



# HOW DO SMALL BUSINESSES MAKE IT BIG?

**“ENTREPRENEURSHIP IS ABOUT GETTING PEOPLE TO BELIEVE IN SOMETHING WHICH DOESN'T YET EXIST.”**

When Charles Leadbeater, a leading authority on innovation and creativity, elucidated this basic principle at the recent “EO Majlis”, he was also talking about the amazing story of Qatar and its winning World Cup bid – of crafting ideas for people to invest in something that is not yet there.

But even with such an inspiring story that makes the perfect setting for entrepreneurial spurts, why are Qatar’s small and medium-sized enterprises (SMEs) not making much of a contribution to the GDP? Though there are some successful entrepreneurial activities and also active governmental hand-holding, fewer than 40% of the existing SME enterprises were established after 2000. The sector only contributes about 15% to GDP, a minimal figure compared with neighbouring GCC countries.

In a country that has no defined path for an SME startup, nor any specific characterisation of an SME, how do you inculcate an entrepreneurial spirit? How vital are startups when the country has resources to last for decades and a public sector that has recently hiked its salary for nationals? How can you rationalise a positive entrepreneurial interest when a recent study, the Silatech Index shows a high level of interest in government employment similar to that of other Arab countries?

*Qatar Today* discusses with experts why it is essential to foster an entrepreneurial spirit even in countries with high GDP, while we discuss the tools that are made available to foster an entrepreneurial spirit in the land of plenty.

*By Rory Coen and Sindhu Nair*



# THE ECONOMIC PERSPECTIVE

**T**he overall share of SMEs in the Middle East and North Africa (MENA) region is estimated to account for 71% of employment but only 28% of GDP.

In Bahrain, the GDP share of SMEs is 28% while they are responsible for 73% of all private sector jobs.

In Dubai, SMEs are estimated to make up 95% of the total number of enterprises, 42% of the workforce and 40% of GDP.

Saudi Arabia's SMEs are responsible for approximately 40% of jobs in the country and their GDP contribution is estimated at 28-33%.

By comparison, in the US SMEs contribute close to 50% of GDP, whereas their share in the EU is just under 60%. They provide more than half of the employment in the US and more than two-thirds in Europe.

The main challenges associated with Gulf SMEs are fourfold. Firstly, they represent a minor contribution both in terms of workforce and turnover. For instance, 87.8% of Bahraini companies have no more than 10 employees. Of the 785,000 commercial establishments registered in Saudi Arabia (2008 figures), some 764,000 were sole proprietorships.

Secondly, the average Gulf SME is primarily engaged in the buying and selling of goods. About 42% of all Bahraini and Saudi enterprises are engaged in "trading". Construction is typically the second most important area of activity, followed by industry.

Thirdly, a typical Gulf SME relies very heavily on expatriate employees. For instance, in Bahrain nationals account for only 14% of SME employment, while the Saudi private sector as a whole is 90% reliant on expatriates. This limits the size and growth of the pool of entrepreneurs in the region as well as

the employment contribution of GCC SMEs.

Lastly, typical Gulf SMEs are relatively inefficient. Their share of employment is far greater than their share of GDP, highlighting the limited value added contribution made by most of them. They tend to have limited access to credit and capital and the opportunities posed by retained profits are modest.

Overcoming these limitations is likely to require significant new initiatives in a number of areas.

## **The need for local entrepreneurs**

Milhan Baig, Head of Valuation Services Deloitte (Qatar) puts entrepreneurship in context by quoting Baroness Margaret Thatcher, the longest serving prime minister of the UK, from one of her speeches at the Small Business Bureau conference in 1984: Small firms can be a seedbed for new ideas and a testing-ground for new ways of working. They often lead the way in new products and new services. The freer the society, the more small businesses there will be. And the more small businesses there are, the freer and more enterprising that society is bound to be.

It could be argued that her recognition and promotion of SMEs was one of the key factors contributing to the UK's economic recovery and growth from the late 1980s and into the 1990s.

"Today," Baig continues, "in the more developed economies, such as the UK, USA, Japan and much of Europe, SMEs contribute at least 50% of the countries' GDP whereas this statistic is much lower across the GCC."

And the reason Baig sees a need for entrepreneurship activities as opposed to multinationals, is the need for sustainability or "home-grown" enterprises.

"Unlike the larger businesses or recruiting foreign-owned businesses into a coun-

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BARONESS MARGRET THATCHER

## AN ECOSYSTEM FOR SME GROWTH



NOORA AL MANNAI, CHIEF EXECUTIVE OFFICER OF ENTERPRISE QATAR (EQ), SPEAKS TO *QATAR TODAY* ABOUT THE ERNST & YOUNG ENTREPRENEUR OF THE YEAR (EOY) AWARD 2011 AND THE KEY ROLE OF EQ IN DEVELOPING AN ENTREPRENEURSHIP ENVIRONMENT IN QATAR:

“The Ernst & Young EOY Award is considered to be one of the most prestigious global business award programme.

“It accentuates our firm belief in its significance internationally and is strongly in line with our mandate at Enterprise Qatar to create a solid ‘ecosystem’ for such businesses to flourish,” she says.

“Such programmes help to further communication and collaboration between these Qatari entrepreneurs which could lead, therefore, to the creation of new joint-ventures and SMEs that would boost the economy - which is exactly what we are working very hard to achieve at EQ.

