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Walid Farhoud suggests U.S. businesses not expect quick and easy profits in the Middle East.

# Cashing in on Middle East takes proper understanding

by Tom Brown  
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One baking company, Walid Farhoud recalls, sent a shipment of apple pies to a Middle Eastern country. They were promptly returned.

The reason: An ingredient of the pie crust was shortening made from pork fat, a banned import in the Muslim world.

The lesson, said Farhoud, a Seattle consultant on doing business in the Middle East, is that if Washington state companies want to profit from the reconstruction of Kuwait, they first need to do some homework about the market.

The list of products that state companies could provide is lengthy: construction materials and services, electrical communications equipment, consumer electronics, refrigeration systems, pipes and pumps, cranes, drilling equipment and more.

But companies that genuinely want to do business there should forget any notion that quick and easy profits can be made and, rather, should lay the foundation for long-term involvement.

Only then is success likely, says Farhoud, whose Middle East International has been helping Seattle-area companies do business there for 12 years.

As the baking company found, knowledge of business practices and sensitivity to cultural and religious differences in the Arab world is essential, he said. For instance, mid-March is an inappropriate time to attempt to arrange business meetings because it is the beginning of Ramadan, a month of central importance on the Muslim religious calendar, when the faithful fast from dawn to dusk.

But March is a good time for U.S. business people to lay their Middle East groundwork and prepare for the burst of activity that will kick in

next month, when the tempo of the reconstruction effort will increase.

Farhoud said that although the really big contracts are being sewn up by such giants as Bechtel and Fluor Corp., "there is a need for the goods and services of small and medium companies."

**But understanding** local practices and conditions is essential.

Farhoud, who was born in Jerusalem, moved to the U.S. in 1973 and is an America citizen, noted that the quick, overwhelming U.S. victory in the war with Iraq has led to widespread euphoria. The worst mistake a U.S. business person could make, he said, would be to allow that feeling to take the form of arrogance in dealing with Arab counterparts.

"American businessmen should not approach the Gulf businessmen as if the latter are rich and stupid and cannot make smart decisions," he said. "Arab businessmen are shrewd and have learned from their past experiences" with Western businesses, not all of which have been happy.

Furthermore, he said, although a good product and a competitive price are always important, they are not the only, or even necessarily the most important, considerations in a successful transaction.

Arab businessmen rely heavily on first impressions in determining if they want to do business with someone, Farhoud said. "They believe in chemistry between people." As a consequence, travel to the Middle East is a virtual necessity for doing business there.

Once a negotiation has begun, he said, immediate results should not be expected. Arab businessmen like to take their time in making decisions and are put off by the common U.S. practice of pushing for a quick close to the deal.

U.S. businesswomen could face additional obstacles in the Middle East, Farhoud said. For one thing,

women traveling alone generally cannot even get a visa for Saudi Arabia. The situation is regulations are slightly less stringent in Kuwait.

Arab businessmen are likely to scrutinize a U.S. company's reputation, experience and its commitment to after-sale assistance, training, service and product support.

"Shortcuts take you nowhere," Farhoud said.

But a company willing to take the time to meet the expected standards for doing business may well be rewarded by repeat orders and long-term loyalty, he said.

In addition to understanding the different deal-making environment Farhoud had these suggestions:

■ Obtain a market profile of the country in which you're interested. The Arab world is diverse. Find out about population, income, purchasing power, currency and government agencies whose approval may be needed to import your product.

■ Explore the tariff and customs situation, advertising standards, labeling, shipping and documentation requirements.

■ Be sensitive to local politics, social norms and religious customs. And recognize that the Middle East is a region that takes much pride in its very long history and contributions to human knowledge and culture. It is quite unlikely that your hosts will agree that the American way of doing things is always best.

■ In preparing proposed agreements, be clear, precise and make certain that they are translated into Arabic by someone who understands the business terminology of both languages.

Farhoud said that some useful information on the Middle East can be obtained from the U.S. Department of Commerce's International Trade Administration, which has an office in Seattle, and from the Washington, D.C., embassies of Kuwait and other countries in the Middle East.