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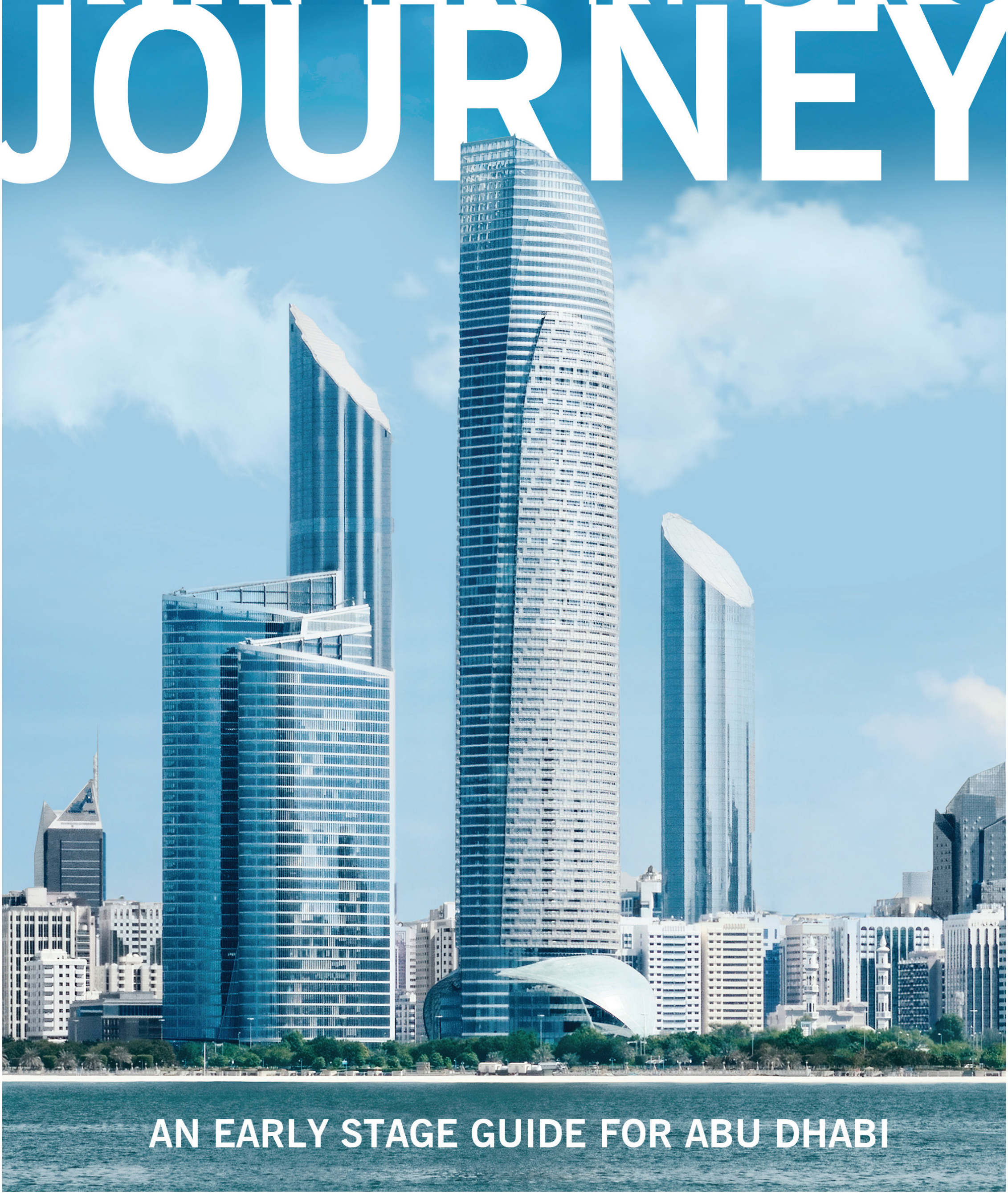
DEPARTMENT OF ECONOMIC DEVELOPMENT

ENTREPRENEUR'S JOURNEY



AN EARLY STAGE GUIDE FOR ABU DHABI

ENTREPRENEUR'S JOURNEY

An Early Stage Guide For Abu Dhabi

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INTRODUCTION

Abu Dhabi Department of Economic Development

H.E. Ahmed Jasim Al Zaabi, *Chairman*

Abu Dhabi has come a long way over the past three decades, with a pace of expansion and development almost unmatched. Its rapid transformation makes it a modern, cosmopolitan city with world-class infrastructure and connectivity and cultural and tourist attractions to rival those anywhere in the world.

As remarkable as that progress has been, this is just the start. We stand on the threshold of a golden age of innovation, when the “megatrends”—the driving forces that define the world of today and that of tomorrow—will transform the way that we live and do business, the way we interact with each other, and the world around us. Abu Dhabi is among a select group of globally competitive cities that can lay claim to setting an example for best practice in developing the policies necessary to meet the challenges and seize the opportunities that the 21st century is bringing.

Abu Dhabi’s ambitious economic strategy for the coming decades is anchored around diversification, with a focus on the development of the SME and startup sectors. The success of this policy is evidenced by the remarkable 9.3% economic growth rate posted in 2022. By end of Q1-2023, non-oil sectors’ remarkable 6.1% growth marked the highest in a decade, contributing 52.8% of the total GDP. A “Falcon Economy” is truly taking flight.

Abu Dhabi’s diversification strategy efforts are being spearheaded by the Abu Dhabi Department of Economic Development (ADDED), which, backed by financial and regulatory support from the Government of Abu Dhabi, aims to make the Emirate one of the most competitive places in the world for entrepreneurs to launch and grow a business.

ADDED is committed to achieving this by nurturing a business-supportive environment, a robust regulatory framework, and unparalleled connectivity and infrastructure. We understand that in this new knowledge economy, each business is different and each entrepreneur has unique needs. Therefore, the business-friendly ecosystem in Abu Dhabi includes giving entrepreneurs the choice to develop their businesses either onshore on mainland UAE or offshore in one of Abu Dhabi's free zones where 100% ownership for all nationalities is permitted.

These free zones, each forming financial, technology, industrial, or clean energy hubs supported by world-class infrastructure, are further enhanced by providing a stable legal system through the direct application of English common law. Ground-breaking advanced industries, such as artificial intelligence, healthtech, agritech, regtech, digital assets, and aerospace, will benefit from a transparent and dynamic regulatory environment designed to foster innovation. For example, ADGM's Financial Services Regulatory Authority Digital Lab, the region's first, creates a "safe space" for FinTech to test cutting-edge technologies before they are released onto the market and thereby subject to standard regulatory requirements.

The results of these measures and policies have been outstanding: in 2022, Hub71, Abu Dhabi's global technology ecosystem, saw 102% growth in its community, with more than 200 start-ups joining its ranks, including 51 early-stage companies relocating to the UAE's capital to scale their businesses rapidly. Since their inception, these start-ups have collectively raised almost AED4.5 billion (US$1.2 billion) in venture capital and created over 900 jobs. The UAE was also ranked first globally in entrepreneurship by the Global Entrepreneurship Monitor (GEM) National Entrepreneurship Context Index (NECI), for the second consecutive year in 2023.

Of course, to further enhance Abu Dhabi's competitive and world-class business status as referred destination that attracts local and international business investment requires talented people. The global competition for successful entrepreneurs, today's innovators, and tomorrow's disruptors is perhaps one of the key focus areas for economies with ambitious objectives like Abu Dhabi. Today, over 200 nationalities now call Abu Dhabi home, attracted by the exceptional quality of life in a city ranked the safest in the world in 2023 and the competitive golden visa residency program to ensure the stability of exceptional talents.

We are connecting continents, cultures, and ideas with capital and opportunity, recognizing that every connection has potential. We believe empowering innovators and changemakers paves the way to a brighter future for all of us.

We are delighted to connect with you and welcome you to Abu Dhabi.

Come to visit. Live the experience. Choose to stay, grow, and expand.

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Miriam Kiwan

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ABU DHABI, THE LAND OF SELFLESS HOSPITALITY

LocoFood Organic Farms

Jason Moore, *The Water Guy*

Abu Dhabi is the land of selfless hospitality. People come here from around the world for gold, but they fall in love with the positive culture and the people. They get enveloped in a society blessed with generosity and good hearts. Everyone feels secure here. That is why entrepreneurship is different in Abu Dhabi because the accompanying lifestyle is so enticing.

So how do we bring together so many cultures in one place without fear, interests, and honor causing drama and chaos? It is because of the vision of leaders like the late great Sheikh Zayed bin Sultan Al Nahyan, the father of the nation, and his people, who have led this nation based on wonderful core values. United Arab Emirates (UAE) people love their leaders, and the expats feel the same. It is because the leadership cares genuinely for their people, to the point the UAE President H.H. Sheikh Mohamed bin Zayed Al Nahyan calls all Emiratis his family members.

In Abu Dhabi, you will find wonderful leaders who open the sitting rooms in their homes, or majlis, daily to guests. I am honored to be invited to the majlis of HE Major General Pilot Faris Khalaf Al Mazrouei, Commander-in-Chief of the Abu Dhabi Police and Chairman of the Abu Dhabi Cultural Programs and Heritage Festivals Committee. The majlis is open every single day for his guests to have gahwa (coffee) and dates as well as hot meals from his farms.

All cultures and people are welcomed with open arms into their homes to experience the low stress and comfort of classic generosity. His Excellency Sheikh Nahayan Mabarak Al Nahyan, the Minister of Tolerance and Coexistence, hugged me when he saw me at an event at Cafe Milano. His enormous daily support to UAE people and organizations has greatly contributed to the smooth bridging of all cultures here.

The country asks you to follow some basic rules. There are some limits on what you can post on social media, but this is part of a long-term vision and has created an environment of comfort, low stress, and safety in the middle of a historically unstable Middle East region. Healthcare is inexpensive and rents are becoming more affordable every year. The streets are clean and the beaches plentiful. Restaurants are relaxed; there are no fights except for who will let the other person go through the door first. You might find DJ Keith Dobbs at LSB Yas Bay or Rosewood Glo giving you a greeting of excitement on first sight. I, along with most entrepreneurs I know, are extremely grateful for this environment, which allows us to thrive and innovate here in Abu Dhabi.

EASE OF DOING BUSINESS

Now, how easy is it to innovate and do business in Abu Dhabi? To prepare for this chapter, I went on Abu Dhabi's TAMM app, an app linked to a website that contains a multitude of datapoints about me. For example, my Emirates ID, healthcare, and security information are all linked to one central location that I can log into by verifying my fingerprint through the TAMM app on my mobile. The website offers the ability to set up business licenses and gives you an investor journey that will one day be seamless and easy to endure. When I tried to set up a random business, there were small roadblocks. A lot of people would give up at this point and complain to their friends. However, I contacted the team at ADDED, and they welcomed my critical feedback with open arms because they wanted to make the Abu Dhabi investor journey smooth. There are other departments at ADDED working on supporting the future of entrepreneurship and great names pop in my head such as Ahmed Khalfan Alremeithi (Lewis & Clark grad), Aisha Khalid Al Ameri, Khalifa Al Kuwaiti, Abdullah Al Hameli, Qusay Abdul Wahab, and Stefan Kraxner. Ahmed Khalfan is a very wise and generous leader, yet he is also extremely charismatic, and you will learn from and laugh a lot with him if you ever get the chance to meet.

Bank accounts for new start-ups have received mixed reviews from my contacts in the UAE. Some people say the banks do not want to assume the risks, and others say the central bank has certain regulatory hurdles. Yet others say bank accounts are easy to open depending on the bank you choose. The one constant is that the government is working hard to identify and remove any barriers to start-ups and micro-SMEs. The AmCham Abu Dhabi micro-SME committee, along with multiple other groups, is supporting the effort to make Abu Dhabi an easy place to do business. Major tier 1 corporations, such as Etihad Airways and Sultan Almheiri, are assisting UAE SMEs. The goal is to keep building that bridge so that tier 1 companies know who the local SME's are and SME's know how to sell to tier 1 companies.

The laws about ownership are changing now. Depending on the business trade activity, many licenses do not require a local partner. From my experience, those guidelines are still being clarified. Regardless, my recommendation is to find a trusted local partner if you don't already have a strong local presence or relationships established.

A BACKGROUND ON ABU DHABI

A couple popular sports that came to Etihad Arena in Yas Island, Abu Dhabi in 2022 was the NBA and UFC. Etihad Arena is developed by Miral and managed by Flash Entertainment. You can see the lights on the beautiful new residential towers across the bay at night.

Saadiyat Island is nearby and has the cleanest air in Abu Dhabi, and if you walk down to Hidd Al Saadiyat beach in the winter, you will feel a Malibu, California vibe with a cool breeze blowing from the Arabian Gulf. A lot of Saadiyat and Yas Island is being developed by Aldar, chaired by HE Mohamed Al Mubarak (who also chairs Miral). In October 2022, Department of Culture and Tourism (DCT) held the 5th session of the Culture Summit at Maanerat Al Saadiyat, a very comfortable event with the attendance of comedian Steve Harvey and great culture leaders from around the globe.

There is also Maryah Island, a Mubadala concept, which a highly experienced Lebanese engineering consultant named Ali Naboulsi describes as "the jewel of Abu Dhabi". I personally bought a two-bedroom in the new Reportage Maryah Vista 2 building next to the magnificently beautiful Cleveland Clinic. Mubadala is headed by HE Khaldoon Khalifa Al Mubarak, a pleasant gentleman and visionary who studied at Tufts University in the United States. Hub71 is located on Maryah Island and provides office space, residences, and a variety of other benefits to start-ups.

And there is the Al Ain oasis, where a lot of Abu Dhabi's founding families partially reside. And then there is Liwa, a desert oasis near the Saudi border. In Liwa, you will find Salem Belkoor Al Mazrouie, the founder of a stunning Liwa Nights glamping resort and a man who is known by many as the bedouin ambassador of the UAE because he excels at and loves showing his culture to the world.

WASTA, THE LOCAL LINGO FOR RELATIONSHIPS

When asked what makes entrepreneurship in the UAE different from the rest of the world, fellow Naval Academy graduate VADM Bob Harward SEAL (ret) answers with one word: relationships. Bob is the executive VP for International Business and Strategy at Shield AI and a highly respected leader around the world. He is also the chairman of AmCham Abu Dhabi, a non-profit association which promotes trade and goodwill between its members, the US, and the UAE. His wisdom and charisma, combined with tight discipline and the BOB workout, make him a character in the story like no other. People listen to Bob, so as entrepreneurs in Abu Dhabi, take his advice. Build great relationships or have partners on the ground who already possess those relationships and trust established. It is kind of hard to do business when the other end does not pick up the phone. So you or your partners should spend a lot of time here nurturing relationships with local leaders and/or their teams. As my friend Kiki Warren puts it, conversationality is vital to success.

As an Abu Dhabi entrepreneur, another relationship that would be great to build would be with ADQ, a holding company with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi's diversified economy that include energy and utilities, health care and pharmaceuticals, mobility and logistics, food and agriculture, and financial services. H.H. Sheikh Tahnoun bin Zayed Al Nahyan, Deputy Ruler of Abu Dhabi chairs the ADQ. ADQ is growing rapidly now, and in the same week I wrote this chapter, they invested $125 million in Aliph Fund I (LP), domiciled at the ADGM financial center in Maryah Island. The investment was done via DisruptAD, which aims to support over 1,000 start-ups.

ANECDOTES AND ADVICE FROM TODAY'S ENTREPRENEURS IN ABU DHABI

"A small trading company needs to do multiple things to survive in the UAE. Because the market is relatively small, you have to be patient and diversify." —Mukund Menda, Director of World of Electricals, equipment supplier in the energy and telecom sectors in the UAE

"If you possess the ideal work ethic, you can open and operate a business in Abu Dhabi easier than other places in the world."

Manny tried to open an F45 franchise in the west and found the bureaucracy in the west much harder than opening in Abu Dhabi. —Manny Ostojic, Founder of Jump Sports Academy Abu Dhabi

"Entrepreneurship in Abu Dhabi is different from the rest of the world in several ways, including...

Government Support: The government of Abu Dhabi provides significant support for entrepreneurship and small businesses, including financial support, business incubation programs, and mentorship opportunities.

Focus on Innovation: Abu Dhabi has a strong focus on innovation and technology, and many local start-ups are focused on developing cutting-edge solutions in areas like renewable energy and smart city technologies.

Access to Funding: Abu Dhabi has a well-developed financial sector, with numerous investment opportunities available for entrepreneurs looking to grow their businesses.

Strategic Location: Abu Dhabi is strategically located at the crossroads of Europe, Asia, and Africa, making it an ideal hub for businesses looking to expand into new markets. Diverse.

Economy: "Abu Dhabi has a diverse economy, with strong sectors in finance, tourism, and energy, providing a range of opportunities for entrepreneurs to launch businesses in a variety of industries." —Mubarak Al Amry, Founder, Mi Casa Real Estate and Nature Bells Natural Care Center

"Never in a million years did I dream I'd be launching my own media platform in Abu Dhabi. As a Canadian journalist, I believed that to practice my craft I had to be tied to a newspaper—without that platform, I would be nowhere.

By the time I got around to planning the launch of Hotflash, Inc., my platform helping people bridge the gap between mainstream and holistic menopause care, as well as inform, inspire and entertain them too, I knew I did not need anyone.

Of course I had a mindset shift coming out of the digital revolution—from needing a platform to having an increasing number of tools to create my own, and from needing to be in a certain place to being able to be any place—and also out of the remote-work shift we saw over the pandemic. But I would say the biggest driver was the move I made overseas to Abu Dhabi in 2008 and watched how the emirate has innovated, diversified, and invested in entrepreneurs and start-ups ever since.

Simply put, it is being in the middle of this climate of opportunity, of big, free thinking, of turning ideas into reality that has made the biggest difference of all. Sure, the emirate is investing financially in the brightest minds and the best ideas. But as an offshoot of that, they have created a climate steeped in motivation and excitement.

It's a great place to be." —Ann Marie McQueen, Founder of hotflashinc.com

"What gives Abu Dhabi great potential, and an edge over other cities, is the enormous racial diversity and eclectic skillset of its entrepreneur population. If harnessed well this could unleash the kind of innovation we see in ecosystems like Silicon Valley, Dublin, Seattle, Singapore and Seoul." —Sana Bagersh, Founder of Tamakkan

"Aldar provided a great opportunity for our new brand to open in the beachfront Mamsha Saadiyat, a structure which reduced our financial risk during COVID-19." —Imad Obeid, Managing Director of Niri Restaurant

"Global business center with meaningful presence of many nations across a variety of industries. Business friendly environment for small and large businesses. An entrepreneurial spirit pervades but it is blended with practical, sensible approach to long-term approach. Deep local and international labor pool. Geographic proximity to three continents of Europe, Asia, Africa. Great business infrastructure that is constantly evolving to meet the needs of business." —Doug MacLennan, VP of Business Development, Measurement Technology Laboratories

"I cannot compare Abu Dhabi to the rest of the world because I haven't experienced opening up a business anywhere else.

However, in Abu Dhabi the added value: Government application → ease of process, availability of 'PRO agencies' that can do the entire process for a small fee, digitalization which makes the process more efficient. However the last point is a double edge sword: sometimes a document would be stuck for days/weeks and we wouldn't know why and there is nobody to ask. Authority approvals → some agencies are extremely efficient and have a clear step by step process such as ADAFSA; others are less efficient and there is a discrepancy between the communication process and the online submissions. In terms of investment → I found that the capex is relatively fair and depends heavily on the location, concept and landlord. There are limited suppliers available in the UAE to cater to all business needs so we and our suppliers have to import a lot. However there are also a lot of requirements and an investment required for international shipment, especially with food. Hiring → I opened before the expo so we had a hard time finding qualified staff and now after COVID-19 and expo, it's even harder. We desperately need a process where people are hired for a short period of time for testing and training before we issue their papers but that is now allowed as of date. Especially in the F&B industry, employees need to have insurance while working so by the time you test them out, you have already invested around 10K in hiring them. Marketing → finding boutique affordable agencies to cater to start ups is a nightmare, even the small boutique agencies are now charging almost as high as big companies, we rely on freelancers." —Nagham Al Zahwali, Founder of Alkalime Restaurant

"Running a tech start-up in Abu Dhabi is a unique and contradictory experience. On the one hand, you see higher adoption of new technologies and platforms than anywhere else in the world - it wasn't so long ago that most Emirati's I knew had at least two smartphones. On the other hand, tech talent has been historically limited in the region, software infrastructure outdated, and the structural barriers to starting a company and getting a bank account high. What I can say for certain is that there is a genuine desire to build a world class ecosystem and push boundaries at the highest levels, and a regulator that brings open dialogue to new ideas." —Paul D. Warren, Founder of BlockLive

"In Abu Dhabi relationship building is a process more highly valued than anywhere else - creating a connection with the people in the community here is more important than just presenting a business model showing numbers - of course that is important too - but only after the connections are made and the story itself of who you are and the why of your business." —Felicia Agmyren, Founder of Rex Real Estate and Swim for Clean Seas

"Understand the law, because it will always support you if your paperwork is perfect. And don't sleep until you pay your suppliers." —Nabeel Hassan, Founder of Flavors Grill, the number one steakhouse in Google reviews in the world

"You have to put yourself out there - work just doesn't come to you." —Anna Heystek, CEO, Both UAE

"Abu Dhabi has all the pre-conditions to become a prime crypto hub for crypto fund managers.

Abu Dhabi is building its journey based on the successful experience of the other geographies adding its unique flavor to it. You see — Abu Dhabi is where the massive capital is and the large capital needs slow pace, but the game is played on a higher level.

Instead of attracting early stage start-ups Abu Dhabi is investing in multiple funds and later stage companies locally and abroad. Building the local ecosystem is becoming more focused though. Targets in discussion are to bring over the VC fund managers, start new incubators and accelerators, which will help grow start-ups on the systemic scale.

ADIO, ADDED, ADQ, Abu Dhabi Catalyst Partners, and ADGM are the key organizations." —Ian Arden, Crypto VC

"The streamlined process of initiating a business in Abu Dhabi is second to none; and that plays across the value chain setup, access to talent & investors and growth.

Abu Dhabi's private and public sector are consistently racing to incorporate innovative solutions to their processes which in turn fosters entrepreneurship and allows it to thrive." —Ahmed Al Qubaisi, Founder of Krews

"Just think about what your customers want and aim to fulfill their needs first." —Suhail Jashanmal Jhangiani, CEO/Creative Director, Link Design General Trading LLC

"Through the instagram page, you can tell the quality of food or services provided by restaurants and businesses.

Therefore, you should put more attention into your social media pages and make sure your pages are well-organized." —Eid Mohamed Al Mazrouie, founder Surf N Slide Abu Dhabi

"Abu Dhabi, a city that was built around an entrepreneurial spirit. The founder of the UAE, the late Sheikh Zayed was truly an entrepreneurial leader. He had a vision many doubted, yet he accomplished and executed. I believe that spirit still lives on today through the youth where we believe that with hard work, nothing is impossible. Deserts can turn into gardens. Roses can grow in the desert and yet the most important thing and lesson to be learned is that future generations will reap the seeds of goodness you plant today. Plant wisely." —Masaood Rahma Al Masaood, Founder of Emirates Angels Investors Association

Emiraiti's like fun people. Have fun authentically. Show equal respect to those in both higher and lower positions. And be yourself. As Steve Jobs said, "values and core values matter; those things shouldn't change." Don't call customer service; save the frustration and use a trusted PRO or go visit in person. For your company vehicles, use the easy ADNOC chip to pay for fuel instead of carrying company credit cards. Finally, be careful about importing food through multiple emirates; as the licensing requirements and fees can vary. —Jason Moore (me)

CONCLUSION

When asked if he would like me to add his story to my chapter on entrepreneurship, Mohamed AlKirk Al Hashemi, founding CEO of Islamic Coin said, "whatever is in your heart, I will support." The style of Mohamed's advice portrays Abu Dhabi's beauty. As an entrepreneur, you have to have a lot of patience here. But the beauty of it is, if you plant your roots, build relationships, and shine your creativity, you will emerge a winner with a story like no other. You would not be judged for the little things that make you different, but you will be supported with selfless hospitality. Be part of the growing entrepreneurial hub in Abu Dhabi and enjoy the journey ahead. #thriveinabudhabi

2

THE COMPETITIVENESS LANDSCAPE OF ABU DHABI

The Competitiveness Office of Abu Dhabi

Ayesha Ali Al Blooshi, *Competitiveness Fundamentals Department*

Ozair Mohammed Khan, *Ease of Doing Business Department*

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Sana Abdulkareem Al Katheeri, *Innovation & Knowledge Department*

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Stefan Kraxner, *Competitiveness Fundamentals Department*

INTRODUCTION

In today's world, an innovation-driven economy is considered the most advanced stage of development a country can achieve within the global competitiveness context. For a country to reach that level, it should possess sufficient economic diversification along with high income per capita. The United Arab Emirates (UAE) leadership realized the imperative to develop and compete on the basis of knowledge and set plans to achieve the country's prosperity agenda, presented by a vision: "A diversified and flexible knowledge-based economy will be powered by skilled Emiratis and strengthened by world-class talent to ensure long term prosperity for the UAE (2022 Ministry of Cabinet Affairs/UAE-vision)." By adopting the Vision 2021 which was announced in 2010, the UAE's economy became one of the most diversified in the region, increasing non-oil economic activity contribution to gross domestic product (GDP) to reach 70% by 2021 (according to the Central Bank Quarterly Economic Review 2021 on UAE), utilizing the efforts of all government sectors at the federal and local levels, in partnership with the private sector to achieve a flexible knowledge-based economy, powered, and strengthened by world-class talent, ensuring long-term prosperity.

The UAE has emerged as one of the most economically prosperous nations in the world with a high GDP per capita and high living standard, earning a place among the world's most competitive countries, scoring top rankings across several economic indicators in Global Competitiveness Reports.

ABU DHABI OVERVIEW

The Emirate of Abu Dhabi, the largest emirate in the UAE and the capital of the country, occupying 84% of the UAE land and home to residents from over 200 countries, has been delivering against its economic diversification strategy.

While recognizing the success of the oil sector, Abu Dhabi's success in diversifying its economy is reflected by the growing share of non-oil sectors in the total GDP which reached 52.8% by end of Q1-2023 (Statistics Centre—Abu Dhabi (SCAD). Abu Dhabi managed to accelerate sustainable economic growth through diversification, and transform into the innovation and knowledge-based economy through focusing on priority sectors that strengthen its capabilities and lay the foundations of the future economy. These include fostering an environment of innovation and technology; developing business-friendly legislatives and regulatory frameworks that attract foreign investment; strengthening value-added sectors; encouraging scientific research; protecting intellectual property (IP); enhancing the role of the private sector; adopting the techniques of the digital economy and the Fourth Industrial Revolution; empowering entrepreneurship; and supporting start-ups and modern companies based on innovation and knowledge.

This shift to a knowledge-based economy can only be accomplished within an entrepreneurial environment that harnesses talent and creativity and with a new class of entrepreneurs, who will be nurtured and supported with the help of practical programs such as start-up incubators. In a national effort, the UAE will cultivate a healthy risk-taking culture where hard work, boldness, and innovation are rightfully rewarded.

As Abu Dhabi looks to future, a key agenda for the emirate is to balance economic and social development with environmental resilience due to its fast population growth. Government reforms and policies have encouraged talent and skills to keep flocking to the emirate, which led to urban change and densification. This called for neighborhood integration development and prioritizing urban growth management in Abu Dhabi.

ABU DHABI DEPARTMENT OF ECONOMIC DEVELOPMENT

Established in 2009, Abu Dhabi Department of Economic Development (ADDED) regulates the business sector in the emirate of Abu Dhabi and leads economic initiatives to achieve a knowledge-based, diversified, and sustainable economy through creating an incubating environment for economic growth by empowering the private sector, encouraging innovation, and strengthening competitiveness in Abu Dhabi.

THE COMPETITIVENESS OFFICE OF ABU DHABI

In Abu Dhabi, we look forward to building competitive capabilities according to the highest international standards, through a well-thought-out scientific approach, which elevates the competitive aspect of the emirate at the individual and institutional levels. Abu Dhabi's government is keen to raise the emirate's standing in the international competitiveness arena and its ability to innovate and provide opportunities for its economy, which helps to attract foreign investments and achieve the well-being of its people.

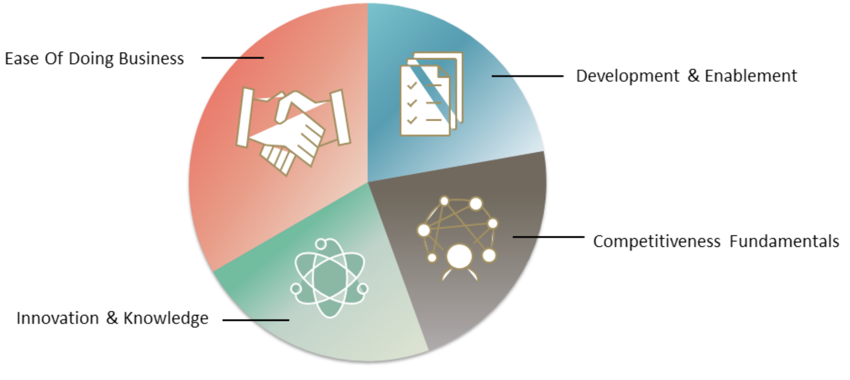
The Competitiveness Office of Abu Dhabi (COAD), at the Abu Dhabi Department of Economic Development, was established in 2011 to achieve the highest levels of competitiveness in the emirate by creating a diversified sustainable environment that enables companies and people reach their full productivity potential, as well as help create the ideal environment and economic incentives for innovation, which encourages investment and the success of economic projects in the emirate.

EASE OF DOING BUSINESS IN ABU DHABI

In April 2021, Abu Dhabi Department of Economic Development launched the "Investor Journey Program", with the aim of reducing cost, regulatory burden, and time required to open a new business. Ease of Doing Business (EoDB) has always been on the forefront of Abu Dhabi's Economic Strategy, and the Investor Journey Program ensures that citizens, residents, and potential investors can enter the Abu Dhabi market with ease with minimal regulatory requirements. To further facilitate the entrepreneurial environment, Abu Dhabi has initiated business-friendly policies to support the local business community and bolster sound economic development. Furthermore, the Abu Dhabi leadership's mandate on implementing a "customer-first approach" in all its policies has served as an enabler toward a business-friendly environment.

FIGURE 1. COAD Competitiveness Drivers

COAD aspires to become the leading player in the development of Abu Dhabi's competitiveness agenda by featuring four main core concepts as drivers of competitiveness



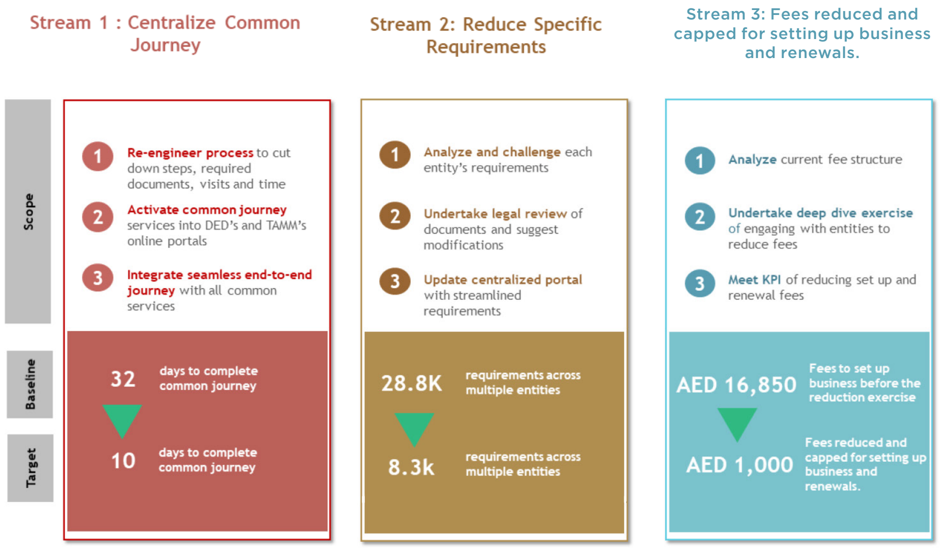
Following Abu Dhabi's lowering of setup and renewal fees by 93% to just AED1,000, and the cancellation of 71% of business setup requirements in 2021, enabling to receive a commercial license in only 6 minutes, in cooperation with 27 government entities, the "Investor Journey" brings a fully digitalized experience, guiding investors through a range of services, with minimal physical touchpoints. Furthermore, the transactions and approval procedures of various government entities have been unified and embedded into this journey, because—based on research—the EoDB department found that one of the key pain points investors mentioned was having to shuttle between different public and private entities to find information and complete services to open a new business. The new portal centralizes all required local, federal, and private services and information into one hub creating the "one-stop shop" experience. Adding to that, the EoDB department took this opportunity to re-engineer processes and make them easier, cutting down all physical visits. An investor can now search for information, obtain all necessary government documents, open a bank account, and obtain work permits all through one digital journey. It is expected that this portal will increase transparency, reduce admin burden, and decrease indirect costs created by complexity in the ecosystem. Through the simplification, investors are expected to see a significant increase in the speed of opening a new business, which will lower opportunity cost and be operational and successful in the shortest time possible. All these efforts are part of the new economic strategy that aims on improving Abu Dhabi's competitiveness and maintain its position as one of the most preferred destinations for doing business.

As the "Investor Journey Program" Aims to Enhance the Process of Starting a Business in Abu Dhabi, It Follows Three Parallel Streams Ensuring Coverage of Breadth and Depth:

Initiatives such as the Abu Dhabi government-wide requirement and fee reduction exercise, as well as the fully digitalized investor experience, has had a positive impact on Abu Dhabi's rating in global indices such as the positive growth in its global rank for "starting a business". This was due to the fact that Abu Dhabi had heavily reduced its government fee, therefore, making it a more cost-effective option. Due to emerging opportunities and locally bred accelerator programs such as Ghadan 21 (a 50 billion dirham government support package), the ADDED has prioritized on digital innovation toward providing its services to investors through the Investor Journey portal that serves as a one-stop shop for all investor needs. The portal is made of the following key improvements aimed at easing the customer experience for investors looking to establish an entity in Abu Dhabi:

- Business Simulator—Business simulator is a smart questionnaire that allows investors to identify which legal form and license type is best suited for their business in Abu Dhabi based on a set of questions answered. Through this interactive tool, investors can also see the relevant steps and requirements to be completed in order to obtain a business license in Abu Dhabi.
- Electronic Memorandum of Association/Service Agreement—The investor journey allows investors to digitally generate and sign the company's memorandum of association or service agreement. The digital

FIGURE 2. **Investor Journey Program Advantages**



signatures are facilitated through UAE Pass, which is a national digital identity and signature solution that enables users to identify themselves to government services providers through a smartphone-enabled authentication solution.

- Commercial Banking Solutions—The Investor Journey portal is integrated with local banks in the UAE, which provides the investor a seamless solution to open a commercial bank account for their business from within the portal itself.
- Property Listing Integration—With the "investor compass" tool within the Investor Journey, investors can navigate through an interactive map of Abu Dhabi that displays information to the investor such as points of interest in Abu Dhabi, mapping of areas where specific types of businesses are located, and commercial rental information, which is displayed in partnership with UAE's leading property listing websites.
- Certificate of Conformity Issuance—The certificate of conformity is a document issued by the Abu Dhabi Civil Defence Authority clearing the leased property of the investor from any hazardous risks. Through the Investor Journey, this can be applied for on a proactive basis without any additional input from the investor.

WHAT IS NEXT IN DOING BUSINESS IN ABU DHABI

As part of the EoDB mandate, the strategy for the upcoming years is to ensure that Abu Dhabi is considered the ultimate destination for entrepreneurs and investors. This is to be achieved by an enhanced and state-of-the-art ecosystem that encourages investors and entrepreneurs to start their business successfully and operate in the emirate with ease. As planned in the EoDB strategy, the Investor Journey is to be further enhanced and re-engineered with more service offerings providing an

FIGURE 3. Ghadan 21, Abu Dhabi's Economic Development Agenda Principles

Investing in business	Investing in innovation	Investing in people
by making license registration easier and investing in businesses through direct and venture funds.	by creating new start-up space and co-working spaces and facilitating crowdsourced innovation.	by launching a platform for social innovation through a social incubator programme, providing government backed loans for housing, and increasing the number of seats within schools.

Note. From "HSBC City Report: Abu Dhabi -Together we are Abu Dhabi's pioneering culture" by : HSBC, U.A.E, 2020, p.8. Copyright HSBC Bank Middle East Limited 2020. Original source: Government of Abu Dhabi 2021. Retrieved from https://www.ghadan.abudhabi/en/home/ Copyright 2021 Abu Dhabi Government

investor with a holistic portal for all business needs. The EoDB mandate also focuses on strengthening and expanding collaborations with the private sector to ensure ease in implementing solutions. Further to this, inline with the process of enhancing the strategy to ease the investors experience in Abu Dhabi, frequent efforts are made to re-engineer the current processes to start a business and obtain all necessary approvals from various government entities in order to operate in a seamless manner.

BOOSTING ENTREPRENEURSHIPS AND CREATIVITY

Abu Dhabi has accelerated initiatives to boost its innovation ecosystem. From establishing innovative novel initiatives, to funding opportunities and incentive packages for innovators and help create the path for business and enterprise investment, Abu Dhabi's local government introduced Ghadan 21 as an economic development agenda—Abu Dhabi's Dh50bn ($13.6 billion) economic accelerator program and one of the most ambitious development strategies deployed by the emirate to galvanize the innovation economy along three principles. (Ghadan 21, Government of Abu Dhabi, 2021)

THE IN-HOUSE INNOVATION DRIVER: TAKAMUL

In Arabic, Takamul means Integration, an act of bringing together smaller components into a single system that functions as one or complements each other.

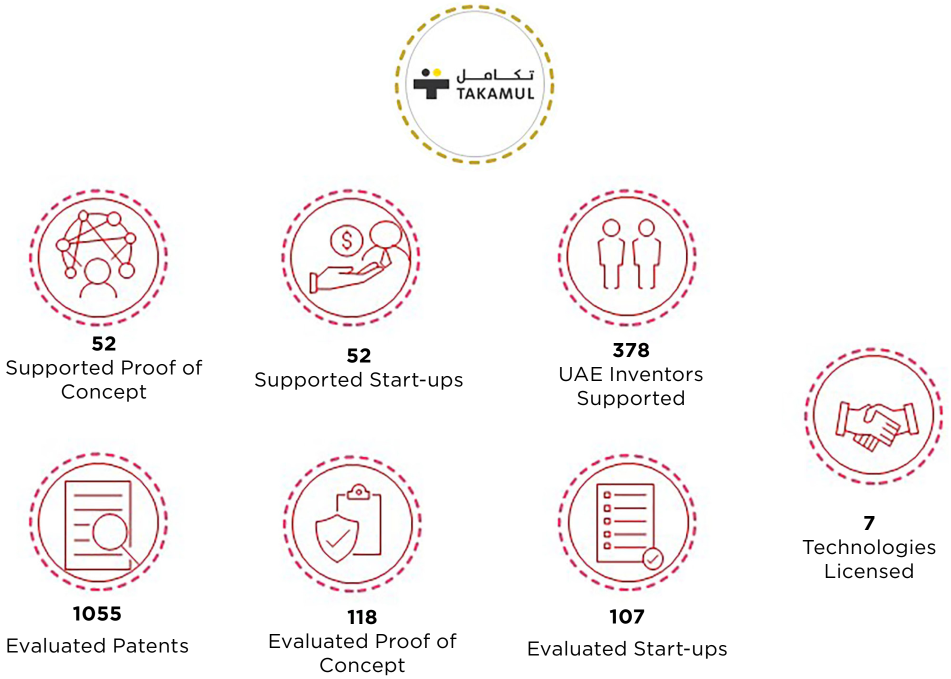
Takamul Program is an UAE Innovation Program launched in 2011 that supports inventors and promotes innovation across the country. The program aims to provide end-to-end support across the entire innovation cycle, from the creation of ideas to the practical implementation of these ideas into commercial opportunities and activities that support the country economically and socially.

Additionally, Abu Dhabi believes that IP drives economic growth and competitiveness; therefore, the Takamul program supports economic growth by granting patents, an IP right that protects inventions.

Innovation in science and technology industries has contributed significantly to the economic growth of knowledge-based economies, and Takamul is aligned with Abu Dhabi's Economic Strategy to drive human capital in science and technology by helping inventors and innovators of every

INNOVATION OR ACHIEVEMENTS

FIGURE 4. Takamul Achievements up to Year 2022



stage to turn their ideas into reality. The program focuses on supporting inventors, entrepreneurs, university students, subject-matter experts, and start-ups.

TAKAMUL SERVICES

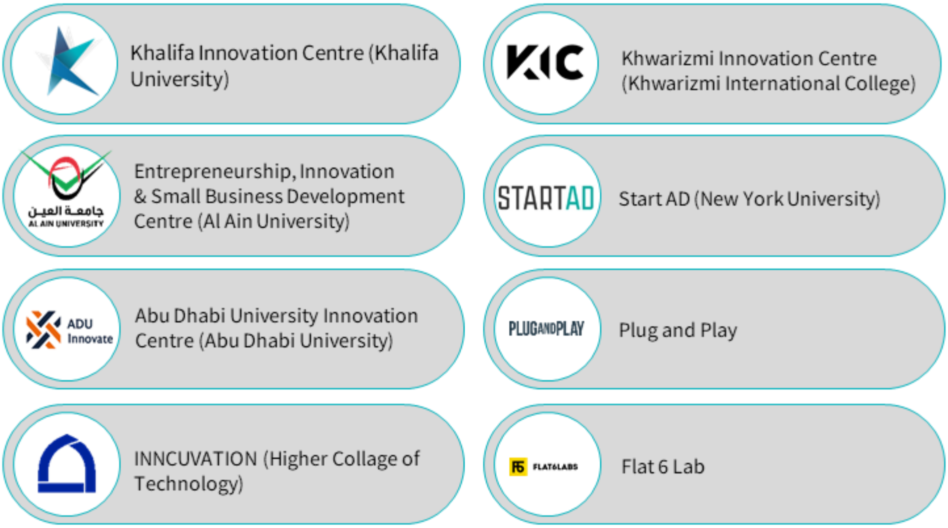
Takamul supports innovators and inventors in implementing stand-alone services such as the following:

- IP Asset Creation—Provide legal support in technical consultancy and financial support for inventors in filing patent in UAE and internationally.
- Commercialization Support—Potential commercial value of invention is to be assessed by conducting due diligence and market analysis research and, finally, connecting inventors to related entities and investors to promote or pitching and commercialize their invention.
- Awareness—Raising the awareness of inventors, universities or government and private entities about the key stages of innovation such as IP laws, Takamul services, and promoting the culture of innovation in the emirates of Abu Dhabi and UAE.

INNOVATION INCUBATOR PROGRAM

“Abu Dhabi Innovates” is a general framework to enhance innovation framework in the Emirate, which includes 14 initiatives. It focuses on five drivers including talent & knowledge, funding, space and places, demand, culture and incentives. It targets

FIGURE 5. **Abu Dhabi Active Innovation Incubators**



management and attraction of talents, technical talent, entrepreneurial company experience, building capabilities in technology and innovation. "Abu Dhabi Innovates" supports entrepreneurs by connecting key players through a network of entities, talents, spaces, and places such as research and development incubators and accelerators. All combined accelerates the growth and success of entrepreneurial companies through an array of business support resources and services.

COAD launched the "Innovation Incubator program", to achieve economic benefits through supporting local enterprises to grow regionally and internationally, boosting the economic diversification plan, in addition to attracting innovators to work in flexible and innovative environment, allowing the freedom of creating new ideas, building novel services and products, which can be converted into commercial opportunities, thus contributing to Abu Dhabi's economy, as envisioned by the leadership. Furthermore, the "Innovation Incubator program" develops and ensures the effectiveness and feasibility of technologies enabling future pioneers to test their innovations and determine whether the technology can be implemented in the real world.

Activation plans of the program includes the implementation of policies and guidelines for regulation of business incubators in Abu Dhabi aligning with the Advanced Technology Research Council (ATRC). Guidelines support incubators in setting standards and giving the expectation of managing the incubators, financially and operationally, in addition to issuing professional or commercial innovative business incubator licenses for incubators. So far, eight incubators were licensed

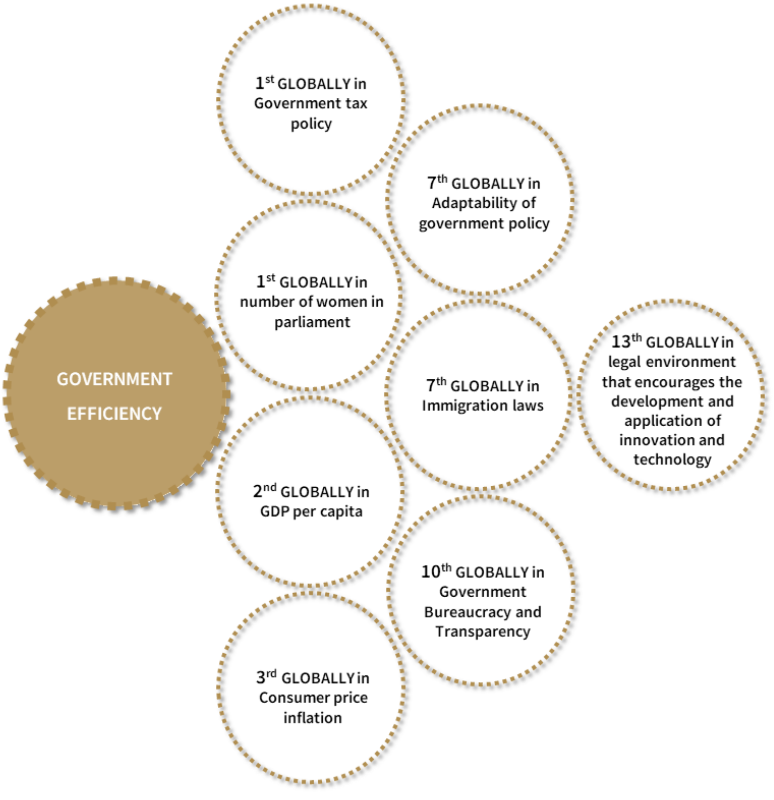
ABU DHABI'S PERFORMANCE IN THE GLOBAL SCENE

Abu Dhabi's long-term growth strategy has accomplished placing the emirate in top ranks regionally for economic competitiveness and future growth prospects, ranking 31st globally among the top 40 global financial centres (according to the Global Financial Centres Index 31 2022). Abu Dhabi is also an early adopter in the domains of technology and smart services beside being named the best city to live in, in the Middle East and North Africa region for the fifth consecutive year (according to the EIU Global Liveability Index 2021).

Abu Dhabi's performance trends are mostly positive globally, with vast opportunities readily available to grow start-ups and nurture entrepreneurs. (Abu Dhabi in IMD World Competitiveness Ranking 2020, 2020), (EIU Safe City Index, 2021), (EIU Global Liveability Index, 2021), (IMD Smart City Index, 2021), (Speedtest Global Index, 2021). The emirate is showcasing an ideal and continuously improving environment to nourish businesses and entrepreneurship and managing to score highly in competitiveness indicators. Supported by the availability of good opportunities to start a business, the ease of finding and hiring skilled workers and talents in addition to the ability of entrepreneurship projects in the country to generate new jobs is evidence of the unconditional support and the forward-looking vision of the UAE's wise leadership.

How Abu Dhabi Competes Globally in Figures and Rankings 2020–2021:

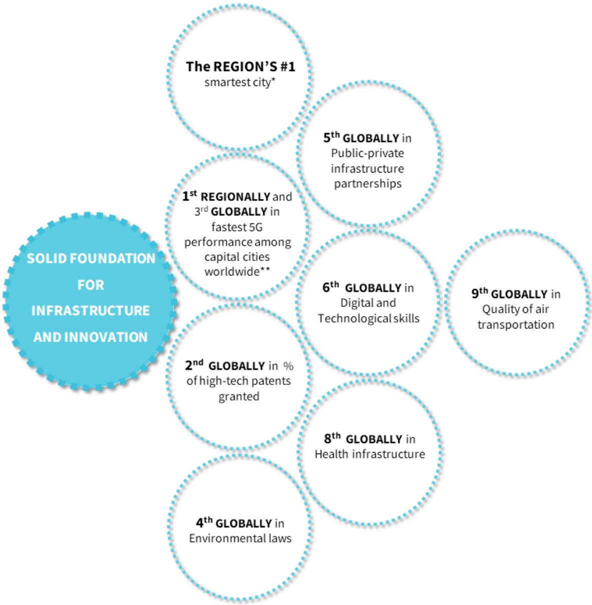
FIGURE 6. Abu Dhabi's Latest Competitive Global Performance in Government Efficiency and Attractiveness of Business Environment



Rankings according to Abu Dhabi IMD World Competitiveness Yearbook 2020

Note. The indicators data for Government Efficiency and Attractive Business Environment are from "[Abu Dhabi in IMD World Competitiveness Ranking 2020]", by IMD World Competitiveness Center in collaboration with Abu Dhabi Department of Economic Development and The Competitiveness Office of Abu Dhabi, 2020.
Copyright 2020 by IMD - International Institute for Management Development.

FIGURE 7. Abu Dhabi's Latest Competitive Global Performance in Talent Attraction, Innovation, and Infrastructure



Rankings according to Abu Dhabi IMD World Competitiveness Yearbook 2020
*Smart City Index 2021. **Speedtest Global Index by Ookla

Note. The indicators data for Talent Attraction Hub and Solid Foundation for Infrastructure And Innovation are from "[Abu Dhabi in IMD World Competitiveness Ranking 2020]", by IMD World Competitiveness Center in collaboration with Abu Dhabi Department of Economic Development and The Competitiveness Office of Abu Dhabi, 2020. Copyright 2020 by IMD - International Institute for Management Development.

"[Global Liveability Index]" and "[Safe City Index]", by Economic Intelligence Unit (EIU), 2021. Copyright 2021 by Economic Intelligence Unit. "[Smart City Index]", by IMD World Competitiveness Center, 2021. Copyright 2021 by IMD - International Institute for Management Development. "[Speedtest Global Index]", by Ookla, 2021. Copyright Ookla LLC.

LIVEABILITY AND TALENT ATTRACTION IN ABU DHABI

Abu Dhabi aspires to become a talent attraction hub in the region. Having a diverse residence range of more than 200 nationalities, Abu Dhabi is the safest city in the world (according to EIU Safe City Index 2021) and the most liveable city in the region (according to the Global Liveability Index 2021). It is also the smartest city in the MENA region according to the latest rankings (Smart City Index 2021).

COAD adopts a holistic approach to enhance the liveability of Abu Dhabi by monitoring the liveability performance in international indices and recommends initiatives to guide the improvement of the overall liveability of the emirate. In this context, COAD developed a comprehensive framework of a resident's journey to assess how the "liveability experience" can be improved for a new resident across all sectors and stages of their life in Abu Dhabi.

The journey starts from exploring Abu Dhabi as a potential new home, then moving and working in Abu Dhabi, and finally retiring in the emirate. It spans all sectors, such as healthcare, education, hospitality, housing, finances, etc., by working closely with public and private sector partners as well as international entities to develop talent attraction and liveability initiatives, ensuring a welcoming, safe and supportive environment where everyone can grow.

3

POSITIONING ABU DHABI AS A GLOBAL WEB 3.0 BLOCKCHAIN HUB

Miriam Kiwan, *Vice President of MENA at Circle*

Over the past 4 years, Abu Dhabi has been carefully building its positioning as a global tech and Web 3 hub. In large part, this was possible thanks to the progressive government's efforts in driving the transition and providing the right business environment for sustainable economic growth. This strategic positioning is increasingly impacting the Emirate's economy as part of the United Arab Emirates (UAE) and the wider Middle East and Africa (MENA) region.

As someone who experienced and contributed to the growth of the tech and digital asset ecosystem in Abu Dhabi as part of the Abu Dhabi Global Market (ADGM), I will explore the key factors that made the UAE capital a magnet for local and international players in the space, the impact on the economy and the potential future growth of the Web 3 ecosystem in Abu Dhabi.

WEB 3.0 AND ITS INCEPTION IN ABU DHABI

Also known as Web 3.0, Web 3 is a revolution in internet technology that proposes a new iteration for the worldwide web. This new iteration relies on incorporating the latest developments in blockchain technology, decentralized networks, and tokenomics to create open, trustless, and distributed communities and networks.

Web 3 in the UAE, as in every other part of the world, started off with the rise of cryptocurrency adoption. From the early days of 2009, Blockchain and the crypto phenomenon enabled a new vision for the internet's future that has become known as Web 3. This vision was driven by technological development, the release of the Bitcoin paper, and the lack of trust in the traditional financial system during the Global Financial Crisis in 2008. The aim was to create a world with borderless individual economic sovereignty as an alternative to the existing financial system, which was initially met with much skepticism, especially concerning its viability, lack of tangible value, and potential use in money laundering.

Today, the global Web 3.0 market size is around USD 1.7 billion and is expected to expand at a compound annual growth rate (CAGR) of 44.9% from 2022 to 2030, according to a recent market analysis report. The growth is linked to the rising demand for decentralized private identity, the rapid rise in crypto currency transactions, and advancements in blockchain and 5G technologies.

For Abu Dhabi and the UAE, Web 3 started with the initial growth of the tech ecosystem, where fintech was a leading tech vertical in the region, contributing to the initial transition, through the launch of the first regional virtual asset service providers including Midchains, BitOasis and Rain.

The existing fintech infrastructure, including a leading digital sandbox, robust fintech regulations and the close collaboration between the public and private sectors, played an important role in enabling the development of a sustainable Web 3 ecosystem in Abu Dhabi.

As an example, Abu Dhabi's International Financial Centre, ADGM, set the standards for other jurisdictions as early as 2018, by issuing the world's first comprehensive regulatory framework for virtual assets, which provided a baseline for ensuring the protection of customer investments while creating an enabling business environment for new innovations in the space.

Today, ADGM has become one of the major jurisdictions enabling the secure use of digital assets. As we transition into Web3, Abu Dhabi's tech ecosystem will likely become the launchpad for new projects including gaming, DeFi and the metaverse as adoption increases and new regulatory frameworks are issued.

In contrast, the US and EU regulators have been slow to adopt friendly regulations,

Since its launch in 2015, Abu Dhabi Global Market, Abu Dhabi's international financial centre, has grown to become one of the leading fintech and virtual asset hubs, receiving many firsts in the Middle East and North Africa (MENA) region. This includes the first regional digital regulatory sandbox and the World's First Comprehensive Crypto-Asset Regulatory Framework, to name a few. Image credits: ADGM leading many digital asset founders to migrate to other jurisdictions, including Abu Dhabi. The recent collapse of FTX, Luna, Three Arrow Capital, and Blockfi, among others however, has prompted these regulators to expedite the issuance of new regulatory frameworks, which are likely to be restrictive given the losses suffered by investors in 2022. In my opinion, this is likely to create more opportunities for emerging hubs such as the UAE, cementing their positioning as global Web 3 hubs.

KEY FACTORS LEADING TO THE GROWTH OF THE SECTOR IN ABU DHABI

So far, we have mainly touched on some of the regulatory factors contributing to the emergence of Web 3 in Abu Dhabi and the UAE. However, there are many other factors that will drive regional growth, positioning the emirate as a global hub in this space.

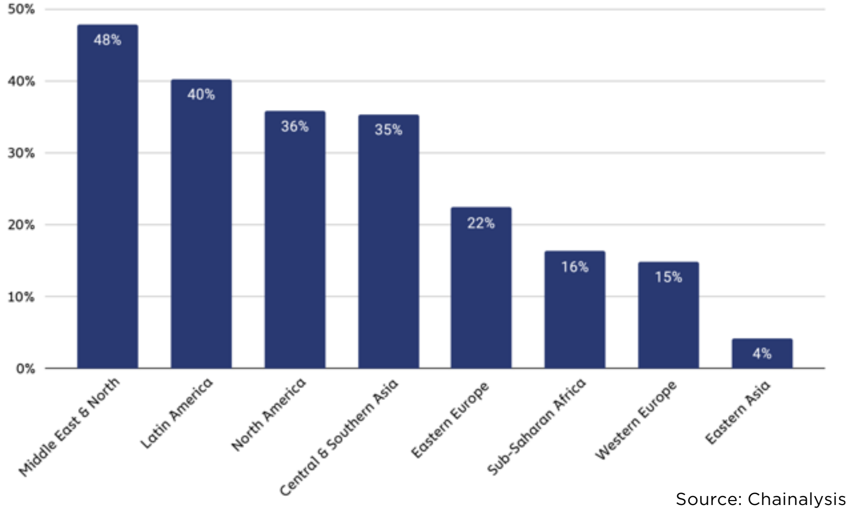
In fact, a 2022 survey carried out by Chainalysis, a blockchain research company, shows that despite accounting for only 9.2% of global transactions, the region has emerged as the fastest-growing market globally by adoption, with a 48% increase of $566 billion in volume between 2021 and 2022. The adoption rate positions the UAE as a key strategic hub for Web 3 players planning to expand their global presence. This is mainly due to the following key factors:

1. Progressive Government Initiatives

The Abu Dhabi government's early efforts to boost the innovation ecosystem in the emirate included some important steps leading to the recent growth.

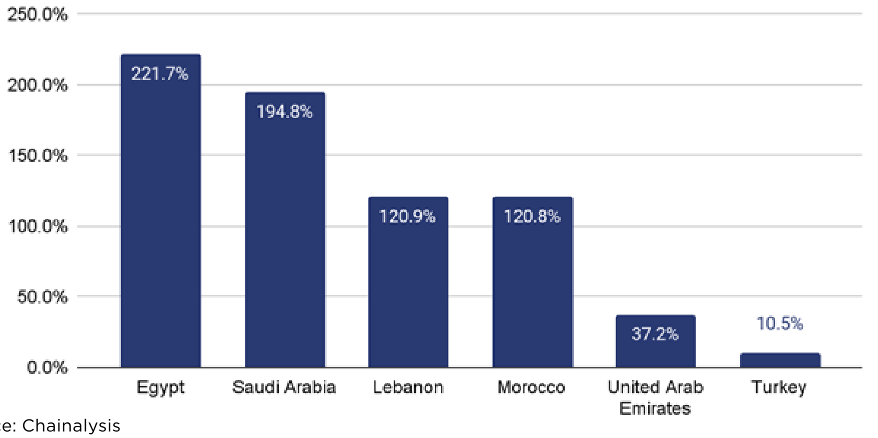
The government has promoted coordination of efforts between the public and private sectors toward promoting the technology sector. An example of this includes programs such as the Ghadan 21 initiative, launched in 2019 by the UAE President, His Highness Sheikh Mohamed bin Zayed Al Nahyan, through the Abu Dhabi Executive Committee. Among other infrastructure improvements, the initiative oversaw major investments in tech ventures across verticals, including the Web 3 space. The

FIGURE 1. **YoY Growth in Crypto volume 2020–2021 vs. 2021–2022**



Source: Chainalysis

FIGURE 2. MENA Countries Crypto Transactions Volume 2020–2021 vs. 2021–2022



Source: Chainalysis

program resulted in enhancing the Emirate's competitiveness in addition to attracting a large number of global founders, improving foreign direct investments, and improving connections with global ecosystems through coordinated efforts by key government entities including ADGM, the Abu Dhabi Department of Economic Development (ADDED), Hub71, and the Abu Dhabi Investment Office, to name a few. In ADGM alone, the initiative attracted over 1,000 local and international entities and investors in the tech space in the past three years, including Web 3.

Another example is the five-year strategy to encourage the development of smart city technologies, mostly driven by artificial intelligence, which will further drive the adoption of blockchain and Web 3 technologies as the emirate experiences a proliferation of smart services using internet of things (IoT) and artificial intelligence (AI) platforms in the coming few years.

Through its various free zones and different strategies supporting the economic development of Abu Dhabi, from technology, gaming, and virtual assets to friendly regulations and policies, Abu Dhabi has made itself a suitable hub for Web 3 projects across different verticals.

Recent changes in immigration policies have also enhanced Abu Dhabi's competitive positioning by granting investors, entrepreneurs, exceptional talents, scientists, graduates, and skilled workers with a 5- and 10-year golden visa, while also providing other types of residency visas for digital nomads and remote workers wishing to use the UAE as their home.

These policy changes, combined with access to globally recognized regulatory frameworks, legal certainty through the application of English common law jurisdictions, the absence of income tax, and the unparalleled management of the COVID-19 pandemic by the UAE government, are providing Web 3 companies and investors alike with a business-friendly environment for launching or expanding their presence in the wider region.

2. Strong Funding Ecosystem

Abu Dhabi is considered the capital of capital in the MENA region, as described in the inaugural Abu Dhabi Finance Week in November 2022. The emirate is among top ten producers of oil and ranks 6th in reserves, the world's 7th largest natural gas reserves and is a sovereign wealth hub with some of the largest sovereign wealth funds with nearly $1.5 trillion AUM including Abu Dhabi Investment Authority (ADIA), Mubadala and ADQ. All contribute to the growth of the tech and Web 3 economy through their proactive investment vehicles, which complement each other across different verticals.

3. Lifestyle and Safety Records

Abu Dhabi's location and lifestyle qualities also provide a perfect hub for companies employing talent across different countries or migrating their core team to the region. Strategically located as a gateway between east and west, Abu Dhabi provides Web 3 entities with the highest lifestyle quality and safety in the world while also providing the ability to access 30% of the global population within a 4-hour flight, making it an ideal location to connect with different markets and pools of tech talent.

4. Adoption/Proximity to Large Addressable Markets

Perfectly located to bridge access to the MEA markets and serve a population of over 470 million. Abu Dhabi's close proximity combined with the ease of doing business, make it well positioned to support the broader region.

In addition, as one of the youngest regions, with 50% of the population under the age of 30, the MENA region has the fastest tech adoption, digital payment adoption, and Web 3 adoption globally. This demographic makeup combined with its proximity to large markets such as Egypt and Saudi Arabia allow the UAE and Abu Dhabi to be a key hub for targeting large addressable markets across the MEASA region. This is not to mention the favorable political relations and bilateral agreements the UAE enjoys across the world, making it a beacon of hope for regional economic development.

If we consider the regional crypto asset adoption specifically, the Chainalysis survey shows that although the biggest growth happened in countries such as Egypt, KSA, and Lebanon, the UAE remained the main hub for all Web 3-related companies targeting these markets. This highlights the strategic importance of Abu Dhabi and the UAE as a key enabler for regulated and non-regulated Web 3 players expanding to the region.

5. Access to Talent

Although the emirate remains a net importer of deep tech talent, many initiatives have been put in place to ensure that the emirate benefits from the transfer of knowledge as well as the development of local talent to lead the future development of the economy.

From establishing leading educational institutions to launching practical knowledge programs in partnership with global players to subsidizing important R&D ventures and projects across the tech and Web 3 spaces, the emirate is actively building a robust knowledge infrastructure that can support the growth of a global business hub.

With the future of global finance merging with new Web 3 business frameworks, the growth in blockchain adoption in the region has made Abu Dhabi a leading destination for major players expanding to the region, leading to higher demand and migration of important tech talent that can contribute to the transition.

6. Global Shift/Economy/New World Order

This speed in responding to digital assets and blockchain adoption has created a competitive advantage for Abu Dhabi and given it a head start in the sector over other regions. The slow adoption of regulatory frameworks in the west, recent economic challenges faced by developed markets, and the impact of the Russia–Ukraine war are creating opportunities for the emirate, as international players choose to relocate to the region, seeking better economic conditions.

The extensive benefits provided by Abu Dhabi, which were covered earlier, are encouraging more Web 3 entities to move their global or regional headquarters to Abu Dhabi. Over the past two years, the Emirate and the UAE have experienced a large influx of Web 3 entities, from global crypto exchanges, crypto funds, and metaverse developers to blockchain development centers looking to expand, tap into the regional talent pool or relocate their own talent pool based in other markets.

IMPACT OF WEB 3 ON ABU DHABI'S ECONOMY

Tech Talent Migration

Over the past four decades, the success of Silicon Valley as a global tech hub proved that innovation, tech talent and knowledge transfer are important drivers of sustainable economic and social development. The more open and enabling an economic region is to disruptive innovation, the more attractive it becomes to global innovators. With the proximity to some of the youngest talent across the region and the focus on equipping the youth with the best knowledge through recognized educational programmes, the emirate is attracting global talent while actively developing home-grown one to support the transition to Web 3.

The growth of Web 3 communities in the Emirate will have a major impact on its economic, technological, and social development as the convergence of blockchain, AI, 6G, and IoT drive the next wave of digital transformation for the first time in the history of mankind.

Impact on GDP

The decision to diversify the economy, boost innovation, and leverage geopolitical trends is paying off, as the adoption of Web 3-based technologies in financial services, education, healthcare, logistics, and other sectors will impact the country's GDP. The Emirate's GDP expanded by 9.3% in 2022, diversified financial and insurance activities contributed 5.6% of the GDP, with a growth rate of 7.4%. This trend is likely to continue in the coming years as the contribution of the Web 3 sector expands.

IMPORTANT GAPS TO CLOSE

Knowledge Programs

As the adoption of Web 3 expands in the region and young talent enters the space through entrepreneurship or job creation, it is important to provide extensive STEM programs that can contribute to the development of tech talent locally and reduce reliance on imported talent in the long run. The focus on Emiratization as a strategic priority for the emirate would require more focus on the Web 3 economy to ensure UAE talent leads this movement for the country in the coming years. Knowledge transfer plays an important role in achieving this goal through partnerships with the private sector and international players to source and provide access to the fast-paced practical knowledge required for the space.

Access to Banking Services

The ability to access bank accounts for virtual asset service providers and Web 3 entities remains the biggest challenge due to the associated risk perceived by banks and the limited understanding of the technology. Although continued efforts are in place to solve this important challenge, the recent bankruptcies in the space might not help improve the banks' risk appetite . However, without these business facilities in place, many international companies would look for alternative hubs to operate in the region.

The emirate has recently established the Abu Dhabi Blockchain and Virtual Assets Committee (ADBVAC), which will focus on creating regulatory and governance frameworks for virtual and blockchain assets. These frameworks are to comply with rules concerning money laundering and terrorist financing to create a safe and transparent ecosystem. Such Bodies are intended to help gather data on performance within the growing ecosystem and address the issues of general access and competitiveness. A potential solution to solving banking service challenges could fall under the newly launched ADBVAC.

FUTURE OUTLOOK

Blockchain has advanced beyond its initial focus on financial services. The various use cases we see today, highlight the immense opportunities that exist and the diversity of talent in this space, from technical developers, artists, gamers to social impact ambassadors.

Like the internet, blockchain provides equal opportunities to communities of all ages, backgrounds, industries, and cultures to access, create, and build the next generation of applications and to influence the development of the Web 3 economy globally.

As the UAE Web 3 economy onboards more users and creates new communities in the coming years, I expect our region, led by the UAE, to play an important part. Based on recent market development, below are a few of the trends and predictions for the coming year.

Crypto Market

The collapse of Luna, FTX, 2AC, Blockfi, and Voyager has sent shockwaves through the crypto markets, creating more uncertainty due to the erosion of trust in centralized custodial services. 2022 has seen the largest YoY percentage declines in BTC and ETH held on centralized exchanges, down by nearly 20%. As regulators work on new regulations for the industry and given the macro-economic outlook for 2023, we can expect to see the mass exodus of crypto assets from centralized exchanges continue. We are also likely to see consolidation of crypto exchanges as regulated players get acquired, given the increasing interest in regulated licenses and access to retail investors in the region. This creates great opportunities for crypto exchanges that have spent time and effort to be fully regulated in jurisdictions such as ADGM.

Decentralized Finance (DeFi)

DeFi is a new way of providing financial instruments such as savings, lending, and exchange through automated blockchain applications. Unlike centralized finance (CeFi), which uses protocols controlled by centralized entities and were the cause of recent insolvencies, DeFi provides permissionless access to a wide range of financial products that improve the efficiency of the financial services industry. It is a broad subject that deserves a deeper dive, which will not be covered in this chapter. For a beginner's guide to DeFi, visit https://www.coinbase.com/blog/

a-beginners-guide-to-decentralized-finance-defi.

I believe that DeFi will play a key role in the development of the Web 3 economy and the financial services industry in the coming decade. We are likely to see more focus on DeFi in 2023 and beyond. However, current market conditions and the lack of regulation pose the biggest challenges in this space.

Other key challenges facing DeFi currently include the focus on short-term profits, the oxymoron nature of permissionless innovation, and the complex nature of the protocols, which make the UX experience difficult for the average retail user to adopt.

As some of these challenges get resolved through regulations and new innovation. In fact, Abu Dhabi is one of the few regulators who is already taking a serious look at DeFi by recently issuing a consultation paper seeking feedback from the market before defining their own regulatory framework on the subject: https://www.adgm.com/discussion-paper.

NFTs

Although NFTs were not directly linked to the recent crypto issues, volume is down 90% from its peak in January 2022. This will likely continue in the coming months until a new catalyst emerges. I believe the role of NFTs will expand beyond its current use and have more utility in the B2B (business to business) space.

We are also likely to see NFT teams launch their own marketplaces instead of using third party platforms such as OpenSea. This will reduce costs and allow the teams to reinvest in bringing more value to their communities. APECoin DAO is following this path, and I expect to see more teams do the same in 2023.

As the volume of loans taken out using NFT continues to increase, I expect a large number of NFT finance start-ups and protocols to launch in 2023, which will help unlock new utility for NFT and onboard new users in this space.

Web 3 Gaming and the Metaverse

By early 2022, over 50% of all deals funded ($3.6 billion) in crypto were gaming related, according to industry data.

Another casualty of the current crypto winter are gaming decentralized applications (dApps). Data shows that the total number of active gaming dApps fell by 12% in the second half of 2022, while some dApps, such as Axie Infinity, lost over 90% of their users since May 2022. To incentivize new gaming development, some L1s, such as Avalanche and Algorand, are providing grants to attract more developers to the space. I expect the region to be an important hub for the space, which will provide founders and young talent with more opportunities to build in Web 3.

Perhaps the most popular vertical in the region this year, and one that had an impact on Web 3 development, was the metaverse, which saw a sizeable interest for different use cases. Globally, investors deployed over $120 billion into metaverse-related projects in the first half of 2022 alone, doubling the amount raised in 2021 (Delphi Digital, Gaming Report, December 2022). However, the metaverse space is going through the same challenge faced by gaming and NFTs, with a drop of 90% in the value of lands.

On the other hand, regional interest has been unmoved by what is happening internationally, as local and regional governments take keen interest in the metaverse and the opportunities it creates. Various governments are launching their metaverse strategies and announcing their own virtual twins serve the community. This trend is likely to continue, and we expect to see a much broader adoption across various sectors, including retail, real estate, healthcare, and education, to name a few.

Unfortunately, regulation for blockchain gaming is still unclear, which could attract more attention from policy makers and regulators as the space develops and more use cases for gaming tokens are potentially classified as securities by some regulators

Infrastructure: I believe that one of the key themes for 2023 is solving key infrastructure challenges, which are currently responsible for a poor user experience and reliance on centralised exchanges. They provide ample opportunities for builders in the crypto space and we are likely to see new solutions as the industry recovers, which will help boost adoption in the coming years. These challenges include:

Custody: Today, users have two options for holding their digital assets. They can either leave it on a centralised exchange control over their assets. The collapse of FTX highlighted the risk associated with this. The second option is self-custody through a cold wallet, with the risk of permanent loss if the private key is misplaced or lost. There are currently no alternative solution that provide convenience or a middle ground. We are likely to see more solutions developed to solve this issue in 2023 and 2024.

Interoperability: As much as it is great to see great development on various chains that can serve different needs over the past couple of years, interoperability remains a challenge that is key for scalability. Unfortunately, current solutions are plagued with security issues and have already caused $Billions in losses, given the hacks on current cross-chain bridges. We are likely to see more collaborations and cross-chain dApps focused on solving these important issues in 2023 and beyond.

Privacy: While immutability, transparency and the ability to check solvency are some of the blockchain's unique strengths, the transparency is a double edge sword since investors' history can be publicly tracked on-chain, potentially exposes their identity, removing their personal financial privacy and impacting their personal safety. With the growth of blockchain adoption, privacy is another major theme for both builders and regulators in the coming year. We are likely to see more Zero-Knowledge proof solutions to help ensure user-privacy, as well as new regulations forcing companies to comply.

CONCLUSIONS

This speed in responding to the blockchain revolution has created a competitive advantage for Abu Dhabi and given it a head start in the sector over most other major regions in the world. This will almost certainly position the emirate as a global thought leader in the space, providing the necessary infrastructure and enabling environment for founders to build a sustainable Web 3 economy from Abu Dhabi to the rest of the world.

There is almost certainly no other city that is as all-embracing a melting pot for cultures and diversity of talent as Singapore, which is home to expatriates and investors from over 200 nationalities from around the world. The government has taken great steps to bring all these minds together to work toward building a decentralized economy for the new digital revolution and ensuring a prosperous future for the region.

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FOUNDATIONS OF ENTREPRENEURIAL EXCELLENCE

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Wamda

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STORIES FROM THE TRENCHES: WHAT YOU WISH YOU KNEW BUT NO ONE TOLD YOU

Middle East Venture Capital Association (MEVCA)

Yasmin Almostehy

https://added.gov.ae/EJ

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FAILURE IS AN ESSENTIAL AND INEVITABLE PART OF THE ENTREPRENEURIAL JOURNEY

Wamda

Fadi Ghandour, *Executive Chairman of Wamda Group, Co-Founder of Aramex*

FAILURE IS ESSENTIAL

Failure is an essential and inevitable part of the entrepreneurial journey. This is a surprising statement, but only to those who do not understand the journey that an entrepreneur faces.

A simple and realistic definition of the entrepreneurial mind and the process of building a business is, in its essence, to solve a challenge or a problem. This process, at its core, is a process of trial and error.

A fast-growing entrepreneurial endeavor is about spotting the problem and going through the journey of building a product or a service. This is followed by testing the solution in the market and, on that basis, learning from the market what worked and what did not work and iterating accordingly to then have the famous "product–market fit".

Therefore, fear of failure is not part of the DNA of an entrepreneur; it is what defines him or her and what defines the process of innovation and creativity. The end user will see the final product, but not the effort, risk, or lessons that went into the building process. So we all believe that it "just happened", and that it was the glamorous affair of smart people who created a flawless product or service. But the reality is best defined by Michelangelo when he said, "If people knew how hard I worked to get my mastery, it wouldn't seem wonderful at all."

Innovation requires focus, hard work, and, usually, investment. The bedrock of innovation is change and the processes of renewal and invention. There is always risk involved, and so fearing that risk, fearing failure and change, is an impediment to innovation.

Investors are only too aware of how often start-ups fail. When funds deploy their capital, they do so with the understanding that only a handful will return substantially on their investment.

It is often said that 9 of 10 start-ups will fail. Even the one that succeeds is most likely to have been founded by entrepreneurs who have failed at least once before. Failing should not be interpreted as giving up or ceasing to try. It should be worn as a badge of honor, as many Silicon Valley founders do. To fail and try again is a sign of maturity, understanding the process of learning, and applying the trial-and-error method.

The reasons why so many start-ups fail are wide and varied. Notably, a lack of market need or fit is perhaps the most common one. Timing can also play a role.

FAILURE: RIGHT AND WRONG WAYS

There is, of course, a right way and a wrong way to fail. Persistence and perseverance are admirable, but acknowledging reality and failing fast is a far more effective endeavor. Where failure can have a detrimental effect is when the inevitable remains unacknowledged, trudging along in the hope of a miracle, all the while the founder's mental health suffers, employees become more nervous, and investors become more impatient.

Sharing my Aramex experience, I can safely say that every product we came up with was the result of a painful and meticulous process of understanding our markets, knowing our capabilities, and finding solutions to problems that clients had or inventing solutions that solved their future needs. When we tried to raise funding for growth through a private placement offering across the GCC during my time at Aramex, investors turned us down at every turn because they did not like our asset light model, they did not like our valuation, they did not think we could compete with DHL and other industry giants, they thought we were too small—how could an Arab company compete and thrive in the face of mega competitors? There was the risk of a big failure for us. We needed funding; without new funding, we would not survive and could not expand and enter new markets, introduce new products, or invest in our technology. My partner Bill Kingson immediately thought outside the box, and said to me, "Why not list on Nasdaq?" My reaction was, "That's crazy. How can we do that?" But the entrepreneurial mind kicked in; we were adventurers and journeymen of discovery. Nasdaq it is.

We restructured the whole company, legally, financially, and operationally, to make sure it was Nasdaq-ready. Our people, our infrastructure, and everything about it were refocused on listing on the Nasdaq. The company was re-invented and became what it is today because we went public—a slow and meticulous journey that revolutionized the company and succeeded in accomplishing one of the greatest entrepreneurial journeys in our region.

This all came to be because we failed. We failed at what we thought was the low-hanging fruit of raising money in the region where our brand was known. We pivoted our strategy and instead went to the West, where no one had heard of us, and took the more difficult and riskier route to come back home triumphant as the first company from the region to ever list on a United States exchange. We made history and learned every lesson imaginable, never accepting a failed attempt to raise funding to stop us from imagining a totally new idea and working hard to make a crazy idea our reality.

Founders are faced with daily micro-failures; they face a continuous process of trial and error because, even as products mature and the customer base grows, market requirements evolve and develop. The ability to understand and respond to these changes is what separates a good entrepreneur from a great one. Micro-failures are inevitable, and that is the core of learning; they will never damage the business dramatically, especially if they are dealt with quickly and efficiently. But a buildup of micro-failures that are not addressed will lead to big failures.

Big failures present the biggest learning opportunities. They are the ones that entrepreneurs need to embrace, understand, and learn from. A start-up failing is almost a certainty when there is no product–market fit, when there is little to no demand, or when there is an unwillingness to pay the price for the product. It may also be the inability to raise funds or a high cash burn rate without a clear path to profitability. So even if the product is perfect and the market is willing to pay for it, mismanagement of finances can bring about the downfall of a start-up. The process of accepting, embracing, and eventually celebrating it as a learning experience is what the most successful founders understand.

This is why entrepreneurs who have failed appreciate the journey they have lived through and become better investors, better mentors, and far better second time founders.

If we take the journey of Samih Toukan and Hussam Khoury, the founders of Maktoob, arguably the Arab world's first internet start-up success story, Samih and Hussam left their relatively high-paying job as consultants at Anderson Consulting and wanted to venture as entrepreneurs. They created a small boutique consulting business and started selling their services to companies like Aramex. Their first product was building websites for companies. That was the thing then; all companies needed to have web presences. However, that did not pay well enough, so they started selling web browsers at a time when the leading browser company was Netscape. So they became Netscape resellers, but that was not going to make a dent financially in a small market like Jordan.

Then came their big discovery: Hotmail was the hottest thing on the market, and everyone wanted to communicate via email and have their own electronic address. All emails were in English then, but Arabs also wanted to have the ability to write to each other in Arabic. So the pair stopped experimenting with all the other products they offered and shifted their focus to building an Arabic email product. It became the Hotmail of the Middle East region, and from that, Maktoob (which means mail in Arabic) was born, going viral in the Arab region and diaspora. Anyone who wanted to write their emails in Arabic had a Maktoob account and used the company's other services, including search, news, and entertainment. Samih and Hussam created a platform that catered perfectly to the "product–market fit" and eventually caught the attention of Yahoo, resulting in the largest start-up exit the region had ever seen at the time.

To outsiders, Maktoob's journey may look like one of only success, selling to Yahoo in 2009 for over $164 million, but that journey was a series of experiments, trials, and failures until the founders reached their success.

Like all great founders, what Samih and Hussam both understood is that founders have to be all-rounders. They are the face of the start-up; they are the fundraisers; they are the salespeople; they are the people managers; and their role involves every aspect of starting and running a business. Entrepreneurs require an incredibly unique and heavily loaded set of skills. They need to be jacks of all trades and masters of all of them, or at least masters of hiring the right people to execute the many roles.

CONCLUSION

Essentially, entrepreneurship is a journey of discovery. It is a process of solving a problem or a challenge to produce a product or service that benefits the customer, be they consumers, businesses, or the government. This journey is never smooth. The ability to come up with a solution that solves these problems requires knowledge, expertise, and a meticulous understanding of the problem at hand. The entrepreneur's role is to bring it all to life, to build the team that builds the product, to sell the product, and, essentially, to solve the problem. Every step of this journey risks failure. Looking at it from a macro perspective, if every innovator feared failure, it would have a detrimental effect on the economy because fearing risk impedes innovation. Economies that do not innovate become stagnant and overly reliant on others who can cater to their needs. We need to encourage the innovative minds of the region to take that risk, to not fear failure, and to have the courage to make a change.

Shakespeare stated that it is better to have loved and lost than never to have loved at all. As a founder, it is better to have tried and failed than to have never tried at all.

5

SIX LESSONS START-UP FOUNDERS CAN LIVE BY

Amazon MENA

Ronaldo Mouchawar, *Vice President*

As an entrepreneur, I have always worked with the ethos of keeping things simple, and my first major business started with a simple idea. In 2005, with four employees and an office in Dubai Internet City, we launched Souq.com, which was essentially a listing website. Souq.com was part of the Arabic web portal Maktoob.com and featured several verticals that included everything from online auctions to real estate classifieds.

E-commerce was still in its early stages in the United Arab Emirates (UAE), but we decided to take a chance and invest in our start-up because we could see the potential around us: the UAE government was investing in this space, and free zones—such as Dubai Internet City, Media City, and Jebel Ali—offered opportunity.

In 2009, we felt that the bigger opportunity was in retail, especially with the consumer profile in the Middle East and North Africa—the MENA region—and the region's buying power. We concluded that in order to meet customer expectations and grow the business-to-consumer (B2C) function—the area we wanted to focus on—we needed to shift Souq.com from a listing site with a heavy C2C focus to an online B2C marketplace laser-focused on offering customers what they want.

That is when Souq.com came into its own, and the business eventually expanded to Saudi Arabia and then to Egypt. After announcing Amazon's acquisition of Souq.com, we localized our services to meet the region's needs and set up the first Arabic-language Amazon website. In May 2019, following the acquisition and rebranding, Amazon kicked off its first ever Middle East store, Amazon.ae. I learned a lot about starting and running a business as we moved from start-up to multinational—which exposed us to world-class technology, opened the door to cross-fertilizing cultural learning between Souq and Amazon, upskilled our local talent, created more local jobs, and supported local sellers.

While every business has its own learnings and challenges, I want to share six lessons that all start-up founders can live by, derived from my own experience and from Amazon's Leadership Principles. These lessons continue to guide my work—and the work we do every day—whether we are deciding on the best problem-solving approach or discussing new project ideas.

As you read through these lessons—about customer obsession, thinking big, hiring and developing the best teams, taking ownership, having bias for action, and always thinking like a start-up—I encourage you to come up with your own set of guiding principles. Then use and expand those principles as you explore prospects, create a long-term strategy, and make your way through the MENA region's dynamic landscape and beyond.

1. IT IS ALWAYS ABOUT THE CUSTOMER

As a start-up founder, it is crucial to start with the customer. Your focus should be on customers' needs and desires, which will drive you to invent on their behalf and consistently deliver new products and services they want and need. As your business grows, maintain that relentless promise of always putting the customer first and keeping their trust—even if it poses a risk, which is what we encountered shortly after launching Souq.com when we realized customers were not having the best experience.

At the time, digital fluency among sellers was low, so our main focus was to create a digital experience that was both easy and attractive for sellers to start moving their business online. This is where Souq.com was born, in its first form as an auction site. This approach allowed sellers to create their own product pages, auction off their products, and sell them to the highest bidder, which drove up prices as customers were naturally competing on availability. The auction site allowed us to increase our selection with new sellers joining on a regular basis.

But we soon realized that the model went against our core customer-first thinking principle. It bypassed a range of customer wants and needs. Customers had to scour hundreds of pages, comparing sellers offering the same products, and they had to do their own research about quality and availability when deciding on a seller. We needed to refocus, so we announced that we would no longer run auctions and instead launch the first non-auction version of Souq.com as a marketplace, inviting sellers to list their products with fixed prices. We lost most of our transaction volume almost overnight when we closed the auction site, but the risk paid off: we more than made up for the loss within six months and started doubling our revenue every quarter.

This was our first big lesson in Customer Obsession—and how it pays off. We were able to pivot our business model and stay focused on what we knew customers wanted. This is where our focus on great prices, a wide selection, and convenience with fast delivery was really driven forward. If you believe that what you are doing will make the customer happier and you know you are doing right by them, then the customer will stay with you.

Customer obsession was the foundation of Souq.com. It is also embedded in Amazon culture, so the Amazon acquisition of

Souq.com helped emphasize that business principle across the MENA region. It also helped inspire other local start-ups and entrepreneurs to dive deeper into what their customers really wanted. We started this journey by finding out what our customers wanted and how we could adapt accordingly. For customers, the acquisition meant that we could provide them with low prices, a wide selection, and fast delivery by pairing Souq.com's local know-how with Amazon's global expertise and network.

2. DARE TO THINK BIG—AND SIMPLIFY

Among the most unique aspects of entrepreneurial thinking is the ability to think big. At Amazon, our Think Big Leadership Principle guides us toward continually encouraging Amazon employees to create and communicate a bold direction that inspires results. Leaders think differently and look around corners for ways to serve customers.

In the early days of Souq.com, the increasing adoption of smartphones in the MENA region meant that our customers were spending more and more time online. Not everyone was using apps, but we knew customers were going online with their mobile devices instead of their laptops. The importance of mobility seems obvious now, but back in 2010, shopping on a mobile phone was a new concept, even in developed economies where consumers had grown up around desktops and laptops. But even in MENA, a region where we did not have enough customers on desktops, we knew the future was on mobile, so we decided to think big and bet on a service that was 10 years in the future.

We made the bold decision to prioritize our mobile web experience over our website. We were struggling to build the right e-commerce experience for phones, and no company we were aware of at that time had a blueprint we could adapt or look to for inspiration. Committing to our decision, I flew with a team member to San Francisco and set up camp for 2 weeks with a front-end design company that taught us all we needed to know. We brought our learnings back to the region and embedded them within our teams, decentralizing our mobile team so that every business function had a mobile expert on the team. That expert's job was to figure out how to optimize their team's functions on mobile.

We launched our first app in 2012. A decade later, the majority of our visits and transactions are now made via smartphone. We knew that growth was going to come from our decision. Core big thinking drove us to change various aspects of our business for customers, such as the way payments work on mobile devices or how our logistics team members use maps to help us deliver faster and more efficiently. Our decision to focus on mobile had a profound impact on our ability to deliver the best possible experience to customers, and many businesses and brands followed our lead.

Had we thought small, none of that would have happened. Thinking small becomes a self-fulfilling prophecy, so when faced with common challenges, such as increased competition, think big and offer a personalized customer experience that can scale to international expansion. Adopting this kind of approach and leveraging available tools will help you achieve your goals and better adapt to market conditions. As a start-up founder, that kind of innovation, creativity, and risk-taking must be in your DNA.

A bigger-scale vision does not mean complicating the process. At Amazon, we invent and simplify, which means we seek new ideas from everywhere and then boil that complexity into something simple. For example, if you identify a problem that has been solved by other innovators, partner with them. We did that by collaborating with popular retail brands to continually add new products to our selection, keeping our focus on customer obsession while helping those businesses establish a presence among customers in the UAE.

3. INVEST IN BUILDING A GREAT TEAM

No matter their background or where they live in the world, customers want two things: choice in selection and convenience in experience. As a start-up founder, you must keep both in mind—but you also must cater to differences in customer preferences, which starts with building a strong, diverse team. Your local teams should be able to tailor your company's offering to your customers, so building and investing in the right teams can make or break a business.

We place great importance on hiring and developing some of the best talent in the world to move Amazon in the right direction. People who succeed at Amazon are leaders and innovators; they remain focused on the customer. We willingly move exceptional talent across the organization to help their careers. As an entrepreneur, commit to doing the same and helping your team members progress and advance. Leaders develop leaders—and if you look at the Amazon model, you will find coaching and upskilling to be serious responsibilities within the company.

Your start-up must also embrace diversity and nourish collaboration. By actively recruiting people from diverse backgrounds, you build a supportive and inclusive workplace that fosters a sense of belonging, value, and opportunity. Your company culture ensures that your teams are doing their best, which is essential to what you can achieve as a company, especially in the long term. Part of that culture is collaboration. You may have heard of Amazon's two-pizza team rule, where we try to create teams small enough to share two pizzas. By limiting the number of people on each team, you will create greater focus and communication, which promotes shared responsibility. Your team should not feel isolated; teams should feel a part of a unit where they have room to grow. This will help each individual take ownership of their own tasks.

Many start-up founders I have met over the years have told me that such principles are easy to implement on a local level but hard to implement when communicating with global teams. To address those cross-cultural challenges, you must understand region-specific intricacies while maintaining similar workplace and hiring tenets across geographies. As part of my role with Amazon, I work with both closely connected regional markets and teams from all over the world. We come from different backgrounds, cultures, and life experiences. Ultimately, we are all under the same Amazon umbrella, working toward the same goals. Keeping that shared goal in mind, and focusing on the unique talents that everyone brings to the team, is a huge advantage. So, as an entrepreneur, do not be afraid to look beyond your own circles or even countries for the best talent.

4. TAKE OWNERSHIP

As an entrepreneur, you need to take ownership, and a big part of that is experimenting and taking risks. When I look back on my Souq-to-Amazon journey, I realized that the road was filled with stops where I had to make choices that involved a certain degree of risk—while considering potential rewards, of course. I have yet to meet a company founder who avoids risks. We all had our initial doubts, but had we tried to avoid the difficult conversations—had we avoided ownership and the possibility of failure—our businesses would have faced slowed growth.

As an entrepreneur, it is your duty to take risks on behalf of your customers. Your business will benefit from experimenting with and testing ideas, some of which will be valuable, valid, and viable—and you may end up changing the culture through innovation—while others might turn out to be the wrong move. Either way, take ownership of those decisions. Another part of ownership is never thinking something is "not your job ". Coach and mentor your employees to take that same approach, to always look at the big picture and understand how their role—and roles they can quickly pivot to, if needed—support the company's overall objectives. Ownership is thinking long term and acting on behalf of the entire company. Remember those two things as you focus and allocate your energy investment.

At Amazon, we design our customer experience with long-term results in mind. We remind ourselves that success and scale bring broad responsibility—and we must begin each day with a determination to make better, do better, and be better for our customers, our employees, our partners, and the world at large. And we must end every day knowing we can do even more tomorrow. Within the company, that means thinking about the impact of your decisions on other teams, sites, and the customer over time. Always consider future outcomes. But remember that you do not need to make hundreds of decisions a day. Amazon founder Jeff Bezos had a rule: "Three good decisions a day, that's enough, and they should just be as high quality as I can make them."

5. BIAS FOR ACTION: SPEED DOES MATTER

I am often asked by entrepreneurs, "How do I take the first step?" When starting a business, it can be easy to fall into the trap of overthinking every decision. If you have trouble identifying which problems and opportunities to focus on, remind yourself of the importance of moving fast. Innovation and the current market are moving at a very fast pace, which is why Amazon's Bias for Action Leadership Principle tells us that "speed matters in business". Digital acceleration, global events, and other factors have transformed the landscape, creating an even greater need for speed.

The COVID-19-2019 pandemic is an especially relevant example of when businesses need to make quick decisions. The grocery retail market segments in the UAE and Saudi Arabia are some of the fastest developing in the world, with online being the fastest-growing channel. In 2020, online grocery shopping spiked, increasing over 300% in daily order volume in both countries (source of data). The pandemic demonstrated the adaptability and durability of Amazon's business more than ever before, but it was also the hardest time we have ever faced.

Our main priority was to make sure that our employees, customers and delivery associates were safe. Over 150 changes were made to Amazon fulfillment centers to ensure safety as we grappled with supply shortages and soaring demand. We had to adjust to all of the changes brought about by the pandemic while maintaining fast, free, and convenient delivery for our customers and Prime members. The ability to experiment swiftly and pivot when needed was crucial. I am not suggesting jumping into execution without any planning here, but do not let the weight of big decisions stand in the way of quick progress.

We are determined to keep our decision-making velocity high, but we are conscious of other factors, including how there is no one-size-fits-all process. Many decisions are reversible two-way doors. Most decisions should probably be made with somewhere around 70% of the information you wish you had. If you wait for 90%, in most cases, you are probably acting too slowly. As a start-up founder, you need to be good at quickly recognizing when you have enough information and when to correct bad decisions. I can assure you, if you are good at course correcting, being wrong may be less costly than you think, whereas being slow is going to be expensive. Do not be overwhelmed by the size of your vision or the scale of effort required; doing so will put the brakes on your business' growth potential.

6. IT IS ALWAYS DAY 1

We always remind our teams that it is Day 1. This means that our approach remains the same as it was on Amazon's first day. As an entrepreneur, I have learned that staying in that mindset requires me to be patient while experimenting. I must accept failures, make smart and fast decisions, and innovate with a focus on delighting customers.

So, how does the Day 1 approach translate into real-world business growth? As your company grows, it is often easier to dive deeper into processes rather than ensure that the initial desired outcome was met. But remember that an entrepreneur focuses on results, not processes. This will help you streamline your thinking—and think big, too.

To achieve the desired outcomes, you will need to make good decisions. In a Day 2 mentality, companies may make the right decisions—but they do so slowly. Earlier, I noted the importance of quickly making decisions. I understand this may be more of a struggle for larger organizations, but a high-velocity decision-making environment is more rewarding and efficient. To make sure that your employees are on the same page, you can be inspired by Amazon's "disagree and commit" system. The idea is that not everyone will agree with a decision, but it is still possible for people who disagree to work toward the same goal. Think about how much slower the cycle would be if you had to wait until everyone was on board.

Finally, one of the most interesting insights of the Day 1 philosophy is how you need to look outside the company. As a founder, be aware of and quickly embrace powerful trends. If you fight them, you are battling against the future, which will push you to a Day 2 mentality. The Day 1 mentality forms the basis of how we think and work at Amazon. It is easy to understand, and is a great starting point for entrepreneurs and their teams. Day 1 means that your business will always act like a start-up—by being obsessed with the customer, focusing on results over process, quickly making high-quality decisions, and rapidly embracing external trends.

CONCLUSION

This year, Abu Dhabi has removed more than 20,000 requirements to set up businesses in the UAE (source of data) as part of the capital city's ongoing initiatives to promote investment. Looking ahead, Amazon knows that the UAE remains full of opportunity, and we will continue to be excited by the potential to continue to invest, create jobs, develop talent, and have a positive impact in communities across the country.

From one entrepreneur to another, I tell you that there has never been a better time to pursue your ambitions. As I always say, believe in your mission and be stubborn in pursuing it, but be flexible in execution.

Find your niche and do not worry too much about becoming a huge company. Not everyone can become big, but anyone can be successful. I hope these six lessons will leave you with a fuller roadmap toward your goals.

6

A MINDSET TOWARD ENTREPRENEURIAL EXCELLENCE

Arab Excellence

Hamza Chraibi, *President*

Entrepreneurs are everywhere. Sport champions, musicians, artists, and even writers have to be entrepreneurs if they want to achieve excellence. Even within large companies, needless to say that employees with an entrepreneurial mindset are highly appreciated by employers.

While most people dream of having their own company, not everyone is meant to be an entrepreneur. These tools will help you confirm if you are in it for the long run, help you build the mindset to achieve excellence as an entrepreneur, and overcome obstacles and challenges along the way.

A—THE JOURNEY STARTS WITHIN YOU

1. The Importance of Knowing Who Your Role Models Are

First of all, the easiest way to understand yourself and your future vision is to think about who your role models are. Who inspires you, and why?

There are many reasons for that. The first one is that the entrepreneurial journey is everything but smooth and easy. It takes a lot of energy, commitment, and efforts to build a start-up and overcome the challenges across the way. The only way to do that is to have a positive mindset and attitude and to believe that it is indeed possible to achieve it. Having role models who have a similar background and who went through a similar path before you (and succeeded) is one of the best ways to believe in yourself and your ability to make your start-up work. This level of inspiration is crucial to keep working hard, especially during adversity.

The second reason is that the challenges you are facing or will face are for sure challenges that other entrepreneurs have faced before you, in a way or another. Therefore, learning about these role models and how they managed to overcome similar challenges will save you very valuable time and energy (and therefore money), as opposed to trying to figure it out all by yourself. It would also give you a strong boost of confidence, knowing what to do in such challenging circumstances.

Third, having role models will also allow you to better understand the vision you want to achieve in the future and what kind of leader you aspire to become. It will help you understand your passions, preferences, and values. Simply put, it will help you understand who you truly are and will therefore allow your teammates, clients, and partners to better connect with you.

2. Self-Reflection: How to Understand and Analyze Your Strengths, Weaknesses, and Personality Traits

Not everyone is meant to be a leader or an entrepreneur. Every person has a different personality. Some characters fit the start-up world, but others are far better off being regular employees. Therefore, knowing your strengths and weaknesses, as well as personality traits, will comfort you in your decision to dedicate your life to your start-up. It will also help you choose in full awareness the tasks you should focus on in your start-up and what kind of teammates or associates you need to have in your team.

