



Seminar Success Story

In Jan JATAB held a successful seminar educating mumineen about the new online DNRD. Bhai John Doe who attended the seminar took what he learnt to his employer, who was so impressed of his new skills that he got a promotion. Mubarak thai John Doe!

Special Interest Articles:

- Article By Janab Amil Saheb Kinana Bhai Saheb Jamaluddin
- Tips On Working In A Family Business
- Tea Drinking & Their Benefits
- Labor Laws Explained

Cash & Credit Price Explained (as per Shariat Mohammediyah)

By *Amilsab Janab Kinanabhaisaheb Jamaluddin*

The incident of Moulana Ali lbne Abi Talib (SA) purchasing a camel from Jibraeel and selling it to Meekaeel throws light on the basic norms and regulations of permissible, wise and good business.

Moulana Ali (SA) sold a personal belonging for six dirhams seeking to buy nourishment for his family with the proceeds. A needy person asked for the kindness of his selfless personality, and he gave away all what he had in hand. Hence left with nothing but the sawaab of this deed, he looked forward for some opportunity. On his way Ali (SA) met a countryman who offered to sell him a camel. Ali (SA) excused of not having its price with him. The countryman accepted to wait for a credit payment. After a brief negotiation the camel changed hands for an agreed price of a hundred dirhams. After a while another countryman came into the picture and offered to buy the camel from Ali (SA). Ali (SA) explained that he had bought the camel from his companion for a hundred dirhams credit. The latter offered a hundred and sixty dirhams cash. The transaction was thus completed. Ali (SA) took the 160 and paid of the former his 100.

With a bountiful profit of sixty dirhams Ali (SA) came to Rasulallah (SA) and presented his income. Rasulallah

(SA) smiled explaining that the countrymen were Jibraeel and Meekaeel respectively, both sent by Allah (TA) to compensate ten fold for the good deed done earlier.

Other obvious and important issues evident in the narration will be dealt with in future issues of this column, but the possibility of dealing both in cash & in credit is profoundly evident. Various narrations by Syedi Qadi Noman (RA)



denote that Shariat Mohammediyah permits keeping only one side of the deal on credit. If the goods are delivered to the buyer in advance the payment may be with a time lapse. The reverse situation, where payment is in advance and specific goods are delivered at a later agreed upon date is also shariah compliant.

Any type of a credit transaction is not acceptable when it comes to dealing in precious metals like gold and silver. Any transaction where an option of a cash & credit price for any commodity given simultaneously is absolutely haraam as it places

doubts of interest based calculations in giving the credit price.

Also, when Syedna (TUS), saying that our forefathers did cash business, wishes us to follow in their footsteps two things come to the mind. Firstly, as Rasulallah(SA) was the custodian of the shariah in his lifetime, so too is Imamuzzaamaan (SA) represented by his Dai amongst the people. Directing followers towards the only possible way to be in accordance with the shariah is his duty and primary objective. Secondly, we find an instance in history when Rasulallah (SA) discouraged and stopped his followers from a common practice in fruit selling, halal by nature, that caused disputes amongst them. So when Syedna (TUS) wants us to refrain from credit dealings, we believe that he has nothing but the whole community and its each individual's prosperity and co-existence in the greater perspective.

A price hike or profit is only justified by the services and additional costs incurred "during the" or "before the" transaction. The buyer should be notified with this addition in price, unless he is aware of it as a regular practice in the market.

In each Namaz we seek guidance from Allah by reciting "Ehdinas sirataal mustaqeem".

Leadership Within A Family Business

Arabian Business
July 1st 2006
By Mishal Kanoo

Strong leadership is vital for any company to succeed - and even more so within a family business, explains Mishal Kanoo

Everyone talks about leadership, but no one can really pinpoint what it is. What family businesses need is a certain leadership style — that of an open, charismatic, benevolent autocrat who empathises with the family but is fair and just with all. One might argue that education is also needed. I would counter that by saying ‘not necessarily’, if the leader is willing to allow those with the knowledge to share it and benefit everyone.

Openness is key, as secrecy is the enemy of a leader. Any leader who is not willing to empower others and be candid with his or her subordinates is bound to fail. Not to inform other family members about spending and budgetary issues can only have a negative effect on them, because they won’t know what is expected of them. The family needs to know that nothing is secret from one another. Otherwise, the bond

of trust can be broken and chaos will eventually ensue.

