

Green Shoots of Arab Spring

Rania Abdalla

Skilful business leaders mitigate the negative impacts of economic instability by taking proactive measures that encourage growth. The debilitating mind-set of “staying afloat” in crisis is replaced by a mantra of efficiency, innovation and renewal.

Companies that prove resilient and bear fruit during recessions share common characteristics of diversity, innovation and appetite for risk. Those that equip themselves with the right tools remain profitable and emerge from crises as industry leaders and models of growth and prosperity.

The notion of business as usual dissolves when market variables change drastically and demand for products and services falls off a cliff. To renew a business under pressure, its leadership must counter change with change, adapt and innovate.

Revolution Jolts MENA

Egyptian firms were taught a hard lesson in adjusting to economic and political instability in the aftermath of the Arab Spring of 2011. Regime changes in several countries, including Egypt, rattled the entire Middle East and North Africa region as a result. Six years later, the effects of political unrest and the ensuing economic turmoil are still felt in several markets. Devaluation and hyperinflation continue to dog Egypt.

While no business can be vaccinated against such overwhelming macroeconomic instability, an effective countering strategy can help mitigate the negative impacts of destabilizing times and position a company for growth.

Marketing and communications firm CID Consulting, luxury jeweller Azza Fahmy and the ubiquitous Google demonstrated impeccable resilience in Egypt during and following that period. Diversity, agility and appetite for risk, characteristics shared by all three, proved fundamental.

Diversity, Innovation Foster Resilience

Apple founder Steve Jobs once said, “Innovation distinguishes between a leader and a follower.” During periods of economic instability, many businesses make the mistake of viewing innovative measures as an unnecessary cost. The knee-jerk reaction to distress is to make budget cuts as a ‘go-to bunker’ until the storm has passed. Such defensive measures often eclipse opportunities that emerge as a result of the economic downturn itself, however. A key enabler of innovation in any company is its commitment to diversity.

When we talk about diversity, the focus is generally on gender, skin tone and ethnic background. While such diversity is surely important to maintain in the corporate world, the definition of diversity can also be understood in more abstract terms. In order to thrive in economic booms and busts, businesses must be willing to accept and embrace diversity of ideas. A team comprised of sharp individuals with diverse backgrounds, led by an inclusive leader, has the fundamental prerequisites to incubate creative ideas.

A Team to Ride Through the Ruts

It takes a diverse group to identify job candidates with the greatest critical thinking ability, according to Google. Wael Fakharany, former Regional Head at Google for the Middle East and Africa, explained the company’s hiring process whereby candidates are interviewed by a number of staff members from various departments who then collectively make a decision as a committee.

“The reason we design it this way is to ensure that we end up with a culturally and socially diverse team that can engage easily with people from different backgrounds. We find that it promotes acceptance and tolerance amongst employees, which encourages group dialogue when it comes to decision making and invites team members to freely propose new ideas without fear of judgment or rebuke,” Fakharany said.

As a world-renown jewellery retailer, Azza Fahmy prides itself on the experience it offers customers. When the revolution took Egypt by storm, the company had to pool together its team's collective ideas to come up with a way to maintain the "Azza Fahmy experience" while implementing the budget cuts required to maintain profitability.



Wael Fakharany, former Regional Head at Google for the Middle East and Africa

"We became very conscious of our costs during the revolution and its immediate aftermath. It became very clear that we had to cut our costs, but we needed to do so in a creative manner that wouldn't harm our reputation or client base," said Managing Director Fatma Ghaly.

Azza Fahmy restructured marketing operations by going digital with online campaigns. The company also capitalized on the patriotic spirit that prevailed at the time by producing Egypt-themed collections. Both initiatives helped steady the ship and ride out the storm with minimal setbacks.

CID Consulting Chairman and Co-founder Dalia Wahba cited agility as one of the main attributes she looks for when interviewing candidates. "We look for people who have a high elasticity when it comes to a fluctuating economic environment. Crises management is usually bred from such periods, so it is important that we have a team that is able to respond quickly and effectively with smart solutions," she said.

CID dealt with the economic crisis in Egypt by taking strategies and services it had developed for public sector social investment initiatives and applying them to the private sector. "Before,

crisis management was very minimal, not a large-scale service. We developed it. It became more a 360 approach; we had to innovate the methodology even in how we offer it. So we took it to another level,” said Wahba.

The ability to handle shocks goes hand-in-hand with innovation. A team comprised of diverse, progressive members who are passionate and hungry to learn and who contribute while embodying creativity and innovation at their core, is armed for success.



