



BRNO UNIVERSITY OF TECHNOLOGY

VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ

FACULTY OF BUSINESS AND MANAGEMENT

FAKULTA PODNIKATELSKÁ

INSTITUTE OF INFORMATICS

ÚSTAV INFORMATIKY

USE OF PROJECT MANAGEMENT METHODS FOR SETTING UP A COMPANY ABROAD

VYUŽITÍ METOD PROJEKTOVÉHO MANAGEMENTU PŘI ZALOŽENÍ PODNIKU V ZAHRANIČÍ

MASTER'S THESIS

DIPLOMOVÁ PRÁCE

AUTHOR

AUTOR PRÁCE

Bc. Tomáš Krúg

SUPERVISOR

VEDOUCÍ PRÁCE

Ing. Lenka Smolíková, Ph.D.

BRNO 2016

Diploma Thesis Assignment

Bc. Tomáš Krúg

Information Management (6209T015)

Pursuant to Act. No. 111/1998 Coll., on Higher Education Institutions, and in accordance with the Rules for Studies and Examinations of the Brno University of Technology and Dean's Directive on Realization of Bachelor, Master and Doctoral Degree Programs, the director of the Institute of is submitting you a diploma thesis of the following title:

Use of Project Management Methods for Setting up a Company Abroad

In the Czech language:

Využití metod projektového managementu při založení podniku v zahraničí

Instructions:

Introduction
Theoretical Foundations
Current Situation Analysis
Proposals and Contribution
Conclusion
References

Pursuant to section 60 of Act No. 121/2000 Coll., as subsequently amended (hereinafter referred to as "Copyright Act") this thesis is a „schoolwork“ and its use complies to the legal regime of the Copyright Act. Quotations hereof are permitted upon prior consent of the Faculty of Business and Management of Brno University of Technology. Before any external use of this thesis it is strictly required to conclude a "License Agreement" pursuant to the Copyright Act.

Literature / Sources:

BERKUN, S. Making Things Happen: Mastering Project Management. O'Reilly Media, Inc., 2008. ISBN 978-0-596-51771-7.

BURKE, R. Project Management: Planning and Control Techniques. John Wiley & Sons, Inc., 2013. ISBN 978-1-118-56125-6.

DOLEŽAL, J. a kol. Projektový management podle IPMA. Praha, Grada publishing, a.s., 2012. ISBN 978-80-247-4275-5.

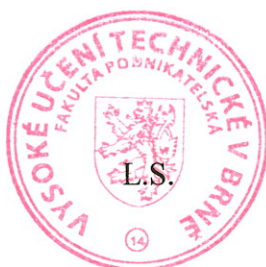
HORINE, G. Absolute Beginner's Guide to Project Management. Que Publishing., 2005. ISBN 978-0-78973-197-5.

JEŽKOVÁ, Z. a H. KREJČÍ. Projektové řízení: Jak zvládnout projekty. Akademické centrum studentských aktivit, 2013. ISBN 978-80-905297-1-7.

KERZNER, H. Project Management: A Systems Approach to Planning, Scheduling and Controlling. John Wiley & Sons, Inc., 2009. ISBN 978-0-470-27870-3.

The supervisor of diploma thesis: Ing. Lenka Smolíková, Ph.D.

The deadline for submission for the diploma thesis is given by the Schedule of the Academic year 2015/16.



doc. RNDr. Bedřich Půža, CSc.
Director of the Institute

doc. Ing. et Ing. Stanislav Škapa, Ph.D.
Dean of the Faculty

Brno, 29. 2. 2016

Abstrakt

Tato diplomová práce je zaměřena na různých metodik projektového řízení a jejich praktické využití při založení podniku v Dubaji, ve Spojených arabských emirátech. Vzhledem k různým právním normám na zahraničním trhu, jsou vysvětleny bariéry vstupu na trh. Návrh obsahuje definovaný seznam činností, analýzu času, analýzu a hodnocení rizik a rozpočet projektu.

Abstract

This master's thesis focuses on different project management methods and their practical use in foundation of a company in Dubai, United Arab Emirates. Due to the different legal standards in a foreign market, barriers to market entry are explained. The proposal contains a defined list of activities, time analysis, risk analysis and assessment and the project budget.