Charisma is important because the leader must gather people around him/her rather than frighten them off. It makes the rest of the family trust him or her to lead them forward. This bond of trust is important for a leader to have because it allows the rest to move with confidence, and with the knowledge that the person at the helm is someone who knows or at least appears to know what he or she is doing. For a family business, both the family and the business need this.

Benevolence is important because the family can rely on getting a fair share of the true benefits of what the family business is reaping. Generosity is always admired. This generosity is not just in the financial sense, but even in the care, consideration and encouragement that the leader bestows on the led. Sometimes a few words could influence people to do more than any financial reward could. There is an Arabic saying, that the stingy are not serviced. This is self-explanatory. Also, I would like to remind family business leaders that they can’t take the

money with them.

A leader must be a decision maker. Anyone who wants to lead or be in a position of responsibility must be willing to take decisions. I have come across too many business leaders who seem to make decisions by not making a decision. This is extremely adverse and detrimental for any business, because the subordinator looks at the leader to make decisions they can’t make. A sense of decisiveness is important for a leader, and no one is more inclined to decisiveness than an autocrat.

To be able to empathise is so important for a leader in a family business, because it is not only a financial issue but also a blood issue. These people that he or she is leading are his or her kin. He or she must feel for them and understand why the issue matters to them. Family relations should weigh as much as financial ones because they are dealing with the human aspect here.

If you want to know why family businesses fail, it is usually because of succession planning, or should I say a lack of it, and conflicts between members of

the family. Usually succession planning is not discussed because justice and fairness are not meted out properly within the family, causing rifts. A good leader needs to be aware of this and be vigilant. He or she must also be the first to remedy the situation, not along the lines of emotional attachment but rather along the lines of fairness. This might not be well liked by all, but all will respect this and all will tow the family line.

Leadership is what binds a family together in a family business. The leader will often be remembered, whether he or she is successful or unsuccessful, not by his or her intentions but his or her actions. Leaders are expected to lead.

This can be done from the forefront such as leaders like Sam Walton who grabbed an opportunity when no one else did. Or it can be done in the background, such as within my family where my Uncle Mohamed gave his cousin, my Uncle Ahmed the freedom to accomplish all that he did. Leadership comes in many styles but it needs to be done.

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“If they don’t respond to our ‘final demand for payment’, send them our ‘absolute final demand for payment’. If they don’t respond to that, send them our ‘final absolute final demand for payment’.”

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“The word ‘invoice’ is too soft and friendly. We need a new word that means ‘pay up or die’.”

Benefits of Drinking Tea

by Dr. Shabbir Saifuddin

How many tea cups do you consume during the day? There is a possibility that you are having tea right now while reading this article. Have you though how your tea can benefit your health? Read on.

Black Tea has health benefits. Why is this? Tea is among the richest natural sources of antioxidants, which have been linked with cancer prevention, decreased risk of stroke, and reduced blood cholesterol and controls diabetes. Additionally, it has trace amounts of various minerals calcium, magnesium, manganese and

potassium; and the vitamins C & K.

Antioxidants and what do they do? Naturally occurring antioxidants are nutrients found in most plants, including fruits and vegetables. Antioxidants help keep harmful substances in check. All teas contain amount of antioxidants.

Can Black Tea be drunk hot or iced and get the same health benefits? Yes. Antioxidants are equal in Black Teas whether they are hot or iced but not necessarily in instant teas because some of the antioxidants are lost during the additional

processing.

Does adding sugar, honey, lemon or milk affect Black Tea's health benefits? Sugars, sweeteners, lemon and milk do not appear to affect the antioxidant levels of Black Tea flavonoids. In fact, there are additional nutrients found in lemon and milk as well as unrefined honey.

Possible health benefits from tea – recommend 3-5 cups per day

Black: Decrease risk of heart disease and colon cancer ; Inhibit bacteria that causes

cavities, strep throat and bad breath ; Possibly lowers risk of osteoporosis

Green: may prevent many kinds (bladder, prostate, breast, liver, lung) of cancer - polyphenols kill cancer cells ; Decrease risk of heart disease and stroke ; Decreases cholesterol (polyphenols blocks absorption by intestines) ; Boosts immunity ; Helps manage diabetes by regulating blood sugar and helping in wound healing ; Can help prevent arthritis ; Possible allergy fighter (EGCg) – researcher at KU

White: blocks DNA mutations ; May have greater potential than green but more research

Labor Law Explained Article

Article contributed by
Gulam Hussain Bhai

Although the strength of character of the Emirati people and the expatriate community that works here, it derives in part, from the struggle that they were obliged to wage in order to survive in the harsh and arid local environment, the remarkable social advantages that economic prosperity has brought in just a few short decades have been welcomed by all.

