

Sands of time

Llewellyn Bankes-Hughes commemorates the inspirational life of the late Bob Chandran, CEO of Chemoil Energy Limited

Bob Chandran, Founder, Chief Executive Officer and Executive Chairman of the Chemoil Group of Companies, died at the age of 57 on 7 January 2008 from injuries sustained on 6 January in a helicopter crash near Pekan Baru in the Riau Province in Indonesia. He leaves his wife Vivian and two daughters, Sharon, 31, and Ashley, 20.

Born Robert Viswanathan Chandran in Mumbai, India on 31 May 1950, Chandran began operating as a fuel trader in 1981 and formed Chemoil Corporation in 1982. The group holding company, Chemoil Energy Limited, is now one of the world's largest integrated physical suppliers of marine fuels, with annual revenues of \$4.4 billion.

Chemoil was listed on the Main Board of Singapore Exchange Securities Trading Limited on 14 December 2006. Bob Chandran held 50.46% of the shares. His Japanese trading house partner, Itochu Corp. holds 37.5% of the shares, and both Vivian and Sharon are directors and shareholders.

Before creating Chemoil, Chandran had several years of experience in business development of industrial chemicals, petroleum and machinery. He received degrees, including Masters of Science (specialised in Chemistry) and Master of Business Management, and also completed the Harvard University Owner/President Management Program.

Chandran was a regular speaker at international events and a member of several expert advisory panels to leading universities and companies. For many years, until his death, he was also a highly popular lecturer on the *Oxford Bunker Course*.

Bob was a member of various professional bodies and committees, such as the International Energy Association and American Petroleum Institute. He also served on the Board of Governors of the Asian Institute of Management, and on the Investment Committee of Worcester College, University of Oxford.

In 2005, Bob Chandran launched a \$500,000 fund for entrepreneurs at his former school, the Asia Institute of Management in the Philippines. In November last year, he won Ernst & Young's *Entrepreneur of the Year* award for the oil and gas sector.

The passing away of Bob Chandran – one of the most colourful, dynamic, intelligent and humble characters the global bunker industry will ever see – leaves a huge gap that will never be filled. Chandran was a one-off, a true entrepreneur whose sense of humour and kindness matched his enthusiasm for work and insatiable thirst for knowledge. Bob was an accomplished self-made businessman whose nurturing and leadership of Chemoil to create one of the biggest independent energy companies in the world has been one of the greatest success stories of this industry. But his openness and honesty, his willingness to share his experiences and his ability to inspire those around him, single him out as unique human being.

On a personal note, Bob always lent me invaluable support, previously with *BunkerNews* and latterly with *Petrosport* and this magazine, *Bunkerspot*, and its associated training courses and conferences. He did not need much persuading to become *Bunkerspot's* first – and most prolific – columnist when the magazine was launched in February 2004, where he offered a special insight into the bunker, oil and shipping industries and often ruffled a few feathers in the process. Nor did he need to be asked twice to become one of the senior lecturers on the *Oxford Bunker Course* where he captivated the students twice a year with his stories of success and failure in the quest to grow his company. And, whenever able to do so, he also supported many of the international bunker conferences that we organised, often by providing lively, outspoken and 'close to the bone' keynote speeches that few others would have dared present.

Often, the words in his *Bunkerspot* columns had to be heavily edited, much to his annoyance, not because what he was saying was wrong, but because it was felt that maybe he was giving away too many company secrets or sailing too close to the wind with his outspoken observations on market practices and corporate strategies. In the run-up to the Chemoil IPO, he defied his legal team and colleagues who had ordered him to stop filling his columns with sensitive corporate material for fear

of jeopardising the sale. He ploughed on regardless for a while, but eventually the lawyers won and his creative juices were temporarily suppressed.

Reading back over the many columns Bob wrote in *Bunkerspot*, it is possible to trace some of the ideas that eventually came to fruition at Chemoil. In his first column, in February 2004, Bob wrote of new trading complexities: 'Today, buying a cargo of fuel oil in the Baltic and determining its destination after loading gives a large bunker player a real edge. Global storage facilities provide a place to put the oil, but also allow larger players to take advantage of arbitrage opportunities before they really open. If you lay a paper strategy on top of the physical buying, you will also have a substantial advantage. However, this entails a stomach for risk taking'.