“Furthermore, the EOY Award is

a great opportunity for us to cement Qatar’s position on the global industry map and to showcase our entrepreneurship exemplars and learn from peers. It is truly an addition to our track record to what we aim at accomplishing to support the burgeoning entrepreneurial and SMEs sector in the country.

“EQ’s fundamental contribution is in supporting entrepreneurs and providing them with the essentials to achieve their ambitious and promising ideas.

“On this occasion I would like to encourage all aspiring entrepreneurs in Qatar to put forward their achievements and visions and take part in next year’s Ernst & Young EOY Award.”

try, SMEs form part of a more successful long-term economic strategy. The reason for this is that local SMEs today will eventually grow to become the larger local firms of tomorrow. This will lead to several home-grown employment, fiscal, trade and development prospects that are contained in the local economy with little leakage to other economies.”

According to Chady Zein, a principal with Booz & Company and a member of the firm’s financial services private equity practice who advises the region’s leading private equity and venture capital firms, entrepreneurship will “undoubtedly” be one of the key driving forces in the region. And one of the main drivers is the bulging

youth population.

“The MENA region is home to a very young population with almost half of it under 25, with growth at about 1.5 times the worlds’ average. This has led to one of the world’s youngest workforces, requiring an additional 75 million jobs to be created by 2020, or an average of eight million jobs per year. By way of comparison, the US created approximately 3.5 million jobs for an almost equivalent population in 2011,” says Zein.

The recent political unrest seems to have fanned the need for change too.

“We have witnessed (through the Arab Spring) the importance of boosting the region’s economic stability. Politics aside, we have all seen how lacklustre opportunities

for securing one’s income can quickly become a strong driver for change.

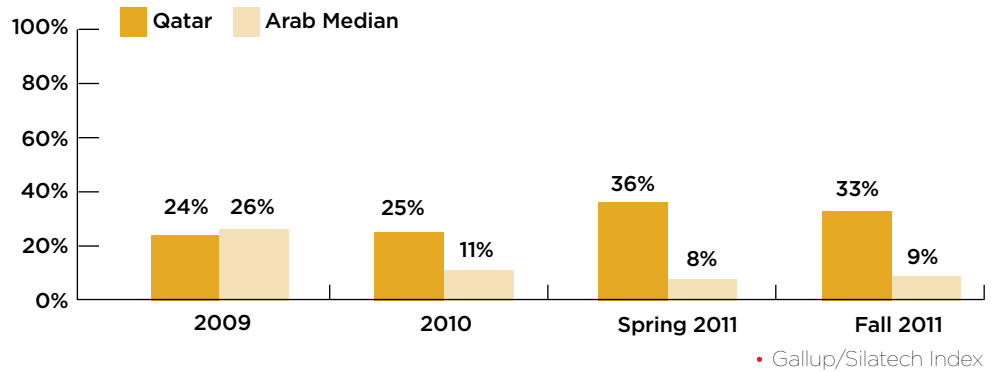
“In this context, entrepreneurship has a crucial role to play in securing the region’s economic future and stability. The challenge requires addressing all elements of the entrepreneurship ecosystem. Moreover, this will also require the active participation of several stakeholders including governments, the private sector, educational institutions, media and the financial sector as well as entrepreneurs themselves,” he stresses.

### Steps in the right direction

Qatar has begun to take steps to give startups a push in the right direction. There is



**QATARI YOUTH ENTREPRENEURSHIP  
LEVEL LEAD ARAB WORLD**



Enterprise Qatar (EQ), a governmental body whose objective is to strengthen the SME business environment, making it more viable for entrepreneurs to take a prominent role in Qatar’s economy and to give SMEs and entrepreneurs a voice that is heard.

“At EQ we work hard to build a sustainable environment and a solid platform for SMEs which will enable entrepreneurs to become Qatar’s ambassadors for entrepreneurship on a regional and global level,” says Noora Al Mannai, Chief Executive Officer of EQ.

The Qatar Science and Technology Park (QSTP) has also launched its Executive Entrepreneurship Certificate Program and plans to become an incubator for startup businesses and entrepreneurs, both local and from overseas.

Qatar Development Bank (QDB) was opened to promote and finance SMEs.

The Bedaya Center and Roudha Center are organisations that will help startups through mentoring (for more, see detailed interviews in later pages).

“But without more creative ideas, informal networks to scope them, and mentors to guide teams in exploring them, we will continue to see low rates of new firm formation in Qatar and fewer Qataris creating rather than taking jobs,” says Jonathan Ortman, President of the Public Forum Institute, a non-partisan organisation in the US dedicated to fostering dialogue on important policy issues.

Almost as an answer to this need, Entrepreneur Organisation’s (EO) Qatar Chapter

organised the “EO Majlis” that was aimed as a networking event to highlight best practices and highlight success stories for Qataris.

Another step to encourage enterprise was the Ernst & Young Entrepreneur of the Year (EOY) award supported by EQ, which helped spread success stories in a bid to encourage and inspire young people to follow the footsteps of the finalists.

“EOY is acknowledged as being pivotal in the discovery and promotion of talented entrepreneurs and in putting our very own on the global stage to represent our country at the World Awards in Monte Carlo this June to vie for this coveted title amongst 60 peers representing over 50 countries,” says Al Mannai

*(See exclusive interviews with the Qatari finalists on the following pages)*

**Strong entrepreneurial spirit**

As a result of these encouraging efforts, the country’s youth seem to be showing an entrepreneurial interest.