Creative Director Azza Fahmy with Head Designer Amina Ghali and MD Fatma Ghaly

“At Azza Fahmy we look for people who are entrepreneurial. I want people who can come in and treat the business as their own. Our corporate culture does not have stringent rules, so you can basically create your own day, but with guidelines. This type of flexibility requires employees to be self-motivated and passionate about the work they are doing so that they can channel their creativity to good use and be able to solve problems independently,” Ghaly added.

Google seeks similar attributes, Fakharany said, citing four traits the company uses to identify promising candidates. Strong, analytical and cognitive abilities, or what Fakharany called intellectual horsepower, role-related knowledge, passion and leadership, which Google sees as the ability to work with people from diverse backgrounds.

“You normally inspire people when you work on big problems and you are energetic and driven. Energy is contagious. If I’m not excited, I’ll never be able to get people to work for me. It’s not only logic, meaning not only your brains, but your heart as well. If I were to give any CEO any advice it would be to use your mind and heart. You are brave to tackle big problems; that takes guts. So heart, mind and guts,” Fakharany said.

When Internet service went down during the 2011 revolution in Egypt, Google put heart, mind and guts to work when it teamed up with Twitter and launched speak2tweet, allowing users to call in twitter messages using a designated international number, Fakharany noted. The service was launched in Syria the following year.

Calculated Risks Pay Dividends

A willingness to take risks without fear of failure is the final and perhaps most crucial attribute required to excel in turbulent times. Resilient businesses view failure as a learning opportunity that helps refine operations and strategies. “It’s imperative to accept that there will be losses along the way. By experiencing such failure, you learn and are able to better absorb shocks in the future,” said CID Consulting Chairman Dalia Wahba.



Wael Fakharany, former Regional Head at Google for the Middle East and Africa

“Failing is part of the process. A successful business has to be willing to try new things without fearing failure and instead view it as a way of learning,” agreed Fatma Ghaly of Azza Fahmy.

Failure lies at the heart of Google’s strategic operations, according to Fakharany. “If every morning you wake up, ride your bike and fall 20 times, of course you'll get hurt, but everyday you'll learn 20 different ways how not to fall,” he said.

“There is the idea of iterative failure. It's the idea of falling many times with the bike. So if you design things that are going to fail, it's counter intuitive, but you de-risk. Scars and bruises when you fall make you who you are. It's like learning a new language. But the more you fail, the more you learn. An innovation of management is based on this concept of de-risking,” he said.

Investing sufficiently to test new solutions and quickly rule out the vast majority of them that don’t actually work saves money, Fakharany argued. “If you prove me wrong today, it's easier for both of us. If you prove me wrong after two years, it means we wasted two years. We became emotionally and resource-wise vested in something that won't work. So I should accept and not have an ego to fail fast. Failing fast is important, so actually innovation is all about failing fast,” he said.

Businesses should put innovation at their core in downturns as much as in the good times. Innovation is only made possible by embracing diversity in all of its manifestations, cultural, ideological, and in the willingness to accept new ideas with the full knowledge and understanding that they may or may not be successfully implemented. Business leaders must also recognize that those who take the risk of investing in a downturn will ultimately gain a competitive edge.

“We believe in a concept of speeding up in a slow down,” said Fakharany. “When the times are tough, it’s the best time to invest and make effort. Everybody else is afraid. You are going to be the only person and then you invest wisely and you do all the right things and you keep the faith and then things will turn out to be incredible,” Fakharany said.

Business leaders are prone to panic in trying times. A willingness to take risks and act fast instead separates the real leaders from the followers, alongside the critical innovation jobs extolled.



Executive Summary

Technological change, economic cycles and political instability have defined human history and will shape our future. Companies born in the troughs of economic downturns are admirably and necessarily lean, with resilience in their DNA. These so-called green shoots tend to share common attributes of diversity, adaptability, innovation and appetite for risk. IRC Egypt & UAE Founder and Managing Director Rania Abdalla showcases three such enterprises that emerged stronger in the wake of Egypt's political turmoil and economic instability that followed the 2011 revolution.



Rania Abdalla

Rania is the founder and Managing Director of IRC Egypt and UAE (Aspire HR Consultants). She is a graduate of the American University in Cairo majoring in Economics and a holder of a Masters Degree in Human Resource Management in Kingston Business School, UK. Rania has more than 20 years of experience in Human Resources out of which 11 years were in PepsiCo where she held international managerial positions in London and Dubai for 8 years before she re-located back to Cairo as the HR Director for PepsiCo Egypt.