

Measures of Leadership

by Joe Saddi, Karim Sabbagh, and Richard Shediak

from **strategy+business** issue 59, Summer 2010

reprint number 10203



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To develop new executive talent in the Middle East, regional leaders are examining the roots of their own success.

by Joe Saddi, Karim Sabbagh,
and Richard Shediac

In the 1950s, when Sulaiman Al-Muhaidib was a young man finding his way around his family's commodities trading company — which at the time specialized in cement, steel, and bulk foods — his father counseled him to learn from other traders in the merchant business, many of whom were located on the same street. Al-Muhaidib's father would send him from door to door, advising, "Spend time with him, less time with him, and don't bother with that one." In that way, the young future leader of the firm gained a keen judgment, rooted in the local business culture.

Since then, family-owned Al Muhaidib Group — led by Sulaiman, now the chairman — has become a sprawling conglomerate; based in Saudi Arabia, it has invest-

ments in financial services, real estate, consumer goods, energy, and utilities. Musaab Al-Muhaidib, Sulaiman's son, has developed his business judgment in a very different way. Now in his early 30s, he is general manager of Al Muhaidib Technical Supplies, one of the parent company's many subsidiaries. He has 500 people working under him, and his suppliers and competitors are as likely to be located in China or Italy as down the street. Nearly 50 of his cousins and siblings work under the Al Muhaidib umbrella, with a hands-on role in shaping the future of their country through their work on energy and infrastructure. Musaab's daily routine contains complexities that his grandfather, the cofounder of the business, could hardly have imagined.

This story is typical in the Gulf Cooperation Council (GCC) countries: Bahrain, Kuwait, Oman,

Qatar, Saudi Arabia, and the United Arab Emirates (UAE). Leadership in the Gulf is changing to match the dramatic changes of the last half century. Locals who now lead multinational organizations remember growing up before running water was widely available. They have catapulted themselves from humble backgrounds, with nomadic families that roamed the Arabian peninsula, to the boardrooms of global conglomerates, and they act as living bridges between these two worlds. Their relentless focus on building a vibrant future while maintaining loyalty to the traditions of the past is much remarked upon within the Gulf region but often unnoticed elsewhere. (See "The Challenges of Balance," by Joe Saddi, Karim Sabbagh, and Richard Shediac, *s+b*, Summer 2009.) And with a new generation of leaders moving into positions of great responsibility at relatively young ages, the Gulf states — like India, China, and the nations of Southeast Asia and much of Latin America — are preparing for even greater changes to come, which will further test their leaders' skills and qualities.

As the Gulf states have invested more heavily in businesses unrelated to oil, they have become more open to the world. They are moving capital into the global economy as well as privatizing many industries that were previously controlled by national governments. These changes have given the region new types of influence and opportunity, and have also brought new risks — as the economic crisis in Dubai in late 2009 made clear. Most of all, they have demonstrated the need to cultivate many more leaders who can hold their own on the international stage.

The Emerging Generation

This challenge is particularly relevant for the new generation of young leaders in the GCC. Because the bulk of the population is under 25, they are already gearing up to take control of old enterprises — or to start new ones. Many of them have worked or gone to school in Europe or the United States, but they were also raised within long-standing cultural traditions that they are determined to draw upon.

Other tensions in the region contribute to the challenges of leadership. The Gulf's businesses rely on expatriates for expertise, while seeking to create more opportunities for nationals. Women, just entering the upper echelons of industry in some countries in this region, are not yet playing the kind of role at work that they play elsewhere in the world. (See "The Third Billion," by DeAnne Aguirre and Karim Sabbagh, *s+b*, Summer 2010.) Whereas their predecessors faced the intoxicating challenge of building new industries with limited resources, today's young managers are accustomed to comfort, even wealth, and may not feel the same level of motivation. Finally, there are still too few young potential leaders choosing careers in business to populate the increasing number of companies growing at a breakneck pace in the GCC.

To develop a new generation of leaders who can address these challenges, people at the top levels of the GCC's major institutions are examining what it means to be successful in the region. In early 2010, we talked to nine decision makers from several countries in the region about their views on leadership. These individuals range in age from their early 30s to their mid-60s; they lead public-sector and private-sector or-

ganizations in transportation, telecom, energy, and financial services. They all have one thing in common, which they share with hundreds of other such leaders in the Gulf states: They are deeply concerned with the future of their countries and the region, as well as their own organizations.

During these conversations, a view emerged about the qualities that leaders of the next generation will need to develop. (Our years of work in the Gulf reinforce this view.) Three qualities stand out.

- **Farsighted vision:** A long-term outlook that recognizes the importance of building sustainable institutions for future generations.