'He offered a special insight into the bunker, oil and shipping industries and often ruffled a few feathers in the process'

A regular discussion point with Bob at the time was his ambition to build, own and operate his own oil storage facilities – something which has now come to fruition with the Helios project in Singapore and ongoing plans for Fujairah and Panama. The desire to have his own storage facilities maybe stemmed from problems he had encountered over the years with third-party storage arrangements in places like Panama and Istanbul. However, it was evident that he recognised that controlling the storage facilities empowered him commercially.

In his June 2004 column, *'Bigger is better'*, Bob provide some insight into what drove him to keep growing his company. Having often been obliged to kowtow to national oil companies and the oil majors, he had experienced first hand the difficulties faced by small companies. He argued that there is little hope for small bunker companies with no financial clout: 'Small companies can only hope to grow big or else live a life on bended knee'. He asked them: 'Well, are

you worried? Are you scared that you will be wiped out? If you are not, you should be! Either grow organically or become a footnote to the history of the bunker business. I wake up every day with this fear and will never let grass grow under my feet.' He added: 'If you don't grow, you will contract. If you are tired of boarding planes, fighting new battles every day and building new businesses, my advice to you – if you are the owner of the company – is to quit or sell your business. You are standing in the way of your corporation. Your bankers always ask you about your succession planning. Mine is that if one day I wake up and do not want to make my business grow, I will hire someone to run my business for me and take a walk to the lovely woods of retirement.'

Bob always believed that cooperation – or as he called it – co-opetition, was always a better way forward than out and out competition, although he found that the bigger companies often failed to appreciate the smaller firms. Bob always considered Chemoil to be a small firm, despite the rapid growth it was experiencing. In the August 2004 issue of *Bunkerspot*, Bob asked: 'How do you build a bridge with your competition? Do them a favour when they need one and offer them an advantage when you have one. There are some guys in big companies that think the small guys like Chemoil owe them these favours. They say thank you but nothing else comes out of it. Well, we will only go that way once. If Chemoil gets nothing in return, we don't waste our time with that company again.'

Bob often called upon smaller companies to seek out strategic partners to help them grow, a trend which has accelerated in recent years. In April 2006, he wrote: 'In our industry there are many small companies run by entrepreneurs which are struggling for finances and have no financial clout with their customers, suppliers, terminals or barge companies. These entrepreneurs talk about the joy of the freedom to do what they want and to keep all the profits they generate to themselves. These days, with high volatility and big financial requirements, many companies are barely making a living.' He added: 'It is the fear of the unknown that keeps most of these businessmen from exploring strategic partners.' He ended: 'It is not the price you get now on the sale of 50%



'He had the loudest ties that anyone had ever seen: full of colour and always bright and completely impossible to ignore. That was my Dad's personality.'

Sharon Chandran

of your company that is critical – it is what is in store for the future. As a person who has done this in my lifetime, I recommend this route for all one-port bunker suppliers to consider.'

Unlike most writers and commentators, Bob never shied away from naming names. **ExxonMobil's** control of '70% of the base oil that is used to manufacture marine lubricants' caused him to worry about the huge amount of influence that the newly-

merged major held over the lubes market from Shell. This is the best distribution of wealth I have ever seen. One dollar for you, my customer. And \$5 for me. Thanks!' Bob wrote that 'Shell has some fantastic brain power and has played this game very cleverly', but predicted that the marketing strategy would not last the course of the year. In fact, shortly after the article, entitled '*Shell games*', was published, the oil major changed tack amid a flurry of staff changes in Houston.

'No matter how well protected you feel, whether in business or in personal life, I have learned that you should never fail to expect the unexpected'

merged major held over the lubes market in 2004. In April 2005, Bob was full of praise for **Shell** after revealing how, 'over the last three months', Shell was managing to offer shipowners on the US Gulf fuel oil at prices lower than the cost of resupply in Houston. 'I have to congratulate Shell on this brilliant strategy with which it has achieved two objectives. Shell has become a friend of the shipowners by supplying them cheaper bunker fuel and at the same time has made money on the market, especially from the gullible traders who bought the spread

Always on the lookout for the next big idea, the next step up the growth ladder for Chemoil, most projects worked for Bob but some did not. It took a couple of failed attempts to crack the Panama market before finally Chemoil became one its biggest players. A foray into Istanbul didn't last long, while a pitch at the Sri Lanka market never got past first base. But these disappointments never dampened Bob's enthusiasm to try to make things happen.

