
GIVE US JUNK: A SHORT CASE STUDY ON DILEMMA OF THE ENTREPRENEUR

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ABSTRACT: *A Short Case Study on Dilemma giving equal importance and weightage to the two options available for an entrepreneur in a tricky business situation. The dilemma case aims to leave the reader with a choice to be made on one of the two options though both the options are seemingly equally well balanced. The pros and cons of each option needs to be weighed under the specific circumstances of the case and also in light of the risk appetite of the Entrepreneur.*

KEYWORDS: small and medium enterprises; business growth; dilemma; business performance; risk management

INTRODUCTION

Ahmed's Dilemma:

Ahmed has been on the treadmill in the gym for the last 20 minutes. He has another 40 minutes to go and he has already cleared many calls and messages and dictated notes on WhatsApp to his team over the last 20 minutes. He decided to keep the phone in silent mode for the next five minutes. As he put his phone down, his mind raced back to the conversation that he had with his brother Abbas that morning.

CASE STUDY CLASSROOM NOTES:

1- Ahmed is the founder of "Give Us Junk" in the UAE, which is a company that has picked up junk from homes and offices for the last six years. The company has been extremely successful, being the first to enter the business in an organized way.

"I strongly feel that we should take 'Give Us Junk' to other parts of the Middle East like Bahrain, Qatar, Kuwait, Oman, and finally, Saudi Arabia," said Abbas as he was preparing his laptop bag to leave for the airport.

"My dear brother, please have a safe trip to Canada and when you come back in four weeks, we will make a clear plan on how to expand our business into other parts of the Middle East and have detailed discussions with our Strategy Advisor Badri on this," said Ahmed.

Abbas said, "I think the market in the UAE is saturated and there is no further scope for growth as we are having the highest possible number of pickups per day."

Ahmed said, "You are partly right. We have reached a level of 400 pickups a day all over the UAE, but please remember that the housing colonies and villa complexes are increasing by the day and the cities are expanding rapidly in all seven Emirates."

2- With Expo 2020 around the corner, the optimism of Ahmed is well founded. Far too many new localities and communities have appeared in Abu Dhabi, Dubai and Sharjah over the last three years. Many more projects are underway.

“I agree with you about the growth in the UAE and further growth prospects with Expo 2020 coming very soon. We have observed this market very closely over the last six years and we have also grown rapidly. You started the company with one hired truck and today, we have more than 40 trucks doing the rounds all over the UAE from morning to night. Don’t forget, brother, our business is growing every month, but the rate of growth is not the same as we saw in the first five years”.

3- There has been a visible slowdown in the economy over the last six to nine months, mainly due to the shift in focus in the UAE economy. The government has taken the first step in moving toward the “digital era” and “new wave.” The private sector is yet to catch up with the new wave and digital era and is still in shock about the huge move that has happened away from the oil & gas and real estate boom of the previous decade.

Ahmed said, “Abbas, you should not forget that each time this region has faced a crisis, whether political or economic, the UAE has stood firm and has come out of the crisis very smoothly. With the present geopolitical situation around the world, it is quite normal for all businesses to go through period of highs and lows.”

“I am very positive that the UAE will come out of the current setback that is temporary in nature as the private sector and public have not adjusted themselves quickly to the shift that is taking place. We are moving away from an economy that is dependent on real estate and oil & gas to an economy that will grow faster with the digital era of blockchain technology and drones. Continuous improvement and innovation is the only way things will improve. We have seen the emergence of new businesses like ‘Souq.com,’ ‘Careem,’ and ‘Talabat.’ We will see further changes through ‘Drone Delivery’ and ‘Drone Cleaner’ for façades of tall buildings like the Burj Khalifa and ‘Drone Removal of Cars’ from unauthorized parking lots,” said Ahmed.

“I read a special report in ‘Gulf News’ on May 26th, 2019, written by an eminent Financial Expert in Dubai, which clearly analyzes the current situation in the UAE and how the private sector needs to quickly adapt itself and swing into action by focusing on the future. The author says, ‘when will the economy rebound?’ is the wrong question to ask. We have to quickly react to the changing environment,” added Ahmed.

4- The UAE was the first country in the world to set up a Ministry for Artificial Intelligence in November 2017 headed by a young technocrat. The UAE government has adopted blockchain technology and implemented it in some of the departments.

Abbas was startled by the facts and looked puzzled, saying, “But with all the changes happening, the fact that we are having to face a lower volume of business cannot be denied. I feel it is high time we looked at other markets in the GCC where people do not have a proper, well-organized junk pickup company that is responsible enough to ensure nothing goes to the landfill.”

