



Metin Mitchell & Company

What makes an
outstanding Saudi
Chief Executive?

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Metin Mitchell & Company

About Metin Mitchell & Company

Metin Mitchell & Company is a Dubai-based executive search and management advisory firm that specialises in recruiting Board Members, Chief Executives and other senior members of a company's management team. We have particular expertise working in the Kingdom of Saudi Arabia.

Each of our senior team members has had an extensive and distinguished career and brings in-depth expertise and experience to our firm's clients.

Since our firm was created in 2011, we have achieved a high success rate identifying and recruiting executives locally and internationally to meet the specific requirements of clients throughout the Middle East and North Africa.

Metin Mitchell & Company is accredited to the Association of Executive Search Consultants (AESC).

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What makes an outstanding Saudi Chief Executive?

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What makes an outstanding Saudi chief executive?



The Kingdom of Saudi Arabia is at a pivotal moment in its history. *Vision 2030* recognises the need to move from a government-led economic model based on oil to one that is more market-based, diversified and productivity-led.

Such a shift will require great leadership. And the country is clear, through Vision 2030, that far more chief executives in the future must be of Saudi nationality.

So what are the skills and attributes that Saudi chief executives need to guide the Kingdom through the next decade or more?

In this report, we have sought out the wisdom of outstanding Saudi chief executives and chairmen to hear their views on whether different skills will be needed for the future, how to develop this pipeline of talent and what great qualities must be retained as organisations go through unprecedented change. I am extremely grateful to these inspiring leaders for sharing their insights and experiences – a full list of our interviewees is included.

I have recruited leaders in the Kingdom for more than 20 years and seen a number of private companies become world class under great chief executives and chairmen. The challenge for Saudi is to develop outstanding chief executives who can do this widely across industries – this new generation will be critical to the Kingdom's future success.

Clearly, this is the start of a journey. We hope this report will stimulate debate and play a small part in Saudi's growth and evolution.

Metin Mitchell, Chief Executive
Metin Mitchell & Company Ltd

Our thanks to ...

Mr Loai Abduljawad, CEO, Emirates NBD KSA

Dr Badr Al Badr, CEO, Dur Hospitality

Mr Ihsan Bafakih, CEO, MASIC

Dr Adel Ezzat, CEO, Saudi Paper Manufacturing Company

Mr Adel Al-Ghamdi, Group CEO, Abdullatif Alissa Holding Group

Mr Ibrahim Al Jammaz, CEO, Alamar Foods

Mr Aiman Al-Masri, President and CEO, MESC Group

Mr Omar Al-Midani, CEO, Beatona

Mr Anees Moumina, CEO, SEDCO Holding Group

Mr Musa'ab Al Muhaidib, CEO, Al Muhaidib Technical Supplies

Mr Sulaiman Al-Rumaih, Vice President, Power & Industrial Group, Tamimi Group of Companies

Mr Raed Al-Tamimi, CEO, The Company for Cooperative Insurance (Tawuniya)

Mr Fahad Al-Zomaia, CEO, United Matbouli Group

Mr Khalid Abunayyan, President and CEO, Abunayyan Holding

Eng Talal Al Maiman, Chairman and Chief Executive Officer, Investments and Developments at Kingdom Holding Group

Dr Hilal Al Tuwairqi, Chairman, Al Tuwairqi Holding

Executive summary

What makes an outstanding Saudi chief executive? While of course there were differences in views, there were a number of consistent themes, which we summarise here. These are explored in more detail throughout the report.

Outstanding Saudi chief executives must be inspirational leaders, not managers. Above all they must be able to communicate, inspire their workforces through times of great change. They need to be able to explain clearly why the future will be different – and how. And to motivate employees, showing how there will be a better future in return for a more difficult time now.

While we agree leadership skills are critical, we would place as much importance on the ability to manage – what will differentiate Saudi businesses is those with chief executives who have an ability to get things done.