According to a recent Silatech Index analysis conducted by Gallup, Arab countries have seen a marked decrease in young people planning to start businesses in recent years. In 2009, 26% of Arab youths aged 15 to 29 could be labeled as young aspiring entrepreneurs, or planning to start a business within 12 months. By 2010, the Arab world’s pool of young aspiring entrepreneurs dropped to 11%, before settling at 9% in the autumn of 2011. Although this drop largely occurred in parallel with the

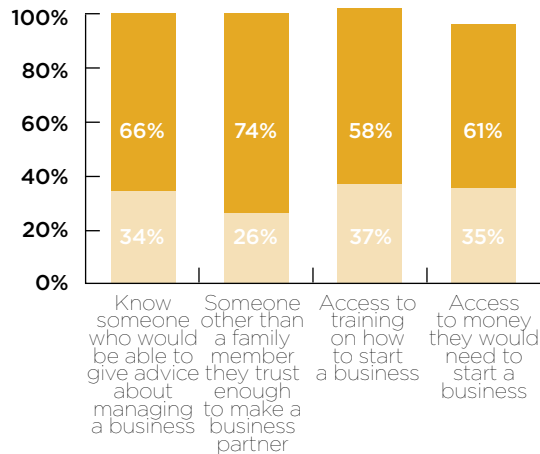


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WILL EVENTUALLY  
GROW TO BECOME THE  
LARGER LOCAL FIRMS  
OF TOMORROW.**

**MILHAN BAIG**  
HEAD OF VALUATION  
DELOITTE (QATAR)

**QATARI YOUTH HAVE ACCESS TO RESOURCES NEEDED TO START BUSINESS**

■ % Yes ■ % No



• Gallup/Silatech Index

global recession, its magnitude and uniformity across the Arab world has been stark.

However, Qatar stands alone as the only Arab country in which youth entrepreneurship levels held firm or grew during this period, increasing to 33% by the end of 2011 from 24% in 2009. According to a Gallup poll, Qatar has uncovered signs of a more robust entrepreneurial youth culture than any of its Arab neighbours.

“The country’s natural resources and high GDP undoubtedly constitute a comparative advantage especially if one considers how they create fundamental economic drivers for a multitude of business opportunities for entrepreneurs. However, a flourishing entrepreneurial ecosystem requires nurturing its essential components,” says Zein.

Qataris’ attitudes toward starting businesses are improving in tandem with the establishment of favourable conditions for entrepreneurship in the country. Two-thirds of Qataris aged 15 to 29 say they personally know someone who would be able to give them advice about managing a business. Similarly, 74% of Qatari youths say there is someone other than their family members they trust enough to make a business partner. The majority of young Qataris also acknowledge having access to training on how to start a business (58%) and access to money to start a company (61%).

**Passion is the only driver**

While there is an improvement in views of

entrepreneurship, the country’s youth still show a high level of interest in government employment similar to that of other Arab countries. Assuming that pay and work conditions are similar, more young Qataris would prefer to work in government (58%) than in self-employment (13%), private business (8%), or the non-profit sector (13%), says the Silatech/Gallup index. In the Arab world, the safety of a career in government has generally been accepted as preferable to entrepreneurship in recent history. It’s likely the Qatari government’s status as a preferred employer is due to its shorter work hours, higher salaries and generous holidays.

The country’s prosperous economic climate and government benefits programmes have naturally skewed the incentive for work and entrepreneurship as compared to many countries. Symbolic of the country’s wealth, all citizens received a standard 60% salary increase on already inflated salaries in October 2011, in line with the actions of other GCC governments in the wake of Arab Spring instability. By virtue of their citizenship, Qataris are essentially guaranteed the comforts of a middle-class lifestyle, thus most would never need to start a business as a means of economic survival but are more likely to be guided into entrepreneurship by financial ambition or ideas of passion, says the report.

As Saleh Al-Khulaifi of the Bedaya Center remarked, “It is only passion that steers the youth towards start-ups.”



**THE CHALLENGE REQUIRES ADDRESSING ALL ELEMENTS OF THE ENTREPRENEURSHIP ECOSYSTEM.**

**CHADY ZEIN**  
PRINCIPAL, BOOZ & COMPANY



# ENTREPRENEURSHIP IS A MUST, NOT AN OPTION

AS THE DEBATE RAGES ABOUT WHAT ENTREPRENEURSHIP REALLY INVOLVES, THANKFULLY THERE ARE SOME PEOPLE WHO PREFER TO ACT INSTEAD OF PROCRASTINATE. A NUMBER OF INSTITUTIONS HAVE BEEN FOUNDED IN QATAR TO DEAL WITH ESTABLISHED AND LOCAL PROBLEMS WHICH ARE PREVENTING STARTUPS AND SMES FROM GETTING OFF THE GROUND. *QATAR TODAY* SPOKE TO THREE SUCH INSTITUTIONS – QATAR DEVELOPMENT BANK (QDB), THE BEDAYA CENTER AND THE ROUDHA CENTER – TO UNDERSTAND HOW THEY ARE ADDRESSING THESE DETERRENENTS.



**AL DHAMEEN HAS PROVIDED MORE THAN QR150 MILLION TO OVER 50 PROJECTS SINCE OCTOBER 2010.**

**ABDULAZIZ AL-KHALIFA**  
EXECUTIVE DIRECTOR OF  
STRATEGIC PLANNING AND  
CONTROL, QATAR  
DEVELOPMENT BANK (QDB).

If anybody was in any doubt about the enormity of the issues facing the Qatar Nation Vision 2030, then a couple of early points might focus the mind. The engine for the future knowledge-based economy will be education and entrepreneurship, yet there are some disturbing pointers which show the latter is currently on life-support.