- **Pragmatic openness:** A willingness to seek ideas from around the world and customize them for the GCC's unique circumstances.

- **Conscious presence:** A recognition of the fact that the GCC's leaders are not just building their own organizations but also acting in concert to establish the region as a global player.

To develop a larger cadre of people who can continue the GCC's noteworthy growth, today's leaders are seeking to understand how these traits can be fostered in the generation that follows. We suspect that a similar leadership story is emerging in other cultures around the world as they navigate their own political and economic transitions.

Farsighted Vision

There is a prevalent sense within the GCC that the region is fulfilling its destiny, as reflected in its current economic growth. Leaders here are thus deliberately creating institutions — including regulatory structures, corporate entities, and education systems — that are intended

for long-term success, extending through future generations. These leaders have generally begun with a blank slate and are therefore unconstrained by past experiences and more willing than their international compatriots to experiment and take calculated risks.

The telecom sector offers one example of an industry in which leaders are developing their companies to have a deep and lasting impact. And it is a telling example: The creation of knowledge economies is critical for countries trying to wean themselves from dependence on resource-based industries such as oil and gas. Telecom services are vital to that development. Freed within the last decade from the constraints of government control, GCC telecom operators have made bets on new technologies that have paid off, and they have undertaken unprecedented global expansion programs in recent years.

UAE-based Etisalat, for example, was the sole operator in its home market until 2006. Despite its comfortable financial and competitive position, the company avoided complacency. "We always operated as though one day the market in the UAE would change and competition would be introduced," says Mohammad Omran, chairman of Etisalat. Taking the long view, Etisalat began diversifying in a number of ways. In 1996, led by Omran, Etisalat was an early investor in the consortium that created Thuraya Telecommunications Company, which offers mobile phone service using satellites. At the time of its founding, Thuraya was one of only a few satellite operators worldwide, and had primarily a local focus; it now provides coverage to more than 110 countries in

Europe, Africa, and Central and South Asia, as well as the Middle East. Etisalat also worked to ensure the Middle East's more tangible connections to the rest of the world: It created the Emirates Internet Exchange, a hub that links to major cable routes to Asia and Europe, and formed a subsidiary called E-Marine that maintains submarine cable off the east coast of Africa.

Finally, Etisalat has expanded beyond national boundaries, recognizing that its continued growth relies on scale. In 1999, the operator took a stake in Tanzania's Zantel; in 2004, Saudi Arabia awarded Etisalat a license to operate a mobile network, competing against incumbent Saudi Telecom. In short order, Etisalat spread across Africa and Asia, entering 14 markets in five years.

In fact, globalization is a com-

mon trend among GCC telecom operators. Saudi Telecom, after encountering competition in its home market, began its own expansion in 2007 and now operates in Indonesia, Malaysia, India, Kuwait, Turkey, South Africa, and Bahrain. "Every operation is facing globalization, because there are no longer borders between telecoms," says Saud bin Majed Al-Daweesh, president of Saudi Telecom's STC Group.

Expansion of this sort demands that the leaders of these companies stay globally competitive; they must be alert to the next trends and technologies that will transform their businesses. "Every day, a new technology comes to the market that may appear as a danger to our business. We have to understand how to adapt and benefit from it," says Omran. "I remember when people used to worry that the Internet and e-mail would destroy the fax. Today they worry about voice over IP. I think it is an opportunity and that we will rise to the challenge."

Other leaders in the industry focus on communications technology's ability to help countries enrich the lives of their citizens. Hessa Al-Jaber helped form ictQatar, the country's Supreme Council of Information and Communication Technology, and currently serves as its secretary general. The council devotes its efforts to areas that one might expect of a government's communications arm, such as market development and telecom regulation. A significant portion of its resources, however, are allotted to bringing the country and individual Qataris into the digital age, with measures such as e-education and e-health. An initiative called e-Inclusion ensures that no one is left out of this evolution — it particu-

larly targets women, retirees, and people with special needs. The creation of such an entity indicates that leaders like Al-Jaber are deeply committed to establishing a viable base on which their societies can grow.

Osman Sultan, the CEO of the UAE telecom operator Du, is emblematic of telecom leaders in his belief that his company and his industry should be reforming their culture as well as growing their business. He says, "I strongly feel I am part of the community that is the Arab world. It's not in its best shape today, but we have a responsibility to contribute to its development. You have a lot of people with leadership potential. I'm privileged to work in a domain that can have a significant impact on this process by developing the digital instruments that will allow this part of the world to express its potential."