One of the biggest challenges will be achieving operational efficiency through cuts. The ability to make tough decisions is essential – but this will have to be balanced with the need to keep innovating and investing.

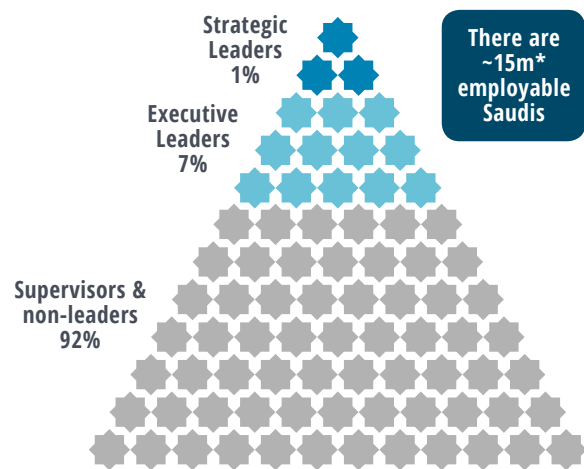
Many commented on the growing importance of good governance, particularly as the Kingdom opens up to global investment. Chief executives must be leaders in their own right and able to challenge and debate with the board and their chairman.

While many talked about the abilities of western CEOs, the Saudi culture has elements that must not be lost – particularly the genuine care for employees and the long term generational view of business. The challenge for leaders is to balance international practices with local knowledge and application, appropriate to its society.

Our interviewees had mixed views about how to train chief executives of the future. While international business schools have their place, the new generation of Saudi chief executives must work their way across and up a business, so they understand how different disciplines work.

Our final question was about the role of women. Our interviewees could not have been more enthusiastic about the contribution women make to the workforce – they are talented and hard-working. Yes, there are cultural challenges, but leaders want to see females in executive positions. This is only a matter of time.

The skills for future chief executives will require a different mindset from that of the boom years. They need to be cost conscious, look for hidden opportunities and inspire their workforces. Get the leadership skills right and this is a country full of opportunities.



*KSA General Authority for Statistics Demographic Survey 2016



What is Saudi Arabia's Vision 2030?

"My first objective is for our country to be a pioneering and successful global model of excellence, on all fronts, and I will work with you to achieve that..."

The Custodian of the Two Holy Mosques,
King Salman bin Abdulaziz Al Saud

In April 2016, the Saudi cabinet launched its ambitious vision for the future of the Kingdom of Saudi Arabia, to create a vibrant and diverse economy that will ensure long term sustainability for its people. The National Transformation Program 2030 outlines future workforce skills for success, but to date has not looked at the skills for future leaders.

source - Oxford Strategic Consulting - 2013

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What skills and attributes will outstanding Saudi chief executives need?

What will the outstanding Saudi chief executive of the next 10 to 15 years look like? What skills will they need?

All the CEOs we interviewed recognised the changing times in the Kingdom. They see two key skills being needed for businesses of the future, first class communication skills and an ability to make tough decisions – but still keep employees onside. They must be able to explain the vision and motivate employees through challenging times.

Time and again our interviewees talked about the impact of oil prices and the need to create more efficient and productive companies. The biggest challenge is when and how to make those cuts, but also balance the need to keep innovating and investing. Great leadership was seen as achieving this fine line and bringing employees with them – showing how there will be a better future in return for a more difficult time now.

Chief executives need a confident leadership style and a skill to develop talent around them. A lot referred to the importance of increasing corporate governance in Saudi and the requirement to work with, but also challenge their boards. This will take on more importance as overseas investment plays a bigger role.

While we agree with our interviewees that leadership skills are important, good management skills are also critical. In our experience, outstanding Saudi chief executives are those with an ability to get things done and this can differentiate their businesses.



