Business Leadership in the Arab World
Change is a constant in the Arab world, and the business leaders who consistently thrive there are individuals of remarkable agility and mettle. In this timely report from The Korn/Ferry Institute, the chairmen and CEOs of preeminent corporations discuss the region’s economy, business dynamics, and unique leadership demands. They discuss forthrightly the challenges they face, including a still-developing civil society, hurdles to entrepreneurship, political instability, and education gaps. From their observations and experiences emerge powerful insights for business leaders from the East and West, and those hoping to build bridges between them.
Business Leadership in the Arab World
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>v</td>
</tr>
<tr>
<td>Introduction</td>
<td>vii</td>
</tr>
<tr>
<td>Economies</td>
<td>1</td>
</tr>
<tr>
<td>Business leadership</td>
<td>9</td>
</tr>
<tr>
<td>Changes</td>
<td>17</td>
</tr>
<tr>
<td>Responses</td>
<td>23</td>
</tr>
<tr>
<td>Conclusions</td>
<td>27</td>
</tr>
<tr>
<td>Leadership profiles</td>
<td>32</td>
</tr>
</tbody>
</table>
Foreword

The protests and riots in the spring of 2011 on the streets of Tunis, Cairo, Benghazi, and Manama did not arise overnight from disapproval of specific government measures. They arose from a groundswell of change taking place across the Arab world, a world where the desires of a predominantly youthful population increasingly have come into conflict with the attitudes of their elderly, long-serving rulers.

With their mobile phones and Internet access, young Arabs today want to be part of the global community in a way that their parents never did. Theirs is a way of thinking that is increasingly reflected in the region’s business community, where enterprising firms are blazing a new trail. They are pushing forward the bounds of openness, seeking further integration with the global business community, and adopting Western standards of governance.

Yet the vast majority of enterprises in the region remain family-owned firms that are stuck in the ways of the past. They need to change, to come in line with the wider shifts taking place in the society around them. But how are they to get from here to there? And, more important, who is going to take them there? Where are the future leaders of this fast-changing Arab business world to come from?

In a search for answers to these questions, Korn/Ferry International asked some of the leading business figures in the region for their thoughts on the matter. This report reflects their views. We hope you find it stimulating.

Bernard Zen-Ruffinen  
President  
Europe, Middle East, and Africa  
Korn/Ferry International

Serif Kaynar  
Managing Director, Central Asia & Turkey, Middle East, and North Africa  
Korn/Ferry International
Introduction

Change is coming fast to the Arab world. In recent months the focus has been on the political turmoil. But behind the headlines, an enormously significant transition has been taking place in the business world. Many long-established family firms are passing to their third generation, the stage at which such enterprises historically run out of steam. Globalisation and the erosion of national barriers to trade and investment are, more and more, forcing competition upon them. Increasingly, they are having to contend with the very best.

These shifts are persuading the traditional base of family-owned enterprises to look outside themselves for new blood, for professional management, and for market discipline. They are weighing the value of Western styles of corporate governance: to look, for example, at the benefits of outside directors, or of a stock-market listing (with all the accounting requirements that imposes), or to being more transparent and more open. At the same time, the wisest of them want to retain some of the age-old special features of doing business in the region: the long-term perspective that family obligations impose, the continuing belief in the tenet that a man’s word is his bond, and the greater modesty of behaviour and aspirations.

Korn/Ferry International is privileged to have been given access to a number of the most prominent business leaders in the region to discuss some of the issues that are raised by these changes, such as:

- Where is the Arab world’s future business leadership to come from?
  - From home or abroad? From men and women?
- How and where are people to learn the skills of leadership?
- What can firms do to develop their own talent, and then retain it?
And does the Arab world require any particular leadership skills above others?

The answers to these questions bear directly on the future prosperity and well-being of the 300 million people who live in this critical region, which straddles the line between the old world in the West and the new world in the East.

This report reflects the thoughts of some of the most experienced and most successful business leaders that the Arab world has produced. On the one hand, its purpose is to share their insights with those from outside the region who might want to do business with Arab-owned enterprises. On the other hand, it is a celebration of business leadership in the region and, hopefully, an encouragement to future generations of business leaders. The Arab world has much to learn from its own successful role models.

Metin Mitchell
Former Managing Director
Korn/Ferry International
Middle East and North Africa
Economies

The region covered in this report has one language and one primary religion, but many differences. For a start, its religion is not universal. As much as 5 percent of the population is Christian. And Islam, as all the world well knows by now, is itself divided between Sunni and Shiite.

Moreover, there are significant differences of language: the more guttural version of Arabic spoken in the Gulf countries; the lighter tones of the Levantine Arabic of Lebanon and Syria; and the Egyptian version, the most widely recognised, the Arabic of the 1940s and 1950s black-and-white movies that are constantly rerun throughout the region.

Historically, the economies here have been closed and protected, which has left them relatively free from international competition. But they are coming under increasing pressure, not least from the World Trade Organisation (WTO), to open up. Dubai-based Mishal Kanoo, CEO of The Kanoo Group, is concerned about being compelled to liberalise before the appropriate infrastructure is in place. “Remember,” he says, “this is in many ways the wild, wild East. I don’t have a credit system, a legislative system, or a judicial system that is ready to support me. In the West, all of these systems are in place to protect members of society.”

Loay Nazer, founder of the Saudi Nazer Group, is concerned that the liberalisation process that has begun may be set back by the 2008-2009 banking crisis in the West. He fears it might be used by local officials to justify re-regulating sectors that have been slowly opening up.

Saudi Arabia is the biggest economy in the region and is its representative at the G-20, a grouping of some of the most powerful economies in the world. In the International Monetary Fund’s ranking of national GDPs, Saudi Arabia comes twenty-sixth, just below Sweden and Taiwan.
and above Greece and Iran. The United Arab Emirates (UAE) is thirty-seventh, and Egypt forty-second, just below Thailand and above Nigeria.

Dubai is the region’s commercial hub, a city-state within the UAE that has grown at a phenomenal pace. It now boasts the tallest building in the world—the Burj Khalifa—and three extraordinary man-made islands—the Palm Islands—that are often referred to, not without justification, as the Eighth Wonder of the World.

“The Dubai is incredible. The quality of its schools, housing, and services is unmatched in the region. It is world-class in terms of its airline and its airport, and it has become a hub for trade and for knowledge. It is also a very liveable city—and it is not going to be built anywhere else.”
—Fadi Ghandour

The Dubai property market grew at such a pace that it could not hope to escape entirely from the repercussions of what was essentially a global property crisis in the second half of the 2000s. Most of the leaders interviewed for this report, however, see the troubles of Dubai as being temporary. The place has such momentum that there is now no stopping it. Mohammed Alshaya, chairman of the M.H. Alshaya Company, says that “the speed of execution in Dubai was fantastic.” But, he adds, “Dubai had to take a break, have some time off to reset itself.”

The fact that Dubai already has achieved such advanced development is almost the surest guarantee of its future prosperity. Fadi Ghandour, CEO of Aramex, says: “Dubai is incredible. The quality of its schools, housing, and services is unmatched in the region. It is world-class in terms of its airline and its airport, and it has become a hub for trade and for knowledge. It is also a very liveable city—and it is not going to be built anywhere else. It’s not the first country on earth to default. We’ve seen it in South America and we’ve seen it in Russia. They all come back and rebound.”
Public-sector jobs dominate the region. In Kuwait, more than 90 percent of Kuwaiti citizen employees are reckoned to work for the government (Encyclopaedia of the Nations 2009) and there is little to shift that ratio more toward the private sector currently. Mishal Kanoo points to the reason. He says he cannot recruit local people to work in his Kuwaiti stores. “The government offers a guaranteed job. Workers there say, ‘Why should we take the risk of working for you?’” The ease of getting public-sector work undermines the entrepreneurial spirit and the growth of the private sector.

For the region’s business leaders, corruption remains a key issue. Transparency International’s analysis of perceived levels of corruption in different countries suggests that the Middle East is not an exceptional area (see Table 1). Qatar, for example, is on par with the United Kingdom.

Yet business leaders remain frustrated by inadequate government efforts to tackle the problem. They are unanimous in their view that local governments must address the issue of corruption more robustly.

### The family way

The private sector in the Arab world is not only small and overshadowed by the public sector, it is also relatively young. Much of it was built on old trading companies that were run by a few merchant families in the strategic ports of the Gulf and the Red Sea coast. Hard-

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**Table 1**

**Corruption Perceptions Index 2010**

Transparency International is a global organisation dedicated to fighting corruption. Each year it ranks 150 countries for perceived levels of corruption in the public sector, based on expert assessments and opinion surveys. The lower the index number on a scale of 1 to 10, the higher the perceived corruption.

<table>
<thead>
<tr>
<th>Arab world nations</th>
<th>Index</th>
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<tbody>
<tr>
<td>Bahrain</td>
<td>4.9</td>
</tr>
<tr>
<td>Egypt</td>
<td>3.1</td>
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<tr>
<td>Israel</td>
<td>6.1</td>
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<tr>
<td>Jordan</td>
<td>4.7</td>
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<tr>
<td>Kuwait</td>
<td>4.5</td>
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<tr>
<td>Lebanon</td>
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<tr>
<td>Oman</td>
<td>5.3</td>
</tr>
<tr>
<td>Qatar</td>
<td>7.7</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>4.7</td>
</tr>
<tr>
<td>UAE</td>
<td>6.3</td>
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<table>
<thead>
<tr>
<th>Other nations</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>2.1</td>
</tr>
<tr>
<td>Greece</td>
<td>3.5</td>
</tr>
<tr>
<td>Italy</td>
<td>3.9</td>
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<tr>
<td>Turkey</td>
<td>4.4</td>
</tr>
<tr>
<td>United States</td>
<td>7.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>9.2</td>
</tr>
<tr>
<td>Singapore</td>
<td>9.3</td>
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</tbody>
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ly any modern industrial corporation is more than sixty years old (Booz & Co. 2009).

Business is still dominated by family firms—in some estimates, they account for 95 percent of all corporate organisations in the region, control more than 90 percent of the commercial activity, and are set to hand over $1 trillion of assets to the next generation in the next five to ten years (Ernst & Young 2008).

Foreign investment

The Arab world has been opening up to foreign capital. In almost all countries, the levels of foreign direct investment (FDI) in 2009 were considerably higher than they were in the decade 1995 to 2005 (see Table 2). Nevertheless, with the possible exception of Saudi Arabia, the levels of investment are still lower than the leaders in this survey say they expected. And, for a while, the upheavals in the area may depress FDI even further.