SME lending in the OECD (Organisation for Economic Cooperation and Development) was 27% in 2010. In the non-GCC countries of the Middle East and North Africa (MENA), 13% of SMEs were able to get the lending they needed. However, in the GCC region this figure dipped to 3% and in Qatar alone to 0.49% – almost negligible.

Abdullah Zaid Al-Talib, Chairman of Qatar University Wireless Innovations Center (QU-WIC) recently said that if Qatar continues with this kind of lending, it will be impossible to establish a culture of entrepreneurship here. “We cannot blame the financial institutions, because they have their own private models, which don’t lend themselves to helping the knowledge-based economy, so this is why systems have to be in place and regulation has to be changed,” he said. “There are many organisations which help startups and SMEs, but the financial institutions have to shake themselves up to be aligned with the

knowledge-based economy, and there needs to be government intervention to change the policies and regulations that oversee them.”

## A cultural thing?

However, there is a much deeper issue at the core of the problem. Qatar University President Sheikha Al-Misnad intimated that entrepreneurship is as much about culture as education and learning, where young people’s family life, their way of life and their discourses within peer groups influence their ideologies and actions just as much as what they learn in the classroom.

“I think the values system which we learn as individuals from indirect interaction is more important in developing our risk-taking and entrepreneurship skills,” she said. “Education can only play a part, but society itself provides an environment which promotes entrepreneurship. Our culture – Qatari or Arab – is traditionally about conformity. You have to give submission to your tribe, your family, your state, so entrepreneurship – or ‘thinking outside the box’ – is not something you would traditionally be proud of or encouraged to do. Most of your life you’ll be respected and encouraged as much as you respect the structure of your society or family. Entrepreneurship is a personal trait – education can help, but it cannot change people to be entrepreneurs if

# “SELF-MOTIVATION IS THE ABSOLUTE ESSENTIAL”

Ashraf Abu Issa, Chairman of Abu Issa Holding, recently won the Ernst & Young Qatar Entrepreneur of the Year Award. Taking over his family business at the young age of 19, and continuing the legacy of his late father Abdul Raheem Abu Issa while infusing it with added innovation, Abu Issa has taken the business to new heights. Abu Issa Holding is recognised as one of the region's top retailers and distributors of luxury and consumer goods and, building on this reputation, Abu Issa set trends in the country by creating his own retail concept stores, Momento, Karisma, Msafer and Arabesque.

Opting for the business environment was not a choice for Abu Issa, it was a prerequisite, as it was his responsibility to his family to continue the tradition. But it was a responsibility that later became a passion.

## **What is the one quality that is essential for an entrepreneur?**

Self-motivation is the absolute key to being a successful entrepreneur. We have to differentiate here between financial motivation and self-motivation. Much more than financial motivation, most entrepreneurs are driven by an overriding purpose to make a difference and change people's lives for the better. So being successful and creating a better future for everyone around me were my motivations.

## **What did participation in the Ernst & Young Entrepreneur of the Year (EOY) Award programme mean for you and your business? How did the awards help to spread the word of entrepreneurship?**

The Ernst & Young EOY is the first of its kind in Qatar and is definitely a reference worldwide. Being recognised by my peers and representing Qatar internationally is a great honour for me and the country as only four countries from the Middle East are participating. I feel it's a huge responsibility on behalf of my colleagues, my community, and above all my country.

This award will inspire and encourage young entrepreneurs in Qatar to achieve their dreams and reach for international recognition.

## **How has the country helped in setting up businesses?**

There is an entrepreneurial spirit in Qatar, encouraged and developed by the government and the public and private sectors. To give some examples, the meetings between HE the Prime Minister and the business community for the creation of a governmental organisation facilitating business exchange, such as Enterprise Qatar (EQ), and the organising of business events and economic forums.

## **What are the challenges for an entrepreneur here? What has been made easier for the new band of entrepreneurs?**

The small size of the local market could be the main challenge an entrepreneur may face at first. Secondly, the open market that brought in the big international players.



Location courtesy: St Regis Hotel, Doha

However, these challenges are recompensed by governmental support regarding company setup and a flexible system encouraging new entrepreneurs with startups. Qatar has a solid infrastructure and a straightforward taxation system to support them.

## **How important are mentors in the success stories?**

Mentors should be those whose work you admire, possess strong leadership abilities, and be an inspiration to you and others. You need to gain inspiration from entrepreneurs outside the country as well. Young entrepreneurs must learn from their success stories but not copy them.

## **Do you think we have too many tools for SME development?**

The diversity of the tools will serve all entrepreneurs based on their exact needs.

## **How sustainable is it to have more than one business?**

Having more than one business is a challenge in itself. Diversification needs to be a part of a strategic direction if you have to survive in the long term. Experience and market know-how are a must, but the essential point is to learn how to delegate and to have qualified staff who will push to expand the business for the long term.

## **Any advice to aspiring entrepreneurs?**

Do not be limited or discouraged by our small market; look beyond and consider the region and even the world as a potential marketplace. But keep in mind that there is no better base than our local market in Qatar.