“We are a country in a transitional period. These ten years are very critical for Saudi history with the transformation ahead and a dependency on issues other than oil. Communications are becoming more important. We have social media, an increasing openness of the media and far more tolerance of the government to see people speak out – more than at any time in our history. The environment of the Arab world and our neighbours makes what we do here unique – it is not the same for somebody sitting in California, the mid-West or Korea. We are going to strive to become an economy of efficiency, of productivity.”

Mr Ihsan Bafakih, CEO,
MASIC

“During times of reform and transformation, leaders must communicate an inspiring unifying vision which is authentic and compelling enough to win the hearts and minds of their most valuable enabling assets; their people. Leaders must instill a sense of purpose, ownership and accountability in their people, wrapped in a progressive cultural value system that allows them to flourish in an environment where they feel engaged and empowered. If anything, this is the essence of the leadership role, and the very reason why an enabling people vision should always precede the introduction of a transformational economic vision.”

Mr Adel Al-Ghamdi, Group CEO,
Abdullatif Alissa Holding Group



Ability to inspire

The ability to inspire a workforce is probably the most important skill for chief executives – and this means an ability to communicate.

Our interviewees recognised employees need to understand the different world ahead – one leader said that, although he loved his country, he accepted employees had been spoilt. Chief executives need to have an outstanding ability in communicating to their workforce. They need to be able to explain clearly what the future will look like and keep employees motivated through cuts and change.

Many talked about a company's human capital being their biggest asset. As one interviewee said: "Your biggest asset is your human capital and it is important to communicate a path which says: we are cognizant the climate has changed, this is how we are adapting to it and here is your role."

On similar lines, another said: "Today it is very important to emphasise to the human capital that there is a market to go after, we must change how we operate and become more efficient but that we are here to stay." He felt it was also important to engage board members and shareholders to help in sending this message back to the workforce.

Leaders are the spiritual heartbeat of any organisation. They set the vision, the aspirations of the organisation and ultimately are the champions and the exemplars of the corporate value system.

As one leader commented: "When you look at a multi-national, you see communication, globally. You see growth, plans and strategy are communicated through the organisation, even if it is a country branch. That is the level of engagement and inspiration needed."

Strategic

Our chief executives say leaders must be visionary – and being strategic in this vision is key. There were several comments that a good leader has to stay committed to this strategy for the long term – not be swayed to change direction as short term issues affect a business.

It is almost as important to understand and manage different success drivers. One leader said: "Decisive thinking is important so you move with organised steps, not randomly. Every step you take in a critical economic situation is difficult to fix if there are mistakes. This was easier in the past. Now you have to think well and differently – if we keep thinking about the country and business opportunities as we were, we will be hitting the wall. We have to embrace the vision, it is the only way."



"Chief executives need long term vision, able to see the big picture and to cascade this vision. They need to be close to stakeholders. Market behaviour is changing rapidly - you have to be close with customers, your people, stakeholders, the banks and you have to be clear with everything happening in the organisation itself. In the long term we have to have a big vision of where we are and where we want to be in 3-5 years and how to use our tools to move to this position – and take risks to make decisions. Being conservative will freeze your positions."

Mr Fahad Al-Zomaia, CEO,
United Matbouli Group

Corporate governance

Many leaders referred to the growing importance of corporate governance, particularly as Saudi businesses become accountable to more than just their families. This is something we have written about and recognise the challenge in Saudi.

Corporate governance starts at the top – a key skill needed from chief executives is to be able to set the culture and values and then ensure this is followed through in the whole organisation.

One leader mentioned the importance of audits being independent so “it cannot be manipulated by the board” and added, “The head of internal audit also needs that level of independence from management; risk management needs to be there.” All of this needs leadership from the chief executive.

Decisiveness

Not surprisingly, our interviewees all mentioned the changing economic climate and the resulting challenges for chief executives. One leader’s comments reflected the general theme, saying that CEOs have to be clear-headed and not afraid to make the difficult decisions: “CEOs must not let the objectivity of decision-making be affected or impacted by the subjectivity of others. They must be ready to make tough calls, such as making someone redundant. That may be someone who has been with you for a number of years and been productive – but now the business requires something different.”