Interviewees talk of the unrealised longer-term potential for the region in industries such as tourism, healthcare, engineering, and entrepot services. Mohammed Alshaya, CEO of a widespread retail empire, argues that Europe is aging and the Gulf region has talent in healthcare. “Why not capitalise on this and have people treated here?” he argues. “Why don’t we become the Florida of Europe?”

Ibrahim Dabdoub, CEO of the National Bank of Kuwait, worries that the region’s oft discussed diversification away from oil is slow in coming. He is clear about which sector the region should be looking to shift into. “Our competitive edge,” he says, “is in financial services. Money, investments, and insurance.”

Loay Nazer says, “There is still a lot of apprehension [among investors] about coming to the Middle East due to a lack of understanding of the geography, and due to anxiety about the political landscape.” Their apprehension and anxiety can only increase following
A survey by Ernst & Young found that almost three-quarters of the region’s family businesses are owned and managed by the second generation, and one-fifth by the third. That leaves just 5 percent that are in the hands of a fourth generation or beyond. (The Kanoo Group, now in its sixth generation of family control—see page 53—is one of them.) The almost universal phenomenon whereby family firms struggle to survive beyond a third generation of control has not yet hit the great majority of Arab family companies.

The events of early 2011.

Fadi Ghandour, the founder of Aramex, the FedEx of the Middle East, believes that Americans see the region’s problems and not its opportunities—such as its fast-rising population and its nodal location. Ibrahim Dabdoub advises American companies to open up to other parts of the world. “Many of them are closed,” he says. “To them, the U.S. is an island.”

Table 2
Inward flows of Foreign Direct Investment (FDI)

Investments made to acquire lasting interests in enterprises operating outside the economy of the investor, where the investor’s purpose is to gain an effective voice in the management of the enterprise (United Nations 2010).

<table>
<thead>
<tr>
<th>Country</th>
<th>1995-2005 (annual average in billions USD)</th>
<th>2009 (annual average in billions USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>$0.611</td>
<td>$2.847</td>
</tr>
<tr>
<td>Bahrain</td>
<td>$0.594</td>
<td>$0.257</td>
</tr>
<tr>
<td>Egypt</td>
<td>$1.311</td>
<td>$6.712</td>
</tr>
<tr>
<td>Iraq</td>
<td>$0.073</td>
<td>$1.070</td>
</tr>
<tr>
<td>Israel</td>
<td>$2.886</td>
<td>$3.892</td>
</tr>
<tr>
<td>Jordan</td>
<td>$0.523</td>
<td>$2.385</td>
</tr>
<tr>
<td>Kuwait</td>
<td>$0.049</td>
<td>$0.145</td>
</tr>
<tr>
<td>Lebanon</td>
<td>$1.485</td>
<td>$4.804</td>
</tr>
<tr>
<td>Libya</td>
<td>$0.106</td>
<td>$2.674</td>
</tr>
<tr>
<td>Morocco</td>
<td>$1.109</td>
<td>$1.331</td>
</tr>
<tr>
<td>Oman</td>
<td>$0.200</td>
<td>$2.211</td>
</tr>
<tr>
<td>Qatar</td>
<td>$0.619</td>
<td>$8.722</td>
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<tr>
<td>Saudi Arabia</td>
<td>$1.534</td>
<td>$35.514</td>
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<td>Syria</td>
<td>$0.195</td>
<td>$1.434</td>
</tr>
<tr>
<td>Tunisia</td>
<td>$0.566</td>
<td>$1.688</td>
</tr>
<tr>
<td>UAE</td>
<td>$2.487</td>
<td>$4.003</td>
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</table>
Large family firms still exist in the West; by some definitions, companies such as Ford, Fiat, Ikea, and Sainsbury’s qualify for the description. But, traditionally, there has been a sense that when such firms grow up they choose to become public companies. Most of the West’s largest successful family businesses are now widely held, quoted companies that comply with the governance requirements of leading stock markets and their overseers. By and large, the Arab world has not yet followed their example.

The traditional view of the superiority of the stock-market model for large companies is, however, being increasingly questioned. A global index compiled by Credit Suisse in 2007 shows that in the prior three years, family firms outperformed the more general MSCI World Index of stock markets by almost 5 percent per annum. Family firms have different values; for instance, they are more likely to postpone dividend payments in the longer-term interests of the firm. Some see this as a much-needed counterweight in a system that focuses ever more intensely on short-term quarterly results.

Family firms in the Arab world tend to be widely diversified conglomerates, typical of markets where there is strong economic growth, little competition, and no shortage of capital. Leaders of businesses in such markets are often what have been described as “restless entrepreneurs.” That is, they are much happier looking to develop new businesses than they are settling down to help older ones mature. Research by the consultants Booz & Co. found that 88 percent of family firms in the Gulf Co-operation Council (GCC) countries were active in three or more sectors. At the same time, Booz found that between 2003 and 2007 family firms in the region performed considerably better when they focused on a single industrial sector rather than spread their efforts across several (Booz & Co. 2009).

Among and between family firms, business has in the past been conducted largely with a handshake. “My word is my bond” is a saying that
continues to be true in many parts of the region. As Saudi Arabia’s Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud, chairman of Kingdom Holding Company and a significant overseas investor, puts it, “Here [in the Arab world] I don’t have to do everything with a contract. If I say something, I honour it.” If you don’t keep to your word the dishonour falls not just upon you but upon the whole of your family, upon your family name.

Some of the leaders interviewed for this survey felt that this tradition was being sacrificed under the influence of Western-style business. “We are relinquishing business based on trust, ...on the idea of reputation being more important than simple short-term financial gain,” says one leader.

The region’s family firms are coming under pressure from many directions. Booz & Co.’s report hinted at others. It claimed that “The typical family business needs to grow at 18 percent each year just to maintain the same level of wealth across generations.” As the family grows, so does the pressure on the business to do the same. Sustaining these businesses as they are handed over to the next generation is a truly challenging task. Are the region’s future leaders going to be up to it?

The leaders interviewed for this report have four main pieces of advice for foreign businesses considering investment in the region:

**Get to know the cultural nuances of the area by linking up with local business partners.** This, though, has to be done with proper care and due diligence. One leader warns of the dangers of getting stuck with a “foreign badge collector.” On the other hand, foreign investors should not come with the attitude that they know it all. They need to acknowledge that they have a lot to learn. The dynamics of Arabian markets are different—the drivers of buying behaviour and the approach to suppliers, for instance.

**Recognise the importance of the verbal contract.** Foreign investors should not come looking for a detailed prenuptial agreement prior to consummating their relationship with a local partner. Businesses in the region heartily dislike the complex legal contracts that are part and parcel of business dealings in the West. Mishal Kanoo says that if you have to go to court, “whatever the result, you have lost.” The Middle East is a
less contractual society and, although there are signs that is beginning to fade, the tradition of “my word is my bond” still prevails in business agreements.

**Align remuneration packages to those in the region, i.e., downsize salaries, bonuses, and perks.** Foreign businesses make a common mistake, says one leader. They pay too much for local employees or they bring in expats on overly generous packages. This is particularly true, this person says, of investment banking. The risk is that foreign businesses that offer high remuneration packages will have to cut back their workforces severely in difficult times. And that is something that is “suicidal in the Arab world. We just don’t work that way.”

**Demonstrate a long-term commitment to the region.** A number of leaders mentioned the importance of foreign investors’ endurance, of not abandoning the region the moment a problem arises. Riad Kamal, chairman of Arabtec, builder of some of Dubai’s most spectacular skyscrapers, says this is the key factor for Western businesses looking to forge successful connections in the region. “You feel the presence of a few large American corporations,” he says, “companies like Boeing, GE, and some of the IT firms. They are extremely successful in their fields, and they will continue to be so because of their resilience.” Faisal Al Ayyar, vice chairman of Kuwait Projects Company, echoes this view. “What Citibank did in Saudi Arabia,” he says, “was a big mistake. Foreign businesses can’t run away whenever there is a problem.” (Citibank sold its interests in Saudi Arabia in 2004 after many decades in the country. Citi has been trying to return to the market almost ever since, so far without success.)
Amazon’s online bookstore offers more than 60,000 titles on the subject of leadership. *Harvard Business Review* has described it as “one of the most talked about and yet least understood social phenomena on earth.”

The subject is continuously interesting partly because views on it are varied and continually changing. Do we have to be born into leadership? Can we learn to be a leader by sitting in a classroom and/or by example? Each generation has a different perspective on issues such as these. In the second half of the twentieth century, business leaders in the West were heavily influenced by the century’s two world wars. Not surprisingly, they tended to favour command-and-control-type organisational structures. Many business leaders in the immediate postwar era had learnt their management skills directly or indirectly from the military.

Later in the century, these hierarchical structures gave way to flatter forms of organisation that depended more on the charisma and drive of the individual at the top. It was an era of the celebrity CEO—of people such as Jack Welch, Steve Jobs, and Richard Branson.

Many of the leaders interviewed for this report have spent time in the West, often for their university education, and then returned to their homes and their family businesses. Their experience straddles both cultures. They have witnessed the potential of Western business models and practices to create value. Yet in their markets they have been constrained in the extent to which they could adopt such models by their own leadership traditions.

These traditions are grounded in a culture and value system that focuses on the longer term, an approach to commerce that is set in a
wider context of sustainable human endeavour. The West’s studied separation of management and ownership, and its often frenzied focus on quarterly results, does not fit immediately and comfortably into such a culture.

The biggest difference lies in the persistence of ties to family and community that have long been severed in most of the West. “We have a tribal culture,” says Ibrahim Dabdoub. “People always need a tribal chief in the Arab world.”

Tribal ties are the foundation of the concept of wasta, of “influence”—the idea of working with people you know and using connections in order to get things done. As Mohammed Alshaya puts it, “Social relationships here mean that an agreement between business leaders goes beyond just making a deal. It is an agreement between families.”

This cultural feature is also apparent in the public sector, where the loose units that wasta generates have been described as “the genes of Middle Eastern politics” (Richard and Waterbury 2008). Loyalty to these networks, to the tribe, and to an ethnic or religious group, continues to play a key role in the region. Although Westerners tend to view this trait with a degree of cynicism, for most leaders in the region wasta gives them a feeling of trust in their business dealings. It is the underpinning for the culture of “my word is my bond.”

