Linkages case study

Persistence against the odds: Bentworth's entry into oil and gas supply

Baker Hughes, a leading oilfield services company based out of Houston, needed a local supplier of coiled tubing services in Kenya. When no such local service provider existed, it helped a local entrepreneur with an appetite for risk to enter this highly specialized sector. This is the story of Carey Ngini and the birth of Bentworth Investments Limited.

In the oil and gas sector, opportunities for greenfield entrepreneurship can be rare. Well-established international firms spend millions of dollars in research and development, protecting their investments with copyrights and patents. This required technology and capital investment forms an almost impenetrable barrier for domestic entrepreneurs in oil producing nations.

Finding local partners

Ironically, this dynamic often presents a challenge for multinational companies operating in contexts where demand for local content requires that they contribute to the development of domestic firms. This was the case for Baker Hughes – a leading supplier of oilfield products and services that operates in over 80 countries – which had to navigate this challenge in Kenya, where oil and gas is a relatively recent discovery.

Baker Hughes had a contract with Tullow Oil to operate various well services. Potentially this could include a coiled tubing unit, which is used for inserting tools into a live well to maintain the efficacy and production capacity of the well. This presented Baker Hughes a good opportunity to respond to local content demands.

To do so, they needed a Kenyan firm with business integrity and a strong commitment to meeting stringent international quality standards. That is when Toks Azeez, Baker Hughes' Regional Head, began a conversation with Carey Ngini.

Pursuing new opportunities

Carey Ngini, a Kenyan, is a former Lloyd's of London reinsurance broker turned entrepreneur. With the discovery of oil and gas in Kenya, Carey saw new, viable business opportunities. There was only one problem: he had no knowledge of or previous experience in oil and gas.

While researching the sector, Carey came across Baker Hughes and soon met with Toks, settling on an initial approach: Bentworth would acquire a coiled tubing unit and deliver services to Tullow's project through its relationship with Baker Hughes, which would take the lead on the tendering process.

Baker Hughes provided Bentworth with a complete set of blueprints of how to set up, run, and operate the coiled tubing unit, including manufacturing specifications. They also provided them with a list of preferred suppliers for tools and equipment. Importantly, Baker Hughes seconded a team of technicians to Bentworth to assist with the initial technical training.

Carey financed the initial $2 million required for the coiled tubing unit from local banks, funding the operating costs himself. In 2015, Bentworth procured the coiled tubing unit when disaster struck: oil prices crashed, bringing Tullow's work to a sudden halt. With a large debt to service and no corresponding income, this young firm's days were numbered.

Shifting focus

Baker Hughes came to Bentworth with an idea to solve the problem: Tullow still needed a cementing unit, which could serve as a substitute opportunity for Bentworth.

Cementing in oil and gas is complex. It requires pumping class G cement (with additives to resist the harsh underground environment) to seal the well between the tubular casing and the bedrock formations. Because the cement slurry is bottom-fed, the operation once started cannot stop until the required level is reached. Like most oil and gas underground operations, activity is frenetic. The cementing process requires specialist equipment, materials, and skills. To successfully leverage this new opportunity, Bentworth would need dramatically up its game. As well as an additional $350,000.

Ramping up and committing

Once again, the close partnership between Baker Hughes and Bentworth proved pivotal to meeting this challenge. Bentworth increased its workforce to fourteen staff: three expatriates and eleven Kenyans. These staff were trained by Baker Hughes prior to starting at Bentworth to ensure they were appropriately skilled. Baker Hughes again provided the blueprints and technical assistance required.

After the Baker Hughes-trained staff joined Bentworth, Bentworth was responsible for ensuring that they undertake required refreshers and reaccreditations at the appropriate time, as well as training new staff to required standards.

Since complying with contractual performance standards is crucial for repeat business, in addition to staff, Bentworth focused on ensuring they met both product and operational quality. Baker Hughes assisted Bentworth to develop all the relevant policies and procedures they needed. All equipment, tools and materials were procured to Baker Hughes' specification.

This effort has paid off. Through dedicated execution, close collaboration with Baker Hughes, and a willingness to take risk, Carey has successfully gained a foothold in Kenya's oil and gas sector: "The cementing unit has been deployed since November 2016, but the coiled tubing unit has yet to be deployed. I have acquired a second cementing unit, one with offshore capability, with a view to taking advantage of what I see as increased opportunities in Kenya." This optimism has seen him invest in additional inputs, tools and materials, bringing his total investment close to $4 million.

Bentworth has taken on considerable risk in a low oil price environment and experienced firsthand the ups and downs of this sector. However, Carey has persisted against the odds, upskilling local Kenyans, and established Bentworth's track record as an early, valuable local partner to Baker Hughes in Kenya and further afield.

Entrepreneurial determination

Bentworth's journey against the price of oil ($ per barrel)