

# Khidmah pitches for the future with a long-term view

■ Property management executive Sutton Turner sets his sights on global standards for the execution of the company's vision.

**Deepthi Nair**  
Sub Editor

It used to be that developers selling off-plan in the UAE would put on record what their service charges would be in the sales and purchase agreements. It did not matter to these developers that these projects would take anywhere between three and five years for delivery, given the local market's track record for not keeping up with announced deadlines.

More often than not, the stated service charges on the SPAs would not even have the remotest connection to what they should be. The developers couldn't care less as it was just another way of getting the buyer to sign on by dangling the promise of low rates. And it would seem even the property owners were not bothered in the buying frenzy that had gotten hold of the market up to the end of 2008. Sutton Turner, who heads the Abu Dhabi-headquartered property management company Khidmah, wanted none of that. "We do not set our service charges on what the market is charging, but rather on our costs," he says.

"You can do pricing in two ways: either from a market top-down or a bottom-up approach. When we want to fix a service charge, we look at how many landscapers we need, how many cleaners will be employed, the costs they will incur, what tools they require, transportation, housing costs, and so on. We then build a business model and work out a service charge. We look at each property individually. No two properties are alike."

By the looks of it, Khidmah – which is majority-owned by Sorouh Real Estate – has got an expanding portfolio of interests. It is handling the leasing, cleaning, maintenance, health clubs, landscaping and property management at three residential projects: the Sas Al Nakhl and Khalidiya

Village in Abu Dhabi and Al Oyouin Village in Al Ain. The company has a central role in landscaping, resales, maintenance and health club management services in the Golf Gardens development near Abu Dhabi Golf Club, which features around 400 units and is in the handover stage right now. In Dubai, Khidmah is property and facility managing the Lake Shore Tower, a 300-unit residential tower. Khidmah's line of work is not confined to residential offerings, a fact that is proved by its association in the leasing of the Khalidiya Commercial Tower, again in Abu Dhabi.

## Elaborate roles

So, is Khidmah a facilities management company that has extended its portfolio to take on other roles as well? Sutton has thought long and hard about this: "We are not a facilities management company. It is more of a property management company as in the West or the mature (real estate) markets where we handle several facilities of which FM is only one component.

"We also do resales, leasing, health club management and operate a call centre. End-users will enjoy working with Khidmah as there will be only one call centre to contact for all your problems, whether they want to sign a new lease or any other issue. Our business model will work great with the Strata Law.

"In mature markets, we look at strata management as a basic service provided by property management companies and not as a profitable business. It's something you have to do and not something you seek out."

While that may be the case, Abu Dhabi's property sector still awaits the passage of the Strata Law. Turner believes that Abu Dhabi's would bear a close resemblance to what is on its way in Dubai. But, he bases his perspective very much on the



■ Khidmah is handling the leasing programme at three residential projects - the Sas Al Nakhl and Khalidiya Village in

present. "We are setting up our business in a way that will work very well with whatever the Strata Law will look like when implemented. We are keeping our documentation ready for these properties and are ready to comply."

An independent auditor will go over the books of each property managed by Khidmah. This has often proved a sticking point in relations between residents and master developers at some of the freehold clusters in Dubai, with the former insisting that the way

the numbers are put together is not transparent enough. Turner believes change for the better is afoot.

"I think strata documents will be better handled this year. The first year of a development is not likely to have a sinking fund as it comes under the guarantee period. After that, it is up to the homeowners' association to determine what the sinking fund will be. We will give our suggestions to make sure that the property has enough money to rectify damage arising out of wear and

Abu Dhabi and Al Oyouin Village (above) in Al Ain

tear five to ten years later." Indeed, the course that Turner is charting for Khidmah places an emphasis on the long-term. "A mature market will bring in a new business model to an emerging market, Khidmah is not just here to make money in 2009 or 2010. Instead, we are looking at managing properties over ten to 15 years.

"I don't look at other companies as competitors. I am focused on executing Khidmah's vision. I compare it with FM companies around the world and that's where we are trying to raise standards to."

■ **In First Person** Sutton Turner, CEO of Khidmah

## 'There's opportunity in every crisis'

**Khidmah has a whole gamut of services on offer. Isn't that taking away from your core competency?**

Our core business is servicing the customer. The company that I ran for ten years in the US did all of these services in the name of 'property management'. When I think of property management, it encompasses all these services. You take care of the customer, whether they need their swimming pool cleaned, landscaping pruned, light bulbs changed, air-conditioning fixed, lifts maintained, or what have you. In a mature market, a property management company takes care of all this. All these disciplines lead to having people in our team who are specialists in their area of expertise. I do not see these services taking away from our core competency.

**As a fledgling property management company in a maturing marketplace, what are the challenges Khidmah faces today?**

To me, it's a fantastic time to set up a business. There is opportunity in every crisis. There is a lot of great talent out there looking for long-term job opportunities. We are taking advantage of that. When a real estate market is changing from speculator-driven to an end-user one, that is the right time to launch and evolve as a business.

**Does being associated with Sorouh tie you into developments that are owned and built by the parent company alone?**

Sorouh is the majority owner in Khidmah. They have tremendous properties and it has allowed us to set up a business model based on their delivery of units. I have all the business that we need for many years to come.

With that, other developers are also seeing our business model and approaching us to manage their properties. As long as it doesn't interfere with the quality of services we're providing, we will take up those properties too. We have others who would like us to manage their properties. There is immense potential in having a close association with a developer, as Khidmah will be involved in their properties from the very inception and can be responsible for how those properties will operate three to five years from now. It's a win-win situation for us and the developer.



■ Sutton Turner at the Sas Al Nakhl villas, one of the projects in Khidmah's portfolio

Photo: M.K. Abdul Rahman

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**In an ideal situation, every FM company would like to be involved in a project from the planning stage itself. Is this always feasible in a market such as the UAE's?** In the US, when I was asked to be involved with a property, we would be involved right from the conceptual design stage to the construction as it was in the best interests for the developer and the management company. It is a little different from the UAE as there is such a huge consultancy business that's developed over the years.

A lot of the mature markets have people on their teams to do the consultant's role. It is within a service company to perform this role instead of hiring a separate consultancy firm. It takes a lot more time to get acquainted with a property we have not been involved right from the beginning.

We were not involved in the design and construction of the Khalidiya Commercial Tower which we are managing currently. We suggested changes to be made for

the property to operate better. These were duly made. We also communicated any foreseen issues to the developer and owner. Of course, we like to be involved earlier, but if we are brought in at the end or even in the operational stage, we would still do the same.

**Are developers approaching you with plans for new developments in Abu Dhabi?**

I do not know about new projects. We have been approached by developers of current projects that are either being designed or under construction. They want to take us on board. There is also tremendous demand for leasing in Abu Dhabi. The market has such strength that it will rebound fast. A lot of leasing is being undertaken by companies seeking staff accommodation.

Even in this tough market, we have been able to lease several units in the villa developments we are managing.

As told to Deepthi Nair