

COMMUNICATION STRATEGIES LINKED TO DUBAI'S CORPORATE GROWTH

DUBAI'S large, blue chip companies which have become inextricably linked to the emirate's growth and recognition, such as Nakheel, Arabtec, Tanmiyat and Dana Gas, there is one person who first recognised the twin benefits — and the positive feedback loop — of corporate and national branding, and how to best use the latest technology to drive both, is none other but **Dr Ahmed Samerai**, chairman of Hugo Plaza, which are widely considered the most luxurious furnished penthouses in the Downtown Dubai area. He explains of how Dubai has succeeded in creating an international brand for itself, while talking to **William Faria** of *The Gulf Today* in an exclusive interview.

Excerpts from the interview:

Q. How did Small Medium Enterprises (SMEs) in the UAE manage to survive the economic slowdown? Do you think they were able to weather the storm?

A. I don't think it's possible to find someone who can honestly say that he was unaffected by the downturn. The only possible way is, if he wasn't doing any business in the first place. Small companies play a vital role in the economy.

Unfortunately, not all SMEs have survived the downturn and the longer it continues, the more casualties are expected. The rules and regulations are more flexible if you are a larger institution, as banks are more likely to renegotiate the defaults. But this isn't common when it comes to SMEs, which kills entrepreneurial spirit in long term, hence adding more woe to the economy.

I strongly recommend reducing the many fees that various government departments charge companies, from labour residence stamps to yearly trade licence fees etc.

Q. In your opinion, how long will it take for the economy to reshape?

A. In my humble opinion, I would say anything from 4-6 years to regain real confidence; without this there will not be a recovery, as I have always been the school of thought, that is skeptical of criticisms from other economists who believe that cash flow is the main parameter of recovery.

Q. In terms of your Public Relations Unit, what impact did the recession have and how did your clients react to the slowdown?

A. It was a challenge, and sometimes, when I think deeper, it is more than just a challenge. First, the client portfolio dropped, both in numbers and in revenues. We had to reduce fees in order to adjust to the lower activity volume they have.

Then, on many occasions, we had to give our honest communication strategy to the client, including keeping away from public appearances, until they solve their internal restructuring and come out with a new strategy based on the new market conditions.

Q. What are you currently advising your clients to do?

A. It depends on the sector the client operates in, however as we were one of the largest PR firm in the world for the property sector, managing the communication side for a property portfolio of billions of dollars related to Nakheel, Mazaya, TAMEER, SNASCO, Tanmiyat, ENSHAA, Arabtec and many others, it wasn't a surprise that the



majority hit came from that sector. We had to understand the market trend, it was difficult to adjust to what was happening at the beginning, from the days of packed days of Cityscape and millions of dollars spent on exhibition stand, promotions etc, to having no funds to even participate with a small booth.

Each client has his own circumstances, thus his own tailor-made strategy, but in general, it is clearly a slowdown in public appearance if the client is in the property sector, while at the same time, pushing more for the developers, who are able to continue, even on a lower scale, which helps boost public confidence and investor trust.

Q. Is there a link between Western and Eastern communication trends and strategies?

A. There is when it comes to international companies operating within both territories. But if there are firms operating regionally, then no links can really be drawn.

This region has its own criteria, where culture and public perception is different from the West.

Today, many CEOs do not exist for various reasons, so shouldn't the public have the right to know who are the robust or resilient CEOs in difficult times?

Q. How do you think the recession was handled from a crisis communications point of view based on differing strategies between East and West?

A. It's simple. The West strategy was more towards transparent and pointing out the errors and damages, giving the public better data to plan their businesses well ahead, while in our region, the approach was to keep quiet, hoping the time will pass and fix itself.

It wasn't the best strategy in the sad part I found was the need to read Western reports to understand what is going on in our own backyard.

Q. What do you think is necessary to boost business in terms of your Property Development Business Unit?

A. We have decided to adopt a defensive strategy. Our issues today consist of the lack of banks appetite to fund any property development, the shortage of cash in the market and low property units offered in the market, making buyers rethink the feasibility of acquiring an already-made unit in a better location, with less value than continuing their installments, etc.

It is a challenging market, and if we study other countries property recession case studies, we find it will take us some time to turn the tables. It is a consumer market today and landlords have to keep their belt tight.

Q. With prices taking a dive, is your Investment Unit currently considering the acquisition of further interests in the market?

A. Leveraging is a key component in any investment process. You don't want to invest your own cash in each investment; I would say there are attractive investment opportunities in the market, but with the uncertainty of economy recovery, even the values we are seeing could be considered overvalued at some times.