Fadi Ghandour, who, as the founder of Aramex, is one of the most admired businessmen in the region, says local business leadership is top-down and very patriarchal. “We think father knows best,” he says, then adds, pointedly, “but he doesn’t. Not in this world.”

“Unfortunately, autocracy is very much the norm in the region,” says Mishal Kanoo, “and with it comes micromanagement.” Formal delegation is lacking, and even quite small decisions tend to be made at the
top. Empowerment for mid-level managers is all too rare. This is exac-
terbated by a society where most people are young and brought up with
an unusual degree of respect for age. “Within our society, age plays a
major part,” says Mishal Kanoo. “The older a person is, the more likely
he or she is going to be put in a position of leadership.” This makes for
a very flat pyramid of power, with a few elders at the top and many,
many youngsters below seeking their guidance and instruction.

The Arab business is not just run by the family; it is run for the family.
A leader’s success is not judged merely by financial results, but also by
the sense of responsibility and commitment he gives to the family as a
whole. The measure of commercial success lies more in retaining a
strong family business culture and providing ongoing security for the
family than it does in simply making profits.

Other employees

The fact that most businesses are an extension of a family has implica-
tions for the hiring and managing of non-relatives. The assumption in
the West is that it is difficult to attract talented outsiders to family firms
as they will always see their career paths blocked by serried ranks of
second cousins. Yet in the Arab world there is evidence that firms are
recruiting more non-family managers and bringing in more profession-
al management from outside. Non-executive directors too are seen in-
creasingly as a welcome counterweight to the dominance of the patri-
archs.

That is made easier by the fact that business leaders in the Arab world
tend to embrace talented outsiders and to some extent take them into
their family. “There is much more caring for employees here,” says one
leader, “the welfare of their children and of their children’s children....
You treat people differently. You treat them as part of your family.” The
family merely becomes more extended.

That also means that people tend to be hired for life. There is no rapid
firing when times get tough. Firms do not like to take on employees for
one- or two-year assignments, or pay top dollar to acquire outside talent.
“We don’t have a mercenary attitude,” says one leader, “and we don’t
want mercenary people.”
The principles of good leadership

From the interviews conducted for this report there emerged a consensus around some guiding principles for good business leadership. These tenets are not unique to the region, but they do reflect its distinctive blend of traits, combining traditional values with models adapted from the West.

Be hands-on. The Western view of the Arab world is of a place where businessmen rarely get their hands dirty. Although many of the leaders interviewed were born into wealth, they have not achieved their success without a willingness to work hard. Riad Kamal says, “Everyone sees that I’m there on the front line—not just telling them what to do. I still put in more hours than my best employees.” Likewise Ibrahim Dabdoub says, “I don’t manage by ripples. I manage by walking around, and I keep telling my colleagues that the real world is down there in the street. It is not behind your desk.”

Accumulate wisdom. A leader’s life is one of continuous learning. Each spoke of being well-informed, of keeping their finger on the pulse of not only the workings of their businesses, but also the wider market—through reading, participating in conferences, taking university courses, and engaging with the younger generation. Mishal Kanoo, for example, teaches a course on family business. “It’s fun, and the students always have fresh ideas,” he says. “You never know where a new concept will come from, and I want to ensure that my mind doesn’t get jaded or petrified.”

Be prepared for change. Disruption is the norm. Recent events have only underscored that observation. Leaders know they have to be prepared to take unanticipated detours at short notice and make rapid decisions. As Fadi Ghandour puts it, “Anybody who is a leader here has to have the ability to manage through crises. This is when a leader shows his mettle. Not when there is a boom; not when the sea is calm. Anyone can sail during calm seas.” It is conceivable that this ability to thrive in fast-changing environments could give Arab leaders a competitive advantage as they become more and more intertwined with the global business community.
**Foster a team culture.** Leaders in the Arab world think of hiring people for life, of treating employees as an extension of their family. This puts a different angle on their ideas about fostering teams. Mohammed Alshaya says the key is “to treat people as you would like to be treated.” Mishal Kanoo believes in what he calls “consultative leadership.” This is the ability to negotiate with people so that they buy into your ideas. You won’t get 100 percent of what you want, but 80 percent is not a bad goal to aim for.”

**Manage your talent pipeline.** The pre-eminent issue for family businesses in the Middle East is survival. How do you create a business that can thrive for generations to come? Many believe the key lies in broadening the pool of potential leaders. Succession planning is still very much a work in progress in the Arab world. “It’s on our radar screen as something we need to get down to over the next couple of years,” says Loay Nazer. “We have nothing in our organisation but people,” he adds. “Whether it’s recruitment, training, HR development, incentives, managing egos, managing knowledge—the bottom line is talent management.” Fadi Ghandour sees himself as “mentoring the next generation which is going to take over. I take it very seriously. It is probably my most important job: to watch, mentor, and coach future leaders.”

**Be true to your values.** All the leaders interviewed for this report emphasised the importance of following their moral compass. “As a leader, you are being challenged every day with issues that cut across your value system,” says Loay Nazer. “To establish leadership you have to have a pre-defined value system.” For Naguib Sawiris, executive chairman of Orascom Telecom Holding, “The value of sticking to my principles and not giving people what they thought they could get by threats, extortion, or blackmail is just enormous.” Ibrahim Dabdoub says, succinctly, “You can’t be a crook and a leader at the same time.” Some values are specific to the local culture. For example, Mohammed Alshaya, like his father before him, will not enter into ventures that involve selling alcohol or tobacco. He says, “We shy away from many opportunities that we don’t feel fit with our culture.”
With a workforce that is rarely concerned about losing jobs, leaders have to motivate their employees in other ways.

The entrepreneurial struggle

There is no doubt it is tough to be entrepreneurial in the Middle East. Attitudes to risk are intrinsically different. Leaders point to a cocktail of culture, regulation, and taxation that makes it hard for new businesses to take the risks that might enable them to emerge in large numbers.

Faisal Al Ayyar takes a Western approach to risk and failure. “Failing is part of learning,” he says. “Sometimes you make the wrong decision. You pick up the pieces, cut the losses, and move on.” But his reaction is unusual. The fear of losing face in the Arab world is a significant restraint on creating new businesses. It tempers any desire that talented graduates might have to become entrepreneurs, steering them instead to the relative safety of an established family firm or a well-paid government job.

This regional reticence is also, in part, a function of the culture’s continuing respect for age. Young people are less likely than in the West to go against the wishes of their parents, and their parents’ views are almost certain to be more conservative than their own. This dynamic also plays out powerfully in family firms, where three generations may be working side by side. All will defer to the eldest, who in general will be one of the least inclined to take a gamble on a new business.

What’s more, as one leader puts it, “In the Arab world almost everything is politicised,” and governments are rarely encouraging to new business. Ibrahim Dabdoub goes even further, saying he doesn’t believe one can be an entrepreneur in countries that tightly control their economies. “That’s why it took so many years in Egypt for a business leader like Naguib Sawiris at Orascom to emerge.”

Fadi Ghandour applauds any initiative that helps replace the fear of fail-
ure in young local graduates with a passion for the new. He mentions specifically the Executive Outreach programmes offered by Carnegie Mellon Qatar, an offshoot of the American university based in Pittsburgh.

But the region’s conservatism is not entirely negative. “It is sometimes very good,” says Mishal Kanoo. Leaders frequently mention how it has saved them from over-commitment to property- and stock-market bubbles. It dampens some of the markets’ wilder enthusiasms. Warren Bennis, the great American guru of leadership, likes to quote A.N. Whitehead, an early-twentieth-century British mathematician and philosopher who said: “Every leader to be effective must simultaneously adhere to the symbols of change and revision, and the symbols of tradition and stability.” Arab business leaders today are, arguably, maintaining that balance better than many of their counterparts elsewhere.
Changes

There is an old Arab proverb that says: “Only three things in life are certain: birth, death, and change.” And of those, birth and death happen for each of us only once; change happens all the time.

There are currently huge changes taking place in the sources of influence on the Arab world’s economic life. They manifest most obviously in terms of FDI. While Western corporations remain nervous about the area, businesses from the Far East are demonstrating a new boldness. The most noticeable recent arrivals are construction companies from China and South Korea.

The Arab world has relatively high labour costs across much of the region, so it is unlikely to be able to compete with the likes of Turkey, China, India, and Vietnam in sectors that have a high labour content and mobile finished products—textiles, for example, or electronic goods. That said, a Turkish textile manufacturer recently opened a new plant in Egypt—not because of that country’s competitive labour costs, but because of its competitive energy costs. This is an advantage that may yet give the region an edge in some forms of manufacturing.

At the same time the Arab world is taking a greater interest in investing in the East. For a start, Arab investors are becoming more sceptical of the American market. Although Ibrahim Dabdoub says he remains impressed with U.S. universities and the nation’s entrepreneurial energy, he is troubled that the United States is becoming much weaker, due to its debts, its deficit, and its structure.

Likewise in Europe. Mohammed Alshaya says Europe is shutting itself off and is unlikely to attract the best talent in the future. “On the Continent,” he says, “they don’t want immigration...so who is going to drive
Europe’s growth for the next fifty years? Without fresh blood and diversity they will age.”

“We are staying away from the United States and we are staying away from Europe,” says Loay Nazer. “But we see lots of opportunities elsewhere—in India, China, and also here in the Middle East.”

**Crossing China’s walls**

Among the galaxy of investment opportunities, China shines the brightest. One leader says that the reality is “all of us are trying to establish relationships, build connections, and open doors in China.” Loay Nazer says he is “slowly moving more and more assets in order to build Chinese exposure. It would be stupid not to.”

But few are finding it easy. Faisal Al Ayyar voices a concern that is on the minds of many: “What happens when China faces its own crisis? Right now it is doing very well at managing its economy through the global crisis. But I think one day people will say ‘enough is enough.’ You can’t just rule the world by keeping your currency low, hurting jobs, and undermining recovery overseas.”

A survey by consultants at KPMG suggested that India will be by far the most popular investment destination for companies in the Middle East by 2013.

So China is not a “no-brainer” first port of call for all the leaders in this survey. Mishal Kanoo says there is not just one candidate better placed than China for future global economic leadership, but three. He points first to Brazil’s exceptional resources and untapped market potential. Long ignored because of distance, Brazil has a tremendous desire to stretch itself, he says. Russia too is on his list, with a military power that he sees as surpassing China’s, giving it a foundation to support economic growth.