We have been witnessing a wide spread changes in several systems and procedures that have been adopted by the UAE labor law, and some of them to protect workers interest and streamlining the red tape that often used to be a cause an concern for small to mid sized organizations. In this article we shall put in perspective what the law is in general, before we go into the details of the law. Perspective:-

Labour Law

Administered by the Federal Ministry of Labour and Social

Affairs, Labour Law in the UAE is loosely based on the International Labour Organization's model. UAE Law No. 8 of 1980, as amended by Law No. 12 of 1986 (the "Labour Law") governs most aspects of employer/employee relations, such as hours of work, leave, termination rights, medical benefits and repatriation. The Labour Law is protective of employees in general and overrides conflicting contractual provisions agreed under another jurisdiction, unless they are beneficial to the employee.

The Ministry issues a model form of labour contract in Arabic which is widely used, but other forms of contract are enforceable, provided they comply with the Labour Law. End of contract gratuities are set at 21 days pay for every year of the first five years of service and 30 days for every year thereafter. Total gratuity should not exceed two years' wages. Employees are entitled to pro-rated amounts for service periods less than a full

year, provided they have completed one year in continuous service.

Trade unions do not exist. In the case of a dispute between employer and employee, or in interpretation of the Labour Law, the Ministry of Labour and Social Affairs will initially act as an adjudicator, in an effort to resolve matters. If a party wishes to appeal any such decision it can take its case to court. Strikes and lock outs are forbidden.

Working Hours and Holidays
The normal maximum working hours are eight per day or 48 per week. However, these hours may be increased to nine daily for people working in the retail trade, hotels, restaurants and other such establishments. Similarly, daily working hours may be reduced for difficult or dangerous jobs. Many businesses work on a two shift system (for example, 8am - 1pm and 4pm - 7pm). As in all Muslim countries, Friday is the weekly day of rest. In practice, commercial and professional firms work 40-45 hours

a week and government ministries about 35. The weekend for office workers has traditionally been Thursday afternoon and Friday, but a number of organizations have changed over to a five day week with Friday and Saturday as the weekend. During the Muslim holy month of Ramadan, normal working hours are reduced by two hours per day.

There are 10 days of public holidays (paid) in any year. The employee's annual leave is two days for every month if his service is more than six months and less than a year. In every completed year of service after the first, an employee is entitled to 30 days annual paid leave. This is in addition to public holidays, maternity leave for women and sick leave.

Overtime is used extensively and additional pay is required for manual and lower ranking staff.

Conclusion:

We are fortunate to have liberal laws related to labor despite the red tape. All in all one can conclude that if rules are followed properly then procedures become simple.

1ST Al Tujjar Forum (ATF): Destination CASH

forum coverage by Huzaiifa bhai Hala

On the evening of the 24th of June 2006, a small group of Mumineen businessmen met informally in Saasa Hall to discuss a critical issue: How to reduce long credit and move to a cash-based business. This gathering marked the birth of Al Tujjar Forum (ATF), an initiative of the Al Jameat Al Tujjar Al Burhaniya (Al Tujjar).



The ATF aims to promote dialog and deliberation among Dawoodi Bohra traders in order to fulfill the following objectives.

- Work together to achieve manageable and sustainable solutions to current and future challenges confronting Bohra Entrepreneurs.
- Enhance cooperation and working relationships by networking among Bohra Business people for mutual and community benefit.
- Address relevant global and regional trends in business.

Maulana (TUS) has stated on numerous occasions that Mumineen should focus on cash business and move away from long credit. Hence, it was decided that this would be the topic of the first forum. The forum brought together 23 business people from different spheres and line of work. Discussions were candid, and intense debate frequent, as participants

deliberated on the road blocks facing businesses in implementing a cash policy. In addition, participants brought forward the most pressing challenges facing businesses in the Dubai marketplace.

Seen from one perspective, the market seems deeply dysfunctional, torn by malpractices

and instability. From another point of view, however, the market in Dubai is at a fantastic boom due to the unlimited supply of investment and projects.

