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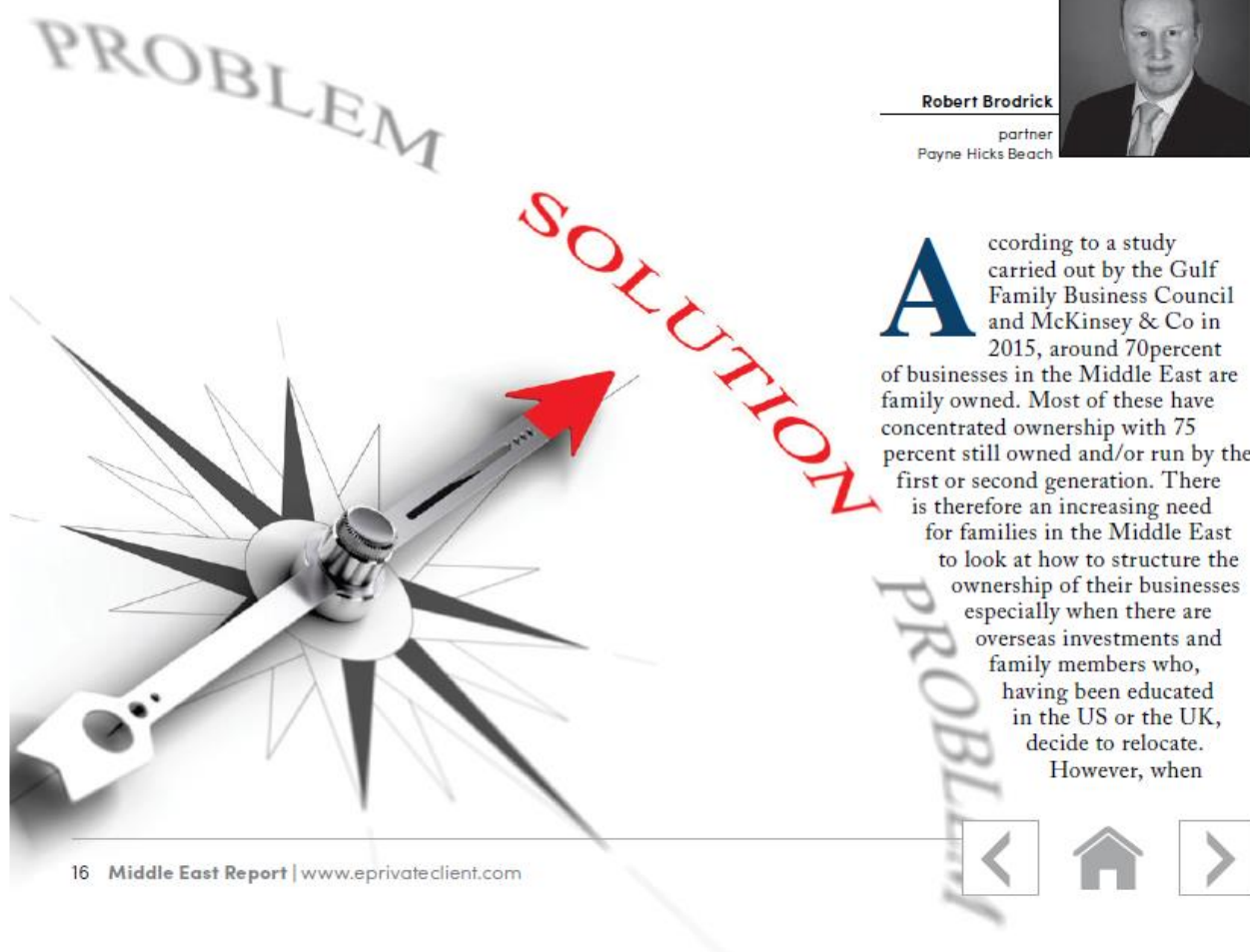


# How to advise a Middle Eastern client dos and don'ts

Understanding a client's culture can mean the difference between a long and fruitful relationship and one that is doomed from the start. Payne Hicks Beach's **Robert Brodrick** explains how to get it right in the Middle East.