But top of Mishal Kanoo’s list comes India. A survey by consultants at KPMG suggested that India will be by far the most popular investment destination for companies in the Middle East by 2013. “India has a fantastic central bank,” he says. “It is very conservative, which
has meant that India was the first country to come through the economic crisis.”

Another institutional strength of India’s that impresses Arab leaders is its judiciary. “While it is very slow,” says Mishal Kanoo, “its independence means that you can actually take the government to court.” And another feature of Indian business life that impresses them is the quality of its management. It is widely recognised that Indians have reached the most senior levels in multinationals such as PepsiCo and Citigroup. But “if you go just one, two, or even three tiers down in these companies,” he says, “you would be amazed to see the number of Indian managers who are involved in running their businesses.”

Others see opportunities in Africa, based on the Middle East’s position at the crossroads of several continents. “I’m investing in Africa,” says Fadi Ghandour, “because of my clients in Dubai. Dubai has become a hub for Africa.” Riad Kamal is working with partners in Angola, who are not too happy about the way the Chinese have been developing business in their country. He says they are beginning to appreciate the higher quality of the Middle Eastern approach.

Prince Alwaleed has extensive knowledge of the continent from visits that have covered all but two of Africa’s 52 countries. His bank’s Africa funds are a conduit for foreign investment to the region, and he is also investing directly in hotels across the continent.

The local promise

What about the potential of the Middle East itself? The leaders interviewed for this report have misgivings about several aspects of the local economies apart from their obvious worries about future political stability. In the first place, there is ongoing frustration over the region’s inability to forge a union among its various national economies. Prince Alwaleed’s dream is for the Middle East to be like the EU, with a single currency and a common market. “We shouldn’t have trucks waiting on our borders for days,” says Ibrahim Dabdoub.

Many in the Middle East believe that Europe’s recent success is based on its ability to separate economic from political union. Politics is so deeply
embedded in Arab affairs that Ibrahim Dabdoub, for one, is not optimis-
tic. “It’s going to take a lot of time,” he says, “because we have to educate
the political leaders. And they have been on a different planet.”

Nevertheless, there has been progress in some areas. Loay Nazer says
that within the states of the GCC, a lot of the necessary elements are
already in place. He thinks that within the next ten years there will be
a completely open market across the GCC countries. That could have a
tremendously positive impact on business leadership in the region, oth-
er leaders note, as companies gain access to a market of 300 million
people across the Arab world.

A shadow over the whole region is the fear of fundamentalism. At the
heart of fundamentalism often lies a threat to people’s cultural identity,
and this can be amplified by the loss of identity that comes from jobless-
ness. For this reason, many leaders expressed deep concern about rising
unemployment in the Arab world.

Prince Alwaleed points to other undesirable consequences of the region’s
high rate of unemployment. “On the one hand,” he says, “you have these
millions of expatriates here, which we welcome, but you have also mil-
lions of Saudis that don’t work, which you don’t welcome. So we have to
balance that. Obviously I respect all the expats that have been here. I
can’t say: ‘OK, tomorrow morning you leave.’ But if the government were
to have a plan whereby you phase them out...you know, every year X
hundred thousand people leave and the gap has to be filled with Saudis.”

He cites the examples of Singapore and Malaysia, where permits for for-
eign workers are adjusted according to demand. The lack of such policies
in the Gulf leads not just to discontent among the local unemployed but
also to tens of billions of dollars of foreign remittances being lost to the
local economies as migrant workers send their earnings home.

Added to this are other regional tensions—the continuing political un-
certainty in several Arab states, for example, the intractable Israeli-Pale-
estinian standoff, and Iran’s nuclear threat. If these were to be resolved
there could be an impressive peace dividend for the region, with mili-
tary budgets cut, Arab and Israeli markets open to each other, and in-
vestments flowing back to the area.
The region would attract more foreign capital, to be sure. But it would also help persuade local capital to return. Ibrahim Dabdoub of the National Bank of Kuwait says, “A large proportion of businessmen in the Middle East invest a lot of their capital abroad. An American does not think of stashing his money away in Japan or England because he is uncertain of the stability of the U.S.”

Loay Nazer adds, “Can you imagine all those funds when invested locally—what the impact would be?”

“You either become part of the global village,” says one leader, “or you insulate yourself. Or, most dangerously, you fight it. And this is the trend I am really worried about.”

The role of women

Another change taking place in the region is in the role of women in society in general, and in business life in particular. Mohammed Alshaya of the Kuwait-based Alshaya Group, which has retail outlets spread widely across the region, says that his business employs a lot of women now. “I think maybe 50 percent of all employees.” The group employs more than 70 Saudi women in Saudi Arabia.

Saudi’s Prince Alwaleed, who says he always likes to see the bottle half full, maintains that women “are really getting into the business field and into many arenas.” Riad Kamal points to the number of women in prominent roles in the UAE. “You walk into most government departments, banks, and private companies today,” he says, “and you see women in senior positions.”

Change is taking place, yet for some it is too slow. “The speed that they are getting incorporated into society is not very high,” Prince Alwaleed goes on to say. “Frankly speaking, I would like it to be a lot more rapid.” Fadi Ghandour puts the issue starkly: “There is a crazy mismatch here,” he says. “The highest rate of education is among women, and the lowest rate of employment is among women.”

—Fadi Ghandour
rate of employment is among women.”

For Mohammed Alshaya, the increasing amount of education for women is not a waste. “We need to have highly educated women,” he says, “in order to raise children who are going to be independent and entrepreneurial and take on the world.”

It is not just in the Arab world where progress in integrating women into the workforce can seem glacially slow. Progress has also slowed in the West. In a recent survey by McKinsey consultants, almost three-quarters of its respondents believed that there is a direct correlation between an organisation’s gender diversity and its financial success. The better the balance between men and women, the better the bottom line (McKinsey & Co. 2010). Although this percentage has been increasing in recent years, companies have done little to bridge the gap between men and women among the top layers of management. Diversity, it seems, is still not a high priority on boardroom agendas anywhere.
Leaders are unanimous that the key to future prosperity and stability in the region lies in education. “This is a time bomb if we don’t do it better,” says one. “Further social unrest can only be avoided by having the right education, so young people can pursue careers.” Egypt needs 700,000 new jobs a year. “How are we going to absorb these people?” asks Fadi Ghandour.

There is some debate as to what constitutes a “right” education. One leader thinks there needs to be a thorough re-examination of what children are taught. “Many Saudi graduates are illiterate,” he says. “Even after university their English language is weak and their ability to use the Internet almost nonexistent. The output from the universities has to be oriented more toward jobs that students may fill when they leave.”

Loay Nazer says it is “astonishing” that the private sector is not more involved in designing the curriculum. “We are the consumers of students,” he says. Mishal Kanoo criticises officials who funnel money into buildings but not into brains. “Stop building temples to education,” he says, “and start building people.” Loay Nazer echoes this: “Historically, our focus has always been on the building and the lighting and the gardens,” he says, “not on the teacher and the curriculum.”

In general, education is seen as starting too late and ending too early. There is limited uptake of kindergarten places at one end, and a lack of business-school places at the other. There are a few pleasing indications of change—enhanced teacher-training budgets in Jordan and Saudi Arabia, for instance, and business-school franchises in Qatar and Dubai.

But what the leaders interviewed for this report thirst for most is a more widespread commercial attitude to life. One wants the education system
“to train people to think for themselves as entrepreneurs.” Another speaks of putting a “competitive passion” into the minds of people when they are young.

**Overseas experience**

Howard Gardner, inventor of the idea of “multiple intelligences,” argues that immersion in other cultures helped extraordinary leaders such as Jean Monnet and Mahatma Gandhi to see their own cultures more clearly. Travel removed their national blinders and allowed them to imagine other ways of living and of bringing about change in their original homelands.

In the past, many multinational corporations have (perhaps unwittingly) fostered such leadership in their executives by sending them to far-flung foreign postings. The more such corporations try to cut costs by recruiting locally rather than by sending “expats” from the outside, the more they will lose out in this respect. Unfortunately, very few Arab firms have ever sent their employees to work in other cultures and environments.

So it is worth noting how many of the outstanding Arab leaders interviewed for this study have spent extended periods abroad, mostly in the United States. This is usually because their families have supported them in such travel.

Prince Alwaleed remembers in vivid detail his arrival in San Francisco to begin his studies abroad—even down to the hotel where he stayed on one of his first nights on American soil (the Holiday Inn in Palo Alto). His time spent in California clearly framed his business life and leadership ever since. When Western governments propose cutting aid for overseas students they should remember the long-term losses that their actions are incurring.

From their experiences abroad, Arab leaders have brought back their wish lists. And on these, almost invariably, comes a wish for better standards of corporate governance and transparency. “We are nowhere near Western business in either of these,” says Loay Nazer. “But progress is being made, expedited by new legislation coming out.”
Defining moments

Although many of the leaders interviewed for this report criticised their educational system, that criticism did not extend to all individual teachers. For example, Naguib Sawiris (see page 59), one of Egypt’s most successful businessmen, says that a key influence on his life was one of his teachers.

This teacher “challenged my thinking,” he says. “I adored him. One day in the schoolyard he said, ‘Naguib, you are a wastrel. How can someone to whom God has given so much not want to put in the effort?’ I replied that I could come top of the class if I wanted to. But he said that it would not be easy to turn myself around and it might be too late for me to come top in my pre-university exams the following year.

“He not only challenged me, he bet me a hundred pounds that I would not come first. My allowance was only five pounds a month. And for a teacher to bet this much from his own salary...Well, for the next year I woke up at six o’clock in the morning, sat at my desk and studied for this exam until after midnight. I would only have five hours sleep and meal breaks. When the results came out the following summer I was working in Germany and I received a telegram from my mother. I had come top in the whole school. I could not believe it.

“When I came back to Egypt I met the teacher, who was so happy. He came with the money and said it was the best hundred pounds he had ever invested.”

One advantage of being a public company, says Prince Alwaleed, is transparency. “You can hide many things in a family business,” he argues. “But in public companies you can’t. You have shareholders, auditors, and regulators all looking in.”

Others favour transparency, but on their own terms. Kuwait Projects Company’s Faisal Al Ayyar says, “Nobody asked us to be transparent. We put pressure on ourselves to open up and tell people exactly what is go-
ing on in the organisation.” When the credit crunch decimated the value of Prince Alwaleed’s holding in Citigroup in early 2009, he held a press conference within hours of receiving the news. “Sure we got penalised,” he says. “But when things improved that was also reflected in the market.”