An easy way to determine that is simply to build strengths, weaknesses, opportunities, and treats (SWOT) about yourself. Usually, SWOTs are performed to understand and analyze the potential of future projects. In this case, you simply have to list down the strengths you think you have, your weaknesses, your opportunities (how your strengths can create opportunities in your environment), and treats (how your weakness could impact you in your environment).

Once you did that, you could ask three different people who know you well to assess your SWOT for you. It could be one family member, one colleague (maybe your cofounder), and one friend.

You would be surprised by their answers, and it will give you a strong perspective not only on your strengths and weaknesses but also on how you are perceived by others. This perception is very important when you start a company as you will be meeting a lot of people: clients, investors, teammates, etc.

Finally, regarding your personality, there are several psychological assessments that are quite advanced, reliable, and based on latest neuro research. The results are quite revealing and provide a good initial basis to understand your professional personality traits at this stage of your journey.

The reliable ones are usually paid for and pricey, but you can visit us at www.arabexcellence.org to receive complimentary access to some of them.

3. Unveil Your Purpose in Life and How Your Future Start-Up Contributes to It

Once you are inspired by role models you relate to, and you know more about your personality and strengths, it is very important to spend some time to unveil your purpose in life, both on a personal and a professional level. The "purpose" is the reason WHY you do what you do and is the meaning behind every action and decision. It is the reason why you wake up in the morning and why the actions you undertake during the day actually do matter.

When things do not go your way, and challenges are actually putting you down, having a strong purpose will allow you to find the energy to keep fighting.

Having purpose will also allow you to confirm whether the cause you are pursuing in your start-up is relevant to you on a personal level. Indeed, you are meant to spend most of your time and energy working on your project. Therefore, if this project is not connected to your personal purpose, you will be more likely to quit along the way. On the other hand, if the cause of your company is aligned with your personal purpose, you will more likely stick to it and persevere even if you meet challenges or failures along the way.

It will also allow you to better select your cofounders and partners, as the most important aspect to a team's cohesion is their common purpose and vision.

Indeed, most start-ups fail not because of the business model, market, or lack of funding, but because of the team's inability to stick together over the long run. Therefore, investors and clients actually do care a lot about the WHY of the cofounders because it is a strong indicator of their long-term dedication to the company.

These are some questions that might help you better unveil your purpose. It is recommended to write the answers. These might be difficult questions to ask yourself, but they are necessary to start unveiling your purpose.

First, you need to imagine that you are 30 or 40 years from now. You are a grandfather or grandmother, and you are having a conversation with your grandkids. They are asking you the following questions:

- What are the things you have done in your life that makes you smile?
- What are the things you regret doing or not doing?
- What are the achievements you want people to remember?
- What do you want your loved ones to think about you?
- On a professional level, how do you want your colleagues or coworkers to remember you?
- What legacy would you leave? How did you change the world, or at least your world, in a positive way?

4. Clarify Your Vision and Action Roadmap for the Upcoming Months and Years

Your personal purpose is your compass, and once your company's purpose is aligned with your personal one, it becomes the compass of the whole start-up. Therefore, all stakeholders must know WHY the company exists.

Now, it is very important to start visualizing your vision for the future (e.g., for the next 10 years). How do you see yourself on a personal and professional level? How do you see your start-up? How many collaborators? How many clients? What is its revenue? What is its impact? The more details and key performance indicators you include in your vision, the clearer it will become and the easier it will be to build a roadmap toward it.

Most importantly, building a start-up that is aligned with your vision and purpose will actually trigger one of the most powerful sources of energy and motivation: your passion. You will fall in love with your project, and it will therefore become much easier to dedicate your time and energy into making it a reality.

Now, once you have visualized this vision, you need to sit with your cofounders and key stakeholders such as investors or future investors (if you have ones of course) and discuss the company's vision with them. You might have to reconsider few aspects of it, but once everyone is aligned on the main characteristic of the vision, you have the right team to make it happen.

The vision is like the end destination on a global positioning system (GPS). Imagine that you have a beautiful car (your business idea), you have enough gasoline (you and your team), and a GPS to give your direction (your mentors). Now, imagine that you do not have an actual destination to put in your GPS. What you will do is cruise around, maybe even enjoy the ride for a bit, but you will soon be coming back to your initial point, frustrated.

On the other hand , if you know exactly where you are going, your end destination, you will be able to take the best road possible (even take the highway), without looking for the exit signs.

Simply put, you will actually be able to build a concrete plan to reach your destination and, therefore, manage to actually reach it.

5. Start the First Step of Your Start-Up Without Compromising or Sacrificing Anything

By now, you have a better understanding of who you are and what inspires you. You have started to unveil your purpose (why you actually want to become an entrepreneur), and you have a clearer vision of where you want to be in 10 years.

What comes next is to actually make that first step toward this journey, even if it is only a very small one.

Most people stay at the idea phase because they are too afraid to start this entrepreneurial journey. They think they need to sacrifice their comfortable life and, potentially, the career they have built. This is mostly the case for those who already have a comfortable job that pays the bills. Quitting your job to launch a very uncertain business is for sure not an easy decision, especially with the pressure of your family, society, and peers.

This following approach would allow even those who are risk averse to become entrepreneurs without the uncertainty and risks associated with it.

Indeed, you do NOT need to quit your existing job to start working on your start-up. It might actually even be better to have a stable source of income while you build your company as it will give you the comfort or luxury to be patient during this process and will avoid unnecessary stress and financial pressure.

However, what you need to do is dedicate 1 hour every day and maybe 3 or 4 hours on weekends to work on your "baby project". If this project is actually aligned with your purpose, you will find joy and contentment in dedicating your time and energy to it and it will be effortless. It will be your passion.

The first thing you can do is to start putting your idea into a presentation: a few slides on the problem you are solving, the purpose of your future company (the WHY), your products, features (your WHAT), and your implementation roadmap (HOW). Now, instead of just having a fuzzy idea in your mind, you have a concrete project and a first version of your pitch.

The next step is to contact people in your environment that might have some interesting feedback and advice for you. You can set a meeting on the phone or go for a coffee. These people could be friends, friends of family, past professors, contacts from your parents, alumni, etc. You could even connect with these people online using platforms such as LinkedIn. You would be surprised by how much you can learn from these connections, from how to start your project to how to overcome challenges, all the way to how to get funding, etc. Doing this will save you a huge amount of time, money, and energy. It is completely free. You can do all of these without making any sacrifices.

Then, finally, once you have polished your understanding of the market, your products, and your implementation strategy, you can even involve some of these people in helping you build the product (if you cannot do it yourself). Indeed, this approach would allow you to find good potential cofounders to join you in this adventure and who would help you build the actual products in exchange for shares in your future company.

Then, once you start selling your products, you can actually decide to quit your initial job to fully dedicate yourself to your start-up as it has also now become a meaningful income-generating opportunity.

B—HOW TO LEVERAGE THIS MINDSET TO BRING EXTERNAL RESOURCES IN A NONCONVENTIONAL WAY

1. How to Communicate Your Story and Vision with Authenticity and Passion

One of the most important aspects of attracting cofounders, investors, and clients is the WAY you communicate about your project.

When pitching their idea, most entrepreneurs focus on the WHAT (the idea of the business) and the HOW (how they plan to make it happen). Very few actually know their WHY (their purpose or the cause that is driving them and the start-up; money is not a purpose, it is a result).

Unfortunately, this approach is simply not very effective. There are several reasons for that: one of them is that once you speak right away about your ideas or products, the first unconscious reflex that people have is to find flaws in your idea or compare it to existing ideas or projects they have heard of or seen somewhere else.

Simon Sinnek, in his book "Start with the Why", codified this approach and explained it very simply.

"When companies start instead with the 'Why', with what they believe, they will tap into our innate drive to include those products as symbols of our values and beliefs. They make us feel special like we belong to something bigger, and we feel a sense of tribe affiliation with all the others buying the same products.

'Why' is the reason to buy and the 'What' merely represent the tangible products as a proof of that belief. 'What' is the reason we can point to rationalize why we so much like a company over another."

Therefore, when presenting your project, always start with the WHY (the purpose), the WHAT (the product), and the HOW (the implementation roadmap). This will also allow you to speak with passion and from the heart because you would be speaking about something you are deeply connected with.

2. Self-Training: Simple Ways to Become an Expert in Any Subject Related to Your Idea of Start-Up and How to Get a Chance to Meet and Get Support from High-Level Leaders

One often thinks that in order to become an entrepreneur, one needs to be an expert in the sector he or she is addressing.

The reality is that one only needs to understand the market in which he or she will operate and the needs they are addressing. To do that, one does not need years of academic studies. Indeed, with the internet, one can get a very comprehensive knowledge of almost any subject or sector. There are thousands of free online articles, videos, as well as free or very affordable online courses for pretty much any topic. Moreover, interviewing other experts is one of the best ways to become an expert on that very subject.

Let us take a concrete example. Let us assume that your purpose is to find solutions to the educational crisis, and you are trying to launch your start-up in the educational technology sector.

The first thing to do is to educate yourself using internet videos and articles, or even books. After a few weeks, you should have developed a background that is sufficient to have a proper conversation with an actual expert on the matter.

Then, the best way to accelerate your expertise is to reach out to professionals or experts in that field and request to have a short conversation. These experts could be educational technology entrepreneurs, educational investors, professors, representatives of ministries of education, etc. It is relatively easy to find their contact online or use LinkedIn to send a short message asking for advice.

Many might not end up answering but a few will definitely be happy to give you 15 minutes of their time to answer your questions. All you need is 5 or 10 of them to agree to meet with you (online or face to face).

Now, once again, the best way to get their attention is to communicate starting with your WHY (your purpose), which is usually a global cause that people can easily connect with.

At the end of these meetings, you will develop such a comprehensive knowledge of the industry, its trends, its challenges, its stakeholders, etc., and you will be able to really come up with a product or a solution that will solve these issues.

By doing this, you will kill four birds in one stone. First, you will learn a lot and might even become an expert in this sector. Second, your company will be building a solution that is really needed by the industry in question. Third, you will do the proper market research and market validation that investors or banks usually ask for when assessing projects. Fourth, these contacts might end up helping you along the way, especially if you were listening to them properly and actually implementing their advice.

You can use this approach to reach out to high-level people who inspire you such as leaders, chief executive officers, ministers, etc.

3. Transform These Leaders into Your Mentors and Allies to Co-create Your Product

The most important skill in transforming these contacts into mentors or allies is the skill of listening. This is what we, in Arab Excellence, call "the coachability skill". These experts and high-level people are usually very busy, but most of them would be keen to help young people provided they are worth their time.

Being worthy of their time means that you have the right attitude, you are hungry to learn, and, most importantly, you know how to listen and implement their advice. You need to show that you are genuinely humble and willing to **unlearn** what you think you know to **relearn** from real experts in the field.

Very practically, after each of these meetings, you need to send a thank you note and actually implement the advice that was given to you, or take their inputs into account in your business ideas.

Then after a few weeks, once you made enough progress, you can send them an update that shows them how their advice/input was valuable and was implemented. You will then be in a position to suggest a follow-up meeting to keep the momentum going. The more they know you, the more they will be willing to support or even mentor you.

4. Your Allies Will Be Your Best Clients and Investors

By now you are starting to have a strong network of experts and even maybe leaders who are being updated as you are building your venture. Once your product is tested and ready to sell, these mentors will be the first ones to want to make it work. Indeed, by this time, they feel engaged in the adventure. They feel that they are part of this journey because you invited them into your cause and you managed to properly value their time and advice.

They will be your first supporters to connect you with potential clients, investors, or partners. Some of them might actually become your clients or even investors, making your dream a reality.

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STORIES FROM THE TRENCHES: WHAT YOU WISH YOU KNEW BUT NO ONE TOLD YOU

Middle East Venture Capital Association (MEVCA)

Yasmin Almostehy, *Executive Director*

It is the dream of being your own boss, your freedom, your retirement plan, and your big exit. The dream that was fueled by Silicon Valley in the 30s and has been exploding on the global entrepreneurial scene ever since. Moreover, 1995's dot-com boom is another perfect case of evidence that you too can strike rich, with a technology idea that will revolutionize the world, just like the transistor inventor that landed a deal with the Navy, catapulting technology to immeasurable heights. The silicon chips, and the hardware inventions that came around it, and the domino effect it had to create the technology world we know today. All the lessons we learned from the men, women, and engineers that had ideas on what technology could enable, giving us indispensable items like the personal computer and the mobile phone. It started in Silicon Valley and set the stage for an evolving technology revolution that sweeps the world year after year.

Fast forward to the 80s. Computers talking to each other and sharing information across continents, using a new communications protocol called Transfer Control Protocol/Internetwork Protocol (TCP/IP). Limited at first to government use, and then computer scientist Tim Berners-Lee released the source code for the world's first web browser and editor—the World Wide Web. And what a technology revolution that was—changing businesses, global economies, international relations, and mankind forever.

It would be near impossible to measure the number of technology-based businesses that have been spawned since. And with every setup of a new business comes the story of an entrepreneur who was driven by their own ambitions and compelled by their own reasons, to venture out into the uncertain world of entrepreneurialism, and veer away from the perceived stability of being an employee. And with that dream, thousands of success stories worldwide.

But what are the actual journeys that founders went through? Where were their biggest successes along their journeys and their biggest pain points? Undoubtedly, every entrepreneur has watched dozens of tutorials, read hundreds of articles of how to make a business take off and grow, spoken to dozens of mentors and coaches to get the advice they need to implement their plan, and maybe even studied the technicalities of business administration, just to make sure they check all the boxes of knowledge they need. Yet, there remains the intangibles that make an aspiring founder a successful entrepreneur with a dream that materializes into something that truly impacts their area, the community, or the world around them.

We have spoken to some of the founders in the Middle East and North Africa (MENA) region and compiled a consolidated summary of one main aspect of entrepreneurship: *"What Do You Wish You Knew That No One Told You"*. And the lessons learned from our talks with these founders are the elements of being an entrepreneur that do not necessarily come up as the first piece of advice a founder will get.

DO NOT FOCUS ON THE EXIT

It is inevitable to dream about the end result of a successful business from day 1. The glitz and glamour of that exit—the cash out of the business that will make you rich. A main driver for entrepreneurs, possibly looking to work hard on making their business successful, exiting the business, and retiring comfortably, without having to worry about a 401K plan or rationing savings to last in their golden years. Augmented by the numerous success stories that we are all exposed to through the media, it would be challenging to not let that be the light at the end of the tunnel.

But the success stories we hear about are a double-edged blade. True that they are inspiring and can help one weather the difficult times where things do not go as you planned (and they hardly EVER go as you exactly planned). But they also take a psychological toll on a founder. The "why isn't this happening for me?" concept that cannot only dishearten your enthusiasm, but will also make you lose focus on your own journey.

Some entrepreneurs succeed in record short times. And they are an inspiration to most founders that understand that with the right dynamics, the right business plan, the best team, and the seamless execution, they too can strike gold in record time. Statistically though, establishing a business that will achieve your desired end result, and fulfill all your dreams, is a journey that differs for every founder, for every industry, and in every part of the world. Being in it for the long haul is a state of mind that every founder needs to be prepared for. As said by Malik Shehab from Golden Scent, "If you think it's a hit and run business, you think wrongly. Amazon is not a 5-year-old company. If you want to make money in 2 or 3 years, I think it's better to participate in the lottery."

That is not to say that an exit is not crucial to a business. In fact, all possible exit scenarios need to be studied and planned for from the beginning. But it is the mindset of the founder that determines the difference between setting up a business with an exit strategy and setting up a business FOR the exit strategy. And this is where passion comes in. It is not passion for the exit. An entrepreneur needs to be passionate about what they are doing, and the impact that their business will have not passionate about getting out of the business. If you are not passionate about what you are doing, and why you are doing it, then you have just given yourself another job, but with longer hours and higher stress levels. Human passion is what gives an entrepreneur the resilience to weather challenges and wake up in the morning enthusiastic about their day ahead. And resilience and passion are the top two requirements for individual success in the business. But more about that later.

MANAGE YOUR ANXIETY

Working from home.
Flexible Hours.
No boss to report to.
Better work–life balance.

"Being able to manage your time more flexibly, to be able to work from where you want, to have a more flexible life. That was my ignorance at a young age."

—Dani El Zein,Supy

These are some of the ideas that many entrepreneurs falsely hold in their minds when deciding to venture into the start-up world. A step from a 9–5 job to being your own boss surely must have elements of freedom that we often crave for when in a conventional organizational job, correct?

False. Being an entrepreneur requires more dedication, time, sacrifice, and uncertainty than a stable job that will surely provide you with a paycheck at the end of the month. And the strongest element of this is anxiety. There are countless moments in an entrepreneur's journey that will inflict the kind of stress that will keep you up at night, tempt you to review your plan, and have you reconsidering your decisions. It is crucial to recognize the difference between anxiety, and the need to reevaluate your plan to accommodate new circumstances. And it starts with your business plan. A solid, well-researched, and substantially backed business plan sets the roadmap for your entrepreneurial journey. And unless external circumstances are imposed on your plan, the rest is anxiety, derived primarily from your plan not following your preconceived timeline.

Accomplishments will stagger. Milestones will be delayed. And your investors will exert pressure. And whereas you must stop and do a sanity check on your plan periodically, anxiety should not derail your overall plan because those knots in your stomach are causing you too much stress.

Perhaps self-control of negative emotions is one of the most difficult tasks any person struggles with. You must find ways to silence the demons in your mind and focus on your accomplishments. This could be setting aside a regular time slot during the week to immerse yourself in something other than your business. Or it could be finding someone to speak to or vent with when the voices in your head are too loud to ignore; not an investor or a business partner, but someone that you can speak to about what makes you vulnerable and what scares you the most. Or simply taking a step back, taking stock of your achievements so far, and reminding yourself that you are on your way to success. But it is crucial that you do not let challenges overshadow your sense of accomplishment, or a well-deserved pat on the back for how far you have come so far.

Manage your stress. A lesson we all need to learn in life, but one that is especially relevant when you are an entrepreneur, and have put more at stake in your business than others.

FIND YOUR PASSION

Entrepreneurs choose the path of start-ups for several reasons. Perhaps the most powerful reason is to find a solution to a problem that exists today; a solution that will make a difference to people's lives. A solution driven by a personal situation or need that arose in your life. And it is the passion that will make persistence come easier.

"Entrepreneurship isn't glamourous. No one tells you about the nights in an airport waiting for an Uber because you can't get a car rental, to see your family after you haven't seen them for 10 days." Being an entrepreneur is nothing like corporate. It is a lifestyle change, and unless it is something you are passionate about, "it's not something you will enjoy doing"

—Ryan Lefers, RedSea

Passion could come from a personal need that drives you to come up with a solution. One of the most prominent start-ups in the MENA region based out of Abu Dhabi Global Market is Alma Health. The idea of Alma spurred from a personal need of the founder, who witnessed firsthand the opportunities for improvement in primary healthcare in the region. Growing up with a chronic condition in Canada, and after a move to the United Arab Emirates, Khaldoon knew that, in a lot of cases, there is no need to go see a doctor physically, or wait hours for the medication to be dispensed. And thus, the birth of his business, a solution to tackle a regional need in the healthcare space, driven by a passion that enabled the team to overcome challenges and hurdles along the way.

PERSISTENCE, PERSISTENCE, AND PERSISTENCE

Ultimately, the one unanimous voice spoken by all entrepreneurs is the crucial need for persistence.

"It's important to not throw the towel in. If you have a great product and a great team, and you operate in a market that's growing rapidly … the company will find the sweet spot where it can grow very quickly."

—Khaldoon Bushnaq, Alma Health

"Laazem yikoon nafasak taweel" (which is an Arabic expression translating to "you need to have a long breath"—meaning you need to be patient). "You need to be okay not knowing answers and not having answers to everything. You will not always see light at the end of the tunnel."

—Dani El Zein, QuikUp

"When things gets really hard, you have two options, you can quit or keep going. Sometimes you can ONLY keep going."

—Ryan Lefers, RedSea

CONCLUSION

The journey that every entrepreneur takes is a journey that varies from one founder to the other. But the experiences that all founders go through become a part of the integral story to be told about their successes and failures. The common elements of success are the anecdotes, memories and learning moments that bring a glimmer to the founders eyes when speaking of them. And the failures that they endure become yet another notch on the post to help propel that founder into a wiser and more knowledgeable path, able to learn from the challenges, and make smarter decisions moving forward; a quality valued by investors across the globe. Even as a preference to Warren Buffet, one of history's most successful investors and richest men in the world, who said that he would not invest in any business where the owner has not failed at least twice. Failure may be in your path as an entrepreneur, but it is by no means the end of your journey. Remain resilient, adaptable, and passionate about your business. Study your mistakes, and allow them to redirect you to the appropriate course of action that will lead to your success. Manage your stress so that you can continue your rewarding journey.

And know that being a successful founder can fulfil the dreams you had when you decided to go down that path. The world is full of successful stories, and yours can be one of them!

FROM IDEA TO INNOVATION

SEARCHING FOR PRODUCT–MARKET FIT AS AN EARLY—STAGE START-UP

INSEAD

Vikas A. Aggarwal

NAVIGATING THE EARLY-STAGE ENTREPRENEURSHIP JOURNEY

InnovaMENA

Anas Zeineddine

THE START-UP STUDIO MODEL AS A CATALYST IN A NASCENT START-UP ECOSYSTEM

Dunes Ventures

Victor Kiriakos

https://added.gov.ae/EJ

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SEARCHING FOR PRODUCT–MARKET FIT AS AN EARLY-STAGE START-UP

INSEAD

Vikas A. Aggarwal, *Professor of Entrepreneurship and Family Enterprise*
Academic Director, Global Private Equity Initiative

THE WINDING ROAD TO START-UP SUCCESS

The road to start-up success can be treacherous. While successful entrepreneurs are often exalted in the popular press, the reality is that success stories in the start-up world are few and far between, with the vast majority of entrepreneurial journeys ending in failure. Although failure rates for start-ups vary considerably depending on geography and industry, they can range from 50% to over 90%. There are myriad reasons for this, including the lack of effective execution capability, the inability of the entrepreneur to assemble the financial and human capital resources needed to execute, and team-related dysfunctions. Yet, the most fundamental reason for start-up failure is the inability to achieve product–market fit.

Achieving product–market fit is an unquestionably critical component of start-up success. Simply put, product–market fit entails a close alignment between the start-up's product or service offering and the needs of the target market. Given the lack of resources in early-stage entrepreneurial settings, searching for and finding product–market fit is critical. Financial capital is generally limited, and ineffective product–market fit can be a significant drain on these scarce resources, impairing the chances of success.

It is important to recognize, however, that finding effective product–market fit does not necessarily entail an expensive, up-front process. Rather, finding product–market fit is something that can be done quite effectively by following a straightforward, methodical approach, even in the highly uncertain world of entrepreneurship. The "lean start-up" methodology as discussed by Ries (2011) and Blank and Dorf (2012), for example, suggests that entrepreneurs should continuously experiment and iterate based on customer feedback, rapidly addressing product–market fit challenges as they arise. This involves developing a minimum viable product (MVP), testing and iterating the MVP, and then "pivoting" as new information surfaces over time.

Launchpad Failures

Is following a lean, experimentation-based approach better than developing and launching the entrepreneur's vision of the "perfect" product or service? In most cases, the answer to this question seems to be yes. Stories abound of start-ups that have invested millions in investor capital, only to find when they ultimately launch that there is no real market for their product.

Juicero, a San Francisco-based start-up founded in 2013, offers a cautionary tale to entrepreneurs and venture capitalists alike (Huet and Zaleski, 2017). The company raised over $120 million in venture capital funding from blue chip firms to develop what was essentially a highly complex, internet-enabled juicer that would take pre-packaged packs of fruits and vegetables and squeeze them into juice. Bells and whistles included a companion smartphone app that offered users information about the nutritional content of the juice being squeezed. The nearly $700 machine, however, never gained market traction, perhaps because it had not been effectively market-tested. Had the product been vetted more thoroughly using continuous user testing, the company may have realized that, as consumers discovered quickly after the product launch, the juice packs could easily be squeezed by hand, obviating the need for a $700 machine. The end result, of course, was a failed company and the loss of investor capital.

Such launchpad failures, exacerbated by a dearth of data on product–market fit, are not limited just to early-stage start-ups. Large tech companies have also seen their fair share of products fail due to a lack of effective testing (and pivoting) before their launch. Google, for example, has had a number of failed products over the course of its history, including Google Glass, an early attempt at augmented reality, and its social network, Google+. Likewise, Amazon's Fire Phone, the e-commerce giant's answer to Apple and Android, failed to catch on among consumers.

Pivoting to Success

In contrast with the large-scale high-up-front investment launches often characteristic of products that can result in product–market misfits, a number of today's most successful companies have taken a more measured, experimentation-based approach, oftentimes pivoting significantly from the product or service with which they first started. Twitter, for example, has its roots in a podcasting platform called Odeo, which served as a way for consumers to find and subscribe to podcasts. Competition from Apple in this same space forced Twitter to pivot toward the short-message blogging service we know today. Uber, in its original form, was a luxury car platform, similar to a typical taxi service. Its subsequent pivot to the ride-sharing concept, which was a seminal event in what came to be known as the sharing economy, involved overcoming numerous challenges, particularly in the regulatory space. Instagram had its roots in a location-based social network, and only once the photo sharing aspect of this network became clearer as a result of customer feedback did the company pivot to the photo-focused app we know today.

Many of today's emerging start-up successes are following similar experimentation-driven paths to finding product–market fit. Within the United Arab Emirates (UAE), a marketplace for second-hand luxury goods, The Luxury Closet, was founded by Kunal Kapoor in 2012 out of his Dubai apartment. Having recognized the potential that existed in such a marketplace—namely, unlocking the closets of millions of luxury goods consumers worldwide—Kapoor spent the early years of this company developing and demonstrating a proof-of-concept MVP, first via Facebook and then via Wordpress, before eventually scaling up with venture capital funds (Aggarwal and Kachan, 2019).

Another UAE-based start-up, Seez, was founded in 2015 based on founder Tarek Kabrit's idea of a "Shazam for cars", where snapping a picture of a car would bring up its price and other details (Aggarwal and Madhavji, 2021). Quickly realizing that the market potential for this idea was limited, Kabrit pivoted the model numerous times, driven by customer feedback, first toward an artificial intelligence-based negotiation tool for online car buying and then toward a number of different revenue streams, including a digital car registration blockchain for the UAE government, a cross-border dealer platform, car financing and insurance offerings, and a B2B model for car dealer digitization.

While the story of start-ups such as The Luxury Closet and Seez is still being written, it is clear that much of their success to date has been the result of their founders' focus on identifying clear and compelling customer needs and ensuring ongoing product–market fit through a process of experimentation, testing, and pivoting when appropriate.

AN EXPERIMENTATION-DRIVEN TOOLBOX

Given that there is no shortage of uncertainty and ambiguity in the world of early-stage start-ups, searching for product–market fit is something that necessitates employing a structured approach so that entrepreneurs are not always operating entirely in the dark. There are several components to the entrepreneur's experimentation-driven toolbox. Perhaps most important is generating effective customer feedback. This is important not just in the initial stages of the company's life cycle but also as the company progresses. Another important tool is the MVP, which, when combined with customer feedback, can allow the start-up to test its most critical assumptions and then adapt accordingly. Supporting these processes is a set of analytics and metrics that start-ups should be aware of and on top of in order to test their most important and closely held assumptions and ultimately pivot if needed.

Generating Actionable Customer Feedback

Generating actionable customer feedback is a continuous process. It is important not only at the outset, prior to developing an MVP, but also on an ongoing basis as the start-up refines and pivots its offering. A combination of primary and secondary market research can help triangulate key insights with a combination of qualitative, interview-based data as well as quantitative survey-based instruments. Some tools start-ups can use in this regard include surveys, customer interviews, focus groups, and A/B testing. These need not be high-cost endeavors. Free-to-use online tools such as Google Forms or SurveyMonkey allow users to easily create and administer user surveys.

Focused one-on-one interviews can help gather qualitative data around customer needs and pain points. And focus groups, which entail interviews and discussions with groups of potential users, can yield insights into issues such as unmet needs and the ways in which potential customers use and experience the start-up's offerings. A complementary tool that start-ups can use to decide between alternative features or designs is A/B testing, a process in which two versions of a product (or website) are offered to separate consumers and then directly compared in regard to their level of customer response. This allows the start-up to decide what specific product design features may be most attractive to the target market.

Generating customer feedback, as noted above, is not a one-shot deal. It must be done on a continuous basis. Generating feedback that is useful and actionable, however, means that the entrepreneur needs to make continual assessments around the key assumptions being tested. Identifying the right assumptions to test is critical here. Entrepreneurs often have deep-seated, ingrained views of what their product or service should look like. However, critical to a successful entrepreneurial process is the ability to test and the willingness to discard these underlying assumptions. Following this process methodically can result in unexpected insights. Entrepreneurs need to continually evaluate their product ideas through a critical lens and to surface and test the most critical assumptions for their business. These are assumptions that, if they did not hold, would cause the product offering to fall apart in terms of market potential. Thus, before taking any action around generating customer feedback, it is crucial that entrepreneurs first surface the most important underlying assumptions that are being made and then test these through a combination of surveys, interviews, focus groups, and A/B testing.

Developing an MVP

Developing an MVP is critical to a lean, experimentation-based approach to start-up product development. An MVP should use customer feedback both as an input (to its development) and an output (in terms of evaluating the customer response to the MVP). Of course, a critical set of questions here relates to the quality of the MVP and the set of features it should encompass. One way to think about an MVP is that it should address a real, tangible customer need that has been surfaced and already vetted through the customer feedback processes noted above. The MVP should also be relatively inexpensive to build, so that it does not require a large amount of time or capital outlays. At the same time, it should be an offering that is easy to use by customers so that testing its capabilities and features can be efficiently done with minimal resource outlays, with the resulting feedback then allowing the start-up to learn and iterate on its initial version. The MVP thus represents a "first cut" at the start-up's product and is just the initial step in a continuous journey of experimentation, testing, and refinement.

Capturing and Analyzing Key Metrics

Making effective product–market decisions cannot be done in the absence of good data. Decisions are often only as good as the data that goes into them. And while uncertainty and ambiguity about the potential market are unquestionably hallmarks of the entrepreneurial process, entrepreneurs can and should capture, track, and analyze some critical metrics. The most important set of metrics include customer acquisition cost (CAC), lifetime customer value (LTV), customer retention rates, and monthly recurring revenue (MRR). CAC captures the cost of acquiring a new customer; LTV measures the revenue an individual customer will generate over the lifetime of the customer's relationship with the start-up; retention rate captures the percent of customers that continue using the start-up's product over a given period of time; and MRR measures the monthly revenue generated by a start-up based on sales that are expected to continue into the future. All of these are important as they allow the start-up to understand the key drivers of start-up value and the key trends in value over time.

As is the case with customer feedback, there are a number of free or low-cost tools that the start-up can employ to support its decision-making. Examples include Google Analytics and Salesforce Essentials. Google Analytics can be used to track conversion rates, website traffic, user behavior, and the effectiveness of various marketing interventions. Salesforce Essentials can be used to track information on customers, the customer pipeline, and customer engagement in order to identify and act on patterns and trends in customer behavior. Together, these tools can serve as the core building blocks of the data analytics engine of an early-stage start-up.

Making the Pivotal Decision

Experimentation ultimately necessitates critical changes in the form of a pivot away from a product or service offering that does not work that well to something that may have a stronger product–market fit. This process is, of course, fraught with risk and often involves making very difficult tradeoffs. Before pivoting, it is critical to understand and fully vet the target market and the assumptions that are prompting the change. Pivoting can have a large impact on the organization, and it is important to fully evaluate the implications of change. To what extent would pivoting cause a loss of customers or customer goodwill? What sorts of new resource outlays would it involve? While pivoting is key to ongoing entrepreneurial success, it should be done with clear data to support the decision, clearly articulated goals, and a recognition of the tradeoff between focus and experimentation. Focus is critical in an early-stage start-up if an entrepreneur is to realize their vision. But adjustments are often needed. And it is only by balancing the dual goals of focus and experimentation that a start-up can succeed over time.

DEVELOPING AND SUSTAINING AN EXPERIMENTATION-DRIVEN START-UP

The entrepreneurial process of experimentation, testing, refinement, and pivoting is a difficult one and can only succeed if supported by a start-up organization with capabilities for continuous adaptability. This means that the founder and employees of the organization need to be able to change and overcome psychological biases that may impede this change. This also means that the start-up organization itself has the capabilities and culture that allow for change to occur. Effective experimentation requires that individuals learn and are supported by an organization that recognizes signals of the need for change (Aggarwal, Posen, etc., 2017). Data and analytics capabilities are key here, as is a culture amenable to ongoing adaptability.

Recognizing and Overcoming Psychological Biases

Decades of research in psychology and human decision-making have surfaced a few recurring themes in the ways in which individuals make decisions. Only by recognizing these common biases and consciously correcting them can entrepreneurs be effective in deploying their experimentation-driven toolboxes. One such trait is confirmation bias, in which entrepreneurs may interpret incoming information in ways that simply confirm their existing beliefs (Nickerson, 1998). This can be particularly harmful in the process of experimentation because effective testing requires the willingness to discard long-held views and assumptions. Another bias is what is known as the sunk cost fallacy, in which individuals may continue investing in a project because they have already invested quite a bit to date rather than because of the future potential of that project (Arkes and Blumer, 1985). As economists would point out, sunk costs are generally irrelevant. Choices should be made based on future potential, not on what has been invested in the past. In other words, entrepreneurs, like venture capitalists, should avoid throwing good money (time, resources, and so on) after bad. Finally, survivorship bias means that entrepreneurs may focus on successful outcomes only, ignoring situations that have been less successful. Doing so risks not considering the full probability distribution of outcomes that arise from particular decisions. To overcome these various biases, entrepreneurs need to first recognize them, gather diverse sets of information to help address them, and employ decision-making frameworks within their organization that allow a more objective approach to their choices.

Developing Organizational Capabilities for Ongoing Change

In addition to being aware of and accounting for psychological biases, entrepreneurs need to build into their organizations the capabilities to continuously learn and adapt. Developing these learning and adaptation capabilities can help start-ups as they seek to mobilize the knowledge of their employees and capture market opportunities as they arise (Davis and Aggarwal, 2020). Start-ups need to encourage experimentation and then set up clear processes for gathering and acting on customer feedback around these experiments. The processes of decision-making that start-ups employ can have a significant impact on the ways in which individuals within the start-up learn (Piezunka, Aggarwal, etc., 2022) and can have important implications for the ongoing ability of the firm to outperform in highly competitive markets. Start-up entrepreneurs must fully embrace a customer-centric focus and data-driven decision-making and have a continual willingness to experiment, learn, and adapt. This combination of capabilities will help ensure that the start-up can be successful in its continuous quest for product–market fit.

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9

NAVIGATING THE EARLY-STAGE ENTREPRENEURSHIP JOURNEY

InnovaMENA

Anas Zeineddine, *Founder, CEO*

INTRODUCTION

Early-stage entrepreneurship is a critical journey that can materialize in the creation of successful businesses. Understanding the start-up journey and being able to effectively navigate through the various obstacles and opportunities is what makes or breaks a start-up's success. In this write-up, we will explore four key aspects of success stories of start-ups and how they captured key opportunities that enabled them to set up and grow in Abu Dhabi: first, the opportunity of creating local start-ups from an idea and enabling its transformation to become a fully successful start-up; second, how national strategies focused on specific industries and sectors can help stimulate entrepreneurship and start-up creation and growth through a clear roadmap and ecosystem; third, the key role an investor can play in influencing start-ups to create selective products for commercialization and taking ownership of market making; and fourth, the opportunities that enable a start-up to establish international presence, access new markets, and sustain itself in a new environment while the local ecosystem gains tremendous value. There are endless journeys and combinations in every start-up's life, but the four discussed below show the win–win situation for both entrepreneur or start-up and investor or ecosystem alike.

1. Local Early-Stage Start-up Creation and Journey for Entrepreneurs

Materializing a successful transformation from idea to product requires a sequence of events with specific requirements at a particular pace. This is where early-stage incubation of start-up ideas comes in. From idea, to founder will and determination, to having the right tools and processes and support in place, to acquiring the necessary investment to execute, and then being able to grow and scale.

A particular case of this rapid idea to successful transformation was an incubator program set up by a local innovation hub in Abu Dhabi (Krypto Labs), founded in 2017 for early-stage entrepreneurs, and was among the first privately run incubators in the country and region. Krypto Labs partnered with the United Arab Emirates Space Agency (UAE Space Agency), the government entity responsible for regulating space technologies in the country and developing the country's space industry. The partnership was established toward seeking ideas using commercial satellite data for developing solutions across three verticals: urban and rural land management; disaster and crisis management; and coastal border security.

As part of the agreement, the UAE Space Agency supported the facilitation, development, and implementation of the GeoTech Innovation Program, aimed at accelerating the growth of start-ups, enabling them to transform their innovative ideas into commercially viable and scalable market-ready products.

The program was launched across the UAE, with hundreds of applications received, reviewed, and a handful shortlisted by expert advisors from technical and business fields. The final teams were selected and enrolled through a 4-month incubation program, with a focused curriculum stemming from the ideation, market opportunity and viability, business model validation, product development, marketing plan, product offering, financial plan, investment model, customer journey, and pitch deck presentation.

The winner of the batch was an idea called Farmin.ai, combining the power of artificial intelligence (AI) and satellite remote sensing to provide critical insights for smart cities.

The idea started with a focus on providing agricultural insights into the progress of the crops and its associated health, yield, and harvest prediction. A partnership was facilitated between Farmin and the local agriculture authority through a successful pilot. The product was then pivoted to other areas of AI and remote sensing. Additional partnerships were established with the local municipality department and the port authority. This opened up additional channels as an application in the fields of urban development and coastal security. Additionally, Farmin was able to join other incubation programs regionally, starting in Saudi Arabia through Taqadam, and gained traction in the early-stage start-up community by winning various competitions such as the GITEX Supernova Challenge, the International Astronautical Congress Pitch Competition, and others.

In deciphering Farmin's success through a relatively short period of time, the key elements were the following: first, a structured incubation program with a strong and focused institutional sponsor; second, the capability and determination of the entrepreneur to successfully transform the creative idea into a developed software product solution in relatively short time; third, the success factors that contributed to post demo day growth, such as the initial partnership with local governmental stakeholders where the product was piloted; and fourth, the pivoting toward key sectors and the associated partners that would help the product gain further traction. The accumulation of the above is what contributed to the overall success of Farmin.ai as an AI-powered platform to deliver critical insights for smart cities. Farmin.ai quickly grew a strong team with technical and business background and preparing for a $5 million investment.

Transforming an idea into a successful start-up or business requires various success factors, many of which are in the hands of the entrepreneur, while others are opportunities that need to be appropriately captured.

2. The Ripple Effect of Successful Innovation Programs—Sector-specific Empowerment

Based on the success of the GeoTech Innovation Program, it became evident that there is tremendous opportunity to be realized in the space sector. With the UAE's massive space ambitions, there was a lot of excitement from wannabe space entrepreneurs and national institutions. Building on this effort, a second program was immediately launched, the NewSpace Innovation Program, focusing again on the creation of local space-tech start-ups, but with broader horizons. The UAE Space Agency had sponsored the program to create four local start-ups from idea to Minimum Viable Product (MVP), through another uniquely crafted incubation program.

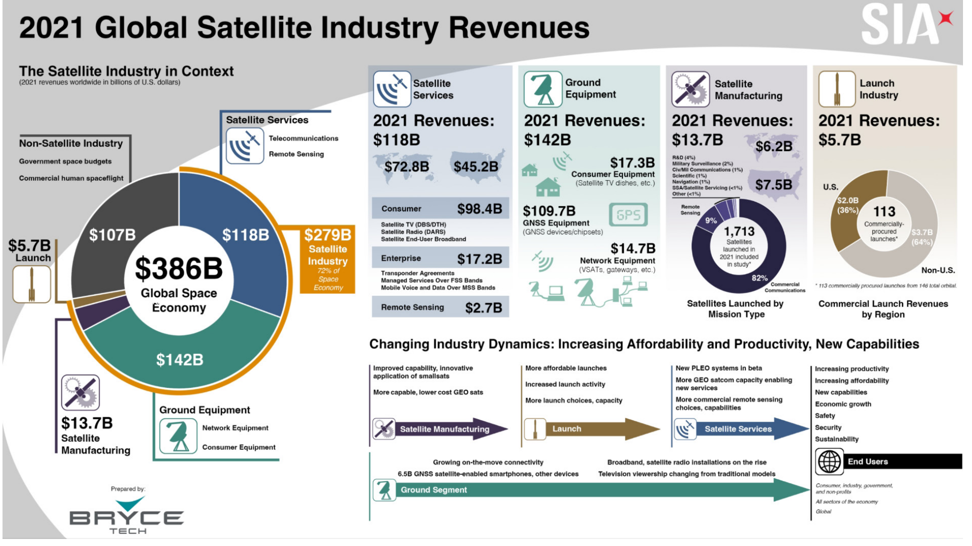
The start-ups would graduate from the program with proven models and concepts and would continue to progress their technologies and continue through various stages and successes. One of the notable successes was SARsat Arabia, which became a regional player after getting selected by Taqadam and Misk Foundation based in Saudi Arabia and funded through other incubators and investors. This became a prime example of a start-up with Gulf Cooperation Council (GCC) roots, regional presence, and a global vision. The eventual economic value this space tech start-up would add to the local economy would not only be measured quantitatively, but also qualitatively in terms of the talent it would be onboarding from the GCC region.

Additional elements that stemmed from these programs was the realization by national space agencies on the significant potential that the space sector would play in the region's economic development in the future. As a result, the Global Space Industry Accelerator (GSIA) framework was established, falling under the umbrella of the National Space Investment Promotion Plan, with the aim of positioning the UAE as a pioneering country in the space industry through innovation. The framework also seeks to nurture a sustainable national space industry and foster a sustainable ecosystem through innovation and Research and Development (R&D). The global space industry is a massive opportunity that was realized by the local institutions and regulatory bodies, with various opportunities to capture.

A key component of the GSIA framework included a venture builder, which will support the establishment of start-ups and increase commercialization potential for intellectual property in the space industry, and establishment of a space accelerator and space fund dedicated exclusively for supporting and financing space tech start-ups.

The key formulation of these groundbreaking initiatives is centered around three main pillars: first, the visionary strategy of national institutions with a clear agenda to enable a specific sector and empower it to grow; second, the facilitation of structured programs by incubators and innovation centers that cater to a particular industry and onboard the necessary partnerships and subject matter experts; and third, the incentives and opportunities available to the entrepreneurs so that they see a clear roadmap for their potential success, which would enable them to become determined

FIGURE 1. State of the Satellite Industry—Global Data from 2021



Credit: Bryce Space and Technology

to commit to such initiatives. The simultaneous combination of these three pillars is critical in ensuring a seamless journey for entrepreneurs and start-ups to transform an industry-specific idea, such as space tech, into an MVP at the fastest pace with all the necessary support. Successful partnerships are most crucial when it comes to creating a sustainable ecosystem that can support space-tech start-ups throughout their journey. These partnerships include the government entities and their associated programs and funds, private incubators, financial entities, educational institutions and academia, and the necessary innovation infrastructure to support a thriving ecosystem.

3. Strategic Technology Investments Through "Innovation Challenges"

Investors often seek start-up investments across a wide range of opportunities, stemming from incubator and accelerator pitch demo days, investment network, deal flow, or being approached by start-ups. The methodology is generally the same when it comes to the approach, primarily focusing on start-ups in the industry they seek, the size of the start-up and their corresponding investment (early stage, growth stage, etc.), or a particular investment round, from pre-seed, seed, to Series A, B, C, etc. Some investors seek start-ups in key sectors or geographies, depending on their portfolio investment theme. Thematic investment funds tend to have a more specific focus toward one or more of these characteristics, making it harder to identify the shortlist of targeted start-ups and even harder the selection of the right start-up meeting their fund objective.

Strategic stakeholder investments are an opportunity to seek specific products or services that may not be available in the existing market. This is where innovation is envisioned by the investor or stakeholder and executed by the innovator.

FIGURE 2. **UAE Entrepreneurship Ecosystem in 2021**

Ecosystem map as defined by the Global Space Industry Accelerator project

FIGURE 3. Drone X Challenge Technical Specifications

Fixed-wing Drone CAT-A FW-BP **Battery Powered** Minimum Payload: 15 Kg Minimum Endurance: 45 Min	CAT-B FW-HC **Hydrocarbon/Hybrid Powered** Minimum Payload: 50 Kg Minimum Endurance: 360 Min
Multi-rotor Drones CAT-C MR-BP **Battery Powered** Minimum Payload: 50Kg Minimum Endurance: 45 Min	CAT-D MR-HC **Hydrocarbon/Hybrid Powered** Minimum Payload: 50 Kg Minimum Endurance: 180 Min

Requirements as defined by the Drone X Challenge 2020

The advantage of this scenario is it gives the investor a strategic edge on identifying key market needs and using them to influence the market. However, depending on the type of product being sought, and the industry or sector, there may be significant work required to materialize this vision. From software products and solutions, to more hardware intensive products, each will require a specific technical capability along with the necessary technology facilitation requirements, such as laboratories and R&D centers.

Such was the case with a private equity based in Abu Dhabi that had envisioned an unmanned aerial vehicle (UAV) product for a specific purpose it was pursuing not only for investment, but also for commercialization. The stakeholder had done extensive market research in the field of UAVs for the purpose of strategic transportation in terms of payload and endurance. An internal team had identified the exact type of drones required and formulated the technical specifications and parameters that would satisfy this requirement. But rather than develop an in-house laboratory with significantly expensive equipment, materials, and capability, the idea was to outsource the R&D and have each team develop the product as their own laboratory. This brings considerable cost savings and expedites the process and reduces the need for onboarding the necessary resources.

To manifest this vision, the global Drone X Challenge 2020 (DXC 2020), inspired by X-prize, was launched to all engineers, founders, entrepreneurs, start-ups, and institutions to design, develop, and deliver one of four sought-after drones, each with specific requirements. The objective was seeking fixed-wing and multirotor drones with design specifications that were nonexistent in the commercial market tackling the challenges of payload capacity and flight endurance with specific requirements for each of the four categories.

The three phases of the project were drone design proposal, MVP development, and MVP demonstration.

Each phase had a shortlist of selected start-ups based on the top designs and proposals that were eligible for a combined $350,000 in R&D grants to support them in their development and prepare them for delivery and a $1 million final prize as an incentive for the winner(s).

With over 1,000 applications received from 55 countries, the final teams were evaluated and selected with 2 emerging winners sharing the prize. One was a team from the Industrial Technology Research Institute based in Taiwan and the other was a start-up with operations in Canada and Ukraine. These two teams had used their technical capability to pivot and customize their products to meet the program objectives.

The unique value-add through this journey is the investor's ability to envision a commercial need and empower an innovator to manifest this requirement. The investor in this case already had involvement in the UAV industry with key governmental and industry stakeholders that would support the commercialization of such a product. The main advantage for the investor through this process is that it is cost-effective and minimizes development risks while having influence over the market product.

The success of the DXC 2020 initiative has proven the massive potential that can be unleashed through remote start-ups working in their jurisdictions while delivering a tactical product meeting select technical specifications. It also empowers the investor to directly get involved in the commercialization of the product and be considered as an owner of the product, not just an investor. This gives the investor significant sway in influencing the deployment of the product to the market or to a specific predetermined customer, accelerating the process of commercialization. Investors will realize that they do have creative options in terms of seeking certain investments, and entrepreneurs have opportunities that can streamline their product to market process.

4. Positioning Yourself to Thrive as a Global Start-up in Abu Dhabi

An opportunity that sprouted for one of the start-ups was through the Global Edtech Start-ups Awards Competition launched through an Abu Dhabi incubator to develop and nurture the region's educational ventures. The initiative stressed on the significance of leveraging technology in education, such as applications of new age tech such as AI, to positively impact areas such as curriculum applications, universal access to classrooms, data applications, lifelong learning applications, supplemental applications, and behavioral analytics applications. The challenge also had an incentive of $150,000 for the final winner.

From the investor side, the strategic significance of the competition was to complement other EdTech initiatives that were already in progress. As part of a large technology group, a partner company was already working on conceptualizing a technology-enabled primary mode of education system to address the needs of the local public school system in the UAE, which eventually evolved into a complete digital transformation from K-12 globally. The investor saw an opportunity to capitalize on global start-up talent to complement its existing concept and scout for any creative additions that may be valuable.

As the global initiative was launched, which netted in several hundreds of applications from dozens of countries globally, and after evaluations and selections of the shortlisted start-ups that were flown to Abu Dhabi to pitch in front of the jury and panel, a Brazilian EdTech company stood out and won the competition. Key2Enable, originally a Singularity University portfolio company, was awarded the prize amount.

It is an assistive EdTech company that had a unique A–Z holistic solution for persons with disabilities. Although the strategic purpose of Key2Enable was to complement existing EdTech initiatives, areas of collaboration were explored and ongoing; however, nothing official had materialized. After coming to the UAE, that start-up saw potential in the region but was happy with the award with no follow-up in plan.

Through negotiations, a pivotal moment would facilitate a whole new opportunity for the Brazilian start-up that would otherwise have never thought about entering the Middle East market. The incubator brought Key2Enable to Abu Dhabi for a 1-week trip and facilitated numerous meetings with pertinent organizations in the health and educational industries. This trip proved fruitful and was extended by several weeks with several follow-on meetings as there was great interest in Key2Enable's product. After engaging several prospect clients through pilot projects and entering other local competitions and being awarded cash prizes, this then led one of the company's cofounders to permanently make a move to Abu Dhabi and establish the start-up at the Hub71 headquarters.

The start-ups' successful and transformative journey led them to take part in multiple initiatives, such as winning the Special Olympics World Games in the education sector. Their journey continued through incubation with a social contribution organization, winning the Supernova Challenge at GITEX Future Stars, acceptance to the Mohammed Bin Rashid Innovation Fund cohort in Dubai, and winning competition pitches through Etisalat and Microsoft for start-ups Middle East. They were also introduced to various regional markets in Jordan and the Kingdom of Saudi Arabia.

Through their presence in Abu Dhabi, they were able to receive a total of $400,000 in grants and $100,000 in contracts, along with several years' sponsorship to have an office at Hub71, and housing and living allowance for the company's founders and staff. This lifeline proved to be a massive opportunity for the start-up, enabling it to establish an international branch office, and seek expansion into numerous opportunities in the region.

Key2Enable's decision to take advantage of the opportunity to capitalize on the region's great ambitions toward EdTech was a massive gain. It has positioned them as a global start-up, with access to new markets and with various financial opportunities acquired.

The incubator's decision to facilitate this opportunity was a fundamental win for the Abu Dhabi innovation ecosystem. This nurtured the ecosystem with physical and permanent presence of a unique product offering with massive potential and onboarding a new start-up with its founders and hiring local staff, establishing presence, and rebranding it as a UAE-based EdTech start-up, further complementing Abu Dhabi's vision of transforming into a major regional innovation hub.

CONCLUSIONS

In order for the entrepreneurship journey to be successful, it needs a multifaceted approach that requires involvement from entrepreneurs, governments, industry, and investors. What manifests this success is a fully integrated ecosystem that supports and sustains itself, by giving its entrepreneurs and start-ups the confidence that a success journey has been envisioned and outlined in a road map. A sustainable innovation ecosystem can unleash the best talent to locally create successful start-ups and attract foreign start-ups to soft-land and establish a new home and thrive. Abu Dhabi and the UAE have put in substantial effort to create a prosperous economy and sustainable innovation ecosystem. It is time for entrepreneurs, innovators, and start-ups to capitalize on these opportunities to build the future unicorns of the UAE and Middle East.

10

THE START-UP STUDIO MODEL AS A CATALYST IN A NASCENT START-UP ECOSYSTEM

Dunes Ventures

Victor Kiriakos, *Founder and CEO*

"Speed is useful only if you are running in the right direction."

—Joel Barker, Future Edge

INTRODUCTION

Start-ups can be destined for boundless growth, but even the best idea can go bust without the right support. Entrepreneurs often have different needs at different stages of their start-up journey. Over the past 15 years, we began seeing in the Middle East and North Africa (MENA) a rise in incubators, accelerators, and similar platforms that are designed to cultivate businesses.

As the world grapples with shifting market trends and commercial realities, we must ask ourselves, "What are the new tools to stimulate entrepreneurial culture?"

EARLY-STAGE SUPPORT: INCUBATORS VERSUS ACCELERATORS

The key to understanding why the start-up studio model is taking the entrepreneurial world by storm is to fully understand how incubators and accelerators work and where they fall short.

Incubators

Incubators play a dynamic role in the start-up life cycle, helping aspiring entrepreneurs break through the initial stages of development. Many of these programs support entrepreneurs by offsetting some of the initial operational costs and providing a discounted rate for functions like licenses, visas, office spaces, etc.

They provide additional value through community events that are geared toward capability building and network expansion. This value proposition is crucial, especially for first-time entrepreneurs who are new to the United Arab Emirates (UAE).

But where did it all start? The dominant business model of incubators in the UAE is rooted in real estate; most incubators provide this value for a limited period of time with the hopes that, as companies scale, they will move to a larger office with more employees and become a permanent tenant. The long-term projected growth often makes up for initial discounts or investments received early on.

It seems like a dream come true to any entrepreneur, but the reality is that incubators de-risk investments with rigorous application processes that are highly competitive. In other words, they pull the plug once they see a crack in a business model to avoid making a bad investment.

While an incubator's role is to facilitate the road to entrepreneurship, they can only support a limited number of start-ups at a time.

Overall, incubators are known for being slightly more flexible when it comes to time frames. They are also known for prioritizing market access, typically by facilitating networking opportunities with potential investors.

Accelerators

Meanwhile, accelerators became widely known for having shorter and faster programs. Seed programs usually last 2–4 months and focus on early-stage start-ups, building up their fundamentals to a point where they can pitch to investors.

Most accelerators offer cash and in-kind services in exchange for an equity share of around 5%–10%. The accelerator business model is a micro-venture capital (VC), and so the management fee does not provide enough cash to maintain a large team. Usually, cohorts of entrepreneurs do not span beyond 10, which ultimately reduces the overall impact of accelerators. In the past few years, we have seen accelerators use early-stage funds to scale operations and de-risk early-stage investments.

So, while incubators help start-ups set up a business with office space and administrative support, accelerators—on the other hand—work as application-based, fixed-term, cohort-driven programs that come with mentors, capacity building, and, in many cases, seed funding (https://www.opengrowth.com/resources/the-pros-and-cons-of-Accelerators-forstartups).

CONS OF BEING PART OF AN ACCELERATOR OR INCUBATOR

While supportive environments, free office space, and seed money may seem too good to be true, there is no such thing as a free lunch. Whether it is timely processes or unexpected fees along the way, it is crucial to look at why these programs are going out of vogue.

We have already covered how competitive application processes can mean limited opportunity. This could also come with different levels of financial commitment that founders would have to pay the price for down the line.

Accelerators, by both name and nature, have one goal in mind: achieving product–market fit. While capturing a market is a critical goal, jumping the gun by rushing growth without a scalable infrastructure can become a problem down the line.

While both incubators and accelerators boast impressive capacity building and mentorship opportunities, there is no guarantee that you will be paired with the right information or expert every time.

So where can start-ups go for high-impact guidance, support, and scalable growth opportunities? That is where the Studio Start-up Model comes in.

START-UP STUDIO MODEL: WAY FORWARD

Start-up studios (or "venture studios") offer a different approach altogether from both incubators and accelerators. As the new kid on the entrepreneurial block in MENA, studios are industry-shaping companies that have cracked the code on start-ups.

The Value of the Model

A founder can access funding, resources, and know-how that enables them to rapidly move past the various stages of business development with risk-mitigating support. This increases the overall success rate in a start-up's nascent (and riskiest) stage.

Investors look at this as de-risking their seed capital because studio teams come with highly specialized expertise from the start. Think of it like an assembly line for high-potential start-ups, but in this case, it is low risk and high reward, especially considering how investors typically gain preferred shares as well as cofounding shares that generate a much higher return on investment. This model is usually seen as a more fail-proof and lucrative deal for investors.

Studios dedicate their resources, networks, and capital to promising ideas. They are gaining global traction because of a solid track record of reliable success. Meaning, they frequently generate ideas in-house or seek out high-impact entrepreneurs and investors as a sounding board before any idea is rolled out.

Studios are strategically positioned alongside industry giants, high-flying investors, and experts. Being in such close proximity to success means that only the best pitches get taken onboard for development. Since most of the heavy lifting, business planning, and product development happens in-house, studios can nurture start-ups at a much faster rate than accelerators and incubators.

The Track Record of the Start-up Studio Model "Macroview"

The start-up studio model is not holistically perfect, but its 26-year evolution is promising. Only 0.1% of start-ups and 10% of VC funds actually proved successful in the past decade. The number of founders, investors, and industry professionals who support the start-up studio model is exponentially growing as the system proves itself to be a viable alternative to incubators, accelerators, and early-stage VC funds.

From its inception in 1996 to 1999, when there were only 5 start-up studio globally, the system has now reached its zenith with 334 total studios worldwide, although most reside in the United States, Europe, and Asia are catching up with new types of studio models that fit their respective economic ecosystems.

From 2015 to 2019, the world witnessed a boom in start-up studio models, with over

50% of the total number launching in just 5 years. Europe, especially, is geared to take over the United States in the coming few years as the region with the highest number of start-up studios globally.

These milestones mean that the start-up studio model has now entered the mainstream. Large corporations and professional services are interested in acquiring and controlling already established studios. Deloitte and Ernst & Young (EY) acquired Makers.do and Etventure to broaden their clientele and digital capabilities. While utilizing the acquirers' resources and customer base, the studios will continue to run independently of them. In the past 5 years, Boston Consulting Group, Mars Incorporated, and Procter & Gamble have launched their own start-up studios to infuse innovation into their core businesses (https://www.enhance.online/#why_venture_builder).

Performance

Thanks to their value creation thesis, start-up studios are positioned favorably among other models with spectacular results. Their performance can be evaluated by a quick study of the statistics that compare the metrics of traditional start-ups with those that were developed at the studios.

The average internal rate of return for traditional start-ups is 21%, as opposed to the staggering 53% that has been observed for studio-developed start-ups. The total value to be paid in is about 1.6, which is not a bad number per se, but it is almost minuscule when compared to the studio start-ups that rate at an impressive 5.6. The average time taken for a start-up to grow from zero to series A is 56 months for traditional start-ups, but for studio start-ups, it takes less than half that time and clocks in at around 25 months. As we can see, the numbers highlight a stark difference between how the two models perform.

Looking Back at the Waves of the Start-up Studio Model

The start-up studio model was started by Idealab in 1996 and specialized in e-commerce in its first stages as it was able to raise interest through funding and exit before the notorious dot-com crash. Despite this, today, Idealab operates with over US$1 billion in assets under its roof and recently found success when ClearScore exited the market, selling its shares to Experian for US$356 million within 3 years of its launch. This has been known as the "first wave" of the start-up studio model.

In the early days of Web 2.0, on-demand servers, and smart phones, the first wave of studios emerged. Few individuals were aware of, or even recognized, the effects that these new technologies would have. The time was favorable for reaching great heights of success. In the meantime, there was a recession, which meant that many talented people would soon be looking for work. These studios profited from previous connections, prearranged capital for their fledgling businesses, and a growing talent pool. There was no competition for the talent draw because the accelerators were still too young to provide support.

By 2011, studios had succeeded spectacularly, and a second wave of studios had been established. By this time, seasoned companies were making extensive use of best practices, lean start-ups, social media marketing, web hosting services, and application programming interface-driven development, but the general public was still mostly unaware of these tools. Convincing exceptional entrepreneurs to join studios rather than do it alone or through an accelerator was easier than ever. The competition was limitless.

Jumping ahead to the third and fourth waves of studios, the benefits of the model were undeniable. It continues to guide entrepreneurial growth with a focus on digital technology and a demand-driven approach to everything. Anyone can learn about best practices online, and anyone can locate the appropriate information, but getting the right information and using it properly is essential. Networking and industry titans are not easy to come by, and the internet still has trouble offering useful strategic guidance in that regard. There are already numerous new studios opening each month, which suggests that, within 2 years, the number of studios will have doubled. By 2023, experts anticipate seeing a threefold increase in the number of studios if the pace of proliferation continues its present patterns.

Timeline Summary of the Key Milestones for the Start-up Studio Model

First wave

Idealab's initial concept was developed in the early 2000s. Studios began funding themselves rather than pitching to outside investors.

Second wave

Studios showed a flare for promising digital industries in 2009. Services like digital marketing, SEO, and web hosting took center stage.

Third wave

In 2013, studios looked to fine-tune their start-up methodology and range of services. Here, we started to see a greater emphasis on the user experience and digital interfaces for selling digital services, consultations, and data.

Fourth wave

Since about 2015, start-up studios have adopted a "from-the-ground-up" approach, a holistic approach to nurturing high-potential start-ups with a focus on disruptive technology, sustainability, and social responsibility.

Start-up studio models are diverse; they have the same role but are shaped based on the needs of their market to create reliable solutions (https://www.gan.co/wp-content/uploads/2020/03/The-Rise-of-Startup-Studios-White-Paper; page 21).

LIMITATION

Although the start-up studio models are creating a community of innovators and industry titans, there are some limitations to this model. The scalability of the model has not yet been proven; studios build and launch 5–10 companies a year, and even the ones with significant funding have failed to scale their model and have grown their scope by attaching a follow-on VC fund to their organization. These moves make a lot of sense given their internal capabilities for vetting businesses as well as their abilities to see and attract deal flow.

In a nutshell, all the available solutions have one core problem: scalability. And so a lot of founders are left to fend for themselves and eventually run out of steam. In a relatively nascent market like the UAE, this translates into more friction and contradicts the strategic objectives of the government.

From a government perspective, there is a strategic objective to diversify the economy and move to a knowledge-based economy. From a people perspective, more specialized professionals are leaving their jobs in pursuit of building their own businesses. The great resignation is a trend, not a fad, and one with a significant impact on the region.

We are seeing this play out in the UAE and at the global level. At Dunes Ventures, we are exploring ways to leverage the studio model to support all entrepreneurs, tech small and medium-sized enterprises (SMEs), and, crucially, the next regional unicorn (https://medium.com/futuresight/understanding-startup-studio-structures-e4482dd3b6a9).

WE WANT TO BUILD THE FIFTH WAVE: LEVERAGING A NEW START-UP STUDIO MODEL TO CATALYZE THE NASCENT ENTREPRENEURSHIP ECOSYSTEM LEAPFROGGING ABU DHABI AND THE REGION

As new and disruptive technologies make our world even more interconnected, the UAE is strategically positioned to lead a new era of global entrepreneurship. Thought leaders and industry titans around the world are looking at ways to galvanize the promising success of the start-up model, and this can all start here.

More and more people are questioning commercial structures and looking for long-term solutions that fit new ways of thinking. The winds of change are impacting the way we relate to work, commerce, and markets en masse.

Jump starting the fifth wave means realizing how to adapt the dynamic potential of start-up studios to local capacity and infrastructure and the entire business ecosystem.

Drawing on extensive research and market trends, we believe that our mission should be anchored by three core values:

- **Inclusivity:** leaving no one behind. The number of entrepreneurs is growing globally; creating an inclusive platform will allow us to service them and leverage their diverse backgrounds to enrich the local ecosystem.
- **Collaboration:** between like-minded people that believe in our mission. Birds of the same feather flock together, so making sure the right people are in the room is imperative to growth.
- **Fairness:** to ensure that all stakeholders are operating under a long-term win-win framework. This is to show how the entire business ecosystem is interdependent, with everyone getting a piece of the pie.

We embarked on a journey 2 years ago that led us on a path to work closely with the Abu Dhabi DED on an entrepreneurial platform. This reaffirmed our mission toward access, property, and growth. Today, the ADSMEhub is a catalyst for the growth of the Emirate and the UAE in their entirety.

Today, we are on the verge of launching an operating system, amalgamating the needs and know-hows for founders to launch, scale, and leapfrog regional success. This is a one-stop shop for entrepreneurs to build better companies from the ground up, with all the support they need to take their industry by storm.

This requires perseverance, constant learning, and a collective effort to meet the following three core, yet interrelated, objectives:

1. **Open-Source Access to Information:** in the hands of all aspiring entrepreneurs because knowledge should not be firewalled. Well-informed societies are the key to sustainable progress, so our approach goes against the gatekeeping of the vital know-how for entrepreneurs to launch viable businesses.

2. **Technological Enablers:** build local and international capacity with the latest tools and developments. Innovation is the name of the game, and businesses are realizing the right skillset is needed to overcome initial hurdles as well as challenges in scaling up.

3. **Government Support:** collaboration to ensure the right policies are in place to unlock the potential of aspiring entrepreneurs without friction or bottlenecks. Contrary to popular belief, governments are businesses' biggest champions. The relationship between business and government is mutually beneficial, as more businesses grow and uplift economies. Founders and SMEs can thrive with the right support, policies, and processes.

OUR MODEL

Benchmarking

To do well is to know even better. Benchmarking global standards, processes, and operating structures enables entrepreneurs to see what works and to find creative ways of learning (and unlearning) practices to fit local markets.

How could something that worked in Beijing be applied to the UAE? What technologies would be better suited to UAE markets, and why? When is it time to call on an expert? And can a particular mentor help through your start-up journey?

That critical eye is something we strive to cultivate on our interactive platform. Our goal is to make entrepreneurs' futures fit, so they do not go bust as fast as they boom. Almost always, the number of well-equipped entrepreneurs is more important than the number of businesses launched.

Innovation

It is the dynamic potential of human development. With the UAE, there are boundless ways to develop an enabling environment for SMEs and start-ups.

Innovation and scalability are almost two sides of the same coin. Why? Because the more you innovate, the more problems your business ecosystem can solve. With disruptive technologies sweeping industries, well-equipped entrepreneurs and founders are well positioned to ride that wave and boost national as well as regional growth.

"Human beings, their ideas, innovations, dreams, and connections, are the capital of the future. Because where great minds go today, great things will follow tomorrow."

—Sheikh Mohammed Bin Rashid Al Maktoum

IMPACT/ SUSTAINABILITY/ GENDER

DESIGN AND INNOVATION: ENGINEERS DON'T MAKE THINGS

Engineering Design Studio, New York University Abu Dhabi

Matthew Karau

IMPACT BUSINESS: WHAT IS YOUR SIGNATURE?

Transition Investment Lab, New York University Abu Dhabi

Bernardo Bortolotti

A PROVEN FRAMEWORK TO TRANSFORM YOUR ENTERPRISE INTO A FORCE FOR GOOD

C3 — Companies Creating Change

Medea Nocentini, Kevin Holliday, Lana Azhari

INNOVATION THROUGH CULTURE, NOT TECHNOLOGY

FortyGuard

Jay Sadiq, Mohamed Elmak

WHERE INNOVATION AND ENTREPRENEURSHIP MEET PURPOSE

Stratecis

Ara Fernezian

https://added.gov.ae/EJ

THE IMPORTANCE OF (FULLY) LIVING YOUR MISSION

MindTales

Jenna Kleinwort

BUSINESS VOWS IN SIX STEPS

BOLT Consultancy

Aya Sadder

ENTREPRENEURSHIP: UNLOCKING NEW ECONOMIC EMPOWERMENT OPPORTUNITIES FOR WOMEN IN MENA

Plug and Play Abu Dhabi

Dr. Louiza Chitour

https://added.gov.ae/EJ

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DESIGN AND INNOVATION: ENGINEERS DO NOT MAKE THINGS

Engineering Design Studio,
New York University Abu Dhabi

Matthew Karau, *Director of the Engineering Design Studio*

DECADES OF DELUSION, HOW WE GOT HERE, AND WHERE IS HERE?

"Heresy/hɛɹəsi/(n): A controversial or unorthodox opinion held by a member of a group, as in politics, philosophy, or science."

—Wiktionary (https://en.wiktionary.org/wiki/heresy)

While we are at it, allow me to go one step further and say, "engineers ***shouldn't want*** to make things." The claim that "engineers don't make things" should sound counterintuitive, and to most engineers, it will sound like heresy. However, as we aim our collective sights on grand challenges and necessary innovations with an eye to the future, we are implicitly seeking to release ourselves from prescriptive and legacy approaches that have not been able to deliver by supporting the status quo. In this world of innovation, a little heresy is a good thing.

While many trace the origins of the Maker Movement to recent organizations encouraging young people to rapid prototype with 3D printers and laser cutters, making is undoubtedly rooted in a deeper and innate human desire and need to create solutions that address challenges we have faced as species across centuries. In the 1900s, before the widespread access to digital tools and precision fabrication, adherents to the movement would have simply been known as DIYers and hobbyists. While these clever individuals have certainly been part of crafting solutions that make their way into industrial applications, it is not a goal or requirement that their systems work beyond their application to a hyperlocal problem that the hobbyist themselves faced, and sometimes it is even acceptable that a solution does not work at all, as long as the hobbyist enjoyed the process of making it.

Hopefully, as we follow the logical pathway of the hobbyist origins of being a "maker", it becomes clear that we are no longer in the same realm of expectations as those that arise when we think of the responsibilities of an engineer. This motivates much of the way I work with undergraduate engineering students. Fighting the temptation to focus on that legacy hands-on approach that feels safe and reassuring is part of recognizing the future potential of engineering to provide answers that are not limited by humans acting as calculators, machinists, or hobbyists when trying to tackle serious problems.

Over the next few pages, we will unpack the reasoning behind "engineers don't make things" and "engineers shouldn't want to make things" to reveal interesting insights, beyond philosophical debates about engineering roles, into understanding markets, value creation, and attuning our senses to weak indicators that help predict the future.

THAT WHICH IS ENGINEERING OR WHY NAMES MATTER

"What's in a name? That which we call a rose by any other name would smell as sweet."

—Juliet (William Shakespeare)

Shakespeare was, no doubt, correct about roses, but the converse is not true; not all sweet-smelling flowers are roses, and this logical fallacy can help inform our understanding of the roles of not only engineers but also the other familiar characters in the chain of innovation and value creation.

In Silicon Valley, engineers are the lifeblood of the technology industry and are handsomely rewarded for the long hours and expert thinking that lead to innovative products and companies. In other parts of the world, though, engineers are merely implementers of specifications received from higher up in the chain of command, and there is little or no expectation that the job requires new thinking beyond rote repetition of pretrained skills to crank out work as it has always been done. In yet other parts of the world, the title "engineer" broadly describes any job that might be more accurately understood as technician or handyman. Whereas, the classical definition of engineering describes a profession in which individuals understand, interpret, and apply the natural laws of science and mathematics to create practical outcomes that benefit society.

In the United Arab Emirates (UAE), for example, local newspapers publish annual salary guides for jobs in the region. In 2022, a search for "electrical engineer" in such a list returns an expected starting salary of 9,000 AED per month ($29,379 per year) with a maximum of 13,000 AED per month ($42,437 per year). At face value, this seems impossible—this is the salary for a professional with a degree in engineering in one of the world's wealthiest economies; yet, the pay for this apparently respected career is barely enough to cover living expenses in Abu Dhabi.

Of course, it is not a mystery what has happened here. The title of "electrical engineer" in the UAE is generally accepted to describe an individual who lives in a shared staff accommodation, wears steel-toed boots and a company-issued uniform, and spends the day repairing electrical distribution panels and climbing ladders to pull cables and service building infrastructure.

Although electrical engineers in Abu Dhabi and Silicon Valley similarly produce and refer to schematic diagrams to understand circuit layouts and use test equipment like oscilloscopes to analyze electrical systems, they are fundamentally doing very different jobs. In the same way that a self-taught coder and a computer science graduate may use similar tools to capture ideas and test them on a computer, the coder could bash away at the keyboard for 1,000 years and would likely not be able to craft a new encryption algorithm that a computer scientist can create while using the same tools. Herein lies the paradox, not so much in naming, but in false equivalencies in skills, abilities, responsibilities, and value creation based on using similar tools.

In more recent years, UAE national salary surveys have expanded to include additional job titles with the word "engineer" for positions in the realm of software development with better associated salary bands. However, a gap in understanding remains, and as arbitrary as it sounds, I posit that without clarity on these titles and roles, it is challenging to build an innovation ecosystem with technology founders working on globally unique ideas and innovations. When the architecture of the technology of a company is generally seen as something to be farmed out to an overseas contractor, there is a shift away from owning a fundamental portion of the value creation chain.

This conclusion—do not outsource—seems to fly in the face of the title of this chapter; however, it is an intentional provocation. While "engineers don't make things" does imply a need to engage with a hierarchy of external suppliers, subcontractors, and fabricators, it also requires a dynamic strategy to ensure an organization remains vibrant and viable by retaining portions of the value creation chain that are challenging and rewarding for their internal teams.

CASE 1: VALUE CREATION OR NOT BUILDING BRIDGES

"Any idiot can build a bridge that stands, but it takes an engineer to build a bridge that barely stands."

—Unknown

In civil engineering, the above quote is a reminder that, given the task of creating a level crossing of a valley or gorge, any group of humans, given enough time and access to sufficient resources, could pile up materials to bridge the gap. On the other hand, to create a lightweight structure that spans the gap, using the fewest materials, while meeting all operational constraints, requires a kind of thinking that an engineer is uniquely qualified to do. The engineer must reconcile the geology of the site, the usage requirements, and the climate conditions with their knowledge of statics, dynamics, structural analysis, material science, and safety factors to arrive at an efficient design that society will be asked to accept as a safe and effectively invisible addition to their daily lives for decades to come.

Wrapped into this engineering design process is all the trial and error, testing, physics, and mathematics that prior generations of engineers and scientists have done to lay the groundwork for a modern engineer to make informed decisions without having to repeat each from scratch. The fact that regulatory bodies have created standard units of measure frees the engineers from creating their own each time. The fact that all materials used will have been destructively tested by their fabricators empowers the engineer to use the materials with confidence in their performance characteristics. Physics, at these scales, is well understood, and material and structural properties can be encoded into equations that computers can use to estimate the loading, fatigue, and lifetime performance of a proposed structure at the macro scale.

The act of engineering "a bridge that barely stands" suddenly becomes a very well-supported process, vastly different from the group of non-engineers haphazardly piling up rocks. Most importantly, the civil engineer, in the modern era, is responsible for the design of the system to ensure it is safe, practical, affordable, and performant within the bounds of the requirements. They will, however, rarely, if ever, lift a single finger or burn a single calorie building the bridge. This is the domain of contractors and construction crews. These teams notably have "site engineers", "field engineers", and others whose titles include the word "engineer" in their job descriptions. Site engineers are present to interpret drawings, prepare and oversee processes, and orchestrate groups of workers and equipment to ensure the structure is built to specification. It is crucially important, however, to realize that 100% of the engineering design and system-level thinking happened before ground was ever broken, and even though a bridge was made, the engineer did not personally take part in fabricating it.

CASE 2: SELECTING THE RIGHT TOOL OR NOT MAKING AIRPLANES

"At that time (1909) the chief engineer was almost always the chief test pilot as well. That had the fortunate result of eliminating poor engineering early in aviation."

—Igor Sikorsky

In thinking about orchestrating the creation of something new, it is natural to consider what it might be made of and which tools might be required to make it. Established organizations working on innovations often have the luxury of owning in-house fabrication equipment that, on the surface, seems as though it would inspire and enable the next generation of ideas. However, it is worth considering the age-old saying, "when you hold a hammer, everything looks like a nail" in the context of whether such "fortunate" organizations are, in fact, burdened by and bound to this equipment rather than enabled by it. To understand this more deeply, and begin to motivate why "engineers shouldn't want to make things", it is helpful to consider the Boeing 777 program that experienced a parallel dilemma in the 1990s:

"The 777 was the first commercial aircraft designed entirely by computer. Each design drawing was created on a three-dimensional CAD software system known as CATIA, sourced from Dassault Systemes and IBM. This lets engineers assemble a virtual aircraft, in simulation, to check for interference and verify that the thousands of parts fit properly—thus reducing costly rework. Boeing developed its high-performance visualization system, FlyThru, later called IVT (Integrated Visualization Tool) to support large-scale collaborative engineering design reviews, production illustrations, and other uses of the CAD data

outside of engineering. Boeing was initially not convinced of CATIA's abilities and built a physical mock-up of the nose section to verify its results. The test was so successful that additional mock-ups were canceled. The 777 'was completed with such precision that it was the first Boeing jet that didn't need its kinks worked out on an expensive physical mock-up plane', which contrasted sharply with the development of Boeing's next new airliner, the 787."

*—Wikipedia (*https://en.wikipedia.org/wiki/Boeing_777*)*

The move away from the legacy approaches of model making and testing for the 777 program was a culture shift that likely left many in leadership and across engineering teams feeling uncomfortable. In the end, however, it became empowering and financially advantageous to adopt a strategy of using well-crafted digital tools to prove performance characteristics without ever performing destructive testing.

In the same way, as engineers in the year 2022 develop new concepts and architectures, there is an expectation that tools used previously should be critically assessed to determine if they retain the qualities needed going forward. Additionally, the state of the art in computer simulation has improved markedly since the 777 program in the 1990s, so it is fully expected that engineers will seek to build or link together simulation environments to stress test and prove the performance of a design without the need to commit to permanently and irreversibly transform materials for each experiment. This further extends to the possibility that human optimizations might be supplemented with multidomain optimizations powered by automatic processes running in the background to assist in improving the quality of overall answers.

CASE 3: GETTING SMART IN THE RIGHT WAYS OR NOT MAKING ELECTRONICS

"I can't make you the smartest or the brightest, but it's doable to be the most knowledgeable. It's possible to gather more information than somebody else."

—Tony Fadell, "Father of the iPod"

When in search of innovative engineering ideas, there is a tendency for those conditioned by the global higher education system to see a need to enroll in a program, sign up for a class, read a textbook, or, more generally, receive validation from someone else that their learning on a subject has been sufficiently proven to be complete. As Tony Fadell alludes to in his 2022 book, Build: An Unorthodox Guide to Making Things Worth Making, the pursuit of knowledge, in the form of information gathering and sense-making, is an endeavor in which most humans can excel, regardless of courses taken or degrees held.

To take it one step further, we can both extend and invert this to say, "especially if you hold an advanced degree or have taken a course on a subject related to the area in which you're working, deciding what to work on or how to create an innovative idea should always start with information gathering, of which 99% will likely not show up in your final product idea but will support and strengthen it."

Students often enter labs, such as the one I run at New York University Abu Dhabi, full of energy and ambition, convinced that they have uncovered the formula for the next big thing. One student years ago came bounding into my lab, excited that he had invented a phone to dethrone, iPhone. In what for many seasoned advisors, is a telltale sign that something was off, he insisted that I sign a nondisclosure agreement (NDA) before he told me about the concept. I told him I would not and went on to explain why; at that point, Apple had released its last iPhone 10 months prior, so it is highly likely that a tech-focused young person would have seen many new technologies discussed publicly that he would think should be in the iPhone. I told him that, without hearing his ideas, I could imagine he had essentially crafted his "iPhone Killer" to contain all those components. Was I right? I will never fully know because I did not sign the NDA, but he began engaging with my line of reasoning.

It follows, I told him, that the crucial defining features of the iPhone have very little to do with the technology inside; once Apple made the big splash of introducing the world to an all glass smartphone with touchscreen in early 2007, the appeal of the iPhone is not so much that it competes on technology but that Apple ruthlessly maintains a launch cadence and develops products in a veil of secrecy that makes government intelligence agencies jealous. And, in the end, a man stands on a stage and will describe a device that was wholly unknown to the world up until he describes it; yet, that device will be in stores around the globe next week.

So, I continued the thought exercise with my student. Which features will your imagined phone have? Which suppliers have you lined up to provide the raw materials and components? How big is your software team who is writing your operating system or adapting Android? When will production begin? How will it be distributed? How will it be marketed? How many will you make? How will you ensure no one copies your design? Which regulatory bodies do you have relationships with? And how long will the process take? At the end of our conversation, we both agreed that, as a student, what he really should be doing is preparing to interview for an internship at Apple.

This is not to say do not take on big challenges; to the contrary, big challenges or big hairy audacious goals are what drive and sustain talented and motivated innovators and entrepreneurs. Although, as we have done many times in this chapter, the converse is not true: simply taking on an unreasonably large challenge does not magically elevate you to be ready to deliver. The "wantrepreneur" who is naively ready to boil the oceans because the predicted total addressable market size suggests they will be the next Musk or Bezos is likely more focused on the reward than correctly scoping and strategizing the work needed to get there.

While Apple has become the highest value company on earth, it did not do so by insisting upon keeping all operations under one roof. As we saw in previous sections, Apple also strategically divided its design and manufacturing to leverage the efficiencies of global markets. I encourage my students and others undertaking organization or product building to do the same where possible, ensuring the decisions about system architecture and overall vision remain firmly in their hands while finding ways to leverage off-the-shelf commoditized products and services. For the electrical engineers, I tell them it is not important to be skilled in soldering and assembling prototypes on breadboards; your design should be squarely digital and inside a computer that can help you simulate, analyze, and justify its production, and when the time comes, you should look forward to a robot fabricating and assembling it for you.

CASE 4: MESSING IT UP OR INSISTING ON DOING IT THE OLD WAY

"In the absence of clearly-defined goals, we become strangely loyal to performing daily trivia until ultimately we become enslaved by it."

—Robert A. Heinlein

In my role as a faculty member in engineering who runs a laboratory that is accessible to all students, I have the good fortune to have frank and lengthy discussions with students about their final year capstone projects. My approach is to assume the position of co-investigator who is equally curious to understand their challenges and search for a good and novel outcome, not simply an academically sufficient answer.

Given the progress in automotive self-driving offerings across the industry along with the ease with which artificial intelligence (AI) and machine learning can be implemented, trained, and utilized for computer vision problems, one of our recent graduates was encouraged by a faculty member to undertake the task of implementing an aftermarket self-driving controller that could be added to any car. While this is an interesting challenge when scoped properly, the process, as it played out in reality, can serve as a cautionary tale.

Instead of posing a question, both the faculty member and the recent graduate adopted a position of ignorance and a sense of presumed expertise on the subject because they either had studied or were studying related engineering topics. This meant that they gave themselves permission to skip doing research and jump directly into a proposed hardware architecture—it should be a raspberry Pi microcomputer with a depth-sensing camera attached. With that, they both agreed and moved forward to work on implementing the details, "enslaved by the trivial" as Heinlein would say. Without taxing your imagination, you can guess that the outcome was neither performant nor impressive.

Had the pair initiated a more authentic search for the best answer, assuming that their knowledge of the field might not be comprehensive or perfectly up to date, they would have begun digging—reading papers, setting up automatic news alerts, listening to podcasts, reading company filings, and searching patents—to fill their minds and hard drives with mountains of information that would become the foundation for a more informed approach.

They would have heard about and discussed comma.ai, a company founded in 2015 by George Hotz, famous for being the first person to remove the iPhone SIM lock in 2007 as a 17-year-old, which led to the ability to use iPhones with mobile providers other than those with which Apple had exclusive contracts. His driver-assist start-up was working on exactly the idea initially proposed by our students and faculty, and George's team's years of research and development were sitting in a freely available GitHub repository. This could have served, at the very least, as the benchmark against which the pair would aspire to outperform.

Instead of creating a blind spot by dismissing industry progress in self-driving as an unuseful source of knowledge compared with the work being done in academia, the pair would have watched and rewatched Tesla's AI Day presentation, devoured the Two-Minute Papers YouTube channel, and specifically sought out the findings from NVIDIA's research as well as industry contributions to journals and conferences. They would have been exposed to new thoughts on how to build, train, and deploy these types of systems at scale and would have understood more deeply the scale of their hardware requirements.

It should come as no surprise that, without an ambitious and well-defined set of goals determined by a well-informed view of the problem space, the outcome of such a project can only be a wishy-washy technology demonstration that is hard to defend.

When we presume that an epiphany, some kind of a spark of divine intervention into our thinking process, is what leads to innovation, we are often stuck in a loop of self-delusion in thinking that invention by epiphany is a common or desirable source of new ideas. Deep down, we are hoping for that easily explainable flash of inspiration that will make a great graduation speech when we are rich and famous. However, as Mark Twain said, "It usually takes more than three weeks to prepare a good impromptu speech. Overnight success is a fallacy. It is preceded by a great deal of preparation." From this, we can escape from under the thumb of magical thinking and realize that as we are building up mountains of knowledge on a subject, we are, in fact, developing intuition, and from that intuition, new connections will appear in our view, on the horizon, that others cannot see because they have not climbed the mountain yet.

FROM ENGINEERING TO ENTREPRENEURSHIP OR SWINGING THROUGH THE MVP

"Obsolescence never meant the end of anything, it's just the beginning."

—Marshall McLuhan

The discussion of engineers and making directly relates to thinking about the future of higher education, but it is, in fact, an allegory of the entrepreneur's journey: market research, technology debt, and architecting solutions for scale, beyond the Minimum Viable Product (MVP).

Alongside the myth of engineers as tinkerers and makers is the myth of renegade founders slaving away in a shed, garage, or dorm room, MacGyvering their first products out of sheer will and determination. These tales serve to inspire and make excellent founder myths, but they are particularly unhelpful in imagining how a new founder should move forward on an idea of their own. While the MVP is a goal post in the journey of many entrepreneurs, it is worth reflecting on what compromises are required to get it off the ground and how, as a founder, you are either burdening your future self by acting too much like a "maker" early in the process when there might have been opportunities to position yourself to see beyond the MVP, or having it simply be a blip on the larger roadmap to operating at scale.

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IMPACT BUSINESS: WHAT IS YOUR SIGNATURE?

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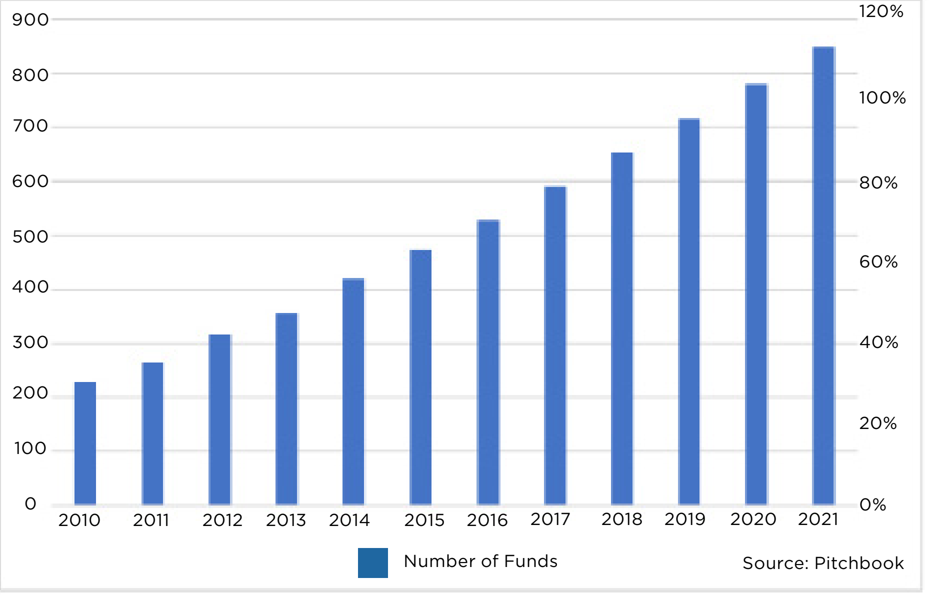
ABSTRACT

Impact—the difference that business makes in making the world a better place—is the buzzword of the day. But what does "impact" mean in practice? The genuine impact should be the positive, intentional, and measurable contribution a business makes to society over and above the generation of profit. Impact underwriting has become a real challenge for businesses and investors alike due to the multiplicity of approaches and measurement issues. In this article, we help your entrepreneurs navigate impact measurement approaches and provide principles and solutions to identify the specific and sometimes unique positive change achieved by a business that we define as signature impact.

INTRODUCTION

Impact investing is gaining ground, attracting more capital than ever. As of the end of 2021, the 848 impact funds globally in operation reported $265 billion of assets under management, with an average annual growth rate of 14% over the past decade (see Figures 1 and 2). Once considered a niche for philanthropic investors and multilateral donors engaged in development cooperation, impact investment is spreading fast in the investment community and is headed to become mainstream for private- and state-sponsored institutional investors alike. Indeed, in the face of a looming recession, geopolitical crises, and increased market volatility, investors are more comfortable considering new investment approaches and new ways to diversify. Furthermore, they had their fingers burned by some blatant greenwashing scandals and are reconsidering environmental, social, and governance (ESG) strategies and embracing impact investment with the intention to genuinely contribute to sustainable development in the years to come (Bortolotti, B. 2022. Mind the (investment) gap: fostering the

FIGURE 1. The Global Impact Funds Industry



transition from ESG to Impact, Localizing Sustainability for Emerging Markets).

The promise of impact investing, making a positive contribution to society over and above financial returns, rests on the measurability of impact. Yet, as impact investing grows, quality data collection on social performance remains the exception rather than the norm. While nearly all impact investors—about 95%—say that they measure and report on impact, current practice is, on the whole, limited to output measures of scale: number of people reached, number of jobs created, etc. While this is disappointing, it is also understandable. The prevailing wisdom within the sector is that collecting data about social performance is burdensome and expensive, and some impact investors and social entrepreneurs would assert that it is a distraction from the "core" work of building a financially sustainable social enterprise. Last but not least, there is no unanimous consensus about how impact should be measured and assessed, so businesses are confused by a variety of approaches and tools and a lack of standardization. Unfortunately, this distraction is a deadly one, as measurement is a quintessential feature of the impact business.

Against this background of complexity, the aim of this article is to provide some guidance to entrepreneurs and investors about the challenges to be faced in impact measurement and how they can be addressed in a pragmatic way.

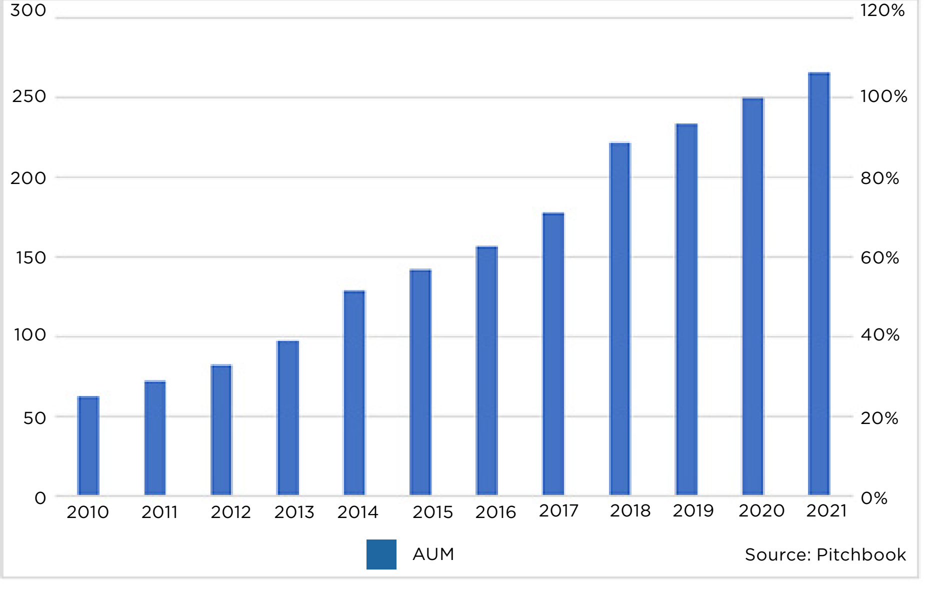
BACK TO BASICS: WHAT IS IMPACT?

The term "impact" is a tricky one, as it often means different things to different people. But within the impact evaluation profession, to state that an investment has "impact" requires proving that it intentionally produced a measurable, positive change in the target communities or social systems affected by the intervention. Starting from this agreed-upon definition, a customary methodological framework for impact assessment is the theory of change, namely the identification of the causal linkages according to input, activities, output, outcomes, and, ultimately, impact.

While inputs, activities, and output are straightforward and clearly referred to as the internally planned and executed work of the business, the distinction between outcome and impact is subtler and more intensely debated, especially in project evaluation in development cooperation. Two approaches are becoming standards (Scheck, B. 2021. Impact Assessment in Social Finance, State of Play Report, European Center for Social Science). The Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee defines "outcomes as the likely or achieved short-term and medium-term effects of an intervention's outputs" while "impact as the extent to which an intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects" (OECD-DAC. 2019. Better Criteria for Better Evaluation. Revised Evaluation Criteria Definitions and Principles for Use). The critical distinction is thus in the temporal dimension of the effect of the intervention on the target group, with impact outliving the lifetime of the project.

The second definition has been set forth by the European Commission (European Commission. 2014. Proposed Approaches to Social Impact Measurement in European Commission Legislation and Practice Relating to EuSEFs and the EaSI, GECES Sub-Group on Impact Measurement). Outcomes refer to the effect (change), both long term and short term, achieved for the target population as a result of the activity undertaken, while net impacts

FIGURE 2. Impact Funds Industry Size



are the reflection of social outcomes as measurements on the target group level, both long term and short term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement), and for effects declining over time (drop-off).

The European Commission thus sets a higher bar for impact businesses. Applying this definition, aiming for mathematical accuracy, would be a daunting challenge for most industry players, even the most sophisticated ones. We believe, however, that the only way to credibly attribute higher-level, societal effects is to gauge them against a relevant control group. Absent a counterfactual (i.e., what would have happened anyway without the intervention), the genuine impact of an intervention cannot be measured or monitored, let alone convincingly reported.

TESTING ADDITIONALITY

This consideration is closely related to additionality, a concept referring to whether the target outcomes would have occurred anyway. In the impact finance literature, two main channels of additionality are usually identified. Investor-level additionality refers to the provision of capital that was not available before or other nonfinancial benefits (such as capabilities, incentives, technical assistance, connections, etc.) that allow the business to better achieve its social goals.

Enterprise-level additionality, on the other hand, refers to the positive net benefit to society created by the enterprise and can be broken down in two ways. First is product impact, which refers to the impact of the goods or services produced by the enterprise (e.g., providing clean water). The second is operational impact, concerned with the effects of the enterprise's inputs and management practices on the environment and community (e.g., employees, intermediate goods and services, etc.). Given our focus on businesses, in what follows, we will consider only additionality at the enterprise level, leaving the important topic of investor-level contributions to follow.

Businesses of all stripes should familiarize themselves with empirical methods that were originally used in development economics to evaluate the social impact of programs or policies. These analytical tools are often referred to as experimental and quasi-experimental methods of program evaluation, or measurement of impact after the fact. A key component of these methods is a counterfactual analysis: a group given the treatment is compared to a similar group that is isolated from the intervention. This enables the evaluator to answer the cause-and-effect question: "What are the changes in outcome directly attributable to the implemented intervention or program?"

Experimental methods are those that involve a randomized controlled trial (RCT) and use a randomized control group as the counterfactual. Quasi-experimental methods do not involve a random assignment to treatment or control, but usually use another type of counterfactual, such as a historical baseline. While RCTs are considered the gold standard in impact assessment, they are analytically challenging and, in most cases, too expensive to implement, especially for small businesses.

Quasi-experimental methods, however, are less demanding and can be applied with an acceptable level of accuracy at a relatively low cost. Within this set of tools, the so-called "difference-in-differences" approach—popularized in the design of social impact bonds (SIBs)—sticks out as particularly promising. A comparison is made with a similar population, namely one that is not offered the new intervention but is receiving "treatment as usual". Both groups receive pre- and post-assessments, and the difference between those assessments is used to determine the impact of the new intervention.

Instead of comparing outcomes between the treatment and comparison groups after the intervention, the difference-in-differences method compares trends between the treatment and comparison groups. The trend for an individual is the difference in outcome for that individual before and after the program. By subtracting the before-outcome situation from the after-outcome situation, we cancel out the effect of all of the characteristics that are unique to that individual and that do not change over time. Importantly, we are canceling out (or controlling for) not only the effect of observed time-invariant characteristics but also the effect of unobserved time-invariant characteristics.

An oft-cited example of this approach is the program at HMP Peterborough, the site of the world's first SIB, aimed at reducing reoffending rates among short-sentenced prisoners leaving the prison. An independent evaluator developed a control group of prisoners and compared the pre-post change in reconviction rates in Peterborough (the treatment) with the same change in the control group. SIB payments were made if the difference-in-differences change was larger than a given contractually-defined threshold (Disley, E., Giacomantonio, C., etc. The Payment by Results Social Impact Bond Pilot at HMP Peterborough: Final Process Evaluation Report, 2015, https://www.rand.org/pubs/research_reports/RR1212.html).

A caveat is in order. Although difference-in-differences allows us to take care of differences between the treatment and comparison groups that are constant over time, it will not help us eliminate the differences between the treatment and comparison groups that change over time. Put differently, in the absence of the program, the differences in outcomes between the treatment and comparison groups would need to move in tandem. The underlying assumption required for unbiased estimation of impact is that outcomes display equal trends in the absence of treatment, and can be empirically verified with a reasonable approximation by studying the historical (pre-treatment) observations of the outcome for the two groups.

FINDING YOUR IMPACT SIGNATURE

Let us recap our argument so far. As the market rejects greenwashing and demands greater rigor in impact assessment and delivery, entrepreneurs will have the incentive to differentiate their businesses with a solid measurement framework aimed at proving enterprise additionality. With the spread of ESG frameworks, all companies will soon be expected to demonstrate "good hygiene" in metrics such as gender pay equality and board diversity. To differentiate, entrepreneurs will have to demonstrate how they are delivering a unique impact beyond these new benchmarks of good corporate practice. We call this "signature impact".

