

The Man, Aliko DANGOTE

Last Thursday in Calabar, President Olusegun Obasanjo commissioned the flour mills of the Dangote Group of Companies and with that the 45 year old President of the conglomerate, Alhaji Aliko Dangote has further spread his business tentacles to the South South zone of the country. With his hands in virtually every business pie, from manufacturing to imports and exports to commodity trading and real estate, the question on the lips of many Nigerians today is no longer whether the business mogul is the biggest investor on our shores but rather: just how rich is Dangote? Frank Kintum attempts an answer

It was a moment which President Olusegun Obasanjo who has virtually traveled the globe twice in the last three years all in the futile bid to attract foreign investors, seized with both arms. It was at the commissioning of the flour mills of the Dangote group of companies.

President Obasanjo said from his experience the economy of Nigeria can only grow if the private sector is encouraged to play major roles, using the example of Alhaji Aliko Dangote as a case study.

The President indeed lamented that no foreign investor would come into Nigeria, or any country for that matter, unless local investors first put in their money and for this he had nice words for Dangote whom he described as a shining example of an indigenous private sector investor of whom Nigeria is proud.

Said the president: "Whenever we invite foreign investors, the first question is 'what are the local investors doing?' but let me give you this assurance that we are committed to encourage investment in Nigeria because it is the only way we can grow the economy."

While praising Dangote for investing his money in Nigeria and creating jobs, he said what amazes many people about the business man is his humility.

According to the president "I have been in a place where Aliko had already arrived and people were still asking 'when will this Alhaji Dangote come?' because he is unassuming, shy and humble. That is why people hardly know whenever he is around anywhere and the only way you see him everywhere is through his numerous investments"

Looking in the direction of Dangote the President said jocularly: "Aliko, I thank you for your investment in Lagos, in Calabar, in Port Harcourt and everywhere else but you haven't done anything in Abeokuta. Let me also be able to say thank you for what you have done in Abeokuta" and this drew laughter.

The president also enjoined all business men who make money within the system to re-invest so as to help government in solving social problems, adding in his usual earthy style, "even if such people end up marrying more wives that also mean they are helping to solve some social problems especially if they are entitled to more than one wife"

The president later commissioned the facility and laid the foundation stone of the mill extension. But earlier in his speech, Dangote said the vision for what happened last week was conceived in 1997 when "our group embarked on an unprecedented programme of diversification and transformation from a commodity trading concern to a manufacturing conglomerate. It is a platitude to say that when we started nobody could have known or predicted the outcome as 1997 was a very trying period in Nigeria's political history".

Dangote said even though it was easier at that period of the nation's history to make money out of Nigeria rather than investing within, he decided to take the "deep and precarious plunge into large scale industrialization" because of his belief in Nigeria.

Dangote said further that notwithstanding the odds and obstacles he had to contend with then his group now has a state of the art sugar refinery, flour mills, salt, poly-propylene bags, pasta factories and cement bagging plants across the country. "Our plants and factories are producing 750,000 metric tonnes of refined sugar, 360,000 metric tonnes of flour, 600,000 metric tonnes of salt, 2 million cartons of pasta (spaghetti), 180,000,000 poly-propylene bags and 5,000,000 tons of cement out of installed capacity of 9 million

annually"

He also promised that by the end of the year his company would have added six additional flour mills with a total annual production capacity of 540,000 metric tonnes "bringing our flour production to 1.2 million metric tonnes and two more pasta lines with a total annual production capacity of 8 million cartons"

Dangote also used the occasion to eulogize profusely Governor Donald Duke for his encouragement and assistance in facilitating the project, adding "the governor made more visits to this plant during construction than I did. He has shown much interest that even my staff nicknamed him 'executive project manager'. And he is showing equal zeal and interest in our cement project. If only the good people of Cross River know how much he labours to make things happen for the state, they will forever be grateful to him"

He said the new flour mill had already created 300 direct new job opportunities for Cross River State.

Dangote now made a plea "to fellow Nigerians who are materially well endowed to join me in the necessary but difficult tasks of industrializing Nigeria. It is from this kind of most worthy self help that outsiders may take a cue and compliment our local efforts with the much needed foreign investment. We must always remember that without leading, nobody will come to invest in our country."

He started in merchandise, and today, through hard work, and a well focused plan in backward integration, he has fully embraced industrialization. From what can be described as the proverbial mustard seed, the business man who started out as a trader has become one of Nigeria's leading entrepreneurs.