## “JUST GO FOR IT”



Jassim Al-Mansoori, Chairman of iHorizons, was one of the youngest managers in Qatar when he was with Qtel. His people skills are revolutionary and he is an inspirational leader that young and old look up to.

iHorizons provides advanced business solutions and IT services to the Arab world and has clients like Al Jazeera Network and Qatar Financial Centre. It has regional offices in the UAE, Jordan and Saudi Arabia.

“Perseverance is one essential quality needed for an entrepreneur. There are times where they will face obstacles and need to hold on and believe in themselves and their products and services in order to succeed,” he says.

As a student fresh from college, he opted for the security of the public sector, not just for the security it brings but also for the opportunity to build lasting relations with the government.

Al-Mansoori remembers the starting phase where the country gave him a lot of support.

“The country helped me a lot in my starting phase, offering me a scholarship

and giving me the opportunity to gain a practical and unique learning experience, as well as independence. This helped me to realise my current career goal.

The most challenging part of being a self-starter was being the captain of his own ship, learning from mistakes and continuing in what he believed even when the going got tough. Lack of financial resources was another deterrent, he says.

“I had to work hard to make money so I could generate more money to develop my business and this taught me to think like a business person.

“But the new band of entrepreneurs will face fewer challenges than I faced 15 years ago. Enterprise Qatar (EQ), educational institutions and banks are getting involved now, helping to develop business and entrepreneurial skills among the youth.

“Since 2008, HE the Prime Minister signalled a new direction in government support for the SME sector in Qatar, where many tools have been created for SME development like creating EQ under the Ministry of Business and Trade and enabling commercial banks to lend to SMEs; restructuring QDB to provide loans; and many other initiatives from educational institutions,” he says.

Having more than one business can be successful and sustainable, but only when professional people are put in charge and empowered to make decisions.

“With a motivated and dedicated team, I can recognise my own strengths and weaknesses and operate my businesses effectively,” he says.

On a parting note, he quotes Richard Branson: “Business opportunities are like buses, there is always another one coming.’ So I would advise entrepreneurs not to let their dreams go to waste, and just go for it!”

**(Al Mansoori was one of the finalists of the E & Y EOY awards)**

they are not that way inclined.”

The QU President argued that entrepreneurship isn’t such a serious concept in Qatar, where it’s perceived as a “bit on the side” and undefined, but the Executive Director of Strategic Planning and Control at QDB, Abdulaziz Al-Khalifa, knows this attitude has to change, and QDB is taking a strong lead in arresting the difficulties the more serious entrepreneurs have.

“There is this long debate about whether entrepreneurs can be manufactured,” he said. “To the point, we have to have entrepreneurship in Qatar, we need entrepreneurs, our economy depends on it, and at QDB we don’t see it as an option, we see it as a must.

“I can’t deny that the 60% salary raise for public sector employees – or the need for Qataris to work in many aspects – is not helping to develop a culture of entrepreneurship, but I still see a lot of people walk into my office on a daily basis; I hear innovative ideas that could turn into big projects in the near future.

“Our economy is so heavily dependent on oil and gas that if we want to diversify, then the SMEs (private sector) will have to play a huge role. We can’t fully depend on expatriates to develop our private sector, we must do this ourselves. So whether they are born or manufactured isn’t the issue, they have to exist and we are going to make sure they exist by giving them access to the finance they need,” he said.

### **QDB – the guarantor**

In 2008, the QDB mandate was changed. It changed its name from “Qatar Industrial Development Bank” and six more sectors were added to its portfolio. Capital was raised from QR200 million to QR10 billion.

“With that change a new management came on board, with our main role being to complement the private sector’s efforts to diversify the economy,” explained Al-Khalifa. “We conducted a study in 2009 to understand what the main obstacles were for entrepreneurs, SMEs, the private sector in getting access to finance. That study revealed that almost 55% of all SMEs and private sector organisations in Qatar did not have an active relationship with a bank

because of collateral requisitions from the banks.

“We drilled down more to find that to get access to finance here you needed to have at least 100% collateral or have to be in existence for more than three years (so you could produce enough financial data cash flow statements for the bank to make a rational call).

“So this was obviously a very ‘unentrepreneurial’ type of environment, as access to finance was a major problem at that time. This is where the Al Dhameen programme came into effect. We looked internationally at other development institutions that were giving financial support to their private sectors and we found that partial guarantees were the most popular form of assistance being provided. Qatar is different from any other country, just as any other country is different from Qatar, so we designed the Al Dhameen programme in a way that suited our culture here.”

The programme will guarantee 85% of the exposure for new startups – which is the highest coverage ratio in the world – and 75% for existing businesses that have been operational for at least three years and have financial records to support their business plan. The programme was started in October 31, 2010 and has the majority of Qatar’s financial institutions as partners. It has provided more than QR150 million to over 50 projects since then.

Al Dhameen is theoretically a partnership between QDB and the respective commercial bank, which both provide a filter for any loan request – the first one being the customer’s bank of choice, which will then refer it to QDB for further analysis. However, Al-Khalifa explains that it’s a streamlined and efficient process which doesn’t

## “THINKING OUTSIDE THE BOX”



Abdulaziz M. Aldelaimi, Chairman of National Petroleum Services (NPS), is one of the early entrepreneurs of the country who, through his experience in the oil and gas sector, leveraged it to set up his own business catering for the same sector. Now NPS is one of the leading

privately-owned GCC service providers in the region, with over 1,000 employees from 40 different countries.

