



## Successful business isn't just about managing figures and profit

*Ghada El Khelly is a consultant in marketing and communication, currently working at the Euro-Lebanese Centre for Industrial Modernization. In this interview with Tanja Zabukovnik of IEDC she compares Lebanese and Western ways of business communication and describes the general business climate in Lebanon in light of the current economic situation.*

**You are Business Advisor in Marketing and Communication at the Euro-Lebanese Centre for Industrial Modernization (ELCIM), a project co-funded by the European Union Commission to Lebanon. Can you describe for us the mission of this project?**

The ELCIM's mission is to serve as an integral part of the economic strategy of the country. It strives to provide specialized services for manufacturing companies, enabling them to develop through the improved quality of their products, increased competitiveness and incisive managerial skills. This involves the application of expertise, access to technical and financial resources, awareness of human and corporate responsiveness to the challenges of work and the creation of wealth. The ELCIM has made a difference for all its clients and enabled many to thrive, and its methods are clearly outlined and customized to suit individual companies' requirements.

**What are the current and future challenges of the ELCIM project?**

Since EU funding ended, ELCIM services for SMEs are no longer subsidized, so the challenge is to become a specialized service-provider and a centre for knowledge that Lebanese manufacturers

### About Ghada El Khelly

*Ghada El Khelly is currently a Business Advisor in Marketing and Communication at the Euro-Lebanese Centre for Industrial Modernization (ELCIM), an EU project for the Lebanese Ministry of Industry. Prior to that she was working as business development manager with an overview on sales and marketing for several well-known companies in Lebanon. She has gained international experience in Slovenia, Jordan, Egypt, France, England, Greece, UAE and the USA.*

can continue to use in order to implement their own growth strategies. The long-term sustainability of the ELCIM project is a challenge that the team has been working on over the past years, and has succeeded in achieving this goal.

**In addition to the ELCIM project, what other interesting projects are you working on?**

Since 2008, I have been working as a consultant in Marketing and Communication on some other projects in parallel with the ELCIM. One of them was the Agro-Food Technical Institute (AFTI). It too is an EU co-funded project that was established to answer a real need in the agro-food sector, to face the challenges of globalized trade and to offer students good employment prospects upon graduation. Located in the fertile Bekaa valley, the AFTI offers a rich variety of basic and specialized courses in addition to hands-on practical training at the Center of Excellence (CoE) and via internships at real companies.

**In what way do you see western business approaches different from those in Lebanon?**

Like all European Union projects the ELCIM applies EU regulations and norms that are in line with western business approaches. The international team is a mixture of international and national experts – a combination of Lebanese, German, French, Slovenian, Italian and other experts from all over the EU with a different approach to doing business. But since we have to follow EU regulations we have a common understanding on how to proceed with project implementation.



From my two years of experience at the IEDC, where I was exposed to other 13 nationalities in one class, all coming from different business and cultural environments, I learned that even with a western way of doing business our cultures influence our attitudes and behavior in our dealings with people.

After the war, and as a consequence of the unstable political situation in Lebanon, we learned how to survive and work in very hard conditions, where going to work means risking your life.

We also face everyday conditions at work that most Europeans could not imagine. As a result, business priorities change, and relationships in companies become friendlier, more human. Since all Lebanese share the same worries and insecurities, the boss would call to check on his employees' security, or would understand if they showed up late at work due to security problems on the way, so the rules would not be as strict as they would be in a normal, safe country. Sometimes delays in meetings or business agreements are not due to unprofessional attitudes but are due to the general instability in the country.

In Lebanon, business approaches are a combination of western and eastern ways of doing business. We have multinational companies that apply their international rules, and the Lebanese-owned companies who also have an international approach when doing business with international clients abroad, an oriental approach when dealing with the Arab countries, and they can be as professional and as productive as any other Western organization.

**What does the current economic situation in Lebanon look like? Does the country generally welcome investment?**

Lebanon is well-integrated into the global economy. The drivers of Lebanon's economic growth have largely been services and the construction sector. In terms of overall contributions to growth in GDP, services contributed up to 93 percent, followed by the construction sector with some 19 percent. Between 2001 and 2007, real GDP grew by an average of 4 percent per year. In terms of numbers, we saw 8 percent growth in transport and telecom, followed by construction, which grew by 6 percent. Other sectors like trade services and industry grew by an average of 4 percent. It is quite interesting for the Lebanese economy that agriculture did not record any growth.