Ahmed said, “Abbas, I fully agree with you about the expansion plans, particularly in light of the growth opportunities in other parts of the GCC/Middle East. However, we should not forget that we have grown in the UAE for the last six years and there is still so much scope in the UAE. Please

understand that the new era and digital transformation will mean a more responsible role for companies like us in the UAE. Our business is highly fragmented with too many small players, but the well-organized company that is environmentally friendly is only our company. This is one of the prime reasons for our substantial growth in the last five years. I also feel there is huge growth in collecting, sorting and responsibly disposing of electronic waste.”

Ahmed added, “Abbas, do not forget that the population of the UAE has grown from three million in 2000 to nearly 10 million in 2019. That is more than 300 per cent growth in the last 20 years. It will grow further over the next 10 years. World Expo 2020 is going to held in Dubai from October 2020 for six months with 192 countries participating in it. This will draw huge crowds from all over the world.”

Ahmed continued, “I am convinced that we have a good reason to stay focused on the UAE and grow our business here as we have still not reached our true potential in this market. Once we have grown our business substantially in this market, we can think of other markets in the GCC.”

Abbas said, “I fully agree with your arguments in favour of being focused on the UAE. However, I still feel this is the right time for us to open shop and popularize the concept of ‘Give Us Junk’ in countries like Bahrain, Qatar, Kuwait, Oman, and Saudi Arabia. The potential for the business is huge and we are addressing a combined population of more than 47 million. This is roughly 4.5 times the population of the UAE. These markets do not have a proper junk pickup company that is able to dispose of it responsibly and certainly not throw it into the landfill.”

5- The GCC population is estimated to be 54 million in 2019, with 34 million in Saudi Arabia, 9.6 million in the UAE, 4.9 million in Oman, 4.2 million in Kuwait, 2.7 million in Qatar, and 1.6 million in Bahrain.

“There have been cases in the past where companies have grown their business well in the UAE and then moved into the others parts of the GCC and the Middle East. Look at how ‘Zulu Hypermarket’ has grown its business in the UAE and then opened shops all over the Middle Eastern countries. It now has more than 100 outlets and it is doing well in all the countries,” added Abbas.

“Brother Ahmed, we have neighboring countries like Oman and Saudi Arabia that are vast and well spread out with a growing population. Both of them are rich in oil & gas resources and have been doing well in terms of economic growth. The concept of picking up junk from offices and homes and ensuring it is properly recycled is unheard of in these markets,” said Abbas.

Abbas added, “I read a recent report on Saudi Arabia which states that Saudi Arabia has been witnessing rapid industrialization, a high population growth rate, and fast urbanization, which have resulted in increased levels of pollution and waste. Solid waste management is becoming a big challenge for the government and local bodies with each passing day. The situation in Oman is no better at all. I read that the solid waste management scenario in Oman is marked by a lack of collection and disposal facilities coupled with a lack of awareness (Salman Zafar). The high standard of living and rapid economic growth has led to a substantial increase in the waste

generation in Kuwait in recent years. In each of these countries, the per capita waste generation is around 1.5 kg per day per person.”

“These situations clearly show that there is a huge opportunity for us in these countries, where we can utilize very effective social media marketing in building awareness and thus get business,” added Abbas.

6- The Kingdom of Saudi Arabia is the richest country in the Middle East with huge oil & gas resources. The Kingdom is also attracting millions of pilgrimage tourists each year to the famous Mecca and Medina.

Ahmed listened very carefully to the arguments of Abbas and said, “I fully agree with the facts and figures that you have quoted for the GCC countries. I am also fully aware of the huge potential that is offered by the electronic waste. In total, 320 tons of gold and 7,500 tons of silver are used each year in the global production of electronic goods with a value of USD20 billion, and yet only a fraction of it is being recovered. We could start a very well-organized disposal of electronic waste in the UAE.”

Back in reality on the treadmill, Ahmed is thinking deeply about whether to stay focused on the UAE or to expand his business into other parts of the GCC and Middle Eastern countries. He has grown the business to the current level of having more than 400 pickups a day with over 40 trucks and over 120 employees. He still feels there is much more to be done in the UAE before he can look at any other market. However, Abbas has raised an important point about establishing the business in other parts of the GCC to gain the first mover advantage. The market is wide open and the scope for growing the business is unlimited. It would also mean building infrastructure in each country and investing the hard-earned money that came from the UAE.

Ahmed is now a little confused and his mind is racing with far too many questions: How can we handle the existing UAE business and simultaneously focus on expanding the business into other countries? How much investment is required in each country? Can we replicate the systems developed in the UAE in other countries? How often should I make trips to other countries? How to achieve the full potential of the UAE without dilution of attention in the local market?

Ahmed realized that he has already spent the full hour on the treadmill as he heard the alarm on his phone. He told himself that God will guide him to arrive at the right solution soon as both options (focusing on the UAE and expanding into the GCC) offer equal opportunities.

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