In any case, managing credit is an integral part of doing business. After all, cash flows largely determine the health and profitability of a business. Today, Dubai is a market characterized by high demand, frequent shortages and unstable prices, making it all the more important to minimize credit risk. Most participants at the forum agreed that doing business strictly on cash terms has strong advantages. A few shared their positive experiences of dealing on cash only. One participant noted that overseas suppliers rarely give credit and we should follow the method of our suppliers. Some expressed agreement when one member pointed out that goods are much safer in our own warehouse than in the hands of potential late payers.

A number of businessmen at the forum emphasized that credit in any circumstances, should be given after an intelligent assessment of the buyer. Hence, the first step is to know your

customer well and then get them to agree to your terms and conditions. Simply discontinue business if they do not accept your terms. Also, simple measures like specifying the exact due date may even assist in recovery of debts. For instance, in most cases, it is more effective to state **PAYMENT MUST BE RECEIVED BEFORE 21ST AUGUST 2006** rather than stating **90 DAYS CREDIT** only.

When businesses attempt to reduce credit, they face other hurdles as well. Employees, particularly those in sales, will often discourage stricter credit in the fear of losing business. But it is quite possible to restructure your business to facilitate more cash transactions. Some traders who decided they wanted to deal on cash now import only items which they can sell easily on cash. Other businesses decided to look for cash customers rather than change their product range in order to achieve their



goal, and they too had positive experiences to share.

Another key factor determining a business's ability to dictate its own terms is product differentiation. Simply put, this means how different your business is from your competitors'. When a business innovates and provides a unique service, it has

the ability to dictate its payment terms. So in the long term, aim to position yourself so you are different from the rest.

Experienced businessmen also had words of advice for new start-ups. Newcomers particularly should be watchful of unscrupulous buyers in the market who often simply ignore calls and stop communication when it is time to pay. The temptation of higher profits and larger volumes often lure businesses into making rash decisions. However, businesses should aim to grow steadily, bearing in mind that extending credit has its risks.

Each business must frame its own policy and abide by it strictly. A well designed policy will stand the test of time and must be implemented with patience and perseverance. Competition will always exist and there will always be other businessmen who may offer more relaxed credit terms. Nothing can be achieved

easily, and this shift in particular not only requires a firm strategy, but the strong belief that this is the farman of our Maula (TUS). For this reason alone, it should be the goal of all Mumineen businessmen to take steps, perhaps small ones at first, to make this giant leap possible.

Destination CASH & How to Get There...

Article Content provided by M.Husain Jamali

It is clearly established that a Cash Policy has a lot more advantages than a Credit Policy. The next hurdle is how one would go around implementing a Cash policy in their business. Of course it is not possible to start the next day and impose a Cash policy on all your customers. It is very important that you come up with a strategy to make the shift and then that you implement that strategy step by step.

We have developed a basic strategy for you that you can use to start to immediately start a Cash policy in your business.

- **Control your receivables**

That is only possible by spending more time and effort on receivables or also by hiring a person for receivables collection.

- **Introduce Niche Marketing**
Create a niche for yourself by providing value addition to your products & services, a way to differentiate between your product and your competitors.
- **Work towards a Cash Policy**
Slowly start reducing the credit periods to customers. Ask for PDC (Post Dated Cheques) on delivery or at time of order. Start with your least favorite customers
- **Cash Sale Stock**

From your regular stock, assign some stock that will only be sold at Cash. You will soon notice that segment of stock will be sold in the same or even before the duration of your credit recovery period. You can keep increasing that segment until you can reach you Cash Goal.

Slowly but eventually you will be able to make the change from Credit to Cash. The increased cash flow will not only give you peace of mind but also several advantages:

- Having cash flow will enable you to make cash purchases, therefore enabling you to purchase at better prices.

Automatically giving you a price advantage over your competitors.

- You will increase your turnover by at least double. i.e. the following example:

Aed 1 Million stock, to at least 4 million yearly turnovers @ 2 months credit period.

Aed 1 Million stock, not more than 2 million yearly turnovers @ 6 months credit period.

It is not an easy road but you will definitely get there thru patience and persistence.

Alternative Lifestyles

Column By M. Adnan Karimjee

Dubai's relentless strive to position itself squarely into the world's limelight has bared fruit. Whispers of Dubai's phenomenal growth are echoed worldwide. From tourists to investors – the talk is Dubai. As much as we all seem to complain about the nitty gritty of Dubai's growing pains, it is attracted a lot of attention. Some may even argue that it is not all-good news. I for one would agree. The ever grid locked traffic, the appalling human rights violations, and the lack of a free flowing economy are just a few to mark of the list. People still come to Dubai to replicate the success hat has become all apparent here.