For us, this ability to make good decisions is part of the management skills needed to get things done.

Chief executives need to be decisive – not just for the tough decisions but also to find and maximise the opportunities. As one said: “We must have more courage and be braver to take quick decisions. For example, this economic situation is a disaster for most companies but, in some areas, it is an opportunity. You have to think outside the box most of the time and diversify. I am expecting that over the next year everyone will think more than once before investing in capex but, when it comes to opex, they are open.”

Holding your nerve through all this will be critical. This comment reflected an underlying theme from all the leaders: “An outstanding CEO is someone with good turnaround and good nerve. He would be able to shift, adjust and take it forward. Who can cut costs, drill down and take care of it.”

Leadership

Clearly there was considerable discussion around leadership.

The critical skill will be leadership style and investing in talent and developing people. While one or two questioned whether Saudi could produce enough of its own leaders to deliver the country’s plans, others were clear the current generation of chief executives must invest in local talent. As one said: “A CEO who invests in local talent will be in a much better position than firms that do not invest in the second and third layer of next generation leaders.”

In discussing leadership style, there was also recognition that Saudi still needs to find its own style for the future. One leader said: “Chief executives have to balance international practices with local knowledge and application, appropriate to the society. Not going 100% traditional nor coming and trying to parachute in international best practices. Having a mix is the recipe in my opinion.”



“The skills needed will be interpersonal, technical and commercial – a combination. But all of it will come under leadership, not management. As a CEO you have to get the best out of the organization – you do that by being transparent. Talk to top management and board members and share what you are doing. You also need to understand their vision, what they want from the business and what they are looking for. Sometimes I have to tell our board and top management the situation here is different, this is your vision and this is how I see it. They will look at it positively.”



Mr Loai Abduljawad, CEO,
Emirates NBD KSA

Maximising opportunities

Everyone recognised the challenges facing companies and their chief executives, but there was a fighting spirit as well, with most saying it is up to CEOs to find and exploit opportunities. Several talked about “lots of opportunities”.

Chief executives have to wear two hats. As one said: “You have to manage risk and market opportunities – balance both. There are opportunities in a declining market so take advantage of that.”

Another said that, as a business owner and investor, he can see opportunities but there needs to be consistency from the government before going ahead with these, adding: “The last thing an investor wants is a surprise.”

Managing stakeholders

Many of the comments were around the skills chief executives need in managing their stakeholders.

Much was said around the need for an ability to manage the board and chairman, but also the importance of relationships in a Saudi company. One commented: “In a Saudi company you need to make sure you have the right relationships – with stakeholders, with government, regulators, investment society, customers, anybody who will affect your business. They need to be strong and be maintained.”

There was recognition Saudi’s workforce is mostly young and based on expats. There are a lot of initiatives to integrate Saudi nationals into the workforce – to educate and develop them. Successful chief executives will have to manage the issue of developing the local workforce as well as other stakeholders.

Risk management

The need to manage risks came through in all our interviews.

These were discussed in terms of the risks of the changing market – not just the general economy, but the introduction of tax and regulation and compliance. These are new factors to manage.

In terms of managing companies in a difficult economic climate, there were several comments around the need to manage cash and not grow on credit.

But the over-riding message was chief executives have got to take risks. Things have to change and this means doing things differently; so future chief executives have got to be risk-takers.

In our recruiting experience, the ability to take risks is again a key part of being excellent managers.



“You have to manage exposure. Being a CEO is where all the lights are on you. Managing this light, making a balance between demands and expectations and wishes, this is very important for success. This could push someone to fail or to win. You need patience, especially when facing challenges and creating change. You need the skills to measure and manage the board’s expectations. You have to win supporters on the board. You have to deal with resistance from the board in an unbiased way so you make sure your plans move. Market your plans and yourself to win. If there is no buy-in, sooner or later, the CEO will fail.”

