

doc
CA1
EA513
95D51
ENG

DOCS

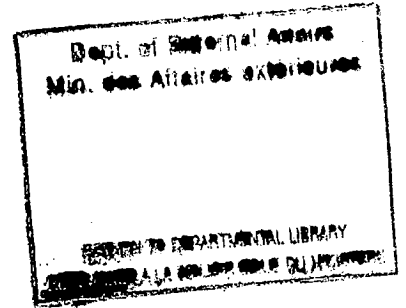
CA1 EA513 95D51 ENG

Doing business in the Middle East :
information technology &
telecommunications sector. --

59258832

.b3435957(e)

225AA



DOING BUSINESS IN THE MIDDLE EAST

INFORMATION TECHNOLOGY
&
TELECOMMUNICATIONS SECTOR

MARKET PROFILE STUDY

59250332

DOING BUSINESS IN THE MIDDLE EAST

Information Technology & Telecommunications Sector Market Profile Study

Table of Contents

Subject	Page
Introduction	1
Islam And The Role It Plays In Business	1
The Role Of The Family	3
Social And Business Norms	4
Business Issues	5
Agency Agreements	7
Joint Ventures	10
Conducting Business	10
Summary	16

DOING BUSINESS IN THE MIDDLE EAST

INTRODUCTION:

This section is an adjunct to the individual Middle East country profiles and addresses a variety of aspects of doing business in the Middle East.

Conducting profitable business operations in a foreign and different culture can at times be frustrating, confusing and discouraging. On the other hand, knowing something of how your partners or associates and clients approach issues both commercial and societal can help relieve some of the uncertainty and anxiety and can improve your business opportunities.

This section will deal with some of the more important areas that can assist in understanding the region.

ISLAM AND THE ROLE IT PLAYS IN BUSINESS:

It is impossible to effect meaningful business relationships in the Middle East without some understanding and knowledge of Islam.

Islam, one of the world's great monotheistic religions, began to attract large numbers of followers in the early years of the seventh century. The spread of Islam was very rapid and within a century had spread to Spain and as far east as China. The religion continued to grow in popularity and adherents and by the golden age of the Arab world (10th - 12th centuries) had become firmly established as one of the world's great religions.

Today, for a fifth of the world's population (approx. 1 billion followers) who are Muslim, Islam is both a religion and a complete way of life. For Muslims, Islam provides a framework of life and society. It is a simple, personal, religion of peace, mercy and forgiveness.

Muslims believe God's final message to man was revealed to the prophet Mohammed and recorded in the Quran. From the Quran as well as from the traditions of the Prophet (Hadith), Muslims derive their law, morality and forms of worship.

In Islam the spiritual and temporal world are not separated. Rules for man's spiritual and temporal behaviour are clearly laid down in the Quran and the Hadith. Certain fundamental obligations are imposed on the believer.

ISLAM AND THE ROLE IT PLAYS IN BUSINESS (Cont'd):

These are known as the five pillars of Islam. They are:

- 1). The Profession of Faith
- 2). Prayer (Salat)
- 3). Charity (Zakat)
- 4). Fasting
- 5). Pilgrimage or Hajj.

For the experienced traveller to the region the manifestation of these five basic principles are evident on a daily basis. For the newcomer, however, it is important to note the importance of each.

The profession or declaration of faith occurs in the daily prayers of all Muslims as well as in the call to prayer that is heard from each mosque. Obligatory prayers or Salat are said five times each day; at dawn, noon, mid-afternoon, sunset and nightfall. Business and shops stop all commercial activity and close their doors for prayer time. These five prayer times determine the rhythm of the day, at home and at work.

Charity or Zakat (almsgiving) has developed from a voluntary act of charity towards the needy to an obligatory tax. Although there are many variations according to circumstances, every Muslim is subject to some form of Zakat. Local commercial enterprises are also subject to Zakat and usually government contracts require submission of the certificate from the Department of Zakat & Income Tax attesting that the company has fulfilled its obligations.