The Dangote group, of which he is executive President and founder, has seven subsidiaries dealing in sugar, textiles, rice, gum Arabic, salt, transportation, and properties. Then factories are everywhere even beyond shores of the Nigeria. The company also has investments in Ghana and Ivory Coast.

Alhaji Dangote also has large stakes in American and European properties and stock markets, even as he controls significant shares in Guaranty Trust Bank having divested from the Liberty Merchant Bank of which he was the founding prime mover.

Like a quiet predator, he has also been acquiring controlling shares in several companies including the National Salt Company (NASCON), Nigerians Textile Mills (NTM) into which he invested \$3 million worth of machinery as far back as 1996. The strategy is simply to have a hold in all the businesses in which he has interest.

Through his Midas touch, he was able to turn the textile company around from a loss position of N90 million to a N20 million profit after tax position. He also owns shares in African Petroleum.

His interest in textile manufacturing is with the aim of exporting textile materials to the United States, even as the salt refinery is also established to supply both local and international markets.

Dangote is among the very few Nigerians who have that level of financial might and the unalloyed will to invest in Nigeria. As at 2000, his investments stood at about \$200 million in Nigeria.

The Dangote group of companies boasts of over 50 technical expatriates, though a bulk of the group's work force are mainly Nigerians.

To get this far has however not been so easy for Dangote who has had to contend with the primordial prejudices that have been the bane of many a business man in this country. But with a tenacity of purpose and single mindedness that define almost all his businesses, he most often always triumph. But his company's bid to acquire controlling shares (35 percent federal government equity interest) in the Benue Cement Company, (BCC), remains a sore issue. His company, Dangote Industries Limited was endorsed by the National Council on Privatisation (NCP) in 2000 but local politics conspired against him and even till today, he is only the owner of the BCC controlling shares in name.

But as an industrialist who would not want to operate in troubled waters, and would always want to declare a 'no victor, no vanquished' position, Dangote sued for peace and called on all those who initially worked against his company's interest, to come on board, after his company acquired the shares.

Though the Kano state government, apparently worried that the Benue state government was acting against the interest of one of its own, advised Dangote to withdraw from the investment, he went ahead, apparently ready to bear the risk that may arise as a result of his decision. But one feature of how Dangote does his business is the fact that political or ethnic considerations come last, if at all, in his calculations, he is always driven by profit motivation, perhaps the reason why the bulk of his investments is in the Southern part of the country.

According to him, it has become necessary "to appeal to all who have raised objections against DIL (Dangote Industries Limited) to please give us a chance to prove our worth".

The industrialist was fast to put behind him, the unfortunate ethnic colouration that smeared the process of acquiring BCC, as he noted that "there cannot be any conflict of interest between DIL and the good people of Benue state who share our desire for a rapid turn around and upliftment in the fortunes of BCC".

In recognition of his unrepentant zeal for continuous investment in the local economy, the Global Investors' Protection and Enlightenment Network (GIPEN) selected the Kano-born business man for the award of Investor of the year, 2000.

In a letter to the President of the Dangote group, the GIPEN stated that "your selection out of 50 nominees for this ward by our panel of distinguished judges is informed by your diverse investments which has contributed in no small measure to the growth and development of our economy.

"Your mark particularly in the area of shipping, haulage, banking, real estate development, commerce and industry to mention a few, is praiseworthy".

Not everyone however agrees with the business methods of Dangote who takes delight in driving out competitors from the market most often through a regime of price manipulation and flooding the market with such products. There are those who criticise him for adopting sharp methods which have killed other smaller business which tried to deal in the same business as he does.

The Cash Cows

The Dangote group has identified as its focus, the following areas of man's needs-food, clothing and shelter, the priority areas being food and shelter.

The growth in these areas lies in the production of finished goods of currently imported items from semi-processed materials/base material, and the introduction of new lines of flour, pasta and cement. This is in addition to sugar and salt. Broadly, Dangote Industries Limited undertakes the following lines of business: . Trading of rice, vegetable oil, other sweetening products, fish, fertilizer and iron rods;

. Manufacturing and trading of textiles through two textile factories and a ginnery plant; . Production of polypropylene bags partly for the group and also for external market;

. Transport services handling over 600 tractor-trailers; . Ships clearing and forwarding; . Insurance and financial services through an insurance company, insurance brokerages firm, leasing company, and banks; . Real estate with four blocks of 70 luxury apartments in prime areas in Lagos and various other properties in Lagos and Abuja.

