwest out of Arabia, they won control over many centers of the most highly advanced civilizations of the day which were Christian in religion. Important areas of Constantinople remained unsubdued; the north of Spain, France, England, the rest of northern Europe and especially the Christian stronghold of Constantinople. Beginning in the eleventh century the wars of The Crusades continued for nearly two centuries. Through these military expulsions, Christian Europe sought to win back the Holy Land from the Muslims. After The Crusades, in the fifteenth century, the Spanish and Portuguese Christians instigated military ventures in a more limited way. Constantinople was eventually overcome by the Turkish Muslims in 1453 and military political strength of the Turkish Ottoman empire was sufficient to maintain an easy balance of power with Europe for several centuries. Through all of this struggle, there has been little attempt to understand the other's religion from either side. As Europe and the West advanced through science and technology, the Mid-east or Islam, became more isolated. The major factor that has changed this result has been the discovery of the oil, which has forced the mix of the two religions and cultures.

It is with this background and understanding that one must understand how Al Majal ServiceMaster embraces and incorporates our first objective, To Honor God in All We Do.

Although there are no "churches" in Saudi Arabia, I did have a chance to worship with Christians while I was there. I stayed in the Sheikhs' villa and on Sunday morning I went down to the pool area for devotions. There was a Philippine servant, Edward, cleaning the pool and singing the Christian chorus, "Jesus Loves Me," in his own dialect. As I went over and asked him what he was singing, he told me and then we shared together our Christian faith. He was truly Christian and had accepted Jesus as his Savior. We then shared Psalm 100 together and prayed together. Edward and his wife, Suzie, are servants for Sheikh Aziz. I also saw evidence of Christian faith as I visited the apartments of the Philippine workers

who are employed by Al Majal ServiceMaster. They either had a scripture verse or a picture of Jesus by their beds. What a miracle! God is using "the servant class" to bring His message to Saudi Arabia. The country that has banned Christian missionaries for centuries now is invaded by the Christian servants because the Saudis refuse to serve.

The first century all over again.

My God is a God of good. He is also a God of freedom. Not of oppression and constraint. This God of love needs to be understood by the Muslim and that view of God is found in understanding and seeing the life of Jesus.

Hassan is a good manager. A man of great vision. He is a frantic learner. We must work with him in helping him develop.

The health care system in Saudi is as advanced as any Western nation. They do most of the procedures that are done here in the United States, including angioplasty and sophisticated treatment for cancer. Over 40% of their doctors are ex-pats, most of them from England and the United States. They have all the advanced equipment. Over 60% of their hospitals are government hospitals, though many choose the private hospital, typically owned and operated by a doctor. Compare the cost of an angioplasty in Saudi Arabia, i.e., \$4,000, doctor and hospital, to the cost of the United States, i.e., \$40,000. Something is wrong with our system.

Upon my leaving Saudi Arabia I was confronted first hand with Hajj. The plane was filled with pilgrims all dressed in white and smelling like they hadn't taken a bath in two weeks. We were delayed leaving the airport two hours. We were scheduled to leave at two o'clock in the morning, but we did not leave until four o'clock in the morning.

Germany

A thriving economy that has more socialistic tendencies than the United States especially as it relates to their laws protecting the worker both in the social duty tax requirements, employment requirements, and in some case, representation on the governing body. Health care seems to be a confused system. A mix between private and public, but, for the most part, public. All hospitals receive capital funds from the government and budgets are controlled. There is no incentive for cost savings. Over half of the hospitals use outside contractors for cleaning and catering. Outside contractors, to some extent, use temporary or immigrant labor and somehow "illegally" avoid social duties, taxes. It is this benefit that the contractors are able to bring overall cost savings although the hospital does not directly receive the benefit. One exception seemed to be in the catering where some cost savings can be used to provide some capital funds. Hospitals in the old East Germany, Leipzig, were archaic; large patient rooms, poor facilities, lack of equipment. In fact in all of East Germany it appears that nothing has been done to improve the infrastructure for over 40 years. There are great opportunities. The communistic system took away the incentive of the people.

For the most part they learned to live in a system where the state was responsible and "accountable" for everything and there was no incentive to improve or initiate.

The company we reviewed, HGS, which was in existence to provide service in appliance maintenance and repair, existed because the average East German could not buy a new appliance, could not afford a new appliance, and the appliances produced by the East Germans or Russians had such poor quality that they always needed repair. Rates were set by the government and were not high enough to support the service offered. The service repairmen were paid by the hour and were very non-productive. All work orders and billings were done by hand. Before unification, 80% of the revenue came from repair work and only 20% came from new appliances. Today, now that appliances are available from the West at a lower price, 60% of the volume is the sale of new appliances. The repair worker is way down. Three-fourths of the workers have been laid off.

One of the big issues in East Germany today is unemployment. Everywhere you go you see new construction. But you also see issues related to the past. At the airport in Leipzig there are former East German commercial jets for sale at low, low prices standing empty with their doors open. Nobody buying because there are no parts to maintain. The Russian cars, which were the only cars available under the old regime, are left along the roadside, obviously not running and in disrepair. The "junk" of the communistic system is everywhere to see.

We now have two franchisees from East Germany, from the Dresden area. They are excited about their opportunity as entrepreneurs. The West German licensees that I met were entrepreneurs excited about their business and acted and asked questions similar to those types of questions we receive from our existing licensees in the United States. Peter is doing a great job in that country.

Denmark-Rentokil

The operations of Rentokil are a great lesson to all of us.

- 1.Focus on a business where you have a continuing customer.
- 2.Focus on your margins and profitability (25% margin).
- 3.Focus on dominance.
- 4.Focus on doing what you know how to do best (route system continuing customer).
- 5.Benefits of using cash for acquisition versus debt.
- 6.Good will right off.

Rentokil is \$785 million in revenue, 25% operating margin, market capitalization of \$3 billion. ServiceMaster is \$2 billion in revenue, operating profit margin of 5%, \$1.3 billion in revenue. How can we make our business more profitable?

6/23/92

RR