



ريادة  
RIYADAH

معهد ريادة الأعمال الوطني

(ريادة)

# Founders

البنك السعودي للتسليف والإدخار  
Saudi Credit & Saving Bank



سابك  
sabic

ارامكو السعودية  
Saudi Aramco



المؤسسة العامة للتدريب التقني والمهني  
Technical And Vocational Training Corporation

STC  
الاتصالات السعودية



مصرف الإنماء  
alinma bank



# Occupational Pyramid



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A  
OCCUPATIONAL  
SKILLS

B  
Educational Foundation

C  
Wages vs. Productivity per Person

# Occupational Skills

A-1

Standards

A-2

Enforcement & Industries  
Participation

A-3

T&V Training

# Educational Foundation

B-1

Societal Skills

B-2

Ed K-12 Coverage of Skills

B-3

2 & 4 Years Colleges & Universities  
Tied to Market Demand

# Wages vs. Productivity per Person

C-1

Structure of Employers

C-2

Life standards vs. wages

C-3

Productivity vs. Efficiency vice versa  
proficiency

# SMEs Success Factors



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C-1

Manpower

C-2

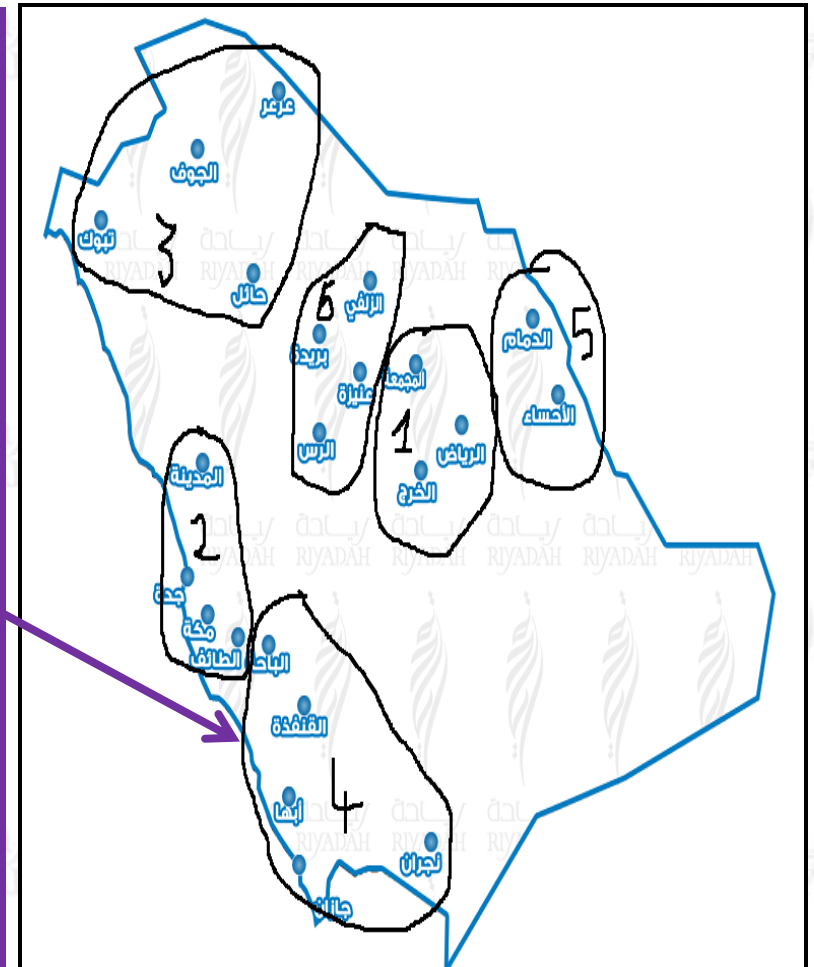
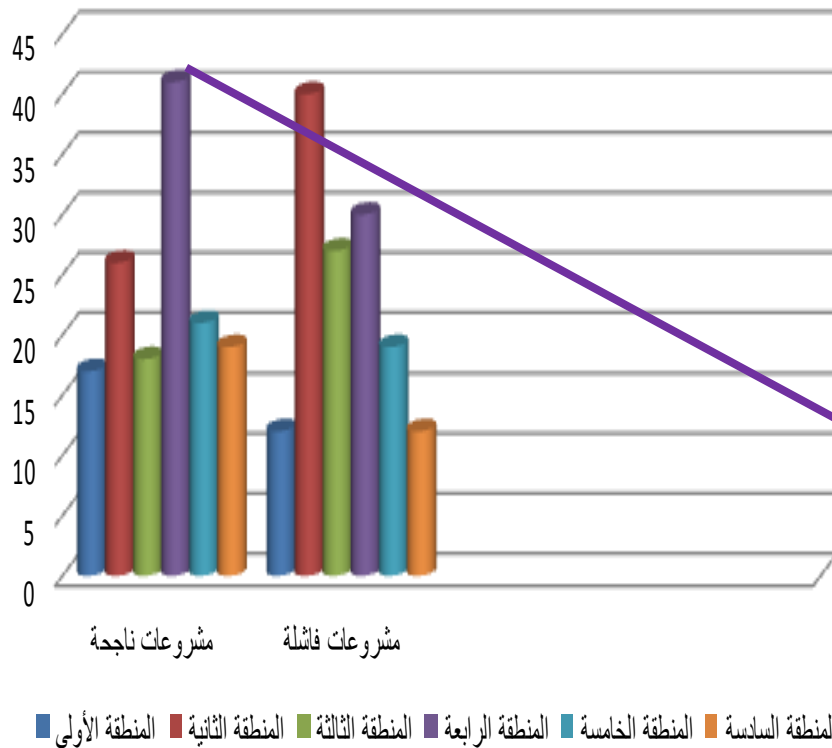
Income