Fasting is carried out during the month of Ramadan. Ramadan commemorates the month during which the Quran was first revealed and the victory of Mohammed's followers over the Makkans at the Battle of Badr. The close of Ramadan is celebrated by the festival of Eid al Fitr (Festival of Breaking the Fast). The Eid period is marked by special community prayers and joyous family celebrations and feasts.

Performance of the Hajj or pilgrimage to Makkah at least once in his/her lifetime is an obligation of every Muslim who is fit and can afford to make the journey. The Hajj begins with the twelfth month of the Islamic calendar called Dhul Hijjah. The close of Hajj is marked by the feast of Eid al Adha (Festival of Sacrifice).

ISLAM AND THE ROLE IT PLAYS IN BUSINESS (Cont'd):

Muslims see their religion as an integral part of their daily life. They make no distinction between the sacred and the secular, morality, laws and politics. For example the Quran lays down clear economic guidelines.

The Quran denounces all unearned income, usury and gambling. It establishes the Islamic principles of Sharia law. Sharia law derives from four sources; the Quran, the Sunnah (The Prophet's deeds and utterances), Ijma (consensus of scholars), and Qiyas (reasoning by analogy). As in Western systems, an accused is assumed innocent until proven guilty and the burden of proof rests with the accuser. Often two or four eye witnesses are required to establish guilt. A system of appeals exists as in the West. Civil cases are often settled by a reconciliation method in which the parties accept a proportion of the guilt.

In general, the countries of the region are strict Muslim states and the heritage of Islam is deeply rooted in the character of the people. Islamic customs govern the general way of life in both social and business practices; care must be taken to respect this, particularly in the area of dress, deportment, language and behaviour.

THE ROLE OF THE FAMILY:

Second only to the importance of religion is the importance of the family. Once again the Quran lays out clearly the importance of the family and the obligations of the parents.

The role of the husband/father as provider and protector is confirmed. The role of the wife/mother as homemaker, protector of the children and child rearer is made clear. As a result, typically women do not work outside the home and in many cases do not leave the home unless in the company of their husbands or some other male member of the family. Marriages within the larger family group of cousins and other families of the tribe have traditionally been encouraged. Most of the time this leads to family arranged marriages. These factors and the permissibility of having up to four wives and their traditional role have led to large extended families.

With Arab colleagues it is usually customary to enquire about their family rather than asking how his "wife" is doing. It is permissible to single out family members if an intimacy has been established with your Arab counterpart, agent or partner and you have had the opportunity to meet for example, his wife and other members of his family.

THE ROLE OF THE FAMILY: (cont'd)

In general, Arabs place a great deal of importance on family and the family responsibilities will always take precedence over any business affairs.

These brief sections on Islam and the Family are offered simply as background and to provide information that may help avoid potential embarrassment to both the Western businessman and your Arab host.

SOCIAL & BUSINESS NORMS:

An important element to gaining the ease and confidence to function effectively in the region is in understanding usual social and business norms.

On the social side Western businessmen will find the Arab people to be very hospitable. Very often your Arab associates will invite you to their homes for a dinner.

These events are usually conducted after the last prayer of the evening therefore, can start quite late in the evening. Often a large group will be present and may consist of other Western businessmen, other Arab businessmen and senior associates of your host. The evening is a men only affair and is usually held in the majlis room at your hosts home. Dinner will usually be prepared by the hosts family or servants and will be served by male members of the family or the expatriate servants. The pre-dinner period is typically a time for the telling of stories or humorous incidents, business dealings, and a general getting to know each other. Oftentimes, the typical Arab hors d'oeuvres of dates and Arabic coffee are served. Sometimes alcohol may also be served. It is prudent not to accept alcoholic beverages unless your host also partakes.

The dinner will be sumptuous by Western standards and the guests are expected to try a little of everything. Do not be surprised if there is a great deal of food left over; this will be consumed by the servants and remainder of the family. Upon the completion of the meal Arabic sweet tea will be served and quite quickly thereafter the party is expected to break up.

All of the well known protocol like eating with the right hand; not showing the sole of the foot; etc. should be observed. Although strange to the newcomer these evening dinners with your Arab friends and associates can be very enjoyable and quite a lot of fun.