Pragmatic Openness

The GCC's current crop of leaders scour the globe for business and management ideas and apply many of them at home. This broadminded approach stems in part from the fact that most of these individuals have spent time abroad working, studying, or both. Beginning in the 1980s, GCC governments began funding international education for selected citizens, with the intent that students would repay this investment by lending their skills to the development of their home countries' industries. The return of these sons and daughters spurred creative tension as they seeded new practices throughout nascent industries, setting off healthy debates about what international business models would mean for the GCC and how they could best be adapted.

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man and managing director of Morgan Stanley Saudi Arabia, played a role in restructuring the country's securities business in 1999. Having received not only his undergraduate degree but also three master's degrees and a Ph.D. in the United States, he had had the opportunity for broad exposure to the way other financial systems were structured. At the time, Saudi Arabia's stock exchange was nothing more than a department within the central bank;

perspective. "We took the best from everywhere," says Mattar Al Tayer, chairman of the board and executive director of Dubai's Roads and Transport Authority (RTA). In response to Dubai's explosive growth and accompanying transportation challenges, the RTA not only has invested in infrastructure, but also is implementing a holistic plan to encourage people to use public transport, including Dubai's state-of-the-art metro system, and reduce

them in ways that will work in the GCC and incorporate them into local organizations. Doing so can represent a delicate balancing act between international perspectives and regional traditions.

For some leaders, the ability to sense the correct way to handle such ambiguous situations is formed at a young age; this is true even of some leaders of GCC organizations who are not originally from the Gulf. Osman Sultan, who grew up in Lebanon, explains, "I come from a country where you always live at the borders of different worlds. Every day, from very early in my life, I crossed borders between languages, between religions, between cultures. Understanding this made me very aware that there is a certain way you do business in different organizations and different cultures. This perspective is necessary to reach certain phases of leadership in a more and more globalized world."

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it did not handle IPOs, and only 10 banks were licensed for operation.

When AlMubarak was invited to participate in the restructuring effort, his first step was to seek global counsel. "We recruited top professionals from around the world, including the former chairman of the International Organization of Securities Commissions, as well as local practitioners," he says. This team developed the regulations necessary to spin off the stock exchange from the central bank and create an independent commission to regulate the market. "The laws and the practice are world-class," AlMubarak says. As a result of the restructuring, Saudi Arabia now has 130 licensed investment banks and more than 135 companies listed on the stock exchange.

Even government entities dedicated to infrastructure development, which by definition have a local focus, value an international

their reliance on cars. The RTA has planned a system that, when complete, will be able to serve more than 5 million people, supporting Dubai's growth for many years to come.

In developing the RTA's strategies, Al Tayer and other key personnel in the organization have traveled around the world to look at innovations in transportation systems that might be a good fit for Dubai. They have also sought international input in other ways: Al Tayer, for instance, had a counterpart from the United Nations mentoring him during the early years of his government career. He attributes the RTA's recent successes — such as the International Association of Public Transport's selection of Dubai (over Melbourne and Singapore) as the site of its 2011 conference — in part to this outward-looking focus.

Just as important as identifying good ideas from around the world, however, is the ability to modify

Conscious Presence

The art of building consensus is deeply valued in the GCC. It is a skill based on the cultural history of the *majlis* — traditionally, the meeting room in a sheikh's home where he would gather with advisors and constituents to air out issues and make decisions. Today's leaders are aware that their individual decisions will, even when the immediate impact is confined to one company, gradually come together to determine the path of development for the GCC. They are conscious of the need to make sweeping changes — to infrastructure, regulations, and the traditional divisions between the public and private sectors — without undermining the fundamentals of their culture.

Both within their organizations

and in the larger society, leaders in the GCC must be able to make a case for their strategic imperatives in a way that resonates with stakeholders. They must be persuasive and adept in their use of language; the GCC's long history of oratory and literature has lent its leaders an eloquence in their communication style. This ability is an important basis for building trust between compatriots and establishing identity and intelligence. Nasser Al-Jaidah, chief executive officer of Qatar Petroleum International (QPI), underscores the importance of this particular skill: "Great leaders have the quality of communication, the quality of motivating people, the quality of listening to people."

Effective GCC leaders must also be persistent, willing to repeatedly present their case for change to a number of people with varying interests in its outcome. This skill has benefited many individuals in the region recently, preventing them from making rash or unilateral decisions during a time of unprecedented change. It may take months or even years for new initiatives to get under way, but when they do, they are launched with the buy-in of all stakeholders and run more smoothly for it.