“The old guard will soon have to start taking a back seat to accommodate the young generation.”
—Riad Kamal

Another Western idea that these leaders have brought with them, and one that is also difficult to transplant into the local culture, is the idea of succession planning. Riad Kamal, chairman of Arabtec, is very conscious of the succession issues arising across the region. “The old guard will soon have to start taking a back seat to accommodate the young generation,” he says. “We have done extremely well. We started from zero. But the only way such progress can continue is by bringing in a new breed of managers to take the business further.”

The Kanoo Group set up a formal process of succession planning some thirty years ago. Mishal Kanoo says it is not something that can be done too quickly or in an arbitrary fashion. It is, he says, no use deciding “I want my nephew” or “I want a foreigner” to be the successor in my organisation. That person might not want the job. They might be happy where they are and not want the extra strain and pain.

Prince Alwaleed says succession is one of the main reasons that he took his company public. “If you have a public company,” he says, “with a board of directors that manages the businesses with me, then I know that if something happens to me, the board will elect someone in my place.”
Conclusions

This report set out to examine the nature of business leadership in the Arab world as seen through the eyes of some of its most distinguished practitioners. One of its most obvious conclusions is that pressure on their successors is going to be intense.

Fast-rising demand for jobs from populations that are becoming younger and younger is inevitable. Widespread unemployment may well have been a factor behind recent unrest in the region, and it threatens to further undermine the security not just of the region, but of the whole world. “Unemployed people are a time bomb,” as one leader puts it.

It is of paramount importance, therefore, that governments in the region do all they can to encourage entrepreneurs and the job creation that stems from their successful ventures. Leaders agree about the top three priorities for achieving such a goal: education, education, and education. The biggest impediment to the further development of successful entrepreneurs, they say, lies in the education system. The Kuwaiti banker Ibrahim Dabdoub goes further. He thinks that the only element preventing an entrepreneurial private sector from taking off in the region is education.

There is some way to go. Not one Arab university currently appears in the widely respected QS ranking of the top 100 universities around the world. One leader interviewed suggested that what is needed is better co-ordination throughout the region. All the GCC countries are investing in education, but they are all doing it in their own way. Qatar, for example, has some excellent universities, but they are half empty. With a local population of some 1.4 million, less than half the size of Naples, how can it be otherwise, unless students matriculate from elsewhere?
Business leaders recognise that governments cannot do everything in this area on their own. There is a need for public/private partnerships. Leaders are already supporting business schools directly; there is the Suliman S. Olayan School of Business at the American University of Beirut, for example. Others are taking more indirect routes. The Dubai-based construction giant Arabtec has two priorities: first, to maximise the number of fresh graduates it can take on and train; and second, through the “Arabtec Chair,” to appoint and pay for professors of civil engineering at colleges of technology. But there is a need for business leaders to do still more.

Many think that the problems begin much earlier. Fadi Ghandour, founder of Aramex, says that most of the Arab world’s schools produce people that can be employed by only the public sector. The educational systems themselves need to be shifted from ones that teach children how to memorise into ones that teach them how to think critically and to analyse.

**Professionalise the management process**

The private sector in the region is still small and most businesses are, in effect, family affairs. This puts constraints on how managers can run their businesses. Should they aim to maximise profits? Or should they look to maximise the number of nephews on the managerial career ladder?

Prince Alwaleed says that if he could tell the Arab business world one thing, it would be that it needs to professionalise—“and very fast, because the world of business is changing so quickly.” It needs to adopt some of the management practices now taken for granted in the West—non-executive board directors, transparency in reporting, succession planning, and corporate social responsibility, to name but a few.

In particular, firms need to examine more closely the development of the “talent” in their offices and find better ways to manage it. And they need to think about who is best suited to carry on the good work that they and their fathers have begun.

A common theme to the lives of the leaders interviewed for this report
is their thirst for continual learning. They never stop refreshing themselves, mentally and physically. Another common feature is their wide and extensive experience of other cultures. This is a hugely underestimated source of learning. Arab firms need to participate more fully in the process of globalisation, which is a two-way street.

Multinationals come to the Arab world, but Arab businesses must reciprocate. There are a few exceptions. “Our global companies go to people in India, China, and the Middle East and build factories, take a licence, and share their knowledge,” says Orascom’s Egyptian chairman, Naguib Sawiris. “But we need to do more of this so that we develop more of our own global firms.”

The more successful Arab businesses are those that blend the old jewels of local tradition with the best gadgets of modernisation.

The strong sense of social responsibility that family firms in the region foster in their business bosses leads many of them to be enthusiastic about the idea of corporate social responsibility (CSR). CSR is not mere altruism. Talented young people and a growing band of socially conscious consumers prefer it. They increasingly look for it in companies that they choose to work for and in companies that they want to buy from.

There is great urgency to all this. In Saudi Arabia three out of every five people are under the age of 25; unemployment in this 16-24-year-old age group is put at some 35 percent. In 2005, consultants at McKinsey estimated that in order to soak up this unemployment, the private sector would have to create three million new jobs by 2015 (Arabic Knowledge @ Wharton 2010). That is an urgent rallying cry to business leaders in the region to create the opportunities that will, in turn, create jobs.

At the end of the day, what is needed is a balancing between the old and the new, not a process that throws out the baby with the bath water. The more successful Arab businesses are those that blend the old jewels of local tradition with the best gadgets of modernisation.

The blending of the two is not always easy. Mishal Kanoo thinks it has already proved too much for some: “We have given up on much of our
past in bringing in ideas from the Anglo-Saxon world,” he says. “But we have not taken the brightest of those ideas, only the superficial aspects. And now we have a mishmash of both systems.” The challenge for the future is, as Fadi Ghandour puts it, to blend “the culture and history that have made us what we are, with entrepreneurial enterprise.” The interviews conducted for this report show that there are already leaders in the region who are up to that challenge.
LEADERSHIP PROFILES

Our interviewees included many of the most influential leaders in the region. Like a player on a soccer team, each has a different perspective on leadership, depending on his position in the field. These profiles examine both their position and their perspective.

*All interviews conducted by Metin Mitchell.*
HRH Prince Alwaleed Bin Talal
Bin Abdulaziz Alsaud

SAUDI
CHAIRMAN, KINGDOM HOLDING COMPANY

A nephew of King Abdullah of Saudi Arabia, Prince Alwaleed has become one of the most prominent Saudi overseas investors, investing in stocks and real estate on a scale that persuaded Time magazine to call him the Arabian Warren Buffett. Forbes puts his fortune at just under $20 billion.

The centre of his portfolio, and the investment that has gained him international fame, is a substantial stake in Citigroup. That stake has fluctuated greatly in size and value since the early 1990s when the prince first bought into America’s one-time biggest bank.

His investments are held through Kingdom Holding Company (KHC). Although the prince owns 95 percent of KHC, the company has been quoted on the Saudi Stock Exchange (the Tadawul) since 2007 and is now the larg-
est company in Saudi Arabia. KHC owns the Fairmont hotel group and has stakes in Rupert Murdoch’s media company, News corp, and the Four Seasons hotel chain. Among the other companies in its portfolio are Time Warner, Walt Disney, PepsiCo, Procter & Gamble, and Hewlett-Packard.

Prince Alwaleed’s philosophy, “invest in the best,” led him to buy the Savoy Hotel in central London in 2005. The classic establishment was then closed for almost three years for a £100 million refurbishment. Managed by Fairmont Hotels, it reopened to critical acclaim on 10.10.10, the auspicious tenth day of the tenth month of 2010.

Not all of the prince’s business life has been so auspicious. When he returned from university and started working, his father gave him $30,000. At the time, he says, he thought it was not enough, and indeed he soon went bankrupt. Then his father gave him $300,000, but he went bankrupt again. “It was,” he says, “very, very hard.” After that, his father told him he was on his own. “Take your house,” he said to him, “and do what you want with it.” So the prince mortgaged his house, and only then did things begin to take off.

There were further crises along the way. At one point the value of each of his shares in Citi fell from $55 to less than a dollar. But then he invested more in the American company, reducing the average price paid for the shares. Now, he says, he is “back in positive territory.”

Like many Arab leaders, Prince Alwaleed is generous in his charitable giving. He has made large donations to disaster relief in Palestine, and to the efforts in the aftermath of the 2005 tsunami in the Indian Ocean. In 2009, he gave $20 million to Harvard University, one of the largest donations in that institution’s history. In parallel to his business interests in Africa, he has supported infrastructure development and healthcare provision throughout the continent.

**Fit to lead**

Leadership, the prince maintains, is all about setting objectives and then defining the path to reach them. But the path must be flexible. It has to be possible to shift when needed. A leader must not expect to attain his objectives overnight. “There will always be setbacks and
“There will always be setbacks and twists and turns. Therefore, a person has to be resilient so as to adapt to the forces that are beyond one’s control.”

twists and turns,” he says. “Therefore, a person has to be resilient so as to adapt to the forces that are beyond one’s control.”

A leader, moreover, must not be afraid to have strong people under him—sub-leaders as it were—and they, like their leader, must be well informed. Trust too is important. But it is not a case of blindly trusting your team and those around you. The prince believes Ronald Reagan put it very well when he said, “Trust, but verify.” Yes, trust your people. But also verify that what they are doing is according to your plan.

The prince’s own strength as a leader comes from experiences outside the royal household as well as within it. At a relatively early age, he did military service that, he says, stood him in good stead for later years. He went to bed at 6 p.m. and he was up at 4 a.m. to clean the bathrooms and then to cook. “I had to cook for everybody,” he says. He also had to remain fit, which meant going for runs and other regular exercise.

He has kept up his fitness regime throughout his life. He believes that a leader needs to be both physically fit and mentally alert, and today he does an hour and a half of sports a day. The body, he maintains, is very much linked and intertwined with the mind. He also believes in continually “exercising” the mind through reading, studying, and staying “in the loop,” keeping well informed about what is going on elsewhere in the world by reading magazines, newspapers, reports, and analyses.

His general fitness is all the more important because he has become a symbol of something much wider than KHC. “They see me as a man who has invested in the West,” he says, “a man who is a bridge between East and West. If I represent the Arab world and the Islamic world in the West, I had better do everything right. Because if I do something wrong and they say, ‘Look, this guy represents Islam or the Arabs or the Saudis,’ that is going to leave egg on the face of all my community. I don’t take that lightly.”
A former pilot in the Kuwait Air Force, Faisal Al Ayyar first learnt about leadership in the heat of a gravity-defying fighter plane. His graduation day was at an air force base in Big Springs, Texas. “My background as a pilot makes me focus,” he says. “I don’t get distracted by what is going on around me.”

