

Oman Society of Contractors

Companies' Classification

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1. Preamble

For over forty years, the construction sector has played a pivotal role in the implementation of government and private sector projects.

The vision of Oman Society of Contractors (OSC) is to raise the standard of contracting companies to world class. OSC endeavors to create a 'brand name' for Omani contractors both locally and internationally.

In that context, OSC companies' classification aims to enable its members to adopt best business practices in order to attain world class status and create level and competitive playing field.

2. Purpose

The scope of this document is to establish classification standards and procedures that companies will compete to attain in order to be accredited by OSC.

Once well established, OSC will seek to collaborate with the varied tender boards to adopt OSC Companies' Classification as the standard for classification in tender evaluation and allocation.

3. Definitions

In this document, contracting activity means construction activity,
Key technical staff means engineers and supervisors.

4. Eligibility

The minimum eligibility for the different classification grades is given below:

Grade	Commercial registration	OCCI	Capital	Offices	PASI	OSC membership	Auditors	Minimum Omanization
AAA	✓	✓	>1,000,000	✓	✓	✓	✓	12%
AA	✓	✓	>300,000	✓	✓	✓	✓	12%
BBB	✓	✓	>150,000	✓	✓	✓	✓	12%
BB	✓	✓	>50,000	✓	✓	✓	✓	12%
SME	✓	✓	>25,000		✓	✓		12%

5. Classification

5.1. Points system

The classification system is dynamic and leaves options for companies to manage their development and growth. It is based on number of points that must be achieved to be classified in a certain grade.

The parameters that are chosen for this purpose are:

5.1.1. Organization levels

Considering the labor market, its stability and sustainability, this parameter becomes essential.

5.1.2. Labor accommodation

As per ministerial decree 268/2008, companies must provide complying accommodation for labor and staff.

5.1.3. Key Technical staff experience

This parameter highlights the relevant past experience of key staff as defined (engineers and supervisors)

5.1.4. Plant and equipment

This parameter indicates the level of resources owned by the company. This may be more relevant to civil contractors and less to mechanical or electrical contractors.

5.1.5. Company's experience

This parameter measures the number of years the company has been successfully in business.

5.1.6. Annual turnover

This parameter measures the size of the company's activities

5.1.7. Quality assurance and control

This parameter addresses the company's capacity of delivery a complying product.

5.1.8. Health Safety and Environment

In compliance with regulations and best practices, this factor measures company's HSE performance.

5.1.9. Accounts

This parameter highlights the importance of having sound financial policies and cash flows to deliver the projects.

A number of points have been allocated to these parameters. If applied properly and updated diligently, the model would be used to measure the progress of an individual company as well as the family of contractors as a whole.

Classification schedule (1)

No	Criteria	Points	Max. limit
1	Employee Management & Development		
	• Omanization		30
	12%	7	
	13%	9	
	14%	12	
	15%	15	
	>15%	20	
• Training and development	10		
2	Labor accommodation		
	Camp management staff	2	13
	Cafeteria	2	
	Compliance with decree 268/2008	3	
	Clinic	2	
	Maintenance & cleanliness	2	
	Recreation facilities	2	
3	Key technical staff total experience		
	5 years	7	15
	10 years	12	
	15 years and above	15	
4	Plant & Equipment		
	<RO 50,000	1	10
	>RO 200,000	4	
	>RO 500,000	6	
	>RO 1,000,000	8	
	>RO 2,000,000	10	
5	Total company experience		
	<5 years	3	10
	5 years	5	
	10 years and above	10	
6	Annual turnover		
	>RO 250,000	1	10
	>RO 500,000	2	
	>RO 1,000,000	3	
	>RO 5,000,000	6	
	>RO 10,000,000	8	
>RO 20,000,000	10		

7	Quality Assurance & Control		
	• Professionals		18
	○ 1 quality professional	1	
	○ 2 quality professionals	2	
	○ 3 quality professionals	3	
	• QA&C procedures	5	
	• QA&C policy	5	
• ISO accreditation	5		