Bob always had an eye on politics and economics and these themes often appeared

‘Bob was one of those people who saw greatness in all of us, a greatness that we didn’t even imagine we had in us.’

Vivian Chandran

in his columns. In December 2005, he predicted that the US property boom might be on the verge of collapse. ‘The US economy has been fuelled by a housing boom, although this has also been true of the whole world. Residential property values in the developed world have risen by more than 75% (\$30 trillion) over the last five years. In other words, it looks like the biggest bubble in history. Low interest rates have allowed Americans to borrow on the appreciated real estate values and spend their wealth on consumer items. With the increase in oil prices and interest rates rising, consumer confidence will disappear. This particular bubble needs very little to burst, but if and when it does, we could be looking at a fully-fledged recession.’

After a short hiatus, ordered by his team of IPO lawyers, Bob’s columns in *Bunkerspot* returned in June 2007 with his personal insight into the tortuous process of taking Chemoil into public ownership. This turned out to be one of the most difficult and frustrating experiences of his life. He wrote: ‘There were many days when I wondered, while walking on the streets of the world’s financial centres, whether it was all worth it.’ The first attempt at the IPO, in September 2006, failed and the offer was pulled because Chemoil did not achieve the price it was seeking.

It was not long before Bob was persuaded to try again, but for a few weeks at least he lay low, admitting to feeling embarrassed and unable to face the industry. Billed as the keynote speaker, the highly successful entrepreneur who ought to have taken Chemoil through its IPO by the time it started, Bob emailed me to plead to be excused from his keynote speech at the **International Bunker Industry Association’s (IBIA) Annual Convention**



in Monaco in October 2006: ‘Dear Friend, I would rather hide for some time’. However, within weeks, the IPO show was back on the road and the company went public in Singapore on 14 December, at a 7.8% multiple of projected 2007 results. Bob wrote ‘Going public was not always a pleasant ride, but at least it has been productive!’

On the *Oxford Bunker Course*, Bob was always voted the most informative

‘There were many days when I wondered, while walking on the streets of the world’s financial centres, whether it was all worth it’

and interesting speaker, never holding back information and always encouraging his audience to get involved. Twice a year, Bob would fly half way around the world, economy class, on his own account and take a bus to Oxford to teach newcomers to the industry about bunkers during a power-packed 90-minute lecture. Afterwards, he would mingle with the students before taking a bus back to the airport and boarding another plane to another continent. In his signature black suit, white shirt and brightly coloured tie, Bob would smile mischievously throughout his lecture, providing endless

anecdotes and advice about his experience of being a bunkering entrepreneur. He was a firm favourite on the course and will be desperately missed.

Bob also had a long history of speaking at bunker conferences where he would relish stirring things up, often saying things that no-one else would dare, such as admitting to deliberately manipulating *Platts* oil prices or criticising one of his main suppliers – as he did in Buenos Aires in a frank speech about Venezuela. But he was always a willing contributor. Whenever I asked him to speak at a conference, his usual answer would be ‘Anything for you Llewellyn... I will be there.’

Bob always had a strong philosophical streak and – perhaps due to his Indian origins – often felt what others might not. In the issue of February 2005, while sitting on a beach contemplating the unprecedented price volatility of 2004, Bob commented: ‘I feel like I have lived through ten years in one year.’

In a typically humble postscript he wrote: ‘I left the Maldives just six hours before the devastating tsunami arrived on 26 December to inundate the islands and wash away entire populations across Asia. No matter how well protected you feel, whether in business or in personal life, I have learned that you should never fail to expect the unexpected.’

I knew that Bob was in the Maldives

when I heard about the tsunami and called repeatedly to check if he was OK. Completely out of character, Bob never answered his mobile phone and I feared the worst. When I eventually did re-establish contact, he told me that he had had no idea that the tsunami had struck until he had arrived back home in Singapore. Maybe it was after he had escaped from the disaster in the Indian Ocean that I began to take more notice of the sign-off on Bob’s emails which, quoting a Longfellow poem, simply said: ‘Strive to leave footprints on the sands of time’. He has.