I set forth a tentative, four-step preliminary approach to establish the signature impact of a business.

1. Lay out your theory of change: identify the causal chain linking inputs, activities, outputs, and ultimately, impact, the social

goal that the business aims to contribute to.

2. Search your case in the "what works" literature: draw from existing clearinghouses, previous examples, case studies, and experiments to provide supporting evidence for your theory of change.
3. Collect data: derive data collection methods and metrics to quantitatively measure the social goal of your business.
4. Measure your impact: run statistical analyses (possibly using a quasi-experimental approach) using the previously collected data to prove the additional contribution of your business in delivering the stated social goals.

The full-fledged implementation of the recommended procedure could be challenging for small businesses. However, the commitment to genuine impact measurement and management would provide credibility, unlock business, and unlock funding opportunities. While I strongly suggest that companies insource impact management and make it an integral part of their strategy and reporting activities, they could collaborate with external parties, especially research institutions, in fostering the soundness and credibility of their signature impact assessments.

ACKNOWLEDGMENTS

I wish to thank Indranil Ghosh for his contribution in framing the concept of signature impact and Barbara Scheck for her useful comments and discussions. The usual disclaimer applies.

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A PROVEN FRAMEWORK TO TRANSFORM YOUR ENTERPRISE INTO A FORCE FOR GOOD

C3—Companies Creating Change

Medea Nocentini, *Founder*
Kevin Holliday, *Managing Director*
Lana Azhari, *Research & Insights Manager*

At C3—Companies Creating Change—we believe that a purpose-led business contributes more to humankind than any other type of organization. The Middle East, Africa, and Turkey (MEAT) region's challenges are increasingly daunting, despite decades of international aid, government investments, and generous private donations. Our vision is to help good businesses become great at solving the world's most pressing issues.

In the past decade, we have supported a growing network of over 2,500 impact-driven founders, engaged over 4,000 experts and 150 investment firms, and have accelerated more than 200 start-ups through our flagship programs, backed by blue-chip companies like HSBC, Standard Chartered, Accenture, Discovery, and MultiChoice, to name a few.

Over the years, we had the privilege to support incredible founders who are intentional about scaling purpose-led businesses to tackle some of the most critical issues that humanity is currently facing. Our group of alumni makes us proud daily, with a 97% start-up survival rate, hundreds of millions of dollars raised, and outstanding awards.

All the work we have done with impactful start-ups across various sectors—including healthcare and wellness, education and future of work, diversity and inclusion, food and water security, environment, and financial inclusion—has shown us that, if any business focuses on the following key pillars, it can and will become a force for good.

1. FOUNDER FIRST: FUELING POSITIVE IMPACT WITH GOOD LEADERSHIP AND A CLEAR STRATEGY

The role of businesses as agents of change is essential to driving societal development. Similarly, and with businesses' vital role in society, their negative impact could set us back by years.

Start-ups are often as promising as their leadership team, especially at an early stage. Many organizations have collapsed due to the misalignment of the founders' values with the company's. Some notable examples include Theranos and WeWork, whose seemingly high-potential, charismatic founders ended up dramatically underdelivering (Piazza, A., Reese, D, et al. 2022, Research: VCs Reward Self-Presentation Over Qualifications. *Harvard Business Review*). Similarly, many organizations can positively impact people's lives, driven by a dedicated leadership team with good values and an inspirational vision.

In the impact entrepreneurship space, the launch of a start-up is often driven by a personal story or a problem witnessed firsthand by the founders. Identifying a challenge that resonates with you as a founder or tackling a central and unique pain point through your business will be critical to the long-term sustainability of your organization.

Your passion for making a meaningful change will allow you to become one of the most resilient founders and navigate challenging situations. It will also attract employees, partners, and investors who are committed to your mission. However, do not fall into the trap of solving currently fashionable problems, which would increase your personal brand across your community, and introducing a solution that does not meet the needs of your beneficiaries. Instead, focus on trying to improve the lives of a wider community.

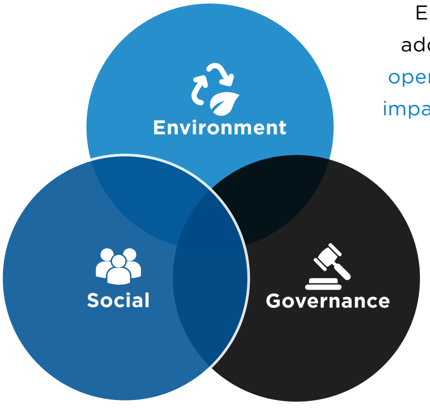
2. DOING NO HARM: ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATIONS

Whether you define yourself as an impact-driven business or not, considering ESG elements (see Figure 1) will be essential

FIGURE 1. ESG Pillars

Environment criteria addresses a company's operations environmental impact, and environmental stewardship

Social criteria refers to how a company manages relationships with and creates value for stakeholders



Governance criteria refers to a company's leadership & management philosophy, practices, policies, internal controls, and shareholder rights

Source: Corporate Finance Institute

for your organization's growth and long-term sustainability. Implementing ESG risk mitigation plans, procedures, and policies is the best way to ensure that your business will do no harm, protecting it from any reputational, financial, and operational risks.

ESG considerations vary from one type of business to another and from one sector to the other. However, with increased scrutiny from the public, from investors, and mainly from your customers and employees, you could resort to a few frameworks that will help you embed ESG within your start-up, for example, the Environmental and Social Management Implementation Handbook and the Self-Assessment and Improvement Guide tool (IFC, November 2015, https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_esms-general).

Some considerations cut across various sectors, such as sound labor practices, respecting human rights, safe procurement practices, and compliance with all legal tax obligations.

When it comes to impact-focused businesses, mistakes related to ESG are less tolerable compared with a solely commercially driven company. Once you commit to any social or environmental mission, any shortfall will cost you a lot in terms of loss of customer loyalty, scrutiny from investors and the public, and reputational risks.

On the other hand, make sure not to overcomplicate it: integrating ESG within your business in a holistic way can get daunting. Prioritize the most relevant risks for your start-up and its operations and the environment surrounding it, and work step by step from there.

ESG should be treated as a work-in-progress process that evolves as your start-up grows and faces more social, environmental, and governance risks rather than a one-time tick-the-box activity that your investor has asked you to implement.

3. IDENTIFYING THE PROBLEM AND UNDERSTANDING YOUR STAKEHOLDERS

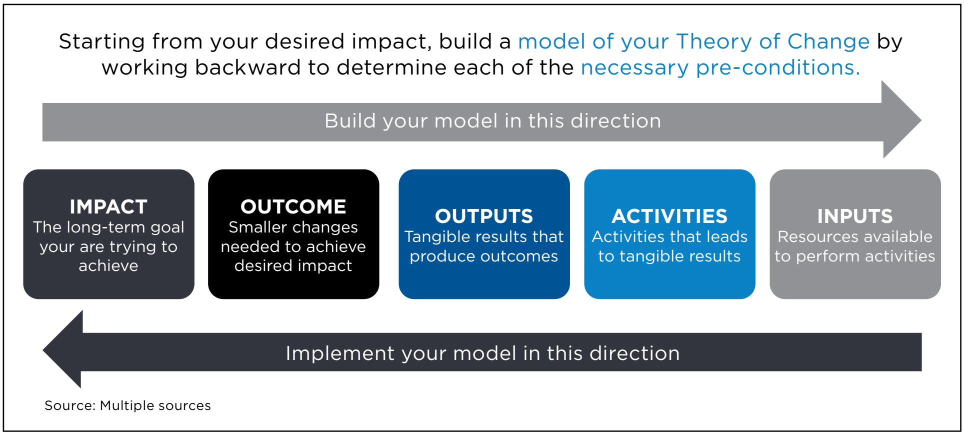
Determining a solid problem that stakeholders are deeply affected by will become a critical element in framing the impact of your business. A problem should be an obvious pain point or threat to a specific community where you can come in and support effectively with your solution and business.

You should always define the problem from your stakeholder's point of view while understanding any cultural differences and sensitives and the environment surrounding them.

Conducting beneficiary discovery interviews as you tweak your offering will help you pinpoint unmet customer needs: problems worth pursuing. By doing so, creating bottom-up solutions would push your product or service further, having been validated and co-created with key beneficiaries or customers.

The United Nations have put together 17 Sustainable Development Goals (SDGs) (United Nations, Do you know all 17 SDGs? https://sdgs.un.org/goals) to bring together agents of change from different sectors and countries to collaborate and advance this agenda. The SDGs cover a wide array of pressing social and environmental challenges, which could help you ensure that you are not solving a problem that does not exist, is not deep enough, or only affects a small number of people.

FIGURE 2. Impact Value Chain



If your solution does not align with your stakeholders' specific needs, you also risk making a situation worse or negatively impacting these communities. Toms' buy-one-give-one model, first introduced in Argentina, which ended up affecting local shoemakers negatively and putting people out of work, is a famous example of not understanding stakeholders and the community served holistically and from their point of view (Peters, A. 2019. Toms made buy-one-give-one famous. Now it's updating the model. *Fast Company*).

Another thing to look at as you dig deeper into the problem you are trying to solve is understanding the landscape surrounding it: are there any existing solutions working effectively for the beneficiaries? Is my product needed, or will I just be duplicating efforts in this sector?

Always resort to collaboration to understand how you can complement solutions already out there rather than just duplicating another solution that will prove harder to penetrate the market if not well differentiated.

4. SETTING YOUR THEORY OF CHANGE (TOC) AND ALIGNING IT WITH YOUR BUSINESS MODEL

Once you have identified your problem and your stakeholders, you will put together your ToC. As defined by Sopact, a ToC is a methodology to define a desired long-term impact and the process for achieving it (https://www.sopact.com/theory-of-change). It describes why and how the activities of a venture lead to desired social or environmental outcomes.

In other terms, a ToC is a framework that will help you move from a high-level vision to an aligned business model and strategy, ensuring that all pieces of the business are aligned around it.

After identifying your stakeholders, you can build your ToC backward to ensure that all the necessary preconditions to reach the long-term impact you intend to create are validated.

As an agile organization, avoid putting your ToC together and then setting it aside. This process should be seen as a working document that will continue to evolve as you test your product or service in the market, as the environment surrounding you changes, and, most importantly, as you receive feedback from your beneficiaries regarding whether your solution was successful in reaching the impact it intends to create.

All that has been mentioned above would apply similarly to a charitable organization; however, for an impact-driven start-up, the focus will shift toward aligning its business model and ToC: the more the business grows, the broader and more profound the impact should be and vice versa. Suppose at any time you feel you have to compromise your business performance or your organization's impact. In that case, your ToC and your business model are not aligned!

This is certainly not an easy task, but you can start with some fundamental questions: what is the business model, and where can you include your beneficiaries in the value chain? Can they be the customers, the suppliers, or the distributors? Or are they benefiting from the intrinsic value of your product or service?

For example, Egypt-based Tekeya *(*https://www.tekeya.io)*,* one of the start-ups accelerated through C3, has its beneficiaries spread across its value chain. By collecting fresh surplus food at a reduced price from bakeries, restaurants, and supermarkets (suppliers), it helps them reduce their food waste and manage it effectively. The food is then distributed to consumers (customers and beneficiaries) through an online marketplace for a reduced price or donated to non-governmental organizations (distributors), which, in turn, help distribute them to the beneficiaries.

An effective strategy helps organizations identify their strengths and weaknesses and decide where your efforts and resources are best spent. These decisions are crucial in ensuring that your business has a profitable and sustainable future and that it reaches the impact it intends to create.

5. ENTERING THE MARKET AT THE RIGHT TIMING

Beyond just having a solution for an existing problem, timing is the key to the success of a start-up.

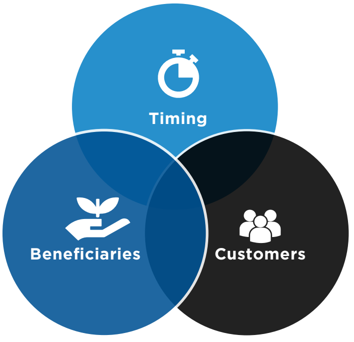
To ensure that the timing is suitable for you to launch your start-up or introduce a product or a service into the market, three underlying factors should exist to reach a critical mass and safeguard a successful launch with a minimum number of users required for growth. These factors are economic impetus, enabling technology, and cultural acceptance (P.Flint, 2019, Why Start-up Timing Is Everything, NFX).

Several frameworks, for example, political, economic, social, technological, environmental, and legal (PESTEL), Porter's Five Forces model, and market sizing, exist to help you understand the market around you and whether now is the right time to go into that market or if it is the right market to go into at all.

As you evaluate the market around you, underlying technology infrastructure might be essential for implementing your solution and eventually spreading it across a broad group of beneficiaries.

While coming too late into a mature market with little room for you to innovate will set you back and most likely put you on the road to failure, arriving too early into a market might put you at a first mover disadvantage (Boulding, W. and Christen, M. 2001. First-mover disadvantage. *Harvard Business Review*)*.* Arriving early into the market might provide you with a more

FIGURE 3. Alignment Model for Successful Impact-Driven Start-Ups



Source C3 - Companies Creating Change

significant market share, but it might hold you back with a cost disadvantage that you cannot afford as an impact-driven start-up.

As mentioned in our previous section on understanding your stakeholders, you want to ensure that there is a real need and intent to adopt your product or service, that potential customers culturally accept it, and that economic momentum or support exists for such solutions and products to flourish.

Once you have nailed good timing, and a large enough customer base that overlaps with your beneficiaries as your business model aligns with your impact model, you are on the road to success when it comes to turning your business into a force for good (see Figure 3).

6. MAINTAINING FINANCIAL SOUNDNESS: A NECESSITY FOR IMPACT-DRIVEN START-UPS JUST LIKE ANY OTHER TYPE OF BUSINESS

Reaching financial sustainability is critical for early-stage companies: customer and revenue growth is a crucial driver of profitability, together with efficiency in customer acquisition costs and careful cash flow management. It is undoubtedly challenging to juggle multiple performance indicators and ensure that all trends go in the right direction.

Successful impact-focused start-ups are often not the ones focused on extreme growth, increasing shareholder returns rapidly, or reaching unicorn status. Long-term sustainability and steady growth represent the more common scenario in this space, especially in emerging markets, where increased societal and environmental challenges arise. In his "Out-Innovate" book, Lazarow explains how frontier start-ups should start thinking like camels that can survive long periods in harsh conditions: "Camels prioritise sustainability, and survival, from the get-go by balancing growth and cash flow" (Lazarow, A., *Out-Innovate: How Global Entrepreneurs from Delhi to Detroit Are Rewriting the Rules of Silicon Valley*, 2020).

Most C3 start-ups have proven resilient enough to endure the Coronavirus Disease 2019 challenges. Some came back even more robust, leveraging their long-term strategy, competitive edge, and their existing solutions to primary and pressing challenges that were exacerbated during the pandemic.

The question falls on whether this model is attractive to venture capital. Yes and no.

Like any other type of relationship, choosing your investors carefully will be the key to the long-term sustainability of your start-up. Investors with an impact-driven mandate and a genuine interest in your mission would understand the need to balance growth and cash flow with impact on your beneficiaries.

This does not indicate that high-growth and extreme success cannot occur within impact-driven start-ups. Within our circle of start-ups, many went to raise several successful funding rounds with significant growth.

United Arab Emirates (UAE)-based Desert Control (https://www.desertcontrol.com) aims to make the earth green again by stopping and reversing desertification and soil degradation by turning land and sand into fertile soil, while simultaneously reducing the water usage for green ecosystems by up to 50%. With roots back in 2007 and steady growth over the years, Desert Control went live with an initial public offering on the Norwegian Stock Exchange in 2021.

Hydro Wind Energy, which is based in Dubai, San Francisco, and London, and develops technologies for power generation, energy storage, and water desalination, secured a EUR 50 million funding pledge (Tisheva, P. 2021. Energy and desalination start-up Hydro Wind Energy secures EUR-50m funding pledge. *Renewables Now)*.

AlMentor is a UAE-based continuous learning platform providing online learning content for Arabic speakers around multiple topics, including business, leadership, and entrepreneurship. The successful and mission-driven cofounders garnered the support of international venture capitals, raising their series B in 2021, reaching a total of USD 14.5 million in funding (Tage K. O. "Video e-learning Platform for MENA, Almentor, Closes $6.5M Series B Led by Partech" *TechCrunch* May 31, 2021).

7. MEASURING YOUR IMPACT: "WHAT GETS MEASURED GETS MANAGED"

Measuring impact efficiently and effectively is a key priority for impact-driven start-ups and their stakeholders.

Externally, this will enable you to communicate the measured impact with your investors, partners, customers, and beneficiaries while maintaining high levels of transparency.

However, the real value of measuring impact lies internally, where you can not only identify areas of improvement, areas that you are negatively affecting from a beneficiary's point of view, but also recognize areas to celebrate and replicate processes that are resulting in effectiveness and efficiency when it comes to creating positive impact.

For impact-driven start-ups, impact metrics should be complementary to or aligned with financial metrics, given that the business model is aligned with its impact. However, avoid vanity indicators that do not provide factual information about performance, and focus on actionable indicators that will inform your future strategies.

Setting a complete impact measurement framework can get complicated for a start-up at an early stage.

Choosing the top three indicators you can track and manage continuously is a great starting point. Make impact measurement work for you, effectively and efficiently, and not the other way around.

Several resources exist to help you in that process such as "How to choose the right impact indicators to demonstrate impact" (Pierce, A. 2020. *Sopact)* and Acumen Academy (https://acumenacademy.org).

8. HAVING THE RIGHT TALENT TO FUEL YOUR ORGANIZATION'S MISSION

Early-stage companies have limited cash flow. So, convincing top talent to work for you means that you need to build a company with a social mission and vision that excites them, thinking carefully about whom you hire and offering long-term growth opportunities for top talent. Once you have some key employees in place, building and maintaining a great company culture where turnover will be low, and people will be happy to work hard will be essential to add value to your company.

When you hire full-time employees, favor hiring talented business athletes capable of getting the job done, developing with the company, and taking on more responsibility instead of specialists with deep experience (Bersin, J. and Chamarro-Premuzic, T. 2019. Hire leaders for what they can do, not what they have done. *Harvard Business Review*).

Going beyond your core team, as an impact-driven start-up, you will be able to find many seasoned experts who are equally passionate about your mission and willing to support you in an advisory capacity, helping you navigate strategic decisions and leveraging their network to push your start-up forward.

As Randy Komisar and Jantoon Reigersman mention in their book "Straight Talk for Start-ups" (2018), start-up teams should be managed like a jazz ensemble, which depends on every team's ability to embrace risk, regardless of the instrument they play. Without each other, there will be no music. Similarly, in start-ups, too many soloists who ignore the song's melody—or the company's vision and strategy—become a liability.

As a founder, it is your job to help the entire band play their hearts out, fostering individual virtuosity, improvisation, and dynamism.

CONCLUSIONS

No matter where your start-up falls on the impact entrepreneurship spectrum, the essential element for an impact-driven start-up to flourish is the alignment between its impact and business model.

Building on everything mentioned in this article, it is imperative to highlight that progress in each area spurs progress in the others. This is a high-level playbook of what we have seen usually drives the success of impact-driven start-ups, rather than a set of rules for turning your business into a force for good.

Stay focused on your mission and the impact you want to create worldwide and the right investors, partners, and customers will follow.

When C3 was first launched 10 years ago, it seemed like our timing was slightly off-track and that we came into the market too early. Looking at the impact entrepreneurship space now in the MEAT region, and with the tremendous help of C3's network of experts, investors, and supporters, we are incredibly excited about the space's growth and its weight within the business field.

Working with hundreds of start-ups in the space, the long-sought alignment between start-ups' prosperity with the best interests of the planet and society seems not only possible but also achievable.

With the world's growing challenges regarding inequality, climate change, health, and education, among many others, we believe that, in a few decades, every business will become a force for good as this is the only obvious way forward.

14

INNOVATION THROUGH CULTURE, NOT TECHNOLOGY

FortyGuard

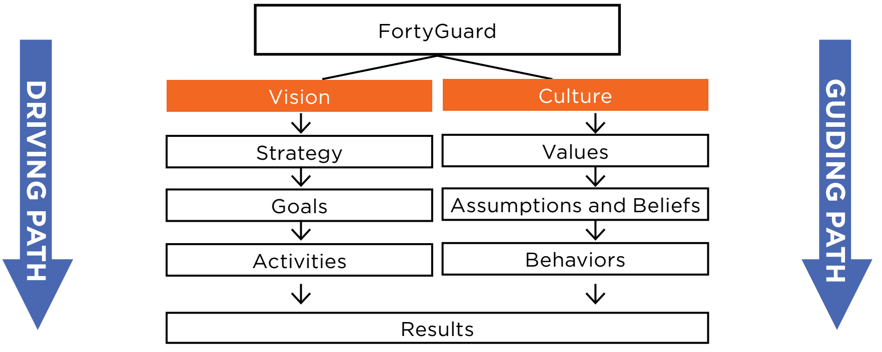
Jay Sadiq, *Founder & CEO*
Mohamed Elmak, *Founding Member*

A lot of start-ups tend to ignore the importance of culture and having a clear vision from the beginning. Commonly, most start-ups begin with an idea and focus on building the technology while generating revenue to prove enough traction. Earlier to starting FortyGuard, we spent tremendous time learning about what our vision is. Jay Sadiq, our Founder & CEO, asked his mentor Douglas W. Bush to help us bring more clarity to our path. We knew a lot about our drive but lacked the guidance, and it was difficult to articulate our vision in ways that can provide the start-up with enough direction to put a structure in place.

FortyGuard's vision is "innovation to improve people's lives", and while many companies would follow the same scripted vision, FortyGuard decided to speak to their vision by measuring it against the scale of people's feeling of health.

The culture is probably what would define FortyGuard's resilience today. This culture came into success by the transaction of clearly identified values that were well communicated with the team. We studied other successful companies' values and how those were embedded to guide the path of the venture. Seven values came to resonate very well with FortyGuard's culture, and we came to understand that the main purpose of our values is to help people choose between conflicting options while guiding our actions. FortyGuard wanted to structure those values in ways that instead of assuming that others share our values or trying to convince them to adopt, we can present our values as means of pursuing theirs. It is hard to change other people's ideals. It is much easier to link our guiding thoughts

FIGURE 1. Vision Roadmap



to familiar values that people already hold.

With those thoughts to build a guiding path, FortyGuard's values evolved to become the following:

- innovation;
- people;
- integrity;
- collaboration;
- excellence;
- discipline; and
- potential.

Those values were established by thinking for ourselves first. We recognized that the company is made by us and for us. We wanted to take special care of ensuring that our team is performing strongly as a unit while having enough diversity to improve decision-making quality. We wanted to be certain that every member knew their company's guiding values. Jay used to throw long incubation meetings for hours to only discuss those values. He wanted to make sure that the team understood that values need to amount to more than cultural slogans or words to inspire others with motivational office posters.

The FortyGuard values were enforced to be used in influencing discipline, decision-making, and day-to-day behaviors. Those structured values allowed the establishment of an excellent team who can go further in reinforcing and acting on FortyGuard's corporate guiding purpose. The values focused on their internal transactional success—the fact that they are well communicated—so they can be involved in creating products and services to enhance people's lives first, then scale FortyGuard's financial returns. This posture of well-defined values, along with a granular approach to prioritizing external stakeholder interactions and a sound corporate resilience plan, lets team members minimize FortyGuard's exposure to customer- and stakeholder-related risks and capitalize on new opportunities.

With those values in mind, our "FortyGz" (the nickname for the FortyGuard team members) systematically prioritize, proactively schedule, and use interactions with FortyGuard's important external stakeholders to motivate action. The efficacy of these interactions is not left to chance. Members know what they want to accomplish, prepare well, communicate tailored messages (always centered on FortyGuard's "Why?"), listen intently, and seek win–win solutions where possible. We stay in touch with how the work really gets done and spend time together in and out of meetings to solve problems and complete action items. The attitude is to never complain about problems but solve them. This is why we try not to hire for current skills, but rather hire for potential raw brain power to maintain these values.

FortyGuard's mission has been controversially noticed and sometimes argued, but it is always remembered and has been rewarded for being attractive. "We are on a mission to cool cities," FortyGuard would start every public statement, article, or presentation with the same line. The FortyGz would attend conventions and meet with hundreds of people in few hours. The FortyGz will not hesitate a second before telling them "I am on a mission to cool the city," and the beauty of it is that no one would leave that convention without remembering FortyGuard or that FortyGz who stood out to speak about his or her mission.

"But you can't cool a cold city," many argued, and they could be right. Today, we lack the evidence to understand the scale of the problem, and it is a little bit ironic because the fingerprint of climate change is literally rising temperatures globally. Cities today are running behind with how they plan and govern a cooling strategy, although heatwaves are the number one weather-related cause of death.

For this broad vision to make sense and find its way into practice, FortyGuard established a mission to "cool cities".

We believe what gets measured gets improved, and the best solutions come from understanding data. We positioned ourselves as outdoor temperature experts using local and global data sources to provide hyper-accurate heat maps to help clients optimize the energy outdoor & enhancing the environment with access to granular mapping solutions using AI tools. FortyGuard envisions taking temperature to the fingertips of the consumer by streaming temperature smart locational data through geospatial providers. Our opportunistic data are highly associated with the current demand to prevent weather emergencies and turning outdoor thermal complexity into clarity. FortyGuard wants to make sure that every outdoor decision is correlated with an accurate baseline of granular and dynamic temperature information, analyzed in personalized visualization views, and delivered with proprietary insights that can add more governance to energy optimization design solutions and financing metrics, while ensuring an accurate prediction that can account for long-term return on investment. FortyGuard data are designed to predict temperatures with better accuracy by automating data engineering requirements with transformational connectivity to source from mass access to enterprise data and connected communities.

Our dynamic AI layer allows us to provide thermal analytics and queries with augmented data exploration, dashboards, and decision optimization tools to understand heat patterns. We want to help decision-makers identify heat mitigation strategies and enable outdoor-efficient passive cooling designs. While the market might come with different users and applications, we plan to cater view products such as 3D and 2D mapping, customer UI visuals, and a system integrator for different API and navigation streaming requirements.

With our vision and values in mind, Jay developed perspectives and objectives to make sure the team maintains laser focus on our vision and create a sustainable culture with the right assumptions and beliefs, to measure our strategy and business plan through objectives that are related to our KPIs, to act within our goals that can be achieved, and to represent our activities, tasks, and initiatives as we take them and enjoy them every day. Simply put, a company without objectives is a waste of time and we do not have much time to waste!

We defined 5 perspectives and 15 objectives, and they are the following:

1. SOCIAL IMPACT

a. Maintain Social and Planet Purpose
   i. To maintain this as the bigger picture; to leave a greater-lasting influence on the society's well-being and its planet; to articulate and champion the purpose of our business as it relates to the big-picture impact of day-to-day practices; to push for meaningful efforts and create collaborations and win–win opportunities; and to abide by ethical practices, improve people's lives, lessen the environmental harm, and make sure that the same will ultimately become visible results that matter to stakeholders.

b. Accountability to Climate Innovation
   i. To set standards, ensure the highest quality of products, and enable today the delivery of tomorrow's solutions by being 10 times ahead of any potential competition, and creating a safer innovation environment for failure and to provide a commitment for consumer-friendly products and services that provide energy saving for an improved world of reduced emissions and lesser climate change.

2. CUSTOMER

a. Partner with Early Adopters to Provide Reliable Solutions
   i. To reflect on customer intimacy and turning early adopters ("visionary customers") into reference customers; to deliver service-oriented solutions or have customers participate in research and development with our team; to foster loyalty and preserve our efforts to reach unique ends with local partners; to make reliable first products and services and target customers that also value the impact to improve people's lives; to generate high-quality outputs that are sustainable; and to keep delivering enduring compounded benefits.

b. Understand Market Demand and Educate Potential Customers
   i. To educate customers about our vision by demonstrating thought leadership to their problems; to simulate solutions that address a long-term effective efficacy of these interactions; to mandate accomplishment, prepare well, communicate tailored messages, listen intently, and seek win–win solutions where possible; to ensure that we map out the value chain of our services, from the origin of the data supply, to the data processing, and until the measurement of our integration with the end delivery; and to identify where technology can add value or remove pain from the process or the experience of our customer.

c. Acquire New Customers from Innovative Offerings
   i. To focus on innovation in finding new ways to enter or create new markets; to attract customers in a noncompetitive position to leverage our current offerings in ways they can add efficiency to the success of their journeys; and to innovate in meeting some challenges in our data industries and focus on defining

better ways that can resonate with customer's real demand.

3. INTERNAL PROCESS

a. Produce Innovative Products and Services
   i. To develop cutting-edge technology by enhancing existing functionalities for better optimization; to bring a technological shift with more usages to simplify software engineering tools to work with data and AI; and to see data values where others do not, and to extract data values where others cannot.

b. Capitalize on Physical Facilities for Independence
   i. To focus on building and acquiring software capabilities that can help us provide opportunistic data in an easy-to-apply and integrated manner, by being able to collect and process it in controlled ways that can help us maintain IP, meet quality ends, and produce valuable and guiding analytics using AI tool; to map out and create a unique value chain for the origin of the data supply and protect our data science process and know-how in very extensive and controlled standards; and to establish unique measurements for end deliveries and make sure that our technology can add value in "style".

c. Build and Update a Crisis Playbook
   i. To recognize that crises follow predictable patterns and each one can be unique; to prepare for updated crisis response processes and systems that set out each member's role, more of a war-room configuration practice, resilience tests, action plans, and communication approaches; to make a structure that seeks opportunities to go on the offensive to the extent we can; and to prepare for our stakeholders' anger as it will center on us and accordingly develop a resilience plan.

4. FINANCIAL

a. Grow Shareholder Value
   i. To grow our shareholders' and stakeholders' value in achieving greater capital returns as a result and not purpose; to be their fine choice to reinvest largely and bring others; and to maintain secured financial growth and practices.

b. Increase Revenue and Ensure Financial Sustainability
   i. To leverage separate investment inputs while maintaining a financial structure based on metered funds, and profitable secured ventures and to unlock new sources of market growth, shares, and reduce dramatic cost indicators while maintaining market leadership; to keep our portfolio valuation audited.

c. Diversify and Broad Product Offering
   i. To maintain multiple sources or products and services; to grow revenue in different areas and ensure that the organization is stable and not subject to risk associated with only one revenue stream; to offer the customer the best quality for our data products and services; and to channel our excellence in the delivery of our data solutions to ensure successful long-term market growth and investment returns.

5. LEARNING AND GROWTH

a. Improve Reporting, Transparency, and Optimize Control
   i. To ensure promoting internationally recognized standards and techniques at a regional level, with an eye toward

the broader picture of utilizing resources and providing sustainability to the amount of risk we can tolerate while entering a regulatory environment and to make a business model that meets contract needs globally in order to do better cost accounting and be more clear about our actions for future assessment processes.

b. Build a Cult-Like Culture and High-Performing Teams
   i. To build a culture with common shared values and beliefs, common purpose, trusting team, and passion; to build a team that is going to do anything to produce innovative products and be resilient to difficult challenges; to guard against arrogance, push against disturbing behaviors, and tune out critics once we learn to trust our own instincts; to cease asking for help or feedback and dismiss all criticism if it does not come with good intentions or beneficial outcomes; to believe that our colleagues will provide discreet, unfiltered advice; to stay in touch with how the work really gets done and keep the motivation going; and to build a process company that can be in the future of producing great results.

c. Develop Leadership Abilities and Potential of the Team
   i. To think for ourselves first and ensure a team performing strongly as a unit; to work together toward a common vision and deliver above-median financial performance; to swiftly adjust the team's composition to ensure we have a diverse team, improve decision-making quality, and perform Individual analysis to test the ability to perform our values and stick to them; and to measure productivity, contribution, and ability to learn, and maintain clear processes and excellence in achievements.

d. Attract, Retain and Profit from the Best People
   i. To ensure the advancement of our mission statement "by people, for people" in any of our organizational corporate practices; to make good plans regarding who we need to hire, how many hires, and what the biggest challenges with regard to retention are; to be very specific in addressing those challenges; to increase the profit per unit per executive talent and give people the tools to become distinctive leaders in what they do; to allow them to see returns on themselves before the organization; and to ensure delivering the best of our collaboration capabilities and improve the team effectiveness and learning.

The team selection is very important to FortyGuard and right with it is the culture we built. They go hand in hand because the team will set the culture. Jay always says to the FortyGz "The totality of collaboration always outworks the individuality of achievement." So from a start-up standpoint, if people do not collaborate together, they will not be able to build something that has growth potential. With clear perspectives and objectives, the team can count on fostering values and behaviors that contribute to the unique culture at FortyGuard. Culture is a guide for teamwork and the basis for decision-making and actions, and it is important at FortyGuard because as a start-up, the team is setting the foundation for years to come, and only through a strong culture can we continue to succeed because every team member will make decisions and behave per the company's culture without having to be told how, regardless of their employment level. At some point, many decisions at FortyGuard will be made and taken by team members outside of the founding members; hence, the importance of establishing a strong culture from the start, which comes by hiring people that can conduct their work to FortyGuard's perspectives and objectives, then those people will hire others who fit, and soon the company culture is preserved.

In conclusion, FortyGuard is made by people, for people, designed for excellence, and established with integrity, for an unlimited practice of collaborations, which is framed by discipline and led by the team's natural potentiality. What differentiates FortyGuard from other start-ups and companies is that the team has clear vision and perspectives to help them choose between conflicting options and guide their actions. FortyGuard is keen to serve a bigger purpose, and with a goal to improve people's lives, the team strives to maintain social and planet purpose in everything we do as a company and individuals. FortyGuard wants to leave a greater lasting influence on society and the planet, so the team articulates and champions the purpose of the business as it relates to the big picture impact of day-to-day practices, and it all goes back to the clear vision Jay has set for FortyGuard since inception.

15

WHERE INNOVATION AND ENTREPRENEURSHIP MEET PURPOSE

Stratecis

Ara Fernezian, *Founder and CEO*

The technological advancement, climate change, COVID-19 and global energy crisis shaped/are shaping almost all parts of our life and decisions, as much as we see them as challenges, numerous opportunities are arising as well. *As John F. Kennedy once observed that the word "crisis" in Chinese is composed of two characters—one representing danger, the other opportunity. He may not have been entirely correct on the linguistics, but the sentiment is true enough: a crisis presents a choice. This is particularly true today* (McKenzie & Company June 2020).

Therefore, prioritizing innovation and purpose are both key to unlock value specially during crisis and post crisis, let me explain how. If we simply examine the internet and technological evolution and how it is impacting how we learn, heal, manage our finances, get around, work, and even what and how we eat, you will realize how everything is changing fast. It is also concerning that we are starting to become less connected with ourselves, nature and for some with reality. Life challenges, fear of failure, corporate greed, comparison, and unhealthy competition have caused many of us to drift away from our life purpose, and many of us have begun to seek answers almost anywhere and everywhere.

Our greatest entrepreneurs and innovators were selfless in their mission; their life purpose was so clear to them to an extent that they dedicated their lives to solving it, and money was used as a tool to help them scale and multiply their impact.

Let us look around; we can quickly realize that the world needs our action and giving, not just words or wishes. There are so many challenges, such as poverty, inequality, unemployment, climate change, mental health crises, war, famine, and so many other things, that need to be addressed and solved, and it is up to us to address them. Entrepreneurs and designers are the best people to make it happen because problem-solving is in their DNA.

WHY IS PURPOSE IMPORTANT IN ENTREPRENEURSHIP?

Therefore, I love to start by asking: why does it really matter to create our purpose in life, and how can be this aligned with your entrepreneurial journey?

We have all heard about how important purpose is to both organizations and people, but as work and life needs change, we need to re-motivate and learn how to re-invent ourselves to stay aligned with our core values. In addition, as entrepreneurs, we need to ensure we are attracting the best talent, retaining people, and engaging both hearts and minds toward our big goals. Certainly, there is more to know about purpose and what it takes to make a difference for people, the planet, the economy, and certainly for organizations.

An article published at Forbes shows that 52% of purpose-driven companies experienced over 10% growth compared with 42% of non-purpose-driven companies. Purpose-driven companies benefited from greater global expansion (66% compared with 48%), more product launches (56% compared with 33%), and success in major transformation efforts (52% compared with 16%).

In 2020, the LinkedIn Workplace Culture report (https://blog.linkedin.com/2018/june/26/workplace-culture-trends-the-key-to-hiring-and-keeping-top-talent) highlighted that nearly 90% of workers aged between 22 and 37 would accept a reduced salary to work at a company whose mission and values align with their own—and this trend is growing.

WHY DOES PURPOSE MATTER?

For decades, purpose has had an impact on societies and organizations, and in recent years, particularly following the 2008 financial crisis and now with the impact of the Coronavirus Disease 2019 (COVID-19) pandemic, its importance has grown. Leaders in business, education, and the social sector have become more interested in the development of purpose, but we see this mostly realized by entrepreneurs, scientists, and innovators. The big question is: can we align our career goals or businesses with doing good for the wellbeing of our societies, the planet, and shared prosperity?

If we simply look around, there are so many pressing challenges around the world that are breaking apart humanity and human values. Those challenges are not new, and they are not going to be solved by our wishes and intentions. We need to work hard, innovate, invest, experiment, and learn to come together and cocreate to serve humanity and build a better future for the next generation.

Many people have a deep desire to do good and work on resolving issues left by previous generations, but it appears that this is out of the question or difficult for many of us, as greed and fear are both taking their toll in life and making it difficult to simply give without expecting any financial return, even if they have enough wealth and knowledge to share—but this should not be the case.

You may argue that we have never been so connected in our human history, and yes, you are right! But the world today is way more distant than ever. Like most of us, so many people are facing daily struggles, but we are simply not aware of most of them. We possibly believe we have all the problems in this world, and we need all the help. Social media is affecting us so badly too that we are becoming cynical of the world and wrongly assuming things.

We are all born with certain gifts to make our living, but to grow, we need to learn how to tap into our potential and be kind enough to share our knowledge with the world, care for one another, invest in humanity, and focus on uplifting the people in need.

You may maintain that you already have many problems, so how can you play your part and give, or how can you build your next venture that is aligned with your values and purpose? To make it easy, your passion is for you, and your purpose is what you do for others.

It is enough to know that all great people like Alexander Fleming (the penicillin creator and the one who greatly reduced the number of deaths in the world), Nelson Mandela (who fought against racism despite the number of years he spent in jail), Stephen Hawking (who was regarded as one of the most brilliant theoretical physicists in history despite his Amyotrophic Lateral Sclerosis (ALS) disease), Ghandi, Jebran khalil Gebran, Steve Jobs, Richard Branson, Bill Gates, and Albert Einstein all faced tremendous challenges in their lives, but they were so great that they became selfless and decided to pursue a life of service to others, a life of giving, a life of purpose.

HOW DO WE ALIGN OUR BUSINESS GOALS WITH PURPOSE?

Coming back to business, today most big business leaders recognize the importance of treating "purpose" in the marketing mix or as part of their business principles.

Many enterprises get involved with social and environmental issues in ways intended to build a better world and the bottom line. Many of us, however, struggle to align these two things, or sometimes we get confused. The biggest and most important question is: how can I align my economic goals with doing good by investing and innovating for humanity?

During a recession, for early-stage businesses to prove why they matter more than other companies, they must show their purpose and how much they believe in it. In tough climates, purpose-driven businesses are the only ones who can say for certain that the world is a better place with them in it, as they are convinced they can make a difference.

When a business has an important mission at its heart, it can be attractive to talent, investors, and customers because today's consumers and stakeholders are drawn to ethical leaders, products, and brands. As times are changing and people are more adamant than ever that their workplace reflects their personal values, employees, especially the millennials (who make up the largest percentage of the modern workforce), are willing to support their company even if it means working for less pay if it shares their values, and these trends are only going to become more relevant as the world comes to terms with recent events.

Research shows that purpose-driven companies are more resilient in times of crisis. As an example of this fact, B Lab (https://bcorporation.net/) found that during the last recession, companies with a social mission had a 63% better chance (https://www.fastcompany.com/90483730/how-businesses-could-emerge-better-after-covid-19-according-to-b-lab) of surviving the downturn than other similar-sized companies. From an investor's point of view, they want to see strong and visionary leaders with the capacity to motivate their people amid recession, layoffs, and budget cuts. In an article by Entrepreneur.com, they stated that "Investors know that business leaders that embody social values will more clearly be able to support their staff's wellbeing and inspire them to keep the company afloat."

In this chapter, I would like to discuss how we can better understand our purpose and align it with our business goals. As we look ahead to 2023 and beyond, I hope more leaders of large businesses, small and medium enterprises (SMEs), and start-ups will tap into or get more involved in the power of aligning their businesses with purpose-driven missions and keep us all tuned into their progress.

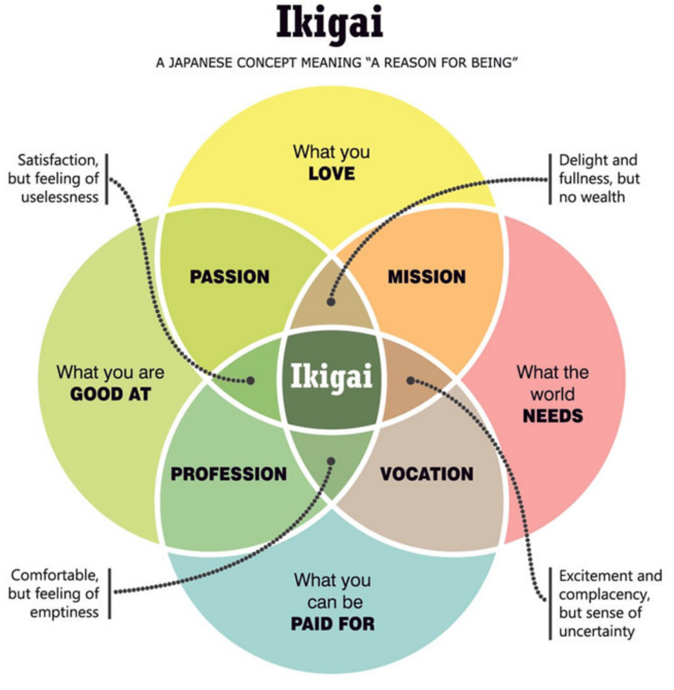
One of the greatest tool for creating your purpose be it personal or business, I would like to speak about ikigai principles as a tool or a discipline to help identify how we can align the PPPs (people, the planet, and profit.)

"Ikigai" is a Japanese philosophy dating back three millennia that translates as "a reason for being".

Its overlapping circles describe the four elements or questions we need to ask ourselves to define our purpose:

- what I love;
- what I am good at;
- what the world needs; and
- what I can be paid for.

FIGURE 1. **Ikigai Graph**



Credit: https://studygram.me/blog/how-to-choose-your-college-major-according-to-the-japanese-philosophy-ikigai

By asking these four questions, this should help us get clear on our purpose in life and eventually help us build our dream venture by tapping into real-world problems.

Already, and since it started, the COVID-19 pandemic has triggered deep questions, about what is truly important to us. What do we cherish most? How do we want others to think of us?

Do we see ourselves as someone looking after our family, our community, and our planet? Or someone focused on selfish priorities at the expense of the world we all depend on?

Ultimately, we know we face a triple threat to our futures: a climate emergency, an ecological emergency, and now a human health emergency. To thrive, we need different ways of thinking, living, working, and (seemingly) socializing.

HOW CAN ENTREPRENEURS HELP SOLVE REAL-WORLD PROBLEMS WORTH $3.3 TRILLION TO $4.5 TRILLION PER YEAR?

For start-ups, investors, and business leaders who are considering the above, *let us take a deep dive on what the world needs, and this can help us figure out the path we need to take.*

In many ways, today's technology and resources give entrepreneurs greater opportunity than ever before to confront pressing issues—but what is needed now is to add purpose to the context.

Throughout my career, and especially recently after I started my entrepreneurial journey, I came across so many people who had no deep understanding of the potential and opportunities in finding our real purpose and aligning with our business goals to solve real problems—and I would like to emphasize here the pressing global challenges and the wealth of opportunities that exist for the ones who work on solving them.

If we are thinking about the current value of solving global pressing challenges, here are two global objectives:

- the UN 17 SDGs (United Nations 17 Sustainable Development Goals; https://sdgs.un.org/goals), the UN estimates that **$5 trillion to $7 trillion per year between** 2015 and 2030 is needed to achieve a set of SDGs globally, with the estimates being $3.3 trillion to $4.5 trillion per year.
- $125 trillion of climate investment is needed by 2050 to meet net zero, with investment from now until 2025 needing to triple compared to the last five years to put the world on track (What's the cost of net zero?—Climate Champions).

Hereafter are some examples of **what the world needs today** and where entrepreneurs and innovators are perfectly fitted with the skill sets to explore and figure out which one is closer to their hearts and start solving it:

CLIMATE CHANGE AND THE ENVIRONMENT

- How might we invent new materials or techniques to replace plastic, paper, or any other material or product that may harm the planet?
- How might people create and consume goods that are renewable, repairable, reusable, and recyclable?
- How might we reduce or eliminate carbon emissions?
- How might we invent new motors that neither use electricity nor fuel?

EDUCATION

- How might we find ways to transform education systems to cope with the future of jobs?
- How might we eliminate illiteracy?
- How might we create solutions to shift conventional models to living labs or STEM models?
- How might we provide marginalized girls and young women access to quality learning opportunities?
- How might we improve learning outcomes for refugees and displaced people under 24?

YOUTH, SKILLS, AND THE WORKFORCE OF THE FUTURE

- How might we provide the disadvantaged youth with the skills needed to prepare them for the workforce of the future and help them thrive in the 21st century?

ENERGY

- How might we explore new ways to generally reduce and save energy?
- How might we find new and affordable ways to provide sustainable energy access to all?
- How might we identify new ways to harvest energy from unidentified sources?
- How might we find new ways to store electric energy in bigger volumes with less in size and weight?
- How might we produce energy with zero carbon emissions?

PRODUCTS AND TECHNOLOGY

- How might we lower the cost of reliable internet connections?
- How might we provide internet access to 3.5 billion who currently lack access?
- How might we lower the cost of satellites to explore earth and space and make it accessible for all?
- How might we build robots for all kinds of dedicated tasks, i.e., cleaning shoes, planting crops, etc..?

WATER AND SANITATION

- How might we find new ways to get clean water across the world?
- How might we find better ways to turn salt water into sweet water without causing any harm?
- How might we find more efficient ways for flushing toilets than using precious water?

FOOD AND AGRICULTURE

- How might we find ways to eradicate hunger?
- How might we solve food waste problems around the world?
- How might we provide a sustainable and efficient way to produce food without harming the planet?

RESEARCH, DATA, AND INFORMATION

- How might we find new ways to research all the facts and sources of climate change?
- How might we find ways to predict climate change more precisely for the next 50 years?
- How might we develop AI systems that could be used by virtually anybody?
- How might we create algorithms that focus on the environmental dependencies of new technologies?

SOCIETY

- How might we eliminate poverty, which affects around 1 billlion people around the world?
- How might we have equality and inclusion?
- How might we have equal rights for women?
- How might we end corruption in all its forms?

HEALTHCARE

- How might we find new ways to provide a more balanced healthcare system around the world?
- How might we find ways to provide healthcare in the first place for developing nations?
- How might we find ways to provide mental health care?

Problem-solving is the door to self-growth, new opportunities, your life purpose, and even transforming problems into business opportunities. Imagine a world where every entrepreneur, innovator, and investor is a force for good, constantly attempting to find solutions to pressing matters and, at the same time, becoming resourceful to others and themselves while doing so.

WE ARE THE CHOICES WE MAKE

In today's world, purpose is a big deal and the new watchword, but to achieve it, we need to change the way we look at our business objectives, go beyond profit, and embrace the new stakeholder capitalism where the interests of our employees' wellbeing, protecting our planet, and diversity are integrated at the heart of our core values and practices. "We are the choices we make," and our purpose should drive all of these choices and actions to build exceptional businesses that last, solve meaningful problems, and live a fulfilled life.

16

THE IMPORTANCE OF (FULLY) LIVING YOUR MISSION

MindTales

Jenna Kleinwort, *Communications and Social Media Specialist*

"As a founder, if you believe in your mission, you become unstoppable."

— Ahmed Al Mosa, MindTales co-founder

INTRODUCTION: ENTREPRENEURS ARE LIKE ARTISTS

Many great business ideas are born from a pain point—a personal struggle that founders have experienced. The same goes for the Abu Dhabi–based start-up MindTales. A few years back, MindTales cofounder Viktorija felt overwhelmed and stressed due to the high workload. She decided to look for solutions to help her cope with stressful situations. Easier said than done: finding the relevant information and services was challenging, despite a wealth of online information. Even after doing lots of research and talking to her friends and professionals, she could not find any affordable and convenient services. However, it was in this moment of confusion and struggle when MindTales was born. That made her recognize the need for more inclusive and accessible mental health and well-being services in the United Arab Emirates (UAE). Since then, MindTales has started to pave the way for innovation and disruption in the region's mental wellness space.

MindTales cofounder Ahmed said, *"Entrepreneurs are like artists: they will hear about a problem, see it, but mostly they will feel it. And this is where the belief in the mission is built."* In subsequent conversations with friends and colleagues, Viktorija realized that many had been in situations similar to hers: they felt left alone with their worries and struggles. Many faced difficulties getting the proper support and booking appointments with specialists; some just had medication prescribed when all they were looking for was to talk about their problems or start therapy. Once Viktorija felt confident about her findings, she turned to her cofounder Ahmed, to seek his advice. Based on his profound experience in venture capital and previous work with several start-ups, Ahmed immediately realized the potential of her idea and decided to join her. Together, they went to talk to current ecosystem players to learn more about the market situation and its potential needs. At that time, only a handful of companies were offering digital mental health services, a trend that had just begun. They continued their in-depth research by talking to industry professionals, regulators, insurance companies, corporations, investors, and anyone related to the mental wellness industry. This thorough analysis helped validate the market opportunity. The duo drew the immediate conclusion to go ahead with it and create a product that would make mental health more accessible and affordable. And things took their turn.

MINDTALES MISSION: BUILDING THE POWERHOUSE

Since then, Viktorija and Ahmed have embarked on their mission together: a mission to fight the stigma surrounding mental health and to create healthier, happier, and more productive workplaces. Viktorija recalls, "At first, we had to identify and build a great team that would be a part of this mission. And frankly, no great product exists without a great team, and the team always comes first."

The next step was to think about the product and develop a prototype to test their hypothesis in the market quickly. "Our mission statement led us to the type of product we had to build. In our case, this was a full-stack solution. A product is always built in small steps, just like a house: we start with a strong foundation, which is the mission, we then build it floor by floor, and later on, we look at the interior design and add decoration to it," summarizes Ahmed.

The MindTales platform accompanies people through their entire mental wellness journey as a one-in-all solution. First, users complete self-assessments to understand more about their emotional well-being. Then, users are guided through a 21-day wellness course with educational material, mindfulness activities, meditations, and wellness games. Also, they can access coaching or counseling to explore specific issues deeper, including their emotional health, nutrition, and career. A one-in-all solution was the logical response to the users' needs, which Viktorija had initially identified as the problem.

It is also essential to recognize the changing market environment. During the Coronavirus Disease 2019 pandemic, employees' mental health has been negatively affected by increased workloads, job cuts, and uncertainties. When we think about the "great resignation" phenomenon, one of the biggest reasons for people resigning is to protect their well-being due to a lack of supportive work culture. Viktorija said, "5-year plans are irrelevant for early-stage start-ups. We need to closely follow the market and listen to the users to adapt our product to the changing environment." Therefore, MindTales has shifted its strategy to focus on employee well-being programs to help employers understand, engage, and support their staff. It benefits the employee's well-being and ultimately translates into higher productivity, less absenteeism, more employee satisfaction, and hence more profitable and better-performing businesses.

Creating a start-up requires a lot of effort. The start-up needs to continuously invest in raising awareness, building a brand, delivering excellent service and products, and dealing with various stakeholders, all of this in an uncertain environment. It is simply not enough to recognize the problem, develop the product, and then wait until things take their turn. It is a constant hustle. MindTales' increased focus on employee well-being shows how changes in the business environment have reflected on the product. Recognizing and reacting to such changes as early on as possible are essential to the start-up's survival.

THE IMPORTANCE OF HAVING A RELATABLE MISSION

The mission statement impacts how the initial idea unfolds into a product and a business. "Your mission statement outlines why your company exists. It doesn't have to be all fancy-pants, just a clear statement of what you do," said successful female entrepreneur Amber Hurdle (Hurdle, A. *The Bombshell Business Woman: How to Become a Bold, Brave and Successful Female Entrepreneur*). And this is, at its core, exactly what a mission statement does; it defines the purpose of your business: it sets the values and morals that you stand for as a company. It reminds you of what you are trying to achieve, why you have embarked on this journey, and why you need to be persistent to achieve it. The mission statement will trickle down into your daily business operations; therefore, it does not need to be wordy or "fancy-pants," but it should be clear and relatable. It needs to be formulated in a way that it functions "as a constant reminder to (its) employees of why the organization exists and what the founders envisioned when they put their fame and fortune at risk to breathe life into their dreams " (David, F. R. *Strategic Management: Concepts and Cases*, 1999).

A mission statement consists of three parts: first, it states what a company does; second, it mentions how or by which means it tries to achieve that; and third, the mission statement should explain why the company is engaged in its activities. Every company's mission statement is different from one another, which determines the direction the company is going to take and, in essence, sets it up for success or failure. "The mission and the company values are the most important things every entrepreneur should spend time on. Mission and values differentiate the start-up, help build a great team, and attract the right talent to get the job done," says Viktorija to the point.

Two years later, the minds behind MindTales have come a long way: the platform has helped more than 120,000 people in more than 50 countries. Headquartered in Abu Dhabi and part of the incubator program Hub71, MindTales now has an international team of more than 12 members. So far, so good; you might think upon reading this. Still, it has been a bumpy ride, full of challenges: hours of brainstorming, developing several minimum viable products and prototypes, countless meetings, many sleepless nights, learning how to recruit suitable team members, creating a good work environment, and many more.

Knowing that there is a mission to make a real impact in the lives of many and change them for the better can be a driver. That extra motivational push makes the team not give up at any dead ends and push through the challenging moments. The belief in MindTales' mission makes the team try again after any rejection or any "no" that they hear and makes them tackle any obstacles until they reach their goal. Ahmed says, "As a founder, if you believe in your mission, you will be unstoppable."

THE GOOD GUYS (BUILDING A TEAM THAT SHARES THE VALUES/ACTIVATING THE ENTREPRENEURIAL DNA)

In the start-up environment, value is often captured later on. For example, it took Airbnb 2 years to raise any capital. Compared to working for more prominent and established corporations, team members in start-ups often have longer working hours, lower paychecks, and more uncertainty overall. The entrepreneurial ride is bumpy, which explains why total commitment is required by the founders and all other team members. The team must believe in the problem the start-up is trying to solve, and the more they identify with it, the better.

According to Ahmed, everyone has some entrepreneurial DNA, and the founder's job is to activate it in their team members: this is the secret to creating a team dynamic that keeps growing. A company that is a prime example of this is the digital money transfer service provider PayPal. PayPal successfully activated the entrepreneurial DNA in its former employees. After eBay bought PayPal, many former employees continued their entrepreneurial journeys. This group of former PayPal employees is called the "PayPal Mafia", as they have established many successful technology start-ups in Silicon Valley (Pereira, D. *The PayPal Mafia*. Business Model Analyst. [cited 20 Aug 2022] Available from: https://businessmodelanalyst.com/the-paypal-mafia).

It is not only essential to find team members that support the company and its mission; the same goes for the advisors.

The board of advisors should be composed of people from different backgrounds who strongly identify with the company's mission and can provide founders with sought-after advice, support, and connections.

PRACTICE WHAT YOU PREACH (BUILD A HEALTHY WORK ENVIRONMENT AND WORK–LIFE BALANCE)

MindTales operates in the mental well-being space and helps people to develop healthy habits and better deal with stress and any other challenges they might face. It, therefore, only makes sense to begin with these practices at the team level. A critical pillar of the MindTales philosophy is to practice what you preach, which applies to each team member's work and private life. "Work will always be there; we are also here to live a happy life. We need to recharge," says Ahmed. Next to having a strong belief in the mission and purpose of the company, it is equally important to create a healthy and happy working environment. Viktorija explains how the work–life balance is approached at MindTales: "A work–life balance can mean different things to everyone. But as a team, we encourage each other to achieve professional and personal goals and be emotionally and physically healthy."

Being active in the start-up space brings higher levels of uncertainty, often due to small teams and changing tasks and demands. The more motivated the team is, the more eager they are to put in the extra mile, which is undoubtedly great, but periods of "offline time" should still be there. "As human beings, we are here to live a happy life," reminds Ahmed. Some techniques can help achieve a better work–life balance and have been tested and successfully implemented by the MindTales team. According to the founders' experience, learning to manage your time and focusing on what is important are the keys to success. In terms of time management, setting a daily schedule and dedicating time to tasks and activities is an easy way of being more organized and productive. Learning to rank tasks according to their importance and urgency is an excellent way of being ready and prepared to face any task that might come up. Both time management and prioritization can help to increase productivity and, in this way, can clear off some time for breaks and after-work activities such as sports or whatever works well for the individual in terms of recreation.

Viktorija concludes: “At MindTales, we practice what we preach; we believe that a happy team will build great products, and great products translate into great companies. We couldn’t be more excited to pursue our mission to create a healthier, happier, and more productive society.”

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BUSINESS VOWS IN SIX STEPS

BOLT Consultancy

Aya Sadder, *Founder and CEO*

You are probably wondering what business vows are (not to be mistaken for marriage vows, although similar in many ways). Like marriage vows, they help cement foundations before the inevitable happens: growth, new people, and a lot of ups and downs. Growth is inevitable; adding new members to the team will happen, so why not prepare your vows before this happens?

After launching a few businesses and working with thousands of entrepreneurs, it quickly became obvious that the breaking point time and time again has always been culture. The faster you can build a sticky business, the easier it is to design and develop a healthy business environment. What we advise entrepreneurs at the beginning of their business lifecycle is to accept this change and adopt a healthier, more sustainable business by setting vows.

Before you finish this chapter, you will learn more about team culture, business ambition, and how to write some truly remarkable promises that will start your business on the right foot. So, without further ado, let us get started.

STEP 1: REPLACING AN INDIVIDUAL WITH A TEAM PLAYER

Every person on your team will have a different "love language." In a start-up, it is ultimately the entrepreneur's job to find out which one it is for every new hire. Until the business grows to a certain size, you want to recruit the first few with a lot more care and attention. Afterwards, once the company grows, you start to promote or appoint individuals who are able to grow with the same mindset and culture as the company.

Thus, transitioning from an individual to a team-based approach in your business is imperative at the start. With this mindset shift, we realize that there is a defined set of promises or commitments that need to be made by a company or organization very early on. These promises form the foundation of a happy culture, a reason why an employee would choose working with you versus anywhere else. These vows are used as expressions of understanding to encourage your employees, clients, and other stakeholders to passionately talk about the business in the same way as you.

Take the example of Huspy, whose mission is to simplify the home buying process and make it an enjoyable moment for everyone in the UAE. This UAE-based company built their brand promise publicly by displaying it on their website. The attitude of the founders is to create a culture of awareness and collaboration by involving different teams in an all-hands meeting that happens on a regular basis. The vows of the company include "team collaboration" and "transparency". Adopting this into the mission statement for the public and, more importantly, implementing it internally is a great example of how business vows can influence business objectives.

Business vows, unlike goals and objectives, are all related to plans for the future, but they have distinct characteristics:

	BUSINESS VOWS	**GOALS AND OBJECTIVES**
Definition of the term	They are declarations of principles that explain the values and behaviors that the company aspires to uphold, such as ethical behavior, quality, customer happiness, and social and environmental responsibility.	Targets that a company sets for itself that are defined, measurable, and have a time limit attached to them. They are the observable results that a company wants to accomplish, such as expanding its customer base, lowering its operating expenses, raising the level of happiness its current customers have, or introducing a new product.
Where they can be found	A company's mission statement or its policy on corporate social responsibility may frequently include a business vow as one of its components.	Typically found in a company's strategic or business plan. These serve the purpose of outlining a distinct course of action for the company to take to accomplish the intended outcomes.

STEP 2: CHOOSING YOUR BUSINESS AMBITION

Apart from your employees having a unique "love language", you are also taking care of a very important stakeholder, which is your client. Looking at the business from a stickiness perspective, what we're all searching for is the repeat customer. Aligning our business vows with our clientele is imperative to making our businesses a success.

For example, take a restaurant like Johnny Rockets, which established its business in the UAE in the late 1990s. The company chose a "novel" location, as anybody else would in the restaurant business. They brought over the recipes from the main office, trained the staff, and set sail. Everything was going smoothly for the business until it wasn't anymore. The quality of the food dipped, and the loyal customers started to fade. The US team flew in to investigate the issues with the restaurant's performance and found that the food had been lacking in quality, which created the perception among the public that the "consistency" they were used to was now gone. After correcting this issue and working on these adjustments, the restaurant started to pick up its success again.

Every industry has its characteristics, and every customer has its expectations. The magic is in making both of these parts of the business vows from the start.

The attributes mentioned below are subject to change based on the type of company and the sector in which it operates; however, the following are some examples of core values that are shared by many different types of companies per industry:

SECTOR	**TECHNOLOGY**	**RETAIL**	**FINANCIAL SERVICES**	**HEALTHCARE**
ATTRIBUTES	Excellence, innovation, a focus on the consumer, and honesty are all essential.	Customer service, collaboration with teammates, personal responsibility, and creative thinking.	Excellence, trustworthiness, honesty, and responsibility are all important values.	Excellence in patient-centered treatment, compassion, honesty, and ethical standards.

SECTOR	**CHARITY OR NGO**	**MANUFACTURING**	**CONSULTANCY**	**FOOD AND BEVERAGE**
ATTRIBUTES	Impact on the community, accountability, integrity, and transparency are all important.	Quality, safety, and efficiency, together with efforts to improve.	Knowledge, attention to the needs of customers, honesty, and creative thinking.	Consistency, Quality, sustainability, innovation, and community.

Along with the attributes linked to certain industries, as per the list above, there is a foundational manuscript that can apply to all industries. For example, principles such as SDG Goals are global guidelines and principles to encourage great behavior across their business.

STEP 3: STAYING ACCOUNTABLE TO YOUR BUSINESS VOWS

Now that you have learned from the first two steps of expanding your business beyond yourself and the process of accommodating your customers, step three is all about learning how to measure your business vows.

There are many frameworks that exist to measure your vows. One way to do it could be by setting SMART vows: specific, measurable, attainable, realistic, and timely. This framework is very methodical; it guarantees that the pledge is meaningful and can be fulfilled and tracked. In this way, one can confirm that it continues to serve its intended purpose and remains within one's reach.

Other than choosing a SMART framework, another great way to measure accountability could also be by developing an annual impact report that examines all of the ways your business has performed and was held accountable for its actions all year long.

For example, take the local incubator Intelak Hub, which annually releases an impact report measuring the business footprint relative to the UAE's economic impact. The incubator would select key metrics that it would want to meet at the beginning of the year and would spend a great deal of time not just investing but also attracting companies that would be a good fit for its business objectives. This document explains the mission and vision of the incubator, the key areas of impact within the economy, their CSR contribution, and their future outlook and promise to the public.

Regardless of what framework you plan to use as a business, it is critical to choose something that is structured, meaningful, and will build awareness in the way you create, operate, and deliver your products and services to your clients.

STEP 4: DESIGNING AN HONEST BUSINESS MODEL

The most important "love language" to really know when developing a business is your own. As your business grows and expands, there will be good and bad times. It is important to remind yourself that you are also important and that what gets you moving in the morning is the energy you will share with those around you.

The responsibility of a founder is to build a business that fills a gap in the market or otherwise solves a problem. In order to address that problem, the founders will need to invest time, money, and resources. All the time spent on finding the solution is what entrepreneurs should consider an investment. This investment is ultimately their endless search, experimentation, and curiosity towards finding both the magnitude and drivers behind this pain point, along with the multiple sets of answers that could relieve it. At the intersection of both problem and solution, there should be the ultimate vision of commercialization. That is what entrepreneurship is all about.

Taking the example of a UAE-based business, Hotel Data Cloud, which was founded by two incredible individuals. They were solving an issue in the hospitality industry. One of the founders had worked in venture capital, and the other had a successful history in entrepreneurship. One in sales and one in operations, it was perfect. Except for a few years later, the company had to close shop, they just could not raise funds to grow their business and had to make that difficult decision to say “enough”. What the founders said to me when they were shutting down was that they gave it one too many “one more tries” and that they just could not sustain their lifestyles without raising the funds to continue.

By creating business vows that take into account the risks associated with the business, you can give yourself a just chance of succeeding. The effort behind building your business vows will attract people who are willing to learn and are passionate about the vision you are building. As they say, it takes a village to raise a business.

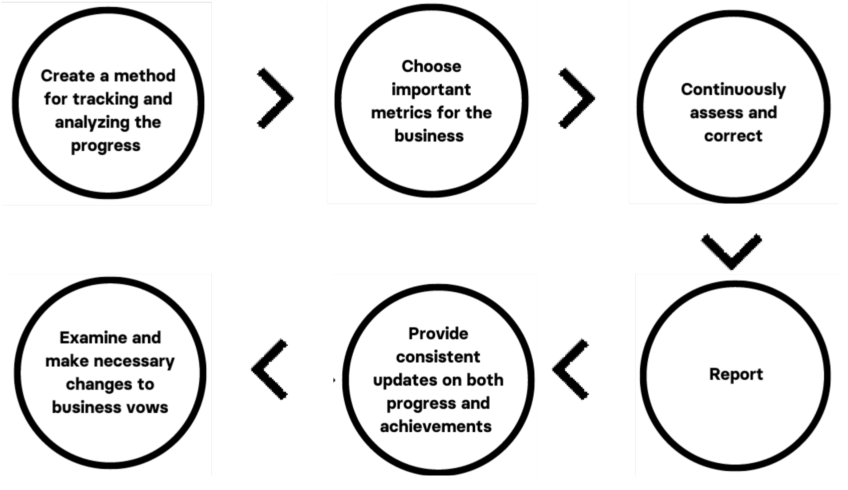
The exit clause: I believe there are moments that entrepreneurs often overlook, which is when things are not working for the business and have not been for a period of time. Unfortunately, we assume that the past is valuable, that there is value in all the time we have spent building our businesses. Instead, we should see value in the experience and knowledge that we have gained throughout this time. This will give you the strength to build a better business in the future; this experience is what we call the opportunity cost.

STEP 5: BUILDING THE METHOD OF ACCOUNTABILITY

It is not enough to simply make these vows; it is essential to watch their development and measure their performance to guarantee that they are being upheld and that they are succeeding in accomplishing their intended goals.

The above framework is a great example of how entrepreneurs can build their businesses for accountability and transparency. Once you find something that works for you, the next step would be to communicate your vows to make sure you can make it work, at least to the best of your ability.

A great example of a company that used the seven steps to reinvent itself and build sustainability is Al Tayer Group (established in 1979). One of Al Tayer’s divisions is in



the fashion industry. Their vows include serving the best selection of fashion items, being customer-obsessed, selling exclusive and high-end goods, and being in novel locations. After e-commerce started to become popular, businesses realized their end consumers had changed and also wanted their goods delivered to their doorstep. Listening to this demand, the team launched an e-commerce company, a business that delivers high-quality goods to your home in a 2-hour delivery time frame. To ensure that their upgraded brand promise was met, instead of ignoring this change in the market, they invested instead in building this solution. This promise of "speed, agility, and quality of service" is the attribute that Al Tayer drives toward day in and day out. The ability to pivot is what sets them apart, and being continuously customer-centric is what makes them sustainable.

STEP 6: DESIGNING THE BUSINESS VOWS FOR SUSTAINABILITY

In order to build a successful and long-lasting firm, business vows are crucial, but not a means to an end. These vows aim to help you maintain a system of progress, honesty, and sustainability. This is when we realize how we touch more than just ourselves when building our businesses.

We build the expectations of stakeholders such as employees, clients, and investors by stating the values and behaviors that a business seeks to uphold. In turn, this promotes an organizational culture of responsibility, accountability, and integrity. Additionally, it establishes a code of conduct for the company, which can help direct behavior and decision-making across the entire organization. As a result, through this direct manifestation, others will hold us accountable and help us ensure that these vows are met by more than just yourself.

Let us build your business for success, but build for changes along the way. Everything in life is relative, so choose what works for you.

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ENTREPRENEURSHIP: UNLOCKING NEW ECONOMIC EMPOWERMENT OPPORTUNITIES FOR WOMEN IN MENA

Plug and Play Abu Dhabi

Dr. Louiza Chitour, *Health Director-GCC*

1. LOOKING BACK AT HOW IT ALL STARTED

In 2009, more than a decade ago, Yahoo, a tech giant at the time (how times change quickly in the tech world!), acquired the Amman-based online services company Maktoob (https://www.wamda.com/2013/10/case-study-yahoo-acquisition-maktoob), in a deal worth $164 million. Back in the day, this deal was easy to overlook as it did not even come close to the mega mergers and acquisitions the region was known for between the large telco industry and real estate giants.

However, it did mark the beginning of a new era for the tech and entrepreneurship ecosystem in the region and made tech-enabled companies worth the attention of forward-thinking governments and investors in the Middle East.

It is hard to imagine that a decade ago, we did not hear about things like venture capital (VC) funds, unicorns were mythical creatures you saw in movies and cartoons, Apple iPhones were a luxury product out of the reach of the Middle East and North Africa (MENA) masses, and mobile and broadband penetration was low due to poor infrastructure and high costs.

Then there was Souq, which was acquired by Amazon for $580 million, and that changed the e-commerce landscape in the region.

Then came Careem, the first MENA unicorn that was acquired by Uber in 2020 for $3.1 billion (https://www.uber.com/en-JO/newsroom/uber-careem-close-jo/) putting the region on the map as a start-up/tech investment-worthy location and making entrepreneurship a viable career choice for the youth that represent more than half of the population in the region.

Not many people know that these two acquisitions that shaped the tech ecosystem in the Middle East are actually related. How, you might ask?

It all started when Syrian-born Mouchawar graduated from Northeastern University in Boston with an engineering degree and worked in tech companies in the United States in the late 1990s. He came to the United Arab Emirates (UAE) in 2000 and discovered that he could be a presence at the very beginning of the Internet economy in the Middle East.

He joined Maktoob, a company later acquired by Yahoo. And then, from within Maktoob, he launched Souq.com as an effort to monetize the portal. One of the pivotal moments in Souq's history occurred in 2011, when Mouchawar and his team decided that the future of the company lay in a b2c model: providing services and a platform for merchants to reach customers outside of their original b2b auction-focused platform. A decade later, MENA had its technological leapfrog moment with one of the highest mobile penetration rates worldwide, aided by the availability of cheaper Android mobile devices and falling costs of broadband and mobile data, making it ripe for a technological revolution.

Finally, Careem, the region's first unicorn, was acquired by Uber in 2020 for $3.1 billion, putting the region on the map as a start-up and tech investment worthy location once and for all and making entrepreneurship a viable career choice for the region's youth, who account for more than half of the population.

2. ENTREPRENEURSHIP: A VIABLE ENGINE FOR GROWTH IN MENA

The literature shows us that women and youth in MENA face several legal, regulatory, and sociocultural barriers to entering the labor market and becoming economically empowered. Yet, they both play a vital role in shaping the economic future of the region, as they represent the demographic majority and are the most highly educated.

Entrepreneurship is increasingly becoming one of the most viable alternatives for MENA women and youth, thanks to its ability to catalyze inclusive growth and the propagation of government and private sector-led initiatives focused on supporting them in their entrepreneurial journey.

Despite high reservation wages and preferences for public sector jobs, there are very favorable sociocultural attitudes toward entrepreneurship in MENA. Notably, the region is second only to sub-Saharan Africa in the favorability of public attitudes toward entrepreneurship: 73.4% of the surveyed MENA public believed that "starting a business is considered a good career choice" and 77.8% believed that "persons growing a successful new business receive high status".

According to the latest GCC Women Entrepreneurship Report, women entrepreneurs are key to sustainable economic growth. Governments in the GCC are spearheaded by the UAE government's pioneering role in developing a specific set of policies and initiatives to push for female inclusion and active participation in the entrepreneurial ecosystem as a key lever for economic diversification.

The economic impact of achieving gender equality could have a tremendous impact on the gross domestic product by adding a whopping $812 billion to it in the next 3 years.

To that effect, the UAE government has envisioned forming a Gender Balance Council to implement a Gender Inequality Index, a measure of gender disparity issued annually by the UNDP (United Nations Development Program). It has also vowed to increase women's representation in the Federal National Council's approval of wages and gender equality laws, validating the rights of women as equals besides the mandatory inclusion of women on boards of directors in corporations and government entities.

Other Emirates initiatives include increasing the number of women represented in the diplomatic corps and developing new legislation, policies, and national initiatives for women, in addition to a bill to ensure equal pay for men and women.

Similarly, Saudi Arabia has announced the launch of various programs for women as part of its Vision 2030, including an electronic portal for job-seeking women, transportation, child hosting and care services, a professional training program, and other initiatives to promote women's participation in the workforce and reduce the male–female pay gap. Similarly, Bahrain, Oman, and Kuwait are well on their way to changing their laws and policies in order to create a gender-balanced workforce and empower women to actively participate in various aspects of economic, social, and political life to ensure long-term development.

It is worth noting that beyond the stereotypes that the region suffers from when it comes to women's representation, MENA still boasts a higher rate of the female population active in the start-up sector, with 23% of start-ups in Gaza and the West Bank led by women, while 19% are led by women in Beirut, both ahead of New York, which stands at 12% or 16% in Germany (https://ginsep.co/women-entrepreneurship-making-it-in-germany/#:~:text=The%20newest%20Female%20Founder%20Monitor,stands%20at%20a%20mere%2016%25).

3. FEMALE ROLE MODELS AND THEIR IMPACT ON INSPIRING THE NEXT WAVE OF ENTREPRENEURS

As we have seen in the past chapters, women entrepreneurs are key to inclusive economic growth, and the top 20 GCC start-ups led by women are testimony that Arab women have established themselves as business leaders and are increasingly gaining recognition from financial institutions such as private equity firms, VC firms, angel investors, sovereign wealth funds, and high-net-worth individuals.

This is especially important considering the hurdles these successful female entrepreneurs and business leaders had to overcome to reach the top of their respective sectors, from the sociocultural to the regulatory barriers and limited access to financing vehicles, thus showing the great resilience that is so ingrained in the personalities of women in the region.

These trailblazing GCC females have created their niche not only in ideating and launching but also successfully running and leading their start-ups and businesses in a host of fields like logistics, services, food delivery, e-commerce, fintech, healthtech, agritech, crypto exchange, language solutions, gifts, online recruitment, and others.

Of the top 20 female start-up and online businesses founders, at least three-fourth of the females belong to the UAE who have set and are running their businesses worth millions of dollars while the rest in the list belong to the GCC countries including Saudi Arabia, Bahrain, and others.

These women are crucial to filling the representation gap and allowing young women growing up in MENA to identify with and relate to their success, which will eventually inspire them to follow their paths and make a mark on their own in the various sectors that are ripe for disruption.

From Huda Kattan, the influencer-turned-beauty-industry mogul, to Muna Al Gurg, the businesswoman and investor in women-led ventures through Mindshift Capital, to Najla Al Midfaa, the Executive Director of the Sharjah Entrepreneurship Center (SHERAA) that employs, incubates, and supports the acceleration of female-led ventures in Sharjah, to Mouza Al Nasri, the Executive Director of SME Sector at the Abu Dhabi Department of Economic Development (ADDED), and to Dr. Asma Al Mannaei, the Executive Director of the research and innovation center at the Department of Health of Abu Dhabi and founder of the first equity-free digital health accelerator in MENA with Plug and Play, these pioneering women play a vital role in representing the new wave of Arab "Boss ladies" that understand the importance of entrepreneurship in providing the tools for economic empowerment for women in the UAE and the larger MENA region. They also play an essential role in creating the necessary support network and ecosystem for aspiring female entrepreneurs to tap into for their growth and development.

Furthermore, we see a growing number of women entrepreneurs in the region venturing into traditionally male-dominated sectors, such as fintech with Nadine Mezher's Sarwa, the fintech platform democratizing investments for the MENA population, or medtech CEO and founder Nadine Hachah-Haram, who led her company, Proximie, the first digital layer to make operating rooms smarter, and expanding now beyond MENA with their latest $80 million investment.

The rise of women in tech was inevitable, considering that, unbeknownst to most, women comprise more than half of all science, technology, engineering, or mathematics grads in the Middle East. Naturally, more than a quarter of digital start-ups in the region have been founded by women. Further, Arab women are making waves globally by building digital ventures. In the US, 4% of total patents come from Arab Americans, and women from the diaspora contribute considerably.

From women finding employment via ride-hailing services such as Careem in the Gulf or Yassir in Algeria to the Anghami streaming service (the first ever Arab tech company to ring the NYSE bell on February 4) and providing a new platform for emerging Arab female artists, tech is driving drastic change in the Arab world.

For future generations, there are now compelling "MADE IN THE MIDDLE EAST" entrepreneurship success stories to break down cultural barriers and negative stereotypes the region may have suffered from and inspire them to start daring to launch new disruptive ventures and make an impact within their community, their countries, and beyond.

4. ADDRESSING THE GENDER FUNDING GAP

In the wake of the Coronavirus Disease 2019 pandemic and the subsequent recession that ensued, it might seem like the worst time to start a business; yet, it is usually during these gloomy days that glorious ventures emerge like WhatsApp, Airbnb, or MailChimp.

However, beyond having a “great idea”, a successful venture requires adequate financial backing and a strong, supportive ecosystem to scale that idea into a viable and profitable business.

The year 2021 was record-breaking for the VC industry, with $151 billion raised; yet, in the United States, 2% of that total amount goes to female-led start-ups. In the Middle East, things are no better, with 2% of the $2.2 billion raised between January and August 2022 going to female start-up founders.

Gender bias in the VC world is not up for debate; yet, there are many factors that come into play with male founders having better or wider networks that allow them to access more dealflow and capital. The overwhelming majority of decision-makers in these investments are men, which does not play in female start-up founders’ favor. Thus, the increasing participation of women as investment decision-makers will greatly help in closing this funding gap. Prominent female leaders such as Ambar Amleh, founder of the Ibtikar investment fund, which concentrates on funding early-stage start-ups in Palestine, or Emon Shakoor, founder and CEO of Blossom Accelerator in Saudi Arabia, which is designed to provide a platform for female-led ventures to access business and investment opportunities in the Kingdom. In the UAE, Muna Al Gurg and Haleema Alowais, among others, have already supported 11 ventures founded by women across the Middle East and Southeast Asia through Mindshift Capital.

More recently, I myself, along with a group of prominent female angel investors, VC professionals, and tech ecosystem players, launched the 2022 Female Angels movement in the UAE. The goal of this initiative is simple: provide the right education tools and create awareness around angel investment to encourage more women to become active participants in this entrepreneurial ecosystem and support female-led ventures from the MENA region through angel investment.

The road is long for gender equity in the VC funding sphere; however, the constant efforts of the local governments that understand the importance of backing female-led ventures and increased women’s representation in the investment community should contribute to closing this gap.

5. CONCLUSIONS AND RECOMMENDATIONS

Throughout this chapter, we have seen the importance of technology and how it has contributed to reshaping the economies of several countries across the MENA region. As digitization increases and touches virtually every sector, the importance of women in this transformation is key to the region’s sustainable growth and prosperity.

The key to their success depends on the governments’ continuing to enforce the right policy reforms and initiatives designed to increase the participation of women in this digital economy by providing adequate child care, healthcare, and financing solutions. It also depends on the ability of women to build and nurture the essential business and funding networks that can allow them to support each other and scale their businesses across the region and beyond.

This almost would have to happen with a subsequent combating of the biases and hurdles that are to this day hampering women from taking that step forward toward a male-dominated entrepreneurial ecosystem with the help of male advocates that thankfully exist and are more and more prominent in the region, from business magnates and investors to political leaders that know how important the role of women is to the development of their countries.

Finally, it is important for us to remember that entrepreneurship and technology should contribute to the betterment of the masses in a uniform manner and diffuse knowledge and economic prosperity, not create further divides and gaps in a very diverse MENA context.

FUNDING THE BUSINESS AND FUNDRAISING

BOOTSTRAPPING: DON'T FUNDRAISE UNLESS YOU NEED TO

Abu Dhabi Department of Economic Development

Qussay Abdul Wahab

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D-One For Strategic Advisory

Mohamad Baki

HOW MUCH MONEY TO RAISE

Dr. Ahmad Odeh

https://added.gov.ae/EJ

PARTNERS, NOT INVESTORS: HOW TO BUILD INVESTOR-FOUNDER PARTNERSHIPS THAT WORK AND WHY IT MATTERS

Global Ventures

Noor Sweid

NONCONVENTIONAL WAYS TO RECEIVE SUPPORT FOR SMES IN THE UAE

Arab Excellence, Kernel Consulting Group

Hamza Chraibi, Issaad El Kadiri Boutchich

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BOOTSTRAPPING: DON'T FUNDRAISE UNLESS YOU NEED TO

Abu Dhabi Department of Economic Development

Qussay Abdul Wahab, *Director—SMEs Development Department and SME Expert*

INTRODUCTION

Did you just start a business or plan to start one soon? If yes, then this is a chapter that you might find quite useful.

A couple of good questions you might want to ask yourself to reduce your financial burden of setting up and operating a business venture: if I had 100 dirhams to spend on my business, how do I get the biggest bang for my dirhams? If I fail, how do I minimize my cost of failure? How can I capitalize effectively on available resources? Why do I need to validate my business value proposition? What kind of mindset and attitude do I need to create success? How strong is my "**WHY** do I want to start a business?"

In the next couple of pages, I will attempt to explain a couple of ideas that could potentially help you in reducing your financial dependency or what some call bootstrapping.

The idea is not how much you can save by cutting corners; it is by doing the right things at the right time. As an example, you could make yourself believe that you have this great idea that people and/or businesses will be lining up for. You then build this idea to turn it into a solution, and all of a sudden, you realize that this is not what your customers really want because they are not actually lining up. Instead, you would want to start with understanding your customers first—how big is the market (growing, stagnant, or shrinking) and building a why-based solution—which I will explain in this chapter, for a growing and ever evolving market.

Ian Harvey of Investopedia explains in his "Companies That Succeeded With Bootstrapping" article (https://www.investopedia.com/articles/investing/082814/companies-succeeded-bootstrapping.asp), "bootstrapping is the minimalistic business culture approach to starting a company, which is characterized by extreme sparseness and simplicity. It usually refers to the starting of a self-sustaining process that is supposed to proceed without external input."

BOOTSTRAPPING, NONEXHAUSTIVE OF COURSE

Companies that bootstrap will explore different methods to reduce their financial dependency:

- **Personal Financing**: Using their own income and savings
- **Personal Debt**: Credit card debt
- **Sweat Equity**: Based on member's contribution and effort to the company
- **Operating Costs**: Kept to bare minimum
- **Inventory Minimization**: By reducing the turnaround duration
- **Subsidy Finance**: Through government subsidies, cash payments, and/or tax reductions
- **Selling**: Generates cash to run business

In addition, while bootstrapping, a company usually grows through three successive funding stages:

- **Early Stage:** Where you can work on a day job while trying to start a business on the side. This idea is starting to become a common practice these days, especially when you are still trying to validate and gain traction with your business venture. This allows you to start with your own personal savings, debt, or family and friends funding.
- **Customer-Funded Stage:** Where generated sales maintain business operation and its growth.
- **Credit Stage:** Where you focus on specific activities that require funding such as improving efficiencies, increasing capacity, scaling your business, etc.

The following are some common benefits to bootstrapping:

- Entrepreneurs or companies that bootstrap tend to do with little money and/or no outside investments to start their ventures.
- Such entrepreneurs and companies rely on sweat equity, customer funding, personal debt, or personal savings to provide initial capital.
- It encourages simplicity and flexibility during the company's early stages.
- Bootstrapping might cause cash flow issues and stress; on the other hand, it certainly builds character and ingenuity.
- Bootstrappers are considered a rare breed and require a sound mix of confidence, risk tolerance, self-discipline, determination, and competitiveness to start and bring a business to success.
- Some of the greatest companies that relied on bootstrapping are the likes of Apple, Microsoft, Meta/Facebook, Coca-Cola, eBay, Amazon, etc., and some of the entrepreneurs behind those successfully bootstrapped companies are Bill Gates, Steve Jobs, Michael Dell, Richard Branson, Jeffery Bezos, etc.

MY BOOTSTRAP STORY, IN BRIEF

After working 2 years for the Concordia University computer store (1 year as a sales agent and another as a technician), I decided to start my first licensed business at the age of 21 with $500 in my pocket. The plan was to start a computer reseller business, from a rented apartment, where I buy different computer components, assemble, configure, and sell them as a functional computer. At that time, in 1996, an average computer would cost around $2,500.

Before being able to start, I had to go and register my company, create a tax account, and open a bank account. I started with a sole proprietorship in the beginning because the requirements and cost were minimal. As I grew the business, I managed to transform the company into an incorporation or what is known in the United Arab Emirates as limited liability company (LLC). This is a whole chapter that you could learn more about company structures.

Going back to my story, I did not have enough money to pay for the different components needed to build a whole computer. Being a new business, no wholesaler accepted taking checks because I do not have any credit history, so all purchases needed to be done are based on cash or certified check (manager's check). That was my dilemma. I wanted to start my business but did not have the necessary funds to do so. What should I do? I basically had two clear options: either I quit or try to solve my cash flow issue. I opted for the latter.

SOLUTION

My initial clientele were friends and referrals, so it was easier for me to assure them of my service offerings. In addition, to solve my cash flow issue, I offered them a discount if they paid the whole amount up-front, which allowed me to go buy the necessary components from the wholesaler. After a couple of months of operation, I managed to save what is worth of one computer that gave me the flexibility to waive off the discount that increased my profit margins and started to get credit facilities from different wholesalers I was purchasing from. In a couple of years, I was doing sales turnover of over $1 million per year and selling to different clients from consumers, local businesses, and universities.

The takeaway here is with $500 I was able to start a business through a bit of smart thinking, and with the support of a dedicated team, we managed to grow it into a multimillion dollar operation. So, money is important to start a business, but it should not stop you from pursuing your entrepreneurial ambitions if you are facing financial limitations.

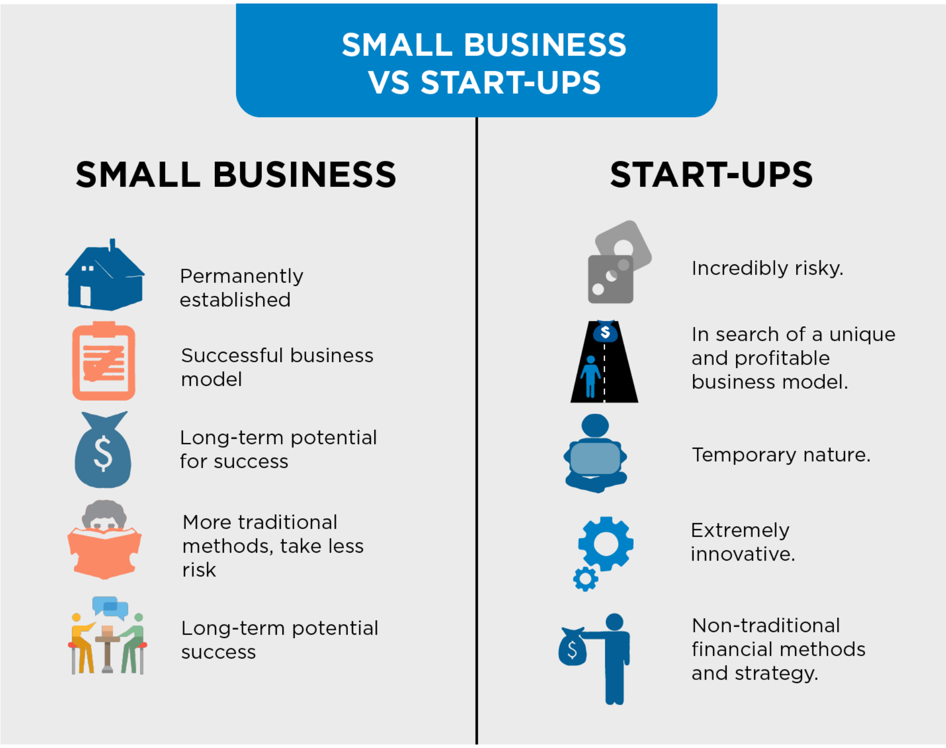
SMALL- AND MEDIUM-SIZED ENTERPRISE (SME) VERSUS START-UP

The business example I gave earlier was what I call a conventional business or an SME. We often confuse or treat an SME and start-up as if they are the same thing. On the contrary, a start-up is a whole different beast. "A start-up is a temporary organization designed to search for a repeatable and scalable business model", as explained by Steve Blank, an entrepreneur of Silicon Valley, while an SME is owned and operated independently for profit. There are also differences in terms of their intent, functions, and mode of funding (https://www.thenationalnews.com/business/the-differences-between-smes-and-start-ups-1.12126 & https://www.nerdwallet.com/article/small-business/startup-vs-small-business).

INTENT

A start-up owner's intent is to scale and to grow into a large, disruptive company that has a significant impact on the existing market and may even be an intent on creating new markets. The SME owner's intent, on the other hand, is to be their own boss and secure a financially sustainable

FIGURE 1. Small Business Vs Start-ups



Source: https://smallbizclub.com/startup/creating-a-plan/a-small-business-vs-a-startup-what-s-the-difference/attachment/small-biz-vs-startup

place in a local market. SMEs are driven by making a profit and creating a business offering stable long-term value, while start-ups are focused on top-end revenue volume and growth potential.

FUNCTION

The start-up organization’s primary function is to search for a repeatable and scalable business model via a process of testing, pivoting, and validating innovative hypotheses. So, the start-up will either “exit” the start-up phase and become a real business or it might fail to find the repeatable and scalable business model within the cash flow limits and will move on to another opportunity. However, once found, a start-up then morphs into focusing on the execution of the proven business model and so changes from an agile innovative temporary organization to a more structured one focused on delivering the plan. An SME starts out in a structured organization that is focused on the delivery of value to known customers. An SME does not need to change nor is it structured to change rapidly.

FUNDING

For start-ups to grow into large disruptive enterprises, they seek additional funding by way of diluted equity (sharing profits with other investors/owners and so losing a measure of control). The concept of relinquishing control would defeat the purpose of an SME owner running their own business, so the funding approach for start-ups and SMEs is very different.

LEARNING: KEY TO ANY ENTREPRENEUR'S SUCCESS

Nail It Then Scale It (https://www.nailthenscale.com) is a great book that I highly recommend to early-stage entrepreneurs to read and learn from. The first thing to do and will surely help you reduce your financial dependency is to really understand your customers or also known as your target audience: their motivations, their needs, and most importantly, the job they are trying to get done. Interact with them by probing and observing them. Do not be afraid to share your business idea or validate some of your assumptions. And if you are worried that someone would steal your idea, check this blog: "Will anyone steal my startup idea?" (https://blog.founder2be.com/post/34901353702/will-anyone-steal-my-startup-idea?e034d170).

Again, the idea of interacting with your customers is to create an innovative solution based on their current or future needs. Remember that your customers do not innovate; it is you the entrepreneur that innovate while your customers validate. If you get this right, you have a much higher chance of success as you develop an attitude of learning while reducing your financial requirements due to efficient management of resources toward building a scalable start-up and potentially attract the right team and investors to join your journey.

THE "WHY?"

Another way to reduce financial dependency (i.e., bootstrapping) is to start your business with the question WHY instead of what and how. Simon Sinek's "How great leaders inspire action" video (https://www.youtube.com/watch?v=qp0HIF3SfI4) beautifully explains how your business could communicate, lead, and acquire customers. He explains that people or customers buy the "why" of a product or service and not the "what". Companies, in general, focus on what they do and how they do it instead of focusing on why they are doing what they are doing. "What is the purpose or cause? Why is it important? Why should others care? These are the questions that need to be answered and communicated to inspire people."

Why is this important? By answering the "WHY" convincing question of your business, you are indirectly reducing your financial dependency (i.e., bootstrapping). When the "WHY" is clear to your customers, you can reach and sell to them at a much lower cost when compared to a business that exerts more effort to explain a product or solution. Do not you think so? This also links to the earlier part of understanding your customers and keeping an attitude of learning.

A MINDSET BUILT FOR SUCCESS

Joe Procopio, founder of teachingstartup.com, highlights in his article "How to start a company with no money" (https://www.inc.com/joe-procopio/how-to-start-a-company-with-no-money.html) that "too many people start the wrong business and fail because they don't know that". This is so true; I have seen it time and again with local business owners too stubborn to learn and adapt. In addition, the barriers to entry seem so high that it discourages the many to start. The good news is there is never one right answer or one right path to success.

Interestingly, Joe brings in the idea of mission start-up versus machine start-up. Unlike machine, which focuses on the different components (such as hiring, pitching, raising capital, board meetings, etc.) required to build a start-up, a mission start-up focuses on "solving a problem using whatever means at your disposal" through agile building, selling, and scaling. This reconfirms the "why" concept talked about earlier.

You could go build a full-fledged product followed by a go-to market to learn that there are fundamental challenges to customer adoption. Alternatively, you could reduce that cost of failure by building a minimum viable product that tests its viability in real life with real customers and potentially validate your monetization assumptions.

Moreover, there are opportunities to capitalize on by utilizing third-party providers that help fast track the set-up and reduce operational costs of your company. Such providers could either be directly or indirectly linked to your service offerings; either way, it is useful to explore and apply to your business. Good examples are customer relationship management (CRM), enterprise resource planning, human resource (HR) management, project management, payment gateway, marketing, etc.

This mission start-up mindset is complimented by the notion of a sustainable, low-cost operation while improving product viability via catalyst, such as larger audience, new partnerships, enhanced features, etc., which can take the business to the next level.

BEST OR GOOD PRACTICES VERSUS TRIAL-AND-ERROR PRACTICES

Aspiring entrepreneurs, mainly due to lack of experience and knowledge, often waste a considerable amount of money during their early stages of their business venture. As an entrepreneur, there is a lot to learn and many hats to wear in fields like marketing and communication, solution validation, human resource management including hiring and retaining team members, sales and business development, legal obligations, accounting and taxes, regulations, certifications and standards, banking and finance, and the list goes on. This is a lot for any person or small team to learn and grasp. You could learn the hard, long, costly way of trial and error or reduce these burdens by learning and following good practices tested by entrepreneurs or subject experts on such matters. There are often guidelines on best marketing practices for specific business models, mentors out there that could assist you raising capital or scaling your business, advisory boards that bring knowledge and experience in areas your venture needs, and/or CRM and HR solutions that help you organize your customer and team relationships, respectively.

MY TAKEAWAY TO YOU

It is easy to burn through a lot of cash trying to figure your business out. In addition, taking money too early might hurt your business more than it helps.

By bootstrapping, it forces you to focus on what works and gain traction. Also, by bootstrapping your business, you become a better businessperson by improving your values, illuminating your passion, perseverance, and courage as well as being resourceful and accountable. Think outside the box, adapt and pivot, when necessary, keep learning to develop the required skills, and work hard and smart toward your entrepreneurial pursuit. Do not give up to challenges because they will not stop coming and do not underestimate what you and your team are capable of.

Becoming an entrepreneur is sometimes glamorized, yet it is really hard work. If this is what you believe in and you are passionate, then go for it. Remember John Doer's quote: "Entrepreneur does more than anyone thinks possible with less than anyone thinks possible."

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FUNDRAISING IN THE GCC

Flat6Labs Limited
Ryaan Sharif, *General Manager*

WHAT IS DRIVING THE GULF COOPERATION COUNCIL (GCC)'S THRIVING START-UP ECOSYSTEM

Few economies have grown as rapidly as the GCC nations in recent history. The discovery of oil paved the way for unprecedented transformation, sprouting from arid desert landscapes to the modern cities that are today the envy of the rest of the world. And while humanity's ever-growing appetite for energy consumption guarantees the continued inflow of these revenues for the foreseeable future, forward-focused governments are already setting their sights on what will fuel their economies in decades to come.

While Saudi Arabia and the United Arab Emirates (UAE) remain the leading oil and gas producers in the GCC, the countries have also led the region's charge in implementing strategies and initiatives to diversify their economies and reduce reliance on oil and gas-related industries. Recognizing the need to wean from their traditional revenue-generating assets to secure their long-term wealth, the GCC countries have begun to act decisively. The majority, and in particular the UAE and Saudi Arabia, have aggressive economic diversity and sustainability goals.

To achieve the visions they have set for the coming decades, governments in both the UAE and Saudi Arabia have implemented sweeping fiscal reforms and leveraged large-scale programs to privatize assets, increase public-private partnerships, unlock value by monetizing real assets and infrastructure, improve public benefits and services, develop social and human resources, and optimize government operations. These initiatives, together with complementary legal and regulatory reforms and social changes, have made these countries desirable destinations for foreign capital with more diverse, efficient, and sustainable economies.

In this context, both the UAE and Saudi Arabia have recognized the importance of private equity in achieving these economic ambitions.