Q. What advice did you give your investors/clients during the slowdown, and what are you advising them to do now?

A. The golden rule is to forget the boom days, when returns were so high that they forgot to factor risk into their calculations.

They have to go back to normal business trends in which business growth and development takes years of hard work and commitment, not from an overnight success story.

Q. The PR industry seems to be advancing in the GCC region, how vibrant is the industry in the UAE?

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MATTERS



Dr. Ahmed Samerai
PROFILE

Dr. Samerai, an Iraqi entrepreneur who holds an MBA from HumberSide and a PhD in Economics from the American University of London, has several strings to his bow.

Besides being the chairman of Hugo Plaza, (which are widely considered the most luxurious furnished penthouses in the Downtown Dubai area), he is also the founder of the SAHARA Group, a Dubai-based holding and investment firm.

He also sits on the board of various companies including Tanmiyat Partners (part of the Saudi Tanmiyat Group) and Ajman Marina, the \$2bn community project in the emirate of Ajman, UAE.

Dr. Samerai is also a board member for the \$100m Al Mamzer investment firm.

Dr. Samerai is well-regarded as a leading business and economics figure in the Arab world and is a regular contributor to both regional and international publications. As a bold thinker with a broad knowledge and a global perspective, he has been published more than 150 times in various leading publications.

He is well known for his charitable works, including his creation of the Al Samerai Foundation, which has — among other things — sponsored Middle Eastern students in their overseas studies; created an Annual Urban Planning Award for University of Sharjah students; sponsored the 20th International Conference in Microelectronics; supported a children's sports charity; and supported charities helping people suffering from cancer, craniosynostosis, and Paediatric Acquired Brain Injuries.

He is regularly invited to corporate events as a guest speaker and host. From the Forbes round-table to the Arab Union Bank conferences, Dr. Samerai's views on business trends and market analysis attract coverage and attention commensurate with his stature and reputation.

A. After companies cut their advertisement budgets, momentum was shifted into the PR area, allowing public exposure with lower cost.

Q. What was the most difficult and challenging event that your establishment organized?

A. We organized and supervised many events, from LA to Singapore. However, the most recent one was the Rosnef-Crescent Petroleum deal, which took place in Sharjah last month.

It was the first Russian movement into the Middle East oil fields, the Russian delegation consisted of the deputy Prime Minister and senior officials, therefore every little thing had to be taken care of, had to be perfect.

Q. Having many PR agencies in the region, how do you manage to remain in business despite the stiff competition? What has made your business a success?

A. We have a strong and dedicated team. PR is a sensitive service; once the client believes in you, than you have no problem working together.

He has to tell you the true inside story of his company in order to enable you to provide the right solutions. Getting onto the platform where the client is willing to open his books for you, is itself a strong indicator that you are doing a good job.

Q. How do you manage to educate your clients on the changing trends in the market?

A. Most of our clients, are already aware on how to manage their business, so we only provide additional support.

Most of them listen with interest to what we say and appreciate the recommendations and end results we managed to achieve working with them as a team for many years.

Q. What are your future expansion plans? Do you intend to put up more branches in the UAE and outside?

A. We had about nine international offices, however with the slowdown we had to consolidate and recalculate our need for such offices, as they were merely created to serve our clients.

Once our clients reduced their international activities, we also decided to reduce our number of offices. At the moment, we have kept seven offices, namely: Qatar, Lebanon, South Africa, Athens, Jordan, and of course Dubai and Sharjah.

Q. How much have you invested in the UAE and besides having a PR agency, what other businesses do you own or are in partnership with?

A. We have businesses in various sectors, such as media, hospitality, property and private equity. The valuations of course, had changed and you have to make provisions for changes in circumstances, from one time to another. I sit on the boards of a few companies, such as Ajman Marine development, Tanmiyat Partners, Al Mamazer Investments and Hugo Plaza.

Q. What can you say about mushrooming unprofessional PR agencies in the market and what cautionary measures are the agencies taking in the market?

A. Professionalism itself has many definitions. You find many large companies talking about professionalism, but dealing with them will make you think twice about what professionalism is really all about.

I believe that the client decides what suits him better and he will deal with the agencies that he believes are professional.

When we have blue chip companies on our list for many years, new clients approach us every month merely through the word of mouth.

Serving your clients efficiently and satisfactorily, is the key to success to any business, thus I believe we have fulfilled this and are on the right track, and the unprofessional PR agencies will, sooner or later, have to shut down their offices.