He left the air force a few years after graduation, driven by a desire to be an entrepreneur. Then he lived through tough times during the collapse of Kuwait’s unofficial stock exchange, the Souk Al-Manakh, in 1982. “Everybody, and I mean everybody,” he says, “was busy with stock-market trading.” From the butcher to the greengrocer, as far even as the incense seller.

He learnt valuable lessons from the experience. “In good times you must always know how to strengthen yourself,” he says. “For what comes
quickly goes just as quickly.” It also gave him a more positive attitude towards failure. “Failing is important,” he says. “It’s a crucial part of learning. Make the best of it. When you face a problem, you are simply facing a problem. It really isn’t the end of the world. When I’m facing challenges I always try to fragment the problem, break it down into actionable areas. And then I tackle the fragments.”

After his early entrepreneurial efforts failed, he worked for a while in his family’s construction business before joining the Kuwait Projects Company (KIPCO) in 1990. Since 1995 he has been the company’s CEO, and since 2008 its vice chairman. When he joined it, KIPCO was a sleepy, mid-sized investment bank. His early days at the company proved to be a particularly testing time. Three months after he joined, Kuwait was invaded by Iraq.

Now KIPCO is one of the leading diversified holding companies in the region, owning substantial stakes in some fifty-five companies throughout the Middle East and North Africa. Its main focus is on financial services—insurance and banking—but it is also strong in media and telecommunications.

“Since I’ve been running this organisation,” says Al Ayyar, “we’ve been through two wars, three recessions, and the financial meltdown. Yet people forget so easily. When things are rosy they think it is forever. I don’t do that. I prepare myself for the next crisis.”

There are hints of that in Al Ayyar’s attitude towards leadership. “My definition of leadership,” he says, “is that it is about anticipating problems. Every organisation has gaps. When times are good, I’m always looking for those gaps, trying to strengthen them ahead of times of trouble.”

“There’s a real skill in getting the best out of the people you work with,” he says. “How do you push them without stressing them? How do you help them reinforce their strengths rather than embarrassing them for their weaknesses? Most of the time,” he adds, “the first obstacle is your own mind. So open up your mind. You will be surprised that once you do this your destiny suddenly becomes larger.”
Al Ayyar believes that KIPCO’s biggest competitive advantage lies in the people in the company. A bunch of them have been working together there now for almost twenty years. “They know the culture, they know each other,” he says. “They are almost family.”

The company has been a pioneer in setting standards of corporate transparency. For many years it has sponsored conferences on the subject in the region, and it has set up what it calls a transparency forum, a regular gathering at which analysts, investors, and partners are able to ask the company’s managers direct questions about their businesses and about the results that they have achieved (and that they hope to achieve).

Does Al Ayyar have any regrets? “We don’t document our history,” he says. “The experience that we have had, how is it going to pass on to others? That is what we don’t have.”

“People forget so easily. When things are rosy they think it is forever. I don’t do that. I prepare myself for the next crisis.”
Mohammed Alshaya

KUWAITI
CHAIRMAN, M.H. ALSHAYA COMPANY

Mohammed Alshaya is a member of the third generation to run his family’s Kuwait-based businesses, an organisation that was originally established by his grandfather in India in 1890. Seen in the region as “the king of franchises,” the M.H. Alshaya Company, a division of the Alshaya Group, owns and operates more than 1,800 franchise retail stores in fifteen countries across the Middle East and Eastern Europe, representing more than forty top international brands, including Starbucks, H&M, Mothercare, and Debenhams. Alshaya himself sits on the advisory board of the World Retail Congress alongside some of the world’s most respected retailers.

The Alshaya Group also has substantial interests in real estate, car dealerships, construction, hotels, advertising, and IT. It employs more than 14,000 people representing some forty nationalities. In spite of its widespread interests, one of the key aspects of the corporate culture is its...
focus, Alshaya says. “We do well,” he says, “in the areas in which we are highly specialised. We try not to jump into too many things.”

Alshaya looks for durability in the brands that he takes on. Does the brand have the potential to grow? There have been mistakes, partnerships that did not go well where the firm has had to close the brand outlets. One in particular, which cost the company a lot of money in the 1990s, was the result of “listening to a consultant who suggested that we close some brands and move into others. Luckily we didn’t shift our strategy too much because some of the brands he suggested that we close have since grown.” Alshaya likes the suggestion of the American investor Warren Buffett: “If you are asking for advice about a deal you want to do, then you shouldn’t do it.”

After studying marketing at Kuwait University, Alshaya earned an MBA from the prestigious Wharton School in Philadelphia. Like many leaders in the region, he says that the biggest influence on his early years was his father, who (along with two uncles) led the company for many years. He says his father has passed on a belief that there is no room in the business for arrogance or complacency.

His father remains his mentor, friend, and teacher. “He is a very wise man,” he says. “And he still helps us to sort out many things and to shape us.” He gives examples of how his father’s influence continues. “Because he is religious,” he says, “we are also religious. We could have opened twenty Sheratons across the region. But we didn’t, because our father knew it would be difficult to have a Sheraton in Dubai or in Beirut without alcohol.”

The group’s Mothercare operation has a special place in Mohammed Alshaya’s heart. When he was a graduate straight out of business school he spent some months working in a Mothercare store in London, stocking shelves and advising mothers on which prams to buy. He says the experience was invaluable. He now advises budding young managers to “work in the store.” “Forget about the tools you have learnt in business school. Park them aside and do the basics. Do warehouse work, logistics work, and storage.”

As a leader, Alshaya says he needs to be able to identify talent, grow talent, and motivate it all the time to deliver results. “And for that I need to
“Be kind to people. Treat them as you would like to be treated. Always be human. That way you attract the best talent—as employees and as partners.”

be seen to be fair and ethical,” he says. “Leadership needs to be transparent, visible.” He himself is a hands-on type of boss. “If at Starbucks I see a table with empty cups, I will collect them and clean the table,” he says. “I have no problem with that.”

Alshaya’s strategy for talent management is simple. “Be kind to people,” he says. “Treat them as you would like to be treated. Always be human. That way you attract the best talent—as employees and as partners.” He echoes the thoughts of the American academic Warren Bennis who, in his eighties, writes in his latest book, Still Surprised: “I understand now, as Philo of Alexandria observed two millennia ago, the need to ‘Be kind; for everyone you meet is fighting a hard battle.’”

Alshaya says he is looking to separate the roles of ownership and management. He knows that the family business is not going to find all the leadership skills it needs from within the family, and he is a big believer in professional management. “So,” he says, “we manage our business like a public company, with high standards of governance...but at the same time we are careful not to lose the exclusive, private DNA of the family in the process.” Family members have a right to apply for jobs in the company, but they then have to go through the same interview process as any other candidate.

Alshaya also believes in separating the role of chairman and CEO, a practice that is more common in Britain than it is in the United States. A chairman, he says, should be dealing with stakeholders and broad, macro-issues around future planning, not day-to-day operations. In 2007 he moved from the CEO’s job to the chairman’s. Was it a hard step to take? “No,” he says, “it’s a relief. I think maybe the current CEO is doing a better job than I did.”
Ibrahim Dabdoub

PALESTINIAN

CEO, NATIONAL BANK OF KUWAIT

Dabdoub’s background is unusually cosmopolitan. His father emigrated from Palestine to Mexico in 1915, fleeing the approaching Ottoman army during the First World War. But he could not make a success of life in the Americas. In 1939 he returned to the Middle East and moved to Bethlehem.

Dabdoub says his work ethic was formed as a child when Bethlehem was under British rule. “It was very class conscious,” he says. “I felt that I belonged to the lower class because we had people in Bethlehem who were richer than my father. Even at school they used to give the best roles to rich people and not to us. Under such a system, being poor creates a lot of motivation.”

He is unique among the leaders interviewed for this report in acknowledging the influence not just of his father but also of his mother on his business career. “My mother was a pusher,” he says. “Not my father. My
mother used to push me always to be number one. I think competitive passion is put into the minds of people when they are very young, at primary school.”

He got his crucial break because of his education and the fact that he spoke three languages—French, English, and Arabic. He was working as an assistant to a Lebanese man who had been appointed secretary to the board of the National Bank of Kuwait (NBK).

The bank was small then, with about sixty employees in all. At the time, the CEO and half a dozen of the senior managers were British, and spoke only English, but the board spoke primarily Arabic. The new board secretary spoke both languages, and because of Dabdoub’s language skills, he said, “Come with me and work for me.” They moved to Kuwait but, when Dabdoub was just twenty-three, his boss returned to Beirut, leaving him in effect to be secretary to the board.

Most of the board members came from the big Kuwaiti merchant families. “They were very conservative,” says Dabdoub. “I learnt a lot from them. They used to speak and I stayed in the corner and wrote the minutes. Then I started talking, talking too much. And one day one of them, who was more like a father to me, took me aside and said, ‘Look, if you want to learn, listen. And don’t talk. Just listen and learn.’ And I did listen. And I did learn—conservatism and wisdom—a lot of wisdom from them....As a banker, I think I developed a culture of conservatism by pure osmosis.”

The main lesson he learnt, he says, was to keep his feet firmly on the ground. The Kuwaiti merchants on the board did not like flashy ideas. So when the unofficial local stock market, the Souk Al-Manakh, crashed in 1982, the National Bank of Kuwait was the only local bank to survive without the support of the central bank. Its conservatism had stopped it from giving facilities to the speculators who were the cause of the crash.

The bank’s conservatism has served it well in recent years as well. It does not invest in real estate, so it has had neither exposure to America’s subprime mortgage market nor to the Dubai property-market crash.

In 2011 Dabdoub will have spent fifty years working for the bank, the
last twenty-seven of them as CEO. He has run, rebuilt, and run again what is now the most respected bank in the region. He has himself become so closely identified with the bank’s success that outsiders worry about the institution’s future without him. He says that there is a clear succession plan, and all that is needed is for him to announce his retirement for the board to have someone ready to replace him.

What has Dabdoub learnt in his twenty-seven years at the top? “Good character—that’s so important in business. If you have a bad reputation then you are finished, no matter how rich you are or how hard you work,” he says. “Sadly, one of the things that we don’t teach in our schools is business ethics. Ethics matter; character matters. And so does vision. You must have a strategic view of your business.”