Mr Aiman Al-Masri, President and CEO,
MESC Group



“It is very important to move with the new vision and to pay attention to things we didn’t pay attention to in the past. Now it is very important to take every step with decisiveness and a great deal of analysis and financial details. This is a quality that a strong and successful leader in Saudi has to have. The other thing is to dream and to have a vision. The country has created a broad vision which will require hard work. Any CEO needs to create a vision for his organisation and himself.”

Dr Adel Ezzat, CEO,
Saudi Paper Manufacturing Company

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What is the best way to groom and develop the next generation of Saudi CEOs?

The next generation of Saudi CEOs needs a strong basic education, but our CEOs were more concerned that they should have a breadth of experience from working in different areas of a business.

Some organisations have developed internal programmes to develop future leaders, others are excited about the ideas young students will bring back from learning in countries such as China, Korea and Malaysia.



Education

Understanding corporate governance and its implementation is still a new area for chief executives to develop skills in.

One leader said: "For me, we need a grassroots overhaul of the Saudi mindset. I love my country, but I want it to change - right now it is time for each of us as leaders to challenge the status quo and ensure there is a real segregation between the duties of the board and those of the executive management. If chief executives are micromanaged by the board then, essentially, they are people who implement."

Many see opportunities for the Kingdom to develop its own business education further: "More is needed in terms of regulation and compliance - we will have to add new flavours and elements that have not been there in Saudi before."

And another said: "I think our universities are good, and I know most of my colleagues have graduated from them, but they don't do enough on applied knowledge or on the job training. When you go to Harvard Business School, you are analysing the current market, coming to morning meetings where you are briefed on what's going on with the stock markets around the world, the currency markets, you apply knowledge through doing and practising."



"From my own experience, training should be a combination of on the job implementation, formal education and mentoring - they all contribute to developing a well-rounded CEO. For example, being in a number two position in an organisation but getting exposure by being delegated to or representing your executive, builds experience. Mentoring and coaching by superiors is important. I have hired professional coaches to help me and I went through a few; you learn something from each. Being retrospective is extremely important. You need to be your own mentor as well, be your own coach. That is something I learned a bit too late after a few episodes of failure; learning from failure is very important. I have found management training to be helpful every once in a while - at a senior level you can examine some of your life episodes to use them as case studies and see how you could have acted differently."

Dr Badr Al Badr, CEO, Dur Hospitality

"My advice to the next generation of CEOs is first, have the right education. Be in the right place or institution that admires learning and development. For your career-path, take it really slowly. People are so fast now and agile. You

need time to learn how to be a CEO. Today people want everything so fast and it affects their growth because they will make bigger mistakes. Development takes time - it can take a few years. Get exposed to different roles or different leadership skill sets in specific fields. Take it easy, you will get there. Today you need specialists and hard-working people.

There is room for everyone."

Mr Musa'ab Al Muhaidib, CEO,
Al Muhaidib Technical Supplies



On the job training

Our CEOs were keen for future chief executives to have a practical breadth of experience. Several talked about the need for more practice and less theory. They also did not feel business schools teach how to become a CEO “especially in the Kingdom.”

Those in family businesses appreciated working at grass roots from a young age. As one said: “Having been in the direct line, I know the challenges my team is facing on a daily basis. When they tell me one thing, I know how long it takes. I was lucky that my family forced me to work at entry level in different positions – it helped a lot in shaping me.”

Ethics and soft skills are a key area to include in the development of chief executives. One leader suggested this should be done over a four or five year period, with a formal plan in phases.

Was there any view as to the “best” route for becoming a chief executive? One answered this with: “I don’t think there is a right or wrong discipline to become CEO. There are attractive areas that are conducive, like being a CFO or Head of Strategy or Head of Business Development. There are specific areas that put you in the frontline for being considered but for me, the CEO job requires personal dynamics.”