8	Health Safety & Environment		
	• Professionals		22
	○ 1 professional	1	
	○ 5 Professionals	3	
	○ 10 Professionals	5	
	○ >10 Professionals	7	
	• LTI report	5	
• HSE policy	5		
	• HSE procedures	5	
9	Accounts		
	• Professionals		8
	○ 1 Professional	1	
	○ 2 Professionals	2	
	○ >3 Professional	3	
• Financial Statement	5		
Total			

5.2. Classification

Companies will be classified as follow:

Classification	Points
AAA	117 - 136
AA	93 - 116
BBB	83 - 92
BB	60 - 79
SME	42 - 59

The minimum number of points a company needs to achieve in year one in order to qualify for a certain classification is as follow:

Criteria Grade	Omanization	Accommodation	Staff experience	Plant & Equipment	Company Experience	Annual turnover	Quality control	HSE	Accounts	Total
AAA	17	11	15	10	10	10	16	20	8	117
AA	17	9	12	6	5	6	12	18	8	93
BBB	17	7	12	6	3	3	11	16	8	83
BB	17	2	7	1	3	2	11	11	6	60
SME	7	2	7	1	3	1	10	10	1	42

6. Certifying body

OSC will be the accrediting body that will classify construction companies based on the above criteria. OSC will follow the accreditation principle of show me do not tell me.

As the certification is an enabling Best Business Practice (BBP) scheme, OSC will continue to raise the bar annually to allow and aid companies to work towards attaining world class status.

Companies will have to present to OSC the following documents as proof of attainment of required criteria in every category:

Categories	Proof
Employee Management and Development	<ul style="list-style-type: none"> • PASI certificate indicating number of Omanis registered with PASI • MOM certificate indicating the number of registered expat workforce • Number of staff completed training in the last 6 month with copies of certificate of completion from training provider. • Number of staff under training with copy of enrollment in the training institute.
Workforce Accommodation	<ul style="list-style-type: none"> • Independent camp inspection certifying: <ul style="list-style-type: none"> ○ Compliance with decree 268/2008. ○ Availability of recreation facilities. ○ Appropriate cafeteria. ○ Facility well maintained and clean. ○ Availability of clinic. ○ Adequate camp management staff.
Key technical staff experience	<ul style="list-style-type: none"> • Copy of residence card of all key technical staff. • Attested university certificates.

	<ul style="list-style-type: none"> • Employee CV.
Plants and equipment	<ul style="list-style-type: none"> • Complete list. • Proof of ownership. • Audited asset value.
Company's Experience	<ul style="list-style-type: none"> • List of projects successfully completed showing dates, value, and client name attested by company's auditor.
Annual Turnover	<ul style="list-style-type: none"> • Audited financial statement.
Quality Assurance and Control	<ul style="list-style-type: none"> • QA&C Policy • QA&C Procedures • Attested certificates of QA&C professionals. • Copy of residence card of all QA&C professionals. • ISO certification if available.
Health Safety & Environment	<ul style="list-style-type: none"> • HSE policy • HSE procedure • Latest projects LTI covering one-year period attested by client. • Attested certificates of HSE professionals. • Copy of residence card of all HSE professionals.
Accounts	<ul style="list-style-type: none"> • Attested certificates of HSE professionals. • Copy of residence card of all HSE professionals. • Audited financial statement

Each company that has attained the required points to be classified in a particular grade will be issued a certificate valid for one year and will be allowed during that year to exhibit the OSC BBP logo with the grading in all their emails, letterhead and business cards.

OSC will use the classification results as tools to award best achieving companies in varied categories.

7. Advantages

This system provides several benefits:

1. It organizes the sector and upgrades the standards
2. Support government policies in Omanization, occupational health, and quality
3. Limits hidden trade
4. Eliminate non-compliant companies
5. Encourage small and medium enterprises (SME)
6. Improve the living conditions of both nationals & expatriates.
7. Enhance the role of the Oman Society of Contractors.