**Are there cultural and religious influences or prohibitions that affect**

## **the way business is conducted in Lebanon?**

As far as culture is concerned, Lebanese people have been known to be traders since the Phoenician Era, thus one of the main economic drivers is services. Lebanon is the only country in the region that is not ruled by religion or a dictatorship. It is a republic that has the luxury of having more freedom than any other political regime in the region; therefore people from the neighboring Arab countries come to enjoy the freedom that they are not allowed in their native countries. As a result, Lebanon gained the titles of the "Switzerland of the Middle East", mainly because of its system of banking secrecy, and the "Paris of the Middle East" for our excellent hospitality services when it comes to hotels, restaurants, clubs, night life, etc.

Religion in Lebanon has a very important impact on our daily lives, we live in a multi-faith country where Christian, Muslim, Jewish, and Druze have lived together forever, so business is certainly affected by this in different ways. The public sector is more affected by religion than the private sector, because they are obliged to observe a 50/50 balance in recruitment among major religions.

On the other hand, the private sector is less affected since recruitment is only related to professional criteria and the number of holidays is limited to the main religious events.

## **How has the current global crisis affected Lebanon?**

Lebanon avoided the financial crisis. This is due to many factors.

Firstly, Lebanon has very powerful commercial banks. All of them have an important presence not only in Lebanon, but also across the region and beyond. The banks in Lebanon manage a huge amount of money that is deposited, and they contribute to managing large inflows and outflows of capital, especially remittances. In a country that relies so much on migration and on foreign transfers, you simply must have a strong banking sector. Another major contributor is the banking system being very heavily regulated. In Lebanon we

have had so many crises and so much instability that the regulators became used to this environment. This is why during the current economic crisis the banks in Lebanon emerged very stable, simply because we are used to these situations. Finally, all credit claims that are made by the commercial banks are submitted to a risk assessment center. Banks are not allowed to give credit above 20 percent for local claims and 5 percent for foreign claims.

Typically, in the context of global recession, two things might affect the Lebanese economy. The first is a decline in remittances because new numbers from the World Bank show that remittances might decline globally by about 10 percent over the next year. Therefore, if we expect Lebanese remittances to drop, this will immediately affect the real estate sector, which has been one of the main drivers of Lebanon's economic growth. With declining demand in Europe, the USA, and the Gulf countries the second factor is trade. Lebanon's largest export market is the Gulf markets, followed by the EU and the USA. We don't know yet what will happen with the Gulf because it in turn depends heavily on the forecast for oil prices. We can expect that Lebanese exports will decline.

## **Does your knowledge gained at IEDC help you tackle business challenges and develop your professional career? How do you apply this knowledge to you work?**

If I had to do it all over again, I would still do my MBA at IEDC. I feel my time at the IEDC enriched me both professionally and personally; I gained a lot from being a part of 40 people in a class from whom I learned as much as I learned from professors. IEDC helped me to discover and develop my professional and personal capabilities, things that I thought I would never be capable of doing and learning on a professional level, like accounting and finance; and to upgrade and perfect what I know best in other fields. Knowledge and skills that I developed about leadership and team work are helping me to face daily challenges now, even anticipate them. I learned that successful business is not

only about managing figures and profit; it is also about the people that will raise the figures and increase profits if managed in the right way. Having to work in multicultural teams taught me to tackle differences, and that by understanding and respecting those differences we can find a lot in common. Coming from Lebanon I learned a lot about business in this part of Europe – the world is becoming smaller and smaller and networking is one of the keys for any successful business.



**What are you looking forward to taking on in the next five years?**

In the turn of 2010 my contract with ELCIM will conclude. As a team of consultants we will have to pass on the responsibilities on to the permanent staff that we are training to take over the project and continue servicing SMEs with technical assistance.

I am looking forward to starting a new challenge in a new environment; whether I will continue working as a consultant on projects or join one and become part of a bigger team, I am equipped with excellent work experience and education that will allow me to succeed in any field of business I come across in the future.

**Is there anything else you would like to share with our readers?**

I would like to send my regards to the entire IEDC team, and thank them for making our MBA a great experience. To the alumni members I would like to say that we should take advantage of the networking opportunities and benefits that we enjoy as IEDC alumni and try to make the best use of it in a world where the greatest part of success comes down to networking and communication.

Finally, I would like to send my love to the entire class of 2006/07. I miss the GREAT time spent together at IEDC.

*Executive MBA class 2006-07*