Government-led initiatives have therefore fostered the growth of the region's venture capital (VC) sector, evidenced by the development of thriving start-up ecosystems.

THE CAPITAL CONUNDRUM

With the steady rise in entrepreneurship in the GCC, it is possible that you are reading this because you believe you have got the next big idea—a business idea that will blow aside the competition, make you a disrupter, and cement your position as the undisputed leader of your market. Perhaps you do, and maybe it will.

Perhaps you have done your homework; it is crucial to find a market gap for that particular market, and perhaps you have something unique to offer; it is an undeniable bonus if you can create a potentially disruptive solution or service.

But a reality all entrepreneurs must ultimately come to terms with is that you will not be able to disrupt anything, win anything, or get anywhere without a strong entry into the market. You need capital.

The UAE has a well-deserved reputation for being business-friendly. Favorable taxation frameworks and geographical advantages make it an ideal springboard for new businesses. According to the recently published World Investment Report by the United Nations Conference on Trade and Development (UNCTAD), the UAE has experienced a remarkable 10% increase to USD 23 billion in 2022, placing the country 16th globally for FDI attraction, up from 22nd in 2021.

Abu Dhabi's commercial free zones such as Abu Dhabi Global Market (ADGM), Masdar City, Abu Dhabi Airport Free Zone, and others are certainly a part of this success, as are incubators, accelerators, and programs such as Flat6Labs, startAD, the Khalifa Fund, and Hub71. But government commitments cannot manufacture successful businesses on their own.

Indeed, even if you are the world's most innovative entrepreneur, a natural successor to Edison, Rockefeller, Gates, Musk, or Bezos, and even if your business model is built to rival Google, Facebook, or Walmart, you will not get far without funding.

Funding is what keeps the lights on. You pay workers, creditors, landlords, and utility companies with it. You use it to buy equipment and tools, and technology. Overheads add up quickly, and a lack of funds can stymie growth. Every Jack Ma and Alibaba had financial backers, and you will need yours. Here is the two-step process that will help you seal the deal.

PREPARE, PREPARE, AND PREPARE

Build your value narrative from the start. Ensure that you can strongly and concisely convey what business value your idea brings. Write it down, being specific but to the point, and learn it by heart so that you can recall it at will, even when under pressure. A confident telling of your potential, backed by clear visual aids, will help you shine in front of the investors here in the GCC.

You must demonstrate that you understand your operating market and understand it from the perspective of each GCC country's different nuances—the opportunities and potential pitfalls, the competitors, the regulatory burdens, the customers, and more. You must know the size of your potential customer base and be able to explain why they will be interested in your start-up compared to what is already on offer.

Try to regularly maintain your financial model so that you can be as precise as possible about what funding you require and ensure that you have detailed financial projections of where you are going and the type of funding you will need in order to fund that growth. Having a firm grasp on your costs and regulatory requirements will strengthen your business plan and make you a more attractive prospect in the eyes of a potential investor.

Your plan will also look more robust if you build a strong leadership team with impressive bios. It is inherent that founders tend to pivot their business ideas as they scale so many investment decisions; particularly for earlier stages, funding is centric to the funder's assessment of the combined experience of a business founders. It is important to note that this activity should also include the profiles of business advisors who advise your company in areas that are not currently covered by full-time hires—the investors will feel far more confident about success if you are surrounded by a group of advisors and mentors that will be able to guide you through subjects that you have little knowledge of and support you at times where things start to get difficult.

MEET, GREET, AND IMPRESS

Get to know your audience before you meet them. You may have done all the preparation on building your narrative and demonstrating your potential, but one of the biggest mistakes entrepreneurs make is pitching to the wrong investors.

Just as many seed funders are not interested in late-stage businesses, an investor interested in growth ventures will be a waste of your time if you are just getting started. Also, make sure that your target is open to investment in the industry you are presenting. It helps to understand the investor landscape in the GCC before reaching out, and it will also ultimately save your time and the investor's time.

Another thing to understand in tailoring your pitch—after having established that your target is potentially interested in your industry and companies at your stage of development—is the type of investor to whom you are speaking. For example, high-net-worth individuals (HNWIs) and angels typically have entrepreneurial mindsets and eschew rigid due diligence in favor of a gut instinct about your idea and your team. They may also have lower ROI expectations, meaning that onboardin angel investors could be the most logical approach when you are fundraising at a very early stage.

By contrast, VCs, while being known to take an interest in all stages of start-ups, are more detail-oriented and will have a laundry list of questions, so your preparation will certainly be put to the test. Due diligence will be front and center, and you can expect a higher investment ticket than that of an angel investor, as well as higher expectations of returns and timelines on those returns. Keep in mind that most institutional investors will expect detailed reporting with the expectation of quarterly reports, so you have to make sure that you are in the position to do so when you are raising from them.

Family offices—wealth management advisory firms that typically act on behalf of HNWIs—target mid to late-stage businesses. While historically risk averse, they have recently started taking on riskier prospects while focusing mostly on those that complement their current business vertices of investment. Again, research their existing portfolio of investments, and try to draw comparatives to what they already invested in, as this will be key in their decision-making process. The research will be critical to winning a nod from investors like this. If, for example, they are a real estate developer or contractor and you have a property technology idea, then you may get your foot in the door.

KEEPING IN TOUCH AND BURN NO BRIDGES

An investor might pass on your business today, but who knows what six months down the road might look like for both you and the investor. It is not atypical that it might not be "the right time" for an investor to invest in your company due to many nuances that are not limited to "not having the capital to deploy," "currently not an area of focus for us," and "outside of our investment mandate." The best founders remain in contact with the investors that have "passed," and as time develops and mandates change, capital is deployed into the fund. You can quite likely see investors respecting that the start-up has stayed in contact, continued to report their growth, and could eventually lead to conversations that ultimately turn into an investment—this is particularly prevalent in the GCC as the market is nascent in nature, and as time evolves, decisions change.

FOCUS ON THE FINE PRINT

Unless you are a serial entrepreneur, it is unlikely that you are well versed with the documentation involved. You can, however, take heart in the fact that even seasoned veterans must constantly learn as they go. After all, the preferred structure typically depends on the growth stage of the investee company and the fundraising stage it has reached.

Seed stage deals are typically executed on the simple agreement for future equity (SAFE) or keep it simple security (KISS) notes as well as convertible loan note agreements. The drivers behind, which of these instruments is used, tends to be the preference of both the investor that is leading the round, and it is evident that these agreements are becoming more prevalent from the days of "priced equity deals"—the earlier the venture, the harder it is to define the valuation; therefore, these mechanisms are typically used. Any founder needs to read, research, and understand the implications of using such agreements to understand better what they are setting themselves up for in future rounds, which in the GCC market tend to be priced deals with preference shares.

It is also worth keeping in mind that foreign ownership can come with concerns and that venture funds will typically favor financial free zones (such as ADGM and DIFC) because the typical investor rights in a venture deal are not capable of implementation or enforcement in relation to onshore or non–common law free zones in the UAE.

LIGHTS ON, OPEN FOR BUSINESS

Early-stage funding is a critical milestone for start-ups. At this all-or-nothing stage, understanding the market requirements, building a robust business plan, amalgamating a team (and advisors) with the right skill sets, presenting to the right investors, and finally knowing what you are getting yourself into from a legal perspective are all key to fundraising in the GCC. Once secured, your idea can breathe. You can introduce yourself not only to a waiting market but also to a range of seed programs and opportunities that, through the backing of the UAE Government, offer innovators a chance to bring their vision to life.

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IS YOUR IDEA INVESTIBLE?

Summit Venture Partners LLC

Bina Khan, *Strategic Advisor and Angel Investor*

Forty-two percent of businesses fail due to "no market need".

Time and time again, the recurring theme among start-up founders is the persistent preoccupation with their solution. Founders can become so tunnel visioned about their technology or product that they quickly forget about the most important element of the start-up itself: the relevant problem they are trying to solve. After all, the start-up is a business, not simply a product.

While without a doubt, immeasurable passion and delusion are the driving forces for founders, it is easy for the idea to end up in the graveyard when they fail to identify the right problem. Rather than jumping into building the solution, founders need to obsess and drive their focus on the problem itself. It is imperative to take several steps back to identify and understand the problem and only then, start to build the right solution, which can be later developed into a business model.

Businesses are created to solve problems, people are hired to implement the solutions, the solutions are monetized, and impact is made. What does this lead to? Success.

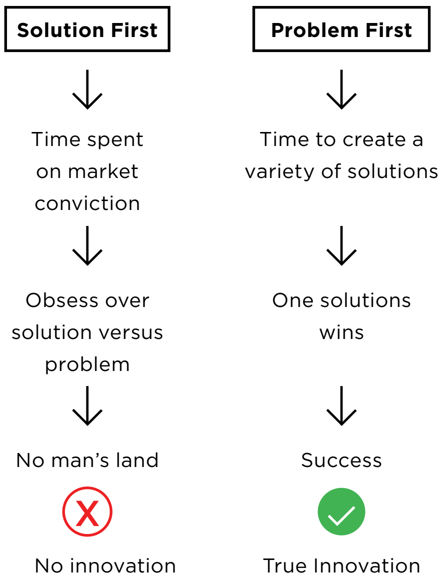
Ideas are everywhere, and most are just solutions looking for problems. Apps are built, websites are created, prototypes are made, and then… failure follows when the market neither wants nor has any need for it.

Every founder must ask: What urgent need am I fulfilling? What problem am I solving? Is this product or service a solution to a problem that does not exist, and therefore, it needs to search for a problem to sell itself?

You need to start with the problem, not the perceived solution.

If you are not solving a significant problem that exists, the market does not need it.

Always start with the problem: "I want to solve problem A by potentially creating B that does C." If your conversation starts with "I want to create A that does or solves B," then you have already failed. When you focus on the problem, even as the business evolves, the solution may change, but the problem will always remain, which keeps your business from going to the graveyard.



STEP ONE: IDENTIFY THE PROBLEM

When looking at what problem your business solves, it is important to truly identify the problem, which entails looking at the symptoms, or in other words:

1. Clearly identifying the root cause of the problem.
2. Developing a detailed problem statement that includes the problem's impact on the customer or market.
3. Evaluating the alternatives and the opportunity, and the relationships between them.
4. Avoiding "solution bias" (aka "the problem is that the customer does not use my solution").

Analyzing all the symptoms will help you articulate the problem you are solving in very simple terms. And this will become the opening statement in your pitch deck.

CRITICAL: During this exercise, you may come to the realization that you are not AUTHENTIC to the problem or industry, in which case you need not panic. But as soon as you are able, you will need to find someone who is and make them part of your start-up (cofounder, key employee, advisor, etc.).

STEP TWO: DEFINE THE PROBLEM

The way you state or define the problem will be your attention-grabber. Not only in your pitch deck, but it will also help your team, investors, shareholders, and other stakeholders better understand the complexity of the problem before even getting to the solution.

The *problem statement canvas* is a great tool for defining problems in the right and clear way.

The six sections drive you through the process of defining your problem and prompt you to search for:

1. clarity on the problem you are trying to solve
2. why it is even worth solving
3. whether it is already being solved, and
4. how solving the problem will benefit your company

This canvas can be used to get buy-in from executives and potential investors and align all your stakeholders with the start-up's goals.

CONTEXT When does the problem occur?	**PROBLEM** What is the root cause of the problem?	**ALTERNATIVES** What do customers do now to fix the problem?
CUSTOMERS Who has the problem most often?	**EMOTIONAL IMPACT** How does the customer feel? **QUANTIFIABLE IMPACT** What is the measurable impact (include units)?	**ALTERNATIVE SHORTCOMINGS** What are the disadvantages of the alternatives?

Source: https://www.metabeta.com/articles/process/problem-statement-canvas/

USING THE CANVAS

Start with your vision statement for the start-up and write that at the top of the sheet.

↓

Move left to right across the canvas. Use information collected during your initial research.

↓

Look at alternatives that consumers use today alongside the ones beyond competitor products; consider what workarounds exist.

↓

Explain why this is a big enough problem to matter and for your start-up to want to solve. Look at all angles: latent needs, size of the market and threat from competitors.

1. Context and Problem: → Leads to Window of Opportunity

- When does the problem occur, and what is the root cause?
- Is it permanent (most are not)?
- When does a problem become the most serious and painful for the customer?
- When is the customer most likely to take action or reach out for your solution?

2. Customers → Type → Find the 10% and Focus

One recurring mistake is not focusing on the right customer. You are not here to solve the problem for every customer. Zoom in on the 10% of the people who are really suffering with the problem, not the 90% who can make do without it. Step into their shoes, have as many conversations as possible, and live a day in their life.

- Who are they?
- Where do they live?
- What is their income?
- What does their average day look like?
- How do they live?

The 10% you concentrate on will become your customer segment, and this will be your target market. Not only will you gain a deep understanding of how the problem affects their everyday lives, but it will also become easier to find more of those people and understand their behavior. This, in turn, allows you to easily market your product to them.

Rather than creating another mediocre solution for a larger market, create the best solution for a specific group of customers. The largest customer reach is not always better.

3. Impact on Customer: Emotional and Quantifiable

Stepping into the customer's shoes to understand their problem also entails looking at the impact on the customer—emotionally and economically.

Every problem comes with an emotional response, and the magnitude is tied to how relevant the problem and solution are to your customer. Anger and distrust, for example, are more valuable than mere annoyance.

Each emotion is a window of opportunity to uncover what triggers the purchase and use of a solution. This leads us to the topic of measurable impact or pricing strategy.

How do you quantify the solution's value proposition? There will be more to explore on this later on, but ideally, you want to look at tangible and intangible currencies: money, goods, time, energy, health, and relationships. The greater the impact on its value addition, the easier it is to sell to the customer.

4. Alternative Solutions and the Disadvantages

How are your customers solving their problems now without your solution? Are there existing remedies on the market? If so, what are the pros and cons of each? If your problem is large enough to fill an ocean, there will almost certainly be several solutions available, albeit not the best one.

Next, dig deeper into the disadvantages of the competition.

- Can you beat it?
- Is the market too mature?
- What is the core of your solution?
- Does your solution have any unfair advantages?

After completing the problem statement canvas, you will be left with the problem statement, which will be summarized as:

*When **context** occurs, this **problem** affects **customer types** who have characteristics. Because of this, they **feel emotion**, which has a **quantifiable impact**. Currently, they use **alternative solutions** despite their **disadvantages**.*

The problem, customer, impact, and alternatives have now been identified.

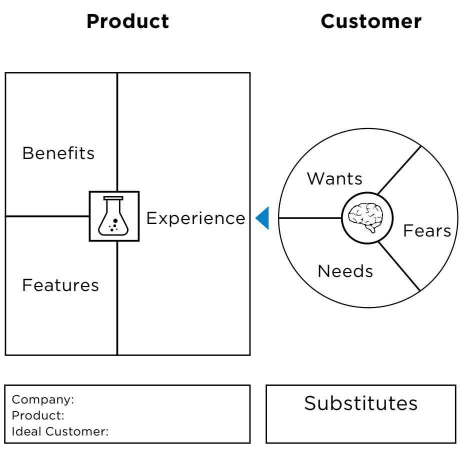
STEP THREE: IDENTIFY THE HOW OF YOUR SOLUTION

Now that you have identified the problem and your potential solution, you can now focus on HOW your company will solve it. Your proposed solution must have a clear, undeniable value proposition.

Use the value proposition canvas to work through the following:

- Who is your customer?
- How will your company serve him/her?
- What is the exchange?
- Can you succinctly articulate what the product or service does to address the customer's needs, wants, and fears better than the alternatives?

Value Proposition Canvas



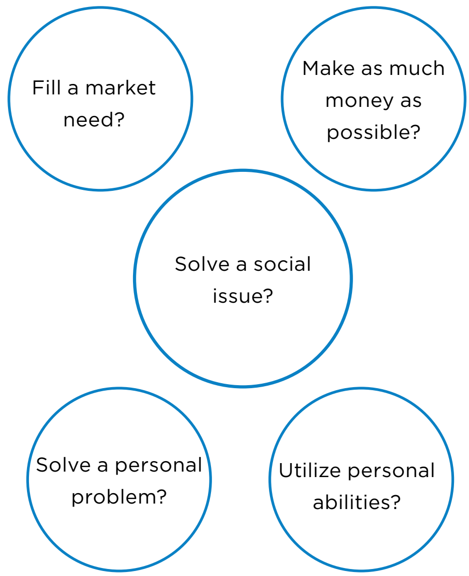
Source: https://www.peterjthomson.com/2013/11/value-proposition-canvas/

Value proposition = Solution (the fit) <-> Customer needs

Strong value proposition = RIGOUROUS testing

No fit = No business model

STEP FOUR: IDENTIFY THE PURPOSE OF YOUR SOLUTION



STEP FIVE: IDENTIFY THE MODEL OF YOUR SOLUTION

How will your solution make money? Is it enough to sustain the company, while also grow, and eventually make a profit?

Without the overhead of writing a thorough business plan, let's turn to the Business Model Canvas to structure a "quick and dirty" version. The nine elements of this canvas provide a coherent view of a business' key drivers while supporting rapid business model innovation and validation.

What do you gain from this exercise?

- provides clarity and a clear picture of what you are innovating
- live one-pager that aligns all stakeholders
- serves as a platform to collaborate on ideas
- understanding the risks and prioritizes the riskiest factors

- focus to create value for the business and customer, and
- simple and quick method to develop with minimal time and cost.

The canvas is not designed for one-time use. It is to be continually updated as you talk to customers and partners to learn and validate your solution. Successful start-ups produce new iterations of the business model canvas on an ongoing basis as they gather new information and make new assumptions that require validation.

Before you start, research the environment that the business operates in:

Industry Forces
Competitors, Potential Competitors, Substitutes, Stakeholders

✓ Dominant players
✓ Their competitive advantages
✓ Segments they target
✓ Their value propositions
✓ How they are different
✓ Products or services that customers can use as replacement
✓ Ease with which customers can switch

Market Forces
Issues, Segments, Customer Needs, Cost Switching, Revenue Benchmarking

✓ Landscape shifting factors
✓ Most important segments
✓ Customer needs, pains and gains
✓ Price point for customers
✓ Growth trends

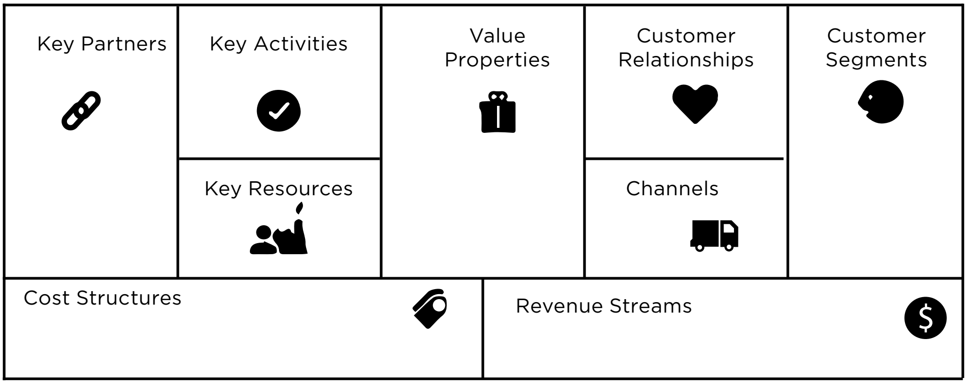
Key Trends
Technology, Regulations, Socioeconomic, Societal and Cultural Trends

✓ Technology changes in environment
✓ Regulatory changes
✓ Consumer disposable income
✓ Changes in culture and society

Macroeconomic Forces
Global Market Conditions, Capital Markets, Resources, Infrastructure

✓ Booming or declining economy
✓ Unemployment conditions
✓ Access to and cost of capital
✓ Accessibility to talent
✓ GDP growth rate
✓ Market confidence
✓ Cost of commodities
✓ Inflation

The business model canvas will be the final step to providing validation for your problem and solution.



Source: https://en.wikipedia.org/wiki/Business_Model_Canvas#/media/File:Business_Model_Canvas.png

To work through the nine components of the model, it is best to break them down into three aspects:

DESIRABILITY: DO THEY WANT IT?

Component 1: Customer Segments

Who do you want to create value for, and what job do you want to help them get done?

<u>Use your customer profile from the Value Proposition Canvas here</u>

Who are your most important customers?

Who is the value created for?

What are their common behaviors, needs, and attributes?

What are they trying to achieve?

Is it a mass market or a niche market?

What is the segment for each distinct market?

Component 2: Value Propositions

What attracts customers to you, and how do you solve their pain?

<u>Use your Value Proposition Canvas for any detail</u>

What is the bundle of a product or service?

What makes your customers choose your company over the competition?

Component 3: Channels
How do your customers want to be reached?
Channels will:
Raise awareness
Help customer evaluate products and services
Provide a way for customers to purchase
Deliver value proposition
Provide customer service

Component 4: Customer Relationships
What are the acquisition, retention, and growth strategies for each channel?
Are the relationships direct or indirect?
Are they long term and therefore more difficult for them to leave, or transactional (easy to leave)?
Are the relationships more personal or more automated?
What is the life cycle (from acquisition to retention to cross-selling)?

FEASIBILITY: CAN WE DELIVER IT?

Component 5: Key Partners
What partners can be leveraged to ensure the success of the business model?
Are there potential partnerships between competitors or non-competitors?
Are there potential partnerships between joint ventures or between buyers and suppliers?
What partners can help you optimize the value chain?
What partners can help you optimize economies of scale?
What partners can help reduce the risk?
What partners can be utilized to acquire resources that the company lacks?

Component 6: Key Resources
What critical resources drive the business?
What are the physical, financial, and intellectual resources essential to delivering the value proposition and reach customer segments?
What are the tangible resources required (equipment, buildings, data, and capital)?
What are the intangible resources required (IP, patents, copyrights, and trust)?
Can any resources be outsourced?

Component 7: Key Activities	
What essential activities does the company need to be great at to successfully deliver the business model?	
Problem solving	Production
Risk management	Customer relations

VIABILITY: IS IT WORTH IT?

Component 8: Cost Structure

Is the business model cost driven or value driven?

Are the costs fixed or variable?

Is the company offering top value or creating a lean cost structure?

What cost advantages can be achieved through economies of scale?

What cost advantages can be achieved through economies of scope?

Component 9: Revenue Streams		
Who is paying, and what are they paying for?		
What kind of revenue stream is it?		
Asset sale	Usage fee	Subscription fee
Rental fee	Advertising fee	Free
License fee		

Each of the above components serves as a building block and is interrelated. When you zoom out, you will see how relationships can be modified to increase the efficiency and effectiveness of the overall model.

If you are unable to populate the elements, you simply do not have a reason to exist, and the idea will not be viable. Period. You should be able to see how the building blocks are interrelated and how these relationships can be modified to increase efficiency and effectiveness.

While the process to get to the end results serves as validation that your solution is a scientific one, the processes are also designed to save you years of your life and millions of dollars. Authenticity and ensuring that there is an understanding of how the business works are critical. A viable business model must exist to be investible.

What is great about following the above frameworks is that you can have the solid conviction that this will work, it is worth throwing your time, your career and your life into. If you do not do the work, that only brings uncertainty. Do not get caught up in the itch of wanting to leave your full-time job or asking your friends and family for money because you have not done the work.

DO THE WORK!

22

START-UPS AND SMALL MEDIUM ENTERPRISE BUSINESS VALUATION

D-One For Strategic Advisory

Mohamad Baki, *CEO and Founder*

Business valuation has always been a controversial topic for finance experts, investors, and investment bankers among others usually to argue about. The controversy stems for different reasons including the following (i) why tow valuators come up with different valuation for the same business?; (ii) why does the transaction price differ from the business valuation?; and (iii) what are the right methods to value a business, etc.?

Throughout this chapter, I am going to address the major guidelines that are used to value businesses with a special focus on start-ups and small and medium-sized enterprises. The guidelines are usually practiced internationally; moreover, I will mention if anything Gulf Cooperation Council/United Arab Emirates (UAE)-specific come across.

STEP 1: IDENTIFY YOUR VALUATION PURPOSE

It is important to note that the reason to value a business can lead to different numbers. Below are some of the main reasons:

Fundraising—banks, venture capitals, and angel investors

- Selling or buying a company
- Feasibility study and cash flow budgets
- International Financial Reporting Standards (IFRS) reporting: impairment testing
- Managers performance review
- Selecting and shortlisting potential investments.

Many of the above valuation purposes lead to different valuation definitions and methods used. For example, for reporting purposes, IFRS rules and regulations require the usage of fair value definition (IFRS 13). As we go with remaining steps, I will aim to explain and align the purpose, definition, and methods.

WHAT ARE THE MOST ACCEPTED AND PRACTICED DEFINITIONS?

- Fair value: IFRS
- Fair market value
- Price

WHAT ARE THE BUSINESS STAGES, ASSOCIATED FUNDING, AND VALUATION METHODS PER STAGE?

- **Idea Stage:** When an entrepreneur/investor comes up with a business idea that they believe, it will become successful in the market. Usually, the business idea addresses a market need or shortage. Another reason is the entrepreneur has new business idea that has not yet been implemented in the market, yet he/she believes that it has a potential market acceptance. Depending on the reason, the market perception and risks vary. As such, their valuation will also differ.

    a. For example, an investor plans to open a restaurant in a newly developed area. The restaurant business happens to be a reasonably known market; it would be easy to get accurate approximation of the required spending and potential income. On the other hand, we have new a business such as Uber, a business idea/model that was never tested before. As such, it would be hard to anticipate the market acceptance and expected cash flows. While both stand to be defined as a start-up, they differ in their fundamentals. As such, valuators should use different valuation approaches, namely replacement cost plus premium for the traditional business and more qualitative methods for the innovative start-ups such as the scorecard, checklist, and stage valuations.

    b. Despite their differences, they both share the sources of funds. Usually, they both depend on the founder direct investment or through close friends and family members. This funding round is commonly referred to as pre-seed stage.

    c. In Abu Dhabi business can refer to AD SME HUB, one of the initiatives of Abu Dhabi Department of Economic Development, for the financial ecosystem and potential financing entities including Khalifa Fund, Hub 71, and Abu Dhabi Investment Office among others.

- **The Development Stage:** As the business starts implementing its and prototype, or the SME starts building its foundation, the business enters the development stage. At this stage, business can be considered successful if it proves the concept to be accepted or operational (proof of concept). Continuing the examples above, the restaurant menu, decoration, and equipment are fully implemented and ready to operate, while the new innovative idea has the initial software is complete and was tested. This source of funding usually starts to differ at this stage as the restaurant could start obtaining funds from investors and banks, while the innovative idea will depend solely on equity investment usually from incubators and grants. This stage funding is referred as to seed stage. It is noted that valuation methodologies used are same as the idea stage.

- **The Start-up Stage:** As the restaurant opens its doors to customers and the innovative idea is being advertised in the market, the business starts to generate revenues but still is loss making. This stage is referred to as the start-up stage. At this stage, more data are obtained, as such, limiting the unknowns/risks. The successful businesses will experience a significant growth in revenue in short time as such proving the potential upside value of the business (proof of value).

  a. The restaurant cash needs shifts from capital expenditure (capex) into working capital working requirement (cash required to cover operations). The innovative business, on the other hand, requires a mix on capital spending to continue developing the product and working capital. The restaurant can support its cash requirements through investors, banks, and delaying payments to suppliers (accounts payable), while the innovative business still will depend mostly on investors such as incubator and venture capitals (more recently, some new debt financial instruments are being created by venture capital such convertible notes). This funding stage is commonly referred to as Series A&B.

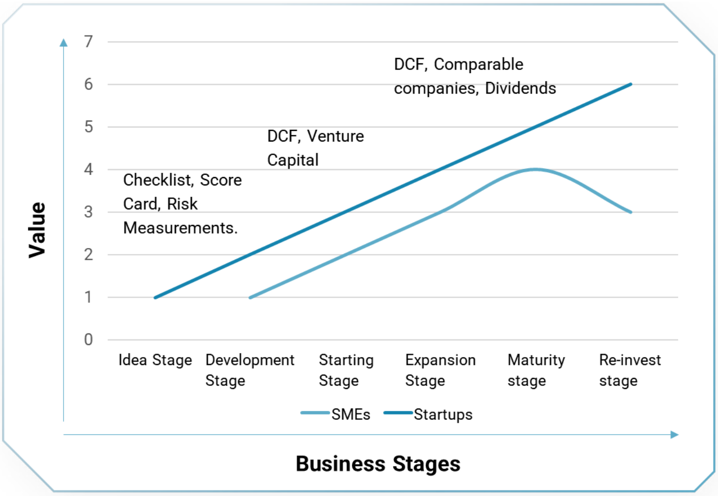
  b. Valuators start using different valuation methodologies at this stage cash flow forecasts becomes clearer. For the restaurant, the discounted cash flow (DCF) method will be used in addition to comparable companies if available. The innovative business will be valued using the venture capital method, which is very close to the DCF method.

- **The Expansion Stage:** As both businesses' revenue continues to grow and become profitable, they have entered the growth stage. For the normal business, it would take 1–10 years to reach its maximum potential, depending on the industry and the market dynamics. During this period, the investors aim to recover their investments. Similarly, the innovative idea will continue to grow too; however, the innovative business would normally prove to have higher market potential, i.e., the restaurant will be limited to the number of seats, operating hours, and capacity of the kitchen, while the application users could be sourced from all over the world.

  a. Valuators would usually use the same valuation methods used in the growth stage. The normal business would usually distribute dividend and payback bank loans; however, some working capital loans would be still utilized. The innovative business would start to be able to tap to banks loan market but at a limit. Private equity firms and venture capitals become the main source of funding. This funding stage is referred to as Series C, D, E, F, etc.

  b. Having reached to a maturity, the normal business would start expanding beyond their current capacity, i.e., the restaurant will start opening new branches and will incur significant spending on branding and market recognition. The innovative business will expand geographically, operations, and services. As such, both would need bigger source of funding including going public through initial public offering. Valuators would use the DCF and market comparable companies for both types of businesses.

Note: It is important to note that the above stages assumes that the business is growing and successful; in case the business is loss, making and little opportunity to recover,



A graphic presentation of the stages, associated valuation methodologies, and value created.

different valuation approach will be used, namely the liquidation method.

HOW TO PREPARE FOR THE VALUATION

Now that we have identified the business, industry, stage, and the appropriate method to use, we are ready to commence the data gathering and preparation. The first aspect is understanding the business operating model including methods of revenue generation, direct and indirect costs components, working capital, and capital expenditure requirements. Usually, the business owner/management explain their strategy on how to run the business. It is usually the most time consuming of the valuation practice. The valuator's job in this stage is evaluate the logic of their strategy and how realistic it is. The valuator usually depends on his experience to do so. In addition, the valuator will commence a market study to verify and support their business plan. The market study would typically include searching the net for available secondary market data (public information) and paid sources. Furthermore, the valuator could resolve to seek primary market data by interviewing businesses in the same industry of conduct market survey if needed. What could further help, if the company has operating history, is the valuator will review contracts and historical financial performance.

Market study usually covers forces that affect the business. I usually follow Michel Porter's five forces: demand, supply, competition, expected competition, and substitutes. The more these forces present higher risk, the lower the potential valuation of the business. Moreover, having access to comparable companies' data, the valuator will be able to compare financial performance of the business with its peers. Continuing the restaurant example, if the neighborhood of the business happens to have similar restaurant or the restaurant operating in less populated area, then the potential sales might be hindered and hence has lower valuation. If the business owner projects that the restaurant will make 30% net profit while comparable restaurants are making 20%, then the valuator should investigate why the business owner believes that they will achieve the abnormal profit. This example shows why valuation is an art, and it depends on the valuator's confidence in the assumptions provided.

The historical performance is also very important. If the business has been generating 10% net profit margin for example and the owner's business plan assumes 20% in the forecasted period, then the valuator would question the reasons for the performance enhancement.

HOW RISK IS CALCULATED AND ADDRESSED IN VALUATION

We are almost ready to conduct the valuation, but before the valuator embarks with that, he/she would assess the risks and quantify them. Some of the risks covered are market, country, exchange rate, inflation, industry, company's specific risks, etc. The quantification of these risks is usually calculated to provide the weighted average cost of capital (WACC) or commonly referred to discount rate. There are several methods and layers to calculate the discount rate, and it mostly depends on availability of data and what level are you valuing the company (equity only or debt + equity). This topic alone can be chapter in itself; however, what is important to know is that data are usually an estimate (not 100% accurate), and some risks, such as company specific risk, are quantified subjectively by the valuator, hence leading to different discount rates. More experienced valuators usually assume a range to lower the potential error.

WHAT ARE THE ACCEPTED INTERNATIONAL VALUATION METHODOLOGIES

Each valuation method would warrant a chapter on its own. As such, I am going to limit my contribution in this chapter to general definitions, but not how they are applied or calculated.

The brief **classification of methodologies** is as follows:

1. Qualitative Methods
   a. Scorecard valuation
   b. Checklist valuation
   c. Stage valuation
2. Investor Returns Method
   a. Venture capital valuation
3. Relative Valuation Methods
   a. Trading comps
   b. Deal comps
4. Future Cash Flow Methods
   a. DCF (exit multiple)
   b. DCF (LT growth)

- **Qualitative Valuation Methods**

The average (required for scorecard valuation) and the maximum (required for checklist and stage valuations)

This method compares the target company to typical angel-funded start-up ventures and adjusts the median and maximum valuation of recently funded companies in the region to establish a pre-money valuation of the target. Such comparisons can only be made for companies at the same stage of development, in this case, for pre-revenue (or minimal revenue) start-up ventures.

The elements considered in the checklist method are the following:

1. Quality of the management team
2. Market size and opportunity
3. Product and technology
4. Strategic relationships
5. Product rollout or sales.

- **Venture Capital Method**

The venture capital method is an often used in valuations of pre-revenue companies where it is easier to estimate a potential exit value once certain milestones are reached. Usually, the exit is within 3–7 years.

The return on investment can be estimated by determining what return an investor could expect from that investment with the specific level of risk attached.

- **Market Comparable and Transaction Methods**

The market comparable method attempts to estimate a valuation based on the market capitalization of comparable listed companies.

The comparable transaction method attempts to value an entire company by comparing a private company in a similar field and using different key ratios.

These methods are based on using different key ratios and multiples like earning, sales, and research and development investments, to estimate the value of a company. They are used for mature companies who are profitable.

- **Discounted Future Cash Flows**

DCF is a valuation method used to estimate the value of an investment based on its expected future cash flows. It is used on companies who have proven financial track record.

The return on investment can be estimated by determining what return an investor could expect from that investment with the specific level of risk for a mature growing/ mature company in the industry and the country the company is operating in.

It takes 2–4 weeks to get a report from the advisor, with one or two times update (draft reports).

CONCLUSIONS AND D-ONE INTRODUCTION

Overall, the journey of an entrepreneur stands to lengthy and in constant funding need to continue growing. Valuing the business is integral to prove to investors the continuous value creation. It is also the base for any equity transaction happening to raise funds. In the UAE, the Big Four firms stand to be the most trusted valuators. Other sources include specialize boutique firms, second-tier advisories, freelancers, and rarely internally developed. Below are some of the challenges to those sources:

- Entrepreneurs are technically capable but do not have a financial background.
- Top-tier financial advisories are too expensive.
- Second-tier financial advisories do not provide high-quality services and tend to charge a lot if they are good.
- Sharing a business idea or a business model could be risky as a breach of confidentiality is not uncommon.
- Having those concerns in mind, I have developed an online valuation and budgeting platform to address these issues. Below are some of the benefits:
- The platform eliminates the entrepreneur needs to learn financial calculations and allow to focus more on the business idea and product. The platform is constructed using the most used valuation methodologies.
- A valuation by a top tier cost as low as US$20,000 with a maximum of two updates before issuing the final report. D-one costs only US$250 and provides five updates before issuing the final report.

- Once the entrepreneur is done from entering data and answering questions, a report is automatically generated with one click, saving time.

The platform is the first of its kind in the Middle East that uses the abovementioned internationally accepted methodologies and market data used by the Big Four advisory firms. I also provide an offline support to help entrepreneurs to validate their assumptions and advise on their strategies. You can learn more about the platform on www.d-one.ae.

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HOW MUCH MONEY TO RAISE

DEMAND A CFO CONSULTING L.L.C

Dr. Ahmad Odeh, *Chief Financial Officer*

INTRODUCTION

An entrepreneur's success depends on how they plan their business and the money they need to raise to implement their business idea. Planning is very important since it helps the entrepreneurs foresee operational hurdles and determine how to contain them. It also helps entrepreneurs accurately identify their targeted customers' needs and how to meet them, while creating the perfect roadmap for sustainable growth and competitiveness. This document is aimed at providing entrepreneurs with a roadmap that they can use to establish their businesses from scratch. Its guidelines are meant for any entrepreneur, irrespective of their preferred area of operation.

THE STAGES OF MONEY RAISING FOR ENTREPRENEURS

Creating a Convincing and Viable Business Model

The most important aspect of any business is being able to create a convincing and viable business model. Considering that entrepreneurs need funds for their start-ups' initial launch and subsequent operation, they need to have business models that are convincing and viable. The main essence of creating convincing and viable business models is to entice investors and minimize any chances of failure both in the near and distant futures (Ghezi, A. and Bortolini, R. et al.). There are various methods that can be used to actualize a compelling and effective business model, but the major ones are the lean start-up approach, the design thinking process, and the start-up garage innovation process, whose details are given below.

1. **The lean start-up methodology**
   The lean start-up methodology is a superior technique for laying a start-up's foundation. It is based on the premise that a start-up is a set of hypotheses that govern a business model. The method involves four major steps: 1) hypotheses; 2) building experiments; 3) measuring results;

and 4) learning. The key details of each step are given in Figures 1 and 2 below. From the figure, it is evident that the method largely relies on the hypothesis, mainly because it is at the center of capturing the attention of targeted customers. The hypothesis must only be formulated after conducting thorough research and collecting real-life data (Ghezi, A. and Bortolini, R. et al.). At conception, the key risks associated with the proposed business model are ascertained, and experiments aimed at testing the model's hypotheses are performed. Using the experimental results, during the analysis and data interpretation phases, an entrepreneur can easily determine whether their business model will persevere or not. If not, the cycle is restarted until the desired outcome is obtained. In the worst-case scenario, giving is possible if the idea fails to yield the desired outcomes.

FIGURE 1. Basic Representation of the Lean Start-up Process (Ghezi, A. and Bortolini, R. et al. 2018. Lean start-up: a comprehensive historical review. Management Decision ahead-of-print(5))

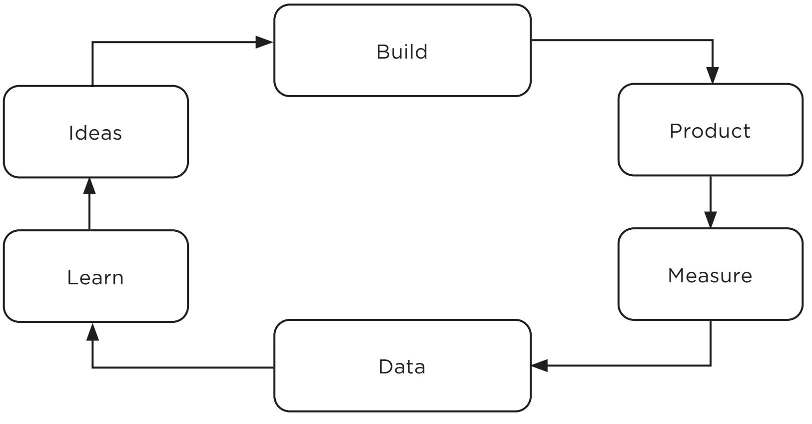
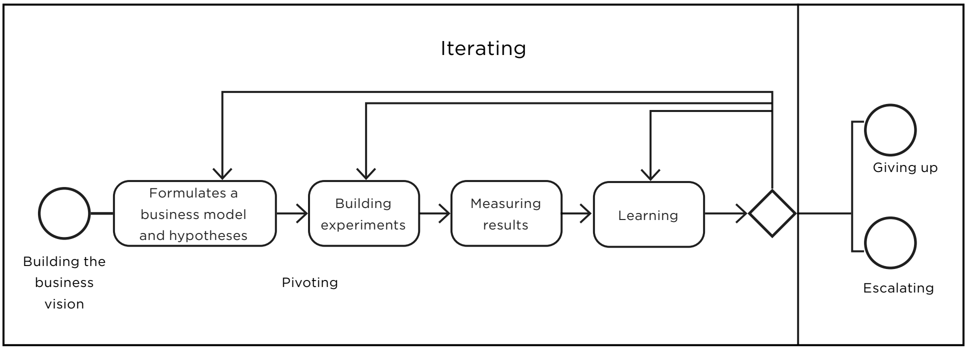


FIGURE 2. Key Details About the Steps Involved in the Lean Start-up Approach (Ghezi, A. and Bortolini, R. et al. 2018. Lean start-up: a comprehensive historical review. Management Decision ahead-of-print(5))



2. Design thinking process

This method has been around for many years. Due to its effectiveness in allowing entrepreneurs to meet the needs of their targeted customers, it is used extensively and taught across institutions. It is based on five major steps: 1) empathize; 2) define; 3) ideate; 4) prototype; and 5) test. The key details of each step are given in Figure 2 above.

As shown in the figure, the first stage is meant to allow the entrepreneur to understand their targeted customers, while the second step is concerned with defining the customers' problems and testable hypotheses. In the third and fourth stages, the entrepreneur devises prototypes and develops solutions aimed at addressing the customers' problems, respectively (Wróbel, M. and Romanowski, A.). The final stage is meant to allow the entrepreneur to test their prototypes by accepting or rejecting hypotheses. In order to draw rational conclusions, it is vital to use data from real-life experiences to create hypotheses that are testable.

3. The start-up garage innovation process: an integration of the design thinking process and the lean start-up approach

The start-up garage process is a hybrid of the design thinking process and the lean start-up technique. Therefore, it leverages the benefits of both approaches (Figure 3). This method is based on the premise that the design thinking process is powerful for generating business ideas and identifying the problems that the targeted customers are facing. In the start-up garage process, the lean technique is used to define risks, create a testable hypothesis, and setup experiments using real-life data (Wróbel, M. and Romanowski, A.). Following experimentation, the results are analyzed, and the potential to persist or not is determined. As before, following the end of the lean process, the cycle is restarted until the desired results are obtained. The method embodies all the elements of the design thinking process and the lean start-up approach. Toward the end of the testing phase, hypotheses can be validated and new insights can be uncovered.

HOW TO SOURCE FUNDING: THE KEY STAGES

At this stage, the entrepreneur's business idea has already been established as viable and capable of satisfying the needs of the targeted customers. Therefore, it is now

FIGURE 3. Key Details About the Steps Involved in the Design Thinking Approach (Wróbel, M. and Romanowski, A.)

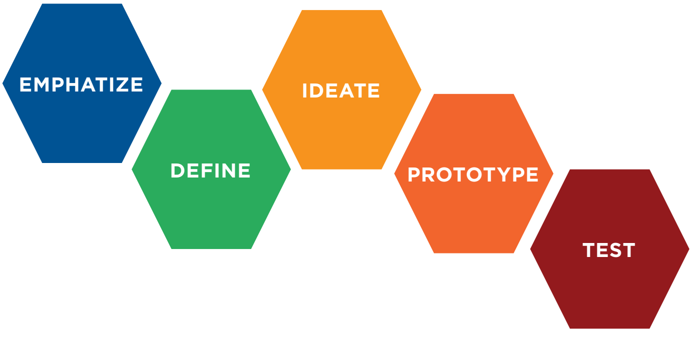
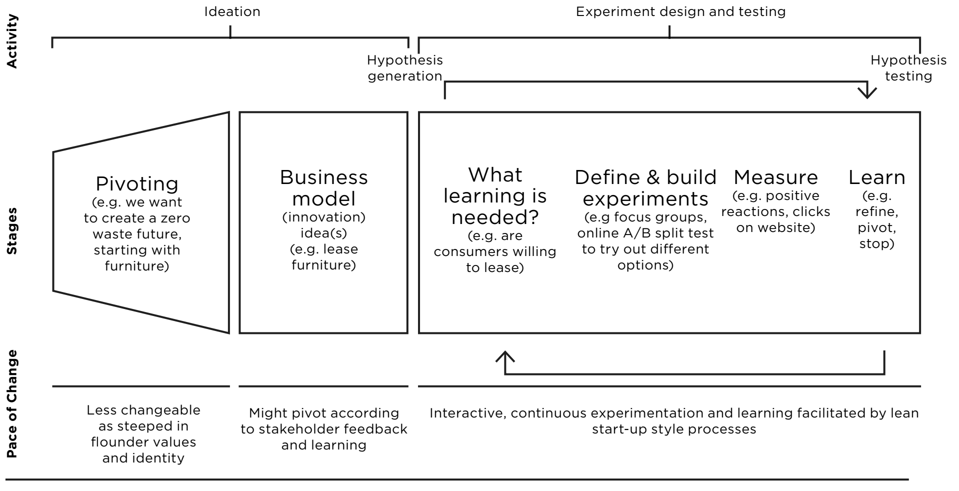


FIGURE 4. Key Aspects of the Start-up Garage Process (Bocken, N. and Snihur, Y.)



time to determine how to raise capital for the start-up's operational activities. There are various options that are available to the entrepreneur. However, the major ones are given below:

- **Family and Friends**: Although not always, experience shows that many start-ups rely on their families and friends for initial funding. The source has been around since time immemorial and is just as serious as all the other sources that will be mentioned later (Lynn, T. G. and Rosati, P.). Therefore, early financing is often dominated by families and friends.
- **Angels**: These are individuals who may be professional investors, successful entrepreneurs, or interested parties. They typically invest alongside families and friends, but their investments are usually larger than the proportion provided by families and friends (Lynn, T. G. and Rosati, P.). The main advantage of this financing approach is that it often involves highly-experienced entrepreneurs capable of injecting huge sums of capital into a start-up.
- **Venture Capital (VC)**: VCs are similar to angel investors, but the former are firms that inject capital into a start-up. Depending on the desired amount of capital and the prevailing investment conditions, VCs may exist alongside angel investors. There is also no restriction on the stage at which VCs can inject capital into a firm (Lynn, T. G. and Rosati, P.). Therefore, they can be invited at any stage, including the earliest stages.
- **Combined Angels and VCs**: Sometimes angels and VCs may be combined to provide funding for a start-up (Lynn, T. G. and Rosati, P.). The attributes of such a source of funds are a combination of angels and VCs.
- **Equity Crowdfunding**: This approach involves an equity platform, which comprises multiple firms and investors. In this approach, the equity platform acts as an intermediary between the investors and

the start-up (Lynn, T. G. and Rosati, P.). Therefore, there is no direct interaction between the investors and the entrepreneurs.

- **Product Crowdfunding**:In this funding source, the entrepreneur is required to create a product that is good enough to attract capital from interested investors. The product is used to entice various types of investors, including angels and VCs (Lynn, T. G. and Rosati, P.). Therefore, it must possess attributes that are good enough to appeal to the targeted customers.
- **A Syndicate**: Unlike VCs and angel investors that often operate independently, syndicates comprise multiple investors who have a single investment objective. It is a collection of different types of investors, including angel investors and VCs (Lynn, T. G. and Rosati, P.). Although not always, syndicates may have lead investors, who may be responsible for negotiating with the entrepreneur.

THE AMOUNT OF FUNDING THAT CAN BE RAISED AT DIFFERENT STAGES

Start-ups go through various stages of funding. Each stage is associated with a specific amount of money that can be raised. Therefore, when setting present and future business objectives, the entrepreneurs must be fully aware of the amount of funding they can expect during the growth of their start-ups. The key funding stages and their associated amounts are given below.

- **Pre-seed**: This stage involves the early activities of a start-up, including research and prototyping. The main sources of funding at this stage are families and friends. Other sources, such as preorder crowdfunding campaigns, may also be used (Reif, N.). At this stage, anything between $0 and $1 million can be raised.
- **Seed**: At this stage, the business has already begun attracting experienced entrepreneurs and reputable firms (Reif, N.). Therefore, it is characterized by much larger capital injections. Generally, the stage's funding often ranges from $1.5 to $3.
- **Series A Funding**: At this stage, the entrepreneur offers shares of the company to investors, who provide the capital or money needed to launch and run the business. Money raised during this stage is usually meant to improve or optimize the business, offset financial shortfalls, improve the product or service, and create a scalable blueprint for the growth of the business. The funds that can be generated during this stage range from $5 to $15 million (Reif, N.).
- **Series B Funding**: At this stage, the entrepreneur has already demonstrated that they can scale their business idea. Therefore, they need to cement their place in the industry. The funds that can be generated during this phase range from $10 to over $30 million (Reif, N.).
- **Series C Funding and Beyond**: As the start-up grows and expands, lucrative but challenging opportunities are more likely to surface. To manage such huge investment opportunities, colossal sums of money are required. Around $200 and over $300 million can be generated during this phase (Reif, N.).

THE ELEMENTS ENTREPRENEURS NEED TO CONSIDER

When launching a start-up, there are several elements that entrepreneurs need to consider to convince investors, generate their desired profits, remain competitive, and survive harsh business environments. These elements include capital expenditures, operating expenditures, and projected cash flows.

Capital Expenditures

A capital expenditure plan shows the amount of money the entrepreneur must spend on acquiring or maintaining their fixed assets. Therefore, to determine the required capital expenditure, the entrepreneur must ascertain the fixed assets required to sustain their start-up. Major examples of fixed assets include land, a building, and equipment such as baking machines and tractors (Kappel, M.). The funds required to meet capital expenditure requirements depend on the fixed assets that a firm must acquire in order to launch its operations. Therefore, these are often determined during the planning phase.

Operating Expenditures

The operating expenditure is another important element that entrepreneurs need to consider when starting and running a business. Operating expenses are incurred when financing operational activities that are required to enable a firm to achieve its daily objectives. The funds required to cover operational expenditures depend on the list of activities that a firm must complete in order to achieve its goals (Kappel, M.). Therefore, they are usually determined during the planning phase. There are various examples of operational expenditures. Some of them include advertising, transporting, renting, replenishing office supplies, and paying for insurance.

Projected Cash Flows

Projected cash flows are estimate of incomes and expenses over a given period. This projection is important since it can boost the business' success, lure investors, and strengthen trust with creditors or financiers (Kappel, M.). Projected cash flows may be depicted using pro forma income statements, which depict a start-up's forecasted cash flows.

An example of an income statement is shown in Figure 5 below. When forming a projection of income, each of the entries in Figure 5 can be incorporated into the pro forma income statement. As shown in the figure, the statement depicts many key details, including operational expenses and incomes from different sources. To avoid jeopardizing their chances of success, entrepreneurs must ensure that they account for every entry on the income statement.

HOW ENTREPRENEURS CAN PREPARE FOR THE ENTREPRENEURIAL JOURNEY: AVOIDING POTENTIAL FUTURE POOR CASHFLOWS

Entrepreneurs can use various methods to prepare for their entrepreneurial journey. However, the most important point to note is that they must account for the major steps that can enable them to succeed. In order to guarantee their success, there are five major guidelines that entrepreneurs must acknowledge:

- **Identifying Business Opportunities**: This is the first step because it determines whether a business model is likely to succeed or not. Business opportunities arise from the pains customers are experiencing. Hence, an entrepreneur who devises the best solutions to the customer's problems is likely to have a wide customer base. Therefore, a business opportunity can be considered a chance to solve a customer's problems while generating profits in the process.
- **Identifying Risks and Determining a Strategy for Countering Them**: Every business has risks that must be considered during the planning phase. Therefore, entrepreneurs must create a strategy for managing the risks. Most importantly, they must identify the risks and deter-

FIGURE 5. Consolidated Income Statement for Tesla, Inc. (Tuovilla, A.)

Tesla, Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the year ended December 31, 2016
(in thousands, except per share data)

	Tesla	SolarCity	Pro Forma Adjustments (Note 2)		Pro Forma Combined
Revenues					
Automotive	$ 5,589,007	$ —	$ —		$ 5,589,007
Automotive leasing	761,759	—	—		761,759
Total automotive revenue	6,350,766	—	—		6,350,766
Energy generation and storage	181,394	629,754	(93,010)	(a),(b)	718,138
Services and other	467,972		—		467,972
Total revenues	7,000,132	629,754	(93,010)		7,536,876
Cost of revenues					
Automotive	4,268,087	—	—		4,268,087
Automotive leasing	481,994	—	—		481,994
Total automotive cost of revenues	4,750,081	—			4,750,081
Energy generation and storage	178,332	414,630	(5,064)	(c),(d),(e),(j)	587,898
Services and other	472,462		—		472,462
Total cost of revenues	5,400,875	414,630	(5,064)		5,810,441
Gross profit	1,599,257	215,124	(87,946)		1,726,435
Operating expenses					
Research and development	834,408	112,363	72	(e)	946,843
Selling, general and administrative	1,432,189	697,240	(47,675)	(e),(k)	2,081,754
Total operating expenses	2,266,597	809,603	(47,603)		3,028,597
Loss from operations	(667,340)	(594,479)	(40,343)		(1,302,162)
Interest income	8,530	—	—		8,530
Interest expense	(198,810)	(136,324)	(9,604)	(f)	(344,738)
Other income (expense), net	111,272	(15,890)	(88,727)	(l)	6,655
Loss before income taxes	(746,348)	(746,693)	(138,674)		(1,631,715)
Provision for income taxes	26,698	(754)	(461)	(g)	25,483
Net loss	(773,046)	(745,939)	(138,213)		(1,657,198)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(98,132)	(903,886)	47,688	(h)	(954,330)
Net income (loss) attributable to common stockholders	$ (674,914)	$ 157,947	$ (185,901)		$ (702,868)
Net loss per share of common stock attributable to common stockholders, basic and diluted	$ (4.68)				$ (4.56)(i)
Weighted-average shares used in computing net loss per share of common stock, basic and diluted	144,212		9,878		154,090(i)

mine how to counter each of them. For instance, they can create probability matrices along with risk weightings and degrees of severity as well as the corresponding countermeasures. The nature and types of risks vary from one industry to another. Therefore, entrepreneurs must adequately understand the nature of their preferred industry and the risks it is associated with. For instance, in a retail business, some examples of risks that must be considered include threats from new entrants and existing competitors, changes in government policies, and disruptions to supply chains.

- **Projecting Incomes**: This must be done as realistically as possible, accounting for all risks and their potential impacts on returns. A pro forma income statement can be used to depict all the possible expenses and incomes. It is vital to make a rational projected income statement, mainly because it will be instrumental in attracting the most viable sources of funding.
- **Sourcing for Funding and Beginning Operations**: After accounting for all the potential risks and how to contain them, the next thing is to source funding and begin operations. There are various methods that entrepreneurs can use to source funding. The major ones are shown in Figure 5 above.
- **Creating a Plan for Sustainability and Competitiveness**: After launching a business, the next thing is to determine how to remain competitive, while sustaining growth. Creating an effective marketing plan, while trying by all means to counter the competitors' strategies is one way to guarantee competitiveness and sustainable growth (Truong, H.; Beaver, S.). For example, being innovative and continually listening to customers' concerns often ensures that a firm's market share remains intact. Ultimately, it ensures that an entrepreneur's cash flow is within a reasonable range, minimizing the chances of losing revenue irrespective of the harshness of the market.
- **Maintaining a Stable and Adaptive Mindset, While Continually Acquiring Knowledge**: Business environments are always changing, and this trend often causes

some firms to lose their customers and eventually go bankrupt. To avoid losing grip on the market, entrepreneurs must maintain a stable and adaptive mindset, while continually acquiring vital knowledge about the business (Vaughn, A. L.). Learning can help entrepreneurs learn about different stages in the entrepreneurial journey and how to deal with the challenges associated with them.

EXAMPLES OF SUCCESSIVE ENTREPRENEURS: MOTIVATIONAL INFORMATION

Many entrepreneurs around the globe have used the information above to become successful. There are countless examples of individuals who started from scratch and emerged as some of the most renowned business persons alive today. Details about three of the most iconic entrepreneurs alive today, along with their famous motivational quotes, are given below.

1) Pierre Omidyar: Founder of eBay

Pierre started his career in software engineering in his 20s. Later, he identified the need for the creation of a simple ecommerce platform, which led him to create Auction Web. The site was mainly used to auction off seemingly unwanted personal belongings. However, the site's daily transactions grew dramatically, causing Pierre to rebrand it as eBay, the successful e-commerce platform it is today. Based on Pierre's journey, it is evident that he was implicitly guided by motivational quotes such as, "One of the only ways to get out of a tight box is to invent your way out" (Business Because) by Jeff Bezos, the founder of Amazon. Not surprisingly, he has been able to exceed his personal expectations.

2) Steve Jobs: Founder of Apple Inc.

Steve came from a humble background, which included being adopted by a couple based in Silicon Valley following his parents' decision to relinquish him. In 1974, he dropped out of college and started working as a video game designer. During the same year, he reconnected with Stephen Wozniak, a former high school colleague and friend who was working for HP. At the time of their reconnection, Stephen was developing a new computer logic board, which he presented to HP. However, HP declined to adopt his design, causing him to leave the company and join forces with Steve. The duo later created Apple I, the logic board for Apple Inc., which they designed and built in Steve's family garage (Levy, S.). Today, Apple remains one of the most renowned electronic brands and enjoys a large market share in the consumer electronics sector. At the time of his death in 2011, Steve was irrefutably one of the most successful entrepreneurs alive. Undoubtedly, he lived by his words: "I'm convinced that about half of what separates successful entrepreneurs from the non-successful ones is pure perseverance" (Business Because). Not surprisingly, he was able to overcome many obstacles that he faced throughout his entrepreneurial journey.

3) Elon Musk: Founder of Tesla Inc.

Musk's entrepreneurial journey began with the creation of Zip2, which provided business directories and maps to online newspapers (Gregersen, E.). The brand was sold to Compaq for over $300 million, a fraction of which Musk used to create X.com, which was later rebranded as PayPal. In 2002, eBay bought PayPal for $1.5 billion, making Musk one of the richest entrepreneurs. Today, Elon is one of the most successful entrepreneurs and commands immense respect from business enthusiasts the world over. Undoubtedly, he lives by his words: "Failure is an option here. If things are not failing, you are not innovating enough" (Business Because). No wonder he remains one of the most innovative entrepreneurs today.

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PARTNERS, NOT INVESTORS HOW TO BUILD INVESTOR–FOUNDER PARTNERSHIPS THAT WORK AND WHY IT MATTERS

Global Ventures

Noor Sweid, *Managing Partner*

You have now passed ideation. Your business idea has become deliberate, considered thought; you have validated the problem that needs to be solved and can demonstrate demand for your solution. In the entrepreneurship playbook, this generally indicates readiness to raise funds. As an early-stage start-up, where do you begin with your fundraising process? What does your pitch look and sound like? What is your business plan, and what are your financial projections? What type of capital should you raise? How much? At what cost?

And crucially…*from who?* There are a number of considerations in the fundraising process, but probably the most fundamental and consequential is who you choose to be your partner–investor as you build and scale your business, from idea to exit. This is true across company stages, but especially in the early days.

Early-stage capital can come from a number of sources. While this chapter will focus primarily on venture capital (VC), other prospective early backers are friends and family, angel investors, accelerators, or incubators. The first step is to identify the type of capital that best suits your business, and that decision is a factor of your risk appetite, scaling goals and timelines, exit plan, the type of value-additive support you need, and how much ownership you are ready to give up. Weigh your options carefully.

Traditionally, early funding predominantly came from friends, family, or angels. Today, not only are we seeing more VC firms backing companies at the pre-seed, seed, and pre-series A stages, but the size of these rounds is also ever growing. In 2021, early-stage VC activity in the United States of America reached a record of $80 billion, from $40 billion between 2018 and 2020, with a median deal size of $10 million (Pitchbook). As start-up ecosystems in the Middle East and North Africa (MENA) mature, we are witnessing (1) more diversity in ticket sizes with a (slowly) balancing allocation of capital between the early and growth stages and (2) a notable increase in the size of these tickets across all stages (the overall value of deals grew 3.7 times in 2021; MENA Q1 2022, MAGNiTT). Investors are slowly realizing that backing companies early has its perks, including direct visibility on, and chances at later rounds, good exit prospects as well as high rewards due to the discounted buy-in price of an early-stage start-up.

VC is more than just funding. It is typically accompanied by operational and institutional knowledge, networks, and a host of value creating support for start-ups. Inherently, venture capitalism is a human experience, a *people-driven* business. As investors, our job is to find extraordinary founders on a mission to create transformative innovation. Ultimately, the decision to invest is driven by a judgment of founders as people, and an understanding of the VC portfolio as more than a group of tentatively lucrative investments, but as a collective of long-term partners who believe in each other's potential. If the final objective is to generate returns for their limited partners, then venture capitalists understand that achieving it is contingent on the people behind the start-up and building *partnerships*.

In assessing any company, we always say *you have to **like** the idea and **love** the founder.* And while that is a key factor in the investment decision-making process, the opposite is also true: it should be a key criterion in the selection of the investors that participate in any of your funding rounds.

The VC–founder fit is primordial.

WHY FIT MATTERS

VCs operate on a 10-year time horizon. In that time, most venture funds are expected to have invested all of their capital and distributed a return to their investor base. This return is only possible when an exit happens and someone buys a given investor's shares in the company either through a secondary sale, a merger, an acquisition, or an IPO. One decade ago, it took companies an average of 5 years to exit. Today, that number is much higher across all exit paths: from first financing, it now takes 6.3 years to exit by acquisition (from 4.6 in 2005) and 6.6 years to exit by IPO (from 4.8 in 2005; Hartford Funds), and these are global numbers. Emerging markets in MENA will typically take longer to exit due to the complexity, cost, liquidity requirements, and lagging infrastructure that characterizes the region's exit landscape. The VC–founder relationship is longer (and longer) term, which is one of the reasons that fit matters. Foundationally, there needs to be alignment on values, mission, and vision in order to sustain and maintain a long-term relationship with investors. This is especially true if you are selecting the venture path, because VC firms, by design, are typically more "hands-on" and involved.

Being an entrepreneur is hard, likened by many to "jumping off a cliff and assembling the plane on the way down". There will be good times, just like there will be bad times. Data show that the average frequency between bear markets is 3.6 years, each of which lasts about 1 year. Assuming a 10-year investment horizon, you can expect to live through two or three market downturns during your company's life cycle. It is important to find a partner with whom you can celebrate the wins, but who will also act as a trusted, empathetic, and supportive sounding board during the more challenging times. **You should not be looking for a passenger, but a copilot.**

Fundraising is basically selling a piece of your company for an investment. For an early-stage founder, the emotional and financial cost of giving up a portion of your company and granting someone rights in its fate is not to be taken lightly. The reality is that you cannot fire your investors. You can restructure their ownership through recapitalization or a down round, or buy them out, but rarely, if ever, can you completely erase them from the business. A VC's guiding incentive is to generate returns, and investing in your start-up's success is precisely how they do that. By choosing to be venture-backed, you are not only accepting capital, but essentially agreeing to sell the business at a given point. Unlike an employee that quits or a cofounder that gets replaced, your investors will not exit without their capital back, and that is a legally binding truth.

When you are selling ownership of your company at the early stages, the equity ask will typically be high because you only have either a prototype, team, or market—essentially, investors are betting on mere idea and ambition. At such a high risk, investors are expecting high rewards. Moreover, your early backers are receiving equity when your company has the least value, meaning that each dollar invested buys them a proportionally bigger share. The stakes are too high, which is yet another reason why fit matters.

At the same time, it also matters because VC firms come with a wealth of nonfinancial capital: operational experience, extensive global networks, investor introductions, industry and stage-specific advisors, and talent pools. VC firms consider value creation as an essential cog in the VC machine and invest time, money, and effort in building bundles of value-additive services designed for your success. The trade-off computes: while the stakes are high, so are the rewards. The opportunity cost of foregoing VC should be a key consideration when deciding to go the venture route.

Ultimately, investors are betting on your success. They believe in your ambition and invest in scaling it. It is a partnership grounded in your potential: while investors decide to support you for who you are as a person and founder, they are also supporting you for what they think you are capable of.

To sum up, solving for VC–founder fit is a critical step when choosing the source of external funding for your company for three key reasons: long time horizons, high stakes, and high rewards. With that in mind, the question is, "How do you now go about building enduring, healthy, and mutually beneficial relationships with venture investors?"

SOLVE FOR ALIGNMENT, NOT FINANCING

Your guiding question should be *"Does this investor's offering meet my needs?"* Answering this invites you to first gauge a prospective investor's belief and conviction in what you are building. This is generally easier to do at the early stages because you do not have tangible financial metrics to validate your product. At this stage, investors are buying into the potential of a person with an idea and accepting the associated risks. While it is difficult to measure belief and conviction, consider the investor's level of engagement with your pitch, the quantity and quality of the questions they ask, as well as their knowledge of the industry you operate in (bearing in mind that passion and genuine interest breeds that knowledge).

The guiding question then invites you to assess your alignment on values. This is crucial because values dictate how one responds to situations, especially when the going gets tough (and it will). Having shared values is important because the more you agree on foundational principles, the smoother it will be to overcome the most seemingly insurmountable business and market challenges. For successful VC–founder relationships, respect, communication, empathy, and *trust* are non-negotiables.

After establishing how and if an investor meets the base "philosophical" needs, it is time to turn to your business needs, starting with the terms of the deal. This exercise first requires you to decide how much capital you need to raise. Raise too much and you risk dilution; raise too little and you risk running out of cash before your next round. Estimate your business expenses and the milestones you need to achieve before your next round, and work backward from there. The next step is to familiarize yourself with the pros and cons of financial instruments—whether a Simple Agreement for Future Equity (SAFE), convertible notes, or equity rounds. SAFEs and notes are highly appropriate in the early rounds because they allow you to receive capital without having to commit to specific valuations. However, the more you raise from these instruments, the higher your dilution in the long run. It is important to run all the scenarios because early-stage capital can be expensive. The key takeaway here is that you need to ensure that you are not just raising any money, but *smart money*.

Another business need to consider is the support that is necessary today for your company to reach the next stage. For this, assess target investors' value creation offering. Value creation is a ubiquitous term in the VC space, without necessarily being tailored to geographic specificities and contextual nuances. Look for investors who understand the geography and industry you operate in. Superimposing a Silicon Valley investment model on an emerging market start-up is not the optimal method for value creation, revenue generation, or scaling. Neither is just providing a term sheet, writing a check, and simply asking for periodic reporting from afar. Useful value creation comes from investors who put in the hours with good old-fashioned elbow grease and includes helping companies devise structured and tested merchant acquisition strategies, a go-to-market playbook, or even pivoting the business model to super-charge growth.

DO YOUR DUE DILIGENCE ON YOUR INVESTORS

If you are embarking on a 10-year relationship with someone, you would want to get the most accurate and representative understanding of who and how they are. While a VC's offering may seem great on paper, there may be disconnects when it comes to practice. Ask yourself *"Does the investor live up to the offering?"* Answering this question invites you to conduct thorough background checks. Underneath the glamorous PR campaigns, what is the firm's track record? What does its portfolio (winners and losers) have to say about them? Other founders will most likely provide you with honest insight into how a specific investor has supported them and how they have dealt with setbacks. It is fundamental to take the time to get to know the full team, but also the firm strategy: How much of their fund has been deployed? Are they open about and active in follow-on rounds? What are their growth and exit expectations?

SET THE RIGHT PRECEDENT

The structure and terms of early rounds have significant bearing on subsequent rounds. You will most likely be raising a number of rounds during your company's life cycle, and what you agree to at the seed stage is likely to set a precedent for your series A, B, and beyond. While your needs matter, so do the ones of the people you bring to the table. Ask yourself *"Are our needs aligned?".* It is important to realize that you have the same desires as your early backers when it comes to future rounds: The lowest dilution, the highest price and the best investors. Establishing the ground rules early will make it significantly easier for you later. In the early stages, prioritize simplicity because complexity is sticky and enduring.

While this applies to the ways you structure rounds, it also applies to how your relationship with investors evolves. In other words, how you deal with specific investor-related situations will become the archetype when similar situations arise in the future. This is when the importance of shared values manifests. Repetition creates habit, so it is important to set the right precedent early on.

COMMUNICATE—WELL AND OFTEN

Now that you have external stakeholders on board, communication becomes an essential task to keep your investors informed about how the business is doing. You are no longer just a founder, but also a CEO, which comes with the expectation that you will be spending more time talking to your investors. Establish a communication plan and cadence early on. It is better to keep your investors lightly informed about company performance at a fixed, regular frequency (monthly or quarterly, depending on your business) than to only reach out when you need help or something goes wrong. The latter approach breeds a relationship of self-interest and functionality, rather than one based on trust and partnership.

Communication is a two-way street. Just as you are expected to keep investors informed, it is equally important to select investors who demonstrate interest in your company that transcends your financial performance. It is easy to become disenchanted with a capital provider who only reaches out to ensure you are on track to meet their financial goals. You are looking for someone who will pick up the phone for a chat, schedule regular check-ins, and is available when you need them.

As a founder, it is important to ask for help when you need it most. VC firms are groups of people with extensive experience in building and scaling companies. Use this resource to your advantage, and reach out to the teams when you are faced with a challenge. Keep in mind that you are one company in a portfolio of many whose founders are likely dealing with similar situations. Be proactive about support.

LOOK FOR A ONE-TO-MANY RELATIONSHIP

The VC–founder relationship is not one to one—VC to founder or founder to VC—but one to many. True value comes from a rich and active ecosystem of founders, investors, and players who work symbiotically for a higher purpose. In more nascent start-up hubs, such as those in emerging markets, being an entrepreneur can feel lonely. While it is important to have a solid relationship with your individual investors, it is equally important to choose a partner that is proactive about creating a community. A firm that is present and active at regional events is one that is aware that investing is about presence and activity beyond the back office work and about consistently building and solidifying relationships with founders and ecosystem players. A firm that partners with regional hubs is one that is cognizant of their limitations and prepared to collaborate with others to expand their offerings and capabilities. A firm that hosts internal events for their portfolio founders is one that understands that learning happens through exchange and relatability. Focus on a prospective firm's extracurriculars.

An investor is just like any other relationship in a business: it is one you have to invest in and nurture, from the very first touch point all the way to the exit. If there is one key takeaway here, it is that you should look for people who believe in your ambition; are prepared to support you, at every stage and through every hurdle, to deliver on it; who are values aligned; and will grow with you and your idea over that 10-year time horizon and beyond.

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NONCONVENTIONAL WAYS TO RECEIVE SUPPORT FOR SMES IN THE UAE

Arab Excellence

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When one wants to start a new business, there are several ways to receive support. Some are conventional and involve reaching out to incubators, accelerators, mentorship programs, VC funding, etc. However, there are several ways to receive support that are not usual or "conventional".

Indeed, starting a small business has never been easier, but finding the funds to support it can be harder than you might expect. Thus, we have gathered here a few concepts that can help small- and medium-sized enterprises (SMEs) raise funds and participate in regional, national, and even international economic development and create inspiring success stories for generations to come.

I—THE CONTEXT OF THE SUSTAINABLE DEVELOPMENT GOALS POST-COVID

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others and that development must balance social, economic, and environmental sustainability.

During and after the Coronavirus Disease 2019, the need to address these goals has become more urgent than ever, and all stakeholders, from large companies to governments and NGOs, have now accelerated their transformation to incorporate one or more of these goals into their inner business and operational models. This positive transformation represents a unique opportunity for aspiring entrepreneurs to receive additional support and equity-free funding and make their vision a reality, especially in the UAE.

GOAL 1: No Poverty

GOAL 2: Zero Hunger

GOAL 3: Good Health and Well-being

GOAL 4: Quality Education

GOAL 5: Gender Equality

GOAL 6: Clean Water and Sanitation

GOAL 7: Affordable and Clean Energy

GOAL 8: Decent Work and Economic Growth

GOAL 9: Industry, Innovation and Infrastructure

GOAL 10: Reduced Inequality

GOAL 11: Sustainable Cities and Communities

GOAL 12: Responsible Consumption and Production

GOAL 13: Climate Action

GOAL 14: Life Below Water

GOAL 15: Life on Land

GOAL 16: Peace and Justice Strong Institutions

GOAL 17: Partnerships to achieve the Goal

a. Opportunity 1—Initiatives by the Private Sector and Large Companies to Achieve the SDGs and How Aspiring Entrepreneurs Can Benefit from It

Large companies have realized that having a social and environmental impact can no longer be only part of a marketing strategy. Many large companies have therefore started to engage in meaningful social and environmental endeavors to positively impact the communities in which they operate. One of the most effective ways to affect positive change is to prepare young people for long-term employment, whether through traditional employment, self-employment, or SME creation. This addresses the SGD GOAL 8: Decent Work and Economic Growth.

In addition to that, most employees want to be in a job that has meaning and makes a difference. Therefore, having employees of large companies engage in philanthropic initiatives helps build momentum across the country and the world.

This is an incredible opportunity for aspiring entrepreneurs to receive (free) training and mentorship from prestigious companies as well as equity-free funding (grants for example).

Not all companies are at the same level of engagement, and there are some that are leading the way.

- Example 1: JP Morgan Support for UAE and Saudi Aspiring Entrepreneurs

In the UAE in 2022, a new program called "Meta Excellence" has just been offered by the UAEU College of Science and Arab Excellence, with the support of the JP Morgan foundation.

Through Meta Excellence, JP Morgan supported 100 UAE students in their successful integration in the private sector, be it through employment, self-employment or the creation of SMEs.

During a series of workshops and mentoring sessions addressing employability, career guidance, and soft skills, students have been able to architect and build their professional vision and career roadmap based on their field of study, their interests and ambitions, as well as the priority sectors currently on the national agenda of the UAE.

This 12-month program aimed to empower the selected students by providing them with the coaching, mentorship, and networking opportunities needed to achieve their professional goals and aspirations and thereby successfully transition into the labor market. More than 400 students from UAEU COS initially applied for the program.

“I am so grateful for this program. It helped me clarify my professional vision, plans, and goals. Before. I was completely lost and therefore not doing anything with my life. I was waiting for jobs and opportunities to come to me. Now, I am taking initiatives and being proactive as I know where I am going with my life,” said Shamma, who just completed phase 1 of this program.

- Example 2: JP Morgan supports Female SMEs in the region

Arab Excellence and JP Morgan, in partnership with leading local institutions dealing with SMEs in Saudi Arabia, will be supporting female entrepreneurs in Saudi Arabia in the acceleration of their small and medium companies.

The program is to be delivered in 4 phases:

- The first phase focuses on the mindset shift of entrepreneurs: self-discovery, leadership development, and soft skills training through a combination of trainings by professional coaches and coaching and mentoring from leading professionals in KSA.
- In the second phase, participants will be provided with an entrepreneurship toolkit to be technically ready to scale their own venture.
- In the third phase, there will be mentorship by professionals from large companies such as JP Morgan, Ernst & Young, and Bank of America, among others.
- During the last phase, beneficiaries will be provided with one-on-one coaching and financial support to achieve financial independence.
- These opportunities are free of charge for eligible start-ups, and aspiring entrepreneurs can apply for such opportunities online.

b. Opportunity 2—Incorporate into Your Idea One of Several SDG Goals and Become Eligible to Receive Free Funding (Grants) And Mentorship

When trying to secure funds for their projects, most aspiring entrepreneurs believe the only ways are to reach out to investors or try and obtain bank loans. These sources of funding are not only expensive, but they can be very hard to obtain.

There is, however, a way to receive equity-free funding by incorporating one or several SDG goals into your core business model. While the main objective of any start-up is to make profits, having a social or environmental impact while selling your products can open doors to several opportunities. Indeed, by having a concrete and measurable impact in your community, you not only demonstrate your WHY—your purpose—which is key, as we mentioned earlier, to convincing clients and having your team onboard, but you also make your company eligible to receive grants and pro bono support from large companies, foundations, or even governmental entities.

Indeed, many foundations operate through the concept of awarding grants to organizations that deliver impactful programs on the ground. A grant is a way for the government or a private foundation to fund your ideas and projects in order to provide public services and boost the economy. If you manage to incorporate one of the SDG goals into your business model and are able to provide measurable impact, you will be eligible to receive funds to continue scaling your project and your impact without giving up equity.

II—COLLABORATIVE APPROACH TO BUSINESS TO AVOID COMPETITION AND INCREASE SUPPORT

SMEs have many opportunities nowadays to develop products and services if the entrepreneurs behind them develop the right mindset, leading them to efficiently collaborate with key partners and adopt a win-win collaborative approach while designing, deploying, and monitoring their solutions.

a. The Importance of Collaborative Mindset When Launching Your Business

Customers are nowadays exposed to an increased number of products and services that are conditioned by technological solutions, leading to many changes in their behaviors. The introduction of AI to businesses has increased the number of emerging monetizable solutions that show up every month. This causes a major challenge for companies to keep improving their business processes and implement the latest technological solutions at the same time on their own.

Accordingly, companies (especially SMEs) need to design new strategies that are based on a collaborative vision. This actually means that they need to identify potential players related to the different segments of the company's value chain and include them in the design, implementation, and monitoring of the project.

On a practical level, when designing a strategy for the company, entrepreneurs should consider all actors as potential partners, even competitors. The need to switch to organized collaborative projects like "consortia" is now more important than ever.

Another aspect of the collaborative mindset is to consider new business models based on transactions between customers. We call this the "peer economy". It is based on individuals sharing or exchanging goods (cars, housing, parking, etc.), services (carpooling, DIY, etc.), or knowledge (computer courses, learning communities, etc.) for monetary exchange (sale, rental, service provision) via a digital networking platform. The collaborative economy is developing in all industries. Here are some examples:

Digital technologies have had a decisive impact on the rise of the collaborative economy. The economic and financial crisis of 2007–2008 also contributed to its development, as individuals were looking for savings and additional income. These same individuals, in a context of high unemployment, have been more and more likely to offer their goods or services on a regular basis. Finally, the collaborative economy responds to the phenomenon of underuse of goods and infrastructure by promoting the use of goods rather than their possession.

b. Concrete Example: Intrapreneurship: Partnering With Other Companies or Even Competitors for a Win-Win Situation

As mentioned previously, today's world is changing at an incredible speed, which can cause many organizations to face difficulties when looking to adapt and reorganize their value chain. While integrated solutions seem like the perfect strategy to gain market share and reduce competition, many companies have seen it as urgent to reposition themselves in today's world as a result of different crises. In order to survive in today's world, many companies have found no other solution than to reduce costs, leading to the restructuring of their value chain.

The value chain is characterized by a number of processes and actions needed to create value, and its optimization remains one of the most important challenges addressed by managers. Its optimization, when successful, translates into a more efficient general process as a result of time and resource reduction.

When the costs of a value chain segment seem too high to integrate, companies have found it easier to outsource the actions related to that segment and focus on their core activities. As much as outsourcing appears to be an easy solution, it comes with a few challenges, such as a lack of control over operations, costs, and privacy, among other aspects. The process of outsourcing also implies the ability to stay flexible over time for the company if it ever needs to switch suppliers or outsourcing partners, as well as the need for a long-term collaboration to help secure its activities over time. This equilibrium can be quite difficult to find.

In this context, an idea that has proven to be effective for some companies is called "intrapreneurship". The entrepreneur is a person who starts his or her own business or activity based on an idea; he or she usually has to use his or her own resources to launch a business, whereas the intrapreneur is usually an employee of a company or organization who creates his or her own business in relation to the activities of the company with the resources of the organization that employs him or her.

The idea behind this philosophy lies in the fact that experienced employees' creativity within a company can actually be very useful when oriented toward the company's success. Many organizations nowadays have found it useful to allow employees to present useful innovative business ideas related to the company's needs and provide them with the necessary funding to develop this idea, helping them expand their horizons while keeping the company's well-being as a priority.

SMEs have the opportunity to be created by employees and funded by their employer, leading the company to outsource certain segment of the value chain to an entity that they own (partially or totally), obtain preferential prices for the product or service, and dominate their competitors by reducing costs as well as generating profit by being shareholders in that company.

As for the employees, they guarantee a first major client without marketing and sales costs, gain experience, and leverage their first client to develop their client portfolio in the future.

This new way of fundraising is an opportunity for employees to reach financial freedom while lowering the risks and costs, and it is becoming more and trendier nowadays.

III—MINDSET AND SKILLS NEEDED TO TAKE THE MOST OF THESE OPPORTUNITIES

a. An "Out-of-the-Box" Entrepreneurial Mindset

Can you look at a strawberry and see something other than the fruit itself?

This is precisely what an entrepreneurial mindset looks like. It is a way of thinking, a pattern that is either born in a person's mind or developed over time through education and/or experiences.

The strawberry is actually a finished good that can be consumed as it is, responding to certain needs and desires, but it is also a raw good that can be transformed into juice, jam, and much more.

The strawberry's red color, heart shape, sweetness, and texture can also be used as symbols (as seen in many movies and advertisements).

Breaking down the strawberry's use into a multitude of possibilities is what an entrepreneur should be willing to develop and enhance over time.

Many entrepreneurs, when looking for funding to build a project, business, or company, believe that the numbers they are showcasing to potential investors are the most important aspect of the presentation. Although numbers are objective and "scientific", they are based on hypotheses to try and predict future opportunities and market evolutions; it is not an exact science.

Understanding this is crucial to a successful fundraising journey, as one of the biggest challenges lies in the uncertainties that will arise from your hypothesis while negotiating with potential funders. It is indeed true that investors are very sensitive to numbers and therefore will try to challenge the presented hypothesis in many aspects. Their point is not to undermine the business idea but to actually judge to what extent the entrepreneur is willing to anticipate challenges, come up with alternative options, and plan to take his or her idea to the highest level of success.

This is where the entrepreneur must be ready to showcase his or her entrepreneurial skills through the mindset to its fullest extent through a large and solid vision and prove that the value proposition has taken into consideration the many aspects of a product or service (i.e., the strawberry) and the different solutions that it provides.

It is important to note that in order for this vision to be clear, it must take into consideration all major influences surrounding the business or company, with a special focus on stakeholders, and demonstrate adaptability.

b. Adaptability

One of the major components of a successful company or business is its ability to be adaptable. Experts in business would say that a company's extinction is generally synonymous with a failure to adapt to a changing environment.

Adaptability is actually an essential component of human survival. Through time, we have adapted to changing weather conditions, environmental dangers, technological developments, and much more. It is a natural instinct when it comes to survival on an individual level, or extinction on a larger scale. This being said, the most successful adaptability waves result from anticipation.

Anticipating upcoming changes can lead to a smooth and successful transition to a new environment. Today, more than ever, evolution occurs at a faster rate, requiring businesses and professionals to devise new strategies in order to continue growing and adapting to the imposed rhythm.

c. Being Result Oriented

Another step to successful fundraising nowadays is being result oriented.

Regardless of the organization that is solicited for funding, it seems necessary to understand the nature of their expectations and objectives and to offer them opportunities for collaboration that are based on measurable and demonstrable results.

As long as the objectives can theoretically be met, there will always be unforeseen events and thus doubts about the achievement of SMEs' goals. Thus, the approach that maximizes the chances of obtaining a favorable opinion is based on a project divided into several phases and focused around "quick wins".

Small steps not only ensure a higher success rate because the challenges to be overcome will be smaller, but also offer SMEs the opportunity to demonstrate their ability to communicate regularly on progress, solve problems, and reassure partners and collaborators through tangible results.

d. Be Agile When Dealing with These Opportunities

In order to succeed in this journey, it is recommended to set up a "lean" organizational structure. Lean is an agile culture and mindset that is ready to embrace change both strategically and organizationally—that is, resource allocation. While highly specialized profiles (engineers, technicians, etc.) are essential to the development of a differentiated value proposition with competitive characteristics, it would also be important that these profiles are equipped with strong soft skills allowing them to be flexible, adaptable, and ready to face challenges in a collaborative way.

Lean management can also be tangible in terms of SME initiatives, inspired by the methods used by digital organizations.

Indeed, it is now known that small technological or digital projects adopt a preparation as well as a project management approach oriented toward incomplete but tangible results in a very short time. This is not only due to a desire to implement solutions that meet users' expectations but also to the speed with which technological innovations can completely disrupt existing trends, jeopardizing the survival of the project itself.

Several agile methods, such as the SCRUM method, based on regular communication between team members and rapid interventions in case of unpredictable challenges, allow digital projects to see the light of day in a very short time.
The objectives being to obtain the least complicated solution that meets the needs defined strategically, this approach makes it possible to test the acceptability of the service (or product) by the market via real (and not presumed) user feedback (alpha), to overcome bugs and inadequacies under very short deadlines, and to enrich the value proposition step by step, following the same process.

Thus, adopting a similar approach reassures partner organizations about the feasibility of the project and the market fit of the value proposition, and it helps funders reduce risks by releasing funds in several stages.

BUSINESS PLANS, PITCHING, AND PITCH DECK

GETTING MEETINGS, PITCH DECKS, AND PITCHING

Tawazun Council

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BUSINESS PLANS

Abu Dhabi Global Market Academy

Bernhard Roessner, Dr. Alessandro Lanteri

THE ART OF A WINNING PITCH DECK

Bina Khan

https://added.gov.ae/EJ

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GETTING MEETINGS, PITCHING, AND PITCH DECKS

Tawazun Council

Dr. Yehya Al Marzooqi

GETTING MEETINGS

No innovator or entrepreneur will succeed merely by having a great idea and assuming that others, who might hear about it indirectly, will approach them to learn about it. That never happens. By being proactive, self-motivated, and focused, the entrepreneur will have to get that idea before the people who have the desire, incentive, authority, and power to turn that idea into reality. This means that the innovator or entrepreneur must carefully choose, through reflection and research, the right person or people to pitch to. It might be a line manager, but most often, it will be someone higher in the organization and even outside the immediate reporting line. It may even be someone in a different organization. Do not base your target for a pitch on who you already have or might easily have access to. That would greatly limit your opportunities. Choose your desired recipients based on your understanding of who will see value in your ideas, who will be prepared to take them forward, and who actually has the authority, power, and resources to do so.

If you do not have access to the people you want, make a list of those people who do have access to them. Then work backward until you can list people you actually know (Berkun, S.). You may need to work through your list and make several approaches, or even several pitches, before you can get in front of the optimal people. The process of getting to the final pitch situation may take a longer period of preparation and pitching than you would have liked, so persevere and stay patient.

It is likely that the desired person or people to pitch to are, because of their importance, seniority and very busy workloads, hard to get time with. Even asking for a short slot of, say, 30 minutes, may be difficult to schedule, and it may indeed need to be booked far ahead. This difficulty of securing a meeting requires the entrepreneur to demonstrate in all initial communication why the person they need should give up any time, and why, of all the people who contact them with ideas, they cannot afford to miss this pitch. As Emmie Martin astutely writes, "Everyone's insanely busy, especially important, powerful people. While some may wish they could meet with everyone who contacts them, it's just not possible, so you need to show why you'd be worth their time. Make clear the value proposition of getting to know you, otherwise, it's far too easy for them to underestimate you and assume you don't have anything to offer." (Martin E.). This is especially important when asking for time with someone who may not know the requester, and therefore might not have personal reasons to set aside time (Clark, D.).

Martin recommends that an entrepreneur remain realistic about how much time to seek. It may be very difficult for a busy executive to set aside an hour for a pitch, especially from someone they do not know or know well. But 30 minutes, or even 15, might be more manageable (Clark, D.). This requires the entrepreneur to be flexible and to create a tight, compressed pitch that can be expanded if interest leads to the allocation of extra time. It is better to prepare like this rather than to have a longer pitch that cannot easily be shortened if no extra time emerges.

Clark explains that the best way of getting any time at all with the desired people is to have a "warm" lead, rather than seek a cold introduction. By this, she means that it is better if the entrepreneur can find some way of being known, even if only a little, by the people that he or she intends to meet. Thus, the mention of mutual contacts—and even better, the facilitation of the meeting by a mutually known and trusted person—may help to reduce the appearance that the entrepreneur is a stranger (Clark D.). As Martin says, "Powerful people are much more likely to want to meet if they know someone who can vouch for you." (Martin E.)

PITCHING

The pitch itself is not only about the entrepreneur's idea or product, but it is also about how he or she comes across in terms of credibility, competence, character, and reliability. The latter—the entrepreneur's personality and integrity—truly matter, especially to a company that would have to spend significant money to bring an idea to fruition. As William A. Sahlman points out in *Entrepreneurship Essentials*: "Most experienced investors look at the people first and the opportunity second." (Landry L.). The *Harvard Business Review* likewise notes that venture capitalists' interest in a start-up "was driven less by judgments that the founder was competent than by perceptions about character and trustworthiness." (Landry, L.) The key word here is "perceptions". Those on the receiving end of a pitch may not know much about the pitcher, if anything, but if the pitcher were to come across as sincere, dependable, open-minded, good at listening and responding to questions and feedback, and willing to embrace different perspectives, the pitch would likely be well received. On the other hand, a pitcher who seemed more interested in the benefit to be gained for himself or herself, rather than the benefit for the investors or organization, would probably not succeed. So, remember: when you go to pitch ideas, in whatever type of forum, that "people are judging you. They're sizing you up. There may be a lot more on the line in one situation than there is in another, but they're still all presentations. People are forming opinions of you, opinions that are hard to change." (Coughter P.)

This is true even when a pitch is made by more than one presenter, as is often the case. Those on the receiving end will want to see that the team is harmonious, mutually supportive and respectful, and free of any one-upmanship. It is also crucial that everyone is "on message", meaning that they are consistent in what they say is most important. Coughter explains that "the group is going to have to come together to first agree on exactly what it is that they want the audience to take away and, secondly, how they're going to accomplish that. Each person on the team will be required to contribute to the total team argument." Each person should be "cast", Coughter says, for the particular skill or style that he or she brings to the team. And even in a team effort, each individual speaker will have to pull their weight "if the team is to prevail." (Coughter P.) The pitch itself needs to be very carefully planned and structured, and it should be rehearsed repeatedly until its flawless communication to an audience can be achieved without the need for many (or even any) notes or prompts. These might signal a lack of knowledge or confidence. Rehearsals should be done with family, friends, or colleagues who have been told to be critical and to find flaws. It is important to discover and deal with these before the real pitch goes ahead. Yet, the real pitch must also come across as natural and spontaneous: as a conversation rather than a one-way transmission of information. This is crucial. Those receiving the pitch will not sit passively without engaging, interrupting, asking questions, and challenging. The person or team members delivering the pitch must anticipate this, and even want it. The receivers' passivity or lack of engagement would signal the very worst of situations: disinterest. "Great presenters, one writer observes, are so in tune with their audience that they know exactly how they are responding. They are listening with their ears and their eyes. They're in the moment, right here, right now, totally focused, yet ready to take advantage of whatever happens in the room. Because they know their stuff, great presenters are open to the unexpected. They just let things happen. And the unexpected is often where the fun is. People will ask crazy questions, make some bizarre statements, and, often, point out something that is actually very useful. Go with it." (Coughter, P.) Berkun summarizes the pitch like this: "If you've prepared well, have a good idea that you truly believe in, and manage not to get too nervous, most of the work is in the hand of whoever is listening to you. Be calm, be direct, state your case, and then listen." (Berkun S.)

Ultimately, the pitch is about convincing the recipients that there's something in it for them, that it's of significant importance, that it solves a problem or increases profit, that the benefit greatly outweighs the cost, that they should not miss this opportunity, and that the pitcher standing before them is the ideal (or only) person or persons to deliver the benefit. This is where a well-chosen and carefully constructed "pitch deck" comes in.

PITCH DECKS

A pitch deck is a structured presentation that contains the necessary information that an innovator or entrepreneur will need in order to pitch a great idea in a persuasive fashion. The pitch deck should work well as a stand-alone communication tool—something to put into the hands of those receiving the presentation—but it will primarily be used as a visual support for a verbal briefing. A pitch deck aims to create interest and hopefully excitement about an idea, innovation, product, or company that can lead to another meeting with the potential for a detailed discussion about investment and implementation. A pitch deck is a critical tool in generating enthusiasm, but it is only the first step in the process. If the pitch deck is not brilliant and the pitcher equally impressive, there will probably not be further steps, so it is vital to get this right.

If created carefully and according to a proven formula, the pitch deck will, *as a minimum*:

1. Highlight the pitcher's vision.
2. Name the planned change team.
3. Identify the organization's problem.
4. Propose the optimal solution.
5. Demonstrate the superiority of this strategy over any competitor's.
6. Give a timeline and roadmap.
7. Explain the costs.
8. Emphasize the benefits.

Reflect carefully on the recipients' needs. They might want, for their own organizational needs, something in addition to these elements, but it is generally recommended not to mention an exit strategy. This might seem premature and, even worse, indicate a lack of long-term commitment. That does not mean that one should not prepare an answer in case the issue of an exit strategy arises during the discussion. It probably will, and the pitcher must be ready with a thoughtful and positive response.

Each of the sections in the pitch deck must be well crafted, with special care needed to present the problem in such a sensitive way that no one will feel that they are being blamed for either causing or allowing the problem or not yet having addressed it themselves.

Although one should indeed tailor the pitch deck to the specific context, and only include things that will matter to those receiving the pitch, the basic structure of a pitch deck matters. As one commentator explains:

> It follows a recognizable presentation storytelling resource we call the three-act structure. In the first act, it's critical to engage your audience, capture their attention and establish the status quo. In the second act, your story should be developed to build excitement about the business opportunity, by providing numbers that are as irresistible as they are irrefutable. The third act is where the rubber meets the road and you deal the killer blow, making your point about why investing in your company is a fantastic opportunity. (Coughter, P.)

The pitch deck may be a PowerPoint or Keynote slide set, which the pitcher will use to provide information and maintain interest as he or she speaks, but it should also be accompanied by a high-quality printed version that can be placed in the hands of those receiving the pitch. Sometimes they may want this well in advance of the meeting, or they may only receive it as the speaker begins. The printed version gives them something to read along with during the pitch, should they choose, but, more importantly, it gives them something tangible to take away and study further. It therefore needs—like the PowerPoint presentation—to be attractive, engaging, informative, persuasive, and brief. Few potential investors will bother reading a lengthy or densely detailed document at an early stage.

No pitch deck will fit every situation, so a pitcher or pitching team will need to think carefully about what to include and what to leave out. The internet contains many wonderful examples of pitch decks, and there are now many books on pitch decks that cater to specific sectors. Some books, such as Wallace Komorowski's *The Pitch Deck Guide Book: Creating And Delivering An Effective Start-up Fundraising Pitch* and *Scott La Counte's The Keynote Pitch Deck: Creating a Pitch Deck That Wows Investors and Raises the Money You Need to Soar!*, tell their readers how to create a pitch deck from scratch that is tailored to a pitcher's specific needs, while other books propose their own "proven" formula (Komorowski W.).

When choosing a pitch deck to suit your needs, remember that it must be built around two interrelated central features: the problem that exists and the solution you have. If the receivers are not convinced that the idea or innovation is needed, and will bring a significant benefit, it will not really matter how good the presentation is.

CONCLUSIONS

It is clear that the keys to success when trying to generate interest in (and ideally excitement about) a creative idea are: preparation, research, knowledge of the recipients and their needs, and clear and persuasive communication (both visual and verbal). If framed around a carefully constructed and thoughtfully tailored and focused pitch deck, rehearsed to perfection, yet delivered naturally, the pitch should take the pitcher or pitching team to the next step toward attainment of their goals. It is important to remember that securing a meeting with the optimal people, and persuading them that you have the answer to their needs or the solution to their problems, is only the first step, and that every subsequent step needs to be treated with as much foresight, care, and effort. And all steps, from setting up the meeting to hopefully selling the idea, and later implementing, streamlining, and quality controlling it, need to be part of a considered strategy. No step can be left to chance. Everything has to be planned in advance. Yet, the fact that long-term and strategic planning must occur for a good idea to succeed should never discourage the creative thinker. Entrepreneurship is hard work and involves risks, but it is a key driver of change in business, and it all starts with getting a bright idea into the hands of the right people.

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BUSINESS PLANS

Abu Dhabi Global Market Academy

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"Plans are nothing; planning is everything."

—Dwight Eisenhower, former US President

A business angel considering an investment in a business venture, a supplier considering a customized offer of a new client, a successful entrepreneur considering becoming a board member, the owner of an online shop deciding whether to sell a new product, and a talented graduate looking for an exciting job—each will ask questions about the endeavor. Not one day goes by without an entrepreneur having to explain his or her business idea to the stakeholders. Clearly, explaining this idea is critical for its success, and business plans are the most effective way of achieving such clarity.

Just like a good business idea will fail if its stakeholders do not understand it, a venture will fail if it is poorly planned. In doing this, entrepreneurs must avoid the most common pitfalls listed in the sidebar "Pitfalls to avoid in business planning".

PITFALLS TO AVOID IN BUSINESS PLANNING

Pitfall 1: unrealistic goals

Pitfall 2: failure to anticipate difficulties

Pitfall 3: lack of commitment

Pitfall 4: lack of relevant experience (business or technical)

Pitfall 5: failure to identify a viable market segment

BUSINESS MODEL VS BUSINESS PLAN VS BUSINESS PITCH

A business model defines what value will be created, for which beneficiaries, how will it be created and how much of this value will be captured.

A business plan articulates the business model and elaborates it in greater detail.

A business pitch is a presentation to communicate the business model to various stakeholders.

WHY PLAN FOR NEW BUSINESS VENTURES?