SOCIAL & BUSINESS NORMS (Cont'd):

On the business side, the newcomer should be aware that typical Arab organizations are what we would call flat organizations. That is, there is little in the way of an organizational hierarchy. Often the owner/operator is everyone's boss and all members of his organization have equal access to him for discussion of issues and problem solving. Therefore it is quite common for his office to be filled with two or three or more of his employees, all wanting to discuss their individual concerns with him. At the same time he may be talking on two different telephones while he is solving their problems.

This typical behaviour can lead to a lack of punctuality in keeping business appointments; a lack of confidentiality in discussions; and a general perception by a Western businessman of a confused organization. Do not be fooled by appearances. The owner or manager has been operating this way from day one and has adapted to the situation and knows exactly what has transpired and with whom.

It is customary, even though the weather can be very hot, to attend business meetings dressed in a business suit. To do otherwise may be insulting to your host and until a proper level of familiarity is established this mode of dress is appropriate.

Often business dealings, waiting in anterooms, cancelled appointments, etc. can be very frustrating. Under no circumstances should you "lose your cool" or let your feeling show in your facial expression. The Arab businessman is usually very perceptive at reading people and this will show him an area of weakness that can be turned to his advantage.

Also be very prudent in discussing such topics as religion or politics during this process of getting to know each other. In time you and your Arab associates will come to a level of understanding of what is appropriate and what is not in the carrying out of your dealings.

BUSINESS ISSUES:

Operating a successful business in the Middle East is in many ways like operating a business in the Western world. The determination of whether the Middle East is an appropriate market to conduct business will depend on a thorough analysis of several general business related topics.

BUSINESS ISSUES (Cont'd):

For example, a thorough knowledge of the regulations governing business activities is necessary. A knowledge of the legal environment; tax regimes; accepted accounting methods; business structures; import/export regulations; manpower and labor regulations; restrictions on foreign capital; investment incentives; the presence if any of exchange controls are all important for the businessman. Furthermore, a sensitivity on "how to get things done" and an insight into the power structure that operates in a given country are extremely important.

To name a few examples, some countries in the region have restrictions that only locals can "trade" in the market while others permit local/foreign partnerships to "trade" (trade meaning the buying and selling of goods for profit). There are differing regulations on the amount of foreign ownership a business may have. Some countries have requirements on the hiring of local manpower while others do not have any restrictions.

At times, the power structure in a country will intrude in the process of awarding contracts, especially if the project is very large. For many projects special arrangements are often negotiated even before the tenders are submitted. In other words the project is "wired". In the case of large government construction contracts often the governments of developing countries like the Philippines and Korea negotiate special arrangements for large blocks of manpower. For example, the Philippine government controls the entire overseas employment of nationals and forces employers and workers to remit a portion of their salaries through the government banking system in order to obtain hard currency. The Korean government often supplies workers who are doing their mandatory military service as a method of obtaining hard currency. The Japanese government often negotiates special countertrade arrangements to ensure a continuing supply of oil and petroleum products. This is especially true for Japanese business in Iran.

With all of these factors to consider it is extremely important for Canadian companies and businessmen to gain a thorough knowledge of the country and its particular business characteristics.

The two most common methods of doing business in this region of the Middle East are by agency agreement and under some form of joint venture. Both of these aspects will be dealt with under separate topics, however some of the general aspects of how the Arabs approach issues, think through problems, make decisions, etc. cannot be separated. These characteristics therefore, weave a thread throughout all business dealings. Foreign businessmen who have dealt in the region for some time learn to anticipate typical responses, likely outcomes and "what to do" and "what not to do". In effect they start to think somewhat like their Arab colleagues.

BUSINESS ISSUES (cont'd):

Additionally, it is quite difficult to obtain accurate business information about the region. The governments of the region do not release much in the way of the kinds of data in which business people are interested in to help them make decisions. There is little in the way of population statistics, demographics, or financial information related to either the government or private sector. As a result, the business community hums with rumours of events that have happened or of events that are about to happen. People who have worked in the region for a number of years learn to sift this information and to confirm what they hear from three or four different reliable sources.