For Aldelaimi, truth and honesty are the key components for an entrepreneur, and his advice to the new breed of entrepreneurs is to be disciplined, dedicated and courageous.

He believes that the government has encouraged new businesses through word of mouth and that has been crucial in building relations internationally too. But that was one of the advantages of starting early in a small country, which wouldn’t necessarily be the case now.

Even with all the tools for SME development, Aldelaimi feels that entrepreneurs should go beyond that and think ‘outside the box’ to find solutions that are typical for their enterprise. Finding financial capital is always the biggest challenge for an entrepreneur, while having a mentor is important to polish the qualities of a businessman. For Aldelaimi, it was his father who took on that role.

**(Aldelaimi was one of the finalists of the E & Y EOY awards)**

take longer than two working days.

“We don’t hand out guarantees to any project; it has to make commercial sense, so we are in effect protecting the entrepreneur,” he says. “However, we have rejected fewer than 5% of the cases passed on to us from the banks. Once the feasibility study is

approved, cash flow projections are agreed upon and the business is ready to start, QDB provides the guarantee to the bank, which then dispatches the money to the client.”

It’s interesting to note that the bank doesn’t transfer the whole amount into the client’s account, but instead distributes it in



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## “BE YOUR OWN BOSS”



Location courtesy: St Regis Hotel, Doha



A business born out of a hobby, Techno Q is now providing retail system solutions and is the first systems integrator in the Gulf. Always on the alert for expansion projects in the region, the two friends behind Techno Q – Zeyad Al Jaidah and Abdulla Alansari – have a vision to be the first choice for integrated, low-current systems solutions in the Middle East. Seeking to emulate the success stories of Steve Jobs and Jack Welch, the two entrepreneurs are stimulating company and aspire to keep building on their enterprise.

Each of them has his set of principles, and it is a marriage of ideas that is the reason behind the true success of Techno Q.

For Al Jaidah, entrepreneurship is always about innovation and risk-taking, while for Alansari it is the attention to detail and values. And it is these different ideologies that each of them brings to the company that make it what it is today.

“Jack Welch’s philosophy was that a company should be either No.1 or No.2 in a particular industry, or else leave it completely. Welch’s strategy was later adopted by other CEOs,” says Alansari, talking about the most inspiring person

in his life.

For Al Jaidah, with entrepreneurial blood gushing through him (he comes from a family of entrepreneurs), it was decided even before he finished his studies, that he would either start his own business or join the family one.

“I was prepared even to mop the floors of Jaidah Motors, my brothers’ company,” he jokes.

Thankfully he didn’t have to do that for he met Alansari during his engineering studies in the US and they decided to explore the possibilities of opening their own business in Qatar.

Alansari wanted to start his own business too, and his cousins and friends advised them on many potential business plans, ranging from sugar-free products to cars, but they finally decided to stick to their hobby of music systems.

“The idea was conceived over a chat,” reminisces Alansari. “We wanted to provide a high-end home theatre experience. There was no one company that provided all of this in one product, and this is what we wanted to give our customer. A good sound-system and high-end seating with portable screens. We did something that

was not even available in Dubai and we provided a good demonstration.

“We did that, but our home theatre system didn’t work, so we realised it was not the best thing to do and decided to do commercial business too. We did the first commercial project for Omar Al Fardan for his BMW showroom. He wanted a state-of-the-art showroom for BMW and we did it for him. We did the installations ourselves,” says Al Jaidah.

That was just the start for Techno Q and since then they have established their business, although it took them two years to get into profit.

“Being in Qatar was such an advantage. It was a virgin market in effect and we started at the right time. From 1997, things started to get bigger here and we rode along on this wave of success. We saw exponential growth,” says Alansari.

Ask them about the inhibiting factors for entrepreneurs, and they feel the high real estate prices are one of them.

“Mentors are very important,” says Alansari. “When you are on your own you learn from your own mistakes and sometimes mistakes prove costly. But you need to learn from these and also open up new avenues. Maybe our home theatre idea was not good but that eventually led us to what we are doing right now,” counters Al Jaidah.

Al Jaidah had his brothers, Saleh Al Jaidah and Ibrahim Al Jaidah as his mentors. There is an intention of encouraging entrepreneurs in the country, they feel, but nothing tangible has been achieved so far.

“We are hoping for change,” says Al Jaidah.

Take advantage of a small market and go forward, advises Al Jaidah.

But think rationally before you embark, cautions Alansari.

And both of them join together in saying: “Be your own boss and take the step.”

**(Both Al Jaidah and Alansari were finalists of the E & Y EOY awards)**

segments as and when the client needs it.

“We want always to ensure that the cash flows towards the business itself and there are no moral hazards in place,” explains Al-Khalifa. “The businesses are monitored on a quarterly basis and both QDB and the banks do regular site visits. All of this is to ensure the project is going in the right direction.”

### Culture of failure

Proponents of entrepreneurship are sometimes a little over-zealous about promoting a “culture of failure” to, ironically, drive entrepreneurship and industry growth. Entrepreneurs think differently from everyone else; this is what makes them stand out against the crowd. So is this an ideology which scares the banks, and is it something that needs to be addressed from the top down?

Charles Leadbeater, a leading authority on innovation and creativity, was speaking at the EO Majlis in early April and he said that entrepreneurs thrive on failure – they see well-designed failure as a vital part of entrepreneurship.