Many businesses have been launched successfully without writing a formal business plan. Nonetheless, business planning offers several benefits for entrepreneurs creating a new venture (Castrogiovanni, G. J. 1996. Pre-startup planning and the survival of new small businesses: theoretical linkages. *Journal of Management; Rohr, R., The Bare Bones Biz Plan: Six Weeks to an Extraordinary Business,* 2010*)*:

- In the early stages, entrepreneurs repeatedly revise their business idea. Planning and writing a business plan are opportunities to quickly advance and refine ideas and to ensure that the many elements of the intended business venture remain coherent with each other, as the ideas evolve.
- Writing a business plan helps entrepreneurs clarify assumptions, identify uncertainties, and design early experiments. The business plan records decisions and assumptions, including strategies to clarify and mitigate uncertainties.
- Formal milestones help identify the resources required to develop the new venture. The business plan can therefore help to anticipate and keep track of financing at different points in time. It also helps formalize the metrics used to measure performance.
- Certain investors (and some other stakeholders, like prospective advisors or board members) require a written business plan. So preparing a business plan is a prerequisite to approach them.

TYPES OF BUSINESS PLANS

In the past, entrepreneurs who launched a new business venture would inevitably begin by preparing a long, formal business plan. These documents, dozens of pages long, are less common now, while short pitches and presentations articulating the key elements of the business model have become the norm in entrepreneurial ecosystems. The sidebar "Business Model vs Business Plan vs Business Pitch" clarifies the differences between these different formats for sharing business ideas.

While business plans tend to include common sections and follow a standard structure, the level of detail will often differ from plan to plan. A new venture launching a new app will probably prepare a business plan to emphasize its unique selling point (USP) and strategy to gain traction among users and grow quickly. On the other hand, the business plan for the launch of a new cosmetic product will emphasize clinical trials and risk mitigation. A venture that plans to introduce new food will articulate how the ingredients are sourced and transformed, then stocked and distributed. To be sure, the three business plans in the examples would all include product specifications, go-to-market strategies, and operations plans. Yet, each will place a special emphasis on what stakeholders are especially interested in knowing about each specific venture.

Furthermore, each audience will have specific questions. In the above examples, the software developer being hired as chief technology officer for the app, the supermarket approached to sell the food product, and the venture capitalist considering an investment in the cosmetic venture will each require certain details. So, every time a business plan is prepared, it must be a nearly unique version focusing on the information that matters to a given stakeholder when making an important decision.

For this reason, different types of business plans exist (Applegate, L. and Carlson, C., *Developing Business Plans and Pitching Opportunities,* 2014). Some of the most common are the following:

- Mini-Business Plans: only include an overview of the key elements of a new venture's intended strategy, its go-to-market and operating plans, and how these plans create forecast financial outcomes. These documents can also include appendices that report rich supplemental information that external stakeholders (e.g., investors, customers, partners, key employees, advisers, etc.) find useful.
- Traditional Business Plans: contain detailed descriptions and explanations of the new venture's strategy, as well as its go-to-market and operating plans, and include details on how financial forecasts will be achieved. Some investors require these detailed business plans, especially for due diligence purposes (e.g., for ventures that require large investments for long periods of time). In the past, this was the most common format for detailing the goals and plans for new ventures. Nowadays, pitch decks and mini-plans are more common.
- Go-to-Market Plans: focus on the unmet needs of early adopters and on the solution addressing these needs. These plans illustrate in detail the features of the solution, comparing them to the existing competition and alternative solutions, and how customers will be informed about the new solution. A critical stage in this type of business venture is the stage of "crossing the chasm" when the solution must move from targeting adventurous early adopters to serving large segments of mainstream customers. So, these plans will address how the entrepreneur plans to do that.
- Operating Plans: articulate the key activities and milestones that must be achieved to develop, create, and deliver the solution, including the required resources (e.g., facilities, tools, employees, etc.) to launch and to grow. Operating plans are especially useful to explore the assumptions regarding investments, costs, and returns for the financial plans.

ELEMENTS OF A BUSINESS PLAN

Section I:

- Executive Summary

Section II:

- Business Description
- General description of business
- Industry background
- Goals and potential of the business and milestones (if any)
- Uniqueness of product or service

Section III:

- Marketing
- Research and analysis
- Target market (customers) identified
- Market size and trends
- Competition
- Estimated market share
- Marketing plan
- Market strategy—sales and distribution
- Pricing
- Advertising and promotions

Section IV:

- Operations
- Identify location advantages
- Specific operational procedures
- Personnel needs and uses
- Proximity to suppliers

Section V:

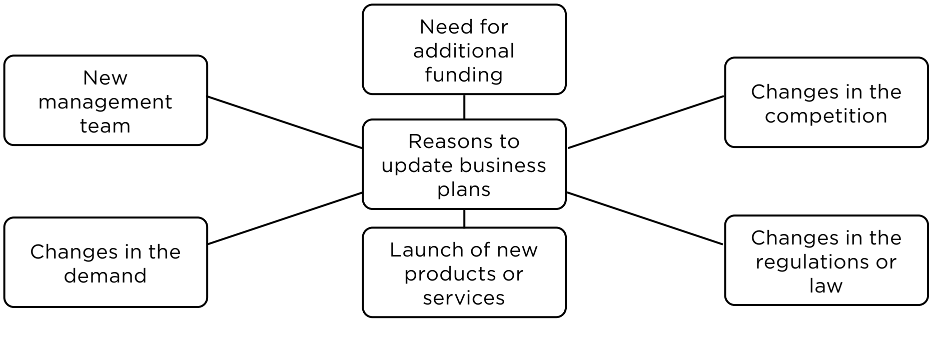
- Management
- Management team—key personnel

THE CONTENT OF BUSINESS PLANS

In 1990s, Professor William Sahlman of Harvard Business School published "How to Write a Great Business Plan" (*Harvard Business Review*, 1997). Even though the formats and the purpose of business plans have since been transformed, that article has become a classic because it still holds a few timeless lessons worth heeding. Indeed, even to this day, business plans must "demonstrate mastery of the entire entrepreneurial process" from understanding the market and identifying a viable opportunity all the way to growth and exit. It should also "show that the entrepreneurial team has thought through the key drivers of the venture's success or failure".

Professor Sahlman further explains that an effective business plan must clarify who are (1) the people who will start and run the venture; what is (2) the opportunity they will pursue and exploit; what is (3) the context where the venture will operate; and what are (4) the rewards it intends to achieve and the risks it will face. For this reason, most business plans follow a similar structure and include similar content (but remember the different types of business plans above). The sidebar "Elements of a Business Plan" reports the full list of content commonly included in a formal business plan according to the leading authority in this field, Professor Donald Kuratko of the Kelley School of Business. Other chapters in this volume contain more detailed guidance on the content of each section; the Appendix at the end of this chapter includes several

FIGURE 1. Main Reasons to Update a Business Plan



...continued

- Legal structure—stock and employment agreements, and ownership
- Board of directors, advisors, and consultants

Section VI:

- Financial
- Financial forecast (pro forma financial statements)
- Profit and loss
- Cash flow
- Breakeven analysis
- Cost controls
- Budgeting plans

Section VII:

- Critical Risks
- Potential problems
- Obstacles and risks
- Alternative courses of action

ELEMENTS OF A BUSINESS PLAN

Section VIII:

- Exit Strategy
- Liquidity event (IPO or sale)
- Continuity of business strategy
- Identify successor(s)

Section IX:

- Milestone Schedule
- Timing and objectives
- Deadlines and milestones
- Relationship of events

Section X:

- Appendix or Bibliography

practical suggestions on how to approach each section.

Even a carefully developed business plan should be treated as a "living" document that must continuously be refined as the venture progresses and the entrepreneur discovers what works and what does not and learns how to run their operations effectively. Figure 1 summarizes the main reasons why a business model needs to be revised.

PLANS AND PLANNING

Writing a business plan—whether traditional, mini, go-to-market, or operations focused—brings rigor to the process of launching a new venture and is key for long-term success. This chapter serves as a guide for the entrepreneur preparing to launch a new venture, both in creating an effective business plan and in planning better. As in President Eisenhower's quote at the opening of the chapter , the main benefit of business planning is not the resulting document—because it will have to be revised many times—but the process.

APPENDIX—PRACTICAL TIPS TO DEVELOP A BUSINESS PLAN

Executive Summary

- This is the most important section of the business plan.
- Keep it short (three pages or less).
- You need to capture the reader's interest (remember: who is the reader?).
- Include only the main information in condensed format.
- Prepare this section at the end when the business plan is complete.

Business Description

- Always mention the name of the venture (or the intended name).
- Mention the legal structure of the venture (e.g., sole proprietorship, partnership, or corporation) and justify why it was chosen.
- Include an overview of the industry.
- If your company already exists, tell its short history.

- Describe the potential of the new business venture.
- Highlight any distinctive features and unique strength of your new venture (e.g., its USP).

Marketing

- Convince investors that projections are realistic.
- Validate your plan with market research and other data and studies.
- Identify the target market for the new venture, including its market position.
- Assess the competition fairly and highlight what makes the new venture different/better than competitors.
- Explain the intended pricing strategy.
- Describe the intended advertising plans, with cost estimates and links to expected sales.

Operations

- Describe the operations of the venture in detail, highlighting unique challenges and opportunities.
- List in detail the needs in terms of facilities (plant, storage, office space, etc.) and equipment (machinery, furnishings, supplies, etc.) to produce.
- Indicate the suppliers and personnel required for operations.
- Provide realistic estimates of operational costs.

Management

- List the individuals in key managerial roles.
- Indicate advisors and key consultants.

Financial

- Develop and present a budget.
- Include estimated statements.
- Describe the funding needs and intended use.
- Break funding needs into stages, corresponding to key milestones.

Critical Risks

- Identify potential risks before any stakeholder points them out to you—for example:
  - price cutting by competitors
  - unfavorable trends
  - costs in excess of estimates
  - failure to achieve sales targets
  - delays in product/service development, and
  - delays in the procurement of parts or raw materials.
- Suggest risk mitigation options and alternative courses of action.

Exit Strategy

- Include a plan for a sale or an initial public offering.
- Plan for leadership transition.
- Ensure business continuity.

Milestone Schedule

- Develop a timetable for each phase of the new venture to be achieved.

Appendix and Bibliography

- Include all of your references and sources.

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THE ART OF A WINNING PITCHDECK

Summit Venture Partners LLC

Bina Khan, *Strategic Advisor and Angel Investor*

What gets you funded nowadays? It is definitely not a business plan. The ever so succinct but just enough to give a good tease, your calling card, aka, the pitch deck. It is what investors use to even consider a meeting with you. The pitch deck is the first impression investors have of the company, so it needs to look impressive AND communicate well.

Crafting a pitch deck is an exercise in communication alongside being an art. That art of telling the story and showing that you, as the founder, can sell and assemble the right team while also being able to win customers and partners.

WHAT DO YOU NEED TO ACHIEVE?

With hundreds of pitch decks coming their way, the average venture capitalist and angel investor only pursue a handful of deals annually, so they can only spend 2–5 minutes perusing before responding “let us setup a call” OR, hitting the delete button.

And this is why your pitch deck must be a well-crafted narrative that shows the founder has thought through the critical aspects of the business. At the end of the day, it is a sales pitch, and as with all pitches, it requires a compelling, credible, and concise story—a story that will use slides to show why this company is incredible while concise enough to convince the investor that the idea is worth investing in.

Two to five minutes for perusing equals 10 to 15 slides only. This allows you to keep the details for the actual due diligence once the investors cross that bridge. This is one of the few instances where more detail does not equate to greater good. Overwhelm the investors with details at this point, and they are sure to miss the big picture. Do not assume investors will want to read a deep deck. The content should not take 30 minutes to read.

Not only does the pitch deck need to tell your company's story, but it also needs to be cohesive with a compelling narrative. Everyone has their own unique voice for storytelling, but the best stories grab their audiences from the get-go. The opening of your pitch deck story should be relatable—why you are excited about the opportunity and why others should be, too. It needs to convey the excitement so well, that the reader can experience being part of the problem or part of the solution. The art of storytelling helps to engage your investors and make them believe they are part of the solution to the problem that they or others may face.

✓ Simplicity = Clarity of vision = ability to sell

✓ Conveying excitement through the story while tickling the reader's curiosity

✓ Substance > perfect presentation

✓ Stories, like food, bond people. Investors are people just like you

✓ Create an emotional link between investors and your business

✓ Data and numbers can be forgotten, but compelling stories create a lasting impact

HOW DO YOU TELL THE STORY?

What separates a good book that keeps readers on their feet from the one that sits on their shelf collecting dust? It is the four elements—action, excitement, success, and failure (also translated as exposition, rising action, climax, falling action, and resolution). Page turning books are all centered on a "plot" that contains these critical elements. A compelling story will convince your investors to care about your venture by the end of it.

There are three different storytelling approaches you can take when formulating the story of your deck:

1. the hero's perspective;
2. the customer's perspective; and
3. the industry's perspective

The Founder's Perspective

This is the classic story that follows the journey of the founder, aka, the hero, and tells the story of why the founder decided to launch the start-up, builds the emotional connection with the investor, and answers the question, WHY.

Background: The founder living his life, unaware.	The founder stumbles upon a problem or hurdle and cannot find an alternative to or fix for it.	The founder starts contemplating. White board comes out. The founder starts to build a solution that never existed before.	The founder now has a mission and vision for solving the problem.

The Customer's Perspective

This is telling the tale from your customer's perspective and works well when pitching consumer goods and tech start-ups. The story is focused on the advantages you have over your competitors.

Background: Average customer XYZ has a problem.	The customer has tried to fix the problem by using various solutions, but they ultimately do not work.	The customer discovers your product or service, and it solves the problem.	Demonstrate the change the product or service has made to the customer and how it has impacted or enhanced the customer's life (personally or professionally).

The Industry's Perspective

This is the story of a failing or lacking industry and why it needs your start-up. It is a demonstrative story showing investors the pivotal role of your start-up and how it will disrupt or reshape the existing market and trends.

Background: How the industry has been operating and the market conditions.	Social, economic, or technological changes that have taken place and are now creating problems.	The problem has led to a gap that needs to be filled or solved. The start-up needs to step in and capitalize on this opportunity.	Why the solution is needed NOW and how the start-up will fill the gap with its product or service; the problem will ultimately be solved whether the investors come on board or not.

BUILDING THE DECK

Do not forget, 2–5 minutes, which equates to no more than fifteen slides. What does this all look like? Let us do the thinking for you and lay out the outline. Follow the steps below, customize them with your information and you will have mastered the pitch deck.

Guy Kawasaki's pitch deck table from, The Art of the Start, summarizes the deck build-out most effectively for us.

1—Title Company Name Name, Title Contact Info What do you do?

This first slide should tell the investor what the company is about, and this ultimately starts with a good impression. Be able to describe your product in one sentence. As the founder, you are closest to what you are building, so it is a good idea to ask someone outside of your company to explain what you do after they read the deck. Look no further than Airbnb, "Book rooms with locals, rather than hotels." Stick to simplicity in this opening slide and throughout. No dense text or clutter.

2—Problem

Point out the problem in the market

This is where you begin your story and have your first chance to connect with the investor. You do not start by showing the product, rather start your story with the problem and why it is relevant to the investor. This is the attention-grabbing slide. ***Avoid solutions in search of a problem***. What is the gap you are filling in the market? Make sure this is ONLY one problem. Anything more than one problem is a sign of lack of focus.

3—Solution

Focus on providing the solution (your product or service)

Ensure the solution is clear and to the point, as it will convey concisely to your investors how your product or service can solve the problem faced in the market. This is where you will lose many of your investors if your solution is complicated and causes confusion. While this slide is not meant for technical details, provide a high-level description of how you alleviate the pain associated with the problem (your value proposition). You can add one to two additional slides here to explain how the product is unique and different from competing solutions, as well as any intellectual property or other barriers to entry. While you do not need to have the solution to cure the next disease, you do need to be able to clearly and concisely state why customers will pay for your solution, and it needs to be scalable. Struggling to show your competitive advantages? It may be time to take a step back and rethink things. Timing is also of the essence. Why does your solution make sense now? Are you too early an entrant to the market, or has the ship already sailed? Remember that there have been many people who have come before you to tackle a similar problem but with a different approach. Clarify how and why your solution is unique and will solve the problem NOW.

4—Business Model

How do you make money?

How do you make money (advertising, subscription fees, or something else)? What are your gross margins? Who are your paying customers, distribution channels, and key partners? In addition to presenting the high-level results of your financial model, dive-in to what are the major cost drivers. Are you paying for the content or acquiring it at no cost? In either case, from whom? Simply put, how does the business work? This is also the time to name-drop customers who are already using your product or service; use logos liberally. Demonstrate the impact to date and a timeline of accomplishments in the market thus far. Demonstrate your knowledge of your target market by using accurate, current, and real data.

5—Secret Sauce or Moat

Describe the technology, secret sauce, or magic behind your product or service. Do more showing than talking—diagrams and charts are key here. Feasibility or proof of concepts will make this slide golden.

6—Go-to-market strategy

How do you reach your customers? Can you reach your customers effectively at a low cost, or will it cost a lot to gain very little? Are you realistic about how big your market actually is? This slide must answer: What is your company's market penetration strategy? One of the hardest things to do is to acquire customers. Every investor wants to understand your customer acquisition cost and whether you have budgeted this cost in order to achieve the targeted market penetration. B2B or B2C? Wholesalers, resellers, or direct? Do you need a sales team on the ground or social media? This is also the time to flaunt customer testimonials or their reactions after trying the product or service if you already have traction.

Market opportunity is what brings attractive funding. Investors are hunting for opportunities that come with an exit plan alongside long-term returns. Hence, your strategy must be able to transform or disrupt the industry in a way that interacts with the existing market or has the potential to reshape it.

7—Competition

Provide a complete view of the competitive landscape. Too much is better than too little. What makes your company unique apart from your competitors? How do you stack up against them? A side by side chart of you versus your competitors, including their capital raised, valuations, and successes versus failures, will help your investor visualize this.

Never dismiss your competition. Everyone—customers, investors, and employees—wants to hear why you are good, not why the competition is bad.

8—Team

Prove you're the right founder and right team to execute this

Why are you and your team **THE** team to execute this solution and solve the problem? This is the slide to establish credibility and convince investors about the WHO involved. Highlight their professional backgrounds, successes, and, most importantly, their relevance to the solution. Investors invest in people first, so make sure you can explain why each member of the management team is best suited for their respective roles. Be transparent and own any gaps in the team and how they will be filled. Prior entrepreneurial experience (success or failure) is an added bonus. The investors need to believe the CEO is the best person to lead the company. You can add another slide here showing your board of directors and advisors, along with any major investors to date. It is better to own any shortcomings in hiring than to hide them, as long as you have a plan for how to fill the gaps.

An idea is just 10%, while execution is 90%. The executive team will ultimately drive the company to success or a breaking point.

9—Projections and Profitability

Provide a 2- to 3-year forecast containing not only dollars but also key metrics, such as the number of customers and conversion rate. Do a bottom-up forecast. Include long sales cycles and seasonality. Making people understand the underlying assumptions of your forecast is as important as the numbers you have projected. Add in key indicators: current cash, runway, and burn, and make sure you account for any risks.

10—Momentum and Use of Proceeds

What is the money going to be spent on?

This slide will be the numbers slide. Use timelines to show how much capital you are currently raising and what milestones you plan to achieve with it. A pie chart needs to be used to show your current raise, and the projected use of proceeds should also be highlighted. Never name-drop investors who have made commitments; just labeling the numerical value of commitments is sufficient. Include projected investor returns labeled in bold and clear text. This needs to clearly state what returns investors will receive on their investment. Most investors will do their own number crunching during their due diligence, but you can at least further spike their interest with high level calculations already prepared for them. Also, explain the current status of your product or service, what the near future looks like, and how you will use the money you are trying to raise. Use an additional slide to showcase positive momentum and traction so that you close with appeal.

THE AESTHETICS

People will naturally look at the biggest, boldest text in decks. Ensure that your slide titles are the biggest text but also that these titles are actually a full sentence. With respect to all slides, the title slide should succinctly summarize what you are trying to tell investors. The add-on information, such as charts and graphs, is there to support your summary title? Upon reading an entire deck, just reading the title slides should read like a story, which translates into understanding 70% of your business. Remember, your pitch deck does not have a vocal narrative so the headlines need to be revealing and telling enough to form a compelling narrative.

- ✓ Do not assume people will read your deck.
- ✓ The title slides should stand out by being the biggest and boldest text.
- ✓ Each headline should be a full sentence succinctly describing the content of the slide.
- ✓ When reading the titles of each slide, they should sufficiently form the story.
- ✓ An investor should be able to grasp 70% of your company by just reading the headlines.

Following the above outline does not guarantee you can raise capital, but rest assured, you will not miss out on an opportunity to pitch simply because your deck failed to tell the story. An investor gives a commitment based on the following:

- ✓ They have experienced the same problem.
- ✓ There is a clear return on investment based on your solution to solving the problem.
- ✓ They understand and closely relate to the problem based on their professional expertise.

By the end of this exercise, your pitch deck will have the core content required to get in front of the right investor. Master the deck, and you can now focus on curating your investor target list.

RUNNING A BUSINESS

THINK RISKS BEFORE START-UP

Khalifa Fund for Enterprise Development

Sultan Nabeel Flefil

I HAVE A PASSION—DO I REALLY NEED A BUSINESS STRATEGY?

Abu Dhabi Department of Economic Development

Tayseer M. Ismail

IMPLEMENTING EFQM EXCELLENCE TO YOUR BUSINESS

Dr. Mahmoud Alhayek

HYBRID ENTREPRENEURSHIP TRENDS & JOURNEY LESSONS

World Trade Center Kentucky

Dr. Omar Naji Ayyash

MEASURE YOUR WAY TO SUCCESS

Transform Management Consulting LLC

Manish Kotwala

DIGITALIZATION IN START-UPS

Al Maryah Community Bank

Mohammed Wassim Khayata

https://added.gov.ae/EJ

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THINK RISKS BEFORE START-UP

Khalifa Fund for Enterprise Development

Sultan Nabeel Flefil, *Head of Internal Audit*

INTRODUCTION

A start-up is a young company that typically resorts to bootstrapping, family and friends, venture capitalists (VCs), crowdfunding, accelerators, incubators, corporate sponsorships, or loans to finance itself. Many of these options also help start-ups by providing them with training, mentoring, workspace, and other forms of support. While there are many different types of start-ups, usually, it can be characterized by its unique product or service that either fills a gap in the market or solves a problem. Since 2004, apart from the 2008 recession, entrepreneurship and new business applications have been on the rise in the US. However, the rise has been particularly steep in recent years, with applications nearly doubling since 2017. Many of the largest companies today were once a start-up, such as Facebook, Tesla, and Airbnb. Start-ups are often regarded as the future. However, according to the Bureau of Labor Statistics in the US, in the year 2021, only 80% of start-ups survived a whole year. This number continues to decrease with every additional year throughout the life of the start-up (Bureau of Labor Statistics, Survival of Private Sector Establishments by Opening Year). This is because starting a new business has many risks that are either inevitable or are often overlooked by the entrepreneur. While every venture may have its own unique set of risks, general start-up risks that should be accounted for include operational, financial, legal or licensing, compliance, reputational, market, and strategic risks. These risks will require careful consideration from the entrepreneurs so that they are managed adequately.

TYPES OF RISKS

Operational Risk

Operational risk is the risk of the company not being able to run its day-to-day operations or business activities due to factors dealing with efficiency, flawed or failed operations, and processes. It arises from different factors, regularly, out of control of the company. The most common factors that arise through the processes could be natural disasters, worldwide health crises, inefficient work policies, regulations, or human errors. Measuring the operational risk throughout the institution generally helps in the transformation from within in the risk stage outwards; there are many measurements used, some being the key risk indicators or the usage of statistical techniques.

Financial Risk

What is usually the focal point of starting a venture is often one of the most challenging stages. Financial risk comes in many stages, mainly being the acquiring of funds to begin the process of starting a company—whether it is through the acquiring of funds through a loan from a bank, a hand of help from friends and family, or the entrepreneur's own savings—there is always the risk of the start-up failing and funds loss. In the wake of financial loss, certain risk measures should be put into place, for example, forecasting the financial situation, realizing the main target market, secure business funding, and most importantly, the viability of the product or service that the entrepreneur is proving.

Legal or Licensing Risk

The legal or licensing side of risk is common among the companies starting up their development toward a certain product more than those starting up a service. Many of the risks falling under the legal section are risks that can be taken care of efficiently from the beginning of the procedures. Some examples of these measures that should be taken into account to avoid the risks are registration of the business, acquiring the required licenses and permits, understanding of the tax measures if applicable, securing funds in a safe and legal manner, and protecting the intellectual property when needed from the beginning. If these measures are to be taken, the legal risks would be abandoned.

Compliance Risk

When dealing with compliance, it should be known that the risks differ from country to country, mostly being following the rules of the certain country the company is starting its operations in. In some scenarios, the product or service that is being offered may be prohibited in certain areas around the world, making the risk of starting it high; however, understanding the market the entrepreneur is operating in, with its laws and regulations, would help address the compliance risk.

Reputational Risk

Upon operating the business, one core risk that could cause some major setbacks is the reputation of those running the business or the business itself. The reputation of the organization should be a factor that the entrepreneurs take deeply into consideration as it could orchestrate the outcome of the business venture starting up. There are certain factors that could be put into place for the entrepreneurs to refrain from falling under the risk itself. One of these measures is having the appropriate due diligence taken before hiring employees or cofounders. Nevertheless, reputation does not fall under the employees themselves only, yet there are many other factors. For instance, the customer service being the relations, customer service, and social issues.

Market Risk

Understanding the market the entrepreneurs are approaching is one of the most important steps to take into consideration when starting up a venture. Many steps could be taken into consideration to avoid the market risk—one important thing is to understand the customer and what their needs or wants are. Identifying the route to take into the market would help identify or eliminate early on the risk arising from the market.

PHASES OF A START-UP

Pre–Seed Stage

This stage entails mostly analysis and development. The entrepreneur should be trying to understand the problem that he or she is trying to solve and develop the best possible product or service to solve this problem. This is a phase in which the entrepreneur should be questioning the efficacy and the uniqueness of his or her product idea. Throughout this stage, the entrepreneur should begin to discuss his or her idea with potential partners and customers to see how they react. During this stage, the entrepreneur should have a minimum viable product (MVP) or a prototype and should have an idea of what the business plan for the product can be.

Operational risk and solution

At this stage, the entrepreneur faces the risk that the product developed by the entrepreneur receives no interest from the market. Typically, this is because the product or service has a weak value proposition. This could be due to several reasons. For example, the product may not solve a problem as well as the entrepreneur anticipated, or maybe the product is too complicated. Another possibility is that the problem that this product is solving is not really a problem for people. To mitigate this risk, the entrepreneur must ensure that the problem he or she is solving is important and that his or her product is solving this problem better than the competition. Once the entrepreneur ensures that this is the case, he or she must test the product to make sure that people respond well to it.

Seed Stage

In this stage, the entrepreneur will develop the MVP or the prototype into a product that the business will introduce into the market. The entrepreneur will also create a business model and officially make the start-up a legal business. The entrepreneur typically begins needing cash to buy materials, rent or purchase a workspace, initiate production, and possibly even hire employees. The entrepreneur will typically choose to either bootstrap, get a loan, or find investors to acquire this funding. At this stage, the start-up will have a few customers.

Operational risk and solution

The first risk at this stage is the business model risk. This is the risk when the business is unable to bring in revenue from its products and services in a consistent and sufficient way. This can be because the strategy and the business plan devised by the entrepreneur were not the most optimal ways to use the product to derive revenue. A solution to this issue is using data analysis techniques to see what business model works best for your product. This can be through trial and error, reevaluating your business approach, or rethinking ways to sell your product.

Financial risk and solution

At this stage, the entrepreneur begins to need more cash on hand to launch his or her business. There are several ways to fund this need. Finding the best financial mix differs from one entrepreneur and business to another. At this stage, the business owner should be careful to not dilute much of his or her ownership by selling equity of the company for cash. At the same time, the owner should be careful from taking out too many loans that may weigh down the business's profitability in the future. Finding the optimal finance mixture requires analysis and good judgment.

Early Stage

In this stage, the entrepreneur will address any of the flaws in the product that were discovered in the seed stage, moving from an MVP toward a final product. The entrepreneur will also begin to hire employees, open a business space for his or her product, and begin to select distribution channels. This is the phase in which the entrepreneur will begin to prioritize market awareness of the brand and its products.

Operation risk and solution

At this stage, the biggest risk is that the start-up fails at acquiring customers and sales. Acquiring customers in this phase can be a challenge for several reasons. Ensuring a good marketing strategy that optimizes the cost of customer acquisition can help alleviate this challenge. Finding the right distribution channels for your product that ensure accessibility to customers will also help. At this point, another risk may be that competitors may steal the idea of the product. Having a utility and design patent on your product is typically a good way to mitigate this risk and allow for your company's protection as you scale your product. The entrepreneur also begins to hire people to build the team. One risk associated with this is hiring the wrong people or spending too much of the company's limited financial resources in this process. The owner of the business should first hire someone who has the strongest skills where the entrepreneur is the weakest.

Financial risk and solution

A lack of market demand for the product may lead an entrepreneur to be in debt with no revenue stream from the business. Ensuring a good financing mix and continuously testing the demand for the product can help lower this risk. Typically, at this phase, the entrepreneur continues to gain access to companies that specialize in start-ups such as VCs. However, even VC-backed start-ups may run out of money. Having clear financial plans, budgeting, and only spending money when it is necessary will allow entrepreneurs to mitigate this risk.

Growth Stage

This is the stage that a start-up will reach once it has seen positive market demand. This is the point where the entrepreneur will be focusing most on scaling the product, increasing sales, and becoming profitable. Through this stage, the company should begin having positive cash flows and the reliance on external financing should slowly wane off.

Operational risk and solution

One risk associated with this stage is growing too fast or too slow. Growing too fast typically entails that the product may have gone viral, and demand saw a huge surge. While this may appear to be a good thing, this may mean that the entrepreneur is not for this volume of orders and may not be able to fulfill these orders. Another problem with this growing too fast is that it may be because the demand for the product may also burn out quickly. The product could just be temporarily viral and then no longer a trend. The risk with growing too slow is that this may lead to financial burdens and disappointed investors. Having a consistent and healthy growth plan for the start-up will help mitigate this risk. Using data analysis techniques and setting realistic and attainable growth plans can help the business.

Financial risk and solution

When trying to scale your product, the entrepreneur will need funding. This may come from loans, investors, or the revenue generated by the company. Some of the risks associated with scaling include over-leveraging, selecting the wrong production site, and creating too much or too little inventory. Being careful and using realistic forecasting and data analysis techniques can help mitigate these risks. Being aware of the possibility that your product may just be temporarily trending and in demand is also important to keep in mind when planning inventory.

Expansion Stage

In this phase, the company has proved its ability to be profitable and successful in its own market, so it begins to find new markets and segments that it can open to. This is typically the stage in which the entrepreneur begins introducing new products under the same brand. The entrepreneur may also begin considering opening new branches of their store or maybe start offering the product in more geographic locations. The funds acquired for this stage of the start-up can come from the revenue generated by the start-up, loans, or investors.

Operational risk and solution

The operational risk is that the overseas market may not accept the product as much as the local market. This could be because of differences in taste, price ranges, or needs. One way to deal with this is having local experts in new countries you want to sell your product in to see if this product will be accepted in the new location. These local experts may also give you some tips on how you can customize and tailor your product to fit the needs and taste of the new country. Having pop-up stores to gauge interest may also give you some insight on the demand in that country. Also, as the company expands, it may become difficult for the original founder to be the sole manager of the company. Knowing when to hire additional management support can help keep the company's smooth operation.

Financial risk and solution

Launching new products or launching in a new location bears the financial risk of potential failure. Conducting extensive testing on the product in the location can help lower the risk of failure.

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I HAVE A PASSION—DO I REALLY NEED A BUSINESS STRATEGY?

Abu Dhabi Department of Economic Development

Tayseer M. Ismail, *Manager, SMEs Business Intelligence Section*

"Where do I start? I have an amazing project idea, but I do not know how to enter the world of business. Do I really need a business strategy, or is it enough to have a strong passion? Can my passion alone guarantee my success?" Is the business strategy the same as the business plan and the business model? If these ideas or questions cross your mind, do not worry. You are not alone.

The passion is the fuel that will keep you going. However, the strategy is like the compass that tells us the direction of the North Star; hence, you know where you are going and when you will reach there. But what if the compass is damaged and gives you wrong directions? What if you reach a message at the end of the trip that says "Sorry. You took the wrong path. Your strategy failed!" To avoid such a tragic catastrophe, it is necessary to select a compass, i.e., build a strategy that is founded on solid foundations.

The term "strategy" belongs to nobody, and nobody can claim to be the owner of this term. The word "strategy" dates back to the Greeks and the art of military planning; it is a detailed plan to win a battle. It is now one of the most common terms in management science; it is the focus of hundreds of thousands of studies and literature; and it can be a short-, medium-, or long-term plan to move from point A to point B or to achieve the objectives of a person, an organization, or a country.

People often use the terms "business strategy", "business plan", and "business model" interchangeably, which leads to confusion. It is necessary to understand the difference between these terms so that we can make use of them all with minimum overlapping and duplication.

Richard Baroudi in his book *(Strategy Planning and Execution from A to Z, 2011)* defines the strategy and plan as follows:

- **The Strategy:** Statements of major approach or method (the means) for attaining broad goals and resolving specific issues. It is an integrated set of choices that position a firm, in an industry, to earn superior returns over the long term.
- **The Plan:** The tactical means of achieving the strategy—the actions that need to be taken. Plans are the way that strategy is put into action and goals are met. A plan spells out what needs to be done, who needs to do it, and when. It is more about the "how" than the "what".

  As per "What Is a Business Model with Types and Examples" (Kopp, C. M., August 2022, *https://www.investopedia.com/terms/b/businessmodel.asp*):
- **Business Model:** A business model is a high-level plan for profitably operating a business in a specific marketplace. A primary component of the business model is the value proposition. This is a description of the goods or services that a company offers and why they are desirable to customers or clients, ideally stated in a way that differentiates the product or service from its competitors.

In his classic work "The Art of War", Sun Tzu describes the interplay between strategies and plans as he wrote "Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat".

It is recommended for a business to have its business strategy, plan, and business model. That is why this article will shed some light on all of them.

1. DEVELOPING THE BUSINESS STRATEGY

A business strategy will make a big difference between success and failure in any competitive situation. In business, it assists companies in developing competitive advantages that are essential for outperforming rivals. Every establishment must have its unique business strategy to compete and thrive in the market. Without business strategy, it would be incredibly difficult for establishments to compete successfully in the marketplace. Business strategies are comparable to business plans in that they include visions, missions, and objectives. In order to build a successful business strategy, organizations must examine both their internal and external environments. However, a business strategy is neither a set procedure nor a permanent plan that an organization can rely on in all circumstances. Rather, it is an ongoing process that must be assessed and altered based on the business environment in which the organization operates.

Business strategy means different things to different people at different stages of a business's journey. Business is not the same today as it was yesterday—or what it will be tomorrow. So, any business strategy must be adaptable and flexible. However, the entrepreneur should determine his or her business strategy. That will be subject to amendment during his journey. Suggest considering one of these competitive strategies:

1. **Frontal Strategy:** A direct approach that is predicated on the customer's belief that your solution, pricing, or reputation is superior to others in the market.

2. **Shifting Strategy:** Focuses the customer's purchasing criteria on new or alternative concerns that benefit your solution.
3. **Fragment Strategy:** This approach cuts the opportunity into manageable chunks and concentrates the customer's attention on a subset of the issues that can be addressed by your business.
4. **Defend Strategy:** Defend your position against the inevitable attacks from other businesses in the same industry as you.
5. **Develop Strategy:** Establish a position for a prospective future engagement.

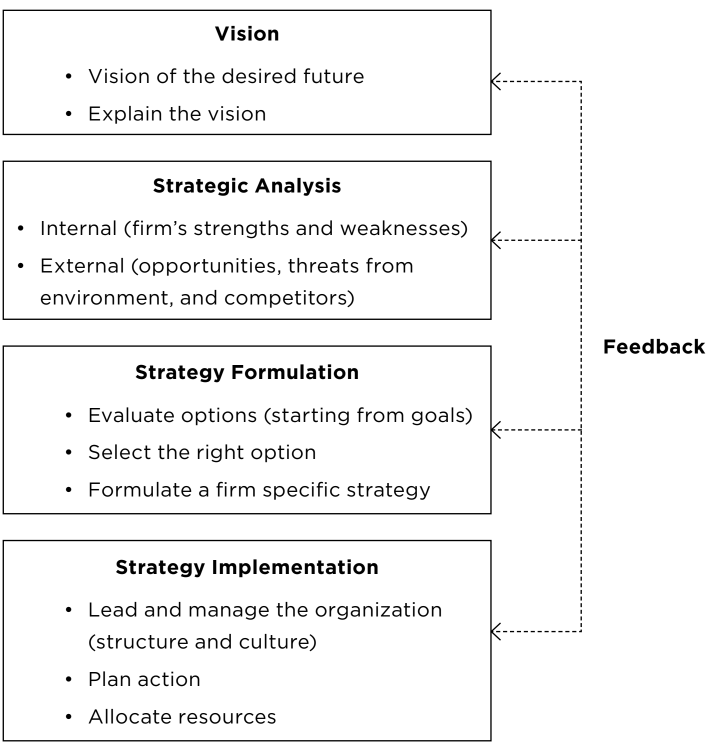
Over time, strategies emerge and adapt. They are works in progress. Although some entrepreneurs prefer to rely on their intuition, it is possible to establish strategy in a methodical yet adaptable manner, based on the opportunities presented by the competitive environment.

Figure 1 below illustrates a framework for the strategic planning procedure, which is comprised of four major components.

Richard Baroudi in his book (Strategy Planning and Execution from A to Z, 2011) defines the vision, mission, and strategic goals as follows:

- **The vision** is a concise statement that defines mid- to long-term (3–10 years) goals of the organization. The vision should focus on the picture instead of the statement, can be reached, although not easily, and should be both inspirational and aspirational. The vision should address

FIGURE 1. The Strategic Planning Process



where the organization is going and what the future looks like.

- **The mission** is a brief statement, typically one or two sentences, that defines why the organization exists, especially what it offers to its customers and clients. An effective mission statement addresses the following points:
  - Broad description of what the organization does.
  - With and for whom the organization does it.
  - The organization's distinctive competence (how does the organization do it "differently", "better", and "more effectively" than others).
  - Why the organization does it (its ultimate and reason)

Strategic goals are derived from the vision and mission of the organization but describes more precisely what is to be achieved. Objectives describe the desired end result from achieving strategic goals. Goals and objectives are important because they help to structure the translation of the vision and mission into organization priorities.

2. DEVELOPING BUSINESS PLAN

As illustrated in Figure 1, the "Plan" is part of the strategy implementation; therefore, you

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT) CAN BE USED FOR THE STRATEGIC ANALYSIS

FIGURE 2. SWOT Analysis

Internal	**Strengths** • What are your strengths? • What do you do better than others? • What unique capabilities and resources do you possess? • What do others perceive as your strengths?	**Weakness** • What are your weaknesses? • What do your competitors do better than you? • What can you improve? • What do others perceive as your weaknesses?
External	**Opportunities** • What trends may positively impact you? • What opportunities are available to you?	**Threats** • What trends may negatively impact you? • What are your competitors doing that may impact you? • Do you have solid financial support? • What impact do your weaknesses have?

need to develop a comprehensive business plan that consolidates your idea.

The business plan is important because it:

- structures your thoughts
- provides a common language across the team
- can be used to secure investments, and
- provides you with a written accord of your plans to review progress.

A well-written business plan can be used to the following:

- venture capital
- public offerings
- fundraising
- total quality management, and
- management by objective.

Easy-to-read plans are always well received. So, keep the following guidelines on mind:

What are the Key Sections of a Business Plan?

Sections can vary in design and naming, but the key points are as follows:

FIGURE 3. Guidelines to consider when writing your business plan

Plan	– Make an outline before you start writing
Be brief and punchy	– If unsure whether to include a fact or piece of information, then leave it out – Aim for 10–20 pages maximum, if possible
Minimize fog factor	– Use short words, sentences, and bullet points

- Keep everything relevant to the investor and the investor's return
- Keep the sections brief and in context
- Use visuals where appropriate: charts, graphs, etc.
- Stay realistic and to the point

Executive Summary or Business Plan Summary

- The most important part of the plan
- This is what the investor is going to read
- It should be 1–2 pages
- It should be written last
- Either you hook them in or not!

What Will the Future be Like?

- Demographically
- Economically
- Politically
- Socially
- Technologically

The Finances: Most Important Sections

- Start-up costs
- Balance sheet forecast
- Profit and loss forecasts
- Expected cash flow
- Break even analysis

Key Questions to Ask About Your Business Plan

- What business are you in? What products or services do you provide?
- Which markets will be served? Who are your target customers, and to what needs will your products or services respond?
- What resources will be used (financial, technological, and human)? What are the short-, medium- and long-term strategies of the company development?
- What are the unique aspects of your product or service that differentiate it from other products or services on the market?

FIGURE 4. Sample Business Plan Outline

Business Plan Summary ....
The Business ....
The Market ....
The Future ....
The Finances ....
The Business ....
Business details ....
Registration details ....
Business premises ....
Organization chart ....
Management & ownership ....
Key personnel..
Products/services ....
Innovation ....
Insurance ....
Risk management ....
Legal considerations ....
Operations ....
Sustainability plan ....
The Market ....
Market research ....
Market targets ....
Environmental/industry analysis ....
Your customers ....
S.W.O.T. analysis ....
Your competitors ....
Advertising sales

The Future ....
Vision statement ....
Goal objectives ....
Action plan ....

The Finances ....
Key objectives and financial review ....
Assumptions ....
Start-up costs for [YEAR] ....
Profit and loss forecast ....
Expected cash flew ....
Break-even analysis ....
Supporting documentation ....

- What is your resulting competitive edge?
- Should the new business opportunity be exploited rapidly (in the first 3 years) in the production of one single product or service or of several different products or services?

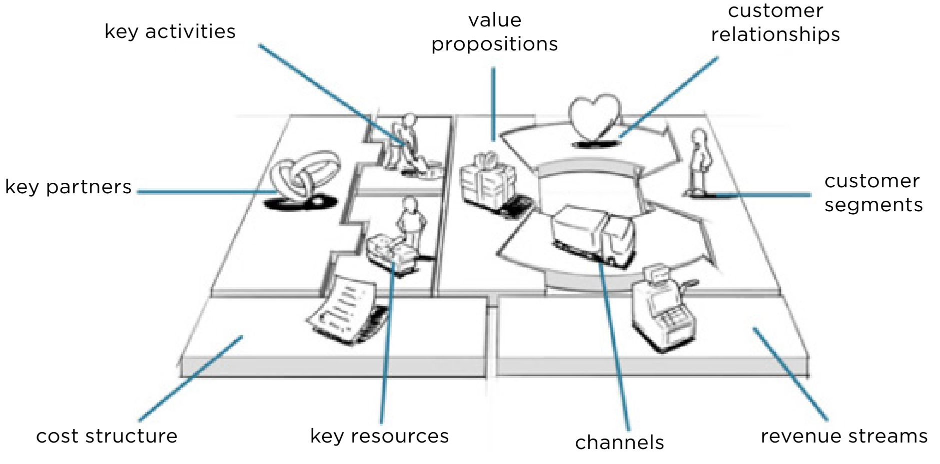
3. BUSINESS MODELS:

Entrepreneurs are recommended to develop a business model before developing a full comprehensive business plan. There is a famous business model canvas that was created by Alex Osterwalder and Yves Pigneur that can be used as a tool for describing and prototyping the business. Five of the business model elements are internal, while the other four are external.

Internal Elements

1. **Key Resources:** What is needed to create the value that the organization offers to customers such as machines, ideas, people, and money? What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams? Types of resources: physical, intellectual (brand patents, copyrights, and data), human (individuals that work for a company), and financial (such as bank loans, mortgages, cash, and stock options)
2. **Key Activities:** What key activities do our value propositions require to create value for the customers? Our Distribution Channels Customer Relationships? Revenue streams? Microsoft includes software development, while Dell includes supply chain management as a key activity. Categories include production (process of design, manufacturing, and delivering products to customers), problem-solv-

FIGURE 5. The Business Model Canvas



The following definitions and explanations of the nine elements of the Business Model Canvas were taken from *https://biz.libretexts.org/Bookshelves/Business/Entrepreneurship/Book:_Business_Plan_Development_Guide_(Swanson)/01:_Chapters/1.03:_Chapter_3__Business_Models.*

ing (focus on improved performance, competitive advantage, innovation, integration, and continuous training of the organization), or platform or network (related to the process of planning and equipping a network of activities to allow the company to provide new services to users).

3. **Key Partners:** Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from partners? Which key activities do partners perform? Who works with the organization for creating value for the customers: (strategic allies, suppliers, cooperators)? Motivations for partnerships include optimization and economy (cost reduction), reduction of risk and uncertainty, acquisition of particular resources and activities, special suppliers, and allies.
4. **Cost Structure:** What are the most important costs inherent in our business model? What money is spent by the organization for key resources, key activities and partners? Which key resources are most expensive? Which key activities are most expensive? Creating an effective value proposition, delivering and capturing value to manage customer relationships, and effectively controlling channels support costs. Sample characteristics include fixed costs (salaries, rents, and utilities), variable costs, economies of scale, and economies of scope. Businesses can be a cost-driven approach focusing on minimizing costs and maintaining the leanest cost structure possible, or value-driven focused on the value created by the business model design instead of minimizing cost.

External Elements

1. **Customer Segments:** Who are the customers you intend to serve? Who do we create value for? Who are our most

valuable clients? *Types: mass market, niche market, segmented, diversified, and multisided platform*

2. **Value Propositions:** What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying? *Characteristics: newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability*
3. **Customer Relationships:** What type of relationship does each of our customer segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they? *Examples: personal assistance, dedicated personal assistance, self-service, automated services, communities, and cocreation*
4. **Channels:** Through which channels do our customer segments want to be reached? How are we reaching them now? How are our channels integrated? Which ones work best? Which ones are most cost efficient? How are we integrating them with customer routines? *Channel phases: awareness, evaluation, purchase, delivery, and after-sales*
5. **Revenue Streams:** For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each revenue stream contribute to overall revenues? *Types: asset sale, usage fee, subscription fees, lending/renting/leasing, licensing, brokerage fees, and advertising; fixed pricing: list price, product feature dependent, customer segment dependent, and volume dependent; dynamic pricing, negotiation(bargaining), yield management, and real-time market*

It is recommended that entrepreneurs should not only understand the idea of a business strategy and business plans, but also know how to design correct business strategies and business plans to achieve their objectives and goals and to respond to the targeted marketplace in order to create more benefits and competitive advantages for their businesses.

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IMPLEMENTING EFQM EXCELLENCE IN YOUR BUSINESS

Dr. Mahmoud Alhayek, *Corporate Development Advisor*

How successful is Nestle, Philips, or Volkswagen? These companies, along with 64 other members, formed the first excellence model in 1989. The intention was to develop an excellence model that can maximize their profits, reduce their costs, and enhance their productivity and brand reputation. Research found that the European Foundation for Quality Management (EFQM) excellence model can impact profitability, market share, and sales growth (Sun, H., Li, S., *et al.*; Heras-Saizarbitoria, I., Casadesús, M., et al.). In 2020, the EFQM was upgraded to cope with the latest business updates.

So, how can a small and medium enterprise (SME) benefit from EFQM? Simply put, EFQM can be your ultimate guide for the most comprehensive view of your interests and other stakeholders' interests. What do you aim to gain from your business? Profit? Making a difference? What do your customers look for? Value for money? Proactive services? What do your employees wish to have? Happiness and well-being? Career path and proper capacity building? The EFQM can be your mentor on how to achieve this in a sustainable business.

When to start implementing EFQM? You can start any time. EFQM can benefit you forward (earlier stages of feasibility studies) and backward (even after years of starting your business). Why is that? Because EFQM uses the RADAR concept, which is Results, Approach, Deployment, Assessment, and, finally, Review. You start learning from others' results, having your own targets, then decide which systematic approach to use to achieve these targets. Once you start the deployment, you need to have a resilient eye for continuously assessing and reviewing what you do, to ensure being on the visionary track.

PURPOSE, VISION, AND STRATEGY

During the USA moon mission in 1962, JF Kennedy visited the National Aeronautics and Space Administration (NASA) and was curious to ask the janitor at the door, "What are you doing?" The janitor replied, "I am helping USA to reach the moon." That is the spirit of the first EFQM criterion, which is called "purpose, vision, and strategy." Any SME needs to identify its purpose of existence and create its vision accordingly. Once your company vision is set, you start mapping your strategy to achieve that vision. Strategic planning is not a rocket science. It is simply about knowing what you, and your stakeholders, need and expect, then plan how you can satisfy these needs and expectations. You are free to learn about others' experience (benchmarking), but you still need to have your plans customized to your capabilities balancing between employees, customers, financial resources, and your processes. This is what is called a Balanced Scorecard.

How about the strategy type? For instance, when Steve Jobs introduced iPod, there was nothing like it in the market. The product came into a fresh market where no real competitors existed (Chandrakala, V. G. and Devaru S. D. B.). This is called blue ocean strategy (new market creation). The opposite is called red ocean strategy (competing in existing market). Apparently, both strategies have their own pros and cons. There are other strategies out there that should be selected to cope with your vision and business plans.

ORGANIZATIONAL CULTURE AND LEADERSHIP

The second EFQM criterion is called "organizational culture and leadership". The father of strategic planning, Peter Drucker, once said that "Culture eats strategy for breakfast". How do you want your company to be known for? Creative? Bureaucratic? Happy? Open minded? Slow in decision-making? Full of office politics? A new employee attended the management meeting and politely opposed a director's point of view on how to solve a business issue. After the meeting, the direct supervisor called the new employee and told him, "We don't do this here!" This is a culture that is suppressing communication and teamwork and have overrated respect for chain of command and superiority. Such work environment is the leadership's responsibility to manage.

The leadership should adopt practices that defend, guard, and protect the work environment from any negative cultural issues. A new employee once missed an opportunity of great profit for his company. The chief executive officer (CEO) called him in and started assigning him with a new task. Astonished, he replied, "I thought I would be fired!" The CEO said, "I will not let go of an employee who just completed a very expensive training course." This leader's perception of failure is that it is a learning opportunity. This kind of work culture encourages the employees to be all in and grow with the company!

ENGAGING STAKEHOLDERS

The third EFQM criterion is called "engaging stakeholders". This includes the business potential customers, employees, suppliers, partners, members of the community, shareholders, and any other governing body. The most common mistake is that a business only engages with the stakeholders once at the beginning then stops. Zoom was founded in 2011 to satisfy the need for video conferencing, but the software spiked during the 2020 Coronavirus disease pandemic. Zoom continuously engages with its customers to satisfy the ease-of-use requirements; it also engages with Facebook as a partner to cope with the metaverse new platform; it engages with the community where Zoom is offered for free to school students; and it engages with the governing bodies to ensure abiding to data privacy and security. Without this continuous engagement, Zoom would not reach its $4 billion revenue in 2021 (Zoom).

CREATING SUSTAINABLE VALUE

The fourth EFQM criterion is called "creating sustainable value". The world now cares much about everything related to any business, not only to the product or delivered service. Chocolate companies like Hershey, Nestle, and Mars have suffered claims that they use cocoa that has been harvested by children. Child labor is a global concern, and even normal consumers' buying behavior can be negatively impacted by such claims. So, how to create a value to each stakeholder and not only to shareholders? For example, a company owner may aim to gain profit, but how to ensure that this profit lasts for decades? How to ensure that it is sustainable? If a customer buys your product or service, does he merely sense he is buying? Or does he feel satisfied that he has a value for his money? Or that he is adding a value to the community? Coca-Cola commits to at least 1% of annual income to community giveback (Coca-Cola). In 2017, that was about $138 million (equivalent to 1.6%). The company often promotes this so that each consumer knows that by buying their soft drink, he/she is contributing to a charitable cause.

DRIVING PERFORMANCE AND TRANSFORMATION

The fifth EFQM criterion is called "driving performance and transformation". What resources do you have as a business owner? Human and financial resources, implicit and explicit knowledge, and technology—these resources need to be managed. Human resources management is a discipline that starts with identifying the job description, competencies, selection and recruitment, capacity building, annual appraisal, career progression, and pension. During each stage, performance indicators should be developed and monitored. Financial resources management is another discipline that requires certain skills in budgeting, receivables, liquidity, procurement, invoicing, and many other skills. The knowledge that each employee brings to the business, which is then accumulated with experiencing success and failure, how to document this knowledge and benefit from it? How about technologic capabilities? The website, app, and software you are using to manage your business—are they all tested, secure, easy to use, and adaptable to user needs and expectations, etc.?

As a leader, these resources need to be monitored with specific, measurable, achievable, relevant, and time-bound (SMART) objectives to ensure efficiency (optimized usage) and effectiveness (achieving targets). What happens next? You start having data and other assets at the company. How do you plan to utilize these? Data analytics is a science that can help you, for example, predict the customer's buying behavior during seasons and other events. It can also help you predict the employees' leaves to better manage their availability, etc. Asset management can also use innovation to ensure maximizing the asset benefits. For example, your business can buy the all-in-one printers that can print, copy, scan, and fax all at once. This innovative thinking can be applied to all other company assets.

STAKEHOLDERS PERCEPTION

The sixth EFQM criterion is called "stakeholders perception." In the third criterion "engaging stakeholders," the business stakeholders have already been defined and should have been engaged in talks, workshops, brainstorming, strategic planning, etc. This sixth criterion is about their perceptions—what do they think of your business? Are they happy, satisfied, willing to recommend your business to others, etc.? If you plan to stay in a hotel, do you read its reviews on Booking.com? If you are buying an item, do you care for its rating on Amazon.com? These reviews are one type of the customer's perceptions. The most common tool to collect perceptions is surveys. A well-designed survey could be used to scout the perceptions of the customers, employees, suppliers, partners, community members, and any other governing body.

Mystery shopping is also used to investigate these perceptions. This is when an agent is paid to act as a customer and asked to proceed through the whole journey, then write a report about what he/she thinks went well or went bad. In customer service training, the employees are encouraged to consider every customer (visiting or calling), as a mystery shopper, who is writing a review about the business. On the other hand, the employees' perceptions are key to plan for happier work environment, less retention, and more productive leadership. It goes without saying that the survey should be anonymous to boost the employees' participation and encourage everyone to speak their minds.

STRATEGIC AND OPERATIONAL PERFORMANCE

The seventh EFQM criterion is called "strategic and operational performance." This goes back to complete the cycle with the first criterion "purpose, vision, and strategy." If a company in January issues its annual report, what to put in there? Should not it be about its major highlights of the last year? The report will be about what matters. This can include the financial status, the completion of planned projects, and the stakeholders' perceptions.

If the company stated a promise to any of its stakeholders, the report should answer if the company is delivering toward such stakeholders' needs and expectations. How about the service delivery or product profile among competitors in the market? Is the company penetrating the market? Is the company brand starting to mean something? How about the numbers of the company customers—the loyal or the new ones? How about the core business—is the company making any mistakes repeatedly? Is the company cutting costs reducing number of steps? Do all the company steps already digitized? How many innovative solutions did the company receive and implement? Have these solutions been impactful?

THE RESULTS

The last two criteria (sixth and seventh) are about results and everything related to these results. The EFQM model looks for usable results' data for all the indicators. A data that should be reliable, timely, and well segregated. For instance, the number of sold units a year could be more beneficial if it was segregated per month to recognize the seasons (when do customers buy more and why?). The buying customers' profiles could be analyzed to know more about the customer's gender, age, ethnicity, etc. Afterward, this information could be an input to a more appropriate marketing plan, which then can boost the sales figures. The collected results' data should also be meaningful. Are we measuring what we are supposed to be measuring? What is the purpose of measuring how many meetings we had with our partners? Why not to measure how many successful implemented meeting points?

The results should also be trending positively. If a sudden spike appears on chart, or a negative direction made the chart red, has that been justified? Did the company address that? How about the business targets (sales, perceptions, market penetration, etc.)? In the fifth criterion (driving performance and transformation), we learned to develop SMART objectives, have we managed to achieve the targets we planned at the beginning of the year? If not, has there been any analysis to address that? What about others? The competition from the same market sector, or any other similar sectors, are we ranking better or worse comparing to their scores? Finally, did these results enhance our view of the future? If the annual report was positively promising, did that make our 5-year plan more open for expansion? If the report was shockingly negative, has that encouraged us to adjust our future plans?

To enhance the results monitoring, companies tend to use many tools. One of them is implementing the ISO 9001 standard, which is called quality management system (Bakator, M. and Ćoćkalo D. Z.). The standard aims to have the company procedures documented and aiming for continuous improvement. This includes enhancing efficiency, effectiveness, productivity, perceptions, and achieving the intended targets. Following ISO 9001, the company can have annually, at least, one internal audit, one external audit, and one management review meeting. These audits are performed by certified auditors who are skilled in spotting performance gaps and agreeing on corrective actions to address them.

HOW TO IMPLEMENT THE EXCELLENCE MODEL?

So, how to successfully implement the excellence model in any business? The answer is awareness. A chef knows how to cook, an engineer knows how to install and fix equipment, and an accountant surely knows how to prepare a ledger, but how about organizational excellence? Research found that awareness about organizational excellence is normally less, and always can use a boost (Nenadál, J., Vykydal D., et al.; Grigg, N. and Mann R.). The company leadership needs to ensure that all employees, of all different backgrounds, should be kept motivated to learn about organizational excellence. A mother asked another, “How did you teach your son to read?” She replied, “Kids don’t listen, they normally just copy what you do.” Can the CEO and other managers be the role model for other employees? Can they breathe, talk, act, and discuss organizational excellence all the time? What tools were used to promote excellence in your business workplace?

The least and most common is the annual performance appraisal, which is used to encourage the employees to achieve and exceed their own targets. Many other tools can be used like having an annual award not only for the employees but also for the customer who, for example, have submitted the highest number of feedback comments, or for the partner who successfully completed the joint projects. Electronic tools could also be used to spread awareness like the computer screen saver, TV screens in the corridor, frequent emails with quotes about excellence, etc. This also could be extended to the company stationary including pens, pencils, notebooks, business cards, etc. The company leaders can enhance organizational excellence also by hosting guests from different backgrounds who fostered excellence to demonstrate their success story. Storytelling has been proven to be among the most successful tools in spreading awareness (Spear, S. and Roper S.).

A quote could be used to summarize this chapter from the management guru, Peter Drucker, who said "You can't manage what you can't measure." The two keywords here are management and measurement. Let us always try to have quantified measurement targets that are easily translated into our management practices.

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HYBRID ENTREPRENEURSHIP TRENDS & JOURNEY LESSONS

World Trade Center Kentucky

Dr. Omar Naji Ayyash*, Chief Executive Officer and President*

"Entrepreneurship is neither a science nor an art. It is a practice"

– Peter Drucker

The world is thriving with a new form of activity taking form in entrepreneurship programs. These new programs have one aim: to improve the region's rate of business creation and diversify its economy away from oil and government dependence. The struggle to improve business creation is at the center of many national agendas. Building business-friendly economies by promoting entrepreneurship programs and curricula has improved current Arab economies.

Most recently, many of the countries in the Arab world, such as Jordan, the United Arab Emirates (UAE), Egypt, and Lebanon, have put systems in place to establish or improve their entrepreneurial ecosystem. The UAE, like other Arab countries, is energetically working to promote innovation through policies and focused initiatives aimed at developing human, financial, and technological capital. Studies of the impact of entrepreneurship on diversifying and growing economies tend to approach the issue from different perspectives. The evidence is almost uniformly consistent: economies that foster an entrepreneurial mindset tend to reap the benefits, and thus entrepreneurship matters. There are two questions that will be addressed in this chapter. Do people embark on starting a business knowing they have the proper business competencies through experience and knowledge? Are start-up business owners in Abu Dhabi using creative strategies to successfully launch a business and adapting to megatrends to gain business competencies?

THRIVING BUSINESS

The Abu Dhabi start-up and tech ecosystem is thriving, with a new form of activity taking form in entrepreneurship programs. It is very important to continue to harness the idea of an entrepreneurial hub in the region. In a very short time, Abu Dhabi has placed itself as a pioneer in the region for scale. If you are a start-up from the region and want to scale, a move to Abu Dhabi allows the start-up a rewarding experience in the scaling process. In a knowledge economy, professionals are free to move from one project to another. Entrepreneurs need the flexibility to do the same in an inclusive and welcoming environment. This is the essence of the Abu Dhabi entrepreneurial hub.

By accepting social change through knowledge development, aspiring entrepreneurs that seek to advance their businesses should also strive to embrace start-up strategies such as bootstrapping, which have the potential for sustainability in the broader business world. Naturally, starting a new business venture involves risk. This is partly attributed to the need for prospective entrepreneurs to comply with various external demands and market conditions, which ordinarily have the potential to interfere with the pursuit of entrepreneurship. Thus, they must advance their business by adapting and implanting different start-up strategies in their business pursuit. It is recommendable for every aspiring and even existing entrepreneur to employ a hybrid entrepreneurial approach for the day-to-day operation of their businesses, and for employers to allow this approach to thrive as an acceptable entrepreneurial strategy. In essence, entrepreneurs should aim to leverage experience and knowledge while seeking their first client.

In Abu Dhabi, there are different aspects that specify the successful implementation of strategies for the acquisition and effective management of working capital in an entrepreneurial firm. These aspects are facilitated by factors like types of capital, asymmetry, and changing market conditions, as well as the specific roles of the general ecosystem. Aspiring entrepreneurs with access to loans allow businesses to grow and prosper. There is a need for enough cash flow or working capital since these are the basic elements of a sustainable business. To manage an entrepreneurial business in a volatile environment requires adequate cash flows and funding so that it may lead to sustainability. Most businesses fail to expand due to a lack of sufficient cash flow. Working capital management strategies include sales trends, collection, and payment patterns. Working capital management starts from the day of receiving orders until collecting payment from the consumers. Thus, an entrepreneur needs to manage cash flow from day 1.

ENTREPRENEURSHIP JOURNEY

In my work on entrepreneurship ecosystem development locally and nationally, I have learned some important lessons that I want to share, both because I care deeply about Abu Dhabi and also because nothing would make me more proud than to see the United Arab Emirates, my second home, be wildly successful in its journey to attract and retain start-up talent.

Experience 1

Hybrid entrepreneurship is the strategy that works best in the quest to acquire and manage working capital for a growing business. Hybrid entrepreneurship is used as a tool to enable entrepreneurs to leverage various networks and successfully source resources for business growth. Thus, networking, as well as reliance on resources obtained from previous employment, can help ensure a substantial increment of the revenue generated in the subsequent business establishment. This is because networking improves a business' ability to access and obtain relevant resources for its growth and optimal performance. The focus on hybrid entrepreneurship is a proven UAE tactic that promotes business leverage by conditioning and developing entrepreneurs to secure connections locally, nationally, and globally. In essence, network, network, and network.

Experience 2

What fascinates me the most about Abu Dhabi is the three-letter word "hub". Over the years, I have been amazed at how successful Abu Dhabi has been in creating a hub for all its economic development endeavors. You look at the airport; it is a hub for international passengers. Take a look at the Abu Dhabi ports and the Khalifa Economic Zone Abu Dhabi; they are all economic development hotspots. Today, Abu Dhabi has become a hub for entrepreneurial activities. All the programs and activities and the number of start-ups that we are seeing today are a recognition of the fact that the Abu Dhabi region has become a hub for innovation and entrepreneurial activities. Thus, it is a true advantage for aspiring entrepreneurs to participate in and engage in this hub.

Experience 3

There are three start-up influences: the person starting the business, their situation at the point of starting a business, and other antecedent or community factors such as gender, religion, family, etc. I am a strong believer that culture plays a major role in the third start-up influencer. In the Middle East and North Africa region, we still raise our kids to be highly educated. We still want our kids to be doctors, lawyers, engineers, pilots, and so on. The point I want to make is that we need a culture shift where we celebrate entrepreneurship and inspire our children in this direction. We need to raise new generations of entrepreneurs and job creators.

Experience 4

Speak with a growth mindset. One area of my interest is having a fixed mindset versus a growth mindset. A person with a fixed mindset tends to believe that their basic qualities, such as intelligence or talent, are fixed, whereas a person with a growth mindset believes their basic abilities are the starting point. For example, lifelong learners have a growth mindset, and they are always working on developing their abilities through hard work and dedication. We need more growth-minded people in the region for innovation and entrepreneurship to continue to thrive. Always be on the lookout for opportunities and solutions.

Experience 5

Failure needs to be equally celebrated. You cannot get into entrepreneurship without realizing that there are ventures that will fail. Many entrepreneurs were involved in ventures that never saw the light of day. In my case, it was a healthcare recruitment firm primarily focused on bringing foreign nurses into the United States of America market. All aspects of the business were solid, including a contract with a major United States hospital. Immigration rules and regulations changed, and we had to shut down. I continue to celebrate this experience and always view it as a learning experience. In essence, we need to embrace failure as a learning experience, and we need to inspire our children to accept and embrace failure because it is the first step in learning.

Experience 6

Educating and inspiring young people to pursue a passion for entrepreneurship is the next step to advancing new business expansion and development. Students are empowered to become active entrepreneurs, job creators, and contributors to the growth and diversification of the Abu Dhabi economy. Abu Dhabi is focused on developing a well-rounded graduate to create the "Entrepreneurship Persona", allowing students to apply their digital and professional skills in research and analysis, enabling them to come up with creative projects that add value to the economy. The massive combination of incubator support at the region's universities and massive coaching is unique in the GCC region and provides a tremendous platform to nurture the next generation of Abu Dhabi entrepreneurs. Abu Dhabi students should take advantage of these programs because they do not only help them obtain a college degree but also help them graduate with companies.

LEARNING FROM EXPERIENCES

Creating knowledge and skills is no longer enough; it is through an entrepreneurial mindset and new ventures that future jobs will be created and the national economy will evolve. Developing talent is a fundamental task in education, making it essential for educators to prepare future generations for progressive careers and challenges and for participants in the education program to actively engage in them. The emphasis on hybrid entrepreneurship for professionals or students is a proven tactic that promotes business leverage by conditioning and developing entrepreneurs in Abu Dhabi. Educating and inspiring young people to pursue a passion and to recognize their entrepreneurial spirit, whether it is through hybrid entrepreneurship or unique working capital strategies, will create an entrepreneurial ecosystem for decades that communities will strive to replicate.

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MEASURE YOUR WAY TO SUCCESS

Transform Management Consulting LLC

Manish Kotwala, *Managing Partner*

INTRODUCTION

On a sunny day, you plan a family drive from Abu Dhabi to Fujairah. However, it is a special car with no indicators on its dashboard to show the fuel level, speed, or any other information. How will you know if you will reach Fujairah on time or the car will not run out of fuel and that you will not be stranded on the road? The fuel indicator shows if there is enough fuel in the car, and the speedometer shows at what speed you are driving and hence how much time you need to drive to cover the distance. So why am I telling you all this? This chapter is not about teaching driving. It is all about MEASURING. Yes, when you measure, you know that you are achieving your goals and that you will reach your destination on time, without any problems.

We do not notice, but there are measurements happening on every step in our life. In school, we get measured on our results, so we know how well we are doing in our studies. While cooking, we measure the oven's temperature, so the cake and pizza are baked well. A doctor measures the patient's blood pressure, so he can treat the condition. It is all around us.

In business parlance, measures are also called key performance indicators (KPIs) or key result areas. You may call it by any other name, but purpose is the same—track them to achieve your business goals. For this chapter, we will call them as KPIs.

WHY MEASURE?

Measuring progress of new start-ups and ongoing businesses on various parameters regularly is important. We need to measure and take stock regularly on where we are, so we take actions and ensure that our business is on the right path to success. As an entrepreneur with a new start-up, there are various issues you and other promoters will be handling—registration, financing, finding office space, meeting customers, material and equipment suppliers, recruiting staff, and many other activities. You will be pulled in different directions.

In such a situation, there is a high likelihood of missing out on critical areas and milestones, which need your attention. Hence, having measures and checking on their progress regularly will enable the entrepreneur to take corrective actions, as required. For example, if the annual sales target is AED 6 million, every month, there should be a check if the monthly average of AED 0.5 million and year-to-date targets have been achieved. If not, what are the corrective actions to be taken to make up for the shortfall in the following month? This ensures that at the end of the year, the business achieves its targets. For a start-up, not achieving its targets on various parameters can accelerate its downturn and failure.

WHAT TO MEASURE?

There is always the dilemma of what to measure. In our earlier example, measuring the outside temperature is not as important as measuring the car's speed and fuel level. There may be hundreds of KPIs that come to mind, but it is important to identify the correct KPIs. As per the classic Pareto's 80:20 rule, 20% of the correct strategic KPIs will help to measure up to 80% parameters of a business start-up!

FINANCIAL VERSUS NONFINANCIAL MEASURES

In a business, we are used to financial KPIs, since management information system (MIS) reports are mostly reported by the finance department. Financial KPIs like revenue and profitability are important but not the only KPIs need to be measured. One important aspect that is missed by most businesses is that nonfinancial KPIs help deliver on the financial outcomes. Let me explain.

- Financial KPIs will be achieved when services or products are purchased by customers.
- Customers need to be convinced to buy from you and satisfied for repeat purchase.
- Customers will be satisfied if your internal processes around sales and marketing, product innovation, quality, etc., are delivered well by your team.
- Your people need to be motivated, so they deliver on the internal processes. Automation systems and enterprise resource planning (ERP) can enable your people to deliver on-time to customers.

So you see the linkage in Figure 1. Your people motivation enabled by technology will help to drive the internal processes, which lead to satisfied customers, who buy your products and services and hence your business can deliver on the financial outcomes of revenues and profits .

Lag and Lead Measures

Financial KPIs get reported only toward the end of the reporting period, and hence little can be done to improve upon the outcomes. They are called lag measures. On the other hand, KPIs such as number of sales calls, complaints resolved, etc., will help in improved sales and customer satisfaction. These are lead measures. By working on more sales calls, there are better chances of higher sales revenues.

Financial Measures

Financial KPIs are fairly standard across industries, since these are related to the company's income statement and balance sheet. For start-ups, some of the important KPIs are outlined in Table 1.

Customer Measures

Customer KPIs may be specific for a particular industry. Manufacturing industry's customer requirements will be different from a restaurant's customer requirements. However, the broad areas include understanding and fulfilling customer requirements related to product or service attributes, brand expectations, and relationship management. Some KPIs in customer area are outlined in Table 2.

Internal Processes Measures

Internal process KPIs may again be specific for a particular industry. KPIs here measure successful processes execution, to help

FIGURE 1. People, Processes, Customers & Financial Results Linkage

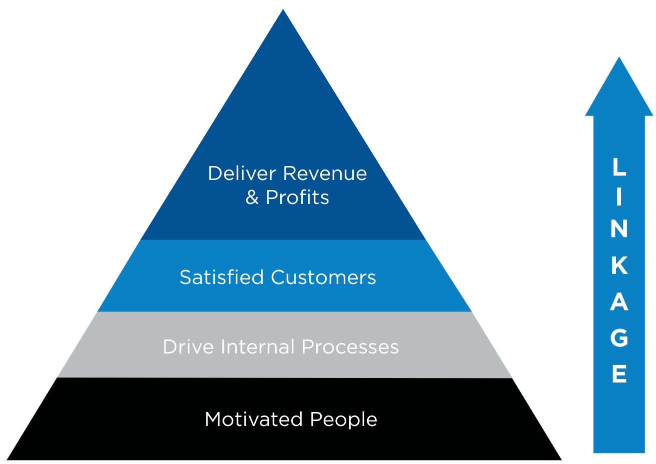

TABLE 1: Financial KPIs

Financial Parameters	KPI	Lead or Lag
Sales	Revenue invoiced and received	Lag
Profits	Earnings before interest, taxes, depreciation, and amortization	Lag
Liquidity	Cash flows	Lag
Expenses	Opex as % of revenue	Lag

TABLE 2. Customer KPIs

Customer Parameters	KPI	Lead or Lag
Product or service	Timely and quality delivery	Lag
Relationship management	Number of customer visits	Lead
Customers growth	Number of new customer calls	Lead
Brand expectations	Customer satisfaction survey	Lag

TABLE 3. Internal Process KPIs

Process Parameters	KPI	Lead or Lag
Innovation	Product innovations introduced	Lead
Market opportunities	New opportunities identified	Lead
Product delivery	Customer complaints	Lag
Product quality	Rejections or returns	Lag

deliver on customer satisfaction. They cover aspects from identifying market opportunities to executing good quality product or services delivery. Some of the Some of the internal process KPIs are outlined in Table 3.

Organization and Technology Measures

Organization and technology enablement KPIs could be common across industries. It is related to people, who enabled by technology, can deliver on the internal processes. The goal is to create a performance-driven culture in the organization. These include structures, recruitment, motivation, performance management, etc., and technology enablement. Sample KPIs in this area outlined in Table 4.

HOW MANY MEASURES ARE REQUIRED?

There are organizations where over 50–60 measures are being reported. However, these are matured businesses, and they may have a need to report a mix of strategic and operational KPIs. This need not be the case for start-ups. The promoters need to be wary of identifying only strategic measures that need to be reported periodically. Ideally, no more than 18–20 strategic measures are enough for a new

TABLE 4. Organization and Technology KPIs

Organization and Tech Parameters	KPI	Lead or Lag
Drive competency	Staff hired and trained	Lead
Performance culture	Individual KPIs linked to variable pay	Lead
Staff motivation	Team events conducted	Lead
Automation	Systems implemented	Lead

start-up, covering a range of financial and nonfinancial parameters, sample of which have been provided.

Limited measures are recommended, since measurement is important, but ensuring that the correct data are reported is more important, so that issues can be identified for corrective actions.

WHEN TO REPORT?

These are strategic measures and do not need daily reporting. Certain operational data may get reported as daily MIS, like daily sales report, daily production, collections, etc. But that is not the purpose of reporting on strategic measures. It is recommended to report and track data at least on a monthly basis, since start-ups need to be agile and make decisions relatively faster. These strategic measures data can be reported every fortnight (15 days). This will enable the promoters to take quick actions for any challenges or issues that they observe, based on reported data. Once operations are stabilized, switch over to monthly reporting.

The question then arises, “Why not report more frequently, so that issues can be identified earlier?” Please keep in mind that collecting and reporting accurate data take time and effort. In a new start-up, the team’s hands are full in making the business a success. Hence, collective efforts every fortnight is adequate. And if there is an emergency, actions will be taken on the spot. For example, if a major customer has product or service complaints and threatens to move to another competitor, the chief executive officer (CEO) will need to visit him immediately and not wait for it to be highlighted at the end of the fortnight!

WHERE ARE THE DATA SOURCES?

In a new organization, automated data retrieval may be difficult. However, as a discipline, maintaining at least up-to-date financial accounts is extremely critical. The same can be outsourced to a professional, and there are multiple cost-effective cloud-based solutions available. So reporting financial data is usually not difficult. For other nonfinancial data, you can track it manually (e.g., Microsoft Excel), until an integrated ERP system is implemented. But let it be true data and not fudged.

Customer satisfaction can be measured using a short 8- to 10-question–based online survey (e.g., Survey Monkey), which can be administered across all customers. Process,

TABLE 5. Who takes responsibility?

Area of Operation	KPIs Responsibility
CEO (overall)	Profits; customers satisfaction
Sales Head	Revenue; customer visits; innovation opportunities
Finance Head	Budget and expenses control; timely MIS reports
Procurement Head	New suppliers identified, costs saving through negotiations
Operations Head	Time and quality of delivery, complaints; errors; process innovations
HR Head	Recruitment; performance management; employees satisfaction
IT Head	Systems implementation; new areas of automation

organization, and IT data can be tracked on the particular system or manually. If an ERP is implemented, most of the data reporting can be automated using MIS systems, which pull the data and populate them into the KPIs report.

There is one more thing to remember here. Report on measures that are important and not what are available! Hence, if a measure is critical for reporting, but data are not available, do not ignore it. Put in an initiative or mechanism to report it. For example, if tracking customer complaints is difficult, put in a mechanism to track them through emails or call logs, rather than leaving it to the sales team to report them.

Trends Comparison

It is good practice to compare data trends over a period of time. These can be month to month, quarter to quarter, or current month over same month last year, etc. Trends help to understand what has worked well and how the business systems improved over a period of time have. However, for proper comparison, the data collection needs to be consistent, or the comparison will be inaccurate. Also, change the measure, only if required or it will not provide the correct analysis.

WHO IS RESPONSIBLE FOR THE MEASURES?

The overall ownership of delivering on the measures is split across the start-up's promoters and its management team. Ownership is taken by the area of primary operations. The designated CEO can take responsibility of delivering on the overall profitability, but other team members take responsibility of their area of operation or expertise. Some of them are listed in Table 5.

Even though KPIs responsibility is taken by the staff in the area of their responsibility, the success of business is taken collectively. The purpose of KPIs data reported is not to blame and point fingers, but to work as a team to resolve the challenges faced by the business and steer it toward success. For example, sales target may not be achieved and issue could be around production not delivering on time. So instead of passing on the blame, the management team can develop a plan to manage customer expectations until the product delivery issue is resolved.

CONCLUSIONS

What is important for the boss is important for me! This is a very popular line in the corporate world. Measuring and tracking strategic KPIs help start-ups track progress on various parameters, and take timely corrective actions, which clears the hurdles and smoothens the path to success. However, this is driven by the top leadership. If the CEO insists on reviewing the strategic KPIs on a periodic basis (fortnightly or monthly), the management and operational team will follow to report them. So measure, report and take actions, to drive your start-up's success!

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DIGITALIZATION IN START-UPS

Al Maryah Community Bank

Mohammed Wassim Khayata, *Chief Executive Officer*

We are at the most transformational time in human history, wherein a business or start-up being good enough is not sufficient to stand out. Looking back a few years, it may have taken ages for businesses to retrieve data, communicate with partners, and create customer awareness. It was as if no one was on the same page.

IT systems are the seed for every business's growth, and with the revolution of smartphones and access to many apps and websites, the advantage of being connected to the internet can be taken by any start-up. Having everyone linked to a global network and identifying customers and partners to communicate and collaborate with are seamless. In the internet age, the value chain has been entirely reorganized. Consumers and producers are now completely in direct contact. This allows businesses to reach customers through brand new channels that target them directly, customize products and messages, identify trends and needs, and send notifications to customers, leading to fresh business models just as versatile as today's mobile technology.

Digital is the direction many start-ups began adopting in 2022, and it is evident that there will be an increase in the numbers in the upcoming years. The age group that falls between 25 and 54 years and is more likely to establish a start-up has increased to 6.55 mil-lion in the United Arab Emirates, making up 65% of the population and accordingly creating a great advantage when coupled with purpose, persistence, and a great desire for a successful futuristic change.

Digitalization does not mean simply switching from paper to a personal computer; it is when a company transforms its model toward digital processes rather than analog ones. The mindset shift means integrating the latest technology in all areas of a business to transform the way an organization interacts with customers and operates in different areas, such as how data is managed, how the production process is organized, how the products are delivered, and how future business is planned. In summary, it is the output of a strategy that sets up a clear customer experience-centric approach for a new or enlarged business.

Not only does this digital approach lower costs, but it also has many other advantages, such as less manual work, fewer errors, visibility over company spending, data-informed decision-making, an improved customer experience, being faster on the market, understanding needs and situations, being more effective in the production area, and much more, which includes standing out.

From newspapers and leaflets to emails, traditional shops to e-commerce, and loyalty cards to mobile apps, the purpose of the huge transformation is to achieve a higher scale at a lower cost.

Being faster on the market can improve customer satisfaction, as we are moving fast today and customers' expectations are increasing. Missing out on this change will put businesses in a risky position for surviving the next big technological wave.

Digitalization can improve the way we manage our data. Big data analytics is the process of gathering hidden information such as trends, patterns, and behaviors to help make better decisions by profiling customers. Nowadays, every app or piece of software employs algorithms to understand customer trends and, as a result, recommend items that they are likely to purchase. Our smartphones can learn from our habits as consumers and suggest using the right products and services at the right time. In a production company, data analytics software can help connect all production machines, providing real-time data with useful information in addition to the key performance indicators (KPIs) indicating how production is going. Smartwatches and tablets are used to support operators with checklists or instructions that are time-sensitive and based on designated steps. Proactive maintenance sensors and data aggregation will help understand when a machine is close to a breakdown before it happens or simply decide the best moment to substitute a component. All these decisions are based on a large amount of collected data, in addition to small deviations that a human would be less likely to detect.

We have introduced many smart devices that have transformed the way we operate, such as 3D printing and smart glasses. Three-dimensional glasses provide fast prototyping in a matter of days and even reduce it to hours! Smart glasses, on the other hand, simulate a workplace before actually building it as a real prototype with a laid-out architecture. Moreover, remote assistance has allowed for a larger scope of work without the need to be physically present. For example, a member of the maintenance team can fix a machine from a remote location while sitting at his desk. On site, an operator will have access to the machine while the team member guides him on what needs to be done. Moreover, smart machines can now be trained for technical operations through standardized and stable built-in checklists and preset sequences of tasks.

As mentioned earlier, being good enough will lead to nowhere in our world today. Not being able to keep up with the fast pace of new technological advancements makes businesses vulnerable to competition. Some may even have to shut down in a short period of time. For businesses to survive, digitalization is a must.

PLAN THE DIGITAL IMPACT CLEARLY

The first aspect you should think about when establishing a start-up is the impact on your target audience. Making a difference in society is the key to a successful business. Therefore, you should take many things into consideration, such as having a positive image on social media. Online presence is so powerful that you can gain many customers just by being engaged online and engaging in activities within the community. Another aspect of digitalization to consider is going green as part of the process of using less paper and more technology. Having your company become more environmentally friendly will give you a public relations boost, as it shows your concern for people. Traditional organizations face the daunting challenges of manually entering data, verifying invoices, and handling and storing paper or portable document formats. This can be replaced with automated e-voicing directly within your enterprise resource planning system. You will notice lower costs, less manual work, increased straight-through processing, and far fewer errors. That way, you can better understand what your company spends on and make better decisions.

Another important advantage is that with advanced technology, the customer experience will be faster and easier. Customers no longer want to wait in line to buy items, wait in queues during bank transactions, order food, or wait more than 30–45 minutes. We are now in a fast-paced world where people no longer have the patience to wait as we have adapted the habit of digital automation.

Being able to offer more than one product is also an advantage many start-ups are taking into consideration; this is defined as “product bundling”. Bundling products involves grouping several products together and selling them as a single unit. The goal of this strategy is to increase customer purchases.

TECHNOLOGY MODEL

Make sure you do not create more problems than you intended to solve when embarking on a digital start-up project. Avoid getting tangled up in disconnected systems! Choose partners that can easily integrate with your current systems. Making sure your digital business processes do not require system or format changes will help you. Having partners or doing it all on your own will have a huge impact on your start-up. Make sure you integrate with the right partners if you choose to have partners!

You should also take into consideration whether you are going to own the business in terms of having your own branch or whether you are going to rent a work area to start with. An example is “cloud kitchen”, which is a new concept developed in the presence of the coronavirus disease. This is a solution for many popular and unknown restaurants; many have chosen to rent kitchen spaces at a cloud kitchen and start cooking and delivering without the existence of a real branch. This will reduce the cost of having a real branch, and it will serve customers the same great quality food. As for popular restaurants, it allows them to expand without the need to pay for additional expensive branches to meet customers’ expectations. These restaurants rely on orders coming via their own website or via delivery apps.

BUSINESS MODEL

As a start-up business seeking long-term success, it is important to build a business model. You will want to identify your customer base, any sources of revenue, financing details, and the products or services that you are going to provide. There are seven different business models that we will be talking about. First, the marketplace model, which is like Amazon and Airbnb. It is for start-ups that want to provide a marketplace for sellers and buyers; sellers can offer their services on the platform, and buyers can search for what they want. This model does not include the need to have an existing store for customers to visit. In the light of the existence of many marketplaces nowadays, we advise you to build a unique one that will stand out from others and, most importantly, provide a seamless and convenient customer experience.

Second, we have the on-demand model. A popular example is Uber services, which provide customers with services when they need them.

Third will be the disintermediation model, which is a standard business model that is used by a wide range of wholesalers, manufacturers, and businesses that offer direct sales.

Fourth will be the subscription model, which includes popular series and movie websites that offer well-known TV shows for a monthly or yearly subscription. This does not cost much for customers, and it drives high demand.

Fifth is the freemium model, which usually provides free services with the option of premium subscriptions. These premium subscriptions include features and benefits that free users do not have.

The sixth model is commonly used by video game developers, but it can also be applied to a variety of other industries. This type of business model allows customers to purchase virtual goods online. Video games may offer extra lives or weapon upgrades as virtual goods.

Last but not least, there is the reseller model, which is very similar to the marketplace model. As a reseller, a start-up will market and sell products produced by another company or individual. Your start-up can use a variety of reseller models. A company like eBay promotes and sells products on its website. Delivery of the product will, however, be handled by the individual or company that listed the item. As a result, inventory problems can be avoided by this type of reseller.

CHOOSING THE MOST PROFITABLE BUSINESS

There are several advantages to each of these business models that you can take advantage of when starting your own business. In the marketplace business model, for example, you have very low overhead and would not need to carry inventory. The great thing about these businesses is that you can run them from anywhere.

A physical office space could be purchased, or the business could be run virtually. When it comes to choosing a business model, it is important to ensure that the business owner understands what each type of model entails and what the company needs to implement it.

Once you have chosen a business model that works for your start-up, you can create a roadmap for growth. You can begin building your business once you have a business model. Start-ups usually require identifying funding sources, developing a business plan, and ensuring their products or services are viable on the market. It is likely that your budget will be low at the beginning, which could hamper your growth.

MARKET RESEARCH AND USING DIFFERENT CHANNELS TO PROMOTE YOUR COMPANY

Branding is essential. Business branding involves building a lasting, positive image of your business with your customers; it goes beyond your logo or visual brand. As part of it, you will need to show the public what your company stands for and what your business is all about, as well as your company's voice.

You need to identify your target audience and your competitors. Identifying your target audience is essential for successful marketing campaigns. Based on this information, you will need to conduct market research to better understand your customers' wants and needs. Based on their wants and needs, you can build products and services that are more suitable for them.

As a digital start-up, your digital presence is essential, as many consumers search for their wants and needs through websites and social media. The first step is to build a website that is rich in the information a customer needs, but at the same time is modern and does not make a customer leave in the first 5 seconds. Second is building a strong social media presence that is able to connect with people by engaging them in your products and services by asking for their feedback, asking questions, and having influencers talk about your products and services. The third is communicating with a journalist to help build brand presence. Lastly will be email marketing—email gives you a way to send out a mass communication and reach a wide network of people.

Placing all the above information in mind, you can now develop a marketing plan that includes what your business does, who your customers are, and how you plan to market to your target audience. Also, make sure to include your value proposition—what makes your start-up unique?—as well as set your KPIs and plan a budget.

HUMAN RESOURCES

Many might think the need for human resources (HR) in start-ups is unessential. Having no HR representative in a start-up may lead to unqualified staff doing the job. Therefore, hiring HR is a must. Dedicating resources to developing HR practices sets you up for long-term success in attracting and retaining top talent. That will ultimately lead to business growth. Their main role in the start-up is to hire the right candidates, process pay-rolls, conduct disciplinary actions, update policies, maintain employee records, and conduct benefit analysis.

GET YOUR TEAM READY

Once you have identified the areas of success and impact, the next step is to get the team on board with your digital business initiatives. Develop a detailed business case that explains how digitalization will benefit the company and how it will impact the market. By digitizing your financial processes, you can also collect and access quality data from your orders, invoices, and other documents. As a result, trends, patterns, pricing insights, and buyer preferences can be identified. Seeing the "bigger picture" of your start-up's finances will enable department leaders to make informed decisions.

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CUSTOMERS/SALES

DIGITAL BUSINESS STRATEGIES FOR SMES

SSA Group International Pte. Ltd

Dr. Zainal Abidin Ahmad, M. Amir Abdullah

GETTING CUSTOMERS—SALES FUNDAMENTALS FOR EVERY ENTREPRENEUR

CCM Consultancy

Edward Matti

https://added.gov.ae/EJ

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DIGITAL BUSINESS STRATEGIES FOR SMES

SSA Group International Pte. Ltd

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INTRODUCTION

Business strategies are not as simple as they used to be two decades ago. The evolution of the internet has drastically changed business norms. As long as they have internet access, a remote country becomes accessible and a potential market for your business. With the internet, the entire world could be your potential market. This globalized market has driven an inevitable need for businesses to have some form of digital presence to survive and have a slice of the market, irrespective of business size.

However, digital strategy has been misinterpreted as a barrier to job creation. Certain pockets of leaders within the business community still feel that the old ways of "hiring more is better" than spending on digital solutions when the need to expand business capacity arises. When decisions need to be made between subscribing to an automation solution versus hiring another cheap headcount, the decision will tend to lean toward the latter. This is not surprising, as the conventional wisdom that they are familiar with was not wrong. However, times have changed, and access to better business tools is easier than ever.

So, while digital strategy is not about causing job losses, the transformation toward digital strategies could most likely mean evolving the role and responsibilities of an employee as innovation picks up and businesses can now achieve more with manageable headcount. Such developments are welcome in countries with a high proportion of highly educated workers, as job roles become more challenging and require decision-making rather than simply performing repetitive tasks. These are common challenges in countries where educational opportunities are becoming more accessible, as employees will not want to perform menial tasks for low pay given the significant investment they have made in their education. Hence, it is imperative to explore the important role of digitalization in business strategies and augment the perspective of SME business owners relating to digitalization as part of building sustainable business strategies.

This chapter aims to crystallize the concept of what digital strategy is all about, identifying common key challenges and roadblocks that prevent many SMEs from digitalizing as well as the path forward. It also intends to shed light on how digital strategies such as omni-channel operations for certain sectors will be fundamental to a sustainable business model, effectively supported by critical business enablers.

CONTEXT OF DIGITAL STRATEGIES

So, what is a "digital strategy"? To start off, digital strategy has many ways to be defined. A business strategy, simply put, refers to a business plan laying out action plans to be undertaken during a defined period of time on how the business is going to improve its business outcomes. As a result, a digital strategy is concerned with how a company can improve its performance through digital means, i.e., by implementing a digital solution or solutions. To achieve these, we will have to fundamentally focus on these three broad questions that will lead to improved business outcomes:

1. How do we grow our revenue?
2. Are there opportunities for us to reduce expenses?
3. Can we change or improve the way we promote the business?

These questions seemed basic but tend to be forgotten as businesses run and decisions are clouded by many circumstantial situations, which tend to lead to inefficient decisions being made. The solutions to these questions come in three forms as well, and we shall look into them: the range of products or services being provided to the end customers; the means of communicating and engaging with the targeted market of customers; and how the business is being operationalized.

- **Digital Products and Solutions**

What It Is: Digital products are basically products or solutions that can be accessed or acquired through digital means. Businesses that seek ways to embrace digitalization have benefited significantly from selling their solutions to a global market. Imagine serving the needs of just 0.1% of a global market of more than 8 billion people. This is as good as attempting to serve the needs of an entire nation for some. We have seen how businesses have benefited from offering such digital strategies through the likes of Udemy, Netflix, and Xero Accounting, among many other examples of how conventional business services and products have evolved to be made available digitally.

For SMEs: While not all products can be transformed into a digital product or solution, SMEs should not see these challenges as prohibitive and should capitalize on this trend. Training providers, for example, could convert training materials into digital content to leverage global learning communities. Entrepreneurs with good product ideas that could benefit consumers or businesses should leverage on developing applications by pitching their ideas to venture capitalists hungry for the next great business ideas in which to invest.

- **Digital Marketing Channels**

What It Is: Digital marketing channels are ways for businesses to communicate, engage, and sell their products and services to customers through digital means. Social media platforms, search engine optimization, and websites, among others, are examples of digital marketing tools. While digital marketing tools are relatively new approaches in marketing theory, they have proven to be a major marketing channel for businesses to increase revenues while reducing marketing investment. This is also a key reason why digital marketing can be an essential component of operationalizing a digital strategy.

Through digital marketing such as social media platforms like Facebook and Instagram, for example, businesses are able to attract and communicate their products to consumers who are interested in these products and/or services more effectively than many conventional marketing approaches. Digital marketing focuses on social engagements to establish and strengthen relationships between businesses and consumers, which enhance customer loyalty as more consumers follow these engagements. Such platforms are not only cost-effective and free, but they also allow businesses to gather feedback quickly based on customers' experiences and explore unanticipated new markets. These benefits accelerate businesses' ability to test their products while expanding their target market and leveraging one of the most effective modes of marketing, digital word of mouth.

E-Marketplace: For many entrepreneurs, the growing number of digital marketplaces has been a blessing. Many platforms, like Shopee, eBay, and Amazon, have allowed factory-based businesses to reach their customers directly without a retail front. For many cottage industries that produce unique products, they are now able to sell and eliminate high distribution costs by leveraging such platforms that provide end-to-end supply chain support to reach their customers.

Omni-Channel Operations: For sectors like retail, the need to have both a conventional retail brick and mortar and a digital shop or marketplace presence could not be any more important. An omni-channel business model is the way forward as consumer purchasing methods evolve and environmental factors continue to pose a threat to operational resiliency and sustainability, such as the recent Coronavirus Disease 2019 pandemic. Even large retail brands were not spared from the transformation in consumer spending habits as a result of the pandemic.

For SMEs: While these may seem like costly endeavors for businesses, SMEs should not shy away from expanding their potential revenue channels through such digital solutions. Microenterprises or small SMEs should explore the various e-marketplace options available to complement their existing stores.

Digital marketing strategies need not translate to heavy, costly investments. We have observed how fish farmers in Singapore have used Facebook during the pandemic as their marketplace to promote the various types of fish available for the day, clean the fish, and deliver the fish. Documenting simple processes like how to take orders, checking digital payments received, and scheduling deliveries, as well as the clear sharing of information required from customers via private messaging, will be key to effective management of orders and growing the number of returning customers.

Food establishments should explore cloud kitchen platforms such as thecloud.ae to maximize kitchen capacity and expand their menu to meet food delivery demand. Many restaurants have seen their revenue improve as a result of using their underutilized capacity, especially during lull periods.

- **Optimizing Administrative and Operational Processes**

While digital products and marketing strategies have focused primarily on generating cost-effective revenue growth, they should also look into how businesses can better optimize and streamline administrative and operational processes through digitalization.

Most of these tasks can now be done with ease through the use of a myriad of applications. A typical business owner will either have to do everything themselves or with a team to consolidate and analyze financial accounts, follow up with marketing channels, track sales transactions, and/or manage employees, among other tasks. For a start, businesses should explore subscribing to platforms such as Microsoft or Google, which offer huge storage capacities to safely and securely store businesses' important documents. This is in addition to a plethora of other tools for enabling flexible working engagements and communications, as well as other tools to assist businesses in effectively automating certain tasks. This digital strategy will not only save investment in big storage computers or laptops, servers, and knowledge of managing digital security, but it will also allow the business owner to focus on growing the business.

MAXIMIZING OUTCOMES FROM DIGITAL STRATEGIES

Maximizing Investments: Making the first few steps toward digital strategies is normally the easiest. The biggest challenge is for business owners to fully understand what was invested. For example, a retail company that already subscribes to Microsoft 365 has access to the suite of Microsoft office tools like Word, PowerPoint, and Excel. Upon realizing that there was a need to perform surveys on their customer service, the business owner searched around and was advised to consider SurveyMonkey, which requires a separate subscription. If the business owner were to have reviewed closely his current subscription with Microsoft, he would have realized that there could be another application called Forms that could also allow him to collect data sufficiently, similar to SurveyMonkey.

Enhance Employee Value: As business owners make the decision to embark on digital strategies, they too need to augment their mental models and approaches to address operational issues. For example, to manage the increasing number of accounts requiring processing and reconciliation, employing another accounts executive tends to be the most logical solution. However, there are also other solutions, such as robotic process automation (RPA), which could help the existing account executive program and let the "bot" perform the tasks on their behalf. The accounts executive role could now be redesigned to include a financial analyst role to help the business owner make better sense of the business's financial performance.

This approach not only reduces the need for numerous headcounts, but it also allows the company to provide existing employees with the opportunity to upgrade and increase their remuneration for the value-added role they can now perform. Hence, through digital strategies, businesses are able to promote value creation among their existing employees and enhance individual contribution while keeping operational expenses stable.

Keeping applications relevant: For some businesses that have embarked on digital strategies and invested in web applications, it is equally critical to ensure that systems remain relevant, purposeful, and functioning. Businesses should not leverage on the pretext that they have an existing application to offer value to customers but that does not serve them effectively. For example, a property management company may boast about having an impressive web and mobile application. But upon using the application, it has not lived up to expectations. While it could be challenging to move away from such a service provider given the complexity of the engagement with the customer, businesses should be mindful of the implications of improper adoption of digital strategies for their long-term sustainability.

EMBRACING AI AS PART OF DIGITAL STRATEGY

Artificial intelligence (AI) solutions are powerful digital tools that are getting easier to acquire or subscribe to. For many sectors, including retail, food and beverage, and financial services, to name a few, customer demands have evolved so much that they would like a service provider to provide value-added output for them. For example, if I am a regular customer at a restaurant, by having an AI-enabled camera on a digital ordering system, the waiter should already know and predict the kind of menu I am likely to order upon walking in, review and confirm my order, and speed up the ordering process.