Topical, current information can be obtained from several good publications that business people with interests in the Middle East read regularly. The more important periodicals are:

- Middle East Economic Digest (MEED): published weekly by MEED in the U.K.
- Middle East Communications: published monthly by ICOM in the U.K.
- Comms Middle East & Africa: published monthly by ITP in the U.K.
- The Doing Business in (Country) Series: Prepared by Ernst & Young.
- Some of the local banking institutions publish monthly newsletters and as well the ITU in Geneva publish annual telecommunications statistics for the countries of the region.

AGENCY AGREEMENTS:

There are two types of agents in this part of the world.

Firstly, there is the sales agent who will want to represent your products for his region. Compensation for his efforts is usually in the form of a commission on sales or on the mark up on the products sold through his efforts.

Secondly, there is the commission agent, or broker. This type of agent is interested in securing his rewards by manipulating the project so it will come to your company. He will have very little to do or offer in the actual execution of the work. This will be done by you and your company. These type of agents usually rely on their connections to powerful people to convince you that they are the best suited to represent your company. Of course, your company will pay a commission to this agent for his services in securing the project.

Usually, any agreement with a sales agent to act on your behalf will have to be registered with a government organization. On the other hand, agreements with commission agents are almost never registered and are often kept confidential by all parties.

Sales Agents:

The sales agents of this region will usually be an owner and operator of his own business. He will typically represent some other companies for similar products for the same target market as your product. For example, his company may represent an European manufacturer of microwave antennas, an American manufacturer of radio transmitters and a Japanese manufacturer of transmission cables. If your product is multiplex equipment, it is possible this could be a good business marriage.

His business will likely also have a staff of technicians, a showroom and proper business offices, a stores for inventory, and perhaps a workshop in which repairs can be made.

His language of business will be very much the same as yours. He will understand the concepts of margins, expenses, unit costs, economies of scale, good technical engineering, etc. In short, he will be a colleague in the same business as you.

Just the same, negotiating the agency arrangement needs some special attention and forethought. There are a multitude of considerations such as:

- Will he buy your product and act as a re-seller or will he act as an OEM? Your discounted selling price to him must be thoroughly thought out from the standpoint of the costs you will bear, the value to him and the ultimate selling price in the market.
- What is the market potential? How many units could he possibly sell etc.?
- What should his territory be - the country; the area within the country; or several countries?
- Does his company had a good reputation as a sound company to do business with?
- What are the technical capabilities of his managers, engineers and technicians?
- Does he represent companies that can be seen as possible competitors?

And so on! And so on!

Finally, you must ask yourself - do you want to work with this person? Is the chemistry right and do you feel confident about him? Has the trust factor started to develop between the parties?

Sales Agents: cont'd

Assuming the decision is to proceed, the agency agreement can be drafted. This agreement is a formal commercial document stating how you intend to work together. In this respect it should be clear as to the responsibilities of each party, the territory covered; the prices of the products to him; the terms of payment to your company; warranty issues; inventory requirements; return and repair conditions and terms; the term of the agreement and any cancellation conditions. In addition, you must become familiar with any legal and commercial requirements of the country in which the business will be conducted. Keep in mind the businessmen of the region have been traders for centuries and thus have developed extremely good negotiating skills.

Experience indicates this process can take several months and likely several visits to the region to settle the concerns of all parties. The successful sales agencies in the region all demonstrate a high level of trust and mutual respect between the parties.

Commission Agents:

The commission agent is recognized as an integral and necessary part of the business process in the region.

The commission agent has also probably been the single most common source of frustration and heartbreak for foreign companies trying to do business in the region.

Some countries in the area have legal limits to the commissions to be paid to these type of agents. Of course, this does not preclude side arrangements between the parties involved.

As mentioned previously, the commission agent is mainly a broker. His job is to put the parties together and hopefully get a deal. The commission agent usually only works with foreign companies on specific projects which are generally large in scale (several millions of dollars in size).

