



CONCO

CHARGED UP



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South Africa-based high voltage power contractor CONCO expects to double its turnover within the next three years. Clive Pillay explains to Gay Sutton how the company is preparing to meet this enormous growth in demand



Power connectivity is taken for granted in the Western world, but the story is very different in sub-Saharan Africa. According to the African Development Bank Group, only around 20 per cent of the population is connected to a supply of electricity; and this is argued by some other sources as an optimistic assessment of the status quo. All across Africa, efforts are gearing up to address the current power crisis: new power generation plants are being planned and constructed to put an end to the devastating power outages and to meet the needs of the rapidly expanding industrial sector. Meanwhile, the supply infrastructure is being improved, not only to reach out to those who are not yet on the grid, but also to interconnect countries and ensure stability of supply.

Johannesburg-based CONCO (Consolidated Power Projects Ltd) is a market leader in the delivery of high-voltage electrical infrastructure in Africa, offering a complete turnkey service from design, procurement and engineering through to training and maintenance. Positioned as a full turnkey EPC and owned by Consolidated Infrastructure Group (CIG), a venture capital company listed on the Johannesburg stock exchange, the company started out as an electrical engineering company some 25 years ago. Its turnover last year reached R1.3 billion, and it now enjoys a 50 per cent share of the South African high voltage power market. It operates widely across the continent, with projects currently underway in 18 African countries and offices in 12.



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“Africa is a strongly growing market at the moment,” explains business development director Clive Pillay. “A lack of available funding used to be the barrier to major power supply projects, but that is no longer the case.” Many countries are funded from international financial sources such as the World Bank while others such as Angola, Nigeria and the DRC have an abundance of internal funding supplied by rich oil reserves and the booming power-hungry mining sectors. “The problem now is to get these projects articulated well, and to get good companies with solid delivery track records to execute them. The potential for us across Africa is huge.”

Engineering continues to be the foundation upon which all CONCO projects are built. “Design is the cornerstone of every project we undertake, and we’re often invited to provide a considerable amount of consultancy work before contracts are awarded. Beat them on the drawing board is

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Number of African countries where
CONCO has projects underway



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“WE’RE EXPECTING TO DOUBLE OUR REVENUE IN THE NEXT THREE YEARS”

our philosophy” says Pillay. “So by the time we embark upon a project we’ve ironed out all the possible issues that might arise. This gives much more certainty to the customer, from both a cost and project delivery perspective.”

CONCO has seen a steady 25 per cent per annum compounded annual growth in recent years. “But we’re expecting a big spike in the near future, which will double our revenue in the next three years.” There are two areas where CONCO is expecting much higher than average growth. The first

of these is in the renewable marketplace. “Investment in renewable energy is going to be massive across Africa, not only because of the worldwide focus on the environment, but also because the cost of implementing some of these renewable projects is significantly lower, lead times are shorter, and the financial investors prefer renewable energy investments as compared to traditional coal or nuclear power projects,” Pillay continues.

CONCO has already delivered a pilot renewable project in the initial phase of Africa’s first grid-connected wind farm




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at Darling, some 40 miles north of Cape Town, and is now working on the second phase of the initiative. “We are currently engaged in a massive drive for wind farm and solar projects which are being driven by the Department of Minerals and Energy in South Africa. As discussions are at a very sensitive stage, we will only be able to share more information in the next six months when contracts are announced. However, once these projects have been delivered and become operational, we believe our renewable business will expand exponentially and we will be looking at wind, solar, gas, geothermal and hydro power.”

In 2009 the company ventured beyond its home base in Africa and opened offices in Saudi Arabia—and the growth potential here is enormous. “We begin work on our first couple of projects in the next three to six months,” he explains, “and within three or four years we are expecting that Saudi Arabia will generate probably 30 per cent of our revenue.” This will, of course, completely reshape the company’s financial

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Control panels, Eastgate substation

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landscape, with 40 per cent of revenue coming from the growing South African market and the remainder coming from the expanding ex-South Africa countries.

“The significance of this massive growth spike is that CONCO will be moving extremely rapidly over the next few years,” says Pillay. “So we have spent the past 12

months preparing for this by restructuring and streamlining our operations to make them more agile, and to align our sales strategy and operational footprint to the future growth areas.”

Part of CONCO’s forward planning is to create a company-wide infrastructure to support the delivery of a growing number of projects across Africa. This has been linked to one of the most significant developments in the African power industry in recent years—the creation of four regional African power pools covering the southern, central, eastern and western regions. The aim is to create a stable and reliable electricity supply across each region by integrating the national power systems into a single electricity market with



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“WITHIN THREE OR FOUR YEARS WE ARE EXPECTING THAT SAUDI ARABIA WILL GENERATE PROBABLY 30 PER CENT OF OUR REVENUE”

seamless cross-border connectivity. Many of the projects currently in progress on the African continent today are of a magnitude that no one state could drive: they require the backing of the entire region. This combined pooling of finance and drive is resulting in a dynamic construction boom.

“Our strategy for Africa is to create a

CONCO hub in each of the power pool areas. Once we have done that, we will have the geographic footprint upon which to build the business,” Pillay explains. “We are at a fairly advanced stage in planning an East African CONCO hub, and Kenya has been the logical choice for this, but we haven’t yet made any decision on our other hub locations.”

“WE BELIEVE OUR RENEWABLE BUSINESS WILL EXPAND EXPONENTIALLY AND WE WILL BE LOOKING AT WIND, SOLAR, GAS, GEOTHERMAL AND HYDRO POWER”



Darling wind farm

Internally, CONCO is organised around four divisions specialising in substations, overhead lines, protection and automation, and renewable energies. Each division is headed up by a director and comprises a group of specialist project teams that work very closely together. And it is this interoperability, combined with an industry leading IT management system, which lies at the heart of the company’s excellent reputation for project management.

The current project management protocol stipulates that the team with the greatest input into the project takes the leadership role under a senior engineer, and is not only responsible for managing the project, but is

also the single conduit for communication with the customer. “This structure removes any confusion or delay between CONCO and the customer. The customer knows exactly who to talk to in our organisation, and when a decision needs to be taken we can respond very quickly and efficiently.”

In common with most industry sectors, there is of course considerable competition coming in from China and India, but Pillay believes the company is in a very strong position. It is highly competitive on capabilities and track record, and also delivers economic benefit to the community by employing local contractors where possible and transferring skills through



Social initiative, SA Blind Council

New road substation



R1.3 BILLION

.....
CONCO's turnover last year

training and mentoring.

“It’s generally accepted that there is a significant shortage of experienced technical and engineering skills in Africa, so we focus on building that skills base,” says Pillay. All CONCO engineers are taken through a thorough training programme that consists of a mixture of classroom training at the CONCO Skills Academy in Johannesburg and a full range of on-the-job training, instilling the CONCO work ethic and ensuring the practical and theoretical skills are of the highest standard in all aspects of the work.

It’s perhaps significant that the skills transfer scheme has become so effective that CONCO has thrown open its doors and will soon be offering access to its Skills Academy to its clients, ensuring their operating staff are fully trained on the product they will ultimately be responsible for.

Much has been done to prepare CONCO for the expansion ahead. No road is ever straight, but CONCO has paved the way and is ready to accelerate and steer to wherever the market leads. **BE**

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