Several leaders said there is a need to ensure those destined for leadership positions have spent time working across a business, whether this is in their company in Saudi or overseas. One chief executive talked about building experience with senior roles in smaller companies and then moving to a bigger role in a bigger company. Another mentioned one young leader who was developed over 13 years and working in logistics, marketing, procurement and then general manager. He said: “Everybody was impressed and happy with this young leader.”

Some leaders referred to the role of chief executive as having been honorary in the past. This will not be acceptable for the future. One chief executive expanded on this: “We need people who have spent time working, have a track record and proven themselves. There will be less lip service because you have come from the right family. It will be because they come equipped.”

Coaching and mentoring

Several chief executives commented that they would like to see formal mentoring and support for chief executives – recognising it is a lonely job.

There were a number of comments around the loneliness of a chief executive’s life. There were suggestions that a programme for chief executives to meet and discuss issues with other chief executives would be helpful. The role of coaches was valued. As one leader said: “The challenges of a CEO are not typically ones you deal with elsewhere. I think the best thing that could be done is an elementary or Big Brother programme where CEOs can talk to other CEOs. I find being a CEO is a very lonely existence.”



“I think the new generation is much smarter. The government spent a lot of money sending students abroad. Our relations with the US started a long time ago. Now people are graduating from China, Korea, Malaysia ... we need this mix. The Chinese are very good risk takers, they love to have mass production, volume. When we talk about business in US or Europe we talk about niche markets. The Chinese would never talk about niche markets. We learned a lot from Europe in terms of compliance and integrity which is crucial these days. You have to do business right to be successful in the future. Customers love service but love it more if it is compliant.”

Mr Sulaiman Al-Rumaih, Vice President,
Power & Industrial Group, Tamimi Group of Companies

3

How should more women be brought into leadership roles?

There is unanimous enthusiasm to see more women in senior positions – they are recognised as hard-working and talented and the Kingdom needs their skills. This is certainly reflected in our experience of recruiting – female candidates are generally outstanding.

There are still cultural challenges to achieving more women in leadership positions, but chief executives want to see women promoted within the organisation and also welcome the number of women who have studied abroad, who bring wider experiences to the workforce.

Asked about how to achieve more women in senior positions, one leader said: “It needs more courage to give opportunities. If you go into many private sector organisations where there are females, you will hear positive things where the females are really performing well. They are stable, not moving like the men. We have to open the doors. It needs belief.”

There was a feeling that chief executives have got to push change through – and help traditional boards and senior executives to understand the importance of getting more women in leadership positions: “This is not just the right thing



“I think we started with the right thing when many women went abroad to study. This was a major revolution in women’s education. Our country has to change and women have to change in what they want to be. In the past there were limited positions for women, just working in some segments of the market. I don’t see any difference between women and men in achieving positions and ambitions. We need to look at what we can do to create more positions and what skills they need to be future leaders. Maybe it is a bit slow but we are moving in the right direction.”

Mr Raed Al-Tamimi, CEO,
The Company for Cooperative Insurance (Tawuniya)

to do, but because women are important and critical players in our national economy. From my experience they are the most dedicated and hard-working members of our staff. They are always facing challenges and, despite those challenges, they work harder than any of their male counterparts. They always want to prove themselves so it is up to leaders to recruit them.”

Others made similar comments saying women are “dedicated and determined” and “hold on to opportunities”. Another said: “Women are more efficient than men, possibly because of the scarcity of opportunities.”

Some mentioned the cultural challenges – as one leader said: “You have to provide a good working environment that respects a woman’s privacy but then you have to treat them the same, give them the same opportunities as the men.”

The best way to achieve more female executives was described by one leader: “The best way is to promote from within the ranks, bottom up. Top down there are many lady investors but some take a backseat in managing investments or manage by remote control. It would be good if they took a more visible role in managing their companies, so they sit on the boards of their companies or where they have relationships.”

