

Going Retail in Riyadh

Much has been said and written about the globalization of the marketplace in the new century. More and more, business no longer sees their markets as limited to their community, state or even this country. To be successful in the new world economies, we have to see our markets as international if for no other reason than that our competition and our customers are seeing these markets.

The press likes to make a fuss about the effect of international trade on the national workforce. While that is a concern, the old axiom that every problem represents an opportunity applies well to this business paradigm. If we as business people begin to see the international business community as our opportunity to tap into markets and revenue streams otherwise unimaginable in another market environment, we can capture a new profitability that can come with success in those markets.

However, doing business in foreign markets demands some changes to how we go about structuring our contracts and sales and distribution networks. One of the most explosive markets that is just beginning to become available to western businesses are the wealthy cultures of the Middle East. With the explosion of the Dubai projects and the westernization of many of the Middle East cultures, it is becoming possible to "go retail in Riyadh" if we are willing to learn the culture and how to approach those markets. To do so, the following constraints should be taking into consideration.

§ Middle East markets are self protecting. Many Middle East countries restrict commerce to occur only between business entities within the country. This can be worked around utilizing partnerships with local businesses who can bring in your product and create a local franchise. The business is still yours, as are the profits, but the localization of your presence in a Middle East economy is set up to honor these restrictions.

§ Middle East markets work under Islamic Law. There will be interruptions for daily prayer and for Islamic holidays that you will be expected to honor. So be prepared to be respectful of these customs. Also be sensitive that nothing in your product offerings makes reference to other religious viewpoints. This is not being timid about our own culture. It is just being savvy about how to work profitably in an Islamic culture.

§ Distribution and management must be internationalized. You probably will not be able to set up a warehouse in the middle of Saudi Arabia with your company name on it. Because of the local bias of the states where you want to do business, take advantage of any existing distribution channels that go

through Europe or other surrounding countries to route your product to the Middle East and turn over ownership, management and distribution of the product within the Middle East to your Arabic partners before the product enters the country. This careful set up of your network will pay off in the long run.

\$ There are friends and enemies in the Middle East. Many fear doing business in the Middle East because of dangers due to recent conflicts. Just be aware that the west has many allies in these countries and there is a desire to partner with us within the more sophisticated economies in the Middle East. By taking care as you forge your relationships and using local wisdom to craft your business dealings, you can do business in the Middle East safely and profitably.

These are significant issues when considering whether it is time for your company to start offering your products and services to the wealthy nations of the Middle East. But if the time has come that your business is ready to start building those international commerce channels, the results can be tremendously profitable for your bottom line. The investment is worth the effort if the business structures are developed wisely.