These agents usually have their strength in their connections to the ruling family or high ranking government officials who are in the decision loop. It is on these connections that they sell their value. Their only role is to provide the environment in which a contract can be awarded or "wired". They will seldom assist in the execution of the final project and in most cases want their involvement to be kept strictly confidential.

Commission Agents: (cont'd)

Often they request their commission be paid up front upon contract award. It is wise not to comply with this as any leverage you have with him for follow on activity to assist in clearing roadblocks is gone. Often the commission agent has a hidden agenda that will only become evident after you have succeeded in obtaining the contract. For example, the contract may require that your company obtain rental housing or camps for your staff and all of a sudden you find out that your agent has the capability to obtain these for you. Of course, he will expect to be rewarded for his assistance. This is not always a negative experience and sometimes can greatly help the financial aspect of your project. It is wise to find out early on in the negotiations what possible areas of the contract activities he can assist in and to establish with him reasonable compensation for his efforts. It is also wise to document all dealings with any of these agents even though formal registration of any subsequent agreement is unlikely.

JOINT VENTURES:

Joint ventures in the telecommunications sector are usually aimed at setting into place a manufacturing or a combination assembly, manufacturing facility.

As the joint venture will involve the commitment of capital resources it is essential that the Canadian party take the time to thoroughly understand the market and the regulations that will come into play. Of course, it is also extremely important to carefully choose the local joint venture partner.

The Canadian partner should also insist on having one of his employees in the senior management position to ensure the operation gets off to an efficient start. Selection of any Canadian staff is a critical exercise from the standpoint of culture shock and costs to the organization. The local partner will usually provide the accounting, purchasing and sales staff from his own resources as they are the most familiar with the local environment.

CONDUCTING BUSINESS:

Getting Started:

The best way to get started is to travel to the region on one of the various government sponsored missions or by attending one of the local trade shows.

CONDUCTING BUSINESS (Cont'd):

Getting Started:

By visiting the area you will obtain a flavour for the business climate firsthand and get the chance to interact with local businessmen. If it is your first trip, there is a possibility that you will be somewhat overwhelmed by the differences in culture and the level of development that has taken place in the region over the past twenty years.

There is a strong possibility that you will meet many business people that leave you with the impression that they can provide everything that you and your company could possibly wish to achieve. At first do not be too hasty in establishing a permanent relationship with any one agent or company. Take some time to fully survey the total business scene and to expand your knowledge base on the business side of things. Get to know who your competitors will be; who are the main local players in the business sector; who are the decision makers, and establish a method to obtain a steady flow of market intelligence, etc. It make take several trips to the area to fully satisfy the questions you and your company will need to answer.

Market Intelligence:

Market intelligence can be obtained in a variety of ways. The periodicals previously mentioned are one way to accomplish part of this information gathering. Other ways are by frequent travel to the area (four trips per year would be typical); establishing a liaison with a couple of sources specialized in your business, such as agencies that represent products in your field, government employees in ministries that are your target market, banking personnel, and Canadian embassy staff who are on the ground in the region.

Regular discussions with these contacts can greatly assist in knowing what is upcoming in the market and what plans the governments and administrations may have for projects of interest to your company. As mentioned previously the region abounds with rumour and you need a method of confirming from at least three sources the validity of what you hear.

CONDUCTING BUSINESS (cont'd):

Establishing a Presence:

When you and your company feel comfortable with the region and there is a strong belief that business for your company can be profitable; you should begin discussions with the appropriate parties to obtain a local presence in the area. The types of structure - agency or joint venture - have previously been discussed. Upon deciding who can best represent your company or who would be the best partner, begin discussions on representation and keep in mind that you will have to bargain hard to obtain the best arrangements for your side. Bargaining is a way of life in the region - you can bargain for almost everything- a taxi ride; purchasing items such as electronics, carpets, cars, accommodation, hotel rooms, etc. Thus, in business you will always be faced with bargaining - so when it comes to establishing what is hoped to be a long term business relationship it is essential that you bargain the best deal you can get.