“One way of understanding entrepreneurship is through a process of experimentation – the better you get at making these experiments (i.e. testing results and prototypes) the quicker you learn and the quicker you build a business. It’s better to fail early rather than late, fail small rather than big, and fail in a well-intentioned way rather than hiding it.

“Entrepreneurs turn information into insight very quickly and this isn’t always acceptable for banks,” he added. “Many ideas would never get off the ground because market research – which is often what banks look for – tells them that it’s

## “MAKING YOUR IDEAS WORK”



Khalifa Al-Misnad, Qatari entrepreneur and President of Entrepreneur Organisation Qatar, the Qatar division of the global initiative, was one of the promoters of the EO Majlis and is one of the many who have decided to mentor and help other Qatari youth with a passion for self-employment.

“EO Majlis achieved the goal we set when starting out, chiefly to provide a boost to the community of individuals and organisations working hard to support SMEs in Qatar and the region and encourage entrepreneurial culture. This is the first in what we hope will be a long

line of successful and inspiring EO Majlis events.”

### Being in Qatar

“There is a lot of governmental support. A lot of organisations like the Bedaya Center are trying to push entrepreneurship. In the SME sector, QDB and EQ are also trying to promote entrepreneurs across all age levels. Qatar is trying its best to encourage entrepreneurial activities.”

### One quality of an entrepreneur

“I don’t think there is one quality. There are a multitude of them. The first would be to cultivate an idea and make it work. Second would be to have the confidence and the fearlessness to take the idea forward. Thirdly, to recognise an opportunity and capture it. Make something happen from it. That’s why we see entrepreneurs who sense opportunities but who do not know how to monetise it.”

### Entrepreneur over public sector

“Entrepreneurship is embedded in my genes. I enjoy building on opportunities and seeing them grow,” he says.



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## Celebrating Entrepreneurship

not a runner. So instead of sensing the opportunity, they make sense of the opportunity.”

Abdullah Zaid Al-Talib, at QUWIC, also felt that conformity wasn't the best course of action, “I don't think we should overburden entrepreneurs with requests for business plans and paperwork because they don't like this,” he said. “I was discussing with an angel investor from a US -Arab background recently and he mentioned that in the past two years he hasn't looked at one business plan. He is supporting entrepreneurs on power-points presentations and from the obvious passion that his clients are showing in front of him. Obviously he has experience as well, so he has a decent perception of opportunity, but he understands how entrepreneurs operate to their optimum.”

QDB isn't oblivious to this and understands that failures do happen, but it is not afraid of the concept and does provide a back-stop for companies that do get into trouble. But ultimately its clients will have to bite the bullet if their business does go aground.

“Businesses shouldn't fail, but unfortunately they do,” said Al-Khalifa. “If it does fail it doesn't mean that it's not liable however. He starts up a business, he is taking a risk and he is liable. We are not distributing wealth or giving free rides here. When an entrepreneur walks in to get a loan, he is indebted to pay it back.

“However, we understand we have a responsibility and we have a system in place if a business is in trouble. We give three attempts to try to save the business, but if these do not work we declare this business a failure and the entrepreneur will have to repay the loan in full. With any business there come rewards and risks.”

Al Khalifa explained that QDB recognised a potential partnership opportunity with Silatech to enhance the entrepreneurial ecosystem further in Qatar, and this became a reality through the Bedaya Centre. Bedaya means 'start' in Arabic, and is a career development-entrepreneurship development type of institution that exists to provide entrepreneurial support.



“Building an ecosystem in Qatar is a tough job and we are certainly not claiming to be the main articulator, but we believe that this collaboration provides a lot of support and opportunity to the existing ecosystem.”

### **Bedaya Center: We must celebrate success stories**

Saleh Al-Khulaifi is young and passionate – two qualities that are rudiments for an entrepreneur – and one can't help but wonder when he will kick-start his own enterprise. But right now, he is doing something equally invigorating: he is at the helm of this initiative by QDB and Silatech, the Bedaya center.

“From the time we started six months ago we have had 2,000 youths attend our events, workshops and counselling sessions,” said Al-Khulaifi. “We had approximately 70 events, including networking events every second Sunday, and we organised and hosted a Global Entrepreneurship Week with Qatar Science and Technology Park (QSTP), which is a global event that is held annually.”

Al-Khulaifi puts the activities of the centre into two specific areas: one is career

## **THE BEDAYA CENTER HELPS STUDENTS WITH CAREER DEVELOPMENT TO REALISE THEIR POTENTIAL AND ITS ENTREPRENEURSHIP PROGRAMME TAKES THEM THROUGH THE JOURNEY OF A BUSINESS PLAN**

**SALEH AL-KHULAIFI**  
MANAGER, THE BEDAYA CENTER

development and the other entrepreneur development.

“We help students with career development to know more about their potential and abilities and find opportunities that fit their profile. Our entrepreneurship programme takes them through the journey of a business plan and teaches them how to pitch ideas and connect with financiers. We will have a matching event with the Qatar Angels Network on May 15 and that will kick-start the process.”

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## LIVING A QATARI DREAM



Khalifa Saleh Haroon is one of the most popular entrepreneurs of the country who believed in his dream and invested in it. His followers on Twitter are growing each day and he was also the Entrepreneur of the Year 2011. He is the creator of the iLoveQatar (ILQ) website, also the winner of ictQatar's Most Promising Startup award, and is known for turning the website into a brand that people trust. He helps to support startups and promotes the importance of deep partnerships between companies.

"An entrepreneur has to be passionate. You have to believe in your ideas, you have to be extremely positive and you have to

be determined to see your idea through."