For an online retail site, knowing the time of year and the kind of products that sell very well helps determine which particular items require reordering to ensure sufficient stock is available to meet the likely high demand. Such value-adding solutions are available and can be useful to boost business revenue and improve customer loyalty to a business. Hence, businesses need to review and understand how they can benefit from the possibilities that AI is able to offer for their businesses.

DIGITAL STRATEGY PILLARS

From the examples and circumstances above, it is important to note that digital strategies are not merely about adopting digital solutions and hoping that they will bring the desired benefits. Digital strategies need several key business enablers to perform harmoniously to ensure that they bring the desired outcomes and benefits for the business. These enablers are the *people, processes, technology, and documentation*.

People: The adoption of digital strategies will only be as good as the knowledge and capabilities of the individuals in the business. A business will not be able to make appropriate reviews and recommendations without having team members who have a good grasp and understanding of how digital solutions can be beneficial in achieving the business' digital strategy. It is useful for businesses to upgrade and upskill their employees to ensure that they are keeping up with the current technological developments, especially within their respective sectors.

Processes: A machine will not work like clockwork if there is no flow to the steps involved to make it work. Similarly, a business team will not be able to work effectively without clear processes for how the new digital strategies will be carried out. Previous workflow processes may no longer be relevant and need to be reviewed to effectively adapt new digital strategies implemented. When marketing information needs to be disseminated or shared with the customers, it could be different when done through a social media platform versus preparing pamphlets or flyers.

Technology: While technology could already have been utilized in the past, the adoption of some digital strategies may require different technology solutions. As such, necessary investments will need to be made to ensure that the desired outcomes are achieved.

Documentation: As much as businesses intend to operate their business as simply as possible and rely on what they can remember and not share with others for fear of information leaks, it is important that some form of documentation be performed. Such practices are critical to ensuring sustainability and business continuity in situations where other people are required to execute digital strategies. It serves as a fundamental source of information to facilitate communication of instructions, the sharing of understanding, and a source for clarification to ensure the business continues to run smoothly.

CONCLUSION

To conclude, digital strategies are a critical outcome of strategic planning that could potentially shape the future of mSMEs. The most effective approach for mSMEs to thrive is to seek ways to keep a lean operational team, which could help drive a scalable, sustainable, and profitable business forward.

Do not invest in digital solutions without weighing the benefits and how that will translate to revenue opportunities or potential cost savings gained. Make wise baby steps during the initial phases of implementing digital strategies. These ensure that the experience will be one that leads to a desirable outcome for the business.

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GETTING CUSTOMERS—SALES FUNDAMENTALS FOR EVERY ENTREPRENEUR

CCM Consultancy

Edward Matti, *Managing Partner*

You have started your company; everything is set up and ready to go… congratulations! It is now time to open your "doors" and watch as business floods in.

Who are we kidding? It is never that easy—even for those with a unique, high-demand product or service—entrepreneurs need to pour in blood, sweat, and tears into getting the business off the ground and successful. Therefore, having a solid grasp of sales and marketing fundamentals is critical. It is not about being an expert in these areas, but rather knowing where to start and what processes to put in place.

For some, the mere mention of the word sales or selling sends chills up their spine. It has garnered a rather negative connotation, despite the fact that every professional (and entrepreneur) is in sales of some form. A doctor opening up a new clinic, a lawyer setting up a practice, and an engineer with a great idea that has decided to go at it alone—they are all in sales and must ensure that they market and sell their service or product effectively.

Fifteen years ago, marketeers would cringe at the idea of placing sales and marketing in the same category. The world around us has changed, and these two functions or actions are more aligned than ever and provide the keys to successful entrepreneurship. That is not to say that you need to merge them for your business, but let us face it, as a start-up, these two functions go hand in hand.

In 2015, Forbes published an interesting article titled "10 New Findings About the Millennial Consumer". It is no surprise that the author focused on this particular group of consumers, given that in the United States of America alone, they represent $200 billion in annual buying power. Not to mention, they are essentially the buyers, procurement professionals,

10 New Findings About the Millennial Consumer, Dan Schawbel, Forbes, 2015
1. They aren't influenced at all by advertising
2. They would rather buy a car and lease a house
3. They review blogs before making a purchase
4. They value authenticity as more important than content
5. Their future inheritance won't change their buying behavior
6. They want to engage with brands on social networks
7. They want to co-create products with companies
8. They are using multiple tech devices
9. They are brand loyal
10. They expect brands to give back to society

and decision-makers of the next business generation.

This article was an eye-opener for me and helped reshape my sales and marketing efforts. Having spent my professional career in sales (even as an entrepreneur), I have done it all—door-to-door selling, hundreds of thousands of cold calls, countless exhibitions, networking events, SMS marketing, and social selling. No matter what the method, the fundamentals do not change—people buy from people!

The world of sales and marketing is vast, and one can go on endlessly. I have chosen to focus on three areas that have helped me succeed—attitude, passion, and social selling.

ATTITUDE—THE RIGHT MINDSET

As crazy as it sounds, having the right attitude can be the make or break for a business. This does not mean that if you have a great attitude and poor business ethics, processes or product, you will succeed. You need to get many things right to succeed, and your mindset is a good starting point.

As an entrepreneur, the world does not owe you anything. Sure, you may have a unique product or service, but every other competitor feels the same way. So let us lose the chip on our shoulder and get to work. Many a successful entrepreneur will tell you that when they started, they were the boss, the accountant, the salesperson and marketeer, and even the receptionist. They wore many hats until they were able to expand the business and add staff.

In sales, having the right attitude can go a long way, in particular, when engaging with clients. My best advice to tens of thousands of salespeople across the globe has been that you have to make a decision—do you believe in abundance or scarcity?

When we believe in scarcity, we sell out of fear. We chase down the customer, we get aggressive, and we ultimately push them away. We also hang onto that one potential deal for dear life and are devastated when it does not come through. We would go as far as selling on our competitors' weaknesses rather than our strengths.

When we believe in abundance, we sell out of confidence—not to be mistaken with arrogance. We stand by our offering and know that the potential client would be better off with us. We recognize that there is plenty of business out there, and we want our fair share of it—so we seek it out without fear.

> *"Your beliefs become your thoughts, your thoughts become your words, Your words become your actions, your actions become your habits, Your habits become your values, your values become your destiny"*
>
> *—Mahatma Gandhi*

As an entrepreneur, you will face rejection and failure; it comes with the territory. You must not let that shake your belief in the value that you provide in the market. Better yet, it is such moments that offer the greatest opportunity for improvement. Success in sales requires failures to learn from—you need to assess what went wrong and what you would do differently the next time around. If you got a "yes" from every potential client, there will come a time when your business will hit a wall and you are not sure why. Those failures will shape you and make you more resilient.

LET YOUR PASSION SHINE THROUGH

You became an entrepreneur because you found your passion, and you were excited to change the world, to build something that was your own. It is that passion, communicated authentically, that customers want to see and feel. It tends to be so contagious; it fills the customer with a sense of confidence that they are making the right decision in dealing with you.

In the early stages of a start-up, it is easy to convey that passion. Yozu may be a sole operator or have a very small team. You are practically bounding off the walls with excitement and anyone that you interact with can clearly see this.

This becomes more challenging as the business grows and you add staff. Slowly, you start to delegate the responsibility of representing the brand or business to team members. While this is normal for any growing business, we forget to share our passion with our team, to explain why we do what we do and what differentiates us from everyone else in the market.

The team may not always share your enthusiasm of course, but they certainly can learn to share your passion. For that to happen, you need to master your story—the emotional journey that got you started in the first place and kept you going no matter how many times you have been knocked down. As your business grows, you must be able to convey this story to everyone in the organization so that they too can share the passion you have for the business. This level of authenticity is what customers are looking for—they are not looking to be "sold" but rather looking to "buy in".

SOCIAL SELLING—THE NEW NORM

The days of door-to-door sales or telemarketing are long gone. Sure, they might work in certain situations; however, the market has evolved, and we need to as well. Today's entrepreneur recognizes the value of social selling and leverages its potential. Depending on your business, this can include platforms such as Instagram, Facebook, and even TikTok.

The award-winning author, Christina Newberry, defined social selling as "art of using social networks to find, connect with, understand, and nurture sales prospects. It's the modern way to develop meaningful relationships with potential customers that keep you—and your brand—front of mind, so you're the natural first point of

The Impact on Business for Social Sellers	Social Sellers	Non-Social Sellers
Volume of new customer acquisition	65%	47%
Speed of new customer acquisition	57%	47%
Conversion rate of new customers	46%	31%
Met revenue goals for past 12 months	78%	38%

contact when a prospect is ready to buy" *(Newberry, C. 2021. Social selling: what it is, why you should care and how to do It right. Hootsuite).*

I have not yet come across a more apt definition, especially that it centers on the need to "develop meaningful relationships".

Social selling has given entrepreneurs unfettered access to countless potential customers. Its reach is far greater than any conference or exhibition stand, and its effectiveness far outweighs cold calling or networking events.

For the sake of brevity, I will focus on the one platform that has made the most impact for my business and that of so many other entrepreneurs—LinkedIn. Over the past 10 years in business, more than $9 million of our revenues can be attributed to LinkedIn.

Now, if you are using LinkedIn to search for a particular contact of interest, connecting to them, and then pitching your product or service to them via a message, you are likely to fail. You have simply modified the old door-to-door sales tactic to a digital one and there is no meaningful relationship there.

LinkedIn does require a strategic and disciplined approach for it to yield results. Here are a few points to keep in mind:

- **Dedicated Time**—Considering you are a start-up, you need to dedicate a reasonable amount of time each day to sales and marketing. I recommend setting aside 60 minutes of uninterrupted time each day for social selling.
- This is an investment in your business and should not be taken lightly. The time spent here will pay off in the near and long term, and when you consider that you are putting in 10- or 12-hour days to get your business going, 1 hour is time well spent. Treat this like you would a client meeting—you would not cancel it, postpone it, try to get out of it, or ignore it.
- **Prepare Your Company Page**—Your company page on LinkedIn is an extension of you and an official representation of the business. It is just as important as your company website and establishes your footprint on LinkedIn. Take the time to build it out—add valuable content, blogs, stories, articles, and videos. This will also allow you to tag the company properly in any personal posts on LinkedIn, as well as allow your network or clients to do so.

- **Build Your Network**—The size and quality of your network matter. Take the time to search for ideal customers that would need your product or service today and/or in the future, influencers that can connect you to decision-makers and even other industry leaders.

  Make it a habit to add a minimum of 50 new connections each week (10 per day). When a target contact accepts your invitation to connect, be sure to visit their profile and endorse them for three to four skills. This is a form of digital recognition and is always appreciated.

- **Draft Your Standard Comms**—To be effective, nothing is left to chance, including the types of messages you send across. In traditional sales, it takes five to seven interactions with a prospect to get an appointment. It is no different in social selling, and you will need a minimum of four messages (and four interactions) to get their attention:
  - *Draft an introductory message to send across with your connection request*—this increases the likelihood of the recipient accepting your request 4-fold. It does not have to be a complex message, but rather one or two lines, along the lines: "Dear xxxxxx, I hope this message finds you well. Upon reviewing your profile, I would be delighted if you would accept my invitation to connect on LinkedIn. I look forward to an opportunity where our paths cross in the near future. Kind regards, Edward"
  - *Your follow-up message*—Once they are a connection, it is time to open a dialogue. This is not a pitch for business or even for an appointment, but rather an opportunity to tell them more about you. Be brief, but provide context. Keep them in mind, and do not make it all about you (or your product). Be authentic and show your passion.
  - *Engagement message*—Establishing rapport and interaction through online content. Once again, this could be a simple message such as: "Dear xxxxxx, I hope this message finds you well. I had come across the following article/post, and thought you may find it relevant and interesting. I would be keen to hear your thoughts and/or feedback on it. Kind regards, Edward"
  - *Call to action message*—Your opportunity to ask for a meeting or call after having communicated on three to four occasions: "Dear xxxxxx, I hope this message finds you well. I thought I would share a recent blog post/article one of our team members recently put up on LinkedIn: https://bit.ly/2O-J9YJC. It would be great to set up a quick introductory call to get to know you better and learn more about the initiatives you're currently running and how we may be able to help. Would you have 20 minutes next week? I look forward to hearing from you. Kind regards, Edward"

- **Online Presence Is Your Brand**—Rest assured, your target audience is going to run a search on you and/or your business, and the most likely platform is LinkedIn. While having a complete profile is important, the content you have on there is what they are after. This is where sales and marketing converge, and the effective use of content can generate leads conversion. You are offering knowledge and experience, with no expectation of anything in return (as far as the reader or consumer is concerned).

Search for your target prospects
Attract your target prospects—post content
Target industry experts and promoters

Connect and interact—send offers
Build momentum, gain traction, and build relationships (know, like, and trust)

Invite your audience to groups, pages, or events
Schedule calls and meetings, send messages, post content, comment, and like posts—give value

Take the lead offline
Obtain and confirm commitments
Close sales and close further meetings or calls

Your prospects are now your customers (champions)
Help them promote you (testimonials)
Encourage sharing your content to their networks value

To be effective, you will need to post two to three times a week. The posts should appeal to a wider audience and not be a sales pitch. Once you put up your post, be sure to like it (yes, your own post) and comment on it (and like your own comment). This increases its exposure to your network and will likely pop up more often on other people's feeds.

Based on LinkedIn's algorithm, your post will show up on only 8% of your network's feed, and this is why it is important to post often, like, and comment. I recommend dedicating another 90 minutes each week on writing or designing your posts, so you are not worrying about or scrambling for insights to share.

- **Network Engagement**—Now that you are building up your network and sharing content, you need to interact with them. Your feed provides you with an opportunity to engage your network, not only by simply liking a post, but also commenting on it. When you do so, it signals to your contact that you have taken the time to read their post and you appreciated the insights it provided. Moreover, your comment will be seen by their network and prompt connection requests. Once again, and as vain as this may sound, be sure to like your own comments left on your contacts' posts.
- **LinkedIn Analytics**—As you become more engaged in social selling, you need to understand the impact of your engagement. While LinkedIn offers a basic set of analytics, you can consider a number of applications that provide more in-depth data. One such app is Shield (https://www.shieldapp.ai), offering you content metrics, network stats, audience demographics, real-time data, and speed or traction metrics.
- **Sales Navigator**—This particular feature from LinkedIn has been another defining moment in social selling. In fact, businesses have abandoned other lead generation methods in favor of Sales Navigator. The tool allows you to build account and lead lists that focus your efforts; it tracks activities or trends in these accounts so that you are notified of any newsworthy information, and you can create Smart Links that are easy to share with potential clients. If you are using Microsoft Dynamics 365 Sales or Salesforce as a customer relationship management tool, you can connect it to Sales Navigator for an even more seamless process.

My first boss, mentor, and long-time friend, Raymond Massa, had shared these five tips, which he referred to as the Secret to Sales Success.

He said: "You need to be a DREAMER. But to dream is not enough. You must also be a DOER. But then to do is not enough. You must also DO IT WELL. But even then, that is not enough. You must DO IT CONSISTENTLY. If you are a dreamer, a doer, do it well and do it consistently, then LADY LUCK will shine on you". Those words have always been a reminder of what it takes to succeed in building a business and getting clients.

LEGAL/GOVERNANCE

CORPORATE GOVERNANCE FOR EARLY STAGE COMPANIES

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CORPORATE GOVERNANCE FOR EARLY-STAGE COMPANIES

Startupscale360 FZE

Swethal Kumar, *CEO and Managing Partner*

On January 4, 2022, a jury in the United States of America found Elizabeth Holmes, founder of Theranos, guilty of defrauding its investors, convicting her on 4 of 11 counts. Once valued at $9 billion, Theranos collapsed after the *Wall Street Journal* (Carreyrou, J.) published a series of articles that suggested its devices were flawed and inaccurate.

Holmes had risen to fame and power while claiming that Theranos technology could run blood tests with just a prick of a finger. It was later revealed that Theranos used traditional blood testing machines for most of its tests and that its own technology could produce inaccurate test results. Incidentally, its notable investors include media mogul Rupert Murdoch, renowned venture capitalist Tim Draper, Oracle founder Larry Ellison, and other institutional investors such as Walgreens, ATA Ventures, Fortress Investment Group, and Partner Fund Management. It raised a total funding of $1.4 billion including debt capital as of 2015. There were many corporate governance controls and failures in the case of Theranos, which led to its collapse. Holmes and her then boyfriend Chief Operating Officer Ramesh "Sunny" Balwani were controlling the top two positions and taking most of the key decisions of the company.

This is a story of rise and fall of Theranos that happened 8,000 miles away from the United Arab Emirates (UAE). Let us throw some lights on the latest two incidents closer to home, i.e., 1,500 miles away from the UAE. In 2021, India enjoyed the year of Unicorns by adding 44 start-ups to the Unicorn Club. Let us zoom into two start-ups whose founders rose to fame quickly but started tumbling down due to lack of good governance and ethical practices.

BHARATPE

It all started with a simple phone call in which one of the cofounders, Ashneer Grover, abused Kotak Bank's employee for failing to secure allocation in the initial public offering of another start-up Nykaa. The leaked audio (Pagad, A.) manifested the different face of the founder, who built this $3 billion dollar financial technology company. Although the incident took place outside BharatPe, it turned out to be a bitter boardroom drama. This led to the resignation of Grover from his position as Managing Director, followed by inquiry against his wife Madhuri Jain, who at that time was involved in the company as Head of Controls. She had overseen finances. This incident unearthed another case of nepotism, which in most of the cases lead to financial fraud and misappropriation of funds. The small incident outside the company led to friction between Grover, Suhail Sameer, the chief executive officer (CEO) and cofounder and Shashvat Nakrani, another cofounder, and essentially raised lots of questions about the governance practice in the company.

ZILINGO

Once an employee of Sequoia Capital, Ankiti Bose cofounded Zilingo with Dhruv Kapoor, which went on to become Unicorns in Southeast Asia. Its investors include her former employer Sequoia Capital, Temasek, Beenext, and Burda Investments, who also represented its board. However, the founder was accused for financial irregularities, inflating revenue, and improper vendor transactions. Skeletons tumbled out of Ziligno's closet following an investigation led by independent forensics firm on the issue of financial irregularities and mismanagement (Lee, Y.) that led to termination of Ankiti Bose from the role of CEO and eventually set to enter liquidation. Unlike BharatPe's case where the issue triggered due to external incident, Zilingo's issue cropped up internally due to the grim relationship between both the cofounders, and the personal fallout (Subramaniam, N.) with Shailendra Singh, Managing Director of Sequoia Capital India, mainly because of differences in vision and direction of the company as per the Inc42 article.

How are these fraudulent practices and poor governance taking place in such companies that are backed by global venture capital (VC) firms? This raises a big question, "What's the role of these VC firms who also serve on the board?" It is not about simply believing on the rosy pictures and decorated information presented on the board meeting but to govern and help making decisions in the best interest of the shareholders by ensuring full transparency and integrity. How would the investment firms help its new age companies putting in places the right processes, systems, and cultures as they evolved?

PSYCHOLOGICAL BIASES IN CORPORATE GOVERNANCE

Is there an early sign to avoid any fraudulent practices or poor governance? How do we prevent employees or corporates from committing fraud? The cases of Theranos, BharatPe, and Zilingo do not just happen in start-ups, but can be seen in matured organization too. In order to understand why such breaches in corporate governance take place, let us first understand certain psychological biases or phenomenon that occur while taking certain crucial decisions.

GROUPTHINK

Psychologist Irving Janis defined groupthink as "*a deterioration of mental efficiency, reality testing, and moral judgment that* *results from in-group pressures*". He identified eight different symptoms of groupthink such as direct pressure, illusions of unanimity, mind guards, self-censorship, illusion of invulnerability, unquestioned beliefs, rationalizing, and stereotyping. The best way to understand what groupthink is, let us understand the infamous story of the Challenger space shuttle. This was one of the deadliest engineering mistakes of The National Aeronautics and Space Administration (NASA) where persistent shortsighted and negligent decision-making were caused due to groupthink and other cognitive biases that resulted in explosion of the Challenger. In the case of Challenger, group members took unanimous decision despite their own individual doubts. NASA had ample warning, beginning with an internal memo in 1977; these warnings failed to reach the agency's senior management. Two Morton Thiokol engineers expressed concerns about the effect of cold temperature on the O-rings seal in the joint of the solid rocket booster. There was complete *illusion of unanimity*, which led members believe that everyone agreed and felt the same way. A complete *self-censorship* had been seen among two engineers who might had refrain from confiding to other members their private doubts.

Groupthink is quite common in boardroom. But how do we avoid groupthink in decision-making? How can a start-up strengthen the diversity and requisite variety of the group by designing effective roles and setting productive norms? Even board members must learn to spot groupthink symptoms early on. One of the ways to avoid groupthink is to create a culture of "Speak-up" where employees should be able to ask questions and raise concerns when they witness or experience misconduct.

CONFIRMATION BIAS

English Psychologist Peter Wason defines confirmation bias as "*the tendency of people to favor information that confirms or strengthens their beliefs or values and is difficult to dislodge once affirmed*". It is a systematic error in thinking that happens when you are processing information. This bias leads you to accept new information that confirms anything you already believe to be true and minimize any contradicting evidence. In the case of Theranos, its board members included former United States (US) Secretary of State, former US Secretary of Defense, former CEO of Wells Fargo, and many other notable figures. Holmes story was so compelling that they believed that she was revolutionizing the healthcare industry. It was an incredible story of a woman creating $9 billion company and was touted as "Apple of healthcare". With the backing of top silicon valley's big name of investors and powerhouse board, the company was almost believed to be too big to fail, but thanks to whistleblowers Erika Cheung and Tyler Shultz's action that exposed malpractices and technology flaws that led to eventual downfall of Theranos.

A whistleblowing hotline is a fundamental tool for fraud prevention, detection, and reporting unethical issues. It plays a critical role in accountability and governance in organizations. According to the 2022 Association of Certified Fraud Examiners Occupational Fraud 2022: A Report to the Nations, *42% of frauds were detected by tips, more than half of which came from employees*. This shows the importance of having a speak-up culture.

ANCHORING EFFECT

The Psychologist Amos Tversky and Daniel Kahneman define the anchoring effect as "*a cognitive bias whereby an individual's* *decisions are influenced by a particular reference point or "anchor'*". During decision-making, anchoring occurs when individuals use an initial piece of information to make subsequent judgments. Anchoring effect is used quite commonly in pricing strategy. For example, if you come across an advertisement that says "Shirt $300 vs Shirt original price $1,000, but now $300", most of the cases consumers go with the second option as they anchored by the discount. Anchoring effect is not bad provided that it is not used in unethical manner because there are two problems with anchoring effect: (i) insufficient anchor adjustment and (ii) overconfidence. In the case of Theranos, Corporate media gushed over Elizabeth Holmes and compared her with Steve Jobs and Bill Gates. Safeway signed deal worth $400 million, most of it spent on remodeling nearly 1,000 stores to build patient service centers. Walgreens signed $140 million deal including $100 million toward innovation fees. Both these companies fell for Holmes dream. For investors, everything looked positive as they were anchored by media information and strategic partnerships that never saw the green light.

Anchoring effect is quite commonly seen in the corporate communication. Following the incident of Zilingo, BharatPe, and other start-ups, Sequoia Capital India and SEA made a public statement that "as an investor representative, one serves on the board, and boards can only work with the information shared with them—the less transparency there is to the board the lesser their ability to truly unearth errant behaviors".

There is always a demand for information from internal and external stakeholders. The issue of corporate governance can be ascribed to various financial scandals, illegal use of insider information, fraudulent misrepresentation, false information, and many more. Good corporate governance requires an effective process for communicating with stakeholders, both internal and external communication should work in tandem.

WHAT CAN START-UPS LEARN FROM MORAL DISENGAGEMENT PRACTICE ADOPTED BY LISTED COMPANIES?

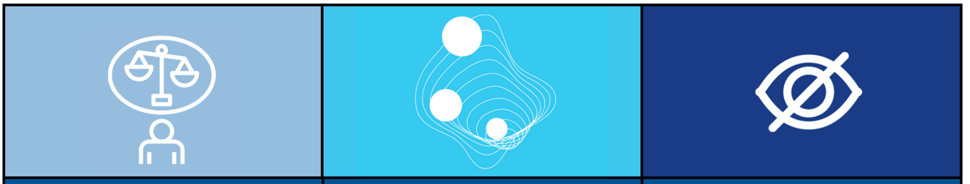
In the previous section, we learned about the unethical practices, breach of code of conducts, and poor governance in new age companies. Let us go deeper in moral disengagement practices adopted by large conglomerate and listed companies. Knowingly or unknowingly, some companies from early-stage start-ups to listed companies are involved in moral disengagements because of certain unethical acts that appear to be less harmful. To understand how early stage can prevent such practices, let us understand the definition of moral disengagement, as cited in Harvard Business School case collection "A note on Moral Disengagemeent" by Sandra J. Sucher and Celia Moore.

Stanford Psychologist Albert Bandura defines moral disengagement as "*a process that enables people to engage in negative behaviors, from small misdeeds to great atrocities, without believing that they are causing harm or doing wrong*".

He identified eight different types of moral disengagement:

Let us take one example under each category and learn from real-life incident of large corporates.

FIGURE 1: Moral Disengagement



UNETHICAL ACTS APPEAR LESS HARMFUL OR WRONG	MINIMIZE THE EFFECTS OF OUR ACTIONS ON OTHERS	OBSCURE MORAL AGENCY
Moral justification	Distortion of consequences	Diffusion of responsibility
Euphemistic labeling	Dehumanization	Attribution of blame
Advantageous comparison	Displacement of responsibility	

EUPHEMISTIC LABELING

Euphemistic labeling is "*the practice of using pleasant language to rename harmful or morally wrong acts to make them appear more benign*".

From 2002 to 2005, multiple accounting irregularities were found in Dell Inc.'s financial reporting. Dell's fraudulent accounting (U.S. Securities and Exchange Commission) made it appear that it was consistently meeting Wall Street earnings targets. When the incident came to the light of public, it agreed to pay a $100 million penalty to settle the Securities and Exchange Commission's charges. Such actions, sometimes called "cookie jar reserves", allow a company to create a fund that they can tap into to compensate for a shortfall in profit. Smoothing out such dips can help bolster a company's share price.

Start-up's founder(s) are always on the journey of raising capital, and if not, then at least they are thinking about it. There is always a pressure from investors and other stakeholders to increase the valuation. One of the ways to show healthy valuation is to book bogus revenue, smoothen the revenue, or present unrealistic forecast to portray better earnings before interest, taxes, depreciation, and amortization (EBITDA). In the very early stage, they usually get away because investors focus on killer idea, disruptive technology, or stalwart team so financial numbers appear to be less relevant. As they inch toward growth stage, addiction to cookie jar accounting and window dressing can bring down the company. Hence, start-ups must focus on strengthening their internal control process and adopting independent review and audit.

DISTORTION OF CONSEQUENCES

Distortion of consequences is "*a mechanism that involves minimizing, ignoring, or distorting the seriousness of the effects of one's actions*".

In the infamous case of British Petroleum in 2010, also known as *Deepwater Horizon*, a series of failures were noticed in complying with best practices. It was considered to be the largest marine oil spill in the history of the petroleum industry. Failure was detected in various instances including key tests, major inspections, procedures, and necessary precautions to always keep the well under control. The rig crew responsible for drilling lacked key training such as emergency bridge response. Tony Hayward, CEO, distorted the seriousness of the effects and declared the amount of oil involved to be "relatively tiny" compared to the "very big" ocean (The Times of India).

During the early stage of start-up life cycles, the founders are privy to lots of information. Investors, shareholders, and even board representatives would not have access to certain data. The founders can distort the seriousness of certain business challenges with an expectation that they would overcome when the fresh capital is injected, but, sometimes, things could go wrong and often lead to escalation of commitment (also known as commitment bias). Many start-ups collapsed due to lack of transparency and distortion of the fact. Good corporate governance is a shared responsibility between founders, internal management, and the board. Hence, the founder's responsibility is to implement robust policies and procedures to protect the interests of the business, employees, and shareholders.

Diffusion of Responsibility

Diffusion of responsibility is *"dispersing responsibility for one's action across members of a group or attributing blame for one's action to the system in which one finds oneself"*. In short, passing the buck to others.

The feature film "The Big Short" chronicles the years leading up to the 2007–2008 global economic crisis, also popularly known as subprime crisis. Poorly structured, high-risk packages of loan securities known as collateralized debt obligations have received AAA ratings from credit rating agencies—implying a degree of safety they do not deserve. The subprime mortgage (Investopedia) crisis was the collective creation of the world's central banks, homeowners, lenders, credit rating agencies, underwriters, and investors, but everyone was blaming others. It was ultimately human behavior and greed that drove the demand, supply, and investor appetite for these types of loans.

In most organizations, it is quite common to see the diffusion of responsibility. When it comes to early-stage start-ups, governance is widely absent so it is easy to attribute failure or poor performance to change in technology, lack of capital, customers, government, regulator, and many more. Investors who invested in such start-ups essentially write off their investment.

WHAT IS CORPORATE GOVERNANCE AND WHY IS IT NEEDED?

Corporates set their goals, but without vision and good governance, it is ineffective. Every organization has certain reporting requirements to external stakeholders such as regulators, governments, financial, institutions, shareholders, and many more.

A good corporate governance includes effective internal control, board of director structure, subcommittees, code of conduct, and policies and procedure development.

INTERNAL CONTROL

There are multiple internal control frameworks, but one of the most widely accepted frameworks is known as Committee of Sponsoring Organizations of the Treadway Commission. It defines internal control as *"a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance"*.

CODE OF CONDUCTS

In its 2007 International Good Practice Guidance, "Defining and Developing an Effective Code of Conduct for Organizations" provided the following working definition: "*Principles, values, standards, or rules of behavior that guide the decisions, procedures, and systems of an organization in a way that (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its operations*".

POLICY AND PROCEDURES

Both go hand in hand, but not meant to interchange. **Policies** is a set of rules and guidelines that are generally adopted within an organization by employees and governing body. **A procedure** is a document that instructs how policy is followed and how one or more activities of a business process is executed. The step-by-step sequences are specified and often includes when the procedure should be executed and by whom.

BOARD OF DIRECTORS

A board of directors (commonly referred simply as the board) is an executive committee that jointly supervises the activities of an organization. The board charter generally defines the powers, duties, and responsibilities including specifying the number of members of the board, how they are to be chosen, and how often they are to meet. Often, the companies also have standing committee such as audit and risk committee, investment committee, compensation committee, budget committee, etc. that report to the board.

INDEPENDENT AUDIT

Financial statements and accompanying report of an independent auditor helps investors, shareholders, regulators, and financial institutions to make informed decision about company's performance. It also provides the board representatives view of the company's current situation and future outlook. The financial information reviewed and audited by an external auditor is an integral part of good corporate governance.

CONCLUSIONS

Corporate governance has relevance in new age companies. Very few founders have prior experience in working for large organization with good corporate governance culture. Hence, majority of the founders or promoters face the boardroom for the first time without any experience in managing the disagreements or disputes. The corporate governance cannot be implemented in a many early-stage start-ups on a noticeable scale, but the founders can adopt certain elements early to protect the interest of its investors, regulators, and other key stakeholders. Otherwise, lack of maturities will lead to fall of the house of cards.

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STARTING UP IN THE UAE: WHAT FOUNDERS REALLY NEED TO KNOW ABOUT LAW

Pure Harvest Smart Farms

Anil Mehta, *General Counsel*

CORPORATE SETUP

It is important to recognize that the United Arab Emirates (UAE) is not a single jurisdiction but a collection of Emirate-level jurisdictions, and within each of those Emirates are a number of semi-autonomous (from a legislative perspective) free zones, of which there are over 45 in total. All of this is underpinned by the UAE's federal constitution and legal system. In this chapter, we refer to an entity as being "offshore" if it is within a free zone and "onshore" if it is within an Emirate but outside a free zone.

Any founder considering establishing a business in the UAE should aim to achieve a group structure that enables expansion (including internationally), has a holding company and/or financing vehicle established in a jurisdiction in which contracts, security interests, intellectual property rights, and arbitral awards are reliably enforceable and recognized as such by international investors, and is tax efficient. The key considerations for a founder, therefore, are the following:

- the nature of the business and where it will operate;
- financing strategy and government support;
- tax optimization; and
- dispute resolution

THE NATURE OF THE BUSINESS AND WHERE IT WILL OPERATE

One of the first considerations is where in the UAE to establish a new business. In some cases, there will be an obvious answer: a business handling marine cargo is almost certainly going to be best located in the Khalifa Industrial Zone Abu Dhabi, the free zone operated by Abu Dhabi

Ports Company, or the Jebel Ali Free Zone Authority, the free zone around the principal industrial port in Dubai.

Consider, however, a technology business that takes app-based bookings for limo rides. In this example, the business does not own the limos or employ the limo drivers. It simply matches a customer with a driver and therefore arguably does not have a true "onshore" presence and might choose to be located in a free zone for the purposes of tax efficiency (more on this later).

But what if the business takes app-based bookings for meals, employs people in onshore Abu Dhabi and Dubai who are cooking the meals, and delivers meals directly to customers in several of the seven Emirates? This business has an aspect of its business that can be viewed as offshore, but it also has an aspect that is clearly onshore in several Emirate-level jurisdictions.

Until recently, an important distinction between the laws applying in free zones and onshore was that 100% foreign ownership was allowed for businesses in most sectors in most of the free zones, but onshore there was a requirement for any company to have a minimum of 51% local ownership (i.e., 51% of the share capital is owned by one or more ultimate beneficial owners who are Emirati). This distinction has been largely removed by legislation that came into effect in the last 12 months and which provides that onshore companies in a wide range of sectors can now be 100% foreign owned. It is possible, however, that your business may fall into one of the sectors where foreign ownership is restricted to 49%, and this can give rise to some structural complexity (the new law only permits 100% foreign ownership for certain activities. The Department of Economic Development (DED) of each Emirate will specify business activities open to 100% foreign ownership. For instance, the Abu Dhabi DED has issued a list encompassing more than 1,100 activities. Similarly, the Dubai DED has issued a list including more than 1,000 activities).
In many UAE businesses, however, an influential Emirati partner is key to the success of the venture and is a substantial shareholder in any event.

FINANCING STRATEGY AND GOVERNMENT SUPPORT

Another key consideration in designing the legal and corporate structure of a venture is the financing strategy. Generally, sophisticated investors—and particularly international institutional ones—will feel comfortable investing in a company that is incorporated in either the Dubai International Financial Centre (DIFC) or Abu Dhabi Global Market (ADGM). ADGM and DIFC are the only two federal free zones, and as such, they offer a level of comfort to investors that is a step above the other free zones. The DIFC's laws are based on leading examples of laws from a range of established jurisdictions (including England). ADGM has gone one step further and incorporated virtually all of English civil common law and statute—an important legal innovation that makes ADGM a particularly solid base for any venture wishing to attract international capital.

Government support can be available for certain businesses located in Abu Dhabi. This can take the form of substantial rebates as a contribution toward capex on R&D or new technologies and for part of the salaries of highly skilled employees who live and work in Abu Dhabi. Hub 71 (hub71.com), Abu Dhabi's tech ecosystem within ADGM, can offer benefits ranging from subsidized housing, office space, and health insurance to supplemented back-office functions, marketing, and visa support.

TAX OPTIMIZATION

Legislation enabling the introduction of corporation tax in the UAE has been passed recently and will lead to the charging of tax on the profits of companies operating onshore in the UAE initially at a relatively low rate of 5%; however, this is expected to increase over time. Corporation tax is currently not payable in most free zones, and the indications are that this situation will continue as long as the enterprise is not operating onshore. A tax-optimized structure is likely to include a corporate presence both onshore and offshore.

As illustrated above, it is important to get the structure and jurisdictions right from the start since it can be difficult and expensive to go back later and fix this. Getting this formula right will directly impact the legality of the business model, tax exposure, ability to protect intangible assets and intellectual property, and ability to attract capital—particularly as the enterprise grows and seeks institutional investment.

DISPUTE RESOLUTION

Founders planning to raise finance and enter into commercial arrangements internationally are likely to either choose a neutral venue for the resolution of disputes or one of the federal free zones in the UAE. ADGM offers a unique legal structure with innovative features, making it a leading center for the resolution of regional and international disputes. ADGM instills confidence in the international commercial markets by directly applying English common law in its courts. Being modeled after the English judicial system helps provide a recognized, accepted, and coherent judicial and legal framework.

Similar to DIFC, early-stage companies that grant jurisdiction to ADGM courts and select ADGM as the governing law in their contracts will benefit from this reliability.

The ADGM arbitration structure has been modeled on the UNCITRAL Model Laws. Notably, AGDM now holds a case management office for the ICC Court Secretariat, offering world-class services in ICC arbitration to businesses regionally and globally. ADGM offers a panel of arbitrators with expertise in an extensive number of areas who speak more than 15 languages and are experienced in a large number of jurisdictions. The ADGM Arbitration Centre does not administer arbitrations but provides a venue and facilities for hearings, and an agreement with the ICC allows the ICC to administer arbitrations in the center.

ADGM arbitral awards are enforceable in more than 150 countries (under the New York Convention and other bilateral treaties), and foreign arbitral awards are generally enforceable both in ADGM, DIFC, and onshore in the UAE.

FORMS OF FINANCE

All forms of venture and growth finance are available in the UAE, including convertible debt instruments such as the simple agreement for future equity which have become increasingly common in the angel and early-stage market but were relatively rare 5 years ago. Given that early-stage valuations in the Middle East market tend to be significantly lower than in more mature markets such as the United States, access to convertible instruments is an important consideration for founders in the UAE since these can offer the opportunity to avoid the dilutive effect on a founder's shareholdings of a low valuation in an early-stage priced financing round.

The Islamic finance market is deep, not limited to the Middle East but including substantial liquidity from sources in Southeast Asia, and increasingly versatile. Some regional investors require that the business itself be Sharia compliant, which, for example, could mean that a restaurant asset would not be permitted to sell alcohol or that an Islamic finance component was structurally segregated from the part of the business selling alcohol. Even if the nature of the underlying business is fully Sharia compliant, the finance structure and terms will have to be highly structured under one of the many established models of Islamic finance in order to be certified by a Sharia scholar as being Sharia compliant. Without going into the details of these models, Islamic finance is an additional source of growth capital in the UAE and can be used as an alternative to conventional secured or non-secured debt, venture debt, and mezzanine debt or quasi-equity.

DOCUMENTS THAT MATTER

In addition to the constitutional documents of the company (which are not addressed in detail in this chapter), any early-stage business needs access to a "toolbox" of basic documents that are frequently used. These include a nondisclosure agreement (NDA), purchase order, employment contract for key persons, advisor agreement for members of the advisory board, and any key agreements specific to the market in which the business operates, such as an off-take contract for produce, or a consultancy contract for professional service providers. It is also important for founders to have a clear idea of what forms of finance are to be targeted in the foreseeable financing rounds and to develop a clear and comprehensive term sheet in advance of each round. It might be tempting to find some free documents on the internet, but it is worthwhile being more judicious here and getting the toolbox fit for purpose from the start. Although something as routine as an NDA might seem barely worth spending time or money on, it could have a serious impact on the business if it does not effectively protect the company's interests. Similarly, it is key to ensure that intellectual property created by employees (including founders) and advisors is owned by or transferred to the company and will not leak out of the business, as this will be a key area of investor due diligence and probably a condition precedent to funding.

ENHANCING VALUE—INTANGIBLE ASSETS AND INTELLECTUAL PROPERTY

Over 90% of a business's value can be attributable to intangible assets. It is, therefore, of paramount importance for founders to understand the importance of intangible assets and to adopt a systematic approach to developing and protecting those assets. But what do we mean by "intangible assets"? The key here is to appreciate that these valuable assets are much broader than the more recognizable forms of intellectual property such as patents, design rights, and trademarks. Valuable intangible assets exist through the legal provisions of employment contracts (described above), in databases, in the know-how of key people, and/or may be developed through a "partnership" with a technology provider. Founders must invest time early on in understanding this area and working out a strategy with some clear rules and carefully drafted standard clauses, e.g., for commercial contracts governing the ownership of the business's data, how this can be used by counterparties, and where it can be stored. The governing law is important to enhance enforceability, as is the jurisdiction in which the entity holding IP is incorporated: ADGM is an excellent choice for the place of incorporation and the governing law, given the established recognition of IP rights under English common law.

DECISION-MAKING AND CONTROL

At some point in the growth of a company, the balance of power will inevitably shift away from the founder as the founder's ownership in the company is diluted and the board expands to accommodate directors appointed by major investors. This is a reality with which many founders struggle. Capital structures and constitutional requirements for companies onshore and offshore in the UAE vary. Onshore in the UAE, it is generally not legally possible to create different share classes (meaning, for example, it is not possible to create a class of voting shares and a separate class of non-voting shares). This challenge can be overcome through the use of a holding company incorporated in, for example, ADGM or DIFC, where more familiar control mechanisms are consistent with the law.

GOVERNANCE

In addition to the legally required compliance submissions such as annual returns and, in certain jurisdictions, statements of economic substance, a level of corporate governance is necessary to ensure that there is no lack of transparency or understanding in relation to the powers and authorizations of executives. It is prudent, at minimum, to implement a matrix of delegation of authority that clearly shows the limits that apply to all executives and employees on the levels of commitments that they can make on behalf of the company. In the UAE, despite the introduction of the legal concept of ostensible authority for company directors, it is still customary for certain counterparties (particularly those in government) to require a notarized power of attorney to be produced in order to demonstrate authority for signing (in addition to a board or shareholder resolution approving the signing).

The use of equity and/or options to acquire shares as a long-term incentive for employees is increasingly common in the UAE. While the bare bones of the arrangement (number of options granted, vesting period, cliff, and strike price) are often contained in an employment contract, the details of how this works in practice (including what happens to vested and unvested interests in different termination scenarios, whether a cashless netting scheme will be available on exit, and transfer restrictions) should be clearly set out from the get-go in order to avoid any misunderstanding over this area, which is of fundamental importance to the company and its employees.

WHERE TO INVEST IN LEGAL AND WHY IT MATTERS

Sophisticated, experienced founders will often have worked with leading international law firms in previous roles in established businesses and, as a result, understand the incomparable quality of advice and service that those firms provide. However, until a start-up reaches Series A or B, that service is rarely affordable, and most start-ups cannot justify the cost of an in-house counsel. As a result, many businesses start with inadequate planning around corporate structure, intangible asset strategy, and a reliable "toolbox". There are also numerous cases of inexperienced founders paying good money for legal advice or documentation that is either overly complicated or unnecessary at an early stage. These challenges can be avoided by appointing a lawyer with relevant experience to the executive board or advisory board and ensuring that they are incentivized over the long term to grow the success of the business (rather than being driven by short-term fee revenue) so that their interests are truly aligned with those of the founders.

FINANCIAL MANAGEMENT AND RECORD KEEPING

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IMPORTANCE OF RECORD KEEPING IN SMALL- AND MEDIUM-SIZED ENTERPRISES

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BACKGROUND

In today's competitive market and fast changing economic scenario, the small- and medium-sized enterprise (SME) entrepreneurs need to remain updated on all important parameters of business operation for control and quick decision-making. Business records provide hands-on tools for analysis and for any corrective measure as and when required. It becomes even more relevant in case of a business with multiple branches or production units where updated records will not only help in efficient monitoring but also help in implementing the profit center concept with concurrent analysis of performance, monitoring and control, and any corrective decision-making. In current times, entrepreneurs have access to efficient and proven computerized record-keeping systems and even have a choice of getting a tailor-made system as per specific business requirements. Entrepreneurs may accordingly decide on picking up an off-the-shelf option or get a system custom made depending upon resource availability, financial and human, and the timeline compliance required, if any.

WHAT IS A RECORD?

In a general perspective, a record can be understood as documentation for any event or happening. In the context of a business, record means keeping notes of various activities or transactions for any future use like a simple reference or analysis and/or evidence of the transaction in a form (paper or digital) that is permanent and that can easily be retrieved as and when required.

As an entrepreneur undertakes the business formation steps—planning, implementation, and commercial operation—records need to be maintained from the very beginning and for each operating subsector. These records serve the basis of management actions—review, monitoring and control, and strategic planning and decision-making—as and when required. The type of records and the depth of information depend on the nature of business activity, organizational set-up, geographical spread of business operations, and the volume of business activity.

Record keeping in a business ideally covers all major business functions—finance and accounting, operations, marketing and human resources, as well as those that are relevant to the specific nature of business activity. In addition, certain records are required for any statutory compliance and are considered as mandatory. These specifics are further detailed in later parts of this chapter.

WHY TO KEEP RECORDS?

First, the management of a business is increasingly becoming complex due to growing competition, regulatory changes, technological advancements, emergence of new products, etc. Proper documentation of information from all subsectors of business operations helps in better and quick decision-making to keep pace with such changes. For a new business, as the challenges of stabilizing operations are overcome, the focus is set on placing the business on a steady growth path. This requires an entrepreneur to remain updated on every aspect of business operation through the performance data available in the form of records. In a case where the business activities are considered as franchise potential, this could be one of the preferred routes to growth especially if it has established the brand value. At this stage, availability of proper records and documentation on all business subsectors provides a jumping board for business to grow through this route.

Second, while in business, entrepreneurs have to deal with multiple stakeholders and fulfill any mandatory or support-related documentation as and when required. By not maintaining business records properly, entrepreneurs are unable to fulfill the required documentation and that either results in delays or even not getting the needed support at start-up or growth stage, be it the financial, infrastructural, or marketing support. Business records also serve as an important tool for establishing transparency with stakeholders like the partners, investors, lenders, or any other regulatory or certifying bodies where it helps a great deal in continuing with and/or strengthening business relationships. It also helps in establishing and growing on business' goodwill in the market.

Third, for smooth operations and development of a business, the entrepreneur needs to be fully updated on current situations through data and information on various subsectors of business. It is an essential requirement to make business decisions and implementation of the same. Also, for business decisions to be effective, correct information is to be available in the right form and at the time it is required. Accordingly, the quality of records also plays an important role in facilitating quick and efficient decision-making. Inaccurate or incomplete information may lead to a decision that is counterproductive for the business.

Last but not the least, in the absence of proper records, especially the accounting records, most of the time, it is found to be a problem with small business entrepreneurs in maintaining a very basic business rule, which is keeping separation between personal and business funds, income, and expenses. This mix-up may lead to confusion, unjustified withdrawals/deposits, and even gives room for miscalculation, misrepresentation, or even forgery. Entrepreneurs are accordingly advised to follow this important rule of separation between personal and business funds right from the very early stage of business.

It is evident from the above that entrepreneurs need to keep updating themselves about the set-up and maintenance of a qualitative record-keeping system. This important aspect of business management must be given equal attention like any other subfunction of the business, namely production, marketing, finance, human resource management, and the like.

TYPES OF RECORDS

Standard records are business activity neutral and are essential to be maintained by all businesses. Other types of records mainly depend on the nature of business activity—production or services and the resulting external and internal requirements. The external requirements for records arise from various external stakeholders in addition to mandatory requirements that the business is normally required to deal with. These include banks and statutory bodies, licensing and regulatory institutions, and any institutions ensuring compliance with government policies. Internal requirements for the records arise from the needs of the management. In summary, the business needs to establish and maintain all kinds of essential records in a manner that the needed information in desired format is easily accessible as and when needed. A suggestive list of records that are required to be maintained by business is given below along with brief description of each record:

Accounting Records

- Cash book—A record of receipts and payment of money
- Bank book—A record of bank deposits and withdrawals
- Sales register—A periodic summary of sales transactions and balances
- Purchase register—A periodic record of all purchases made by the business
- Journal—A record of all transactions in the business
- Ledger—Book of account that classifies transactions recorded in a journal
- Final accounting statements; profit and loss, cash flow, and balance sheet—Principal accounting records resulting from the accounting process

Inventory Records

- Inventory receipt, issuance, and stocks records—Stock in and out record
- Stock verification record—Periodic verification of stocks

Utilities Records

- Water/steam/ice/consumables—Consumption record as per the use
- Power/electricity/waste disposal, etc.—Consumption/disposal record as the case may be

Production and Maintenance Records

- Production record—Record of input and output in the production process
- Production capacity utilization and efficiency—Record to analyze utilization and for any corrective action
- Labor utilization and efficiency—For monitoring, analysis, and redeployment, if required
- Maintenance/repair expenditure—For record and monitoring/control

Sales and Distribution Records

- Product sales details—Periodic record of respective products sales data
- Order book—Record of all orders placed with the business
- Receivables—Record of products/services delivered but yet to be paid
- Packing and distribution—Record of product and quantity packing shipped to respective customers

Records of Fixed Assets

- Fixed asset register—A list of all fixed assets owned by a business
- Fixed asset verification and replacement record—Periodic checks, updates in regard to any additions, deletions, or replacement

Employee Records

- Attendance record—Record of employee presence and absence
- Payroll and special allowances—Monthly record of salary and allowances paid to respective employees

Statutory Records

- Licenses and permits—Certificates of approvals and any special permissions to conduct business activity
- Tax filing records (value-added tax (VAT), etc.)—Tax payment record along with any supporting documents
- Employee pension, bonus, gratuity, etc.—Respective records, as applicable for the business
- Any legal matter(s) records—Records pertaining to any past or present legal matters

The above is an illustrative list of various records that are required to be set-up, maintained, and improved over a period by the business. However, the specific nature of business may result in need for any additional documentation; for example, a chemical processing business may need to take special permits and keep specific records for chemical storage and its safety and ensure periodic reporting to respective authorities. Similarly, an adventure sports facility needs to follow certain protocols and may need to keep specific records for periodic safety checks and for any verification by respective authorities. At the same time, a business may take out those records not required in the list above; for example, a service business will not be required to keep records for raw material and production, or a VAT-exempt micro business will not be keeping tax filing records.

SETTING UP AND IMPLEMENTING THE RECORD-KEEPING SYSTEM

After conducting a need assessment for records, the next step is designing the format of the record. A good record-keeping system enables the user to input, store, and retrieve the required information whenever required, with accuracy, ease, speed, and in a cost-effective manner. Format design process requires utmost care and is to be done taking into consideration the entire system, the present, and any expected future needs. Factors like the content, resources required, layout, and physical look are to be considered. It is advisable that the set-up is done by experts and the entrepreneur should get involved to ensure that all the specific requirements are met without compromising on ease of use.

Implementation of the record-keeping system is the key stage in achieving a successful outcome in line with specific requirements of respective users. Ideally, it should have involvement of all internal stakeholders so their respective needs are addressed and, at the same time, system's ownership is established with main users. Apart from assessing current needs, visualizing future requirements, and aligning it with system implementation, the other tasks are proper training of the users and testing the system. All this will ensure smooth implementation and acceptability of the system by all concerned.

As is the case with any new system, there may be need for modifications/ improvements post-implementation due to changes in business needs and operational environment. Amendments may also be required to remove any minor bugs or to bring about improvements based on review of the system performance. In summary, it is an ongoing process, which addresses any new requirements emerging from time to time.

MAINTENANCE OF RECORDS

Set-up and implementation of a record-keeping system are considered important steps in record keeping. Maintenance of the records is equally important. The following factors are to be considered while deciding on this aspect:

i. What is the cost of maintenance?
ii. Who should be responsible to maintain the records?
iii. How long are the records to be maintained and preserved?

The cost will depend on the design, the resource requirement, and implementation of the system. A tailor-made system will involve a higher cost of set-up and subsequent maintenance in comparison to an off-the-shelf standard system. The operation of the system will include data inputting, data processing and handling, data analysis, and management reporting. The following factors will also need to be considered in the development and maintenance cost of record-keeping system:

- the usability
- security and confidentiality
- control, and
- accuracy, reliability, and expandability.

WHO SHOULD MAINTAIN THE RECORDS?

At the start-up stage, the SMEs in general and small businesses in particular operate through limited workforce. Accordingly, the entrepreneur and most of the employees are generally seen to be multitasking. Hence, it often becomes difficult to assign specific responsibility for record keeping. However, properly trained person(s) should handle the responsibility keeping in view the importance and multidisciplinary nature of records. Clear procedural guidelines are to be laid down to avoid confusion, any possible conflict, and any resulting problems in maintaining the record-keeping system. Any laxity in allocating the responsibility and in undertaking this important task of maintaining the records will not only demean all the good work done previously but negatively affect the outcome as well.

THE TIMELINE FOR KEEPING THE RECORDS

As mentioned earlier, records serve as an important tool for management functions and decision-making in a business. Hence, the availability of updated information in the form of records is crucial to smooth functioning of the business. However, internal business needs may change over a period, and accordingly, the system may be reviewed from time to time to match such needs. Certain records are prepared to meet the statutory requirements and need to be preserved in compliance with prescribed guidelines by the respective authorities. General records generated for internal business needs may be destroyed/deleted after a reasonable time as decided by the management. It is also important that due care is taken while shredding any confidential paper records and disposal of the same.

CONCLUSIONS

It is clear from the above discussion that record keeping is an essential requirement for business, irrespective of its size and/or nature of business activity. Records serve as an important tool for managerial decision-making, and certain records are considered mandatory for statutory compliance. Equal emphasis is required for maintaining the quality of records as it presents the real picture of business performance and facilitates quick and correct decision-making by the management.

A balanced approach is required here while considering all the important factors like the business need (internal and external), number of records, and the available resources at the disposal of the business. Making compromises in maintaining the record-keeping system may result in the unavailability of the required information, or wrong information may be generated, leading to poor management of the business. The absence of a proper record-keeping system results in the business' inability to submit required reports and data to key stakeholders like the banks, regulatory agencies, and at times, even leads to delays and defaults with statutory compliance. This will also affect the growth of business, as the key resources may need to be diverted to correct the situation and the business' reputation may negatively be affected with key stakeholders. This may also lead to a situation of missed opportunity as the business may be denied a contract allocation due to its inability to submit proper records despite being eligible on all other parameters.

Entrepreneurs must direct their efforts on designing, set-up, and maintenance of a proper record-keeping system with effective planning and optimum utilization of resources while keeping in view the cost and other factors involved. Periodic review of the system is important to meet any new requirements emerging from internal operations and/or any changes in the external requirements. In addition, any updates in the system released from time to time may be adopted for more features that lead to better efficiency.

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FINANCIAL GUIDE FOR ABU DHABI ENTREPRENEURS

Eyad Sebai, *Ex Africa Head of Finance at Apple Inc.*

FINANCIAL STATEMENTS AND THEIR ROLE

Now that we have the idea, the next question would be is that, "is it a business that is financially viable?" The reason for having a clear understanding on the financial viability of a business helps in the following:

- profitability and margins;
- understanding the start-up capital needed;
- cost allocation and, in turn, resource allocation planning;
- risk identification and mitigation plans;
- company valuation; and
- raising capital further

Understanding the financial statements is very closely related to planning an individual's personal finances, which we will further explain. The key financial statements are the profit and loss (P&L) statement, balance sheet, and cash flow statements.

The P&L Statement or Income Statement

The P&L is the key statement to capture your operational revenues, operational costs, and the net profit from a company's operations. Below is an example of a typical P&L or income statement .

- **Net sales or revenue**—It is the proceeds from selling your product or services, which is defined by the pricing set × quantity sold.

FIGURE 1. Income Statement

COMPANY B
INCOME STATEMENT

For Year Ended September 28, 2019 (In thousands)

NET SALES	$	4,358,100
COST OF SALES		2,738,714
GROSS PROFIT		**1,619,386**
SELLING AND OPERATING EXPENSES		560,430
GENERAL AND ADMINISTRATIVE EXPENSES		293,729
TOTAL OPERATING EXPENSES		**854,159**
OPERATING INCOME		**765,227**
OTHER INCOME		960
GAIN (LOSS) ON FINANCIAL INSTRUMENTS		5,513
(LOSS) GAIN ON FOREIGN CURRENCY		(12,649)
INTEREST EXPENSE		(18,177)
INCOME BEFORE TAXES		**740,874**
INCOME TAX EXPENSE		257,642
NET INCOME	**$**	**483,232**

- **Cost of sales**—It is the cost of making and distributing the product or services the company operates.
- **Gross profit**—It is one of the most important lines on an income statement since it defines how much profit a company is making from selling their products and can impact many decisions such as pricing, margin, and cost efficiencies to name a few. Another important aspect of gross profit is it supports investing in the other lines of the income statement such as marketing or talent acquistion to help support further growth. In summary, the higher the gross margin, the healthier a business is.
- **Selling and operating expenses**—It include the marketing and sales costs whether its departmental people-related expenses or advertising and promotional expenses.
- **General and administrative costs**—It includes other costs such as the finance, human resources, and IT departments costs along with other costs such as office rent and related costs.
- **Operating income**—It is the net profit from operations from selling goods and/ or services

The Balance Sheet

A balance sheet is made up of assets, liabilities, and equity with total assets always equaling to liabilities + equity, hence the name balance sheet.

Assets typically comprise of cash at bank, fixed assets, and accounts receivables as the main components. Think of assets as what you own, such as a house, or a depreciating asset, such as a car or simply the money you have in the bank. In company terms, accounts receivables are the sales invoiced without receiving payments for. Cash at bank is the company's liquid money in their bank account/s; in the case an accounts receivables invoice is paid by a customer, the value is moved from accounts receivables to cash at bank. Cash at bank on the balance sheet should always match with the actual bank account balance. Finally, fixed assets are usually depreciating assets, a typical example is if a company owns a car, it would be valued in fixed assets while its depreciation would be reduced monthly to reflect true book value.

Liabilities comprise namely of accounts payables, accruals, and loans. On a personal front, they are similar to a personal loan from a bank or your unpaid utility bill for the previous month. In company terms, accounts payables are expenses reflecting goods or services received from suppliers that are not due for payment yet. Accruals are similar to accounts payables with the key difference that the invoice has not been received despite the goods or service being completed. In other words, accruals are used to capture expenses that have been rendered, however, not invoiced to ensure that the income statement is recognized correctly.

To simplify equity, it is the money owed to shareholders in the case a company is liquidated, which, in turn, shows the ownership of the company and where net profit or loss links to the balance sheet under retained earnings.

Cash Flow Statement

The cash flow statements role is to link the balance sheet and income statement and how fast a company turns profit into cash typically by managing the payment terms with customers and suppliers.

You might have heard the statement that "cash is king" before, and this statement holds true as lack of cash can eventually bankrupt a company due to its failure to meet its obligations. In fact, according to a US Bank study, 82% of small businesses fail as a result of cash flow issues, which makes the cash flow statement the most important statement out of all the financial statements.

PLANNING THE FINANCIALS

Now that we have some understanding of the financial statements, we can proceed in planning our financials. Needless to say, we will need to plan for all statements and avoid focusing only at the income statement as we mentioned before that it is great to have profit however crippling if it is not turned to cash.

Before Putting the Numbers Together

Before we start building the numbers and forecast, we need to gather a few critical pieces of information based on our business plan. These include, but not limited to, the following:

- determining unit sales price;
- sales and distribution forecast and growth (how will we reach customers?);
- understanding the cost of sales including logistics costs if any;
- understanding the organizational structure from a human resources perspective;
- marketing and promotional costs;
- general and admin costs such as office expenses;
- target customer and supplier payment terms; and
- risk planning and management.

The above are critical to build the sales forecast and respective cost of goods sold along with the necessary resources to achieve the sales—whether its people costs or marketing costs among other costs—to determine the profitability, burn rate at the beginning, and when the company can be self-sustainable.

Planning Phase

Once we have all the information we need, we can start building a financial plan for a horizon of 3–5 years broken down to monthly sales. The most user-friendly tool to put together the numbers is Microsoft Excel, which is widely used in most organizations today to run analyses and forecasts.

To put together an income statement, start by creating separate sheets for each of the elements that build up the business starting with a sales forecast and respective cost of goods sold since they are interlinked. To note here, when building a sales forecast, ensure that factors such as seasonality, base business, and incremental initiatives such as new market expansions are factored in to achieve a realistic forecast—these elements are called sales drivers.

Costs in general can be planned with what is known as zero-based budgeting or bottom-up. This means we identify the resources we need and allocate the costs related to the resources. For example, if we plan to start the business with five headcounts, we allocate the monthly costs accordingly and continue to add as we hire more as we expand. Other costs to keep in mind are office rent costs and outsourced service costs, such as an accounting firm to name a couple.

Similarly, marketing costs can be planned in multiple ways either as a percentage of sales or fixed amount, especially at the beginning. We can navigate both methodologies depending at what stage the company is in. In other words, if the company is just starting up and needs marketing expenditure to raise awareness, marketing costs need to be planned as a fixed amount, which can be optimized as the company generates revenue; hence, within 3 years, we can switch to looking at marketing costs as a percent of sales as the sales grow.

Once we have created monthly plans for each of the elements, we can now put them together into an income statement and see what this populates in terms of profitability. This will give an understanding on a monthly basis whether we can find opportunities to drive more sales or cut back on some variable expenses to keep the business profitable. To note, the expectation for a start-up is that it will run at a loss for a few months in the first year as sales ramp up; this is also known as burn rate—meaning expenses are higher than revenue, which are covered by the start-up capital. The key is to look at the point the company generates profits and how to grow these profits within 3–5 years and beyond.

Once we have the P&L or income statement in place, we can build up a balance sheet by determining the target average payment terms we would want to have with customers and suppliers. This, in turn, will help plan the cash flow of the company where ideally we would want the profit to equal to cash. The starting point is to understand the market practice when it comes to payment terms with suppliers and customers; for example, if both are around 60 days, this means 2 months' worth of sales and purchases would be sitting in account receivables and accounts payables, respectively, eventually moving to cash once payment is received or disbursed.

Once we have the P&L and balance sheet, we can populate the cash flow statement by factoring in the growth of sales, which, in turn, growth of account receivables and similarly when it comes to purchases or expenses and the growth of accounts payables. Typically for a start-up, the balance sheet will be funded by the start-up capital, meaning cash will be draining until the payment terms kick in a cash exchanges hands. One way to optimize and accelerate cash generation is reducing the accounts receivables average payment terms and extending accounts payables average payment terms. To note, overextending accounts payables is not advisable beyond industry practice as it can become expensive and increase your liabilities, overlooking the possibility of a loss in the business. In other words, having too much idle cash at the bank is also not advisable as it either means we are not reinvesting in the company or not meeting our supplier obligations in due time.

Risk Planning and Management

A big factor that is often missed part of a business plan is identifying the risks to the business and plans to respond to them if they occur. Let us start by defining risk; put simply is a probability or chance of an event occurring that can have a negative impact on a business and, in turn, its financials. The following are few types of risks with examples:

- *hazard*—fire and injuries;
- *operating*—breakdown in systems;
- *financial*—profit, interest rates, and foreign exchange;
- *commercial*—competition and market reach;
- *litigation*—legal process;
- *reputation*—loss of integrity; and
- *compliance*—failure to operate regulations.

Once we have identified the risks, we need to classify them as follows:

- *strategic risk*—long term and impacts the company's strategy;
- *managerial risk*—arising from loss of management control; or
- *operational risk*—immediate impact on business.

We can map out all the risks and rank them according to impact and probability and allocate an accountable person to oversee it. This will allow us to focus on planning the risk that have a medium to high probability of occurring and put in place a possible response plan should these risks materialize. To note, there are risks that can be mitigated by adding controls to the operations lowering the risk and mitigating them systematically or simply accepting the risks depending on the risk appetite. Below are examples of mapping out risks and placing them on a "heat map". The ranking process is usually done by voting between the management team of the company after a debate and discussion between the members followed by a vote by each member from one to nine, with the average votes taken into consideration in the heat map. There is no need for any fancy tools; again, using Excel to map out and documents risks as illustrated below should be more than enough (see Table 1 and Figure 2).

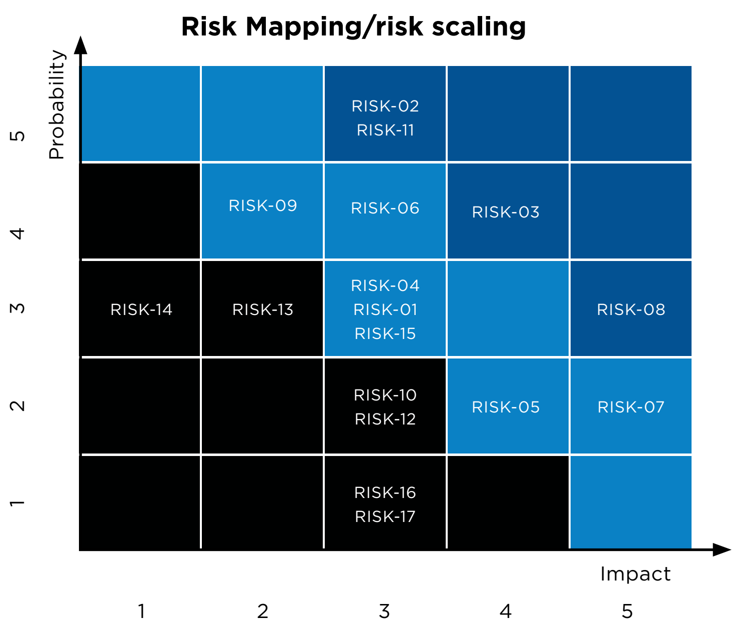
Scenario Planning

Once we have our plan, we can create two more scenarios based on the P&L we just built, a high and a low scenario with the original plan being the likely scenario. The high scenario represents that if everything goes as planned or better, this could be a higher than anticipated demand for the

TABLE 1. Consequences and Likelihood

SEVERITY	CONSEQUENCES				LIKELIHOOD				
	People	Asset	Environment	Reputation	1	2	3	4	5
					Very Unlikely	Unlikely	Possible	Likely	Very Likely
1	No/ Slight Injury	No/ Slight damage	No/ Slight effect	No/ Slight Impact	Low	Low	Low	Low	Low
2	Minor Injury	Minor damage	Minor effect	Limited Impact	Low	Low	Low	Medium	Medium
3	Major Injury	Local damage	Local effect	Major Impact	Low	Low	Medium	Medium	High
4	Fatality	Major damage	Major effect	Nat. Impact	Low	Medium	Medium	High	High
5	Multiple fatalities	Extensive damage	Massive effect	Internat. Impact	Medium	Medium	High	High	High

FIGURE 2. Risk Mapping/ Risk Scaling



company's product or faster expansion into new territories as examples. The low scenario on the other hand is if risks materialize that can slow meeting customer demand, which will impact the profitability of the company.

Scenario planning is critical for a number of reasons; however, we will concentrate on two. First, it helps the entrepreneur identify the risks to the business and put a response plan in case a risk materializes. This will help avoiding controllable surprises as much as possible and avoid business disruption. Second, when raising capital, investors would want assurance by understanding the worst-case scenario in case the business does not do as well, which aids with investor discussions when raising capital.

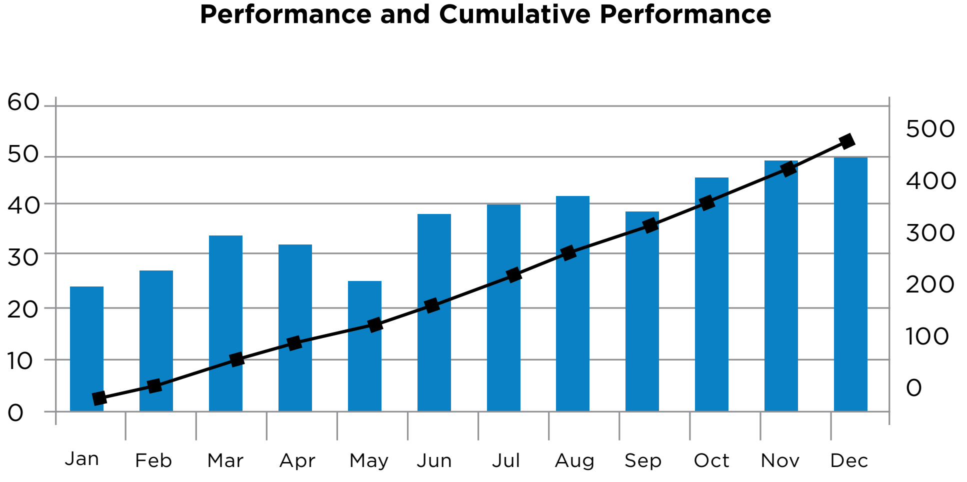
Decision-making

The beauty about numbers and financials is that they can turn the intangible to tangible outcomes. We have done the planning and risk assessment, the next question is, "do I have to make any decisions that can improve the performance of the company and how can having the financials help?" This can be sometimes a taunting process of restarting the entire process of business plan assessment or simply looking at smaller decisions that can have a massive impact. A good example usually starts with, "do I have enough margin to operate the business and grow?", which can lead to either raising the sales price, finding other sources of revenue, or expanding faster or simply renegotiating with suppliers on costs and find operational efficiencies to further reduce costs and improve margins. In summary, going through the financial process will help better planning, which, in turn, helps for a more successful outcome.

PRESENTING NUMBERS

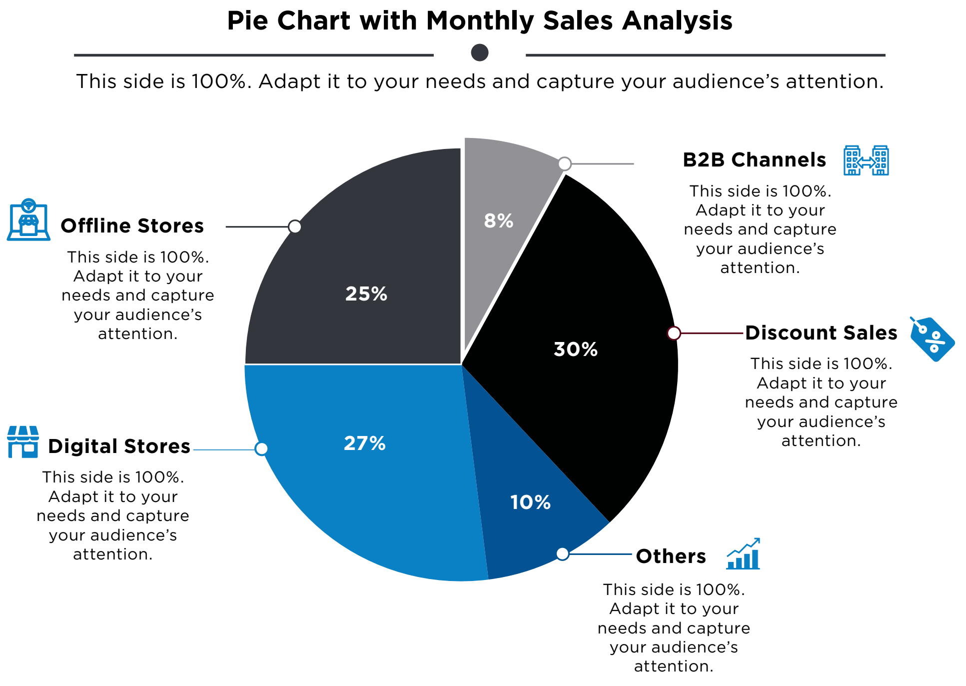
In the end, we would like to avoid presenting an Excel sheet to investors, so how can we simplify all the data we just put together in an easy and digestible visual? Another tool to help is using Microsoft PowerPoint or Keynote if you are a Mac user. A number of charts are available depending on what numbers you want to present with bar graphs, pie charts, and line charts being the most commonly used. Below are a couple of examples of representing sales number to illustrate (see Figures 3 and 4).

FIGURE 3. Performance and Cumulative Performance



Cumulative figures are shown in secondary axis to clearly portray the data for montly sales figures

FIGURE 4. Monthly Sales Analysis



FINAL WORDS

In the end, the financial statements tell the story of the business in numbers: (i) how it will grow; (ii) how it will reinvest in expansion; and (iii) will it be a profitable business? It also helps in planning other aspects of the business helping entrepreneurs think of aspects such as risk, which helps the plans be realistic and achievable. Optimism and belief are keys to the success of any business; when it comes to financials, it is always good to be conservative in planning as it is easier to add resources than cutting back. A final key advice is to have proper records from the first day of incorporation of the business; there are many cloud-based systems that are quite helpful and easy to use such as Quickbooks, Xero, and Odoo. Many businesses leave it to a later stage, which leaves them with a lot of surprises. In other words, you cannot improve or change what you are not measuring, and financials help measure the performance of the business and is key in decision-making.

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UNDERSTANDING AND MANAGING YOUR COMPANY'S PROFITABILITY, CASH GENERATION, AND STRENGTH

Qokoon
Alfonso Fernandez Stuyck, *Founder and CEO*

"Poor financial management is one of the top causes of company failure."

INTRODUCTION

As I write this chapter, we are living the aftermath of the FTX "nasty surprise", where apparently $8 billion has gone missing. The chief executive officer (CEO) of the company admitted that "... **messy accounting—I didn't realize** the full size until a few weeks ago", was part of the problem.

This is a clear failure of financial management, which includes financial analysis (i.e., understanding what has happened) and financial reporting (explaining what has happened to managers, board members, investors, etc.).

Without proper financial management, managers, CEOs, and entrepreneurs are driving blind and heading for a crash.

The reason I am writing this chapter and why I founded Qokoon is to help us achieve our two main goals:

- help *companies* improve their *financial management*
- help *entrepreneurs and managers* improve their *financial literacy.*

The risks of not having proper financial management include the following:

- the inability to understand your financial performance and strength
- the difficulty of accessing finance (debt or equity)

- the high likelihood of failure, even bankruptcy.

The benefits of proper financial management include the following:

- the ability to understand your financials and take proactive, smart, data-driven management decisions.
- easier access to finance (debt or equity).
- the increased chances of success (profit growth, high cash generation, a strong and resilient company).

Financial management involves analyzing *(understanding)* your profitability, strength, and cash generation and preparing the relevant finance reports *(communicating)* to share this understanding with internal and external people that need to know and can help your company succeed (the chief financial officer (CFO), CEO, Board, investors, advisors, bank, etc.).

Financial analysis and reporting are very tedious tasks that take a long time to do properly. Most companies do not have the resources to do this properly and consequently suffer for it. The good news is that, thanks to digitalization, advanced analytics, AI, and the cloud, advanced software that can automate and improve your financial management is now available. Qokoon is one of them.

THREE FINANCIAL ACCOUNTS, THREE DIFFERENT MESSAGES

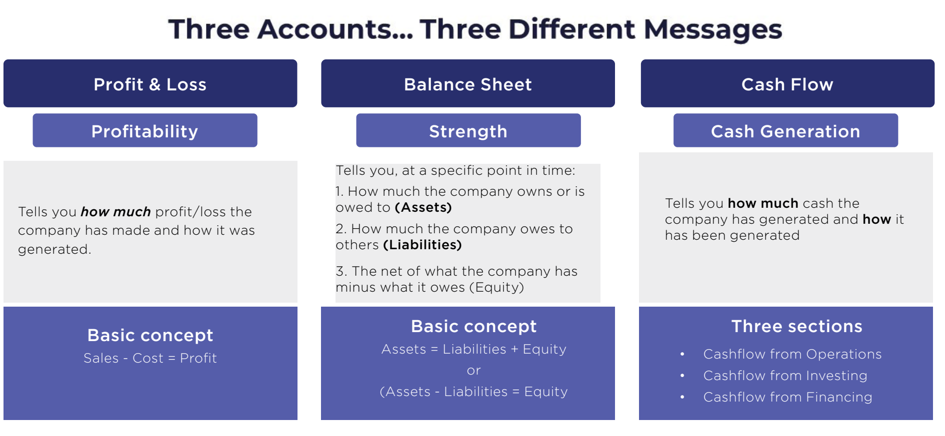
Each company has *three main financial statements*. Each of them sends a different important message:

- ***Profit and Loss (P&L)***—Tells you how profitable you company is → ***Profitability***
- ***Balance Sheet (BS)***—Tells you how strong/resilient your company is → ***Resil-ience***
- ***Cash Flow Statement (CF)***—Tells you how cash generative your company is → ***Liquidity***

Companies should have clear separate strategies to manage their profitability, resilience, and liquidity, or, in other words, to manage their P&L, BS, and CF. It is also the responsibility and fiduciary duty of company directors to understand, manage, and improve each of these accounts.

The chart below summarizes what each of the three accounts tells you.

FIGURE 1. Three Accounts...Three Different Messages



PROFIT AND LOSS

Profit and Loss Structure

The image below illustrates the basic format of the P&L and explains its main components. Basically, the P&L calculates the company's profits (or losses) after deducting costs from revenues. The P&L tells you how much profit or loss you have made and how you have made it (e.g., what your major costs are).

Profit and Loss Structure Analysis

When analyzing the P&L structure, ask questions focusing on profits. See below a list of guidance and questions you should ask about your P&L (answers to these questions will probably lead to other important questions you should answer too).

- Focus on Profits
  - What is my gross profit? Why?
  - What is my gross profit margin? Why?
  - What is my EBITDA? Why?
  - What is my EBITDA margin? Why?
  - What is my NI? Why?
  - What is my NI margin? Why?
  - Answering the above questions will address issues about sales, cost of sales, SG&A, etc.
- Calculate all your items as a percentage of sales
- Look at your month, quarter, year-to-date, and last 12-month P&Ls.

FIGURE 2. Profit and Loss Format

Qokoon - Demo Company P&L Format	Dec 21 £	Explanation
Sales		
Consulting Sales	44,505,179	
Construction Sales	151,141,811	
Total Sales	**195,646,990**	
Cost of Sales (CoS)		Cost of sales are mainly variable and change with sales (e.g. if we
Direct Salaries	151,213,407	buy and sell computers, as we sell more we have bought more
Other Direct Cost	11,562,958	and the computers we have bought are our cost of sales)
Total Cost of Sales	162,776,365	
Gross Profit	32,870,625	Sales minus cost of sales
Gross Margin	16.8%	Gross profit as a % of sales
Operating Expenses		
Indirect Salaries	11,249,116	As opposed to Cost of Sales, operating expenses
Travel	3,744,674	tend to be more or less fixed. So, as opposed to cost of sales,
Consulting	3,179,319	when sales grow or decrease, operating expenses do not
Rent	2,106,248	necessarily move in the same direction
IT	1,431,041	
Professional Fees	309,738	
Marketing	370,399	
Legal	365,284	
Bonuses/Awards	3,026,684	
Office	483,130	
Other	2,073,386	
Total Operating Expenses	28,339,019	
EBITDA	4,531,606	Earning Before Interest, Tax, Depreciation and Amortization
EBITDA Margin	2.3%	EBITDA is a measure of profit and it is Sales - CoS - SG&A
		EBITDA is the key figure of profit that we will analyze
Depreciation & Amortization (D&A)	506,109	D&A is another type of cost
EBIT	4,025,497	Earning Before Interest and Tax
EBIT Margin	2.1%	EBIT is a measure of profit and it is EBITDA minus D&A
Interest Received	1,023,564	
Interest Paid	(318,616)	It is income but shown as negative for consistency
EBT	3,320,549	Earnings Before Taxes = EBIT + Interest Received - Interest Paid
EBT Margin	1.7%	
Taxes	1,204,522	
Net Income (NI)	2,116,027	Final Profit after all costs have been deducted. NI = EBT - Taxes
Net Income (NI) Margin	1.1%	

FIGURE 3. Profit and Loss Format

Qokoon - Demo Company P&L Format	Dec 21 £	% of Sales
Sales		
Consulting Sales	44,505,179	22.7%
Construction Sales	151,141,811	77.3%
Total Sales	**195,646,990**	**100.0%**
Cost of Sales (CoS)		
Direct Salaries	151,213,407	77.3%
Other Direct Cost	11,562,958	5.9%
Total Cost of Sales	162,776,365	83.2%
Gross Profit	**32,870,625**	**16.8%**
Operating Expenses		
Indirect Salaries	11,249,116	5.7%
Travel	3,744,674	1.9%
Consulting	3,179,319	1.6%
Rent	2,106,248	1.1%
IT	1,431,041	0.7%
Professional Fees	309,738	0.2%
Marketing	370,399	0.2%
Legal	365,284	0.2%
Bonuses/Awards	3,026,684	1.5%
Office	483,130	0.2%
Other	2,073,386	1.1%
Total Operating Expenses	28,339,019	14.5%
EBITDA	**4,531,606**	**2.3%**
Depreciation & Amortization (D&A)	506,109	0.3%
EBIT	4,025,497	2.1%
Interest Received	1,023,564	0.5%
Interest Paid	(318,616)	(0.2%)
EBT	3,320,549	1.7%
Taxes	1,204,522	0.6%
Net Income (NI)	**2,116,027**	**1.1%**

As an example, the image above shows a P&L with circles and lines explaining the main insights about its structure:

- EBITDA was £4.5 million, or 2.3% of sales (very low percentage).
- The majority of costs were cost of sales, and in particular direct salaries, which represented 77.3% of sales.
- The major operating expenses were indirect salaries and travel, representing 5.7% and 1.9% of sales, respectively.

Profit and Loss Variance Analysis

Variance analysis involves comparing two different periods and explaining why things have changed. Variance analysis can be done by comparing an actual period with the same period the previous year or by comparing an actual period with the budgeted P&L for that period.

Both variance analyses should be performed (compared to last year and to the budget). However, I would caution against putting too much emphasis on comparing versus budget, because budgets can be overly optimistic, even unrealistic, and a lot of effort and stress is expended explaining why the budget is not met. This can be to the detriment of realizing and acknowledging what has really happened, which in a sense is more accurate information as we are comparing facts and truths (i.e,. actual performance this year versus actual performance last year).

As an example, the image below illustrates the P&L variance analysis for December 2021 versus December 2020, where EBITDA has increased by 177%, which can be explained as follows:

- Sales grew by 4.2%.
- At 3.8%, the cost of sales grew slower than sales.
- Operating expenses declined by 3.3%.

FIGURE 4. Profit and Loss Variance Analysis

Qokoon - Demo Company P&L	Dec 21 £	Dec 20 £	Diff £	Diff %
Sales				
Consulting Sales	44,505,179	54,450,699	(9,945,520)	(18.3%)
Construction Sales	151,141,811	133,334,822	17,806,988	13.4%
Total Sales	**195,646,990**	**187,785,521**	**7,861,469**	**4.2%**
Cost of Sales (CoS)				
Direct Salaries	151,213,407	140,680,467	10,532,940	7.5%
Other Direct Cost	11,562,958	16,156,212	(4,593,255)	(28.4%)
Total Cost of Sales	162,776,365	156,836,679	5,939,685	3.8%
Gross Profit	**32,870,625**	**30,948,842**	**1,921,783**	**6.2%**
Operating Expenses				
Indirect Salaries	11,249,116	12,481,747	(1,232,631)	(9.9%)
Travel	3,744,674	2,916,489	828,185	28.4%
Consulting	3,179,319	2,981,644	197,675	6.6%
Rent	2,106,248	2,088,844	17,404	0.8%
IT	1,431,041	1,058,821	372,219	35.2%
Professional Fees	309,738	388,554	(78,816)	(20.3%)
Marketing	370,399	364,106	6,293	1.7%
Legal	365,284	707,976	(342,691)	(48.4%)
Bonuses/Awards	3,026,684	4,054,753	(1,028,069)	(25.4%)
Office	483,130	361,580	121,551	33.6%
Other	2,073,386	1,908,250	165,136	8.7%
Total Operating Expenses	28,339,019	29,312,763	(973,744)	(3.3%)
EBITDA	**4,531,606**	**1,636,079**	**2,895,527**	**177.0%**
Depreciation & Amortization (D&A)	506,109	835,358	(329,249)	(39.4%)
EBIT	4,025,497	800,721	3,224,776	402.7%
Interest Expense	1,023,564	693,826	329,738	47.5%
Interest Income	(318,616)	(318,617)	1	(0.0%)
EBT	3,320,549	425,512	2,895,037	680.4%
Provision For Income Taxes	1,204,522	914,868	289,654	31.7%
Net Income (NI)	**2,116,027**	**(489,356)**	2,605,383	(532.4%)

More in-depth analysis can be carried out, and you can investigate what has changed within sales, cost of sales, and operating costs by looking at the image below.

Importantly, you should see ***WHAT*** has happened and explain ***WHY*** it has happened.

Profit and Loss—KPIs and Trends

You should also select a few key performance indicators (KPIs) and monitor them constantly. Here are a few examples of P&L KPIs (you may choose your own):

- sales growth
- gross margin
- EBITDA margin
- net income margin

You should monitor your P&L KPIs on a monthly, year-to-date, and last 12-month basis.

Financial parameters and KPIs should be monitored not only in the present but also over time (trend analysis). The charts below show the evolution over time of sales and EBITDA. Note that the charts on the right show items on a last twelve months (LTM) basis, meaning each point represents the LTM. Looking at items on an LTM basis gives you a better understanding of progress. See how the EBITDA LTM chart (see figure 5, bottom, right) conveys a message that you can't really see by looking at the monthly EBITDA chart (see figure 5; bottom, left).

BALANCE SHEET

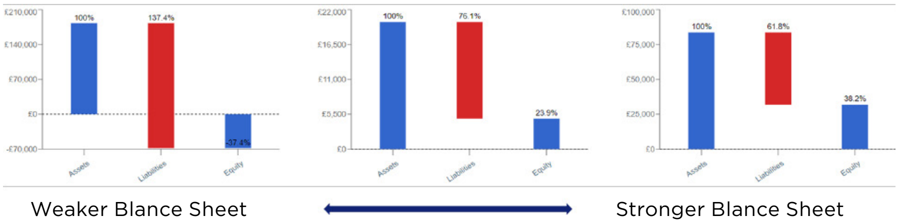
Balance Sheet Structure

At a very simplistic and high level, the major components of the BS are the following:

- ***Assets*** are items that the company owns or is owed (assets can be divided into current assets and fixed assets; see the image below for explanations).

FIGURE 5. Profit and Loss Trends (Sales and EBITDA)

FIGURE 6. Balance Sheet Strength



- ***Liabilities*** are items that the company owes to others (liabilities can be divided into current liabilities and non-current, or long-term, liabilities; see the image below for explanations).
- ***Equity*** is the net of what the company has minus what it owes.

Importantly, the BS shows items *at a specific point in time* (e.g., how much cash or debt the company had on a specific day). This is as opposed to the P&L and CF, where items relate to a *period of time* (e.g., how much revenue or cash was generated in the month, the year-to-date, or the last quarter).

The basic concept of the BS is the following:

- ***Assets minus liabilities = equity*** (meaning, what you have or is owed to you, minus what you owe, is equal to what you have left).

A BS with too little equity as a percentage of assets (i.e., many liabilities) is considered weak. See Figure 6 for a representation of three different BSs of different strengths. Note how the BS on the left has what is called "negative equity", i.e., liabilities are larger than assets.

The image below illustrates the basic format of the BS and explains its main components (see figure 7).

FIGURE 7. Balance Sheet Format

Qokoon - Demo Company Balance Sheet	Dec 21 £	Explanation
Assets		
Current Assets (CA)		
Cash	0	CA are assets that will last less than a year
Accounts Receivable	48,076,742	
Other Receivables	2,272,992	
Other	4,792,906	
Total Current Assets (CA)	55,142,640	
Fixed Assets (FA)		
Property, Plant & Equipment	5,403,991	FA are assets that will last more than a year
Accumulated Depreciation	(4,710,004)	
Investments	2,689,522	
Other Non-Current Assets	85,038	
Total Fixed Assets (FA)	3,468,546	
Total Assets	**58,611,186**	**CA plus FA**

Qokoon - Demo Company Balance Sheet	Dec 21 £	Explanation
Liabilities		
Current Liabilities (CL)		
Accounts Payable	14,457,561	CL are liabilities that will last less than a year
Income Taxes Payable	106,245	
Other	11,941,759	
Short Term Notes Payable	1,352,789	
Total Current Liabilities (CL)	27,858,354	
Non-Current Liabilities (NCL)		
Deferred Liabilities	867,587	NCL are liabilities that will last more than a year
Line of Credit	1,147,118	
Other Long Term Liabilities	4,398,855	
Total Non-Current Liabilities (NCL)	6,413,559	
Total Liabilities	**34,271,913**	**CL plus NCL**
Equity		
Retained Earnings	21,338,274	Money the shareholders invested or the company earned
Additional Paid In Capital	3,000,000	
Common Stock	1,000	
Preferred Stock	0	
Total Equity	24,339,274	
Total Liabilities plus Equity	**58,611,186**	

Total Assets = Liabilities plus Equity

Balance Sheet Structure Analysis

When analyzing the BS structure, ask questions focusing on strength. See below a list of guidance and questions you should ask about your BS (answers to these questions will probably lead to other important questions you should answer too).

- Focus on strength
  - What is my equity? Why?
  - What is my equity as % of total assets? Why?
  - What is my debt? Why?
  - What is my debt as % of total assets?
  - What is the composition of my assets? Why?
  - What is the composition of my liabilities? Why?
  - Manage your working capital efficiently (payables, receivables, and stock). WC is a source of cash.
- Calculate all items as a percentage of total assets.

As an example, the image below shows a BS with circles and lines explaining the main insights about its structure:

- Equity was 41.5% of total assets (a high percentage).
- The main equity component is retained earnings, or 36.4% of assets.
- The majority of assets are accounts receivable, or 82.0% of assets.
- Accounts payable are the major liabilities, or 24.7% of assets.
- Debt represents 4.3% of assets.
- You can do a more in-depth analysis by looking at the image below (see figure 8).

FIGURE 8. **Balance Sheet Analysis**

Qokoon - Demo Company Balance Sheet	Dec 21 £	% of Assets
Assets		
Current Assets (CA)		
Cash	0	0.0%
Accounts Receivable	48,076,742	82.0%
Other Receivables	2,272,992	3.9%
Other	4,792,906	8.2%
Total Current Assets (CA)	**55,142,640**	**94.1%**
Fixed Assets (FA)		
Property, Plant & Equipment	5,403,991	9.2%
Accumulated Depreciation	(4,710,004)	(8.0%)
Investments	2,689,522	4.6%
Other Non-Current Assets	85,038	0.1%
Total Fixed Assets (FA)	**3,468,546**	**5.9%**
Total Assets	**58,611,186**	**100.0%**

Qokoon - Demo Company Balance Sheet	Dec 21 £	% of Assets
Liabilities		
Current Liabilities (CL)		
Accounts Payable	14,457,561	24.7%
Income Taxes Payable	106,245	0.2%
Other	11,941,759	20.4%
Short Term Notes Payable	1,352,789	2.3%
Total Current Liabilities (CL)	**27,858,354**	**47.5%**
Non-Current Liabilities (NCL)		
Deferred Liabilities	867,587	1.5%
Line of Credit	1,147,118	2.0%
Other Long Term Liabilities	4,398,855	7.5%
Total Non-Current Liabilities (NCL)	**6,413,559**	**10.9%**
Total Liabilities	**34,271,913**	**58.5%**
Equity		
Retained Earnings	21,338,274	36.4%
Additional Paid In Capital	3,000,000	5.1%
Common Stock	1,000	0.0%
Preferred Stock	0	0.0%
Total Equity	**24,339,274**	**41.5%**
Total Liabilities plus Equity	**58,611,186**	**100.0%**

Total Assets = Liabilities plus Equity

Balance Sheet Variance Analysis

As with the P&L, variance analysis involves comparing two different periods and explaining why things have changed. We can compare versus the same period last year or versus budget.

As explained in the P&L section, I would caution against placing too much emphasis on the comparison versus budget.

As an example, the image below illustrates the BS variance analysis for December 2021 versus December 2020, where equity has only increased by £0.6 million, or 2.6%, in one year, which can be mainly explained as follows:

- Accounts receivable decreased by £12.0 million (this is because clients paid).
- Line of c (debt) was repaid to the tune of £23.0 million.

You can carry out a more in-depth analysis by looking at the image below (See figure 9).

Importantly, you should see *WHAT* has happened and explain *WHY* it has happened.

FIGURE 9. Balance Sheet Variance Analysis

Qokoon - Demo Company Balance Sheet	Dec 21 £	Dec 20 £	Diff £	Diff %
Assets				
Current Assets (CA)				
Cash	0	0	0	n/a
Accounts Receivable	48,076,742	60,074,920	(11,998,178)	(20.0%)
Other Receivables	2,272,992	267,192	2,005,800	750.7%
Other	4,792,906	4,863,332	(70,426)	(1.4%)
Total Current Assets (CA)	**55,142,640**	**65,205,444**	**(10,062,804)**	**(15.4%)**
Fixed Assets (FA)				
Property, Plant & Equipment	5,403,991	5,080,946	323,045	6.4%
Accumulated Depreciation	(4,710,004)	(4,203,895)	(506,109)	12.0%
Investments	2,689,522	2,689,522	(0)	(0.0%)
Other Non-Current Assets	85,038	119,011	(33,973)	(28.5%)
Total Fixed Assets (FA)	**3,468,546**	**3,685,584**	**(217,038)**	**(5.9%)**
Total Assets	58,611,186	68,891,028	(10,279,842)	(14.9%)
Liabilities				
Current Liabilities (CL)				
Accounts Payable	14,457,561	9,045,114	5,412,447	59.8%
Income Taxes Payable	106,245	1,740,484	(1,634,239)	(93.9%)
Other	11,941,759	9,930,637	2,011,123	20.3%
Short Term Notes Payable	1,352,789	120,496	1,232,293	1022.7%
Total Current Liabilities (CL)	**27,858,354**	**20,836,731**	**7,021,623**	**33.7%**
Non-Current Liabilities (NCL)				
Deferred Liabilities	867,587	233,976	633,611	270.8%
Line of Credit	1,147,118	24,097,075	(22,949,957)	(95.2%)
Other Long Term Liabilities	4,398,855	0	4,398,855	n/a
Total Non-Current Liabilities (NCL)	**6,413,559**	**24,331,051**	**(17,917,492)**	**(73.6%)**
Total Liabilities	34,271,913	45,167,782	(10,895,869)	(24.1%)
Equity				
Retained Earnings	21,338,274	20,722,246	616,027	3.0%
Additional Paid In Capital	3,000,000	3,000,000	0	0.0%
Common Stock	1,000	1,000	0	0.0%
Preferred Stock	0	0	0	n/a
Total Equity	24,339,274	23,723,246	616,027	2.6%
Total Liabilities plus Equity	58,611,186	68,891,028	(10,279,842)	(14.9%)

Balance Sheet—KPIs and Trends

You should also select a few KPIs and monitor them constantly. Here are a few examples of BS KPIs (you may choose your own):

- Cash balance
- Equity as a percentage of assets
- Liabilities as a percentage of assets
- Debt as a percentage of assets

Financial parameters and KPIs should be monitored not only in the present, but also over time (trend analysis). The charts below show the evolution over time of cash, debt, equity, and equity components. You can see that as the company was growing (see the sales charts above), it had no cash as it had to finance growth (pay costs, salaries, etc.) before receiving payments from sales). During this time, the company was being financed with debt (thanks to proper analysis and reporting, the bank understood that the company was growing and needed bank financing to grow the mismatch between payments and receipts.

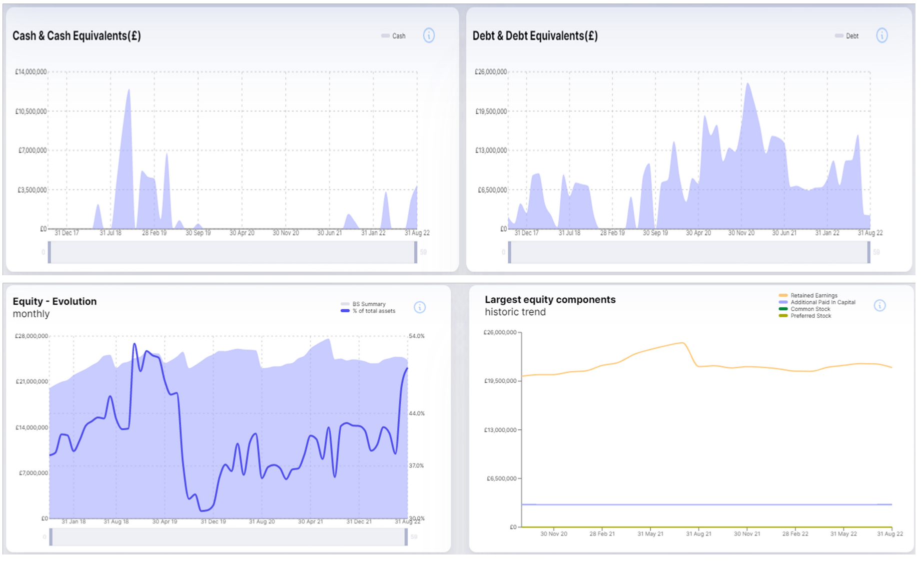
CASH FLOW

Cash Flow Structure

The CF is divided into three very intuitive and easy-to-understand parts:

- Cash Flow from Operations. Cash generated/consumed by the operations of the company (e.g., buying, selling, paying rent, paying salaries, etc.).
- Cash Flow from Investing. Cash generated/consumed by investing, usually in fixed assets (e.g., machinery) or long-term investments (e.g., long-term financial investments).
- Cash Flow from Financing. Cash flow received/paid to lenders or shareholders (i.e. parties who finance the company). This includes, debt borrowing or repayment, capital contributions from shareholders, or dividends paid to shareholders.

FIGURE 10. Balance Sheet Trends – (Cash, Debt, Equity and Equity Components)



For a company to be viable in the long term, it is important that, at some point, cash flow from operations becomes positive on an ongoing basis, as this is the cash that will be used to buy fixed assets necessary to run the company and/or to repay lenders or shareholders.

The image below illustrates the basic format of the CF Statement and explains its main components.