Klíčová slova

Projektový management, analýza, riziko, řízení času, rozpočet, WBS, Gantův diagram.

Keywords

Project management, analysis, risk, time management, budget, WBS, Gantt chart.

Bibliografická citace

KRÚG, T. *Využití metod projektového managementu při založení podniku v zahraničí*.
Brno: Vysoké učení technické v Brně, Fakulta podnikatelská, 2016. 94 s. Vedoucí diplomové práce Ing. Lenka Smolíková. Ph.D.

Čestné prohlášení

Prohlašuji, že předložená diplomová práce je původní a zpracoval jsem na základě uvedené literatury a pod vedením vedoucího diplomové práce.

Prohlašuji, že citace použitých pramenů je úplná, že jsem ve své práci neporušil autorská práva (ve smyslu Zákona č. 121/2000 Sb., o právu autorském a o právech souvisejících s právem autorským).

.....

Tomáš Krúg

May 19, 2016

Poděkování

Rád bych poděkoval svému vedoucímu práce Ing. Lence Smolíkové, Ph.D. za jeho návrhy a cenné připomínky. Dále mi moc pomohli Pierre Kladny a Andrey Chernyaev, a to především v poskytování užitečných informací ohledně založení firmy a zákonných práv v Dubaji. Tímto jim také děkuji.

Contents

1	Introduction	11
2	Objectives of the thesis	12
3	Theoretical Foundations	13
3.1	Project management	13
3.2	Project	14
3.2.1	Aim of the project	15
3.2.2	Context of the project	16
3.3	Project life cycle	17
3.3.1	Pre-project phase	18
3.3.1.1	SLEPT analysis	19
3.3.1.2	SWOT analysis	20
3.3.1.3	Feasibility study	21
3.3.1.4	Logical framework method	22
3.3.1.5	Stakeholders	23
3.3.2	Project phase	25
3.3.2.1	Project team	25
3.3.2.2	Work Breakdown Structure	27
3.3.2.3	Milestone	27
3.3.2.4	Critical path method	28
3.3.2.5	Resource analysis	31
3.3.2.6	Determining the budget	33
3.3.2.7	Risk analysis	35
3.3.3	Post-project phase	38

4	Current Situation Analysis	40
4.1	SLEPT analysis	42
4.1.1	Social factors	42
4.1.2	Legislative factors	44
4.1.3	Economical factors	45
4.1.4	Political factors	46
4.1.5	Technnological factors	47
4.2	Porter's five forces analysis	47
4.2.1	Rivalry among existing firms	48
4.2.2	Threat of new entrants	49
4.2.3	Bargaining power of buyers	49
4.2.4	Bargaining power of suppliers	49
4.2.5	Threat of substitutes	50
4.3	SWOT analysis	50
4.3.1	Strengths	50
4.3.2	Weaknesses	51
4.3.3	Opportunities	51
4.3.4	Threats	51
4.4	Summary of analysis	52
5	Proposals and Contribution	53
5.1	Characteristics and basic requirements of the project	53
5.2	Stakeholders	54
5.3	Project charter	56
5.4	Logical framework	58
5.5	Work Breakdown Structure	61
5.5.1	Description of activities	61
5.6	RACI matrix	69
5.7	Time analysis	70
5.7.1	Critical path method	73
5.7.2	Gantt chart	75
5.8	Risk analysis	76
5.8.1	Risk identification	76

5.8.2	Risk assessment	77
5.8.3	Risk reduction	78
5.9	Project budget	81
5.9.1	Company establishment costs	82
5.9.2	Preparation of the company headquarters	82
5.9.3	Marketing costs	83
5.9.4	Labor costs	84
5.9.5	Total costs	84
5.10	Project benefits	85
6	Conclusion	87
A	Content of the CD	93
B	Example of a memorandum	94

Chapter 1

Introduction

The importance of project management is increasing due to dynamic changes in the business environment. It is difficult to keep track of all changes and events that are happening in the company and its surroundings. The ability to adapt to these events has become a factor that ensures success, prosperity and competitiveness. Project management allows to choose the right strategy and reasonably calculate financial, material and human resources.

