



Event Outcome Report

Corporate Governance in MSMEs

Understanding the Challenges with Micro and Small Enterprises

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Speakers



Fahim Al Qasimi
Partner AQ&P



Shaheeda Abdul Kader
Investment Advisor



Fadi Sidani
Managing Partner, Governance Dynamics



Nick Nadal
Corporate Governance Advisor

Key Takeaways

- 1.** Cashflow management is critical because whether you have a stash of cash coming into the business that will spend money until you have a business model that generates revenue, it also means you have very effective team members, not a large team, and many people in the organization act irrationally.
- 2.** Organizations must make an effort to form an advisory board. Again, as an owner, you do not have to pay them a lot of money. As an owner, you only need to make sure you can reward them with shares in your firm. So, they have a strong interest in your success, and this is how managers or owners must start the plan.
- 3.** In terms of corporate governance, the idea is that they are cascaded into the companies that they either regulate or provide capital for, but in essence, the way I would look at it for SMEs is the corporate governance framework, even though it is for larger companies, and it is accepted that big companies provide some guidance for SMEs to be able to voluntarily implement. So, for example, financial controls, or there's a lot in corporate governance frameworks for listed companies and banks that are focused on the control environment, so it's certainly not necessary to create overly complicated processes and procedures, but as an owner, you need to understand how the money that's coming in works.
- 4.** The financiers It is essentially the corporate governance framework that discusses shareholder rights and what you must convey to your shareholders as a business. So, there is an aspect of openness and transparency because the assumption is that disclosure and transparency lead to industrial trust.
- 5.** We are investors that invest in companies, and as businesses are growing increasingly complicated, so does corporate governance, which is a pretty abstract phrase. When you're a founder and you're worried about raising money, dealing with a crisis, managing a team, or selling a product or service. Try to persuade individuals that this is a vital move for their business, which is the most difficult element of what we do. Regardless of the level, our strategy is quite basic.
- 6.** Businesses' services and products, as well as the connections between lenders, shareholders, management, and workers, are getting increasingly complicated. The rules, or laws, that govern how all of these distinct parties' work are the simplest explanation of corporate governance. The more open you are about those connections, the more trust you will gain in your capacity to accomplish what you do.

- 7.** Developing an advisory board is a sign of an entrepreneur, the evolution of or increasing sophistication of an urban owner or founder, when the owner starts looking at developing, tapping into resources and expertise beyond what the owner has, right, and thus identifying or deciding to create some sort of accounting, an advisory board, and basically, that goes back to the entrepreneur, or the founder.
- 8.** You articulate what you want from this external network, what you want to tap into the mind of this advisory board, to destroy terms of reference aboard charter, simply ensure quality, but then the process itself, the discipline, that score that you basically go through, allows you to get a better understanding of what one can do on the one hand. It is a critical point that must be emphasized for all SMEs as they begin to evolve. They must believe that there are always other individuals they may contact, in addition to your relatives, friends, or other professionals, and you may contact them. Be a member of the Chamber of Commerce or business groups. You can obtain their experience in an informal way, but you can also get it in a more official way, and then you can establish a process where they become part of the firm you develop by generating incentives.
- 9.** The most significant risk to every organization's internal operation is how its teams, management, and workers function. What we need to start thinking about in the world of governance and SMEs is how to actually start managing these risks better by implementing better functions and governance functions to be able to have that transparency not necessarily outside of the organization but within the organization, which links to the larger topic of not necessarily partnerships that you talk about as a SME with other SMEs. However, in order for you to prosper and expand today, businesses are growing more complicated, and supply chains are also becoming more complex.
- 10.** Nowadays, organizations have suppliers, with a proper systematic supply chain, buyers, multiple buyers, and sometimes the owners or investors that are sitting at multiple points in that supply chain, which can increase risk, if you want to be part of the supply chain of a much larger organization.
- 11.** When discussing their ESG, they focus on the G component. They're not actually looking at the E and M, but the narrative was very great because they said it's because they're in the GCC and cost is such a major thing that everyone speaks about, and it's just part of the culture here.
- 12.** At work, the greatest way to compare or work is to commute and communicate how you are a good company and what you are doing for the community. However, regrettably, this word "ESG" still has the jury out on what it means and how it is assessed. Some of us, as consumers, investors, and company stakeholders, should consider various methods to communicate with our other stakeholders and customers how we are doing good for the world. However, to sum it up in three letters, it has since it may not have a future.

- 13.** Businesses now grow as a result of their ability to scale. For example, Amazon grows because of size, and all businesses grow because of scale, and if you're not employing that type of scale and are still doing retail the old-fashioned way, you won't be able to survive. Make sure you have enough money early on to sustain the business, because if you start with very little money, which is what cash poor cash management sometimes happens, you start with \$50,000 and you need \$200,000 to be a business, regardless of profitability, but you need enough cash to grow, establish yourself, and avoid unnecessary costs that add up today in today's day and age.
- 14.** Make certain that your most valued players are retained because they may have some excellent team members. Protect them by giving them stock in the company. If you have to give them a piece of the company, that's what will keep them. They just need to seek aid when required to consult with successful individuals, and when you go to anyone for help in general, you're not going to be consulting with businesses where they win, but if you go to anyone, say you need help. You can just simply state that I am a startup. They will assist you at no cost. So, if you want assistance, request it.

Summary

The world is evolving at a breakneck pace. This has created new possibilities while also forcing current enterprises to adapt to the changing marketplace. The growing prominence of small and microbusinesses has been one of the key themes of the last decade. The economic backbone is made up of micro- and small businesses, also known as SMEs. They are the engines of job creation, the sources of revenue, the vehicles for innovation, the foundation of the economy, and the sources of products and services for consumers. They are the lifeblood of communities, representing the local landscape's fabric. They also contribute significantly to economic activity. These firms have defied conventional thinking by providing innovative products and services at a lower cost and of greater quality than their larger competitors. Despite their importance, the obstacles that MSEs face are frequently neglected, forcing them to battle for survival. Small and micro businesses confront particular issues in addition to the ones encountered by bigger organizations, such as selecting the optimal site for a new store or establishing a strong internet presence. Small and micro firms, for example, sometimes lack a clear direction or sense of purpose since they are generally controlled by a single proprietor. This might make it difficult to recruit and retain employees, resulting in a drop in service quality and customer satisfaction.