Cash Flow Structure Analysis

When analyzing the BS structure, ask questions focusing on strength. See below a list of guidance and questions you should ask about your BS (answers to these questions will probably lead to other important questions you should answer too).

- Focus on Cash Generation
  - How much cash have I generated? Why?
  - What is my CF from operations? Why?
  - What is my CF from investing? Why?
  - What is my FCF? Why?
  - What is CF in financing? Why?
  - How much cash do I have?
  - Focus on large positive and negative numbers
- Look at your month, quarter, year-to-date, and last 12-month CFs.

As an example, the image (see Figure 12) shows a CF with circles and lines explaining the main insights about its structure (see Figure 12). Cash generated was £0 because of the following:

- The cash generated by operations was £19.1 million.

FIGURE 11. Cashflow Statement Format

Qokoon - Demo Company Cash Flow Statement	Dec 21 £	Explanation
Cash Flow From Operations		Cash generated/used by the normal operations of the company
Net Income	2,116,027	
Depreciation & Amortization	506,109	
Accounts Receivable	11,998,178	
Other Receivables	(2,005,800)	
Contingent Revenues	297,497	
Deferred Tax Assets	1,072,209	
Prepaid Expenses & Other	(1,299,279)	We look at "change" in these items as a way to calculate cash. See next slide for intuition
Accounts Payable	5,412,447	
Accrued Payroll & Related	1,993,300	
Other Current Liabilities	17,823	
Income Taxes Payable	(1,634,239)	
Deferred Rent	867,587	
Deferred Tax Liabilities	(233,976)	
Total Cash Flow From Operations	19,107,882	
Cash Flow From Investing		Cash generated/used by investing activities (e.g. buying machinery)
Property, Plant & Equipment	(323,045)	
Investments	0	
Other Non-Current Assets	33,973	
Total Cash Flow From Investing	(289,072)	
Free Cash Flow (FCF)	18,818,810	FCF = Cash from Operations plus Cash from Investing FCF is the money available (needed) to pay/(borrow) from the bank or to pay/(get investment) from shareholders
Cash Flow From Financing		Cash from/to Bank and from/to Shareholders
Short Term Notes Payable	1,232,293	
Line of Credit	(22,949,957)	
Other Long Term Liabilities	4,398,855	
Dividends	(1,500,000)	
Total Cash Flow From Financing	(18,818,810)	
Total Cash Generated	0	Cash generated during the period (a month or number of months)
Cash at Beginning of Period	0	
Cash at the end of Period	0	**Cash we had last year plus cash we have generated**

The image illustrates the basic format of the CF Statement and explains its main components.

- The cash outflow from investing was £0.3 million.
- Which meant the company had generated a total of £18.8 million in free cash flow that it was able to dedicate to repaying debt and paying some dividends.

You can look at the image below and analyze in more detail which items were cash generative or cash-consumptive.

Cash Flow Variance Analysis

Cash flow variance analysis is not particularly insightful and can be perplexing, as cash on a monthly basis can be quite volatile due to a variety of factors (when customers pay you, when you pay them, when you buy machinery, when you borrow and repay).

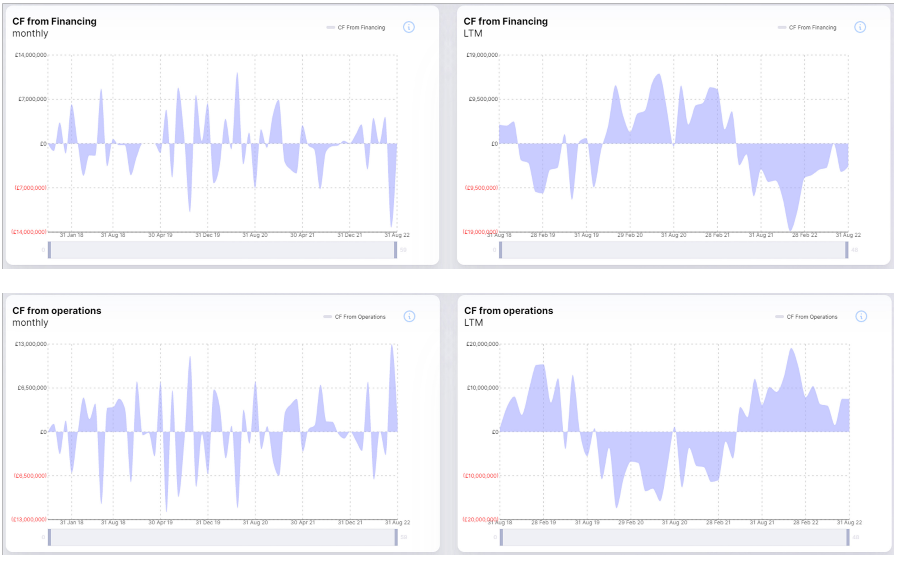
The best thing to do with CF is to focus on trends (e.g., do I regularly generate cash flow from operations?) and manage your cash (mainly by properly managing your accounts receivable, accounts payable, and inventory).

Importantly, we should see *HOW* and *WHY* you have generated cash in this way.

FIGURE 12. Cashflow Statement Analysis

Qokoon - Demo Company Cash Flow Statement	Dec 21 £
Cash Flow From Operations	
Net Income	2,116,027
Depreciation & Amortization	506,109
Accounts Receivable	11,998,178
Other Receivables	(2,005,800)
Contingent Revenues	297,497
Deferred Tax Assets	1,072,209
Prepaid Expenses & Other	(1,299,279)
Accounts Payable	5,412,447
Accrued Payroll & Related	1,993,300
Other Current Liabilities	17,823
Income Taxes Payable	(1,634,239)
Deferred Rent	867,587
Deferred Tax Liabilities	(233,976)
Total Cash Flow From Operations	19,107,882
Cash Flow From Investing	
Property, Plant & Equipment	(323,045)
Investments	0
Other Non-Current Assets	33,973
Total Cash Flow From Investing	(289,072)
Free Cash Flow (FCF)	18,818,810
Cash Flow From Financing	
Short Term Notes Payable	1,232,293
Line of Credit	(22,949,957)
Other Long Term Liabilities	4,398,855
Dividends	(1,500,000)
Total Cash Flow From Financing	(18,818,810)
Total Cash Generated	0
Cash at Beginning of Period	0
Cash at the end of Period	**0**

FIGURE 13. CF Statement Trends (CF from financing and CF from Operations)



Cash Flow—KPIs and Trends

You should also select a few KPIs and monitor them constantly. Here are some examples of CF KPIs (you may choose your own):

- CF from operations
- CF from investing
- Free cash flow
- CF from financing

You should monitor your CF KPIs on a monthly, year-to-date, and last 12 months basis.

Financial parameters and KPIs should be monitored not only in the present, but also over time (trend analysis). The charts above show the evolution over time of CF from operations and CF from financing. Note that the charts on the right show items on a LTM basis, meaning each point represents the LTM. Looking at items on an LTM basis gives you a better understanding of progress, especially with cash, which is very volatile on a monthly basis.

We can see in the top right chart how CF from operations was negative during the growth period (explained above in the BS section). We can also see in the bottom right chart how the company was financed with debt during that growth period. We cannot see these insights in the charts on the left.

THE IMPORTANCE OF FINANCIAL MANAGEMENT

Any company that wants to survive and succeed will have to *professionalize, as soon as possible, its bookkeeping, accounting, and financial management functions*. The bullet points below explain the difference between these three functions.

1. ***Bookkeeping*** deals with entering the financial transactions into the accounting software. It is a data entry function, and it is of extreme importance, as the correct inputting of data into the accounting

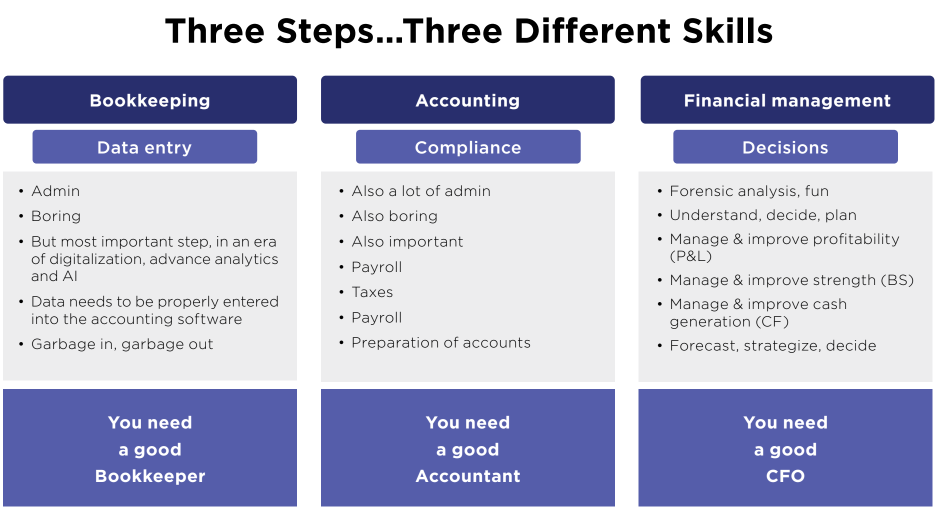
software is essential for financial analysis and the extraction of meaningful insights. This is especially important in an era of digitalization, advanced analytics, and artificial intelligence (AI), where advanced systems and software are already able to do financial analysis and reporting. *You need a good bookkeeper* (not your spouse or your secretary).

2. ***Accounting*** deals mainly with compliance and reporting matters (e.g., taxes, payroll, and account preparation). Accounting helps keep your company's historical financial transactions organized and presented in the three main company accounts: P&L, BS, and CF. If the bookkeeping has been done properly, the account will be ready to be analyzed. *You need a good accountant.*

   WARNING! Many companies (a lot!) stop at the accounting stage, meaning they prepare the accounts but do not analyze them. This prevents them from understanding what is happening with their profitability, strength, and cash generation. They do not understand; they have no insights, and therefore they cannot take proactive, understanding-based management decisions. This has an impact on growth, improvement, and access to finance, as well as the possibility of unpleasant surprises; it is like driving blind.

3. ***Financial management***, broadly speaking, is the management of the company's profitability (P&L), strength (BS), and cash generation (CF), so financial management needs the financial accounts to be properly and timely prepared (i.e., it relies on the bookkeeping and accounting stages). Once the accounts are ready, the financial management stage can be split into three stages:
   - ***Analyzing and Reporting***. P&L, BS, and CF must be properly analyzed, and key insights must be communicated to any relevant person or body who needs to know and can help with improvements (e.g., the CEO, board, investors, bank).
   - ***Understanding***. P&L, BS, and CF performance, trends, and insights

FIGURE 14. Three Steps...Three Different Skills



need to be understood, which is the basis for taking proper, data-based decisions for managing and improving. With this understanding, managers are well prepared to take pro-active and timely decisions, not only to improve the performance and strength of the company but also to avoid any nasty surprises.

- ***Decision-making and managing***. Based on a proper understanding of actual performance, trends, and insights, decisions need to be made and implementation plans put in place for the management and improvement of the company's profitability, strength, and cash generation. This will involve forecasting and scenario analysis. Monitoring how the implementation is progressing will also be essential (many companies have great strategies and implementation plans but fail at the actual implementation).

CONCLUSIONS

Once you are able to fully understand and communicate the structure and evolution of your P&L, BS, and CF, you will be in a much better position to proactively take the right management decisions to improve your profitability, company strength, and cash generation.

This will result in much increased chances of success, easier access to finance, a better company culture, and less stress.

And finally, do not worry; doing financial management properly is relatively easy. You just need a good CFO (even if part time) who can use the latest financial analysis and reporting technologies.

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HOW BUSINESSES BENEFIT FROM USING CRYPTOASSETS

Al Maryah Community Bank

Mohammed Wassim Khayata, *Chief Executive Officer*

"How does it work?" is the question that is most often asked when discussing crypto and blockchain, and it has been a hot topic for at least the past 12 years. Bitcoin was the first established cryptocurrency and was created in 2009. As of March 2022, there were more than 9,000 other cryptocurrencies in the marketplace, of which more than 70 had a market capitalization exceeding $1 billion, according to Wikipedia. Mentioning this, did you know that if you had invested as little as $1,000 at the start of bitcoin, you would have made millions as of now? As they say, opportunities should be seized when made available!

The difference between a cryptocurrency and a cryptoasset is not one of light and dark. It is gray and black, with a little bit of each. In formal terms, a cryptocurrency is a decentralized virtual currency that uses cryptographic processes to carry out transactions that are not controlled by central authorities. The term "cryptocurrency" refers to a digital or virtual currency secured by cryptography and built on a blockchain, a peer-to-peer network that is used as an alternative to online payments. These cryptocurrencies are stored in a wallet. So, what does all this mean? Imagine having coins, each with a certain value, stored in your wallet. You can use these coins to buy products and services. It is similar to physical money, but digital. You can buy cryptocurrencies from exchanges, brokers, and individual currency owners, or even sell them to them. You can cash out your cryptocurrency by using a centralized exchange such as Coinbase, which allows you to buy and sell a certain amount of your cryptocurrencies. Cryptocurrency is not only used for trading; it is also used to buy things at stores that accept it as a form of payment. Dubai has started accepting it as a form of payment, starting with legal firms and schools. To keep up with advanced developments, the entire world is shifting toward digital solutions.

A cryptocurrency becomes a cryptoasset when it has features such as smart contracts, payment gateways, content monetization, and so on. Similar to cryptocurrencies, cryptoassets function as a medium of exchange and a store of value, but they also provide functionality. Cryptoassets, functions, and smart contracts can all be carried out using technology or networks. Cryptoassets have caused seismic shifts in the financial markets. The financial systems have been disrupted as a result of their technological advancements. There are eight different types of cryptoassets: payment currencies, which are used to pay for goods, services, and bills; blockchain economies, which allow you to create your own digital assets on their platform; privacy coins, which are digital assets created with a focus on privacy; stablecoins, which are fixed-price cryptocurrencies whose market value is linked to another stable asset or currency such as USD; utility coins, which are used for a blockchain-based product or service; and security coins, which are used for the process of crowdfunding a new blockchain or cryptocurrency. Some well-known examples of cryptoassets are Ether and Ripple.

Money comes first, and property comes second. Cryptocurrency and cryptoassets are both considered assets in cryptoasset accounting. That's understandable because cash and properties are still considered assets in traditional accounting, so we can treat them as such, albeit digital assets.

Cryptoassets include not only cryptocurrencies but also non-currency assets such as non-fungible tokens (NFT), security tokens, and utility tokens, which are all stored on a distributed ledger. NFTs are those that represent ownership of a one-of-a-kind tangible or intangible object, such as a song, video, or piece of designer clothing. NFTs are those that cannot be traded for each other. Security tokens are frequently sold or auctioned as part of an initial coin offering (ICO) or initial token offering (ITO), which allow businesses to raise funds to fund a new idea or business model.

Cryptoassets can be used for three different purposes: investment, exchange, and access to goods and services. Having said that, as an entrepreneur, how can you implement the use of cryptoassets in your organization?

There's been a rapid proliferation of digital assets, generating enough market interest to change strategies at many major financial institutions. Financial ecosystems are changing because of digital assets.

We're moving to a digital world, so accepting cryptocurrencies as payment is a great way to advance. Cryptocurrency markets were worth more than $3 trillion in late 2021, quadrupling in value since the end of 2020. Thousands of cryptocurrencies tracked by CoinGecko had a market cap of $2.26 trillion in early April 2022. Major companies are accepting cryptocurrencies as payments and using them for investments, operations, and transactions. Digital assets and blockchain technologies are strategic priorities for financial services leaders, according to Deloitte's 2021 Global Blockchain Survey. In the next 2 years, nearly 80% of respondents said digital assets will be very or somewhat important to their industries. 76% of respondents said they think digital assets will be a strong alternative to fiat currencies in 5–10 years.

In addition to accepting cryptocurrencies as payment, organizations can use crypto in operations, use blockchain technology for data management, and invest in cryptocurrencies to make money. If you introduce all these concepts to your company, it will grow faster and stronger, especially if it is a start-up.

Businesses that collaborate with other businesses can benefit from Bitcoin. Revenue-sharing arrangements, like sales commissions, or cost-distribution arrangements, like supply chains, are common. Distributed ledger technology uses cryptography to automate every transaction and settle payments nearly instantly, dramatically reducing the payment cycle with virtually complete certainty of what should be paid. Technology can also help allocate revenue more efficiently.

A blockchain-based system of finance called "decentralized finance" (DeFi) also uses smart contracts and programmable money. Lending agreements can be automated and cleared, for instance. Contract terms and conditions could be automated in code. In addition, illiquid assets can be tokenized and used as collateral. A short-term loan request can be entered, evaluated, cleared, and settled in minutes. What's more, the accounting, tax consequences, and various other compliance activities related to the loan can be automated, executed, and recorded in an equally rapid fashion.

By the end of 2021, DeFi protocols would have locked more than $100 billion in value, compared to the $19 billion recorded by the end of 2020. In these distributed marketplaces, investors see value and efficiency. As compared to traditional, regulated markets, they also pose numerous risks to companies, investors, and others. While DeFi has shown potential for disintermediating traditional financial markets, it remains unclear how the risks in these decentralized markets can be quantified or effectively managed.

Traditional, regulated financial institutions may reduce the risk of disintermediation, but they should also serve as a sign that continued innovation could be necessary to seize opportunities in the future. Smart contracts and programmable money offer speed and efficiency that can benefit customers. There are some compelling reasons for companies to consider digital assets and cryptocurrencies:

As a result of crypto, customers and counterparties may be engaged. According to a BitPay study from 2020, up to 40% of customers who pay with crypto are new to the merchant, and the amount they spend is twice that of credit card purchases. Some people say cryptocurrencies are a solution for financial inclusion, allowing the world's 1.7 billion unbanked people to participate in financial markets.

In contrast to fiat money, programmable money can facilitate real-time, accurate revenue sharing and facilitate back-office reconciliations.

- By tokenizing traditional investments, crypto allows companies to access new asset classes as well as new capital and liquidity pools.
- By enabling real-time, securing money transfers, and strengthening control over capital, crypto can enhance traditional treasury functions.
- As Central Bank digital currencies (CB-DCs) evolve, crypto in the business can help position the company to engage with them.

Digital assets can be introduced incrementally by companies. Vendors may deal with crypto payment transactions on behalf of some companies, remitting the fiat equivalent minus commissions. By accepting crypto as a form of payment through vendors, companies can avoid handling crypto themselves.

Enabling this kind of hands-off payment capability may not give rise to a financial reporting obligation, but the company must be mindful of its responsibilities with respect to sanctions compliance. Regulators now publish specific crypto wallet addresses that must be included in payment acceptance compliance, and companies that use these vendors can evaluate whether they have appropriate systems in place to promote such compliance.

A more active approach is to enable crypto more broadly in operations and treasury. Consider how a payment network using crypto can provide highly effective solutions for managing supply chains in manufacturing. A distributed ledger can link payment and delivery of goods to reduce counterparty risk and reduce days' sales outstanding, which supports enhanced margin and working capital. It can also provide guaranteed delivery of payment in real time, which can improve transparency, forecasting, and reporting.

The potential for automated settlement with crypto can also enhance free cash flow by reducing the investment in working capital in compelling ways. When companies commit to transactions with crypto, transactions and fund transfers are settled within minutes, promoting a real-time understanding of what money the company has, where it is, and who can access it. This kind of visibility can reduce the short-term blind spots often associated with transactions in fiat currencies.

Some companies that allocate cash to digital assets and cryptocurrencies as investments are focusing on whether they can realize improved returns and preserve capital compared to holding cash. These companies may be pursuing hedges against fluctuating fiat currencies, a complement to an operational strategy that includes accepting digital assets as payments, or a corporate strategy to embrace modern technologies.

Identifying a path into the crypto space, or even an entry point, requires collaboration across the enterprise—the board, treasury, finance, tax, accounting, operations, technology, legal, and communications—to identify an innovation strategy and objectives. Some companies begin by piloting the use of crypto as a new technology. The pilot can be internal or interdepartmental to enable the company to confirm real-time balancing and help isolate and identify potential opportunities and obstacles to broader adoption.

There are some risks to consider, keeping ourselves aware of the consequences. Boards should understand the scope of risks as well as the broad opportunities that digital assets represent. Strong governance over risk and controls is critical. Boards should be prepared to engage with senior leaders on a number of risky areas. Some areas of risk include companies needing to consider their investment in technology and the capabilities of people who manage it. Another area of risk is cybersecurity, in addition to regulatory and fraud risk. As companies rely on third parties, such as exchanges or custodians, to execute transactions, they are still responsible for compliance with all relevant laws and regulations.

Companies may also need to consider whether they have examined each of the business cycles that will use crypto to layer on tax treatment. Examples include payroll tax withholding, indirect tax, revenue recognition, and basis tracking.

With the emergence of crypto currencies, security tokens and NFTs in the private and independent market, the governments have been forced to tighten regulations in an attempt to slow the growth of these assets. However, the adoption rate is on the rise, and more and more people and companies are taking the leap of faith in cryptoassets, either as a means for transactions or as investment vehicles. The central banks are also about to issue CBDCs, and it is only a matter of time before cryptoassets are used for international trade and settlements as well. Hence, it is imperative that businesses develop the understanding and capability to transact and invest in cryptos and even scale up their operating model to be able to issue ICOs and STOs.

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HUMAN RESOURCES & BOARDS

A WINNING COMPANY STARTS WITH A WINNING TEAM

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HIRING AND FIRING

Endeavor UAE

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ENTREPRENEURIAL HUMAN RESOURCES INFLUENCERS

HR Revolution Middle East, Influencers Today & NGOs Today

Dr. Mahmoud Mansi

THE ROLE OF THE BOARD OF ADVISORS

Shorooq Partners

Shane Shin

https://added.gov.ae/EJ

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A WINNING COMPANY STARTS WITH A WINNING TEAM

BIC

Lena Al Suhaili, *HR Director*

One joins a company based on three things: prestige, money, and growth.

When you join a start-up, it is a brand new company with no prestige, very little money, and the work could be largely operational.

You can just recruit anyone and then fire them when you do not need them anymore, right? Well, talent acquisition is not just recruitment; it is translating the business strategy to a talent strategy. The people in your team will get you results, so a winning team will yield a winning company. In other words, hire hard and manage easy. So, how do you attract the right talent to join your start-up?

TALENT ACQUISITION PHASES

The phases of talent acquisition are the following:

1. set the business strategy: mission, vision, and values
2. workforce planning: roles to hire and when
3. develop job descriptions: job ads that candidates will see
4. source candidates: where to find candidates
5. screen and assess: shortlisting candidates
6. select and hire: the final candidate
7. onboard: preparing the documents to get them on board, and
8. induction: setting them up till they are autonomous.

BUSINESS STRATEGY

When people join a start-up, it is because they believe that the founder is promising a better future, and there is a mission so compelling that is worth all the grit and instability of being in a start-up.

Answer the following questions:

1. Mission: Why does this company exist? What problem is it solving?
2. Consumer Personas: Who is our consumer? What are their interests? What kind of jobs do they have? Where are they from? What are they hearing, seeing, and feeling? What are their pains and gains? Give them names.
3. Community: What will our community look like? What will be their shared interests?
4. Product: What would make our product the most compelling in the market?
5. Competition: Why would the consumer care about this product against similar ones?
6. Vision: What is the vision of the company in the next 2 years?
7. Unique Selling Point: If meeting someone in an elevator, how would I describe the company in a fascinating and clear way?
8. Values: What are the values of the company?
9. Challenges: What are the main challenges we must overcome?
10. Communication: How often should I connect with our community, and where?
11. Priority: What must the focus be on in the coming 6 months?
12. Resources: What is essential to start? What can wait?

Why is this important? A start-up is in survival mode in many moons of its existence. In these challenging times, to rally yourself as a founder, and your troops, it is essential that you have an anchor to your why. It is a matter of life and death of the company.

VALUES

Although every start-up is as unique as its founders, there are some values that are helpful to start-ups. Look for candidates who have the following characteristics:

1. Believe in the Mission of the Company and Share Their Values: This will help maintain their engagement and commitment when the challenges will inevitably come.
2. Being Resourceful: Can double-hat to cover any work that needs to be done and can make decisions with an efficient mindset.
3. Helicopter: Can go low and high, where they are operational, and can shift to big picture when needed.
4. Have Grit and Can Solve Problems: Can learn autonomously and quickly and persevere till a solution is found.
5. Positive Mindset: Being part of something new, uncertain, full of potential, and see it as a tremendous learning opportunity, something to be excited about, and can laugh about all the hardship like they are battle stories.

WORKFORCE PLANNING

Once this exercise is done, you will need to decide on what roles you need to hire and when to hire them. Timing will depend on how much you can extend yourself and do all the work yourself. The longer you handle the work directly, the more you will understand what is essential and what is nice to have; a luxury can wait until you are no longer in the early-stage phase. Try to learn as many skills as possible to run a business so that you are clear which are energy giving and which are energy draining. This can be achieved by reading books on the same topic, watching tutorials, and asking your friends who are in this field. If you learn something new and energy giving, avoid recruiting it and handle it yourself until you reach the point where your time and bandwidth are exhausted. Consider recruiting those that are energy draining or those you find too technical.

The first role to consider acquiring is a cofounder. Although not compulsory, hiring a yin to your yang can be wonderfully helpful. A cofounder with skills in areas you lack can help you divide and conquer many functions of running a company. Having a cofounder also adds to the likelihood that you get external funding. If your start-up is a tech one, then a cofounder may act as a chief technical officer (CTO).

Is a CTO necessary in a tech start-up? Imagine you are building a house. You can work directly with the contractors to build the house, but you will inevitably find how painstakingly expensive the mistakes are. A CTO is like the architect who will make decisions on how to correctly build the house and choose the right partners and resources to do that. This role should be timed when the technical work needs to be done.

JOB DESCRIPTION

A job description answers the following questions to job seekers:

1. Job Title: Despite how much fun it is to be creative here, most job seekers look for roles that have traditional names, which have better likelihood to appear in their search results.
2. Location of the Role: Is it based in your city or are you location flexible?
3. Company Description: A paragraph that makes a compelling case for a job seeker to consider joining you.
4. Job Summary: Why the role exists.
5. Main Responsibilities: Do add “carry out any other ad hoc duties that are necessary to accomplish our goals”.
6. Key Performance Indicators: What does success look like: accuracy, client satisfaction rate, forecast accuracy rates, etc.
7. Qualifications:
    a. Simple criteria: Can be answered with a yes or no (e.g., “Degree in Software Engineering” and “Fluent in Arabic and English”)
    b. Complex criteria: Need thoughtful interview questions to assess each criterion.
    c. And with each of those categories above, which of the criteria are
        i. required: essential to the role, and
        ii. desired: a person with the right mindset and culture fit could join without them and could learn them over time
8. Additional Information: Anything else you want to include to share with your potential candidates: you are an equal opportunity employer, a video about your company, links to your website, social media, or anything concise and relevant to a potential candidate at this stage.

SOURCING

Now that you have the job description ready, you will need to find the talent. A sourcing strategy could differ for each role you plan to acquire. Consider the following:

Referrals: A tremendous tool to find candidates. Inform your network of roles you want to recruit and ask them if they can recommend anyone who might be a good fit.

Universities: With limited resources for salaries, getting university students and fresh graduates to work with you can be a great way to get bright-eyed and bushy-tailed talent. You can work with university coordinators to provide you with a shortlist.

Government Resources: They may have incubator programs and resources to find talent such as CTOs or recruiters specialized in start-ups.

Online Job Portals: Where you would get the widest reach for people to find your roles. Although it takes more effort to screen candidates.

Recruiters: An external resource who will receive your brief and job description, will screen candidates, and will give you a shortlist of candidates. They often do not get paid until you hire a candidate they referred, usually a percentage of their annual salary.

Hackathons: To find technical people and cofounders. Hackathons are where a company or government entity sets up a technical challenge and invites people to solve this challenge within a set time for a prize. Attending these hackathons are great to scout the right people and negotiate with them to join your company as CTO, cofounder, or in-house technical staff.

SCREENING AND ASSESSING

You have put the word out on your vacant role and received resumes; it is time to plan a standard method to screen and assess the quality of the candidates. The reality of talent acquisition is that it is a gamble, and setting a good process is to simply stack the odds in your favor. Just like predicting the weather, you are looking at the past, present, and future to make your guess. A standardized approach helps you organize your thoughts and assess all candidates in a uniform way irrespective of the chemistry you feel with each of them.

Screening CVs is to dwindle all the applications down to a manageable amount that you can call for a telephone interview. Here, you would use your job description and refer to the list of required qualifications. Discard CVs that do not meet that list. This can be done with software, functionalities of job portals to employers, or by reading the CVs directly.

Past- and present-oriented questions screen candidates for what is on their CV. Here, they describe the work they have done and are doing in their current job, how they achieved certain accomplishments in their resume, and can respond to questions on situations where they have shown trends in their career and certain competencies you are looking for. These questions are best suited for phone interviews which are designed to get as much information before you decide if it is worth both your while to meet in person. In a phone interview, you ensure the CV reflects the simple criteria you need, to get clarity on their motivation to join your company, and answer their questions to ensure they are willing to enter this selection process. Once you have the number of candidates you are comfortable interviewing in person, then you set up the face-to-face interviews, where you can see them all in proximity and avoid the recency effect where you remember the qualities of the candidates you saw most recently and forget some of those in the candidates you saw earlier in the process.

Face-to-face interviews take about an hour. Structure them with welcoming the candidate first like they are a guest at your home, remembering that this is a mutual choice you both get the best out of when both parties have trust, are engaged, and motivated to work with each other. Do give a quick introduction of yourself, but do not tell them about the role and what you are looking for, as this can skew their responses. Before their arrival, they would have already spoken on the phone to you or your recruiter about the role they applied for, and have seen the job description.

The focus of the face-to-face interview is to assess the complex criteria you need in your job description. This is where you will spend 30–40 minutes of your interview time. Ask here questions that reveal what you need. Remember that there is a solution to every problem, so asking for solutions to problems is not helpful. What makes problems challenging are the limitations presented and how to navigate around them, a daily occurrence for a start-up. Future-oriented questions are suited for these. You start with simulating a situation where a problem exists, and present a constraint, and ask what they would do in such a situation. Use the real cases you have faced in a simplified way, as you are not trying to assess what they would do in a hypothetical situation, but how they would handle the real challenges you regularly face.

Now, what if the role you are assessing is something you do not understand well, how do you assess someone who is more knowledgeable than you? Consider anyone from your network who knows this kind of role and ask them in advance how they would assess for a quality talent.

After asking all your questions, you will need to present the position and the company with as much realistic information as possible: mention the mission and vision of the company and highlight known challenges. It is hard to attract great talent to a place of instability, but what can be promised is there will be lots of learning, a lot of responsibility, and, with everyone's commitment, growth for all and the attainment of the vision and mission of the company. Could they be discouraged from joining? Certainly. But better now than later when they will inevitably find out and you will have to deal with a termination and relaunch the search. Surprises are better suited to birthdays, not to jobs.

Now you open the floor to their questions and answer them truthfully and with your best knowledge. Once all their questions are answered, mention any next steps, thank them for taking their time to know about this role, and wish them well.

SELECT AND HIRE

You have met all the shortlisted candidates, who do you choose? Refer to the job description and check your notes on their responses against what you need, and against how they fit with your company values and connect to your mission. You are hiring for mindset and attitude for some roles, as hiring for skills is all good and well, but without a level of enthusiasm and willingness to grin and bear it in thick and thin, the skills would not be enough to ride the waves of this journey when work is aplenty and capital is limited.

And now, the time has come to prepare an offer. An offer signed by two parties is a contract, so input just what you can offer at this stage and not promise anything else that may come at a future date. Find templates online or from a legal firm and paste onto your letterhead. A nondisclosure agreement clause embedded within the offer letter is useful and avoids having another letter signed. Once the offer is accepted, you may need to have a legal contract signed using the government or freezone template which may have the same or less terms than the offer you made but is required for visa or work permit processing.

ONBOARD AND INDUCTION

At long last, you have an accepted offer. After a well-earned victory dance, it is time to prepare your new joiner to your company. The preparation involves the following:

1. collecting their documents to process their visa and set up their medical insurance
2. processing both to be effective at the agreed start date
3. office setup if they will work on-site
4. anything not confidential that they need to know prior to joining, and
5. induction plan: everything they need to know so they have the information and the contacts of the relevant people to get started.

The more preparation you have in writing, the more you can reuse and edit with every new joiner, and they can refer to this information on their own whenever they are stuck. The quicker they become autonomous, the easier it would be for you and them to get answers and move on.

Each induction of each role should be categorized into the points that everyone on board must know, then there are items by function, and then by role. At first, it may well be that everyone should know everything, and that is perfectly fine, particularly if you expect all to double-hat other roles.

Should there be anything that you need to show how it is done, say pack a product for shipment, feel free to link a video of a way that you like online, or film one yourself. This can be used later and cut back on your induction time.

Encourage the team to teach each other, what they know works, and what they tried that failed. A trusting and learning environment means you can delegate lots of the teaching and induction to each other.

What if you did everything right, but still made a hiring mistake? It is heartbreaking and it happens, and you are definitely not alone, even veteran recruiters make mistakes. When you notice something wrong, alert them with kindness and with intention that you want to see them succeed. If the situation is not improving, a performance improvement plan can be used where you clearly state in writing what needs to turn around in a set time frame. The right talent will make every attempt to improve, and the wrong talent will make it clear that it is time to terminate.

Talent acquisition can be daunting; acknowledge this and use it as fuel to recognize that good talent means more can be achieved with less people. You may have to pay more for some roles than you initially intended, but a fair compensation to good talent will cost you less in corrective performance management, rehiring, or, worse, hiring someone else to pick up the slack. Time and time again, recruiting as lean as possible will protect the company when funds are short and when growth slows down. It is a good idea to know how much your company can achieve with a baseline workforce and at what ratio of net sales to headcount are you at and keep a close eye on this.

You have taken a massive leap of faith to start this company. Congratulations! Look around the people who have also taken this leap of faith with you, treat them well, and develop a culture of learning, iterating, and transparency. Savor the good moments, and laugh at the difficult ones; one day, the people that you have depended on and treated well will reminisce on these days together when your company reaches the level of your dreams.

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HIRING AND FIRING

Endeavor UAE

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Entrepreneurs have a lot of things to consider as they start and scale up a business. When asked, entrepreneurs list access to market, capital, and talent as the biggest obstacles they face while scaling their businesses. That being said, talent is by far the most challenging. Having the right people working in the business is one of, if not the most, important factors that will affect the long term success of the business.

The demands of running a growing business mean the entrepreneurs have less bandwidth to focus on hiring. They end up optimizing for efficiency by hiring on instinct and using a simplified hiring process. This can result in hiring people who do not fit the role and/or the organization. The mismatch can either be because the team members do not have the right capabilities or do not have the same set of values, or both. For example, an entrepreneur who cares deeply about customer experience and satisfaction might end up hiring a skilled person with an abrasive personality into a customer-facing role, which can result in customer complaints and churn.

Such "mis-hires" can cost the business a lot more than an entrepreneur might think. A person who does not have the capabilities, or the ability to have them, for the role will end up not contributing the full value they were hired for. The organization ends up having a higher cost associated with having more people do what fewer can do. In addition, the organization will need more management bandwidth to manage people. This could be the entrepreneurs' personal time or more senior people hired to manage a larger, less effective team. On another level, hiring people who do not match the values of the organization can cause a lot of problems. As the "mis-hires" interact with key stakeholders like customers, other employees, suppliers, and partners, they end up behaving in ways that are not aligned with what the entrepreneurs envisioned for the company. This ends up reflecting badly on the organization. All of these issues accumulate over time and become a form of organizational debt that grows with time. It can lead to the entrepreneurs losing control of the business and feeling like strangers in their own companies. Perhaps the more dangerous, and less visible, damage comes in the form of value-aligned top performers deciding to leave the organization when they feel uninspired by their peers in the organization.

On the other hand, having the right people in the organization can help accelerate it beyond its current trajectory. Employees that go a step further by taking ownership of their work and going beyond the basic requirements of their role are gems. Having more of them in the organization makes the company a more attractive place to work. Furthermore, this can inspire more employee discretionary effort, which is the holy grail for companies since each of these employees is worth more to the organization than four "average employees". Finding them, building an organization that is attractive for them to work in, and retaining them should be a priority for an entrepreneur.

One of the first ways to do that is to set up an effective hiring process. For time-starved entrepreneurs, this can seem like a daunting task, but it is well worth the effort.

Ideally, the entrepreneur should do the following:

- Scope the role and what the ideal person for the role will need to have. This entails listing what the person will do in the role. What are the key responsibilities and things that will need to be delivered by this person.
- Next, think about the skills, knowledge, and experience the person needs to have to perform the job well. Depending on the growth rate of the company, the company can look for people who have the capabilities needed today and in the coming year.
- Set the values and attitudes you want the person to have in order to do well in the role and contribute to the company culture and personality you want. This part can feel too "fluffy" for many entrepreneurs, but thinking through and articulating values that are "non-negotiable" is very valuable for the entrepreneurs and the team to have clarity on what is expected. One way to think about these values is by asking, "What would make you immediately fire someone if they did not live by this value?"
- Set up a hiring process that methodically assesses candidates for what you are looking for. You can break it up into multiple interviews, each screening for specific things and serving as a hiring funnel.
- For example, you can start with a short 30-minute call that aligns with the person's future plans and expectations. You can screen for things like communication skills and other aspects that are a "no go" if they are not aligned. You can also ask the candidate to share with you how their last three to five bosses would rate their performance. You can also ask them to share with you what they excel at and what they need to improve on.
- Another interview can include exercises to see the person in action in the role (e.g., a mock session). It can also include questions that assess the person based on the capabilities and values you outlined earlier. The interviewer can assess the candidates based on actual information rather than hypothetical questions. So instead of asking, "How would you handle a difficult customer?" they can ask, "Give

me an example of a time you had to deal with a difficult customer and how did you handle it?"

- You can then go over the person's past experiences and dig deeper into each to learn about what they did there, what they excelled at, what they struggled with, who they liked or clashed with, etc. This is also an opportunity to share information about your company with the candidate and answer questions they have. All of this would be done in the spirit of providing as much visibility and transparency into each other as possible, so that both the company and the candidate can determine how good a fit there is. You would ideally want to have a situation where there are no surprises if the person is hired.
- You can finally run a reference check with the last three to five people the person reported to (the same ones discussed in the first interview).

Following a process for everyone interviewed might take more time up front, but it will save an incredible amount of time, money, resources, and frustration that come along with hiring the wrong person into the role.

The company should also have a strong onboarding process for new hires. This can help new candidates transition into their new roles quicker and more effectively. It can also ensure issues that come up can be addressed to course-correct before they mushroom into bigger problems. An onboarding process would expose the new hire to the big picture of what the company is striving for and how the business works. It would also introduce the new hire to various people throughout the organization, with a special emphasis on those who will have frequent interactions with the new hire. The new hire would also have a point person who would guide the onboarding process and provide feedback to the new hire. The process should ideally have milestones for the new hire to accomplish as they move along the onboarding process. A good onboarding process can also give the organization more feedback and input on the new hire. If there is a misfit with the new hire, it is an opportunity for the company to flush out red flags early enough to make a decision on parting ways with the new hire.

Equally as important as hiring the right people is firing the wrong ones. Many entrepreneurs keep the wrong people in the company far longer than they should. As mentioned earlier, having the wrong people in the organization can lead to a drop in effectiveness and efficiency. It can also lead to top performers deciding to leave the organization when they feel they do not belong.

Poor performance or a bad attitude can be grounds for firing someone. Mapping employees' performance and attitude can give the organization perspective. High performers with the right attitude are people you want to keep. Poor performers with a poor attitude need to be removed from the company quickly and without hesitation. Poor performers with a good attitude can be trained and supported to help them improve their performance. If their performance does not improve, it will likely be best to fire them so they can move on to find another opportunity that can be a good fit for them. A strong performer with a bad attitude can be very toxic to a company's environment. Sometimes it can be rectified, but if it is not, they should be fired from the company. Entrepreneurs and managers tend to hesitate to remove people with mismatched values because they feel the productivity gap that will be left when they are gone will harm the business. The interesting thing is that when these employees eventually leave the organization, entrepreneurs almost always recognize that the company is better off without them. Many entrepreneurs see other team members' step up to fill some of the productivity gap, and the general mood of the team improves when the toxicity is removed. Entrepreneurs also tend to refine their interviewing process as they hire new team members to ensure they screen for values and avoid reintroducing toxicity into the team.

Keeping a process to assess and optimize the makeup of the team is very important, as it keeps the bar high for the team. In addition, it helps retain the right people when they see the bar is rising and they belong to the group of peers around them.

Another reason someone is wrong in the role might be due to the company outgrowing people who were a good fit with their roles in the earlier days. This is particularly difficult for entrepreneurs because, usually, there is a sense of loyalty between the employees and the company. But those employees who helped the company get to a certain point will not necessarily be the ones that can take it to the next level. Entrepreneurs can choose to keep them in their roles and hire someone to manage them. Or they can be shifted to other roles within the organization. Keeping them on board could result in resentment and frustration between the entrepreneurs and the employees. However, this might work if they have an honest conversation. You might have a strong contributor (e.g., a salesperson or engineer) who decides to not take on different responsibilities (e.g., managing a team) and stick to the role. If that does not work, the entrepreneurs should make the hard decision before the situation becomes problematic.

Some entrepreneurs are reluctant to fire people, which could be because they want to avoid causing grief for the employees. But entrepreneurs can mitigate this by setting up a process for firing people. The firing process should be professional and comply with the law. Employees should get their rights (i.e., fair warning, end of service benefits, etc.), and the company should protect its interests (recovering assets, cutting access to clients and suppliers, etc.). Depending on the industry, the role, and the relationship, companies might opt to make the termination with immediate effect or with a notice period, keeping the person in the role. Considerations that can be taken into account are the role and individual risk profiles. Some companies that work with sensitive information or material might want to restrict the employees' access to company resources immediately and escort employees out of the company to prevent the possibility of a disgruntled fired employee deleting important information, executing a damaging transaction, calling a customer, or taking other action while they still have company resources.

The company should have an offboarding process set in place to ensure both the employee and company protect their rights when they part ways. A checklist that highlights all the steps that need to be carried out will optimize the process and reduce frustration. This process can include the company taking possession of its assets (devices, files, etc.), and the employee getting his or her rights (end-of-service benefits, personal possessions, etc.). It should also document the company's and the employee's obligations, which should be signed by both with a release form to confirm that both sides completed their responsibilities.

Firing people does not have to be a cold-hearted, brutal process. It can also be done with compassion to soften the impact on the employees and their careers. The way the news is communicated to the employee should be respectful. It should be done in private, and the reason for the termination should be made clear. The entrepreneur, or manager, should be empathetic but does not need to be apologetic about it. They should speak in a respectful and factual way and maintain their posture if an employee becomes emotional and/or aggressive. Companies can put in place initiatives such as “garden leave”, where the employee is paid a salary for a period of time (e.g., 3 months) without having to do work, to give them time to find another job. This would be in addition to their end-of-service benefits. The company can also provide career services to help them find other opportunities. Many entrepreneurs are hesitant to pay more to a departing employee, but doing so is sometimes less expensive than keeping an employee who is clearly not a good fit. In many situations, employees are kept in their roles and given multiple chances, which end up being months or years. Entrepreneurs should resist the urge to delay firing someone. It helps the company move on quicker, and it also helps the person move on to something else that fits them better.

One of the most important things an entrepreneur should dedicate a significant amount of time to is the people part of the business. In some situations, entrepreneurs should spend up to 50% or more of their time on hiring and building the team. It is particularly important for entrepreneurs to be thoughtful about building the first layer of team members who will report directly to them. When the organization outgrows the entrepreneurs’ ability to interview everyone coming into the company, they should focus on having the right people do that and setting up processes and guidelines for hiring people into the organization. They should also focus on building processes for firing the wrong people from the organization. The entrepreneur can focus on hiring and keeping an eye on people in critical roles for the company, even if these employees have direct managers. When there are cofounders, it would be worthwhile for at least one of the cofounders to take the lead on hiring and team development. As the organization grows, the entrepreneurs can start to focus on communicating the values they are looking for in the organization. They can also publicly reward employees who do things aligned with the company values to reinforce their importance. Most importantly, the entrepreneurs should lead by example and behave within the values they set for the organization. Otherwise, these values will be treated as words on a wall that have little to no meaning. When employees see the founders acting in accordance with the values, it reinforces those values.

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ENTREPRENEURIAL HUMAN RESOURCES INFLUENCERS

HR Revolution Middle East, Influencers Today & NGOs Today

Dr. Mahmoud Mansi, *Social Entrepreneur, Chairperson, Consultant, Lecturer*

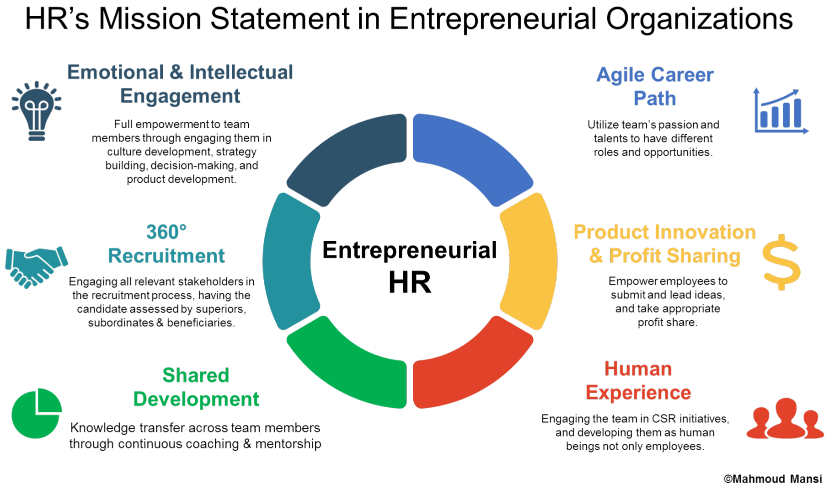
THE ROLE OF HUMAN RESOURCES IN ENTREPRENEURIAL ORGANIZATIONS

Human resources (HR) is the maestro of the people helping them to align and join their diverse talents and experiences together in order to generate a distinctive piece of art for the audience. In an agile working environment where junior and senior entrepreneurial leaders are facing rapid changes in the market and environment, HR should be more agile than the rest of the functions in order to become an effective maestro.

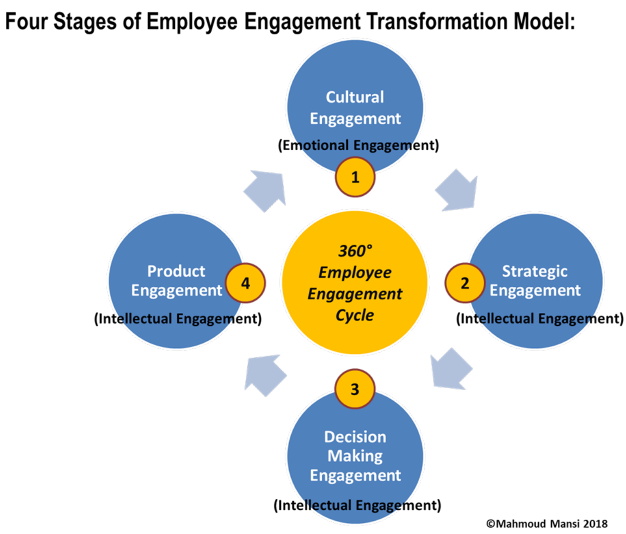
HR's aim is to strategically serve the business and people, impacting the end user: the customer, through building a work culture that fosters innovation, gives recognition, incubates talents, develops careers, and drives diversity toward unity in success.

In an entrepreneurial organization, an entrepreneurial HR leader is needed, one who is not satisfied with coping with the changes, but a leader who goes for the extra mile and influences change through the entire team.

With having HR principles that are mismatching with the entrepreneurial system, where there is a gap between the organizational vision and the HR system, many start-ups tend to face recession due to employees' frustration. Therefore, HR in entrepreneurial organizations is given a lot of room for innovation and doing things differently.



Emotional and Intellectual Employee Engagement: Referring to *Maslow's Hierarchy of Needs and HR Revolution's Employee Engagement Transformation Model*, employees need to be engaged at each and every level, starting from the working environment and culture, up to the organizational strategy and self-actualization. Employees in entrepreneurial organizations expect to act as entrepreneurs. They want to participate in culture development, strategy building, decision-making, and product development. They want to see their impact on their colleagues, the entire department, their business, and the customers.



Mansi, M., *Sustaining a 360° Agile Workplace: The HR Revolution Way,* 2019 DBA Thesis. *The Impact of Emotional and Intellectual Employee Engagement on Organizational Performance*, 2022

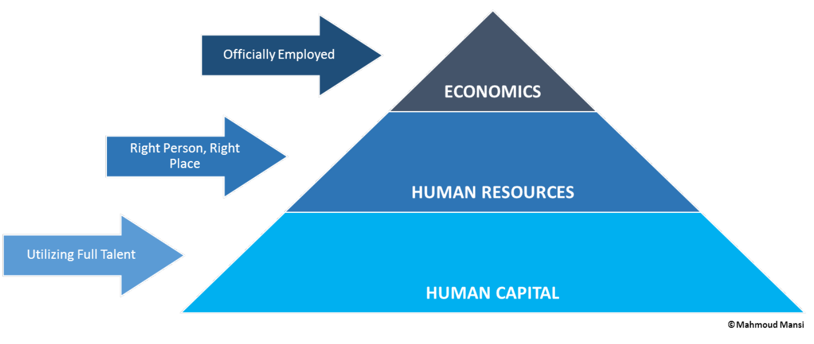
AGILE CAREER PATH

In an entrepreneurial era, one of the biggest challenges corporates are facing is managing a team of multitalented employees who are interested in pursuing different careers at the same time and seeking to participate beyond their job descriptions to provide in different ways. Referring to *HR Revolution's Talent Maximization Model*, many people are placed in the "right place"; however, they are not utilizing their full potential, and here comes a hidden economic gap between what the employee is capable of providing and what actually happens. Mainly, innovative and talented employees face this gap with some corporate structures because they are obligated with a certain job description in a certain job family, and if they work beyond it, they will not get compensated. However, entrepreneurial organizations can surely perceive the multitalented workforce as an advantage, where their gifted employees become the catalysts of the start-up. Entrepreneurial organizations have the agility to give different roles or "job responsibilities" to the same individual based on their talents and passion, and this is called "job crafting", where employees can have primary and secondary roles based on their interests and talents, act as internal consultants, have inputs in different parts of the business, and get compensated accordingly.

360° RECRUITMENT

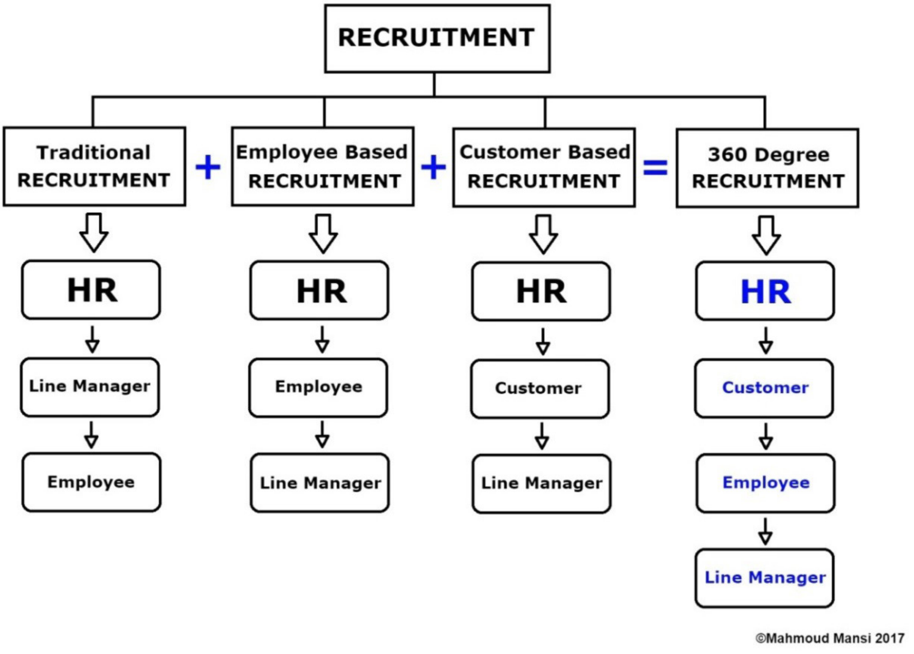
Whom to hire first, the employee or the manager? In traditional organizational structures, the business owner hires the managers and the managers hire their team, with support from HR. In start-ups and entrepreneurial organizations, a slight innovation can be done in the recruitment process, where team members of each department could be hired first, and their heads would be hired next, including their team in the assessments process, where the potential manager will present the strategy business and his or her management style. Business founders and other stakeholders would evaluate the strategy while team members would evaluate the manager's leadership and workstyle. On one hand, this process will empower employees and team members by allowing them to "choose their leader", minimizing a lot of future risks that usually occur between a team and their manager. On the other hand, this process

HR Revolution's Talent Maximization Model:

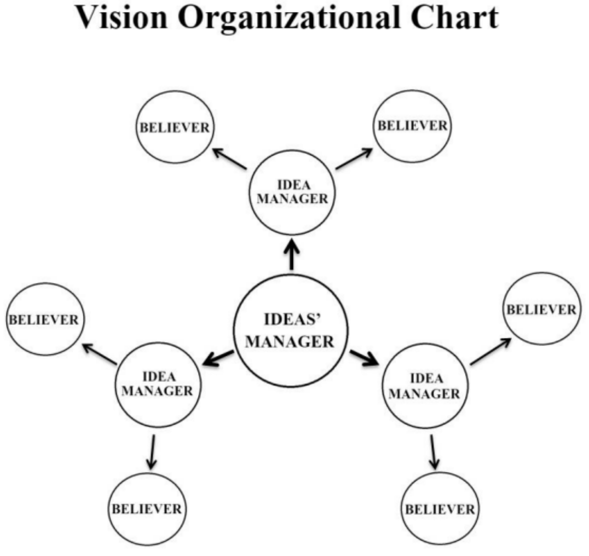


Mansi, M., *Sustaining a 360° Agile Workplace: The HR Revolution Way*, 2019
Remaking HR in the New Workplace, SHRM TECH EMEA Summit, Dubai, 2020

HR Revolution's 360° Reverse Recruitment Model:



Mansi, M., *Sustaining a 360° Agile Workplace: The HR Revolution Way,* 2019



Mansi, M., *Sustaining a 360° Agile Workplace: The HR Revolution Way,* 2019 emphasizes trust, because the assigned/elected manager will have responsibility toward his or her "people".

PRODUCT INNOVATION AND PROFIT SHARING

Roy T. Bennett said that "Great leaders create more leaders, not followers." The same concept can be applied where great "entrepreneurs" create more "entrepreneurs". Team members working in different departments are definitely exposed to details and work circumstances that are different from the other. Each team member can see a different angle of the market; therefore, it is wise to encourage all team members to suggest or develop new products, services, and market strategies, preparing them to lead their own ideas and have a fair part of the profit share.

SHARED DEVELOPMENT

Assess the points of strength of each team member, manager, and cofounder in terms of skills, experience, abilities, professional talents, and personal talents, and then connect them together as mentors and mentees, where each individual becomes both a mentor and a mentee, in order to foster continuous development, humbleness, and passion to teach and learn.

HUMAN EXPERIENCE

Make sure to give your team one of the best experiences in their lives. Human beings tend to appreciate having a voice, they appreciate being respected and heard, and they appreciate having a fingerprint; therefore, make sure to give them a rich professional, ethical, humane, and lively experience. Empower them to rediscover themselves, motivate them to stimulate a healthy life, encourage them to have a successful life beyond office boundaries, and guide them to give back to the community. Hence, they will become the best brand ambassadors.

AGILE HUMAN RESOURCES; DEFINED BY GENERATION Z

It is important for entrepreneurs to understand the workforce psychology and needs, and what future generations expect from HR, in order to articulate the working environment that best motivates them. In 2017, HR Revolution Middle East prepared a focus group to school students who are active in volunteering and community work with an age range of 15 years old, and asked them to define HR from their own perspective. By 2023, the same students are expected to be around 21 years old, searching for a job in an organization or a start-up with high expectations from their employer.

The results of the focus group stated that HR is like the "godfather/godmother" of the team or organization, helping each team member become better in what they do. It was also referred to as the "heart" of the organization, as it regulates the blood flow and the exchange between oxygen and carbon dioxide; it regulates the organization by helping the team perform their work perfectly. Another definition referred to HR as the "brain" and the organization structure as a "robot", where HR designs the robot through strategic planning, and it stimulates its sensors by dividing and organizing tasks among the teams and members, and that is how the work done by HR impacts the success of the team. HR is also considered to be the "dynamo" of the team/organization, where it has the capability to help the other departments succeed by acquiring knowledge about the rest of the fields in order to properly plan, organize and monitor work, developing the roadmap, and through inspiring ideas and polishing existing ones to raise the benchmark level.

In the focus group, HR was metaphorically referred to as the godfather/godmother, the heart, the brain, and the dynamo. Each definition highlighted a different quality in today's HR leader. HR is expected to act as a mentor, organizer, planner, facilitator, motivator, learner, and innovator. Simply, these are the qualities of the HR entrepreneur, and as one of the candidates in the focus group said, "The HR Team should be carefully selected because when things get tough, everyone would be able to lean on them."

THERE FOUR PILLARS OF AGILE HUMAN RESOURCES

According to HR revolution's agile HR definition, there are four pillars to be focused on: (1) understanding humans, (2) human talent, (3) development, and (4) creativity.

Understanding Humans

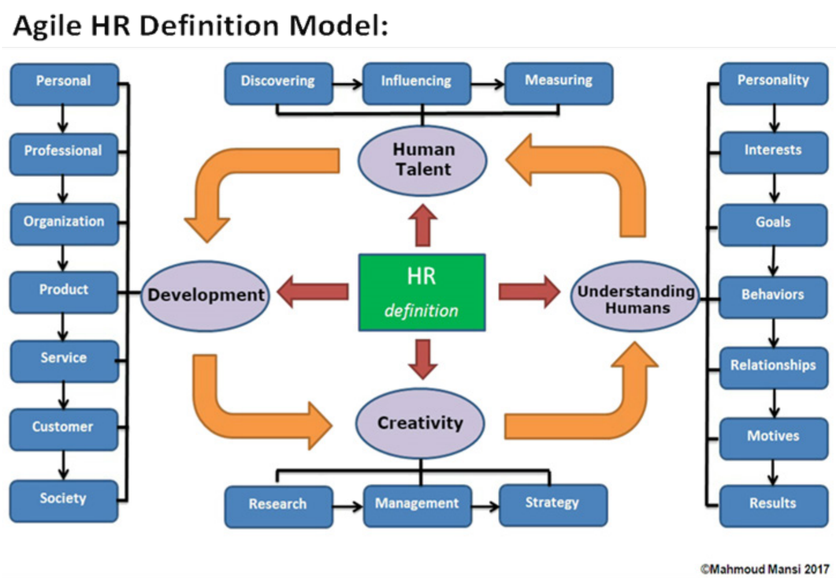
Human beings are complex in nature, and human beings change. Therefore, the process of understanding humans will be continuous and will have many external factors influencing it. We start the seven-stage sequence by understanding the personality, and since HR is a science, thus, we would want the destination to be the result.

Human Talent

The role of HR is not only about discovering existing talents in our employees, but it should be extended to influence new ones. Since HR is a science, these talents should be transmitted into measurable means.

Development

If you ask an HR professional, most probably he/she will say that HR is all about employees, which is true. It is about people. That is why we start by personal



Mansi, M., *Sustaining a 360° Agile Workplace: The HR Revolution Way*, 2019 development. As HR people, we should root our efforts into the product itself as described in Figure 2; this is when the impact of HR is clear and efficient. Taking this to a higher step aims at building a relationship between the HR and the customer, and this relation would include customer development. So in this case, the HR will be concerned with the employee on a personal and professional level, with the product and the customer. Eventually, HR will have a bigger impact on the society and its development.

Creativity

The research function will empower the process and will, therefore, lead to creating better management methods, which will eventually affect the strategy.

THE RELATIONSHIP BETWEEN HR AND THE ORGANIZATION'S PRODUCT

Although the HR Department is responsible for recruiting, training, developing, and measuring the performance of the employees who are manufacturing, developing, delivering, advertising, and selling the product/service, in many cases, the HR practitioner is not as aware of the key features of the product/service as the other departments. Here lies a gap where potential quality errors occur.

The more the HR is aware and engaged with the "product", the more effective its functions will be. This means that HR people should engage with other departments like marketing, production, and quality assurance, in order to assure sustainability and become aware of the competencies needed to manufacture or deliver a product with the desired quality.

The more the HR Department is involved in developing the organization's "future product" and talent development, the more strategic it becomes. This is accomplished through dealing with product innovation departments, like the research and development department and the marketing research team.

Therefore, entrepreneurial organizations do not need a traditional HR practitioner, but they seek an HR entrepreneur in order to lead their current and future products, an HR team that works beyond the basic HR functions and areas of expertise.

COMPETENCIES OF AN ENTREPRENEUR

An entrepreneur is not like any other job, yet still remains a job, and every job family has a unique set of competencies that act as a benchmark and a guideline for career development.

Entrepreneur Competency Framework

Competency Title	What?	Why?
Innovation	Doing something differently and/or doing something different. Innovation can be included in the inputs, work process, and the outputs as well. Innovation is about creating ideas and/or	Innovation is key for an entrepreneur as a project first starts with an idea. In order for the idea to become sustainable, it needs more supporting ideas, ideas for engaging and developing the

	reengineering existing ideas that are part internal (related to the management style, problem-solving techniques, work environment, etc.) and part external (related to product development, marketing campaigns, and customer engagement).	team, ideas for innovating the product/service, ideas for penetrating the market and reaching out to the target segment, ideas to cooperate with other entities, ideas for bringing in funds, and more ideas to not only survive in the market but also thrive.
Risk Management	Having the tools and experience to forecast risks, categorize them, measure their magnitude, and set plans accordingly, in addition to finding alternatives and creating opportunities.	Entrepreneurs swim in a sea of risks, and they should be competent navigators who can take risks to their advantage and have the tools to convert it from a "threat" to an "opportunity".
Project Management	Innovation is key; yet, what good do ideas bring without seeing the light? Without proper project management, ideas will remain ideas; therefore, innovation and project management and two sides of the same coin.	Entrepreneurship is a series of evolution and growth. Without project management tools and skills, this growth will be subject to errors and might lead to poor quality and therefore stakeholder and customer dissatisfaction. Without project management, innovation, evolution, and growth will be a threat.
People Management	Having the wisdom, emotional intelligence, and tools to manage diversity and lead different individuals and teams in different circumstances and across stages of their careers toward organization and personal success. People management also includes employee engagement and delegation.	Successful entrepreneurial organizations are not a "one person show"; therefore, leading and managing team members is essential in order to create an "entrepreneurial" culture and not being mistaken by creating a new start-up with a dictatorship approach.
Industry Expertise	Having sufficient knowledge, market research, experience, and data about the relevant industry.	Accelerating chances and opportunities of success.

Stakeholder Mapping and Engagement	Identifying appropriate stakeholders, assessing their authority and interest levels, understanding their needs, defining their roles, and engaging them.	Understanding who are the internal and external key persons for the success of the project is essential in order to build efficient partnerships and collaborations and maximize the benefit.
Corporate Social Responsibility	Having an activity, department, or a complete work style that supports the environment and the community that directly or indirectly supports the sustainable development goals (SDGs). An entrepreneur is able to identify what are the most relevant corporate social responsibility (CSR) projects to the surrounding environment, how to manage them, and how to have a tangible impact on the community.	Customers, stakeholders, and governments are concerned with SDGs and CSR, an entrepreneur would gain more advantage by aligning with these goals. Entrepreneurship is about making a positive difference in the ecosystem.
Social Mediaf	Understanding the philosophy behind every platform and the users of each.	To be able to communicate your brand in innovative and effective ways according to the appropriate audience.
Public Speaking	The ability to prepare and communicate vision, mission, market research data, plans, results, and project pitches on stage in front of a concerned audience for a specific purpose.	Proper communication bridges between many different variables, for example, it is a bridge that connects the feasibility study with the investor, the on-paper strategy to align with the team who will deliver it, etc.
Technology	Understanding technology updates that are relevant to the management and production of the business.	In order to become competent in the market through using technologies in smarter team management, smarter products and smarter customer engagement.

Brand Management	The ability to manage and connect consumer expectations with product innovation through creative and authentic marketing campaigns, pricing, product development, corporate social responsibility, media, customer engagement, loyal employees, and brand ambassadors.	Without continuous brand management, the business might not be sustainable and keep its position in the market.
Future Foresight	The ability to use futuring tools in order to predict various future scenarios, plan for the future market, the future consumer, the future product, and therefore the future workforce.	To lead in tomorrow's world.
Financial Management	Understanding how financial decisions and investments are made, and how finance supports the business.	Having financial acumen enables the entrepreneur to make financial decisions based on budgeting and return on investments, and make long-term versus short-term investments.
Fundraising	Being aware of the different types of investment and funding opportunities, and how to approach each investor.	To have continuous funding opportunities for the business's growth.
Agility	The ability to use the agile management approach through becoming customer-centric, able to continuously cope with market changes and demands, and to develop the product and service according to feedback received.	Build stronger connections with the customer and the employees, with higher changes toward utilizing opportunities.
Coaching and Mentoring	The ability to conduct coaching and mentoring sessions with team members in terms of asking the right	A shortcut to their career goals and business key performance indicators (KPIs), utilization of their talents, minimization of risk

	questions, setting individual goals, finding solutions to their challenges, and following up with their achievements and challenges, and motivating them along the journey.	and errors, better decision-making, and the sustainability of a healthy work–life integration.
Quality Management	The ability to use futuring tools in order to predict various future scenarios, plan for the future market, the future consumer, the future product, and therefore the future workforce.	To lead in tomorrow's world.
Financial Management	Maintain and advance quality across all work processes.	Keeps business's services and products competitive and trusted in the market.
Strategic Management	The ability to conceptualize the vision statement, articulate the mission statement, define the objectives, goals, and KPIs, using different strategy tools for short-term and long-term planning.	Set a direction for the business, and lead the team toward it, and always reassure if the business is in the right direction or needs some change.
Facilitation	The ability to lead conversations, conflicts, innovation, and different points of view toward outstanding and organized outcomes through meetings, workshops, hackathons, and focus groups.	Facilitation is a vital tool for generating, organizing and prioritizing ideas, plans, decisions, and work.
Ethics and Etiquette	Accomplishing individuals and teamwork work through certain values, behaviours and protocols that show high respect toward the company, colleagues, customer, and and toward one's own self, without the violation of country's law, organizational policy, or human rights.	Enhances internal trust between employees, and external trust with the outside world, with a positive and safe work culture that fosters innovation, productivity and collaboration.

Human Resources Management	The ability to align the needs of the business in terms of strategy direction with the team's ambition and capabilities through effective recruitment, training, performance management, and incentives.	To utilize the full potential of the team and align people's growth with the business growth.

SEVEN TAKEAWAYS OF WISDOM FOR LEADING AN ENTREPRENEURIAL WORKPLACE

1. "An entrepreneur is stubborn in vision, and flexible in mission."
2. "Entrepreneurship is not about making money; it's about making a change."
3. "Before starting a new project, I analyse its needs and then understand my own weaknesses, accordingly I select my partners."
4. "An entrepreneur is not a leader at all times, but is also a great follower of other great ideas and people."
5. "If an organization has a minority of employees who are not entrepreneurial, passionate and ambitious, then the person on top is not an actual entrepreneur."
6. "Entrepreneurship is not a one-person show."
7. "If customers lose trust in the organization then it is a crisis, while if employees lose trust in it, then the organization has lost its identity."

Above quotes are from the book "The Entrepreneur: 70 Lessons of Wisdom on Entrepreneurship" by Mahmoud Mansi.

ASKING YOURSELF THE RIGHT QUESTIONS FOR ACTION PLANNING

1. What are the main services/products you are offering in your business?
2. List the main competitive features of each service/product your business offers.
3. What are the skills and talents needed in your business that can provide the same quality features you have mentioned?
4. What kind of values, ethics, and behaviour do you want to see in your employees?
5. What are you providing to your employees in order to implement or sustain all of the above?
6. Is it enough? What else can you do for your employees in order to receive the work performance and work ethics the business demands?

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THE ROLE OF THE BOARD OF ADVISORS

Shorooq Partners

Shane Shin, *Founding Partner*

INTRODUCTION

A board of directors is an elected group of individuals to represent the interests of a company's shareholders, governed by legal responsibilities. A company that plans to go public is legally required to establish a formal board of directors who are liable for the overall strategy, risk management, and oversight of the organization. Also referred to as an advisory board, the board of advisors, on the other hand, is an informal team of experts or advisors appointed by the management team or board of directors to guide, counsel, and advise the company's chief executive officer (CEO) and management. While businesses of all sizes and start-ups can benefit from developing their own team of external advisors, a board of advisors is particularly useful in small companies and start-ups, as an advisory board provides valuable assistance to a company without being financially liable to the company or its shareholders.

Larger companies often have both a board of directors and a board of advisors that provide business advisory services. Both types of boards are useful but serve different purposes in a company. The main difference is that an advisory board has no fiduciary responsibilities or liabilities and that not every board needs an advisory board.

Given the formality, liability, and expense of a formal board of directors, a board of advisors holds several advantages over a traditional board of directors, especially in start-up and small organizations with little resources to work with. There are no specific parameters for which types of organizations or structures to create an advisory board. A board of advisors is not only easier to create and expand, but also less costly and beholden to the management team instead of the shareholders.

DIFFERENCES BETWEEN A BOARD OF DIRECTORS AND A BOARD OF ADVISORS

Under the Abu Dhabi Global Market (ADGM) Companies Regulations, a private company must have at least one director, while a public company must have at least two directors. A board of advisors is not a necessity, both functionally and legally.

A board of directors is primarily concerned with strategic planning and proper oversight of the management's execution of that strategy, , ensuring that the business is managed prudently and soundly within a framework of risk parameters, whereas the main goal of an advisory board is to provide valuable assistance, advice, and expertise to the board and the management team. The board can take or discard the advisory board's advice as they see fit.

1. Fiduciary Responsibilities

The major difference between a board of directors and a board of advisors lies in fiduciary responsibilities. The level of fiduciary obligation is significantly higher in the board of directors than the advisory board.

Board directors are "fiduciaries" and have a legal duty to govern and manage the organization on behalf of the shareholders and members of the company. The legislations and regulations set in place to describe the liabilities of a board of directors can vary from country to country or state to state. But the fact that they are bound by fiduciary duties, both personally and on behalf of the business, to the company's shareholders is universal (i.e., they are required by law to act responsibly in the best interests of shareholders). The official fiduciary responsibility of board directors is to maximize value for all shareholders.

As board directors have a legal obligation to act in the interests of the company, the board of directors is financially liable when a company takes its advice. The board can get sued by shareholders for failing to satisfy their fiduciary duties, potentially resulting in expensive litigations, considerable reputation damages, and other risks against the business. To comply with fiduciary obligations, directors must satisfy what is called the duty of care and the duty of loyalty.

Duty of care

The duty of care requires that directors must be informed about the status of the company's business and make decisions in good faith armed with the relevant facts. It describes the level of competence, responsibility, and business judgment expected of a board member.

Duty of loyalty

The basic definition of duty of loyalty states that the director must act in the best interests of the company and stockholders and not in his/her own self-interests. It seeks to prevent directors from reaping personal benefits unavailable to other shareholders and imposes the responsibility on directors to avoid possible conflicts of interest, thereby deterring them from taking advantage of self-dealing or other corporate opportunities for personal or unlawful gains. In cases where the director has a conflict of interest, the director has a duty to disclose the conflict to other board members, and the conflicted director should recuse him/herself from the discussion and approval process.

Conversely, the board of advisors is not financially or legally responsible when a company takes its advice. Since advisory board members do not have any liability or duty to the company, their foremost priority is directing, mentoring, and advising the CEO and management executives with hands-on tactical advice. As the name suggests, the advisory board provides advice and guidance to the company rather than making decisions for it. While advisors from different disciplines and fields of expertise can provide a full range of independent advice on management decisions regarding how to grow a business, maximizing shareholder value may not be a major consideration.

2. Voting Rights

The board of directors as a governing body has voting rights and the power to make important changes in the organization. Directors even have the power to hire or remove the company's CEO and make alterations in the executive management team. In short, the board of directors votes on decisions that impact the overall direction, supervision, and control of the company and its management. The responsibility for decision-making is shared among the directors who sit on the board.

Conversely, advisory board members do not have any official voting rights on the board. They are selected for the expertise they can bring to an organization and are strictly consultative in nature.

As directors are often faced with making crucial decisions that are, by nature, affected by underlying economic, geopolitical, market, financial, and technological trends, it is critical for board members to understand not only company-specific challenges, but also macro trends and issues related to business operations. Advisors, on the other hand, are usually selected and appointed by the management based on the targeted, specific expertise to help fill in the gaps of knowledge in a specific area. Advisors can provide insights and ideas by bringing in a fresh point of view, but their meetings are not a decision-making forum. The board of directors has a much higher level of involvement, engagement, and power compared with an advisory board.

3. Expenses and Compensation

Since a board of directors has a fiduciary duty to the company and can be held personally liable for mistakes, board members often receive generous compensation. Therefore, it is costly and expensive to secure or expand a board of directors, especially for start-ups and small companies with limited resources. Moreover, directors are generally elected by the shareholders and governed by the organization's bylaws, which means that the management's ability to create and expand its board of directors is restricted by corporate policy and law. Directors are also elected for established terms (usually a 1-year period) and may be difficult to remove.

Compensation for board directors varies by company and by the seat of the board member. Typical compensation arrangements for directors include a combination of cash and equity retainers plus board and committee attendance fees. Attendance fees for board meetings depend on the size of the company. The larger the organization, the higher their attendance fees.

The formality and expense of a board of directors encourage many start-ups and smaller firms to set up an advisory board, which is comparatively easy to create and expand or decrease in order to meet the changing needs of the organization. Advisory board members can be recruited to serve only as long as they are needed and can be easily replaced.

As a board of advisors cannot be held accountable for mistakes made in connection with their duties, there is often less compensation required to retain or hire an advisor. In most cases, members of an advisory board are expected to serve without direct compensation and are usually rewarded through an equity interest in the company or through a small yearly stipend.

DIFFERENCES IN DUTIES FOR BOARD DIRECTORS

Board directors are expected to represent diverse, independent perspectives. Their main role is to strategize for organizational success and a sustainable future, upon recommendation by the CEO, and perform the duties of strategic planning, risk management, and oversight. The board is also responsible for supervising the compliance with applicable regulations, laws, and rules, in addition to establishing a clear governance framework and a business model to translate strategy into shareholder value. It approves a budget, all financial statements, and keeps the company financed through equity investments and debt financing, among others.

Another critical role of the board of directors is to ensure that the company has the right leadership to execute strategic objectives. Hiring and firing of the CEO and senior executives are therefore approved by the board, along with other decisions including mergers and acquisitions, dividends and major investments, compensation, salary, etc. The board of directors serves as the backbone of any business—it has the ultimate responsibility for the success of the company and for delivering sustainable shareholder value within a framework of prudent, effective controls.

Although members of an advisory board are expected to act with due care, they are not charged with the same fiduciary duties and responsibilities as board directors. Advisors are not authorized to make binding decisions on behalf of the organization. The control of the company is therefore retained within the board of directors and the management team.

An advisory board would typically comprise of key business representatives and selected independent professionals or advisors appointed based on the technical expertise to help solve a range of challenges and issues the business may be facing. It often includes lawyers, financial advisors, accountants, human resources professionals, marketing experts, or industry experts. They could provide advice on how to grow the business, manage a significant transition, overcome a major crisis, expand into new markets, or tackle a specific business problem, such as a litigation.

As the primary organizational leaders, board directors must always put the interests of the organization first. Boards have all the power and authority for decision-making, just as they have all the responsibility for the organization. Board directors can be sued collectively or individually for not giving due diligence to their responsibilities or for neglecting their responsibilities.

BOARD STRUCTURE

1. Board Elections

An organization's bylaws should contain specific information on how the board of directors are nominated and elected, the number of seats on the board, the length of the term served for each board member, and voting system and procedure dictating how many voting members of the organization must vote in order for the board of directors nominations to be valid (i.e., quorum). Board candidates can be nominated by the board's nomination committee or by shareholders seeking to change a board's membership and policies.

In general, the appointment (and removal) of directors is elected by shareholders in annual general meetings either by majority voting, which requires a simple majority of all outstanding votes, or plurality voting, where a director may be elected by virtue of receiving the most votes. The outcomes of these two methods can be vastly different: in a majority vote, even an uncontested director must affirmatively be voted in by a majority of shareholders; in a plurality vote, only one vote is needed to elect an uncontested director. In recent years, there has been a widespread push by shareholders for boards to adopt the majority voting standard, and the directors, which are available to vote on, are largely selected by either the board as a whole or a nominating committee.

Board directors are traditionally elected for 1-year terms. Some board directors are given staggered terms in order to prevent an entire board's positions from being available for election at once. This ensures that there are always experienced, knowledgeable directors on the board, along with new directors who can bring fresh ideas to the table. New and current board members work together to lead the organization. Increasingly, however, staggered boards (also known as "classified boards") have fallen out of favor with investors. Today, the vast majority of companies hold election of the full board at each annual meeting.

In contrast, there are no mandatory formalities to establish an advisory board. It is an informal committee where the members are hand-selected or appointed by the board or an executive team. As advisory board members can be recruited to serve as they are needed, the boards should review the advisory board's purpose and evaluate its effectiveness on a regular basis to structure it in the optimal way. Organizations go through various stages and phases of development with different needs at a time. Creating an advisory board is just one method that boards can utilize toward fulfilling their duties responsibly, and it should not be handled as a "one-board-fits-all" approach. The goal of an advisory board is to provide valuable assistance, advice, and expertise to the board of directors and help them make strategic decisions, although advisors do not hold much influence over directors. Thus, it is important that the board and management executives discuss and reach a consensus on clear objectives and accomplishment targets for establishing an advisory board.

When selecting members to serve on an advisory board, the board of directors should check and have faith in the individual's expertise and professional discipline, their level of industry knowledge, and awareness of the company's needs and background. It is also important that advisors have a keen interest in the organization and are motivated to help it succeed. They should be individual thinkers who are diligent enough to do research before advisory board meetings and be able to deliver objective information and advice.

2. Board Size

There is no regulatory or legal mandate with regard to the board size. Rather, the organization's own bylaws can set the number of board members, how the board is elected, and how often the board meets. It also depends on the industry in which the organization operates and the shareholders. Each company must take into consideration independence requirements and desired compositional mix when determining optimal board size. Therefore, boards must continually evaluate their composition to ensure that they have a good balance of perspectives based upon skills, experience, diversity, age, and tenure, as well as to respond to the changing industry and business environment. Robust and regular evaluation of board effectiveness is the key to ensuring that boards have the proper mix of skills and objectivity to oversee strategy, monitor risk, and fulfill their fiduciary responsibilities.

While the number and composition of members on a board of directors will vary by company, a board of directors has both internal and external directors. It will typically consist of a combination of the CEO and other senior managers or key decision-makers within the business, alongside external, independent directors who can provide objective and impartial perspectives. External board members not otherwise affiliated with the company are only involved in the company through their board membership and contribute to major goal settings and decisions shaping the company future, rather than take part in daily operations and management of the business. External directors face fewer conflicts of interest than company insiders in discharging their fiduciary obligations. The board typically ranges from three members or more for smaller companies to seven or more for larger companies.

In contrast to the often rigidly defined terms for board of directors, advisory board appointments are typically flexible to allow for the composition of the advisory board members to shift and change over time to meet the changing needs of the organization. Note that companies, small or big, are not required to create an advisory board. Advisory boards are most effective when they are small, comprised of a few members from diverse professional disciplines in which a company needs guidance and advice. Smaller companies often have three to five advisors on board, compared with larger companies that may have six or more members.

3. Board Meetings

A board meeting is a formal gathering of the board of directors, scheduled on a regular basis—for example, monthly, bimonthly, or quarterly. How often a board meets depends on the stages of the company, needs of management, and other factors including the number of reporting periods in a year. Typically, most companies require formal, in-person board meetings between four and six times a year, excluding committee meetings and online or telephone meetings.

Board members have the responsibility to attend and participate in board meetings on a regular basis. Consistent attendance helps keep members active and engaged, and it ensures that each meeting has a quorum, which is the minimum number of attendees needed to conduct official business.

At the board meeting, important issues on the agenda are discussed, progress is shared, and decisions are made. Board actions are passed when they receive a majority vote, either in person or by written consent. Board members are expected to act independently of the management's views, without being compromised by any conflict of interest.

A typical board agenda would include items regarding the annual general meeting, management, finance, board of directors (and/or advisors), and other key items deemed necessary by the top management.

Advisory boards generally meet on a semiregular basis several times per year to support or complement existing corporate structure. By providing access to specialist expertise the management would not normally have access to, an advisory board can apply a combination of critical thinking, analysis, and strategic insights to ensure that the board directors and senior executives are adequately informed when making key business decisions.

CONSEQUENCE OF BREACH OF DUTIES

Breach of duties and obligations by directors may result in the removal of board members. In cases of fiduciary duty violations, the company can take further actions against a director including filing an injunction and instituting a claim for damages in the form of fines. A director could also face imprisonment or criminal liability for committing criminal offence such as fraud, embezzlement, or breach of confidentiality under the federal securities laws.

RESILIENCE AND ADAPTATION

STOP THE TOIL, ADAPT

CarSwitch

Imad Hammad

https://added.gov.ae/EJ

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STOP THE TOIL, ADAPT

CarSwitch

Imad Hammad, *Founder*

Before launching CarSwitch, I thought a start-up ventured through sequential stages of development: (a) find product–market fit; (b) scale to the masses; and (c) capture sustainable economics. In early stages, things are quite fluid—quickly morphing features, people, and processes in search of fit. Then, as it stabilizes and scales, the different bits gradually harden into a company.

The reality is a bit more cyclical. Products are rarely a reflection of a static picture; we are ambitious, and what we set out to achieve grows, aspirations broaden, customers surface new use cases, and investors and partners open new opportunities. The stages of development start to spin—hopefully as a flywheel—where network effects and positive economics from one part fuel the next enhancement in search of its own fit, achieving further scale and economic viability. Organizationally, that is quite challenging because bits of the company are hardening with growth, while others must remain nimble to take risks and find fit.

The hustle of it all adds a layer of aggressiveness. No one is waiting for things to naturally find their feet; you are launching new features, hunting new customers, and entering new geographies. Often in parallel—each at different points of the flywheel—you need the processes, governance, and compliance that enable economic viability to not hamper ingenuity in launching the next thing.

Yes, adaptability is critical for start-ups, and frankly companies at large, but even more so, adaptability is essential for leaders—on a personal level. Your individual aspirations, developmental growth, and day-to-day tasks are tumbling in the flywheel: one day, you are setting up the next big leap with the board, the next, you are releasing a reimbursement for that one person's administrative expense.

Personally, I know for a fact I have not figured it out yet. I founded CarSwitch—a used car marketplace displacing traditional brick and mortar dealerships by digitizing peer-to-peer car transactions. Within a few years, we became one of the largest regional used car dealerships, with 150 people onboarding over 10,000 cars a year and over $100 million in annual sales. The journey has not nearly ended as we just launched our Kingdom of Saudi Arabia operations a few months ago and closed a Series B. I already know of tens of mistakes I have made, so there must be hundreds I have yet to discover.

Right or wrong, I am winding the clock back and giving myself some advice—things I learned, early or late, along the journey that I would have benefitted from hearing upfront on launch.

FIND THE FIT

Define what product–market fit looks like, so you know when you have it! Try to be concrete while keeping it simple. CarSwitch is a high-value transaction business, so early on, I set a simple target—if we can consistently sell two cars a day with a positive customer review, the product fits—rinse, repeat.

Take small steps in getting there, but do it quickly and iterate. We went from concept to launch in 60 days, but what we launched was the absolute bare minimum to get something going. For CarSwitch, that meant launch a website with a listings screen to show buyers what cars we had available. As it is an asset light marketplace, the cars are still owned and kept by individual sellers, and so we laser focused on onboarding sellers quickly by any means necessary. We parked the app, user portals, and self-serve functionality and hacked the journey from A to Z with our own manual labor.

Get involved deeply. With little money, and manual labor fueling the launch, that was not too difficult to force. I handheld the first 40 cars on the site, from inspection through transfer of ownership, speaking to customers, setting up appointments, negotiating sales, and collecting feedback. It gave me an intimate understanding of the pain points at every step and where the biggest bang value creation levers were at.

The next year from there became quite straightforward. Replace the manual steps with technology, starting with the bigger bangs. It was no longer difficult to avoid less useful product features that eat up cycles with little return, as we knew exactly what we needed to move the needle. Admittedly, the how remained unclear at times, but with an offline process hacking the journey in the interim, it was quite feasible to pilot before committing.

Take advantage of shortcuts, but do not delay investing in health for too long—the latter an area I admittedly need to work harder on. There are numerous ways to short-circuit challenges, particularly when it comes to technology. An offline process, or an off-the-shelf solution, can be a great way to get going quickly. Early on, I parked building out our own back-end system to manage the customer journey and opted for an off-the-shelf customer relationship management solution. It was a faster route, and an enterprise software solution is frankly far more powerful than anything we were going to build at the time. I could argue that it is the better path even at scale, exhibit A —Salesforce and thousands of businesses using it. A few years in though, the way we leveraged our out-of-the-box solution just does not conform to how our specific user journey has evolved.
We have invested since in fine-tuning the implementation to our own needs, and the productivity improvements have paid back that investment a few times over.

SCALE TO MASSES

Paint a picture of success before you start working toward it—not the vision of creating an automotive e-commerce experience that brings online feature and price comparisons, financing to insurance, and transferring ownership with a click, rather the near-term aspiration of what you will deliver within approximately 2 years, in high-level economic metrics (cars onboard, cars sold, revenue earned, cost to deliver, and ultimate profitability). Work backward and define the next year in a bit more detail, but zero in on the next 6 months fleshed out as full profit and loss (P&L) statement accounting for the revenue targeted by product line, the number of staff by role needed, and advertising and other support spend by channel necessary.

Keep a buffer for a bet—a pool of funds set aside to offset miscalculated optimism or to enable a wild swing. Opportunities you had not considered will present themselves, and it really stings to let one go because you simply do not have the room right then. One of my regrets was not building out our technology team further in our earlier days. The offline processes in place seemed to be getting the job done, and I felt that some enhancements could wait. That extended our runway but delayed our progress, and, in retrospect, I would have wanted to invest more in the health of the product.

Throw caution to the wind, and gun it—within the envelope of cost planned. Hire fast and up-front. Know that if you thought you could sell 30 cars per agent, you will need at least 2! I had the opposite advice of hiring slow, and there is merit to it, but now only reserve it to critical roles. Intuitively, if you have product–market fit, a scale at which it is economically viable, and the path to getting there, then the only way forward is fast. The quicker you find the mistakes, the more runway you have to correct course.

Get leverage as a priority. You are otherwise likely to be an impediment to scale. Being deeply involved was very useful to our launch, but it became the norm on a few fronts, and I did not think that was a problem. But it was. CarSwitch had a part-time accountant for the first 2 years, and I covered the gaps in between myself. We were doing $15 million a year in sales then, but the specific tasks I had to cover did not eat much of my time, so I thought it was alright. When we did get a full-time accountant, and later a finance team, I realized that the team did a way better job than I ever did, and the little tasks I covered took a lot more of time than I imagined! It was not the minutes I spent clearing a transaction, it was the mental distraction—the switching cost—from the things that mattered.

Measure your time, not necessarily in minutes, but rather, in distraction frequency. That acted as my map for where to get leverage and, as we could afford it, bookkeeping, payroll, recruiting, onboarding, quality control, public relations, and much more gradually shifted from my mediocre efforts to their subject experts.

MAKE IT SUSTAINABLE

Create a pocket that is economically sustainable early on—even if it is a single product, city, or segment, where you can double down and get it to volumes that show profitability. The metrics from it become a powerful blueprint informing assumptions used in broader plans that brings conviction to the overall aspiration. As difficult as the Coronavirus Disease 2019 (COVID-19) pandemic was, it did induce bold moves. At CarSwitch, we slashed our digital performance marketing budgets across the board by 90%, a move we would have never contemplated pre–COVID-19. Over a few months, we recovered our volumes and then doubled them, with only 25% of the previous spend levels, bringing our United Arab Emirates operation to profitability. Had we attempted that for a single city earlier, we would have found a healthier avenue to growth much earlier and accelerated our path to today.

Keep the dream alive. The daily grind can be taxing, and at some point, the tactics consume your mental bandwidth. So find a sparing partner, open to walking a futuristic journey, to keep the juices flowing around what could be and be mindful of opportunities that can put the business on that path. Our Head of Product is a journey genius, and we are fortunate that he can compartmentalize the now from the future, to manage the big picture without derailing delivery. We are always whiteboarding the "end state", and that has been a big help in steering today's priorities to build toward future facilities. I imagine that if I manage to build that into our board of directors or investor discussions, we will keep the energy going for years to come.

Always be fundraising—an advice I often heard but never really understood. I take it now to mean keep having conversations, with investors and other founders. Share the progress you are making and the challenges you are facing. I only started doing it a couple of years ago and have found that the conversations often lead to further introductions. Our Series B was led by a venture capital firm I caught up with 6 months before we had considered raising further capital. Other introductions led us to some of our new colleagues and others to great agencies we are now engaged with.

Grow with growth. This is a tough one because you do not know what you do not know. But the role of a founder grows with the business, and at some point, you will need to cover areas you are unfamiliar with—whether that is working with a board, engaging legal advisors, or tackling culture as the number of people geographies continues to expand. As with your business, you yourself need to remain nimble, open to change, and seek advice or run experiments to figure out how you get 2.0.

TURNING BACK THE CLOCK

It is rarely an option to reverse damage done, and many have written around the virtues of bucketing decisions around the difficulty to undo them. When I set out to start CarSwitch, there were many things I did not know about the legalities of business and venture capital—and I already had around 10 years of management consulting under my belt! Those are incredible areas to undo, and I am grateful to my mentors for paving a pathway of relative safety. So, to pay it forward:

Keep your capitalization table (share of ownership of the business) clean. The short of it, founder(s) own it all at the start, and with every fundraising round, you give a chunk away (15%–30%). The longer story is you might very well have angel, bridge, and convertible rounds in between not to mention employee stock option plans. Managing a growing list of shareholders, particularly when trying to close terms on a new round—which may not be rosy—will become a real challenge if you need 20 signatures. Asking angels to invest through a common entity, and using a "hypothetical" option plan, may feel unnecessary early on but is incredibly difficult to fix down the road.

Stick to market norms. Although valuation is the talk of the town, terms are as important—if not more so. Fortunately, nowadays, National Venture Capital Association, British Private Equity & Venture Capital Association, and STV publish standard term sheet, subscription, and shareholder agreements that make this much simpler. Having to accept something onerous, or even pulling off something favorable, can complicate future rounds as the next firm looking at building into the future may not have it.

Never say “no” and get comfortable with ambiguity, until signature. On the topic of adaptability, this one stretched my very core. Perhaps those from sales or business development backgrounds will find their feet more naturally. For others out there, whose academic or professional training was predicated on attaining and communicating clarity, this may be the mother of challenges. I have found that you do not negotiate a round, and get numerous parties onboard, in one seating. It is a negotiation for a reason, and everyone must dance until they feel they got the best deal they could. Closing a door with a no is not productive to your business. Instead, you need to grind through alternatives that deliver wins for all parties, first and foremost—the business, as that holds the ultimate win for everyone.

Unfortunately, there is not a silver bullet to the game—I have looked. But the best advice I have heard, I heard from other founders finding their feet as well. So take every opportunity to plug in to the community and take notes.

CORPORATE INNOVATION

STARTAD: THE CORPORATE SPRINT MODEL

startAD, New York University Abu Dhabi

Ramesh Jagannathan, Nihal Shaik

AN INSIDE VIEW TO CORPORATE INNOVATION

Aldar

Maan Al Awlaqi, Salma Kayali

https://added.gov.ae/EJ

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STARTAD: THE CORPORATE SPRINT MODEL

startAD

Ramesh Jagannathan, *Managing Director*
Nihal Shaik, *Assistant Director of Marketing and Communications*

"Abu Dhabi is at the center of a vast frontier market that its corporations and start-ups are ideally placed to serve. To best exploit this historic opportunity, they need each other."

—Ramesh Jagannathan, startAD Managing Director

The United Arab Emirates (UAE) is a fertile ground for start-ups to develop new ideas and take them to market. Growth was projected at 4.2% for 2022 (John, I.), new business licenses grew 25% (Government of Dubai) in the first half of 2022 compared with 2021, and money is pouring into later stage venture capital (VC), with VC funding reaching $2.6bn (MAGNiTT) in the Middle East and North Africa (MENA) last year; 138% more than the funding in 2020 and the highest the region has ever seen, with the UAE at the forefront of this investment.

This growth reflects long-term government priorities to develop a diversified, knowledge-based economy, central to which is nurturing small and medium-sized enterprises (SMEs) and fostering innovation. Even though 98% of all companies in Abu Dhabi are SMEs (Wiegert, R. and Rahim Sid Ahmed, M), contributing 29% of its gross domestic product (GDP) and 44% of its non-oil economy, the resolve to further diversify strengthened with the onset of the COVID-19 pandemic. A raft of groundbreaking measures was introduced to boost homegrown industry and ease business setup processes, on top of changes to the foreign ownership rules, company law, and liability provisions. In such an environment, the ease of doing business (The World Bank) in the UAE will continue to improve in the future.

These factors have created the right ecosystem for delivering innovation and growing a talent pool that can take advantage of historically unprecedented opportunities arising from the "Fourth Industrial Revolution" (https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/federal-governments-strategies-and-plans/the-uae-strategy-for-the-fourth-industrial-revolution) of technological progress. To give just one, example, according to PwC (2021), artificial intelligence (AI) alone will contribute up to 13.6% of the UAE's GDP by 2030, a forecast that probably explains why the Milken Institute (Mueller, J. and Piwowar, M.) predicted that MENA fintech start-ups will secure more than $2 billion in VC funding in 2022, compared to $80 million in 2017, a 25 times increase. At the beginning of 2023, we now know that MENA start-ups secured a total investment of $3.6 billion throughout 2022. (https://www.arabnews.com/node/2227266/business-economy)

The real prize for entrepreneurs reading this book, however, is the opportunity to use Abu Dhabi as a base to explore the vast and diverse market within easy reach of the UAE. The MENA region is home to the world's largest youth population—200 million youth, comprising more than half the Arab world's population. The Arab Youth Survey (http://www.arabyouthsurvey.com/pdf/downloadwhitepaper/AYS 2020-WP_ENG_0510_Single-Final.pdf) reveals a region of young, ambitious digital natives, who are ideal participants for the wave of technological change.

And this is only the beginning. The global consumer class is set to reach 5.2 billion (Kharas, H. and Hamel, K.) people by 2030, out of which, over 3 billion (iea) of them will be in India, China, and Africa—the "ICA Corridor". This emerging demographic will soon dwarf the United States' (US) total consumption and spending power. In the 1950s, over 90% of the global middle class (Kharas, H. and Dooley, M.) resided in Europe and North America. China is now already the largest middle class market globally, and is expected to grow by 6% to 1.2 billion people by 2030 (World Data Lab). India's 400 million middle class, meanwhile, is expected to double in 9 years.

Given that the MENA is part of this ICA Corridor, there is an opportunity to "ride the wave" of India and China's global tech dominance by becoming dominant in the global entrepreneurial economic landscape, and serving as a cultural and economic bridge to the growing needs of a rapidly growing and demographically young African market (EY Global).

As the founding managing director of startAD, the global start-up accelerator powered by Tamkeen and anchored at New York University Abu Dhabi, I have been fortunate to be a part of building this ecosystem from the grassroots up. From this vantage point, I see a white space available for the UAE to walk into. With a thoughtful strategy and relentless results-focused execution, UAE-based start-ups can create a dominant entrepreneurial ecosystem that leads the wider region's evolving 21st century needs.

This chapter will explore one of the best methods for capitalizing on this opportunity. It is my assertion that the fusion of regional corporate experience, along with fresh ideas and energy from entrepreneurs, can light a torch that will power the UAE's growth potential in these vast new markets. Here is how this might work in practice.

STRENGTH IN DIVERSITY

As a first step to designing this strategy, the first fact to note is that this vast ICA

Corridor is hugely diverse, with its own product needs, regulatory frameworks, and cultural mores. Any product or service must be tailored to those unique interests and needs, which is a fruitful ground for start-ups as the internet continues to democratize access to global commerce. The best products and services will be designed by entrepreneurs and SMEs that understand their markets.

And in this regard, they also have a huge advantage over the world's multinational corporations. Big businesses are naturally risk-averse, and they are not agile, leaving them staring at a future for which they are unprepared. The AI revolution, which was accelerated by the COVID-19 pandemic, allows anyone with a laptop to create digital platforms, products, and services that are customizable and regionally sensitive.