The final comment comes from a leader who said: “I hope we will have more women in the workforce and that they play a significant role in the economy. They are half of the population and I think it is time we do more with the better half.”

“I am a big believer in Saudi female talent. We have a big centre that only employs 100% Saudi females. There is a cultural complexity to that – whether we like it or not it is still there and that will always be a bottleneck. But every time you hire a Saudi female, they surprise you with their eagerness to grow and develop. They have been in the shadows too long. It is time for them to flourish and seize the opportunities all around them. It is only a matter of time once these social areas dissolve.”

Mr Ibrahim Al Jammaz, CEO,
Alamar Foods

4 What have you personally learnt as CEO?

The main comments made by our chief executives were to do with being unprepared for the job, finding the job lonely and learning to live with so much uncertainty.

Most of our chief executives also commented on the softer skills they have had to learn: "It is an environment that is good if you know what you are doing but, if you are aggressive, you have to balance between how aggressive you are and how patient you are. There is a place in the middle that is usually the best way to get things going."

Many were surprised at how unprepared they were: "Honestly,

it was a new challenge for me. I don't think I was that well prepared, but it was an opportunity I took. I started to read a lot about CEOs, what role models should do, what is not the right thing so I learned by myself. Now I am comfortable in this role and it taught me a lot."

One leader said that soccer had taught him a lot as a leader: "It is one of the few games where you have to be a great player as an individual but also a team player. It teaches patience, how to get things done in seconds and how to take the right risks. As a leader, you have to take risks."



"In my previous role as VP Business Development for a leading Saudi Contracting Company there was always a defined path for measuring my performance and that of the Business Development Division. We pursued projects and we either landed them or we didn't. When you become a CEO you quickly come to the understanding that some tasks have a defined completion timeline with a clear mechanism for measuring performance, and a lot of tasks simply don't. As a consequence there is no such thing as a close down at the end of the work week, seeing that your goal as CEO of "enhancing Shareholder Value" is an ongoing and proactive process. There are good weeks and bad weeks and it is difficult to press Pause and ascertain where you are at any given point in time. As a CEO, you naturally become attached to the business, to all the verticals, and you simply cannot distance yourself from it. You must love what you do, as it requires a lot of personal sacrifice and dedication."

Mr Omar Al-Midani, CEO,
Beatona



"This is something I keep reminding myself that as a CEO I now have to wear two important hats. One is looking at the market risk factors which have impacted payment collection, due to tightening receivables and credit sales. You have to put realistic figures to companies, so If you want to grow in a declining market, you can but if the growth is based on credit terms rather than cash then you may be surprised with credit problems after two or three years, and there lies the risk. The second hat is opportunity. Declining markets are often the best time to look at good deals. You have companies selling, so it could be the best time to buy. As a CEO you need to balance the opportunity and the market risk, especially when you have the cash and the appetite to invest in a declining market"

Mr Anees Moumina, CEO,
SEDCO Holding Group



5

The chairman and the CEO

We interviewed a number of chairmen for their views on broader issues, and here we share their views of chief executives and the relationship with the chairman.

There was a lot of discussion around the role of the chairman and the chief executive and whether chairmen could be “hands off” in the Saudi culture.

And again, corporate governance will be the big challenge for chief executives of the future. They will have to understand the regulatory and compliance issues, but also learn skills in how to challenge board members – especially when these are more senior family members.



“The job of the chairman is a very challenging task in Saudi Arabia. I struggle tremendously with it. In the West, the chairman doesn’t often get involved in operations – they rely on the CEO to hire the team, deal with customers, and every day operational challenges. In our part of the world, you find yourself having to step in when something minor goes wrong, though may not be highly material. Probably this is the nature of the business, because the family reputation is at stake. Customers often expect the boss to be there even though you may not be the most competent person to deal with such tasks. It is the nature of family business relations in Saudi Arabia.”