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According to a study carried out by the Gulf Family Business Council and McKinsey & Co in 2015, around 70 percent of businesses in the Middle East are family owned. Most of these have concentrated ownership with 75 percent still owned and/or run by the first or second generation. There is therefore an increasing need for families in the Middle East to look at how to structure the ownership of their businesses especially when there are overseas investments and family members who, having been educated in the US or the UK, decide to relocate. However, when



advising clients from the Middle East there are some subtle differences in the way in which they do business which you need to respect.

**Time is Money - or is it?**

Lawyers typically charge on a time-spent basis: the working day is divided into chargeable hours and six minute units. Time is money and this leaves little time for building a relationship with your client.

When dealing with clients from the Middle East you have to think differently. There is a huge emphasis on 'family' which is understandable when you remember that the majority of businesses are family owned. Arabs tend not to distinguish between business and personal friendships so you cannot expect to work with someone without getting to know them first. Whereas in London or New York you may be able to rely on your company's reputation alone, in the Middle East it is personal relationships that really count.

It is therefore very important to invest time in getting to know clients. Building a relationship of trust takes time and in order to do this you have to be prepared to turn off your time-recorder. In addition, because most family businesses are owned and run by the head of the family, age, wisdom and authority are important badges of status and should be respected.

For Arabs, the business day will usually be interrupted by prayers and during Ramadan, the business day is normally shorter to take into account the fact that many people will be fasting. Islamic holidays are observed according to the lunar-based Islamic calendar so the precise timing of Ramadan and the religious festivals changes from one year to the next.

The fact that business life has to fit



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around religious observance helps to explain why the pace of business life in the Middle East tends to be slower and more fluid. For all these reasons, it may therefore seem to take a long time for a client to make a decision, particularly if it is in relation to something that is not necessarily time-sensitive such as creating a trust. This is usually because the client will want to take time to get to know you properly first. However, when the client is ready to proceed you may then have to be in a position to act quickly.

**Meetings**

When dealing with Middle Eastern clients, you have to be prepared to be flexible. As explained above, business life tends to be more fluid and less structured than it is in the West. Meetings may be rescheduled or cancelled at short notice, and they will often be interrupted by phonecalls or other visitors who drop in to say hello. This is quite normal and reflects the fact that there is less division between business and personal life.

The working week is normally





## culture counts

advice signed off by a lawyer in the appropriate local jurisdiction because although there may be no tax consequences, there are often foreign ownership or licensing restrictions that will, for example, prevent a client from transferring ownership of his business into a foreign trust.

### Gatekeepers

In the West, many wealthy families will have a fully staffed family office which acts as a gatekeeper to the family members and deals with their private wealth. Because there is less division between business and personal life in the Middle East, this function will often be carried out by someone within the family business who acts as a gatekeeper to the principal family members both in a business capacity and also in relation to their personal affairs. It is equally important to gain the gatekeeper's trust because they will control access to the principal and it will be up to them to determine how much or how little of your advice they get to see.

Sunday to Thursday with many companies and public offices closing at lunchtime on Thursday. As well as Ramadan there are two major religious festivals Eid al-Fitr and Eid al-Adha which are also public holidays when many families will be away.

### Trust

Trust is very important, which is why you are unlikely to be instructed until you have got to know the client properly. Once you have built a relationship of trust, your word is more important than any written agreement. This is particularly important when it comes to fees where the best solution is usually to agree a fee and then stick to it as opposed to using a time-based fee. This all comes back to trust.

### Don't ignore local law

It is very easy to assume that because there is little or no tax in the Middle East that you can set up structures without any of the concerns that usually apply in the UK or elsewhere.

However, it is very important not to ignore local law and to get your

### Conclusion

Doing business in the Middle East requires an investment of time in getting to know people and building a personal relationship, but once you have made that investment it will stand you in good stead. 🏠

▶ \$11.8 trillion: Estimated total of regional private wealth in MENA by end of 2020

▶ New wealth is expected to drive wealth growth in the Middle East and Africa, accounting for 58 percent of the region's wealth by 2020.

Source: The Boston Consulting Group's Global Wealth Report 2015