In 2009, The Banker magazine honoured Dabdoub with its lifetime achievement award. NBK now enjoys the highest credit rating of all banks in the Middle East and North Africa region. It came thirty-eighth in Global Finance’s list of the fifty safest banks in the world in 2010.

And what legacy would he like to leave behind when he does finally retire? “Wherever I go, the reputation of NBK is first class, and that is a source of pride for me,” he says. “The legacy I want to leave is that I helped to create a first-class Arab institution. And that is not easy in the private sector in the Arab world.”
An extraordinary leader in extraordinary times

Ibrahim Dabdoub lived and worked through one of the most difficult periods in the region’s recent history. In 1990, Iraq, under Saddam Hussein’s rule, invaded and occupied Kuwait and made banking in the country nigh on impossible. “Kuwait simply disappeared,” says Dabdoub, “the currency, the institutions, everything.”

However, seeing the country crushed, he says, “caused me to grow in courage... We started working like crazy, day and night. The first week I probably slept two or three nights on a couch in the office... We had only $10 million in liquid funds and we were a bank with a $15 billion balance sheet.

“I had a first-class treasurer in Singapore, an Irish guy called Nick Hunt. I phoned him saying, ‘Nick, come over. Forget Singapore and come over.’ And he came, and with our IT guy we started untangling the spaghetti. We didn’t have all the records. At the beginning we used to call clients and say, ‘Do we owe you anything?’ Or, ‘Do you owe us something?’ Nick was super because he was begging everybody. ‘Please,’ he would say, and people would be compassionate with us. They felt for Kuwait.

“On the second or third day the United Nations froze all accounts. I spoke to the number two guy at the Bank of England, a man called Eddie George, whom I had met before, and I told him my story. He didn’t know what to do because there was no precedent—of a bank whose head office was occupied. So I asked him for a letter to show some credibility, and he said, ‘OK. I’ll give you a letter.’ It was a very general letter and it didn’t mean much, but Eddie George had signed it. And I really owe him a lot. Because then I started collecting money. Some people refused, especially the Japanese, but we were able to sell some instruments for 25 cents to the dollar and we raised something like $100 million from these. So we started getting money here and there, and then we managed to smuggle in all the records, and a month later we were acting like any other normal bank.

“That experience helped me find strength in myself that I did not know I had. You only find this out when you are tested with big problems.”
Fadi Ghandour

JORDANIAN
CEO, ARAMEX

A Jordanian born in Beirut, Fadi Ghandour is a political-science graduate from Georgetown University in Washington, D.C. Politics dominated his early life. When Ghandour was a boy, his father was sentenced to death in Lebanon because he was part of a political party that had attempted a coup d’état. The sentence meant that the family had to flee to Jordan. “Even though I was very young,” says Ghandour, “this momentous time shaped my life. I felt that sense of struggle. And entrepreneurs are people who struggle and win against the odds.” Both father and son abandoned politics soon after. His father went on to become CEO of the Royal Jordanian airline, and Fadi Ghandour is now one of the most widely admired entrepreneurs in the region.

For twenty-eight years he has been the CEO of Aramex, the “FedEx of the Middle East.” A true entrepreneur who built up his considerable business from scratch, he was described by another of the lead-
ers interviewed for this report as “the poster child for Arab business.”

Ghandour started Aramex in 1982 when he realised that DHL was the only international logistics company serving the Middle East-North Africa region. FedEx was growing fast but only in the United States. In the Middle East it had to hand its business over to a rival. “Our proposition was very straightforward: You shouldn’t give business to your competitor,” says Ghandour. So Aramex was born as “the courier companies’ courier company.” It started by offering a local distribution network to FedEx, UPS, and Airborne Express. These giants taught it how logistics works and gave it access to critical software systems.

Aramex was the first Arab company to be quoted on Nasdaq, the North American (predominantly high-tech) stock market. It was traded there for five years until the company went private in 2002. Since 2005, it has again been public, and it is now quoted on the Dubai Financial Market. The company has become much more than a regional distributor for others, offering its own services from the Middle East to the rest of the world. Its ambition is to become a fifth global giant in logistics, joining FedEx, DHL, TNT, and UPS.

Ghandour says his role today is to be four chiefs in one:

*Chief thinker.* He helps to plot the company’s long-term future. To this end, he reads widely—from books on Israel’s business success to Twitter feeds.

*Chief preacher.* He spreads the message of the company culture, acting as a bridge between the past and the future of the organisation. “While I tell the future generation that they should not be stuck in our history,” he says, “they do need to know where we came from. It acts as an anchor.”

*Chief entrepreneur.* He looks for ways to innovate, including how Aramex can position itself to become the e-commerce leader in the region.

*Chief talent officer.* Finding the best people is hugely important in a world where, as he puts it, “talented people interview companies nowadays, not the other way round.” He sees himself as a mentor and coach to the
next generation. “I take this very seriously,” he says. “It is probably my most important role.” The challenge is to make people feel they are adding value to the organisation. If they don’t, talented people will pack their bags and move on.

A hero’s heroes

People who run businesses set priorities and make commitments all the time. Leadership, he says, is about delivering on those promises.

Leadership also requires being visible to the front-line teams. “You are the one setting the example and walking the talk.”

The business leader he most admires, he says, is Fred Smith, the founder of FedEx, whom Ghandour met early in his career. He is also very close to his father, who taught him about commitment. “Today, young people struggle with what commitment means. My father didn’t lecture me about it—he just lived it. I watched and listened to his sense of commitment, his understanding of responsibility.”

The management writer Peter Drucker too was a great influence. “I never formally studied business,” says Ghandour, “so Peter’s books were business school for me.” Another man he admires greatly is Bobby Sager, an unconventional globe-trotting American “social entrepreneur” who left his job in finance to become a full-time philanthropist. Ghandour is passionate about corporate social responsibility, believing that business leaders in the Arab world need to think more about their role in society. “We are powerful and we have access,” he says. “It is our duty to take that and put it at the service of society in partnership with government.”
Ghandour is an “angel” investor, which allows him to spend a lot of time with young entrepreneurs. “I invest in them,” he says, “and I mentor them, although the reality is that they are teaching me. I learn so much it is unbelievable.” He was a founding partner of Maktoob.com, an Arabic web portal that was started by two young Jordanians and bought by Yahoo in 2009 for $85 million. Ghandour says the deal was a wake-up call telling Arab investors that “true value lies in our youth rather than in real estate, and that talent is closer to home than they could ever have imagined.”

He is keen on technology. “I get an unbelievable amount of insight out of following certain people on Twitter,” he says. He also has a personal blog on which he recently gave some of the background to his investment “strategy.” “The idea is important,” he wrote. “But more important is who takes it to implementation….It is much easier to come up with ideas and much more difficult to execute them….There are lots of dreamers out there and that is great…but dreamers need to wake up, roll up their sleeves, find the tools, find the partners, and get to work to realise their dreams.”
Riad Kamal

PALESTINIAN
CHAIRMAN, ARABTEC CONSTRUCTION

Riad Kamal’s legacy to the region is clear for all to see. It towers above Dubai, the city where his construction company, Arabtec Construction, is headquartered.

Kamal is a Palestinian who studied engineering at Imperial College London and then worked for Sir Robert McAlpine, a large British construction company, for four years. He set up Arabtec in 1975 and has since transformed the landscape of the UAE. Towering over the modest buildings that stood around the city’s famous creek when he first moved there are the Emirates Palace Hotel, the Burj Al Arab (the landmark building known as the “Arab Sail”), and the Burj Khalifa (more than two and a half times the height of the Burj Al Arab), all of them built by Arabtec. The Burj Khalifa took four years and $1.1 billion to build, and is currently the tallest building in the world.

The $2 billion company, the biggest in the UAE, now employs some
80,000 people. As its majority shareholder, Kamal took the company public in 2004, one of the first Arab entrepreneurs to take such a step.

The company faced its greatest challenge during Dubai’s recent property crash, the worst in living memory. It occurred just as Kamal was about to hand over the reins of the business, his legacy seemingly secure. In the event, he changed his plans. He handed over the role of CEO of the construction company but remained chairman of Arabtec, at the same time remaining CEO of the parent company, Arabtec Holding.

The crash forced him to get more involved with the company’s day-to-day business than he had ever expected, and he oversaw a lot of the collections. In that particular economic climate, decisions on payment priorities were made right at the top of the organisation. CEO needed to talk to CEO. It was no good leaving it up to the chief accountant. All the CEOs in town, he says, “have been spending a lot of time ensuring the cash keeps flowing.”

Eventually Arabtec negotiated a complex deal with the state-controlled Dubai World, which was at the centre of the property crash, and the deal enabled Kamal to avoid diluting his stake in the company.

What lessons can be drawn from the experience? “Mistakes always happen,” says Kamal. “And here we try to highlight them, not hide them under the carpet. We actually have a policy of encouraging people to let everyone know about their mistakes—to float them around to ensure that the lessons are being shared around the company. That’s the best way to ensure that other parts of the business don’t repeat them.”

He says that the company’s biggest mistake in the past was to use new people to run projects in remote areas. Now the policy is to send the best people to work on such projects, people who really understand the company’s processes—people who have been around long enough to carry the company culture with them.

A number of senior people are also being groomed so that the “old guard” can start to take a back seat. “We need a new generation of managers and leaders to take the company into the next phase,” he says.
Once bitten, twice shy

Kamal says his main focus since the crash has been to create new markets in neighbouring countries so Arabtec could keep its huge fleet of equipment and continue providing work for its employees. “We would be loath to lose highly skilled people,” he says. There have been successes in Saudi Arabia and Syria, says Kamal, and “we are creating great alliances in Abu Dhabi that we hope will pay dividends for us in the long run.” Meanwhile, Arabtec has won a $120 million contract to build a five-star hotel in Damascus and is moving into Angola, Turkmenistan, and North Africa.

There are, he says, subtle differences between what is required of leaders in the Middle East and of those in Europe or the United States—as was on display during the property crisis. First, he says, “In the Arab world, CEOs need to talk to CEOs to really get results. Relationships are paramount in this part of the world. I think 90 percent of success at the top comes through having great access and relationships.”

Second, the family aspect to doing business in the region has implications. For example, he says, “Until the organisation got simply too large, I used to have an open door to everybody from the office boy to the director. They could tell me about their personal lives as well as anything that has to do with the business.”