Mr Khalid Abunayyan, President and CEO,
Abunayyan Holding

“I think leaders have to understand the basics of corporate governance. People understand but don’t fully implement it. My MBA thesis was corporate governance. People exchange favours. It is simple. You cannot force corporate governance; it has to be something you believe in. You should understand what is right. I think they should be confident, knowledgeable. If you are confident, well-educated and following rules and regulations, nothing can stop you.”

Eng Talal Al Maiman,
Chairman and Chief Executive Officer,
Investments and Developments
at Kingdom Holding Group

“We are here to do something which, when we die, remains: our reputation.

Today even the bad people are remembered. I would like to send a message: do something which lives when you die, don’t give up. Do something for humanity, your country, your family and never think you have all the knowledge. The moment you think you have reached the goal, you are starting to lose it. The more you work and believe that you have to do the best, the only thing to stop you is to stop breathing.”

Dr Hilal Al Tuwairqi, Chairman,
Al Tuwairqi Holding



6 What can western CEOs learn from Saudi CEOs?

It is important in any change programme to recognise what is excellent already and ensure this is retained through the transition.

We asked our chief executives what is currently done well by Saudi chief executives that should be retained and also challenged the standard perception that Saudi chief executives need to learn from Western leaders. We asked, what could Western chief executives learn from Saudi CEOs? This question surprised many, but got leaders thinking.

The strengths mentioned by chief executives were around the Saudi compassion for people and how decisions are taken to be caring rather than always focused on profit. Some referred to this as corporate social responsibility. As one said: "It is something that comes in the DNA of the country, probably much more than non-Saudi organisations. Saudi corporate family business' belief in social responsibility is huge – driven from religion and from our culture."

Another referred to the balance between the humane aspect and a bottom line focus: "We don't forget people who work for us are family members. You want to help them succeed and need to give them second chances, even if they don't work well for you. Ultimately, this works in the long term for the overall economy and also for the company. Treating people in a humane way, giving them chances, education and training."



"If you look at the old merchant families and the way they do business, you will see that the successful ones still demonstrate some of these roots. Commerce by trust, by keeping their word, and their ethics and compliance is distilled in the way they do business. These values are instilled in its company and are there to stay. They could also learn from the challenges in our environment. Our country has a dependency on foreign labour like no other country and it puts a lot of constraints on a business. Here we have challenges in hiring and firing, from colleagues all around and trying to group them to the same thought and mindset. A Saudi CEO is exposed to a lot of diversity and different ways of doing business."

Mr Ihsan Bafakih, CEO, MASIC

7 What is the role of government to support changes?

Chief executives cannot transform the Kingdom on their own. The general view was it has to be a partnership with the government.

There were several comments that the government must plan long term and warn businesses of changes, not bring them in overnight. It was accepted that the new world of tax and regulation is inevitable and needed, but our leaders said businesses must be given time to plan and adapt.

The other recurring theme from the interviews was the need for the government to communicate Vision 2030 to the population of Saudi – particularly that the economic climate is changing and its impact on ordinary people. One leader said: "While 2030 is an economic vision and it has comments about a vibrant society, the social vision has not been communicated. What do I expect from you, as people of my country? We have been so used to having government subsidise and support our society for many generations. For that to change (and it is changing) there needs to be a communication as to why it is changing, what it means to you as a member of society, what privileges and rights will be granted to you, how will we develop you and, at the same time, rules and regulations need to be conducive to achieve the economic vision as we go forward."

Another commented that the changes are opening Saudi to the outside world and the way of doing business will be different. Our chief executives welcomed Vision 2030 – some thinking perhaps it should have happened much earlier – and were supportive that the country must change to succeed for the long term.

They recognise how critical the skills of chief executives will be – but that government and business must work hand in hand to ensure Vision 2030 is delivered and successful.



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