Sugar Division

A sugar refinery plant with production capacity of about 700,000 mt of refined sugar per year. The plant is located inside Apapa port, Lagos. The design of the factory was done by Tate and Lyle, UK. The

machinery and equipment were mostly supplied from Brazil, UK and Nigeria. The storage capacity for raw materials is about 40,000 mt. in a flat silo storage. The refinery generates a by-product called molasses, which is used for animal feeds. The investment is about \$120 million. The market area is West Africa, and projected turnover is N20 billion.

Flour Division

The factory has two flour mills with a daily production capacity of about 250 Mt. each, which is 500 Mt. per day. The total capacity is 180,000 Mt. per year. The plant is located inside Apapa port, Lagos. The design of the factory and machinery was supplied by Buhler, Switzerland, with a raw materials storage capacity of 21,000 mt. The flour is offered to the market in 50 kg and 25 kg bags, or smaller packages. One of the production lines is designed to produce semolina, a raw material supplied to the pasta production or bread flour. Total investment is about \$15 million. The market is primarily Nigeria, with potentials to other West African countries. The yearly projected turnover is N6 billion.

Pasta Division

This division produces spaghetti (supplied in 500 gram/cartons of 10kg) from quality hard wheat. The factory initially had one production line with capacity of about 2 million cartons per year. The factory is located within the Lagos ports premises. It is designed to have room for two or three additional production lines. Total investment is about \$7.5 million, while yearly turnover - N1.5 billion.

Salt Division

The salt division consists of two factories. The first factory has been in operation since 1998, and is at Apapa Port, Lagos. It has four production lines, and a yearly capacity of about 400,000 mt. Storage capacity for raw materials is about 15,000 mt. in a flat silo storage. The second factory started operation in 1999, at Calabar port, Cross River state. The factory has two production lines, and a yearly capacity of about 200,000 mt. Storage capacity for raw materials is about 10,000 mt. in a flat silo storage. Total investment is about \$4.5 million for the two factories.

Cement Division

The factory started operation in 1999 inside Apapa port, with production lines to supply cement in 50 kg and 100 kg bags. Total yearly capacity is about 750,000 mt. The yearly turnover is N5 billion. According to the company, it is because of its involvement in the Cement business that made it to indicate interest in Benue Cement Company.

Plans for the BCC

Following its acquisition of controlling shares in the BCC, the company rolled out its expansion plan for the company. First it intends to increase the installed capacity of the company to 5,000,000 metric tonne of cement per annum after three years of operation. Current installed capacity is 900,000 metric tons per annum.

The proposed increase in production capacity is broken down as follows: 50% within the first six months of taking over the plant; 100 per cent within the first 12 months; commence programme for installing a new production line to increase capacity by 1,500,000 metric tons of N15 billion by the second year, and; increase installed capacity to 5,000,000 metric tons per annum.

Dangote Industries Limited also plans electrostatic precipitators to completely eliminate dust emission from the plant, and assist local transporters from the community in acquiring distribution trucks.

However, Benue people who oppose Dangote take over of BBC said he got it because of his connection with the Peoples Democratic Party (PDP). It will be recalled that he made a N100million donation to Obasanjo's presidential election campaign in 1999.

Activities At the Port

The company's sugar refinery, salt processing and bagging plants are all located within the premises of the Lagos ports complexes, having acquired long-term lease from the Nigerian Ports Authority.

All NPA properties that were used in putting up the Dangote industrial concerns were earlier abandoned, desolate, under-utilised or were used as hide-outs by wharf rats.

These companies, along with others, have contributed in boosting economic activities, creating wealth in various forms and offering employment.

Reviewing its operations in the ports in 1999, the company stated that "for instance, the arrival of Dangote Iodised edible salt, manufactured in warehouse 8 Apapa port, has brought down the price of edible salt in the Nigerian market.

"To reinforce our belief in remaining a socially responsible corporate organisation, we have built a new modern office for the NPA staff in area 20. This office with six spacious rooms, and well-carpeted with ceiling fans, is equipped with a modern toilet facility.

"We are a major source of revenue for government. As a result of our activities in the ports, the government of the federation of Nigeria has earned about N8 billion from us as duty levy and VAT payments, in the last three years (1997-99).

"We employ the services of well over 50 independent companies (as far back as 1999) that provide support services for our various industries and concerns.