The purpose of this thesis is to establish a company in Dubai, UAE by using project management methods. Project management is used in order to have a full overview of the process, to keep up to the schedule and to effectively utilize the allocated resources.

Dubai is a city full of possibilities. In recent years, it has grown into a metropolis, which is very attractive for foreign investors and entrepreneurs. Tax exemption and other advantageous policies by the government makes Dubai an attractive target. As the United Arab Emirates market is different from a legal perspective, barriers to market entry are explained. Chapter 3 deals with the theoretical basis, which is very important for the correct implementation of the project. It introduces the reader to basic building blocks of project management, methods and processes. Chapter 4 describes the analysis of the competition in the industry and the evaluation of strengths, weaknesses, opportunities and threats. It contains the analysis of the United Arab Emirates market, its advantages and disadvantages. Chapter 5 contains the actual preparation of the project and specific implementation steps by using project management methods such as the logical framework, WBS, critical path method for time analysis, RIPRAN method for risk analysis, etc. The last section is devoted to the evaluation of project benefits. Finally, chapter 6 summarizes the project and describes the obtained results.

Chapter 2

Objectives of the thesis

The aim of this thesis is to use the theoretical knowledge in the field of project management for elaboration of a complete project - establishment of a company in Dubai, United Arab Emirates, which will offer interior design services. The main objective of the work can be divided into three individual subgoals, namely:

- Theoretical background for the thesis
- Analysis of the current situation on the UAE market
- Proposal of possible solutions

To successfully fulfill the primary objective and to achieve individual subgoals, it is necessary to use different type of methods. In order to ensure a good quality, project management methods recommended by the International Association of IPMA (International Project Management Association) are applied. These particular chosen methods are acquainted in detail in the theoretical part (see chapter 3).

In the analysis, information is processed by using the SLEPT analysis, which examines the company surroundings and its external environment. Moreover, Porter's five forces model is used, which analyzes the level of competition within an industry. Finally, individual outcomes are used as an input for the SWOT analysis.

The project's time schedule and the Gantt chart is created in a project manager software, specifically Microsoft Project 2013. The calculation of the critical path is done by CPM (Critical Path Method). For definition of responsibilities and competences of individual workers, a RACI matrix is used. Finally, the risk identification and assessment is processed by the RIPRAN method.

Chapter 3

Theoretical Foundations

This part of the thesis deals with theoretical knowledge from the field of project management and processes associated with it.

Firstly, the term of project management, project and triple constraint are specified. Furthermore, the life cycle of the project is described and the differences between projects and programmes are explained. Another section describes the role of a project manager and stakeholders. Finally, process groups and processes are explained.

3.1 Project management

Project management is used for planning and implementation of complex, usually one-time events that need to be carried out in desired time according to the planned costs in order to achieve the stated objectives. The goal of project management is a successful project. A project manager needs to apply his knowledge, skills and techniques of project management in order to meet stakeholders' needs and expectations from a project. In other words, the manager needs to do whatever is desired to make the project happen [4]. A key objective of project managers is to achieve success and avoid failure. They want to be sure that they are familiar with the considered criteria determining success or failure. Therefore, from the beginning, it is substantial to precisely and clearly define these criteria [8].

However, project management does not represent only the techniques and methods. It is a certain way of thinking and a style of work, which is based on a systematic point of view combined with an effort to divide the problem into smaller parts, so it can be easily and effectively solved.

3.2 Project

A project is unique time, cost and resource-limited process realized in order to produce defined outputs (fulfillment of project objectives) in the required quality and in accordance with applicable standards and approved requirements. Successful project management can then be defined as having achieved the following project objectives [14]:

- Within time
- Within cost
- At the desired performance/technology level
- While utilizing the assigned resources effectively and efficiently
- Accepted by customer

A project is performed through certain changes, which is well illustrated on figure 3.1, which shows the project as a process of change from initial state to the target state.