Sulaiman Al-Muhaidib, for instance, formed public-private partnerships in the 1990s between his company and the Saudi government to provide utility services. Setting up the deal involved a drawn-out process requiring a series of initial meetings with junior people in government ministries, then repeated presentations at each subsequent level up the hierarchy, and finally a face-to-face meeting with the ministers of water, electricity, planning, and finance. "It may have been the

first time that five ministers came to a meeting with a private-sector company," Al-Muhaidib says. Although it took some time to reach the senior level where decisions could be made, all of the problems had been ironed out of the plan in the previous rounds, and the partnerships were quickly established once Al-Muhaidib was able to come to agreement with the ministers.

Al-Jaber, from ictQatar, demonstrated similar persistence in her career. When she graduated from Kuwait University with a degree in engineering, she returned home hoping to teach at Qatar University's School of Engineering. The dean informed her that he was unwilling to allow a woman to teach

telecom market to competition, and ensure that Qataris fully benefit from the integration of ICT into their lives.

Passing the Mantle

The need to identify and replicate leadership qualities is not limited to the GCC. Developed countries still wrestle with the challenge as well. Indeed, Warren Bennis, in the updated version of his 1989 classic, *On Becoming a Leader* (4th ed., Basic Books, 2009), notes that U.S. companies have been bemoaning their lack of bench strength for decades.

Today's leaders in the GCC do not want to be in that position in the coming years. Increasingly, the region's institutions are putting in

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in the all-male school, so Al-Jaber moved to the U.S. to earn a master's degree and a doctorate in computer science, arming herself with an international perspective and technical skills that were still rare in Qatar. Upon her return, she found that the nation urgently needed people with her skills; she was in great demand in both the public and private sectors. She joined Qatar's telecommunications operator, quickly rising to a leadership role, then moved to the public sector, helping shape the nation's telecom law and national ICT (information and communications technology) strategy. She has used her talents to direct policy, open Qatar's

place the initiatives that will help the next generation develop the leadership qualities they need to someday take their place at the helm.

"It is very difficult to make a manager, and even more difficult to turn a manager into a leader. I think in every organization, you'll find hundreds of managers, but just a handful of leaders," says Saudi Telecom's Al-Daweesh. "But I think it is the job of the leaders of any corporation to have a system to identify future leaders and invest in them." At Saudi Telecom, management brings in executives with experience in global markets and places them among young managers with potential, to help the latter understand

the challenges that will face them in different markets. Saudi Telecom also offers opportunities for rising leaders to attend training and seminars, particularly programs with the sort of multicultural flavor that underpins the company's international ambitions.

Whereas Saudi Telecom is bringing in executives to broaden the perspectives of young managers, QPI is sending those managers out. CEO Al-Jaidah began his own career in the training program at Shell; today, QPI's engineers rotate positions within the international oil companies that operate in Qatar, gaining hands-on experience with a wide range of approaches to problems. This background will inform their decisions when they reach the management level.

Formal programs are also in place at Morgan Stanley Saudi Arabia, where new managers begin in-house training in Saudi Arabia and progress to training in London or New York. Saudi offices also bring in expats from Europe and the U.S. to train their Saudi compatriots and give them insight into how Morgan Stanley works globally. But continuous learning is not just for new managers. "We should always learn from other emerging countries and developed countries," Al-mubarak says. "Many of the challenges we face in Saudi Arabia have been faced by other countries. And therefore, we need to learn how they have been solved — not to copy [the solution] and bring it here, but to learn from those lessons."

Etisalat has gone even further with the Etisalat Academy. Established in 2000, it offers classroom and online courses to not only its own people but also the employees of companies and government

organizations throughout the UAE. Although it began with a focus on telecommunications and information technology, it now offers coursework in leadership, management, accounting, human resources, and quality as well. The classes are free for Etisalat employees, who are also offered training in a number of international programs.

Governments, too, are investing in their future leaders. In addition to offering centralized training programs and funds for GCC nationals to study abroad, organizations like the RTA have launched tailored programs for their people with leadership potential. The RTA's Qiyadi (from the Arabic word for *leader*) program immerses 40 hand-picked midlevel leaders in a curriculum that includes case studies, role-playing, discussion sessions, and continuing education.

In many respects, however, the most compelling way to develop new leaders is by example. Unlike leaders in Western corporate cultures, which have a long history of codifying and disseminating information and thus allowing executives to share their messages from a remove, leaders in the GCC have historically had close and communicative relationships with their constituents. Public-sector and private-sector leaders today carry on this tradition, modeling the values that have led to their success and helping others instill them in their own approaches to leadership. By acting as role models for the next generation, today's leaders can help their organizations — and their region — stay on the fast track they have enjoyed in recent years.

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is published by Booz & Company Inc.
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