Thanks to these platforms, the very concept of a homogenous "brand" is also changing. The era when big companies could release one product into multiple markets and control everything to do with that product may soon be over. Consumers want products and services to reflect who they are. And in a connected world, with technology acting as the great leveler, entrepreneurs can now build products and services for local communities that leverage the sensibilities and specific needs of their country. In short, the world is moving from the power of a few to the power of many.

In relation to our ICA Corridor, the statistics bear witness to this monumental shift. US multinationals and their affiliates have just 4% of their total assets invested in the ICA countries combined. In contrast, in the United Kingdom (UK) alone, US multinationals invest five times more (BEA); yet, the UK middle class's consumption is $1 trillion, less than a quarter (Kharas. H.) of that of the US.

This seems to confirm that US multinationals view the giant global middle-class market as merely an appendage of their home market. This, as we have seen, is a mistake because the global middle class is not a replica of the US consumer. They emerge from countries that are developing; they need regionally relevant products and services that are affordable, accessible, and sustainable.

Does this mean big corporations have had their day, leaving the playing field wide open to start-ups? As we will see, the answer to this question is both no and yes.

MUTUAL BENEFITS

Before we declare victory for start-ups, we must reiterate some of the harsh facts of business life. Around 90% of start-ups fail within 10 years (Startup Genome). In the UAE, where the cost of doing business is relatively high, the harsh realities of cash flow, stability, and an understanding of market regulations are a top priority.

Partnering with a corporation early in the start-up journey can alleviate all these concerns. And it can provide access to large, established customer bases, providing an outlet for start-ups to test their products.

Most fundamentally, corporations are also customers. A successful pilot could lead to acquisition by corporations, which is the preferred outcome for most new businesses.

All of this means that corporations have a very important role to play in the growth and valuation of start-ups. And, on the other side, corporations can navigate the new world and new markets we have already spoken about through partnerships with start-ups that feed them with new ideas, products, and people.

If they are done well, these partnerships de-risk the innovation and market entry processes for both sides, as corporations want to minimize their cost of failure while start-ups want to accelerate the product–market fit process.

Formalized corporate–start-up accelerator relationships are not new. Many of the big US corporations have their own in-house programs or they partner with external providers such as Plug and Play, the world's largest innovation enabler, which launched a fintech program in Abu Dhabi in 2018. Either way, the business models and intended outcomes are similar: some corporations partner with the start-ups they have developed to sell the resulting products to their customers; others hire talent from the start-ups; or they invest in the start-ups that show the most promise.

And as we shall see, this model is rapidly developing in the UAE, where big corporations, supported by a proactive government, are hungry for the innovation and talent they need to explore new markets. For entrepreneurs setting out on their start-up journey, the resulting platforms offer an ideal way to fast-track their product to market while de-risking the process.

PARTNERING FOR GROWTH

The list of big regional corporations that are eager to work with start-ups to promote homegrown innovation grows seemingly longer by the day and is already truly impressive.

In 2019, Emirates unveiled its Aviation X Lab to explore new ideas for air travel. Abu Dhabi National Oil Company (ADNOC) established AIQ in 2020, a joint venture with Group 42, to explore the development of new AI solutions that support a sustainable energy future. In 2022, the Emirates National Bank of Dubai announced a partnership with Plug and Play Abu Dhabi to boost the bank's open innovation ecosystem globally. Also this year, Majid Al Futtaim launched an accelerator program for regional SMEs and start-ups in the retail sector to identify ambitious young brands and provide them with the support and tools to succeed.

Staying with retail, startAD works with Aldar, Abu Dhabi's leading real estate development and asset management company, to deliver the Manassah entrepreneurship program—a 6-month incubator aimed at nurturing talent and advancing retail concepts in the GCC. startAD is also a partner in the Aldar Scale Up Program, which promotes new ideas for the region's construction and property management businesses, which are worth over $1 trillion in the UAE alone and are ripe for disruption. The construction sector is traditionally one of the least innovative industries, yet it is also one that has most to gain from new ideas and technologies.

We are fortunate in the UAE that these corporate models are backed by several major platforms with government support. In 2022, Hub71 is a flagship initiative of Ghadan 21, Abu Dhabi's accelerator program, whose annual Outliers Program brings together corporate and government partners to present business and operational challenges for tech start-ups to solve. The Mohammed Bin Rashid Fund for SME helps Emirati investors finance innovative pilot projects for small and medium-sized businesses, making it easier for corporations and start-ups to work together.

AREA 2071 is a center for innovation inspired by the UAE Centennial Plan 2071. It gathers talented people, government support, and the private sector to work together on designing and testing new solutions for the future. The Khalifa Fund for Enterprise Development is another non-profit government agency to help develop SMEs. startAD collaborated with the Khalifa Fund to launch AI Mentor, a platform with a diverse range of digital tools and resources for entrepreneurs during the business planning phase.

The Advanced Technology Research Council (ATRC) was formed in 2020 to expand and align the research and development ecosystem in Abu Dhabi, while the Abu Dhabi SME Hub, an interactive digital platform, consolidates the local business ecosystem with the goal of enabling entrepreneurs to grow, thrive, and innovate in the UAE.

Global tech accelerator Plug and Play partnered in 2021 with Abu Dhabi Investment Office (ADIO) to boost innovation in the industrial sector and attract high-caliber tech start-ups to the emirate, while Sovereign Wealth Fund ADQ this year said it will create a new venture arm, DisruptAD, to support over 1,000 start-ups by 2025.

All these platforms have their own unique identities, which will serve the needs of a diverse start-up ecosystem in the UAE. And, into this mix, startAD has developed its own distinct model, which I have had the pleasure of witnessing firsthand.

Innovation “speed dating”

Six years ago, I was privileged to launch startAD as a global accelerator that steers seed-stage technology start-ups to launch, develop, and scale their ventures. Since then, over 7,000 participants have benefited from our programs, which have graduated 250 global tech start-ups from 40 countries.

When we looked at the specifics of the UAE market, we realized that a new model for accelerator programs was needed for the region. In other entrepreneurial hotspots around the world, it is not unusual to see 3- to 6-month incubator programs. We decided this was not practical or cost-effective for the UAE market. And it was also not necessary since the speed at which things happen here is also faster than in other markets. Instead, we opted for a “speed dating” yet effective partnership approach: a quick market test that gets start-ups closer to product–market fit, which is what all entrepreneurs are looking for.

This realization prompted us to develop a 2-week, in-person Corporate Sprint Accelerator, launched in 2017, which changed to a month-long virtual model during the COVID-19 pandemic. The experiential learning platform consists of start-ups, corporations, and regulatory agencies, with all parties benefiting from our ability to step in the middle to do the heavy lifting and make the cost of failure low for each side.

Our role in this process is to work with corporations prior to the program to develop their focus areas for innovation in the coming years. We then scout worldwide for start-ups that can solve their unique challenges. The interviewing and pre-reading are done by startAD prior to the program to ensure that the chosen candidates are best suited to secure a commercial project with corporations.

This is a win for the start-up since a typical sales cycle for a new brand is 12 to 18 months because they do not have the credibility to secure a meeting with a major corporation, whereas our vetting processes open the doors in a much faster timeframe. And it is a rich opportunity for entrepreneurs coming from other markets because what they have learned about the

UAE can also help them expand into the MENA market and beyond. Meanwhile, it is a win for the corporation because they are far more likely to find a relevant solution without having to create a department of their own, which will inevitably be less focused on their most targeted needs.

The results of our model speak for themselves. From the around 250 global tech start-ups that we have brought to the UAE through the Sprint Accelerator, 60 have secured commercial pilots with our corporate partners. The eighth cohort saw participating start-ups representing 11 countries with total funding secured of about $6.2 million develop their cutting-edge technology for practical business applications—from applying blockchain to improve payments and construction contracts to using cryptocurrency to promote efficient waste management.

And in our 2022 program, five tech start-ups were awarded pilot projects as part of Aldar's equity-free accelerator program, Scale Up, alongside strategic partner Majid Al Futtaim Communities. Developed in partnership with startAD, this year's program focused on attracting international start-ups with technologies that have the potential to reimagine the future of the real estate industry and shape the open metaverse.

We believe this success is due to a highly targeted model that upskills both the corporate and the start-up in an efficient and accelerated timeline that benefits both parties.

PRIMED FOR SUCCESS

The results of these partnerships are a virtuous circle where start-ups can develop their products more rapidly and corporations have access to regionally relevant ideas and talent. But the effect goes beyond these players. For example, Abu Dhabi Global Market and Dubai International Financial Centre are being educated and informed by the new breed of start-ups coming into the UAE, helping them to create these new regulations in the digital world, around cybersecurity, financial protection, and many other topics where updates are required to keep pace with new trends.

It is no surprise that unicorns Careem and Kitopi are demonstrating that our region is the place to be for tech successes alongside Fetchr, Mumzworld, and Jordan's Mawdoo3.

These are all companies built on new technologies that are propelling cross-border transactions from $29 trillion in 2019 to an estimated $39 trillion (Andy, J.) by 2022. Thanks to these advancements in technology (Rahal, N.), consumers have more choices than ever before, but they will choose goods that reflect their needs and wants. While businesses everywhere theoretically have access to these much larger addressable markets, it will be the ones in touch with their audiences that will win the day.

And for those start-ups in Abu Dhabi, backed by the support of corporates who also wish to innovate and transform their sectors, buoyed by transformative technologies along with favorable regulations and the ease of doing business in the UAE, this is a historic opportunity. A frontier market the size of Europe and North America is opening right before our eyes.

We must seize the day.

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AN INSIDE VIEW INTO CORPORATE INNOVATION

Aldar

Maan Al Awlaqi, *Chief Portfolio Officer*
Salma Kayali, *Vice President of Innovation*

Aldar understands that innovation is not just about ideas—success lies in bringing them to life. Through its dedicated innovation department, Aldar is investing in tomorrow's solutions today.

Maan Al Awlaqi, Chief Portfolio Officer at Aldar, and Salma Kayali, Head of Innovation at Aldar, explain its unique approach.

CORPORATE INNOVATION: A STRATEGIC IMPERATIVE DRIVING GROWTH AND EXPANSION

One day, an Aldar employee had the idea to consolidate all real estate processes on a single digital platform. The platform would do everything from real estate sales and leasing transactions to presenting mortgage options and handling off-plan sales.

The concept became ADRES, a PropTech start-up. Following a pitch to Aldar's executive management in 2019, we provided funds to enable ADRES to commence operations and followed up with ongoing investment, support, and guidance. Now, ADRES has over 90 employees and a product that adds value across our business.

The ADRES story captures the essence of how we innovate at Aldar. We bring ideas to life that we believe will have a positive impact on our customers and provide long-term value for our shareholders.

Aldar is the major real estate developer and manager in Abu Dhabi. Since 2005, we have shaped and enhanced the urban fabric of Abu Dhabi and other key areas in the Emirate. Some of the most iconic buildings in Abu Dhabi were developed by Aldar, such as the Formula 1 circuit on Yas Island.

We are a leading developer, owner, manager, and investor, and we aim to stay that way. Innovation is essential to achieving this ambition because it is fundamental to improving efficiency and creating sustainable growth.

We believe innovation is a mindset that should run throughout the whole organization. In 2018, we established our first innovation department, a dedicated central function with an annual budget allocation that focuses exclusively on finding and developing new game-changing ideas and concepts, both from within Aldar and from around the world. Since then, we have employed the Global Innovation Management Institute (GIMI) Innovation Index as a benchmark for innovation performance across all of Aldar's business units annually and seen our score improve exponentially year on year. We have also invested in upskilling key people in our business on the principles and application of innovation and have staff who are GIMI-certified in Global Innovation Management.

We realized that prioritizing innovation is critical to unlocking untapped potential and achieving growth in a business environment that is constantly changing at an ever-increasing speed. On the one hand, old ideas are unlikely to offer an adequate defense against the unprecedented challenges we face; on the other, they will not enable us to make the most of the opportunities that this changing world brings.

This is why disruption has become the new "normal" and is now redefining how organizations work and plan for the future.

Our innovation mission is to create stakeholder value by being the most innovative real estate company in the region in two main ways. First, we are developing a corporate culture that encourages risk-taking and rewards employees for taking on new projects. Second, we deliver innovative products and unique experiences that benefit customers.

We have created a framework that drives innovative practices. This consists of three strategic areas: corporate innovation, incubation programs for start-ups, and investment in venture capital (VC) funds that invest on our behalf in new tech-enabled businesses.

Partnering with start-ups and entrepreneurs through curated incubation, pilot projects, and investing in a diversified portfolio of VC funds exposes us to the latest trends and helps us to re-imagine the landscape in which we operate. We employ our partnerships with over eight specialist global VC funds that we have invested in so that they act as our eyes and ears in the market. Our VC investments started with Fifth Wall, a European PropTech fund, and we have now expanded our footprint into North America and Asia-Pacific.

Through these investments, we are able to spot start-ups that are potential unicorns—a privately held technology-based start-up company that has a valuation of over US$1 billion—and trends that are likely to disrupt the real estate sector. This enables us to make informed business decisions and tackle our biggest priorities, such as sustainability, smart development, and space utilization.

Further, as these start-ups have been extensively vetted by the investment funds we work with, who typically invest in entrepreneurs they believe can execute on their vision, this significantly reduces our risk of adopting the start-up's solution within our organization.

CORPORATE INNOVATION BEST PRACTICE

No business can consider itself future-proof if it does not innovate. The companies that do not innovate and do not embed corporate innovation into their business models will fall behind. Innovation enables a company to stay competitive by tackling business-critical issues such as digital transformation, investment decisions, growth strategies, and introducing new technologies.

Innovation can easily be perceived as an extracurricular activity. It must be endorsed from the top down, and companies need to instill the right frameworks and programs that will drive corporate innovation and harness unique solutions. While every company has its own unique DNA, there are five general steps that corporates need to consider when embedding innovative practices within their business.

1. Activate the right policies and processes to enable innovation

One simple way to encourage innovation is to make it easier for start-ups and entrepreneurs to work with corporates. Simplify legal agreements, make payment terms friendlier to cash-strapped start-ups, and speed up procurement processes. Corporates should have a direct procurement process, so start-ups do not have to go through a competitive tendering process and be disadvantaged against bigger companies, for instance. You must also waive guarantees and ensure that payments happen within days, and non-disclosure agreements should be straightforward and simple to adopt.

Corporates should establish several innovation management frameworks. Their role should be to align goals, allocate resources, and act as a decentralized decision-making authority for innovation, across the company and with external parties. In addition, these frameworks should capture "lessons learned" and consider economies of scale when investing in and implementing innovation projects.

As a corporate, you should ensure that your people understand the value of innovation and spend time exploring new innovations and leading innovation projects by linking it to performance appraisals as an incentive. Establishing innovation committees to represent every part of the business prevents the creation of informational silos and allows synergy creation. These committees are required to develop and recommend innovation projects on behalf of their department and then monitor and report on their performance.

The committees can report to a management-level forum, which should ideally be a group-wide steering committee composed of diverse company executives from all levels and across businesses and central functions. It needs to evaluate the project proposals from the various innovation committees and submit their recommendations to the company's wider investment committee or the relevant decision-making body.

2. Garner leadership endorsement and support

To encourage innovation in every part of the business, it is important to show it is backed right up to board level in both word and action. So regular communication—by internal newsletter, company-wide email, or on the company website, for example—is needed, along with practical actions that demonstrate this senior-level buy-in.

You need a forum for risk-taking where new ideas can be tried out and there is no downside if the innovation fails, so innovation can be as disruptive as it needs to be. It is the equivalent of the software sector's sandbox: an environment in which to safely explore, learn, demonstrate, develop, and test a concept or product without the risk of affecting the production environment. This needs financial backing—an innovation fund to seed idea trialing and enable pilots to be launched swiftly.

3. Establish innovation programs to crowd source ideas and solutions

Establishing innovation programs is an excellent way of getting in touch with innovative entrepreneurs who may have solutions appropriate to the issues facing your business. We have had success with a number of programs, such as Scale-Up and Manassah, but this process needs to be implemented carefully. For a start, it must target a specific business area or problem statement that allows a focused approach to assessing solutions. Innovation programs must also have incentives that attract entrepreneurs and give them the chance to try out their ideas.

Take Manassah, for instance. We want retail innovators to bring new concepts into Aldar's retail portfolio, so we set up a competition to win a place on Manassah, a 6-month entrepreneurship incubator, with the inducement that some will be given particular support: a space at an Aldar retail destination as part of a competitive financial package.

Start-ups are invited to a "bootcamp", where they refine and validate their business model, financials, brand story, and pitch before entering the incubator phase of the program. Here, they receive customized training, mentoring, and coaching to de-risk their business model and strengthen their pilot proposal as a food and beverage or retail provider. After this, the start-ups begin commercial engagements and contract development with the Aldar leasing department and gain access to the Manassah advisory board.

We are very happy with the quality of the businesses we have attracted, but you need to do more than run a competition for it to work. You need to select champions within your own company, who have undergone upskilling sessions to advocate the program and empower them with the necessary skills and education to understand what makes a successful start-up for the collaboration to be a success.

4. Expand your network to access the ecosystem of start-ups and entrepreneurs

If you want to know the latest developments, new economic opportunities, and potential partners, then you need a really well-serviced network of contacts. The first places to start are the regulators in your sector and the incubators, VC funds, and associations of start-ups, but you should also invest strategically so you are among the first to know when disruptive technologies are emerging.

Again, innovation programs are enormously useful for growing your contacts and network. The Aldar Scale-Up program is providing us not only with the PropTech and ConstructionTech we need to drive innovation at Aldar and the wider real estate industry, but has also been the key that opened the door into the global start-up community. Scale-Up provides a gateway for international businesses with the latest real estate technology to enter and set up in the United Arab Emirates (UAE).

5. Foster a culture of innovation within the business itself

Corporates must recognize that if they want to develop a culture of innovation internally within their company, they need to adopt similar measures to the ones they partner with externally. To do this, companies must provide training, awareness programs, and innovation programs. For instance, we launched Ibtikar, an internal innovation incubator program that encourages all employees to play an active role in the future growth and direction of the company. It combines hands-on virtual workshops and expert mentorship from the world's largest business network. Our people have the chance to bring their own innovative solutions to everyday problems while learning about business innovation and product development strategies from innovation experts, entrepreneurs, and Aldar executives. We then consider their projects for pilot funding through the allocated innovation budget.

Not everyone is a natural innovator, but innovation flourishes from nurture, and corporates need to find their innovation champions and then give them the tools and the accessibility so they can create and cascade the change. Ibtikar is one way in which we identify our own innovators. Corporates need to look at this through the lens of balancing red management thinking with blue ocean thinking. Red management thinking ensures that companies repeat successful business models, while blue ocean thinking enables companies to tap into new market spaces that do not yet exist. This balance is the key to fostering a culture of innovation among employees.

TIPS FOR START-UPS PITCHING TO CORPORATES

Corporates typically collaborate with start-ups who can help them tackle their strategic priorities within the landscape they operate in, as well as start-ups with solutions that can be piloted across their assets, create synergies, and generate value for their stakeholders. These are five of the most important factors that start-ups need to consider when pitching to corporates:

1. Understanding of the local landscape

Abu Dhabi has friendly regulatory policies and a global tech ecosystem that provides a vibrant entrepreneurial community with access to a wide network of capital, mentorship, programs, and long-term visa options for start-ups. As an innovator, you need to know the local market intimately to be able to identify potential partners, collaborators, and customers—as well as competition—and spot the gaps your unique value propositions can fill.

2. Understand the company's strategy, business divisions, and priorities

Corporates expect start-ups to have researched their company and built a strong understanding of the breadth of their business, how they operate, their structure, and how their solutions can add real value to their organization. They also expect start-ups to understand where the future of their business is heading, what their ambitions are, and to have built a strong business case before pitching to them.

3. Show how your product or service can provide a clear and measurable return on investment for the corporate

It is down to the basics: what can you do to add value? They need to be shown how your product or service can provide a clear and measurable return on investment for them. You must provide case studies, financial models, and industry comparisons that demonstrate how your solution will create value. Remember that showing is always more persuasive than saying, so always set up a demo or specific use case when pitching. And never overpromise, no matter how tempting that might be. Set clear deliverables and contract terms so that you can manage expectations.

4. The quality of your team

Do not forget that the quality of your team is equally as important as your product or service. Your team needs to demonstrate the passion, energy, clarity of vision, and engagement required to get any project off the ground and running from a standing start. If you and your team are not passionate about your proposition, then who will be? You—and everyone in your management team—must be able to communicate this passion and what you want to achieve to any potential investor. The team has to share this vision and impress potential partners and investors that they have the required skillset and capabilities to deliver a successful solution backed by a proven track record.

Also remember that weak management can sabotage the best of ideas, so corporates want to see strong management teams that are agile and creative. Markets change, so they want to see how your team can adapt to changing market dynamics and ensure that your value proposition is still relevant.

5. Show endurance, engage, and provide clear and realistic timelines for implementation

Persistence, patience, and lateral thinking are great virtues in dealing with corporates.

You have to understand how corporates work so you can address their main concerns. You also need to know your way around their various divisions and business units so you can pinpoint the correct stakeholder, who the relevant decision-makers are, and how your solution will benefit them.

Find an internal champion who will support you in navigating the complex structures of large corporates. Only pursue one person or business unit at a time, so you avoid any unnecessary duplication of effort within the corporate that you are dealing with. Always ask for feedback from your internal champion and for possible referrals to other departments if the solution may be better suited elsewhere. If your solution turns out not to be the ideal fit for one area of the business, perhaps it can be adapted to fit the needs of another. After all, flexibility and agility are two of the strongest hallmarks of successful start-ups.

This is just a brief overview of Aldar's approach to innovation. For more details, head to our website and read the innovation report.

ABOUT ALDAR

Aldar Properties PJSC is the leading real estate developer, investor, and manager in the UAE with a diversified and sustainable operating model centered around two core businesses: Aldar Development and Aldar Investment. Aldar Development is a master developer of integrated, liveable, and thriving communities across Abu Dhabi's most desirable destinations, such as Saadiyat Island and Yas Island. Aldar Development also houses Aldar Projects, the company's dedicated project delivery arm and the manager of its fee-based development management business, as well as Aldar International, a platform focused on development opportunities in Egypt and other priority markets.

Aldar Investment houses Aldar's core asset management business, comprising over

AED 32 billion in assets under management diversified across retail, residential, commercial, hospitality, and logistics segments. Aldar Investment includes Aldar's flagship real estate investment platform, Aldar Investment Properties (AIP), the region's largest institutional-class real estate platform; a diversified hospitality and leisure platform; and a portfolio of operating businesses, including Aldar Education.

PREPARING FOR THE NEXT STAGES

EXPANDING INTERNATIONALLY

StashAway

Michele Ferrario

https://added.gov.ae/EJ

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EXPANDING INTERNATIONALLY

StashAway

Michele Ferrario*, Cofounder and Chief Executive Officer*

Entrepreneurs that start their companies outside of gigantic markets like the United States (US), China, and India are invariably pushed to think about the option to expand internationally very early on. In this chapter, the StashAway team leverages their own experience scaling StashAway across Southeast Asia and the Middle East to provide a series of frameworks for thinking about the most important questions that the option of international expansion raises. Different entrepreneurs operating in different industries will answer these questions differently, and the same company might answer these questions differently at different stages of its evolution.

1. GO INTERNATIONAL OR NOT, THAT IS THE QUESTION

Not all companies go international. Not all successful companies are international, and not all international companies are successful. The question of whether an entrepreneur should even think about expanding the business internationally is not one with an obvious answer and should be looked at from different perspectives.

The first area every founding team should look at is alignment with their ambition. There are teams whose goal is to build a world-dominating company over several decades of hard work, and others that dream of quickly creating a profitable business that can sustain their lifestyle with dividends. For most business models, going international requires expanding the fixed cost base, increasing capital invested, and multiplying complexity. These outcomes might excite some entrepreneurs and scare others. The decision to open international operations can only be a good decision if it is coherent with the overall goal of shareholders and management.

In some cases, the choice is forced by the business model, as the advantages of a regional or global presence are so large that they define the business model. For example, Airbnb's business model would be significantly less successful if the platform only had properties in one country: its success stems from clients' expectations that, after their wonderful experience renting an apartment in Florence, they can do the same in Bangkok and Abu Dhabi. The other side of Airbnb's marketplace leverages economies of scale driven by its international presence: hosts can market to clients from all over the globe with one single platform. So, for Airbnb's founders, the choice of whether to go international was not really a choice, even if they started in the world's largest market. This logic only applies to a few industries and business models; for example, Starbucks could be very successful even if it remained a US-focused chain. An example we are very familiar with sits somewhere in the middle between the Airbnb and Starbucks cases: StashAway's international presence allows the company to achieve economies of scale by using the same tech platform, with limited changes, across multiple markets, increasing the addressable market with limited additional fixed costs.

The three examples above display businesses that sell directly to consumers ("B2C"), where brands are built locally with marketing investments and word-of-mouth. For business-to-business companies ("B2B"), the decision to go international might be driven by the location of the decision-makers and the extent of the local customizations required. For example, a B2B company targeting large multi-nationals and operating in Southeast Asia will probably find that the great majority of its direct clients, the decision-makers, are based in Singapore, and it is therefore not necessary for the company to open branches in other markets in the region. However, in order to be successful, the company might be required to adapt its products to the requirements of Thailand or Indonesia, for instance, by translating the product into Thai and Bahasa, showing local currency, and offering customer support in the local language.

If the choice is not forced by the business model and shareholders and management are aligned in the pursuit of building a multi-national company, before pulling the trigger, the company should have a clear perspective that the international expansion creates shareholder value. If the home market is large enough, it can be a good decision to dedicate all resources to dominating it. Building a local champion in a large enough geography can create more value than building a company that is present across multiple markets but is not the leader in any of them. There is tremendous value in being the #1 or #2 player in a market, and the risks of spreading an organization too thin should not be underestimated. We will go through these risks later in the chapter.

Last, entrepreneurs should take an honest look at their company and assess their ability to win in other markets. Is the home market's success driven by specific peculiarities that are not present in other target markets? Does the company have access, or is able to attract, the required additional talent and capital to be successful in the new chosen markets? The answers to these two questions significantly affect the assessment of the risks that the company will run into by starting its international expansion. A later paragraph will be dedicated to risk analysis.

2. WHEN TO GO INTERNATIONAL

The timing of international expansion can affect not only its success but also the success of the entire company. Entrepreneurs operating in "small markets" often think that they should expand their total addressable market by going international as soon as possible. This can be dangerous, as the company will inevitably be stretched during the internationalization phase and needs to be ready for it.

The first golden rule is that the internationalization process should start after clear product–market fit has been achieved. In practice, the management should have data proving that there is a set of clients that are willing to pay to get access to the company's products and/or services and that will be satisfied to the point of coming back for repurchase; ideally, there is also proof of word-of-mouth: clients in the home market are bringing other clients to the company. It is very important to find product–market fit before expanding internationally, as most companies will slow down their product iteration process once they operate in multiple markets. The root cause is simple: added complexity. As soon as the product needs to be (even slightly) customized for a new market, those customizations will make iterations more complex.

The company's management should take a dispassionate look at its ability to attract enough capital and talent. Going international requires resources across most functions, from additional marketing budgets to increased tech complexity to the need for local knowledge. We will go more in depth on this topic later, but at this stage the key question is: does the company have access to the resources required to win at home and abroad?

Management should then look outside and understand the competitive environment, both in the home market and in the new target markets. If there is increasing competitive pressure in the home market, the company should think long and hard before expanding to new markets and should make sure it is prepared to fight more than one battle at the same time: fighting new, strong competitors while going international will probably require doubling down on raising capital and expanding the team. On the other side, increasing competitive pressure in target markets might suggest faster internationalization to "land grab" in a new geography, perhaps "suffocating" the growth of new, local, smaller players. For business models where going international is of paramount importance, the emergence of competitors in other markets might make internationalization urgent and unavoidable; for example, in 2011, Airbnb decided to become more aggressive and launch in Europe in order to block German-based Wimdu from gaining size and "winning Europe" (Yeh, C. and Hoffman, R. *Blitzscaling*).

3. WHERE TO EXPAND

The world is large and full of opportunities, and every entrepreneur who dreams of building a global company is flooded with options. Choosing where to expand can be challenging and vital. Some businesses open the closest markets first: companies expanding from the United Arab Emirates (UAE) to Saudi Arabia and Oman, or from Singapore to Malaysia and Indonesia. This is often the case for B2C companies, trying to leverage local similarities and some brand recognition spillover. Other companies look to expand "hub by hub": from Abu Dhabi to London and Singapore, or from Tokyo to Hong Kong and Sydney. This is often the case for B2B companies that need to establish a presence where the regional and continental headquarters of their prospective clients are. Over time, companies will also face the decision of how many markets to expand into: is the company going to be regional or global? While for some business models the answer might be obvious (e.g., the Airbnb example), for most business models the question does not need to be answered immediately, and the internationalization process can be managed step by step.

Where do you start? Which new market should you enter first? Different business models and sectors will require different frameworks to make such an important decision, but a few broad questions work across the majority of business models.

First, understanding the core reasons for the company's home market success can be very helpful in the process of selecting where to expand: does the new target market show the same characteristics that have made the company's initial success possible? Is there a clear reason why product-market fit will be exportable to the new market?

It then makes sense to look at the topic from the opposite angle: are there any characteristics of a target market that might make it impossible to succeed? For example, does regulation allow the company to operate as it wants to operate? This goes beyond the simple possibility of operating and can be looked at in more detail; for instance, for B2C companies, understanding that the onboarding process can be run in the most efficient manner can make or break a business model. If digital KYC is not permitted, a digital wealth manager would struggle to make its unit economics work.

After answering these first two questions and perhaps shortlisting a few markets, management would now need to decide which market to prioritize. The size of the market and ease of expansion are two variables that all companies should look at in detail. The ideal market is large and has a lot in common with the home market, making it easier to expand. While Goldilocks might not exist, ranking possible countries by these metrics is a good decision-making framework and should help prioritize the expansion. The degree of competitiveness also deserves a lot of attention, but here the analysis might be less binary: the idea that the least competitive markets are the best ones might be true if the decision is never to launch in the more competitive ones; otherwise, management might decide to prioritize markets that are becoming competitive, establishing an early presence, and discouraging other players to increase their investments.

4. RISKS AND COMPLEXITY

Expanding internationally increases the complexity of any organization and raises risks for both the new business and the business built in the home market.

Launching a new market is a large endeavor, and the first risk is that everyone focuses on the new, exciting, complex expansion while forgetting about the home market. Competitors might take advantage, and the company's leadership position in the initial market might be in jeopardy; for young companies, this might even mean that the company's survival is at risk.

The complexity of international expansion is generated by changes across a number of different areas. First and foremost, for tech companies, the product will become inherently more complex: there will most probably be some changes to parts of the product, in order to localize the experience, there might be changes in the infrastructure, and overall, any new development will now have to be ready for multiple markets. The marketing team will now see their work (nearly) double as they need to cater to clients in different countries; depending on how different the countries are, the added work can be more or less significant, but in all cases, there will be extra work. Different languages, currencies, religions, public holidays, time zones, and many more details are sources of additional complexity across functions.

One process that will need to be adapted is the prioritization of the product roadmap. The addition of a second market adds new needs and requests, and prioritizing might not be as straightforward as it used to be. For example, using an exclusive "impact approach" does not work, as the new, smaller, geographies will continue to be penalized and will not be given a chance to grow.

As part of the planning phase, management should do a detailed analysis function by function, thinking about consequences across the company and across the value chain. Most functions will see their complexity increase: as an example, HR will need to recruit and pay salaries internationally, thinking about learning and development without borders; as another example, finance will need to close books in multiple countries and will need to add a consolidation process. It will also need to manage treasuries across different geographies and banks.

Last but not least, the company's culture can be affected by the internationalization process. A company's culture is shaped mostly by the people that get hired, those that get rewarded, and those that get fired. During the internationalization phase, it is very likely that the company will need to hire faster than it has previously, inserting a significant number of new people and therefore potentially influencing the culture. Additionally, some or most of the new hires might be from a different country and bring with them cultural traits that are unfamiliar to the company. Understanding the potential impact of the international expansion on culture allows the management to identify a set of people responsible for monitoring these changes and a set of actions that can help manage the natural cultural transition.

5. ORGANIZATIONAL STRUCTURE

Multinational companies often have different organizational structures than companies operating in one country. It would take a full book to write about the different permutations of possible organizational structures and the pros and cons of each of them. Most importantly, different organizational structures work best for different phases of development: the same company might change its setup a few times as it goes from 20 people in 1 country to 50 people in 2 countries to 200 people in 4 countries to 1,000 people in 6 countries, for example. However, we think it is worth focusing on one main strategic decision: how centralized or localized should the organization be? This decision can be changed over time, and as the company grows, there will probably be a tendency to increasingly localize, particularly in the markets proving to be bigger, but the initial decision can have an impact on the chances of success, and it is therefore of paramount importance.

There are pros and cons to more or less centralization, and every company should think about it proactively. Our perspective is that in the early days of the internalization process, a more centralized organization can be leaner and faster and will be naturally prone to leverage the learnings from the home market. Obviously, there will be functions that are more centralized (e.g., product, engineering, finance, and HR) and others that can be more localized (e.g., marketing and sales). Even within a department, it is possible to make more subtle decisions. For example, in marketing, it might make sense to keep branding centralized, as well as the analytical teams (online marketing and data analytics), while campaign management might be beneficial to localize.

It is important to note that a centralized organization does not necessarily have teams exclusively in its home market. Regional teams could be based in any of the company's markets or even completely remote. What differentiates a centralized organization from a more localized one is the span of geographical responsibilities of each team member.

Lastly, management should also think about what type of incentive system fits with the company's culture and its objectives. Incentives can be given at the local level or at the group level. For example, does the country manager of Saudi Arabia have stock options only on the Saudi Arabia legal entity, or does she have exposure to the group's value? Is her bonus attached to Saudi's results or to the group's results? These decisions are incredibly important as they will shape the way people behave: will Saudi Arabia's country manager ever recommend a client open an account in the UAE, or will she always try to keep clients in her country? Will Malaysia's country manager invest an hour of his time helping Indonesia's country manager, or will he always focus on his own country's performance?

6. HOW TO PREPARE TO EXPAND

In the previous few paragraphs, we have highlighted many of the difficult choices that management teams of companies looking at expanding internationally need to face. We have also mentioned the need to assess the capabilities of the company, with a particular focus on talent and capital, to make a solid decision on the timeline of the expansion and to reduce risk. Preparing to launch in new markets requires the company's management to be very honest in identifying the skills required to be successful and filling any potential gaps. In addition to skill gaps, management should identify cultural gaps. It would be very difficult for a team with no international exposure to be successful in launching the company in new markets.

Once the decision to expand internationally has been made, and the target organization has been identified, the management team will need to focus on ensuring that the company has the right talent, access to enough capital, and the support of a network of partners. Talent gaps should be identified across the organization: to succeed, the company will need the right people in the new country, strong talent in regional functions, supporting the local team and running centralized functions, and great personnel focused on the home market, ensuring that the international expansion does not jeopardize the business already built.

7. SUMMARY

Expanding internationally is a very exciting phase of the development of a company, but it is also a complex operation that will increase risks in many areas. Management teams should take a very structured and scientific approach to assessing the opportunity to launch internationally, deciding the timing and sequencing of the expansion, and identifying the risks and how to protect the company against them. They should also prepare to address organizational and cultural topics, ensuring that the company has access to the right talent and the right capital.

CLOSING REMARKS

ABU DHABI'S RESILIENT ECONOMIC-FINANCIAL MODEL

Abu Dhabi Department of Economic Development

https://added.gov.ae/EJ

ABU DHABI'S RESILIENT ECONOMIC-FINANCIAL MODEL

Abu Dhabi Department of Economic Development

Economies and societies all over the world constantly face a multitude of cyclical challenges and risks. While some minor challenges over the short term may be predicted, other medium- to long-term challenges that may be brewing are usually harder to identify, especially when subject to global recessions and trade headwinds. Building resilience across our economies, as a whole calls for a systemic policy approach to prevent the build-up of vulnerabilities, reduce exposure to shocks, mitigate them should they occur, and be properly positioned to recover rapidly and sustainably.

Global cities with strategically positioned and diversified financial systems tend to grow faster over long periods of time. Integrated financial "ecosystems" contribute directly to this growth.

As an active and thriving business-financial hub, Abu Dhabi continues to do what it does best: safeguard economic diversification and long-term fiscal sustainability for the betterment of the local and federal markets and economies, positively impacting institutions, individuals, and households.

With the United Arab Emirates (UAE) being the Middle East's largest foreign direct investment (FDI) according to the UN Conference on Trade and Development, our efforts in the capital will continue toward cultivating the overarching investment environment and ensuring uninterrupted trade inflows and outflows. Now more so, as we focus on building and perfecting a "Falcon Economy" based on sustainability. This means an integrated, liberalized, and diversified economy shadowed by a capable network of financial support channels and driven by a strategic vision, structural transformation, and countercyclical monetary and fiscal policies, resulting in sustainable growth and development.

The key attributes of what we aim to do here are the following:

- expanding toward greater regionalization and soaring toward globalization, leading to efficient integration with the connected economies
- accelerating digitization and diversifying into new economic and technology sectors
- an agile approach to realize sustainable economic development and the emerging global energy map and energy transition
- attracting specialized human capital.

And with traditional economic powers pushing on with growth plans in the post-pandemic phase, blended with their fight against inflation and the oil price saga, we see plenty of opportunities for businesses and investors arising, especially with a new wave of small and medium-sized enterprises (SMEs) and entrepreneurs surfacing and demanding attention.

The development of a secondary or sub-financial cluster within the overall financial sector by means of a network of public–private partnerships (PPPs) can help push a market and economy to new heights, spurring growth, particularly in emerging economies. Financial sector development goes beyond just having financial intermediaries and infrastructure in place; it also entails having robust policies for regulation and supervision and facilitating risk management by reducing vulnerabilities to shocks.

Abu Dhabi's integrated marketplace model allows foreign and domestic borrowers the opportunity to easily connect and network with banking and non-banking institutions to meet their financing needs via loans, Debt Capital Markets or Equity Capital Markets in an inter-connected and regulated ecosystem of PPPs endorsed by the Government. It is this strategic role that the Abu Dhabi Department of Economic Development (ADDED) plays beyond the typical business and economic parameters. The Department has been actively engaging with financial market regulators, banking or non-banking institutions, and the Abu Dhabi Securities Exchange, to identify synergies with the financial sector and help further expand the bouquet of financial services, products, and instruments on offer with the guidance of the market regulators.

In November of 2021, the Abu Dhabi Department of Economic Development, working closely with the Abu Dhabi Securities Exchange (ADX), was responsible for a detailed regulatory framework proposal to the Securities and Commodities Authority (SCA), the Arabian Gulf's first.

The robust regulatory framework, which was proposed, facilitates initial public offerings of special purpose acquisition companies (SPACs), providing investors worldwide with access to unique growth opportunities. The proposed regulations also allow sponsors outside of the UAE to apply for approval to list their SPACs on the ADX. The ADX and ADDED, in conjunction with legal and investment specialists, have worked together to produce the proposed SPAC regulations, assessing the regulatory landscape and benchmarking US and international SPAC regulations. The Securities and Commodities Authority passed its approval of the framework in January 2022.

The introduction of a SPAC regulatory framework across the UAE was a milestone for Abu Dhabi, providing growing companies with yet another new avenue of funding.

And later in 2022, the Abu Dhabi IPO Fund (ADIPOF), managed by ADDED, commenced full operations with a specialized taskforce. ADIPOF was established by the Government of Abu Dhabi to enable and empower private enterprises, including family businesses and SMEs, to grow and recognize their true potential by transitioning to public status via an initial public offering on the ADX.

The fund encourages listings on the ADX and empower companies to become IPO-ready as they seek to grow and scale operations. ADIPOF is supporting companies along their IPO process through its advisory capabilities, tailored relationship management, ecosystem access to key process stakeholders, and can also act as a significant investor in the public book-building phase. The fund's support is targeted at sizable Abu Dhabi/UAE family businesses, successful SMEs, and fast-growing companies in the Emirate and beyond, with a sound governance structure in line with applicable regulatory requirements and international standards. ADIPOF works to catalyze and further diversify the economy. It works to empower companies that are not either structurally or financially ready for an IPO, retaining, attracting, and growing their regional business footprints out of Abu Dhabi.

Besides these two examples of helping grow financial services and solutions, several other Abu Dhabi government and government-related entities also work to support the strategic growth plans of business owners, private enterprises, and investors by improving and widening the sources of funding available.

To name a few, the Abu Dhabi Investment Office's (ADIO) Innovation Programme offers incentives to a wide range of businesses in high-growth areas, including financial services, tourism, AgTech, ICT, healthcare, and biopharma, among others. The innovation program includes globally competitive financial and non-financial incentives worth AED 2 billion ($545 million), providing support to innovative businesses. The program enables companies to grow and deliver ideas that can benefit the region and the world.

Separately, the Industrial Development Bureau (IDB) at ADDED, which is the industrial sector regulator and facilitator, works closely with manufacturers, helping them develop further and boost their production levels. IDB is the custodian of the critical Abu Dhabi Industrial Strategy (ADIS), which pushes for the adoption of Industry 4.0 programs and advanced technologies, triggering innovation, growth, and competitiveness, and reducing waste and emissions across seven targeted manufacturing sectors of chemicals, machinery, electrical, electronics, transportation, food processing, and pharmaceuticals.

The Smart Manufacturing Incentive Programme is supporting businesses under the industry 4.0 program, while the newly established Smart Manufacturing Competence Centre (SMCC), the first of its kind in MENA, provides opportunities for training, upskilling, and knowledge sharing.

Industry 4.0 is one of six transformational programs at ADIS. To give a glimpse into the transformational ADIS that further catalyzes the macro-economy, besides the incentive program, the I4.0 maturity index evaluates the current industry 4.0 maturity levels of existing manufacturing facilities and helps companies identify business areas where improvements will generate the most value. Then you have the Smart Manufacturing Competence Centre aiming to create a collaborative ecosystem that will bring together solution seekers and providers under one roof with an opportunity to understand the manufacturing challenges and co-create solutions. A value chain development program will also enable investors to participate in the development of local infrastructure for end-to-end integration that promotes localization of manufacturing, while the Abu Dhabi Channel Partners Programme work to attract FDI, by providing detailed guides of investment opportunities, supported by customised incentives packages to address the needs of key players and investors. In turn, these initiatives will help to build the reputation of Abu Dhabi's industrial park and products, in addition to boosting cost-competitiveness and predictability for attracting investments through domestic direct investment and FDI.

The unwavering commitment of the Abu Dhabi government toward ensuring comprehensive financial inclusion is an integral and complementary part of its economic growth and diversification agenda.

And while modern economies are increasingly reliant on innovators and entrepreneurs to improve their competitiveness and generate growth, as important "market disrupters", these entrepreneurs still lack access to financing, which hampers their movements and ability to develop with ease. Innovators are the crown jewels; their ability to seize global business opportunities by commercializing and trademarking is critical to raising the economic wealth of a nation, and their drive and spirit must be safeguarded and harnessed properly.

A strong financial system and network of financiers supporting the macro-economy are of paramount importance and guarantee the transition and progression of an economy and society as a whole. We continuously monitor and assess the financial system, along with the market regulators, to identify risks and vulnerabilities.

The stability of financial systems is a global imperative. During 2021 and 2022 and in the wake of the COVID-19 era, many countries around the world faced challenges of inflation, volatility, and debt.

The emirate of Abu Dhabi works to address funding and servicing gaps for vital industries and businesses. As neutral players in the overall business landscape, we also work in tandem with existing banks and other institutions to foster a robust marketplace for all. For any economy to grow systematically, not only should there be easy access to commercial credit and funding, but also a focus on development credit, which does not seek maximum return and offers businesses a reduction in their cost of capital. We "mobilize an ecosystem" by leveraging financial sector capabilities and distribution channels; we target Abu Dhabi priority sectors; we have a lean, digital-enabled setup to ensure cost efficiency. We are there to bridge the gap between lenders, international investors, financial institutions, and FDIs that wish to invest in Abu Dhabi long term. We help these entities, projects, and mSMEs become bankable and hold their hands as they walk through their various development stages .

On a different note, today's financial sectors and markets have evolved extensively. Abu Dhabi is also forging ahead and investing heavily in fintech. Fintech is an enabler, bringing financial services to the unbanked and underbanked through enabling wider reach, lower transactional costs, and client penetration through profiling capabilities, and its adoption by users has accelerated tremendously post-pandemic.

Banks have made good use of robotic process automation, capitalizing on artificial intelligence (AI) capabilities to reduce costs and enhance operational efficiencies. The cost savings are significant.

A report by "Autonomous NEXT" (the global research provider on financial companies) found that AI could potentially reduce operating costs in the financial industry by 22%. By 2030, it predicts the savings could total $1 trillion. Part of the reason for that growth is the increase in the functionality of robotics. Fintech is one of the biggest disruptors of our time for financial institutions, and the Government of Abu Dhabi continues to work with all public and private stakeholders, including cross-border initiatives within the GCC, to flesh out the right frameworks, environments, and landscape required to take our markets to the next level and on a par with global peers.

As a case study, the United Arab Emirates, via the Central Bank (UAECB), along with the Saudi Arabian Monetary Authority (SAMA), launched the common digital currency pilot project "Aber" for use in financial settlements between the United Kingdom and UAE through blockchains and distributed ledger technologies. SAMA and UAECB share the same desire to launch pilot projects with the use of these technologies to identify and learn how to benefit from them. It may be proven after the study that the use of digital currency may contribute to supporting this development. SAMA and UAECB hope that their pilot projects will benefit everyone locally and internationally.

And with new tech platforms and traditional banks increasingly working together either as preferred or even exclusive partners, this beneficial shift creates an environment more likely to promote financial stability than an environment characterized by outright competition (traditional banks and small new tech platforms).

We see regulation technology as continuing to be a key global development for 2023, with traditional banks leveraging technology to increase operational efficiency and cost-effectiveness in meeting regulatory obligations across know your customer (KYC), financial crime, and AML. In Abu Dhabi for instance, this is especially true in the case of the eKYC project led by the Financial Services Regulatory Authority of Abu Dhabi Global Market (ADGM).

"Buy now, pay later" platforms are also a key development predicted to experience accelerated growth over the next 24 months, with examples globally being Affirm, Paypal, and Zip.

Preparatory plans for Web 3 are also in place here, with a focus on the following:

a. updating SCA virtual asset regulations through collaboration with Abu Dhabi stakeholders including ADDED, SCA, ADGM, and ADQ
b. working with key stakeholders such as ADGM and ADIO to develop an environment conducive to digital asset firms establishing in Abu Dhabi, and
c. addressing infrastructure roadblocks for digital asset firms, specifically banking roadblocks, through collaboration with the UAECB, local banks, ADGM, and SCA.

OPPORTUNITIES AND CHALLENGES FOR ABU DHABI (KEY ROLE OF ABU DHABI GOVERNMENT)

New and established entities dealing with virtual assets in Abu Dhabi continue to establish their presence and operational arrangements in-line with the Emirate's nascent stage in this field. While potential risks associated with the virtual asset space exist as with other asset classes, Abu Dhabi is actively working to support and develop the required infrastructure on both local and federal levels. The enhancement of SCA regulations aims at addressing some of these concerns, in particular those related to the riskiness of virtual asset entities. The enhancement of financial crime regulation for virtual asset players is a clear step in this direction.

SCA and ADIO are also working closely with key stakeholders (including market players, banks, other regulators, and government agencies) to create a more holistic ecosystem that is conducive for virtual asset players wanting to establish their business in Abu Dhabi—in particular, the dialogue with the CB and with the local banks is critical.

The overarching benefit of supporting this industry is the potential to attract capital and encourage investment in Abu Dhabi. The goal is therefore to create a physical hub in Abu Dhabi that promotes innovation and growth in this sector, e.g., through dedicated events connecting founders, operators, regulators, and investors; specialized visas; sandboxes, etc.

ADIO and ADDED are well positioned to drive such initiatives while leveraging on successful entities' works such as the Abu Dhabi Residents Office (ADRO) and golden visa. ADRO is a division of ADDED established to support the emirate's thriving international community. The office is dedicated to helping new residents settle into Abu Dhabi and supporting the integration and harmonization of the international community with the local culture and society.

Forward-looking developments covering our financial industry would focus on digital assets (tokenization), with an emphasis on security tokens and their impact on the investment ecosystem, specifically illiquid alternative asset classes. This is applicable given Abu Dhabi's vast investment ecosystem of sovereign wealth funds:

a. facilitation of better capital formation
b. tokenization allows fractionalization of large, illiquid lumpy assets, therefore facilitating the creation of a new investor segment (retail investors) for a previously inaccessible asset class
c. fractionalization therefore generates liquidity for institutional holders of illiquid asset classes while enabling portfolio diversification for retail investors previously unable to access private asset returns
d. scope of Private/illiquid asset classes would include private equity, infrastructure, real estate, venture capital, and private debt
e. significant beneficiaries would be emerging economies fundraising for large infrastructure investments' tokenization, given that fractionalization would allow direct beneficiaries of such infrastructure projects (local populations) the ability to invest in projects, but more broadly, it widens the investor universe given the smaller ticket size.

Abu Dhabi's efforts and initiatives today are positioning us better for the future. We thrive in a world of integrated global finance, open trade, and investment flows, and our market access is among the best in the world. We will safeguard our achievements of today, continue to prepare for what lies ahead, and forge even stronger relations with the rest of the world.

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ADGM
AN INTERNATIONAL FINANCIAL CENTRE

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The ADGM Academy was established with the vision of becoming one of the region's top educational and Human Resources academies for banking, finance, public services and entrepreneurship. In line with the UAE leadership's vision to continue to build a strong and resilient economic sector, we aim to provide our constituents and the community at large with world class HR solutions including consultancy and development services, and a broad suite of talent management programs to empower our most valuable asset: our People.

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Dr. Alessandro is Full Professor of Strategy and Innovation at ESCP Business School, he also teaches and directs executive education programs for the top business schools in the world.

An expert educator, he helps executives and students understand emerging technologies like AI and blockchain and seize the opportunities of turbulent environments while developing sustainable value propositions. Alessandro works with multinationals, governments, international organizations, start-ups and family businesses across five continents.

He holds a PhD from Erasmus University Rotterdam, a Master from Bocconi and also studied at Harvard, MIT, NYU, Oxford and Stanford.

His research regularly appears on top international publishers, including Harvard Business Review and MIT Technology Review outlets, LSE Business Review, World Economic Forum Agenda and Forbes. His previous book "CLEVER. The Six Strategic Drivers for the Fourth Industrial Revolution" became a no.1 Amazon bestseller. His latest "Innovating with Impact" is published by The Economist.

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MAAN AL AWLAQI

Chief Portfolio Officer at Aldar Investment

Maan Al Awlaqi is Chief Portfolio Officer at Aldar Investment. In this role, Maan oversees Asset Management of the residential, commercial, industrial, and logistics recurring income portfolios at Aldar Investment Properties. He is responsible for ensuring that all strategies adopted across leasing, property management, facilities management, development, and acquisitions are value accretive for the portfolio, while ensuring best in class customer experience. Maan also oversees the venture capital arm of the business, leveraging his background as both a General Partner and a Limited Partner in a variety of funds.

Educated in London, Maan graduated from the globally ranked SOAS, University of London. Upon graduation, and returning to the UAE, Maan took up a role at Dubai's sovereign wealth fund, Dubai Capital Group, becoming its youngest Vice President at 25 years old, before rising to Senior Vice President. In this role Maan focused on a MENA mandate across a number of asset classes from private equity to public equity.

Following his time at Dubai Capital Group, Maan joined Dubai Bank, where he headed the wealth management and brokerage unit, and became a member of the Investment Committee and Asset Liability Committee. Maan later took up a position at Abu Dhabi's Masdar Capital, in the capacity as Principal for the Company's New York domiciled third party cleantech fund II. Success in this role resulted in Maan moving to asset manage Masdar's flagship investment – Sham I, which also led him to the role of CFO for Shams.

Maan joined Aldar Properties in 2015.

SALMA KAYALI

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Salma Kayali is Vice President of Innovation at Aldar, leading the company's innovation division. In her role, Salma oversees an innovation framework that delivers against three areas of strategic importance: corporate innovation, incubation programmes for start-ups, and investment in new tech-enabled businesses.

Salma established Aldar's venture building capabilities and overlooks investment into a range of global Venture Capital funds. She is also responsible for four flagship start-up incubation and acceleration programmes with local, regional, and international reach. Salma is Vice Chair of Aldar's Diversity & Inclusion Board.

Prior to joining Aldar, Salma was Programme Manager at Krypto Labs, Operation Manager at SEED Entrepreneurship Center, and Executive Director of Operations at Young Arab Leaders. She also held roles at Latham & Watkins and Carnegie Mellon University.

Salma holds a Bachelor of Science degree in Business Administration from Carnegie Mellon University and a Master of Science degree in Business Analytics from New York University.

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DR. MAHMOUD ALHAYEK

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Dr. Mahmoud Alhayek holds a bachelor's degree in engineering, a master's degree in quality management, and a PhD in business administration. He has 19 years of experience in the United Arab Emirates (UAE). Starting as a sales engineer, he handled prestigious clients from the medical field. In his 3 years with a consultancy company, he successfully completed benchmarking projects, customer service training, mystery shopping, process mapping, and surveys studies. Working for the Abu Dhabi government and the UAE federal government for 13 years enabled him to cascade the country competitiveness directions to the entities' strategic projects. He proudly serves as an advisor to the leadership of these entities on multiple projects and business aspects. He contributed to the submission documents of five national excellence awards and many international and local awards, plus developing internal awards scheme. He managed the certification of several ISO standards like 9001, 22301, 45001, 14001, and others.

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MOHAMMED WASSIM KHAYATA

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Founder and CEO of Al Maryah Community Bank, the first independent digital bank in the MENA region.

Before starting his journey with Al Maryah Community Bank, Mr. Khayata spent 29 years in senior positions with leading banks and innovative financial institutions in the UAE, such as National Bank of Abu Dhabi, First Gulf Bank, Abu Dhabi Islamic Bank, and Finance House Group in addition to his international experience which enabled him to innovate distributive digital financial solutions based on state of the art technologies.

Mr. Khayata has very significant presence in the capital and equity markets. He has lead formation of multiple greenfield entities in financial sector and has managed multiple corporate transformations. He has been in equity and IPO market for over 25 years, with special focus on IPO Advisory. Handled all external stakeholders and provided strategic, professional and operational guidance to Al Maryah Community bank team. With his MBank team, he delivered the first fully integrated digital customer experience for IPOs, crypto custodian services, and payment solutions in the UAE.

With strong footing in customer orientation, blended with focus on technology and blockchain, Mr. Khayata is now continuing his journey to make Al Maryah Community Bank a premier hub of innovation and prestige.

Mr. Khayata holds Master's degree in Banking and Finance from the University of Hull (UK), and is an Alumnus of Harvard Business School in Leadership Management.

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Lena Al Suhaili is an Iraqi writer, investor, HR Director and featured as 2022 Break the ceiling touch the sky® list of the Middle East's Most Inspirational Women in Leadership. Lena has worked in the Lingerie, Tech, and Fast-Moving Consumer Goods industries. She is currently the HR Director at BIC for the Middle East, Africa, Asia, and Export Markets in Central and South America.

Lena is involved in mergers and acquisitions, strategy development, coaching, mentoring, diversity and inclusion, organizational development, facilitation, and in working with leadership to develop a high performance culture in growth markets.

Born in London, raised in Kuwait and Al Ain and educated at McGill, Harvard and Cornell Universities, Lena is a global, well-rounded citizen. She is a firm believer in embedding kindness, trust, and empowerment at every level of any organization, creating opportunities, options, and choices in the lives of not just team members, but also the communities they support.

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RONALDO MOUCHAWAR

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Ronaldo Mouchawar is a Syrian-American entrepreneur and retail pioneer in the Middle East and North Africa (MENA) region. He cofounded Souq.com Group and served as its CEO, growing the company into the largest e-commerce retailer in the Arab world. Amazon acquired Souq.com for USD $580 million in 2017. Mouchawar currently serves as the vice president of Amazon MENA, spearheading the business across the region and guided by four principles: customer obsession, passion for invention, commitment to operational excellence, and long-term thinking.

After its launch in 2005, Mouchawar continued to expand Souq.com by launching PayFort (now Amazon Payment Services), a leading online payment service provider in the region, and Q-Express, a logistics arm to increase delivery efficiencies. In 2014, Ronaldo launched the White Friday sale event, now the most popular annual shopping event in MENA.

Since the acquisition in 2017, Mouchawar has been focused on integrating the Souq and Amazon offerings to provide customers with a localized service, a trusted online shopping experience, and an ever-growing array of products and services at low prices with fast delivery. Rebranding from Souq.com, Amazon.ae launched in the UAE in 2019, followed by Amazon.sa in Saudi Arabia in 2020, and Amazon.ae in Egypt in 2021.

Mouchawar has also served as a board director for InstaShop, a homegrown UAE grocery app, after investing in the business in 2017. InstaShop was later acquired in 2020 by Delivery Hero for over USD $350 million, marking as the third-largest tech exit in the region. Mouchawar also spearheaded a consulting company managing numerous web and e-commerce projects, including Maktoob.com, later acquired by Yahoo! in 2009.

Mouchawar sits on the Dubai Future Council on Artificial Intelligence and is appointed by His Highness Sheikh Hamdan as a member of the Dubai Future Academy board of trustees, and the International Advisory Counsel at the Executive Counsel.

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HAMZA CHRAIBI

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Hamza Chraibi is the founder and president of Arab Excellence (www.arabexcellence.org), a global organization based on role models that helps young talents in Middle East and North Africa (MENA) build a strong vision and develop the right mindset and skills to reach sustainable income-generating opportunities. To do this, Arab Excellence has developed programs that take them through self-discovery (building a strong purpose in life), all the way to employment or self-employment—matched with their personality and vision.

Through Arab Excellence, Hamza has provided programs to empower the youth for key organizations such as INSEAD (Best MBA in the world 2016 by the FT), Stanford University, the UAE University, Sandooq Al Watan, NEOM, JP Morgan, Bank of America, and other institutions in the MENA countries to implement programs locally.

Hamza was also Selected as a "Change Maker" by the International Olympic Committee and is regularly invited to advise the Committee's president, Thomas Bach, on issues related to youth empowerment and legacy.

On top of the conferences organized across the world, Hamza has also been invited to give inspirational speeches on different occasions such as the INSEAD Graduation Ceremony, the United Nations Forum in China, the Bosphorus Summit in Istanbul, The OECD Annual Committee in Paris, the Dean International Council of the University of Chicago Harris in Doha, HEC Paris, and the American University of Beirut, among others.

Prior to founding Arab Excellence, Hamza had an experience within the investment team of the French Sovereign fund (BPI) followed by an experience in Investment Banking (M&A) at JP Morgan London.

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AYA SADDER

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A real believer in start-ups, Aya Sadder has helped bring companies to life across Europe, the US, North Africa, and the GCC. Aya, founder of Bolt Consultancy, launched the company in late November 2020 to help build hubs of entrepreneurship across the Middle East and North Africa region. Prior to BOLT, Sadder was the incubator manager of Intelak Hub, sponsored by the Emirates Group, Microsoft, Accenture, and Dubai Tourism.

Sadder delivered a TEDx in Roma on the topic Society 5.0 on "In the Future, we will have 72 hours in a day", which got published on the official TED website in April 2019. For Aya's work at Intelak Hub, she was recognized with the Ecosystem Influencer award in 2017 from Entrepreneur Middle East as well as Intrapreneur of the Year from Arabian Business. Aya also worked for over 6 years under the umbrella of Techstars and Google as a globally certified facilitator for Startup Weekend.

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Imad Hammad founded CarSwitch.com in 2016. He is a seasoned executive with over 15 years of management consulting and line role experience across more than 10 developed and emerging markets. He currently oversees operations, business development, and overall execution of CarSwitch.com strategic agenda.

A dean's list graduate of the University of Toronto, Imad holds an undergraduate degree in computer and electrical engineering. He was formerly an Associate Partner in McKinsey & Company where he led multiple teams against the broad commercial agenda of the largest technology, media and entertainment, and telecommunications players in Middle East and North Africa region. He also held a line role as the Regional Director of Sales and Pricing at OSN where he led product and promotion decisions across more than eight markets and sales operations from footprint optimization to incentive design.

A pragmatic leader with a collaborative approach to problem-solving and rigorous analytics, Imad has worked with a host of senior leaders and led diverse teams across three continents to deliver tangible results.

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Edward Matti is an experienced leader having spent 25 years in sales enablement, leadership development, and culture transformation. An accomplished public speaker and TV commentator in Canada, he continues to delivers keynote speeches on global stages and learning workshops focused on sales excellence, employee engagement, and leadership essentials.

Prior to moving to the United Arab Emirates, Edward lived in Toronto and was a Regional Director for Canada's largest wealth management firm. He spent 14 years working with his team of 90 wealth managers, financial planners, and support staff, managing over $540 million in assets with an annual turnover of $65 million. He had received several awards for exceptional achievements as a Division and Regional Director.

In 2010, Edward moved to Dubai to open up his consulting company. What started as humble beginnings with a team of one has now grown to a well-respected boutique firm with a diverse team of over 30 consultants, associates, specialists, and coaches and offices in Dubai, Montreal, Toronto, and New York.

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MEDEA NOCENTINI

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Medea Nocentini is the Founder of C3 – Companies Creating Change, a UAE-based social enterprise helping impact-driven entrepreneurs in the Middle East and Africa unlock their growth potential and maximize their positive impact on the community. She is also Senior Partner at Global Ventures, an international venture capital firm investing in start-ups with the potential to transform emerging markets, and scale globally.

Before joining Global Ventures, Medea served as Chief Strategy Officer at the AW Rostamani Group, an international and diversified family group, as well as Senior Vice President, Strategy and Corporate Development at OSN, a leading Pay TV platform in the MENA region. Earlier in her career, she spent several years at Booz Allen Hamilton developing strategies for TMT, consumer, and public sector's clients across Europe, the United States, and the Middle East. She holds an MBA from Columbia Business School (New York, USA), an MSc in Mechanical Engineering from Politecnico di Torino (Italy) and an Engineering Diploma from Ecole Centrale Paris (France).

KEVIN HOLLIDAY

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Kevin Holliday is the Managing Director of C3 – Companies Creating Change.

He has over 20 years of strategy, finance, and investment experience across the globe, with broad exposure to different sectors and business models within complex and dynamic environments.

Kevin has previously held senior positions at AW Rostamani Group, OSN, Global Integrated Security, Networkers International Plc, and Euromoney Institutional Investor Plc.

He has substantial experience in high-growth, fast-paced, innovative environments, with exceptional strengths in strategic development and execution, impact investing, and social entrepreneurship.

Kevin is a qualified chartered management accountant (London, UK) and holds an MBA from Warwick Business school (Warwick, UK).

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Lana Azhari is the Research & Insights Manager at C3 – Companies Creating Change.

She joined in 2020 C3 as a Communications & Community Manager and has worked directly with over 100+ impact-driven startup founders, supporting them on their journey as part of C3's accelerator and investor readiness programmes. Lana currently focuses on sharing knowledge through research, reports and articles across the impact entrepreneurship space.

Before joining C3, she worked and interned with several entities in Beirut, Lebanon, in non-profit organisational management, ESG, and Corporate Governance.

She graduated in 2019 from the American University of Beirut (AUB) with a Bachelor of Business Administration.

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Mohamad Baki has founded D-One to create the first online valuation and budgeting platform in the Middle East and North Africa (MENA) region, focused mainly to serve the start-ups and small and medium-sized enterprises (SMEs) by saving them money and time while providing high-quality calculations supported by top market data sources.

Mohamad's professional experience span over 17 years, with over 10 years at Deloitte Financial Advisory and 5 years at a major multinational firm focusing on valuations, strategic consultancy, feasibility studies, project management, and transactions (M&A, IPO, and corporate restructuring). He led various complex and large projects working with Sovereign Wealth Funds, government entities, and corporates spanning across the MENA region.

Mohamad is currently assisting in leading several SMEs economic and strategic initiatives part of SMEs team at the Department of Economic Development . He was one of the team members who created the Special-Purpose Acquisition Company law in the United Arab Emirates. Some of his achievements include the following: Executive MBA from London Business School, finance and management degree from the American University of Sharjah, Chartered Financial Analyst level III candidate, Certified Islamic Finance Executive, and Certified Wall Street Financial Modelling.

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Victor Kiriakos is the Founder and CEO of Dunes Ventures, a hybrid venture studio located in the UAE. Dunes Ventures supports founders, corporates, and governments in developing pioneering companies that create exponential impact.

Prior to his entrepreneurial venture, Victor served as GM-UAE at Careem, where he contributed significantly to scaling the company's SuperApp proposition, pivoting its food business, and launching its subscription program.

Victor has over eight years of experience in investing, building, and scaling digital start-ups, and he has a proven track record as a venture capitalist. He has worked with Precinct Partners, Flat6Labs, and Intigral, where he acquired valuable insights into the world of entrepreneurship.

Victor has a BA in Economics from AUB, an MBA from INSEAD, and is a Thnk.org participant. His expertise and vision for creating impactful ventures are inspiring, and he is a notable figure in the world of entrepreneurship.

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Noor Shawwa is the Managing Director at Endeavor in the UAE, which he launched in December 2013 to support high-impact entrepreneurs in scaling-up their businesses.

Before joining Endeavor, Noor was the Head of Strategic Initiatives at Bayt.com, the Middle East's largest job portal. At Bayt, Noor worked with the senior management team across functions to optimize the company's processes and performance.

Before Bayt, Noor was the Head of Content at Zawya.com, the Middle East's first business and financial information provider, which was acquired by Thomson Reuters in 2012. Noor played an integral role in Zawya's growth by establishing its flagship content product to rival and beat international giants such as Bloomberg, Thomson Reuters, and others.

Before Zawya, Noor was a full time lecturer at Concordia University in Montreal, Canada. He lectured on Entrepreneurship and Business Strategy.

Noor has an MBA degree and a Bachelors degree in Psychology from Concordia University.

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Matthew Karau is the founding director of the Engineering Design Studio at New York University Abu Dhabi (NYUAD) and a senior lecturer of Engineering Design. Since the university's inception in 2010, he has championed design and innovation through coursework, mentorship, and external engagement. He has also served on the Advisory and Selection Committee for Dubai's in5 Technology incubator since 2016.

Under Matthew's guidance, teams have worked with government and industry partners, received national and international grants and awards, patented inventions, initiated open-source projects, sent experiments to the ISS, and started ventures in the United Arab Emirates, Australia, Sweden, and the United States.

Matthew holds an electrical engineering and computer science degree from the Massachusetts Institute of Technology (MIT) and spent his early career at the MIT Media Lab. He was a founding member of two interdisciplinary technology research organizations—MIT Media Lab Europe in Dublin and Distance Lab in Scotland. Prior to joining NYUAD, he ran an engineering consultancy and lectured at the University of the Arts in Berlin.

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Ryaan Sharif is Bachelor of Economics graduate, majoring in finance, from the University of Manchester.

Upon graduating, Ryaan went on to work for EY, working on numerous engagements with multinational firms, to the investment promotion agency of the Kingdom of Bahrain where he personally account managed and attracted US$300 million in foreign direct investment. In the past 6 years, he has gone on to work in the venture capital field for the likes of, firstly, Flat6Labs Bahrain, where he was responsible for establishing the offices and investing in 35 portfolio companies and then moved to Batelco, Bahrain's leading telecom provider, where he headed the B2C Investments in the Digital Development Department, responsible for deploying US$500 million, as a strategic investor, into high-growth digital companies.

Ryaan is currently the General Manager of Flat6Labs Abu Dhabi who have launched a US$32 million fund in partnership with ADQ, the sovereign wealth fund of Abu Dhabi, which are focused on investing in initially 60 start-ups (already deployed capital into 28 companies) over the next 3 years.

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Mohamed is an engineering professional with a bachelor's in Mechanical Engineering and a master's in Business Administration from Virginia Commonwealth University (VCU). Mohamed has a passion for improving the world we live in through innovation and collaboration. He has over 12 years of experience in the energy sector building and improving energy generation sources for the North American electric grid, and supporting the transition to clean and sustainable energy.

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With 17 years in the business world and having traveled to over 50 countries, Jay's vision is globally entrepreneurial. At the young age of 22, he started his first venture in Digital Marketing and then embarked on a journey with three more companies, achieving two successful exits. Today, he is the founder and CEO of FortyGuard, a tech startup leveraging AI to transform the science of urban temperature, tackling global climate challenges. Positioned as one of the fastest-growing Climate-Tech startups in the region, FortyGuard has been a beacon of innovation, as acknowledged by many features and accolades.

In 2014, Jay earned an MBA from the University of Wollongong. His leadership skills grew rapidly at TS Holdings, where he managed a diverse range of international investments as the General Director with a large portfolio of capital and partners. This expertise didn't go unnoticed – in 2015, he was honored as the Youngest Executive Director in the Middle East by Entrepreneur Magazine, and he was recently featured by Forbes for his vision and achievements with FortyGuard.

Jay is a professional martial arts player and an international public speaker. He started at the age of 17 as a sales representative for a classified newspaper in Abu Dhabi and then grew his talent and network over the years, engaging with global leaders, government officials, and royal members, showcasing his relentless drive and commitment.

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Noor Sweid is the Founder and Managing Partner of Global Ventures, an international, United Arab Emirates–based, Series-A focused, emerging market venture capital firm. With US$200 million assets under management, and financial returns rating it as a top decile fund, Global Ventures has become a leading investor across the Middle East and North Africa (MENA). Prior to Global Ventures, Noor was the first woman to scale and IPO a company in MENA, listing Depa on NASDAQ Dubai and the London Stock Exchange for US$1.1 billion in 2008. Her previous roles include Chief Investment Officer at The Dubai Future Foundation and a Founding Partner at Leap Ventures. She also founded the largest chain of yoga studios in the Middle East, ZenYoga, which was acquired by Cedarbridge in 2014. Noor is the Founding Chairwoman of the Middle East Venture Capital Association and serves on several corporate and nonprofit boards. She holds bachelors' degrees in Finance and Economics from Boston College and an MBA from MIT Sloan School of Management.

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Anas Zeineddine has been leading innovation initiatives for several years by establishing innovation hubs, investing in start-ups, and providing early-stage incubation and acceleration programs. He has extensive experience in advising governmental entities in establishing sustainable innovation ecosystems and developing strategies for supporting small and medium enterprises to stimulate economic development.

Anas has worked closely with national space organizations in establishing innovation frameworks and strategies for accelerating entrepreneurship in the space industry. He led several initiatives in the incubation of space technology start-ups through custom space innovation programs and has done extensive work in the drones tech industry by launching strategic research and development investment projects. Previously, he worked with leading energy firms in engineering and project management. He also cofounded companies in the media and Internet of Things industries.

Anas is also the founder of innovaMENA, an innovation enabler that supports entrepreneurs, start-ups, and industry stakeholders and provides innovation advisory to various organizations.

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Vikas Aggarwal is an Associate Professor of Entrepreneurship and Family Enterprise at INSEAD. He is the Academic Director of the INSEAD Global Private Equity Initiative and teaches MBA, PhD, and Executive Education courses on venture capital, private equity, and scaling up entrepreneurial ventures. His research examines strategy and innovation issues in venture capital-backed start-ups, as well as the adaptation and transformation of established firms in response to widespread industry change. Prior to joining INSEAD, he worked as an entrepreneur in Silicon Valley and held positions in strategy consulting and investment banking. He holds a PhD from the Wharton School at the University of Pennsylvania, an MBA from the MIT Sloan School of Management, and an AB in Economics from Princeton University.

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Raman Jaggi has, to his credit, a rich experience of 37 years in the field of entrepreneurship and small and medium-sized enterprises development. He obtained his post-bachelor diploma in management in 1985. He is also a certified trainer for entrepreneurship development under accreditation awarded by the Entrepreneurship Development Institute of India. Raman started his career as an officer within an industrial consultancy organization in India in 1986. He has worked at various responsibilities with Apex entrepreneurship institute in India and subsequently in Bahrain on international assignments. He worked with the United Nations Industrial Development Organization, Bahrain, as Business Development Expert during 2000–2001. From December 2001 until 2011, he worked with Bahrain Development Bank, Bahrain, as Vice President, Business Advisory. From January 2012, Raman has been working with Khalifa Fund, Abu Dhabi, as Consultant, Enterprise Development Department, contributing to various functions of the department. He also served as the Acting Head of Capacity Building Department in Khalifa Fund from 2018 to 2019 and thereafter he has been heading the training section at Entrepreneurs Capability Building Department. He is retired from active employment at Khalifa Fund effective end of May 2023 and launched his consulting business registered with ADDED Abu Dhabi. Currently, he is also associated as an Adviser with AK Venture Investment that is a venture capital fund licensed by ADDED Dubai.

He has, to his credit, several articles, papers, and books written. He has also been awarded the National Best Science and Technology Trainer-Motivator Award for the year 1992 by the Government of India.

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Issaad El Kadiri Boutchich is a strategy and management consultant with more than 14 years of experience in education and has helped many small- and medium-sized enterprises develop their businesses, create value, and enhance their entrepreneurship skills.

He has taken part in developing, delivering, and monitoring programs with Arab Excellence in the MENA region since 2015 and has been invited as a guest speaker to help empower the future entrepreneurs of the region.

Khalifa Fund for Enterprise Development

SULTAN NABEEL FLEFIL

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Sultan Flefil is an audit manager at Khalifa fund for enterprise development; he has Over 18 years of experience specialized in Highly experienced profession, holding excellent Leadership and management skills in the field of internal audit & risk management. Gained vast experiences within various multinational and government agencies in the UAE with proven roles for Internal Audit, Internal Control, Risk Assessment, Risk Management, Governance, Compliance, strategic planner.

In addition to these experiences, Sultan has more than ten years of experience in the field of entrepreneurship and small and medium enterprises. He has worked to assess the risks of these companies and develop appropriate action plans for recovery. He also has experience in financing small and medium enterprises in Africa, Chechnya, Belarus In addition to Egypt and Jordan, where Khalifa Fund currently operates a financing arm for small and medium enterprises in these countries.

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Bina Khan is a serial entrepreneur and start-up angel investor with experience in Silicon Valley, New York City, Europe, and the Middle East. She serves as an advisor to start-ups and accelerators focused on innovation, entrepreneurship, and high-growth companies.

Bina is the cofounder of SUMMIT, a boutique accounting and tax advisory firm. She is a widely respected tax expert in matters related to venture capital and corporate transactions in the transatlantic space, including venture financing, acquihire, and mergers and acquisition. She has deep expertise in start-ups and the venture capital sector, with an emphasis on working with cross-border founders and entrepreneurs establishing their ventures in the United States and the United Arab Emirates (UAE) and investors investing in non-US–based companies.

Bina most recently served as the chief operating officer of Pure Harvest Smart Farms, providing day-to-day leadership to execute specific strategic initiatives for the UAE's first-ever high-tech, controlled-environment agriculture venture.

Bina holds a dual Masters of Business Administration with a concentration in accounting and taxation from Pace University's Lubin School of Business and a Bachelor of Science in Business Administration from Fordham University in New York City.

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MIRIAM KIWAN

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Miriam Kiwan is Vice President of MENA at Circle, a global financial technology company. Prior to this, Miriam led digital assets and tech ecosystem development at Abu Dhabi Global Market (ADGM). She held various strategic roles within the technology, financial services and nonprofit in the UAE and Europe. She holds a Global EMBA from TRIUM, a joint program between London School of Economics, New York University and HEC Paris.

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JASON MOORE

The Water Guy
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Jason "the water guy" has over 20 years of leadership experience in the corporate and government sectors having managed over 450 staff and $300 million in PNL. He has also gained vast experience in the United Arab Emirates as an innovation leader for successful real estate, media, food and beverage, and investment companies, with a large emphasis on water and organic farming. He has a BS, with honors, in economics from the US Naval Academy and attended the UCLA Anderson Graduate School of Management.

Giving to the community is very important to Jason.
Chair: AmCham micro-SME committee
Vice-chair: AmCham USPAC
Volunteer: Allied Airlift 21 Afghanistan
Mentor: NYUAD Mentorship Network
Organizer: LocoFood desert cleanups
Middle East Region Blue and Gold Officer: United States Naval Academy, Annapolis

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lanjaronarabia.com
locofooduae.com
mediamondays.com
independentdefense.com
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The BOB (building our bodies) workout finisher, developed by VADM Bob Harward SEAL (ret)

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DR. MAHMOUD MANSI

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Dr. Mahmoud Mansi is a social entrepreneur, award-winning author of nine books, eight times global TEDx speaker, Master of Business Administration lecturer, publisher, and a subject matter expert in human capital, sustainable development goals, corporate social responsibility, education, health and safety executive (HSE), arts, culture, management consulting, and auditing in various different industries. In 2022 Mahmoud was shortlisted as one of the best CHRO's of the Year in the Future Workplace Awards in Dubai. Parallel to his entrepreneurial and developmental work, Mahmoud has been working in the Arab Academy for Science, Technology and Maritime Transport (AASTMT).

Due to Mahmoud's expertise, he is continually invited as a judge at global business and sustainability awards including Stevie Awards, GULF Sustainability Awards, International Brilliance Awards, Enactus, and Medtop.

As a learner—in addition to his doing business as—Mahmoud has acquired 19 global certifications in human resources, quality and agility, and HSE.

As a knowledge management enthusiast, Mahmoud has traveled and spoken in conferences in Nigeria, Egypt, United Arab Emirates (UAE), India, Kingdom of Saudi Arabia, Italy, Spain, Sudan, and the United Kingdom (UK) including Society for Human Resource Management TECH & ATD ME and was featured in the media more than 100 times for his work, ideas, and activities in human resources and community development.

As a community development enthusiast, Mahmoud is an official member and a volunteer of Rotary Club of Alexandria Cosmopolitan, the Afro–Asian Union, Tawazoun UAE, Euro–Med Women's Foundation, the Arab Women in Maritime Association, OSHAssociation UK, and the Egypt–US Exchange Alumni Council.

He is a writer at Harvard Business Review Arabia, and holder of CIPD Level 7.

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YASMIN ALMOSTEHY

Executive Director

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Yasmin Almostehy is the Executive Director of the Middle East Venture Capital Association (MEVCA) and is responsible for overseeing the association's various initiatives to further elevate the venture capital (VC) ecosystem across the Middle East and North Africa region. She came to MEVCA with 20 years of corporate management experience across four continents, with a focus on sustainability and social impact in organizations including DHL Express, Zain/Celtel, and the Boston Consulting Group. When she is not designing and rolling out initiatives for the VC community, she also volunteers on various fundraising and social impact initiatives in her personal time. She earned her master's degree in project management from George Washington University and her bachelor's degree in international relations from the American University in Cairo.

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JENNA KLEINWORT

Communications and Social Media Specialist

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Jenna Kleinwort is in charge of public relations and communications at MindTales. She received her BSc in International Business and Politics from Copenhagen Business School and holds a MSc in Economics of the Middle East from Philipps-University Marburg. Fluent in Arabic, she investigated the opportunities and challenges of female entrepreneurs in the United Arab Emirates during her master's thesis. Knowing the region and its intricacies well, she has a strong personal and professional interest in joining MindTales on their mission of making mental health more accessible and facilitating the discourse on mental health stigma. As a 2022/2023 fellow of the Rosalynn Carter Center's program for mental health journalism, she discovers the region's mental health challenges.

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DR. AHMAD ODEH

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Dr. Ahmad Odeh has held roles where he advised on key financial matters and lead major organizational change initiatives

He has also held Board Memberships for several organizations including joint ventures and was as an Audit Committee Member for a Privately Joint Stock Company. He carries the experience of successfully managing multibillion-dirham budgets targeting profits and sales achievements, delivering complex accounting services, strategic financial planning & analysis and integration of merger & acquisitions.

He has served as a strategic finance leader in various government authorities, publicly listed companies, multi-national corporations, as well as local entities including The Department of Municipalities and Transport (DMT), Emirates Defence Industries Company (EDIC), Advanced Military Maintenance Repair and Overhaul Center (AMMROC), Abu Dhabi National Hotels (ADNH), Abu Dhabi Ship Building (ADSB), and Price Waterhouse Coopers.

Dr. Odeh holds a Doctorate in Audit Quality from UAE University. He is a Certified Public Accountant from the Missouri State Board of Accountancy, and a Certified Risk Management Assurance Professional.

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DR. LOUIZA CHITOUR

Health Director-GCC

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Dr. Louiza Chitour's current role at Plug and Play is to understand the specific innovation needs of key stakeholders in the ecosystem (government and private sector) and support them throughout their digital transformation journey.

As an aspiring entrepreneur herself, Louiza supports the emerging digital health ventures from the region through Plug and Play venture capital (VC) arm and invests in promising technology solutions at pre-seed and seed stages. She is also an active angel investor with more than seven tech start-ups in her portfolio.

Finally, as a FoundHER (https://www.plugandplaytechcenter.com/foundher/) ambassador for the region and founder of a female empowerment non-profit organization (Wovid Diaries; https://www.woviddiaries.com/) and an active steering committee member of the 2022 Female Angels movement, Louiza strives to provide the necessary support and guidance to female founders from the region and works with key stakeholders in the field to raise awareness on the gaps that exist in female start-up funding and how to address them.

Areas of interest: innovation, tech, digital health, pharma, biotech, fintech, foodtech, environmental, social, and governance; research and development; VC and angel investment; mentorship; education; gender equality; female empowerment; and emerging markets.

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ANIL MEHTA

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Anil Mehta works independently as an executive or non-executive director, advisory board member, or general counsel in disruptive ventures that positively impact society and sustainability, in which he invests as an angel. He serves as general counsel to Pure Harvest Smart Farms.

Anil is involved in a wide range of sectors, including agritech, biotech, cleantech, data intelligence, digital currency, ecommerce, fintech, food production, infrastructure, media, mobility, and sport. He was an advisory board member and audit committee member at Careem from its inception in 2012 through the sale of the business to Uber in 2020.

Anil is a qualified lawyer (in England and Hong Kong) and has experience across Europe, Middle East and North Africa, and Asia in project finance, real estate, venture capital, private equity, technology, and sports, including over 10 years working with Allen & Overy in London and the Middle East. He is also proud to have played a role as deputy head of legal at the London 2012 Olympic Delivery Authority, where he was responsible for the legal work underpinning many of the assets and venues for London 2012, including the Olympic Stadium.

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ALFONSO FERNANDEZ STUYCK

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Alfonso Fernandez Stuyck is the founder and CEO of financial analysis and reporting software company, Qokoon. With over 20 years experience in international leveraged finance, private equity, CLOs, financial management consulting and corporate turnaround.

Alfonso skills include financial management, corporate finance, investment appraisal, company valuation, monitoring of companies, financial analysis and financial reporting.

Alfonso has considerable experience in the GCC and has significant experience tutoring MBA students in all the subjects mentioned above.

Alfonso has a degree in business administration from the University of Valencia (Spain), an MSc in Banking and International Finance from Bayes Business School and an MBA from London Business School, with specialization in finance and entrepreneurship.

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Born and raised in Abu Dhabi, father of two and proud to call UAE his home, I am a Seasoned Strategic Finance Executive working across a multitude of industries including Audit services, FMCG and Tech with names such as Apple and Mars providing me with the wealth of experience I built over the years.

Building on my breadth within the corporate finance world, I moved from accounting and governance roles toward FP&A and commercial finance within the organizations I worked in. Driven by purpose, I am an avid believer of people development being the number one asset for any organization giving me a keen interest in coaching people for success.

I believe in collaboration and continuously challenging the status quo with the curiosity in understanding the why in everything we do which drives my sense of purpose at work.

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SHANE SHIN

Founding Partner

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Founded in 2017, Shorooq Partners is the leading seed-stage venture capital firm investing in the most innovative start-ups across the Middle East, North Africa, and Pakistan (MENAP region). The firm built deep sectoral expertise in Fintech, Platforms, Software and Web3.0. Shorooq Partners has backed market leading disruptors, some of which include Pure Harvest Smart Farms, Sarwa, Lean Technologies, TruKKer, Retailo, Airlift, Mozn and Penny. Since its inception, Shorooq Partners was built on the principle of being founders' partners, company builders and value investors.

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Amir Abdullah has been a trainer, entrepreneur, and business advisor for more than 15 years in areas such as digitalization, business strategies, and business analytics. He has worked with several businesses of varying sizes, from microbusiness owners to government institutions and overseas government agencies.

Over the past five years, he has spearheaded several smart analytics projects aimed at diagnosing and enhancing business performance and supporting digitalization initiatives across government agencies and SMEs. In addition to his consulting role, Amir also leads the development of the business's digital solutions toward a platform business.

SSA Group International is a branch of the SSA Group of Companies based in Singapore, offering government-supported training programs and consulting solutions to local Singapore businesses and executives.

DR ZAINAL ABIDIN AHMAD

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Dr. Zainal Abidin Ahmad, a Certified Management Consultant and Registered Management Consultant, has more than 40 years of experience in the armed forces, banking and finance, entrepreneurship development, higher education, human capital development, leadership and organizational development, productivity and quality management, and strategic level planning and intervention. He had held middle to senior positions in private sector organizations and in the Singapore and Abu Dhabi/UAE governments and GLCs. He had played an instrumental role during the early years of the Singapore government's national productivity movement developing individual and organizational capacities to drive productivity initiatives. He had also managed and executed international management consulting and corporate training projects, in competency assessment and development, education, entrepreneurship, government agency development, leadership and organizational development, human capital development, productivity, and strategic restructuring in the ASEAN and Gulf/Middle East regions.

As a former Advisor or Consultant appointed by the Abu Dhabi government, he advised the implementation and development of the Khalifa Fund for Enterprise Development, a SME agency/authority in the Emirate of Abu Dhabi, before being appointed as its first CEO.

STARTAD

startAD

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startAD is an Abu Dhabi-based accelerator, steering local and global startups to scale in the UAE and beyond. Powered by Tamkeen and anchored at NYU Abu Dhabi, startAD is a new model for innovation that creates customized and impact-driven programs in partnership with stakeholders including governments, corporations, investors, and innovation entities, furthering UAE's transition into a knowledge-based economy. startAD's unique sprint accelerator model enables corporations to further innovation by partnering with startups disrupting their core businesses, while equipping startups with the training and opportunity to pilot their solutions with industry leaders.

startAD offers unparalleled business advancement opportunities to local and global tech startups, SMEs, researchers, investors, and youth through an extensive range of programs, state-of-the-art facilities, and a strong global network. Driving innovation in construction, retail, finance, and other priority industries in the UAE, startAD alumni startups have raised USD 240 million in investment, generated USD 180 million in revenue, secured over 80 global pilot projects with corporations, and created over 360 jobs worldwide.

NIHAL SHAIK

Assistant Director of Marketing and Communications, startAD

Nihal Shaikh is an award-winning communications leader and business strategist scaling exceptional brands and building thriving communities. She currently heads global communications at NYU Abu Dhabi's startup accelerator, startAD, where she has been instrumental in developing the brand since inception; powering a global community of 380+ startups, 650 investors, 20+ corporations, and 12000 collaborators furthering UAE's transition into a knowledge-based economy.

Nihal comes with 12 years of business experience, a knack for making meaningful connections with audiences, and an insatiable appetite for helping others maximize their potential. She holds a Master's Degree in Communications from Madras University in India. She has earned certifications from the Kellogg School of Management at Northwestern University in 'Strategies that Build Winning Brands', 'Strategy in the Age of Digital Disruption' from INSEAD, 'Digital Marketing' from the Chartered Institute of Marketing in London, and 'Project Management from the global Project Management Institute.

Nihal is an advocate for social innovation, has been recognized on PR Moment's 30 Under 30 list, and has been a mentor for women business owners through the United Nations Women, and the Cherie Blair Foundation. She is passionate about creating opportunities for social innovation and for the youth and women to participate in the economy and is a sought-after coach for emerging startups, and students of communications and marketing.

RAMESH JAGANNATHAN

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Ramesh is an entrepreneurial technologist specializing in leading global teams, converting abstract concepts into tangible and marketable technologies in a short time frame.

Since 2010, Ramesh has led the focus on innovation and entrepreneurship at NYU Abu Dhabi. He believes in the UAE's ability to evolve rapidly into giving Silicon Valley a run for its money, through a focus on addressing the needs of the 21st century middle class. Previously Ramesh spent 30 years at Eastman Kodak in the US and the UK, which culminated in a prestigious appointment as Research Fellow at Kodak Research Labs. Ramesh holds 43 US patents, and has 31 peer-reviewed articles in journals. He also received the Kodak Distinguished Inventor Award.

A gold medalist from the University of Madras from where he received his B.Tech degree, Ramesh went on to complete his PhD from Clarkson University and sat on the Cambridge University Mentor Panel.

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Ecosystem builder and start-up specialist Swethal Kumar is the Chief Executive Officer and Managing Partner of Startupscale360 FZE and Co-founder of The Crossroads. An alumnus of London Business School as well as an Indian Chartered Accountant, he has lived in the United Arab Emirates for 2 decades and spent a major part of his career with Mubadala Investment, one of the largest sovereign funds in the world.

Swethal was sent on secondment to head Finance function in Hub71, an Abu Dhabi government-funded start-up ecosystem. Twelve years of serving the Mubadala Group empowered him to start his new venture called Startupscale360, a start-up ecosystem builder. Along the way, he became the Co-founder of The Crossroads, with the aim of building a start-up ecosystem in the Caucasia region. Startupscale360 is the national organizer of Entrepreneurship World Cup in the UAE for 2022.

Swethal's active contribution to the Middle East and North Africa, Caucasia, Central Asia, and the Indian start-up ecosystem has helped him foster innovation among start-ups and scale up their businesses.

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Michele is the Co-Founder and CEO of StashAway, the largest digital wealth manager in SEA and MENA. Michele spent half of his career in and around financial services, as a consultant to large financial institutions at McKinsey & Co., and as a Private Equity investor. He then spent the second part of his career building consumer internet companies, as Managing Director at Rocket Internet and most recently as Group CEO of ZALORA, where he was responsible for it growing 15x and becoming the undisputed leader in the South East Asian fashion ecommerce market. Michele hold a BA from Bocconi University and an MBA from Columbia Business School.

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ARA FERNEZIAN

Founder and CEO

Ara is an entrepreneur, author, and the founder and CEO of Stratecis, an impact-driven strategic consulting firm based in Abu Dhabi, founded in 2018. Stratecis designs integrated strategies and content, and creates meaningful platforms and programs to empower and engage the next generation of impact-driven leaders, entrepreneurs, and innovators with resources, tools and contacts, to accelerate sustainable solutions for the betterment of lives and the protection of the environment.

Ara is a sustainability and youth empowerment advocate, and he has over 27 years of experience in connecting people, creating markets, curating content, and building communities across vital economic sectors, from sustainability, energy, agriculture, food, waste management, water, cleantech, and tech for good to impact investment.

He led the development, management, and coexecution of globally renowned platforms such as Abu Dhabi Sustainability Week, Youth4Sustainability Platform, smeTribe, CEO Program, the World Future Energy Summit, the Sir Bani Yas Forum, the Climate Innovation Exchange, the Sustainable Finance Forum, Innovate4Good, and the Impact Investment Forum.

He worked as the Group Managing Director—ME for Reed Exhibitions (part of RELX plc) and received recognition from government leaders and RX's Global Chairman Award in 2010. He has a master's in science in innovation and Entrepreneurship from HEC Paris; he is the author of "Note To Self", "Learn a Little about a Lot" and a coauthor of the FutureSkills2030 Report.

Tawazun Council

DR YEHYA AL MARZOOQI

Dr Yehya Al Marzooqi joined Tawazun in 2009 after working in Abu Dhabi Company for Onshore Oil Operations (ADCO), currently called ADNOC Onshore for over 16 years. Prior to that, he had worked in Resources Centre in a major bank in the USA. At Tawazun, he has led various people development initiatives such as:

- Leadership Development Program
- Establishment of MBA in Manufacturing Excellence with UAE University
- Integration of Female Emirati National in manufacturing
- Facilitating the process of articulating vision, mission and values for the organization
- Conducting various people development workshops for senior management
- Attracting and enticing young Emirati National to pursue their education in STEM-C (Science, Technology, Engineering, Math and Coding)
- Supporting SMEs and Facilitating projects from lab to market

Dr Yehya served on the Executive Committee of Tawteen Program and later as a Chairman of the Executive Committee. He also serves as:

- Member of the Executive Board of UAE University, College of Business and Economy.
- Member of the Evaluation and Assessment Executive Committee of Ministry of Interior's Quality Award.
- Board member of Executive of Khalifa Innovation Center (KIC)
- Chairman of the board of Business and Economy at Hamdan Bin Mohammed Smart University

He has co-authored articles that were published in the National HRD Journal and American Society for Training and Development (ASTD) publication. Dr Yehya has participated as a keynote speaker in local and international conferences. Dr Yehya has completed his undergraduate and graduate studies in the USA and has obtained his Doctorate Degree from the Bradford University in the UK. He is currently an Executive director, Advisory Unit, CEO's office at TawazunCouncil.

The Competitiveness Office of Abu Dhabi

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The Competitiveness Office of Abu Dhabi (COAD) was established with the aim of achieving the highest levels of competitiveness in Abu Dhabi by creating a diverse and sustainable environment that enables businesses and companies to achieve optimum productivity. The office helps create an economic environment that stimulates innovation and initiative, encouraging investment and guiding successful economic projects.

The office aims to improve the competitiveness indicators of Abu Dhabi in light of the global competitiveness indicators through coordination with various governmental and private agencies to develop and facilitate the business environment, monitor the performance of competitiveness, and generate proposals that develop competitive thinking.

Moreover, COAD offers advisory services and specialized studies in competitiveness in collaboration with its relevant partners to enhance the competitive environment of Abu Dhabi through developing policies, competitiveness initiatives, and action plans with specific targets to support developing Abu Dhabi's economy in particular and the UAE United Arab Emirates in general.

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Manish Kotwala is a management professional with over 27 years of consulting and corporate experience. He is an expert in the development of business strategy, performance management, change management, SME development, and operations management. He assists board members and management level executives in achieving their corporate objectives, through strategic planning, balanced scorecard, project management, stakeholders' management, and execution of key HR and IT initiatives, while driving change at all levels in the organization. Manish has executed projects in multiple industries including diversified family business groups, real estate, retail, manufacturing, and others. He has executed projects across multiple geographies including the Middle East, India, the United Kingdom, Commonwealth of Independent States countries, and Far East. Manish was the Director of Strategic Planning and Performance Management in the Khalifa Fund for Enterprise Development and was a Partner with Cedar Consulting. He is also a mechanical engineering graduate with an MBA from Mumbai University.

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Bernardo Bortolotti is a senior research scientist and executive director of the Transition Investment Lab at New York University Abu Dhabi. He is a director of Sovereign Investment Lab in Bocconi University in Milan, Italy, and full-time professor of economics (on leave) at the University of Turin, Italy. His research focuses on the complex relationships between state and markets, with special emphasis on state ownership of firms, regulation, corporate governance, and sustainable capitalism. He is one of the leading experts in privatization, state-assets management and divestiture, and sovereign wealth funds. His work appeared in major academic journals, and he has published two books with Oxford University Press.

Bernardo has been an executive director of Fondazione Eni Enrico Mattei, one of the largest Italian private research institutions. He has advised the World Bank, the Initiative for Policy Dialogue, the Italian Ministry of the Economy as secretary of the Global Advisory Committee on Privatization, and the Italian Audit Office. He served as consultant for listed companies and financial institutions and as board member in private companies and. He served as director in several corporate boards and as member of the Scientific Advisory Board of Cassa Depositi e Prestiti, the Italian development bank.

Bernardo received his PhD in economics from the Université Catholique de Louvain.

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FADI GHANDOUR

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Fadi Ghandour is the Executive Chairman of Wamda Group, a platform that invests, nurtures, and builds entrepreneurial eco-systems across the Middle East and North Africa (MENA).

Fadi was also the Co-Founder of Aramex, one of the leading global logistics companies based in Dubai. He spent the first 30 years of his working life as Chief Executive Officer of Aramex, building the company to become one of the leading emerging market logistics companies, and making it the first company from the Arab world to be listed on Nasdaq.

Passionate about impact and social entrepreneurship, Fadi founded and chairs Ruwwad for Development, a private sector–led community engagement platform that helps marginalized communities across several countries in the MENA region and overcome marginalization through activism, civic engagement, education, and financial inclusion.

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DR. OMAR NAJI AYYASH

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Dr. Omar N. Ayyash is the chief executive officer and president of World Trade Center Kentucky. He is a seasoned executive at the nexus of research excellence and innovation management. He has worked at the local level, at the national level, and internationally; most recently, he oversaw many of the innovation and entrepreneurship initiatives for a United Arab Emirates (UAE)-based educational institution and was the Program Ambassador for the Ministry of Education/Stanford University innovation and entrepreneurship initiative focused on entrepreneurship curriculum and ecosystem development. During his tenure, he was charged with setting up and leading a system-wide entrepreneurship and innovation ecosystem across all 16 campuses in the UAE.

Omar is the former Director of the Mayor's Office for International Affairs for the Louisville Metro Government. He was appointed by Mayor Jerry Abramson in February 2003 to be part of a historic team to help merge city and county governments.

دائـرة الـتـنـمـيـة الاقـتـصـاديـة
DEPARTMENT OF ECONOMIC DEVELOPMENT

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بنك المارية المحلي
Mbank

GOLD

ALDAR

SILVER