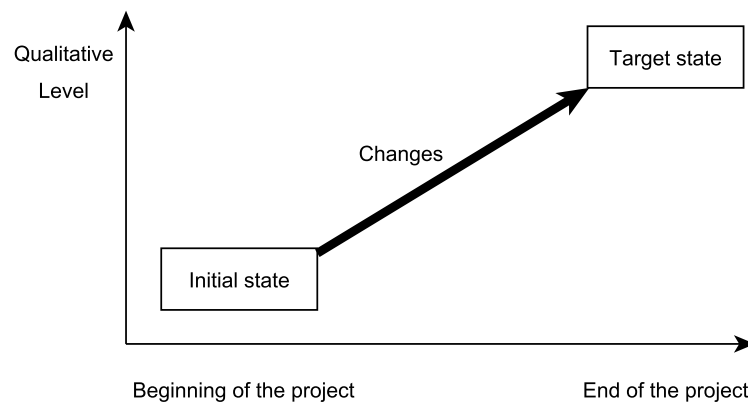


Figure 3.1: Schematic representation of a project (source : own)

The content of a project is not a small or irrelevant change, but quite the opposite. In projects there are fundamental changes, therefore such changes can not be implemented by small and gradual steps, but by a „giant leap“. This is reflected by comparing the initial state at the start of the project with the target at the end of the project. Target state is then commonly called the goal of the project [13]. There are certain scenarios where the project management is not a sufficient option. For instance, in case of periodically repetitive

activities, such as operational production planning, periodic inspection of the machines or other daily inspection activities, it is unnecessary to apply project management. Project management is also not suitable for cases that need only routine or just common sense. Moreover, it should not be used in emergency situations (technical catastrophes, natural disasters, corporate crisis, etc.). In these cases there are other specialized procedures such as crisis management.

3.2.1 Aim of the project

A properly defined goal is one of the main characteristics which influences the future success of the project. In practice, vaguely defined objectives are one of the most common causes of poor planning, which then usually lead to project failure. Therefore, when specifying the objective, the organization's strategy defined through its mission, vision and programs as well as the needs and interests of stakeholders should be taken into an account. According to Harold Kerzner project objectives must be [14]:

- Specific, not general
- Not overly complex
- Measurable, tangible and verifiable
- Appropriate level, challenging
- Realistic and attainable
- Established within resource bounds
- Consistent with organizational plans, policies, and procedures

Some practitioners use the more simplistic approach of defining an objective by saying that the project's objective must follow the SMART rule, whereby:

- **S = Specific**

Is it clear what the project wants to achieve?

- **M = Measurable**

Which indicators show that the project achieved the desired output?

- **A = Attainable**

Is the target acceptable to all stakeholders?

- **R = Realistic or Relevant**

Can project objectives be achieved under current conditions with available resources and people?

- **T = Time Bound**

Is it clear when the objective needs to be achieved?

Stated objective expresses only what needs to be done. However, it is necessary to define when and for how much it has to be done. The defined objective in project management is called **triple constraint**. Triple constraint describes the relationship between the planned objective, scheduled time and planned costs. Therefore, it is actually the goal of the project expressed in the dimensions of time, cost and scope. Usually, it is shown in the form of a triangle where each vertex represents one dimension (see figure 3.2).

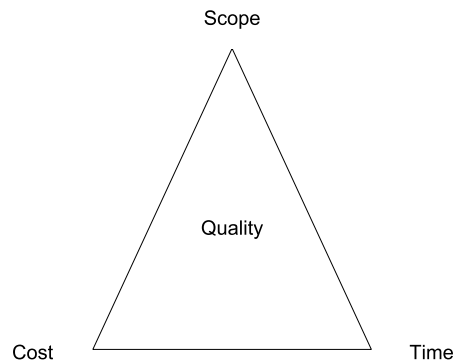


Figure 3.2: Triple constraint (source : own)

Well-established dimensions set minimum requirements for the project. It determines what is necessary to handle. There is a correlation between dimensions. Therefore, moving one dimension's objectives also influence other dimensions. Also, it is important for each project to determine the priority of individual peaks of the triple constraint. It is necessary to decide at the beginning whether the most important factor is quality, deadlines or finance.

3.2.2 Context of the project

None of the projects is implemented in isolation from its surroundings. It is true that the environment influences the project and the project influences the environment. Both the

surroundings and project are changing over time. Therefore, it is necessary to monitor both of them.

Besides the context of the project, another important concept is the the context of the organization. The project cannot be implemented without links to the outside environment. Moreover, the relation to the organization environment, within which the project occurs is also needed.