Starting a business is expensive in Dubai and can cost anywhere in the region of Dhs. 60,000 – 90,000. This

figure also largely depends on the rent of your shop. As frightening as these figures are, the UAE does offer some feasible alternatives. Ras-Al-Khaimah and Ajman are two such alternatives. It may sound far-fetched to some but these two emirates are really pulling themselves out of the shadows of Dubai and Abu-Dhabi.

Ras Al Khaimah paints a vivid picture of an emirate on the cusp of something special. The airport is expanding, a seven-star hotel is under construction, there are plans for a spaceport, huge sums are being lavished on improving infrastructure and providing accommodation for both residents and tourists, and they are even building the world's longest indoor ski slope for those of us wilting under the hot desert sun. Mina Al Arab, though by no means the only major devel-

opment underway in the emirate, will boast three kilometres of natural beach, something not even Dubai can offer its increasingly cramped residents. Developers are looking to the mountains too, another fine move from an emirate clearly determined to make the best of its striking natural resources.

From the nation's northernmost emirate, to its smallest, and the new US\$4 billion Emirates City that — it is hoped — will attract serious international investment. The project consists of around 72 residential and commercial properties and will encompass picturesque lakes, lush green parks, a shopping district, mosques, luxury hotels, and key educational and health facilities.

Within easy distance of Dubai, RAK, Sharjah, Umm Al Quwain and Abu Dhabi, the

emirate boasts that which, again, Dubai struggles to provide — namely affordable prices and a peaceful existence free of gridlocked traffic and incessant noise.

This is not to besmirch Dubai or to disregard the emirate's achievements. Dubai lies at the heart of the modern Middle East, whether as a destination for business or tourism. However, it is highly encouraging to see neighboring emirates beat a different path to their bustling, 24/7 cousin. Both RAK and Ajman are aiming higher than simple mimicry — they are aiming to establish themselves as unique, attractive destinations that can only help to highlight the breadth and diversity of the UAE.

Excerpts have been taken from Andrew White who writes for Arabian Business Weekly

Changing Times Requires Adaptation to Survive

Article contributed by M. Aliasgar bhai Tapya

DUBAI — Companies in the UAE must improve their level of customer service if they are to survive in an increasingly competitive environment.

Mr. Eqbal Al Yousuf, president of Al Yousuf LLC believes the only way to survive is for companies to become more service-oriented, which does not exist in the Middle East. Globalisation of the UAE economy, will intensify competition, and he predicts that we will see the failure of more companies in the region which have huge overheads and little customer service. The change in agency laws, which will mean that distributors no longer have a monopoly, companies will have to base their product offering on trust and relationship with the customer rather than forcing customers' to come to back.

Family businesses form the backbone of the UAE econ-

omy. According to figures from the Dubai International Financial Centre (DIFC), there are more than 5,000 family businesses worth \$500 billion in the GCC, accounting for 75 per cent of the private sector economy and hiring 70 per cent of labour in the Gulf.

Al Yusuf group's story is indicative of how family businesses in the UAE are being forced to adapt to significant changes in the operating environment.

Between the 1960s and the 1980s, companies were focused on the export and re-export market and drumming up business was easy. In the 1980s, people would come and we hardly needed to go outside Dubai. Orders could be taken over the phone and people would ask for items to be shipped — that's how business was done!

In the 1990s, however, when Dubai became an international hub and the model of the business changed Com-

panies had to become more pro-active. Customers had to be approached and Companies had to become more customer-focused. Fifty per cent of businesses closed because of the change in direction of Dubai. A decision on the focus of businesses had to be made.

In the new millennium companies had to become more service-orientated as a greater number of high-income and educated people, and a younger generation started to settle into Dubai. These people wanted more service and focused less on price.

The UAE government is encouraging family-owned businesses to go public, with the new companies law soon to be enacted to facilitate this. The Al Yusuf Group is not considering this. "It is easier for a family business to serve the customer than a non-family one. When it comes to serving the customer you must be able to make a quick decision and there is no

quicker way to make a decision than a family-business," Mr Yusuf says.

Points to ponder

- 1. What is the level of customer service I provide?**
- 2. What are the strengths of my business? Do I know what my Core Business is?**
- 3. Do smaller businesses have an advantage over public companies due to their personalized customer service?**

WHAT IS THE SOURCE OF THIS ARTICLE?

Trade Exhibition



Spotlight – *Mrs / Mr*

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