C-3

Echo-System

# Location Influence on Success of SMEs

المشروعات الصغيرة وفقاً للمناطق الجغرافية بالمملكة



# Most important Results

**Age: 20 to 30 years old entrepreneurs are more successful than 30 years and above.**

**Middle School and High School diploma entrepreneurs are most successful**

**Speedy financing is the key factor for entrepreneurs success**

**Two years or less previous experience play a role in entrepreneurs success**

**Motivated and persistence are parallel factors for entrepreneurs success**

**Direct sales instead of middle sellers enable entrepreneurs to be more successful**

**Pricing of products play the most key role of success and failure for entrepreneurs.**

**Pricing base on surrounding competition and ignoring profit margin lead to failure.**

**Most entrepreneurs indicated that they would like to expand in branches or services.**

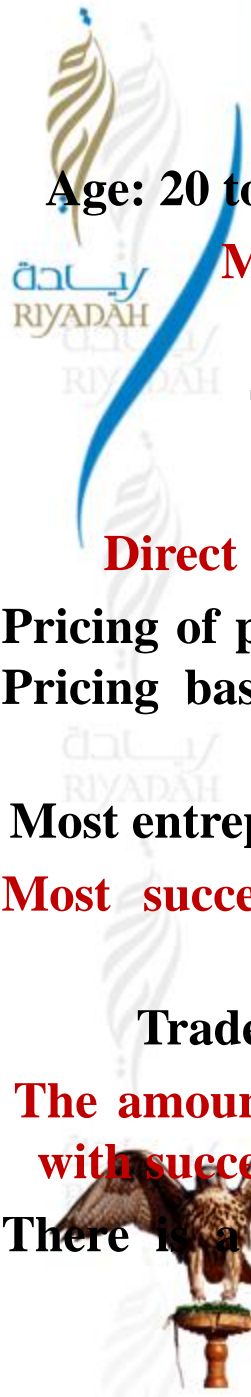
**Most successful entrepreneurs indicate that mix financing, private and loans, worked better than solely bank loans**

**Trade and service businesses show more success than other types of businesses.**

**The amount entrepreneurs started their businesses with have a great relationship with success. For example, 100K to 200K show more success factors than 200K+**

**There is a relationship between number of manpower entrepreneurs use and success rate. Less than 5 tend to be more successful.**

**Entrepreneur who use Saudis tend to be more successful than who don't.**



# The Problems Leading to Failure



# 1<sup>st</sup>: Jurisdictional & Policy Problems

- **Permits Several Stages**
- **No special treatments or leeway for newly starting entrepreneurs.**
- **Unavailability of jurisdictional incentives for growth and expansion.**
- **Conflicting procedures and requirements.**
- **Monopoly protection laws unavailability.**
- **No clear vision or services available by entrepreneurship supporting agencies.**



## 2<sup>nd</sup>: Financial Support Problems

- 1. Long and complicated financing problems .1**
- 2. The hardship of finding a cosigner for the loan. .2**
- 3. Not sticking to same approved feasibility study to start the business. .3**
- 4. The in efficiency of loan timely retrieval by the lenders. .4**
- 5. The hardship of income and expenditure prospectus. .5**
- 6. The slim profit margin set by entrepreneurs. .6**
- 7. Unavailability of correct financial reports to prove the current financial status. .7**

## 2<sup>nd</sup>: Financial Support Problems

**The accumulation of debt amounts. .8**

**Insufficient capital for future expansion. .9**

**Entrepreneurs do not separate personal from .10  
business money.**

**The short custody period of the entrepreneur..11**

**Riyadah quick stop of supporting entrepreneurs .12  
after they launch.**

**The use of the loan in purposes other than .13  
previously intended for the business.**

**The weak response of financing agencies for .14  
entrepreneurs needs.**



### 3: Marketing Challenges

- Lack of available marketing info. .1**
- Government and major corporation contracts hardship. .2**
- Unavailability of studies regarding clients/market demands .3**
- Product diversity ineffectuality .4**
- Pricing lacks objective base .5**
- Lack of efficient product distribution .6**
- Increase of fierce competition .7**
- Weak marketing skills .8**
- weak support of other agencies through Small Businesses (SBs) exhibitions. .9**
- Lack of specialized agency in marketing consultations for SBs. .10**

## 4: Administrative and Jurisdictional Challenges

- Lack of prior experience. .1**
- Weak administrative experience. .2**
- Lack of clear operational plan. .3**
- Haphazard of decision making. .4**
- Lack of available training programs. .5**
- Full dependence on foreign labors. .6**



# Most Influencing Factors on SMEs Success

1. Make available funding easier than it is now. .1
2. Improve the relationship between SBs and related agencies in every geographical region. .2
3. Provide technical consultations re business plans. .3
4. Build positive trends on agencies directors about SBs. .4
5. Provide a credit-sales follow-up department to support SBs. .5
6. Establish electronic system to support SB planning and auditing. .6
7. Establish advanced marketing system . .7
8. Increase the blended marketing strategy attention. .8
9. Provide different products to SBs with high attention to research and development .9
10. Establish a unify government or semi-government agency to overlook SMEs activities. .10

# Recommendations

**1. Make compliance on funding agencies to increase funding to SBs.**

**2. Establish grantor funds for SB**

**3. Increase the establishment of supporting agencies such as contract funding funds for SBs.**

**4. Enable SBs entrance in government contracts and mandate a subcontracting quota to SBs for major contracts corporations.**

