

Resilience is key when going it alone

By Tom Addyman on Monday, July 20, 2009

During a recent dinner with a long-time client, the conversation turned to how new businesses are cropping up around the UAE, despite the economic downturn. We were both admiring the entrepreneurial spirit so evident within the UAE, but how many of those businesses have what it takes to make it? One thing is for sure, in the wild it doesn't matter whether you are a lion or a gazelle, because to survive, every day you have to get up and run.

This isn't just true of the African plains, because in business to stay alive, or to get ahead, or even to stay ahead, the same is true. But what about getting started? That's when the running is aided by the flush of adrenaline coursing through your veins as your ideas evolve and start to take shape. Your enthusiasm is matched only by the possibilities of where you can take your business and the prizes to follow. Except, very often it is followed by the stark reality that this is indeed the hardest part of the run. Gaining momentum.

There is an interesting dynamic occurring in the UAE as the effect of the economic environment starts to unfold. Amongst the herd of displaced and disgruntled employees are a select group of talented, driven professionals who still think that Dubai has the fertile soil of growth. Indeed it is thinking like this that encouraged the desert to become fertile in the first place.

To go it alone and set up your own venture often requires a push and many are finding that is exactly what they are getting. But what does it take to get yourself going as your own boss in Dubai and what can you expect? Conventional wisdom states that you need a thorough business plan (bound and at least an inch thick, with graphs) some in-depth research and an uncompromisable pricing policy that states 'because we're new we don't charge less'.

When I look at the truly successful start-ups though, the story of evolution is far less prescriptive and much more around passion, determination and a really, really, good idea. Whether it's setting up your own accountancy firm, helping US hedge funds tap into the UAE, or an online magazine, forming a company is amongst the first few steps.

This way you can support yourself and your family with a visa, tender for business and open a bank account. Type 'dubai company formation' on Google and you'll be greeted by a plethora of companies who will relieve you of some of your money in exchange for your trade licence. One that operates from Dubai with a track record is preferable. They will often fill out the forms, find a sponsor, liaise with the various ministries and ensure that you are legal.

This, albeit a straight forward set of procedures, will take at least three months just because it will. But in the meantime the fun begins and the passion starts to shine through. You'll be frantically sketching out logos and your mate will be helping you buy your '.com' address and launching a holding website. The inch-thick business plan will more closely resemble 'back of envelope' one-pager that you'll recite to anyone who'll listen and whilst tirelessly trying to come up with a tag line, you'll need reminding that you

need a product, a customer to buy it and cash to get yourself going.

Most, if not all, banks and finance companies avoid supporting greenfield start-up businesses, especially in tough times such as these. They're often inclined to become involved once there is a track record and some value in the business, which tends to be present after about 18 months or so. At this point overdrafts, credit cards, working capital loans and other forms of finance start to become viable risks for financial institutions to take. The harsh reality is that you will need to I. Have the cash already II. borrow it from friends or family or III. take a partner on who is willing to put up money in exchange for a share of the business and the profits.

Plenty of the first option, and good smattering of the third option and little bit of the second option is about the right mix. Too much from option two will cause arguments over the family dinner table in 12 months time when cashflow is looking thin. A good rule of thumb is to ensure that you have enough start-up capital to trade for up to a year without making a profit. They say you should never buy a small business owner cuff-links as their shirt sleeves are (or at least should be) always rolled up as they get down and dirty doing everything in the business. Answering the phone, making the coffee, and of course, pitching their product to clients.

This is the way the formula will stay, for up to at least three years. Because, unless it is a true diamond idea, and providing it succeeds, most businesses take this long to establish themselves, prove they can deliver and gain the momentum to become a going concern.

This is where the determination comes in because the down days are often more plentiful than the up days. Resilience is key so you'll need a support network of contacts, former clients, potential clients and people going through the same uphill struggle. Joining a business network such as the British Business Group or Australian Business Council will put you in touch with like-minded people who can give you the benefit of their experience and maybe throw you an opportunity or two. Always remember to throw them one back.

It is said about 70 per cent of the business market is made up of small and medium size enterprises and that it is they that are the true backbone of an economy. There is always an area of clear water waiting to be filled with a good idea and Dubai is still very much a breeding ground for this formula. If your future looks like it might contain working for yourself, you will be amongst good company and whether you're a lion or a gazelle, going at it alone doesn't have to mean that you have to run on your own.

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