Haroon is a born entrepreneur and isn't cut out for the routine job.

"I'd always go for the option of being a self-starter. I enjoy the challenge, I like taking risks, and I love the feeling of accomplishing something that I started myself. I'm not the type of person who wants to limit himself or have a typical 9-5 (or in Qatar it's 7-3) job. Of course I'm also the Head of Interactive and Innovation at Vodafone, but I chose to work hard in a company that appreciates my efforts and encourages me to do my own thing as well. I balance work at Vodafone and ILQ."

### Challenges being here

There are a number of challenges for local businesses, says Haroon, but the reluctance of companies to go to a local company for quality services is the most pressing one.

"Companies don't seem to want to use the services of local businesses because there is a belief that foreign companies provide better-quality services. This is changing dramatically as more and more companies seek Qatari agencies with local insights. Another challenge is the laws are not very clear to set up an e-business.

"It took me months before I understood

what the process was only to be told that there wasn't a specific licence applicable to what I wanted to do. I was also surprised that online businesses had to comply with the same rules as a bricks-and-mortar business. Globally, most online businesses start from home," he says.

Hiring resources is the next challenge for Haroon.

"Many people look abroad to bring in qualified staff, the problem being that there aren't many people with the right skills here in Qatar. Even if you did decide to hire someone locally, there's always the chance that the company wouldn't give them an NOC to move."

He, as all other entrepreneurs, is sure things will change in the near future for the better.

### "The Qatari Dream"

"Remember how people used to call a future with potential and endless possibilities the American Dream? I think people are starting to see the Qatari Dream. There's so much opportunity in the country, there's so much that hasn't been done yet. The new developments mean that there will be a great deal of commercial and retail space. There isn't much competition and the whole country has this entrepreneurial spirit right now. With a bit of motivation you could create something great here. It's not about simply importing brands though, it's about creating a business that starts from Qatar and that you can export to the world."



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But this is only for those entrepreneurs who have a very solid business plan, and they form a very small portion of the centre's student network, stresses Al-Khulaifi.

"A month ago we trained around 100 students, and after our filtering process only a handful made a dedicated business model to become bankable entrepreneurs. We worked with them through our investment readiness programme, and these few will be meeting some Qatari angels on May 15.

### Barriers to doing business

Everyone seems to be blaming the legisla-

tion, feels Al-Khulaifi, but it's the cultural barriers that are the primary stumbling blocks in entrepreneurial development here.

"We need to celebrate successes. We need the success stories to inspire others to accept that the multimillionaire Al Fardan also started from nowhere to reach the pinnacle. We need to know about success stories, but we also need to hear the startup failures too."

Other barriers, according to Al-Khulaifi, are the QR200,000 base bank balance to get commercial registration (in the UK it's



**THE NUMBER OF FEMALE BUSINESS OWNERS IS GROWING IN QATAR AND FRANCHISE OPPORTUNITIES ARE A GOOD ENTRY INTO THE PRIVATE SECTOR. ROUDHA SUPPORTS WOMEN TO EXPLOIT THESE OPPORTUNITIES.**

SHAREEFA **FADHEL** AND  
AYESHA **AL MUDEHKI**,  
FOUNDERS AND MANAGING  
DIRECTORS, ROUDHA CENTER.

### Roudha Center: Women in business

Shareefa Fadhel and Ayesha Al Mudehki, the brains behind the Roudha Center, feel that the proportion of SMEs in Qatar is set to grow and women will be the driving force behind it.

"Women in Qatar are the most untapped resource of the country. It was found that 42% of women with degrees do not enter the labour market, nor do they go for higher education. We also found out that there was a strong interest for Qatari women to start their own businesses but what they lacked was proper guidance, so this is the gap we set to fill," says Fadhel.

Since July 2011, when the Roudha Center was launched, there have been numerous success stories for the centre.

"Our opening marked a turning point for women, and today it is the only place in the GCC that supports women entrepreneurs. Our highlights have been reaching out to over 2,000 women in the country through our workshops, events and conferences."

"Lamasat Qatariya" was one of the events organised by the centre, and it was the first exhibition for Qatari designers and businesswomen. Fadhel sees a marked difference in perceptions this year and the passion for startups is evident.

"The number of female business owners in Qatar is growing, and franchise opportunities are a good entry into the private sector. At Roudha, we are providing support that will help women exploit these opportunities. The next few years will change the way Qatar views entrepreneurship, but 2012 will be a flagship year for it," she says

But before that there have to be some policy changes to facilitate SME growth, as well as a push from the local businesses.

"Large organisations and enterprises should start using SMEs to help them flourish and grow," she says. "While facilitating entrepreneurship will be the focus for a couple of years, the challenges for the next generation will be choosing the best sustainable business model. Passion is the heart of entrepreneurship – if you are passionate about an idea; then it will be a success." ■

just QR120) and acquiring a commercial address. With high property rates, getting a commercial address is an overhead a startup could do without. But the biggest barrier, he concedes, is the 60% salary rise that public sector employees were recently granted.

"That is a huge disincentive and will kill any motivation for Qataris to enter the private sector," he says. "Compared to Saudi Arabia, where unemployment rates are high, the private sector might be an answer there, but in Doha, there are no economic problems. Thankfully there are some passionate people who want to start their own businesses and that's where we come in. We are not here to solve any employment crisis – we are here to give passionate youth an opportunity for self employment."