

'Ego-driven' UAE start-ups fail to manage cash flow, accelerate too fast, says Sara Al Madani

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Emirati serial entrepreneur Sara Al Madani.

Serial entrepreneur Sara Al Madani has started companies in the UAE and US and is a board member of the UAE's SME Council

A large number of UAE start-ups that don't succeed fail due to cash flow management problems and overly ambitious acceleration plans, according to Emirati serial entrepreneur Sara Al Madani.

Al Madani – who has founded or co-founded a number of companies in both the UAE and US - is also a board member of the UAE Ministry of Economy's SME Council and of the Sharjah Chamber of Commerce and Industry.

In an interview with *Arabian Business*, Al Madani said that in her experience, there are two primary reasons why start-ups fail in the UAE.

“One of the reasons for failure is cash flow,” she said. “They don't know how to manage their cash flow at all and they burn money fast.”

The second reason, she added, is that start-ups want to scale up “too quickly”.

“Some of the people who start businesses here are ego-driven. They want to be called entrepreneurs,” she said. “Instead of testing and trying slowly, and growing in a steady way.... they’ll just open a store, have 30 employees and burn their money when there is no demand for them to supply. They start too big.”

Among Al Madani’s companies are Social Fish, a marketing, branding and social media consultancy based in Dubai and Los Angeles, as well as Proposal Cupid, an events company specialising in proposals, engagements and weddings.

Fear

One of the main reasons that start-ups try to accelerate too quickly, she added, is that many entrepreneurs fear what people will say about them if their company starts small, or isn’t particularly high-profile.

“I believe in starting small, learning and escalating,” she added. “It doesn’t matter what people say about you. If you’re there to satisfy someone else and doing this for the wrong reasons, then you aren’t an entrepreneur. This is not where you’re supposed to be.”

Al Madani, for example, notes that Social Fish has achieved success with only three full-time employees. Despite the small team, the firm has attracted considerable business, and recently was chosen to host, manage and produce a birthday party for Real Madrid and France international footballer Karim Benzema.

“I outsource. Uber doesn’t own any cars. Airbnb doesn’t own any buildings. Why is success [considered to be] 30 to 100 employees with a huge space?” she said.

“In the end, when someone is successful, people can’t deny that,” Al Madani added. “How you do that, how you start it, is nobody’s business. Just focus on your work.”



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