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Gulf companies prepare for new economic era by acquiring assets and training new recruits

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Gulf-based businesses are preparing for the new economic order by leveraging on the new growth opportunities presented by the current global financial crisis.

Long-term growth measures include acquiring assets, recruiting fresh talent and training them and exploring non-traditional growth markets with a focus "more volume, less value" deals.

This was the unanimous conclusion of a panel of GCC-based business leaders at the first-ever Wharton Global Alumni Forum being held in the Middle East in Dubai.

The session on 'Is the Dawn of the New Era of MENA Multinationals Delayed' witnessed much straight-talk with one of the participants urging the Arab world to "step up to respect each other before respecting outsiders" that was greeted by the audience with loud applause.

Presenting the case the moderator Professor Witold J. Henisz, Associate Professor of Management, The Wharton School, asked the participants on what made their businesses succeed.

Mr. Mohamed Alshaya, Executive Chairman, M.H.Alshaya Co, Kuwait, said the key to the success of his organization was selecting the right talent and ensuring fair deals for all stakeholders.

Mr. Sami Bargoum, Managing Director, Savola Group, Jeddah, highlighted the need to tailor the brands for the region, and focus on cultural proximity. Identifying how governments and the public sector work was the niche route to success developed by Mr. Tarek Sultan, Chairman and Managing Director, Agility Logistics, Kuwait.

Mr. Rami Makhzoumi, President and Chief Executive Officer, Future Pipe Industries, UAE, said the ethno-origin of companies are not a constraint, and asserted that the new generation of today's business leaders are "MNCs in our own individual capacity."

The panel highlighted that the attitude of governments to the private sector has shifted considerably even in conservative markets. Participants also urged for the need to create job opportunities for Arab youth – expected to dominate the regional demography by 2030.

Mr. Alshaya and Mr. Bargoum said that they are building on the current financial climate to invest in human resources and acquire new assets. "This is a good time to take a pause, look inward and look at how we can reduce costs. That is because businesses are concerned and must make contingency plans. But this is also the time to identify opportunities and act on them," said Mr. Alshaya.

One of the strategies proposed by the panel was to look at non-traditional markets, and go for "bread and butter deals and larger volumes."

Professor Henisz concluded that the concept of MENA-based MNCs is a reality, and they need to build on their technological, marketing and financial capabilities and support them with strong leadership skills.

The Wharton Global Alumni Forum will conclude on March 12, and is being held at Grand Hyatt, Dubai.

Lead sponsors are Agility, M.H. Alshaya Co., Dubai Holding, Amwal Al Khaleej and Booz & Co. Event sponsor is National Bank of Kuwait (NBK).