"There is hardly any industry that we do not patronise in the course of our operations. We directly employ over 15,000 Nigerians (as at 1999)".

When in August last year, the federal government was faced with the problem of de-congestion in the country's sea ports, the government resorted to tap from the experiences of the business magnet. He was made chairman of the eight-man panel on ports de-congestion.

The terms of reference for the includes to examine all factors that contributes to the congestion at the ports and to advise on the enforcement machinery that will ensure speedy clearance and evacuation of all the goods lying at the ports.

The panel also had the responsibility to advise on measures to be put in place to ensure adherence to all government approved guidelines and procedures to facilitate speedy clearance of goods and prompt collection of all tariffs and other charges applicable to all imported goods on a suitable basis, including any other recommendations that the committee may consider appropriate in the circumstances.

Members of the committee included Chief J. F Familusi (representing Inspection agents); Mr. A. K Haliru (Nigerian Customs); Mrs. O. A Demuren (CBN), and Mr. Steve Oronsaye.

Others are Dr. Joe Mwaorgu, Mrs. Joy Emordi, and Mrs. M. F Mmakwe.

Philanthropy

In the year 2000, the Dangote group announced scholarship awards for post-primary and university students across the country, the scholarship programme which gulped N20.9 million for the first year, is the company's way of re-investing in the society in which it operates.

To administer the scholarship awards, the company established a foundation, tagged Dangote Foundation National Scholarship, headed by a General Manager.

The foundation will award scholarships annually to two students in each of the 774 local government areas of the country, with an average cash of N10,000 per student, while beneficiaries of the university scholarship will get cash award of N50,000 each in the 109 senatorial districts in the country.

"Each awardee is entitled to this amount on a yearly basis throughout the period of the secondary school or university education", the President declared.

The foundation relates with the state ministries of Education and the chairmen of local governments in selecting and identifying the beneficiaries for the post-primary award, while it works in tandem with the offices of elected Senators to determine who benefits from the award.

The course of study, the university in which the student intends to study, as well as the relevance to his community are some factors considered before award of the scholarships.

Dangote group explained further that the Foundation deliberately excluded the Primary education segment because it is believed that the Universal Basic Education (UBE) will take care of it. There is also the BCC Scholarship scheme for the host communities.

Other than education, the group has also given back to the community in areas of health and provision of water. It also sank boreholes in Kano, and would soon spread to other areas.

A scholarship scheme for students of the immediate community is to be established as follows: 20 pupils with the highest scores in the national common entrance examination from the community to be awarded full secondary school scholarships, while five secondary school students with highest scores in the Joint Admissions and Matriculations Exams will be awarded full university scholarship. There will also be a BCC Prize for the best graduating students in Engineering, Accounting and Marketing.

Obviously showing concern for precision and accuracy in its production processes, the Dangote group was the first major local industrial concern to acquire and instal digital weigh bridge.

Dangote had said then that "the new refinery, the most modern in the world today (2000), is equipped to produce the highest quality of sugar products in the country. We recognise that actually, weighing equipment is essential, particularly in the critical areas of manufacturing processes, and will aid in ensuring their high quality products at affordable prices. In simple terms, we want our customers to enjoy value for money".

Dangote critics mentioned that he is a shrewd business man who can take very hard decision to the discomfort of workers whenever he feels his profit interest is being threatened. For example, last year, employees of Dangote Industries Limited (Cement Terminal) in Lagos were asked to leave the company following a peaceful protest pressing for better working conditions.

Conclusion

But the question remains as to how Dangote has been able to transform the seed money given him by his maternal grandfather, Sanusi Dantata to become the most powerful man in the Nigerian corporate world. Those who are close to him know that the business man is not only shrewd and calculating, he does not indulge himself in any form of extravagance. Notwithstanding his wealth, to Dangote, every kobo counts, the reason why he does not have a private jet and neither does he travel on chartered aircraft. He fits his schedules and times all his domestic trips within the time table of the existing airlines. This has become a joke among friends and just last Friday at Calabar, all his guests from Lagos had to endure several hours at the airport waiting for the ADC airline aircraft from Port Harcourt because Dangote would not charter an aircraft. To Dangote, that is an unnecessary indulgence, perhaps the reason why many Nigerian rich men of yesteryears have now become history while his own business is expanding by the day, but the question remains as to whether he has the stamina to survive the long haul that the business terrain represents. The answer to that as they say is in the bowl of time.