

ENTREPRENEURSHIP IN JORDAN: FUNDING AN ADVERTISING BUSINESS TEACHING NOTE

About the Case

This case is relevant for a class on entrepreneurship. It describes the start-up of an advertising business founded and run by Nahla, a Jordanian woman. The focus here is on financing her start-up, specifically what financial sources were available for her in Jordan. In a wider context, the case addresses entrepreneurship in Jordan, an emerging market and an Islamic country. It touches on such questions as: How does the cultural context affect women entrepreneurs? What considerations are important for Jordanian entrepreneurs?

This is a real case. Nahla (actually Nisreen) is an owner of an advertising agency in Amman. The casewriter interviewed her in February 2002 and relates her story here. In many ways, she is quite exceptional and has not always followed the “Jordanian way” – a characteristic of a true entrepreneur. Nisreen started her business in 1992. The start-up story is presented in the case. This teaching note continues her story, providing an update through 2002.

Nahla’s Story Continues

Questions for Discussion:

1. What entrepreneurial characteristics were displayed by Nahla? Do you think qualities required of entrepreneurs in Jordan vary from those required in the US?
2. What should Nahla have done differently in assessing the feasibility of her idea?
3. Which funding option should Nahla have chosen and why?
4. Given the cultural/political context of Jordan, what are the difficulties faced by entrepreneurs here? What difficulties are faced by women entrepreneurs in particular?
5. What can Jordan do to increase the likelihood that women will become entrepreneurs?

Robert B. Cunningham and Yasir Sarayrah, *Wastah: The Hidden Force in Middle Eastern Society* (Praeger, 1993).

Number of employees?

Eight full-time employees, including Nisreen, one accountant, administrative assistants and designers, production and technical assistants.

Number of clients (stable client base, new clients, in Jordan, outside of Jordan, from where)?

Nisreen has four big clients, including shipping lines, McDonalds and business development services. Other clients belong to the beauty industry (cosmetics, etc), confectionary (pastry and chocolates), embassies, and magazines. She estimates to have about 12 stable client accounts and about 10 to 20 "walk-ins" per year. Most of her clients are from Jordan, but a growing number has been from the Emirates.

Sales and profit of last year(s)?

Her sales grew from about JD200,000 per year a few years back to about JD500,000 currently. Profits, on the other hand, decreased from 50 to 60 % in the early days to currently 15 to 30 %.

How has the advertising market changed in Jordan? Competition? How does she deal with this?

The advertising market has changed drastically, from fairly new, unknown to popular and in demand. When Nisreen started her business, there were about 25 advertising companies, now there are about 150. Advertising has become a popular profession; however, not everyone is a qualified professional. Apparently, there are many "businesses" consisting of one person with a PC thinking that as long as they have a computer and software they can sell their services. The competition has thus become a real factor affecting Nisreen's business. It has not only made the available pool of clients smaller for her, but also resulted in a significant drop of prices she can charge. While a few years back she could ask JD200 for a logo, she now has to be happy with JD75. Nisreen met this new challenge by focusing on companies who can offer her large projects on a consistent basis and who look for quality work. As part of this strategy, she deals with one off projects, smaller clients, or quick little jobs here and there; basically, she does not accept projects under JD1,000. She sees her competitive edge in quality, product concentration, reputation and experience.

What have been major business decisions/changes in her business over the last few years?

Nisreen took two major decisions: Firstly, entering the merchandizing market of promotional items and, secondly, establishing a sign/billboard business in universities and colleges in Amman, Irbid and Zarqa. She rents billboard space to companies on a monthly contract basis and designs their posters for these signs/billboards. The

billboards are designed in a unique style and new size setting them apart from the typical billboards found in the streets of Amman.

What about her personal professional development, management skills, etc?

Nisreen enrolled into a Ph.D. program in marketing at the University of Amman which she will pursue on a part-time basis. Her goal is to complement her practical experience with theoretical knowledge of the marketing industry.

What does she see now as her business' strengths, weaknesses, opportunities and threats?

Nisreen sees her business' strengths in the experience and reputation it has gained over the years; in the novel marketing concepts and creativity. The weaknesses are related to finance and cashflow; she does not have the necessary cash to easily finance new projects, like the sign/billboard business. She sees opportunities in new areas, based on her reputation, quality and professionalism. Such a new area she recently entered as team leader of a consulting team of the largest Japanese marketing and infrastructure company which is involved in an education reform project of \$384 m for the Ministry of Education. The biggest threats are competition, low prices and lack of "advertising syndicate" or other body enforcing ethical and legal standards of the industry. Her competition is not only advertising companies, like her own, but also printing shops which offer design services, and international advertising agencies that open branches in Amman and have exclusive advertising rights for specific companies.

How did she grow her business? How did she finance growth?

She grew her business, in particular the sign/billboard project, by investing her own cash, borrowing money from family and taking a loan from a commercial bank.

What would Nisreen most like to tell young Arab women?

Before starting your business, study the market well, do a SWOT analysis, have at least 5 years experience in the field, know your competition. Also, have large start-up capital at hand, be strong and bold. Your success will have nothing to do with being a woman or a man. As long as you are ambitious and know what you want, go for it!