Bidding for Projects:

Projects in the Middle East are generally put out to tender. In some cases, a government ministry or industry will want all bidders to be prequalified. This means your company must be registered with the client before hand to ensure your name is on the bidders list.

Specifications are usually issued for all projects of any consequence. These specifications will include the general terms and conditions, special terms and conditions as well as the technical requirements of the project.

Compliance to the specifications is of major importance; especially compliance to the general and special terms and conditions. Any equipment intended for the project to be supplied by your company or others must also be technically compliant.

It is crucial that your equipment be known to the customer before it is offered in response to a tender. This implies that some prior work has been done by your sales staff or agent with this customer previous to the specific request for proposal from the customer. Also remember, that the specification writer had some company's product in mind at the time the specification was prepared. A longer term target your company should have, is to have your product specified by the consultant or specification writer.

CONDUCTING BUSINESS (cont'd):

Bidding for Projects (cont'd)

To prepare an offer that is attractive will require significant effort and cost on the part of your company. Many times site visits will be necessary to properly understand the requirements of the project. Possibly a host of local or foreign suppliers will be needed to fulfil all the requirements of a turnkey project. They will be supplying prices to other bidders as well, thus, good market intelligence is required to know if they favour one company over another. Additional market intelligence can be of great benefit. For example, what is the customer's budget, is there a preferred supplier, who are the competitors agents and are they more powerful than yours, do your competitors have someone on the inside of the client organization, etc? Your contacts with people inside the client organization can be very important and helpful. Often they can provide insight into the project that can only be obtained by discussing issues with them. Therefore, they must know you and both of you have to have trust in each other before this can occur.

Winning projects in the Middle East is not an easy task. There is plenty of competition from both competent and incompetent businesses in the same field. Since the depressed oil prices of the mid 1980's client organizations are extremely price conscious. As a result, the low bidder is in the best position to receive the award. Prices near to the low bidder - within 5% - also stand a good chance of being considered. In cases like this it is extremely important to have your agent and his connections do their part to secure the contract. Often a low bidder does not succeed either due to non-compliance or weak representation inside the client organization.

In some cases, offers will be evaluated by a central tender committee of either the government or the client ministry. If this is the case it is important to know someone on this committee who may provide guidance and information. Sometimes your proposal will have to be submitted in two separate envelopes, one technical and one commercial. The evaluation committee will usually open the technical package first and perform a full evaluation of the technical offers. Then the commercial package would be opened and evaluated in the light of the technical proposals.

In all cases, bidding for work in these countries involves the active presence of your agent or Canadian manager, a lot of involvement of staff, and considerable time and expense. This is an undertaking that should not be embarked upon in a haphazard manner and is reason enough to ensure that your company's presence in the region is strong enough to allow you to compete.

CONDUCTING BUSINESS (cont'd):

Directed Work:

Often ministries and other government agencies will direct work to a supplier without going to tender.

This type of work usually comes only after clients have used your products and have gained a highly trusted relationship with your company. It can also occur in cases where the product is perceived to have exceptional value or performance.

The value of this type of work is immense. Your company receives its payments on time; the cost of bidding against competitors is eliminated; clients are normally familiar with the product therefore, training time is eliminated or minimal. Business of this kind usually consists of several orders smaller in value due to the fact that the approving manager usually has a financial limit on the level of his approval. All companies working in the region strive for and dream of obtaining this type of business.

Finalizing the Contract Award:

Contract awards can take a variety of forms. In the case of simple supply contracts, your company will receive notice of award and will then be required to execute relatively simple contract documents. The customer will likely open a Letter of Credit (LC) in favour of your company. Make sure the terms of the LC are agreeable to you. If not they must be corrected prior to you completing the work.

In the case of more complex supply or turnkey projects the negotiating phase is an important part of the process. The client organization will usually have a team of negotiators. It is critical in the first meeting with them to determine who is the leader or strongest person on the team, as ultimately you will have to satisfy that person that you can handle this project. If you have a commission agent involved, it is also critical that he not only be active at this time but, that he provide you with guidance on how to handle the issues the committee raises. Additionally, you will encounter issues that were not apparent in the specifications. There may be some extras requested at no additional cost to the client; there may have been traps in the specification that were not clear at the time of bidding; or their team may expect a discount in the prices. This team will also confirm your understanding of what they expect and all the terms and conditions that will apply. It is also a good time for you to clear up any issues that may be of concern to your company and to confirm you approach to project execution.