His advice to aspiring businessmen in the region? Expect hard work. “Everyone sees that I am not just somebody who is just telling them what to do but the person who is there with them in the front line. I put in more hours than my best employees. I have done that in the past and I still do so today.” He adds, “Don’t rush. I have learnt throughout my life that patience is probably the best virtue that you can have.”
Mishal Kanoo

BAHRAINI
VICE CHAIRMAN AND CEO, THE KANOO GROUP

Mishal Kanoo is the sixth generation of his family to run the eponymous firm. Founded by an ancestor in Bahrain in 1890, The Kanoo Group began as a trading company. Now a multibillion-dollar diversified business, it has extensive interests in travel, chemicals, shipping, and oil and gas. In 1937, the group moved into the then-infant industry of air transport, providing refuelling facilities for the seaplanes of Britain’s Imperial Airways en route to India and Australia. In 1950 it was one of the co-founders of what is now known as Gulf Air.

Kanoo himself was born and raised in Dubai. He has an MBA from the University of St. Thomas in Houston, and worked for a while as an auditor with Arthur Andersen before joining the family business in 1997. His personal wealth is put at more than $1 billion. He rose to prominence by predicting the property crisis in Dubai before it happened, which spawned his moniker, “the sage of Dubai.” Now he thinks that the worst
is over. “Dubai is going to continue to grow and prosper,” he says. “It is a simple formula. There is currently no equivalent for it.”

As a leader, he says he practises what he calls consultative leadership. “In this part of the world,” he says, “most business owners are very autocratic. They want to micro-manage everything.” But it gradually dawned on Kanoo that it is possible to get things done without being domineering. “With a consultative approach, you set the framework and then negotiate with people until they buy into the idea. Then you don’t have to keep checking on them, because they want to do exactly what you want them to do.”

Kanoo thinks there is no one single formula for leadership that can be applied to all and sundry. He believes there are at least four types of leaders, no one of which is necessarily better than any other. Situational leaders get thrown into events and instinctively pick up what to do. Born leaders often turn out to have been the bullies at school, but they end up being leaders simply because everyone wants to follow them. Popular leaders are the trendsetters. Whatever they wear or do, everyone else wants to copy. And finally, there are those who depend on bought leadership. They buy their followers, as in the past when kings bought their vassals and vassals bought their serfs. Comparable practices exist today.

There is one aspect of leadership that Kanoo feels is too little discussed. No leader, he argues, can discount the influence of luck. “Being in the right place at the right time—for some it is more important than anything else,” he says. “And there is nothing you can do about it.”
Keep an open mind

His advice to the next generation is, first: “Don’t be too narrow in your studies. The purpose of an education is to get a broad view.” And second, when entering a business career, keep an open mind. “You never know where life will lead you. If you don’t have an open mind, you will block opportunities that come to you. They will knock on your door, but you will be deaf to them.”

Kanoo’s own education has not yet ended. He goes to carefully selected conferences “to listen, to speak, and to test out my ideas,” and he constantly takes university courses. There the students don’t know who he is, which, he says, “is perfect because they are open with their thoughts. If people know who you are they become very guarded and afraid to say the truth if they don’t like your company or its services.”

He has two main ambitions remaining: one is to teach; the other is to write a book. He loves books. “What better way is there,” he asks, “to get to know someone’s mind than by reading a book that they have written? That is the most powerful legacy anyone can leave.”
Loay Nazer

SAUDI
CHAIRMAN, NAZER GROUP

Loay Nazer is a thoroughly modern entrepreneur with an American engineering degree and an MBA from UCLA’s Anderson School of Management. He founded the Nazer Group in 1991, two years after finishing his studies in the United States. The group, based in Jeddah, Saudi Arabia, offers a number of services, including medical insurance, conference management, venture capital, and public relations. Over the next five years the company intends to invest heavily in healthcare. Its philosophy is “to combine conservative business principles with creative flair.”

Nazer gained international prominence when he was chairman (from 2006 to 2007) of the international board of the Young Presidents Organisation (YPO), a network for chairmen and CEOs under the age of 50. In 2010 he was selected from 37,000 alumni as one of the Anderson School’s one hundred “Inspirational Leaders.”
He says that his main job is talent management. “I could talk about vision and all the other stuff,” he says, “but really it’s about talent management.” Human resources is an area where “there is a lot of signalling to the whole organisation what kind of organisation you are.” Nazer is careful to look after people who have given long service to the company but who need to move on. “We go the extra step to reward these people for their long tenure,” he says. “This behaviour is crucial to building the right emotional fabric within the organisation.”

“To be a true leader,” he says, “is to establish in front of others that your value system does not change with the situation.” His value system acts as a “filtering process.” Without it, he says, it is easy to justify “less ethical decisions, more profitable decisions.” His mentor is his father, who worked for the government and shaped his son’s leadership style by grounding it in his values, conduct, and social skills.

It is not easy to be an ethical leader in today’s world, Nazer says, but it is important to have consistent values across all areas of one’s life. “If you are going to be ethical with your family and in your relationship with God,” he says, “you’ll end up confusing yourself if you bring a different value system to your business.”

For the future, he sees one of his organisation’s biggest challenges as being the separation of family issues from the business. The group has some independent, non-family directors on its board and, says Nazer, “they can be of immense value to the organisation.” Without them, he says, within a family business there is “a big danger of maintaining the status quo and not maintaining leadership in an industry because of the control of the family.”

Some family members have become CEOs of companies within the group, and others, he says, probably never will. Succession in the future will be based on merit, and succession planning is something that is on his radar screen for the next couple of years.

For young businessmen his advice is, “Work out the gaps between the skills you have and those you need for the career you want to build.... Never stop doing this, no matter how successful you become...and that
applies to social skills as well. Self-awareness of personal shortcomings is helpful both socially and in business. Rather than mask these weaknesses, I fill the gap that they leave by surrounding myself with others who have those skills.”

“If you are going to be ethical with your family and in your relationship with God, you’ll end up confusing yourself if you bring a different value system to your business.”
Naguib Sawiris
EGYPTIAN
EXECUTIVE CHAIRMAN, ORASCOM TELECOM HOLDING

Naguib Sawiris has demonstrated to the region the potential of new technology, bringing “mobiles to the masses” through Orascom Telecom Holding (OTH), the company of which he is executive chairman.

The Orascom Group, Egypt’s largest private-sector employer, is divided into three—Sawiris’ company, OTH; a construction business; and a substantial operation in hotels and tourism. The group was started by Sawiris’ father, Onsi Sawiris, a man who, his son says, was a workaholic. He would wake at six in the morning and come back from work at eight at night. It was a tough time. At one stage, the business was expropriated by the Egyptian government.

Now Onsi’s three sons, of whom Naguib is the eldest, run different parts of the group. OTH was formed in 1976 as the Egyptian distributor of Western IT and telecom brands. After eighteen years working in partnership with companies such as Hewlett-Packard, IBM, and Lucent, OTH
set up Egypt’s first Internet service provider in 1994. Its Mobinil mobile brand followed soon after, and it now has 24,000 employees and a listing on the local stock exchange.

OTH has built mobile networks from scratch in many of the region’s poorest countries, often going where others feared to tread. It opened an operation in Iraq just months after the U.S.-led invasion there in 2003, and it is now operating in troubled Zimbabwe. In 2008, it launched the first mobile-phone operation in North Korea and in 2005 began to move into more developed markets with the leveraged buyout of an Italian group, Wind Telecommunications. This became the platform for new ventures farther afield, in Greece and in Canada.

**A born fighter**

“A leader,” says Sawiris, “is someone people can trust and seek direction from in times of crisis. They feel he will always fight for them, and for whatever is right. A leader also has to be capable of taking unpopular decisions and not fearing the consequences. Sometimes you have very few options, and all of them will bring pain.”

When talking about leadership, he gives a medical analogy. “Many doctors,” he says, “refuse to operate on very sick people where the chances of survival are less than 10 percent because they fear for their reputation if the patient dies. Others trust in God. They will operate regardless. That’s when a doctor becomes a leader.” Sawiris is not afraid to talk of God in the workplace. God’s will, he says, has been the “steel in his soul” when doing deals.

Like others interviewed for this report, he is always hungry for new
ideas. “Always look for new ideas,” he says. “Follow them and implement them by hiring young people for their energy and their sense of innovation....I like to be with young people. They are idealistic; they are fresh....I don’t like to be in the company of businessmen. Very few of them are interesting; very few of them are funny. And very few are not jealous of me.”

He says he is a fighter. “I don’t give up. I like difficult things. I don’t like easy stuff. The more challenging it becomes the more excited I am, and the more I want to accomplish it.” As a child, he once attacked a gang of kids who had just beaten up his friend. They started laughing at him because he was skinny and had a Jimi Hendrix hairstyle. So he punched one of them in the nose and made him bleed. But the other boys beat him up in return, and he had to be carried home on a stretcher. As his mother took him to see a doctor, he says, he had a smile on his face. He didn’t feel the pain; he just remembered getting his message across.

A Lebanese businessman once said of him: “Don’t challenge Naguib, because if you do he will take you up on your challenge and go to war. But if you smile at him, if you behave well, he will give you the last piece of bread in his house.”

As a child he always wanted to do something “gigantic” that would change the lives of people. But being a Christian in a Muslim-dominated country, he knew his chances of a career in politics were small. So he decided to follow in his father’s footsteps, and his father was an entrepreneur.

Most of his friends are Muslims, and he says his own “Muslim culture” has helped to put him at ease when doing business in other Muslim countries. What does he think is different about the region’s way of doing business? “We care a lot about respect,” he says. “We are very sensitive to how we are being received when we meet someone. We are emotional. We need to feel comfortable with the person we deal with.”
References


Ernst & Young. 2008. 1st Ernst & Young Family Business Survey. And figures from the Qatar Financial Centre Authority.


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The Korn/Ferry Institute generates forward-thinking research and viewpoints that illuminate how talent advances business strategy. Since its founding in 2008, the institute has published scores of articles, studies and books that explore global best practices in organizational leadership and human capital development.

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Key Contacts

Dubai
Jonathan Holmes
Managing Director
Middle East
Korn/Ferry International
Dubai Airport Free Zone
P.O. Box 54584
West Wing, Phase 6, Block B
8th floor, Office 838
Dubai, United Arab Emirates
Phone: +9714 2045 777

Istanbul
Serif Kaynar
Managing Director, Central Asia and Turkey, Middle East, and North Africa
Korn/Ferry International
Cumhuriyet Caddesi
123 Kat 8 Elmadag
34373 Istanbul, Turkey
Phone: +90 212 231 3949