CONDUCTING BUSINESS (cont'd):

Finalizing the Contract Award: (cont'd)

Finally, when negotiations are complete, you or a representative from your company will be required to sign contract documents. Generally speaking the clock for the project schedule will also start at this time.

Executing the Project:

In executing any project it is very important to get off on the right foot. Experience indicates that most projects succeed by having a well planned and executed start. The customer expects to see effective action early on in the project schedule. This means that, rapid mobilization takes place, proper guarantees, financing and insurance are in place, project logistics are under control and project management staff acquire a speedy familiarization with the project. Stumbling at this stage can leave the client with concerns that will plague the project throughout the entire schedule as well as putting your company in potential penalty position.

In addition, the client should be kept informed on planned schedules. Progress reports, documents requiring customer approval and project drawings should be passed on to the client in a timely and professional manner. Early identification of any potential roadblocks should be reported to the client accompanied by requests for assistance or guidance in rectifying the problem.

Proper financial controls on the project are imperative. Many attractive projects have become financial losers by ineffective cash management. The project manager should implement effective cash management controls to ensure the project budget is not overspent in the early stages.

Payment schedules do not usually follow the pattern laid out in the project specifications. This can occur for a variety of reasons: the approving party is "out of town"; your payment documentation is incomplete (although you may think it is complete); additional approvals are required; pre-acceptance testing is incomplete or unacceptable; etc. This usually means that your project manager has fallen down on the job or that the client or clients representatives are placing intentional roadblocks in order to acquire something extra. The staffs in ministries are often unofficially organized into groups or camps. That is, they are allied with someone in the organization in a powerful position who may have been promoting one of your competitors who did not get the contract. They are usually operating under the idea that by making life miserable for you they can obtain something for their group. Of course the revenue stream and payment schedule are critical to your cash flow and profit targets therefore, these are cases where your commission agent or sales agent should get involved to sort out any difficulties.

CONDUCTING BUSINESS (cont'd):

Executing the Project (cont'd):

In any case, typically, payments can be and usually are not prompt. Delays of as much as four months are quite common, therefore, contractors often do and should build the cost of money into their proposal prices. Upon completion of a project it is advisable to obtain a completion certificate from the customer. This certificate provides two valuable factors. First, it is indicative that your customer has accepted the project and has no other claims outside of normal warranty issues and second, it provides you with a list of completed projects for future proposals to other clients.

Building your Reputation:

This important process is greatly affected by the successful completion of projects.

Customer satisfaction and your good reputation is attained by completing projects on time and in a manner that instills in the customer a sense of confidence that your company has performed well, provided excellent products at competitive prices, and that your company has kept at all times the customer's needs and wishes uppermost.

This process cannot be completed with one project, however the time and investment on your part will pay off handsomely as your business in the Middle East grows.

SUMMARY:

The aforementioned aspects will all have an impact on your approach to doing business in the Middle East. Depending on the country and the people involved, some items may have more of a bearing than others but they will all come into play to some degree in all your business activities in the region.

The Arab countries in general are an excellent place to do business. They are all developing to modern nation states and thus are seeking modern technology; they all have the financial ability to pay for quality services and they are all very receptive to doing business with North American based companies and more particularly Canadian companies.

Canadian businessmen will find that Arab businessmen are friendly; hospitable; receptive to new ideas; trustworthy and very professional business people if the time is taken to establish good working relationships in an environment of mutual respect and trust.

DOCS

CA1 EA513 95D51 ENG

Doing business in the Middle East :
information technology &
telecommunications sector. --
59258832

 **ACCO. USA**

WHEELING, ILLINOIS 60090

25971



0 50505 25971 7

MADE
IN
USA

BLACK/NOIR/NEGRO