From the perspective of the company that ensures the project, it is very important that the project is linked to its strategic plan and also with other projects and activities. For efficient use of project management methods, the length of projects should not exceed 2 years. However, in practice it is often necessary to make more extensive strategic change, which execution requires a longer time period. In this case, using a programme is the right choice.

Programme represents a long-term strategic plan in order to solve a particular problem area in the company, region, state, etc. It is usually developed for several years at a strategic management level of the organization (e.g.: structural EU programs). The projects are designed and implemented as a specific instrument to ensure the program's objectives [8].

3.3 Project life cycle

Time is one of the key parameters of the success of a project. A project can be seen as a group of consecutive phases expressing the course of project development. Phase is a group of logically related activities. Individual project phases then form together the life cycle of a project. Project life cycle can vary from project to project. In different sectors specific models of cycles can be found. However, it is possible to determine the basic stages which each project goes through. There are three phases of the life cycle [13]:

- **Pre-project phase**

In the first phase it is considered, whether the idea for the project is viable and whether there is a demand for it on the market. The result of this phase is a recommendation whether implement the project or not.

- **Project Phase**

The second phase includes the realization of the project, which consists of the initiation, detailed planning and the implementation itself. Ideally, at the end of this phase the

project is completed, the customer got everything promised to him and the goals of the project are fulfilled.

- **Post-project phase**

The final phase occurs after all output have been transferred and the project was completed. It also contains an analysis and evaluation of the project, whether it was successful or not. Moreover, it also involves suggestions how to improve future projects and what to do differently.

3.3.1 Pre-project phase

Pre-project phase is carried out by a preparatory team with the authority of superiors. The aim of this phase is to provide reliable recommendations, whether to implement the project (move it to the next stage) or not to implement the project (terminate it).

In the real world there are many ideas. With regard to the limited financial, personnel and time options it is not possible to carry out all. The idea for the project can not begin with the implementation immediately. First, it must be analyzed, then the team convince by its meaningfulness and feasibility. Pre-project studies and analyses cannot be completed in minutes. To make it clear that the leadership of organizations granted permission to deal with the realization of a particular project, **preliminary project charter** is developed. This document determines who is authorized by the proposal, which resources are available to him, and how much time and money he has for it. In the pre-project phase a project team is not appointed yet. It may happen that each study or analysis will be processed by different group of workers. Often it is enough to develop pre-project considerations within which answers to fundamental questions are sought namely [13]:

- What the intended project wants to achieve?
- What are the expected results?
- How will the results be achieved?
- What are the alternative solutions?
- How much will it cost?
- Who will pay for it?

- Who will be influenced by the project?
- What or who will influence the project?

Objectives must be selected according to the established criteria and conditions. These goals can not be assessed without taking into account the organization's initial situation. To evaluate the current state of the organization and its environment and to predict possible future developments, **opportunity study** is used. It also contains the first discussion on the formulation of the objective. Moreover, part of this study is the SWOT and SLEPT analysis. The form and the structure of the opportunity study is not firmly given. Its result should be a text not longer, than a few pages (two to three pages for common projects). The main ideas should be clearly captured on one page, other important facts should be processed as attachments to the initial sheet.

3.3.1.1 SLEPT analysis

SLEPT analysis is used to analyze the changes in the general environment of the organization. It examines and evaluates the external factors, which might influence the project from five perspectives:

1. Social

Example factors can be age structure, geographic and ethnic distribution, population size, unemployment rate, etc.

2. Legal

From the legal perspective factors can be business and labor law or law enforcement.

3. Economic

Factors in the economic area can be inflation, GDP or monetary stability.

4. Political

Example factors can be form and stability of the government, political parties and membership in international organizations.

5. Technological

Finally, example factors in the technology field are level of support and funding, efficiency and implementation of new technologies.

Analysis does not map only the current state, but it is also dealing with future situations. Therefore, how the general environment will develop in the future and what changes can be expected in the area.

In the analysis, the first step is the mapping of factors to individual areas. Secondly, evaluation of the impact of various factors on the project is needed. The last step is the selection of a factor, which should be taken under consideration according to the project. The result of the analysis is a summary of the relevant environmental factors, which may affect the project including a description of their impact on the project [8].

3.3.1.2 SWOT analysis

SWOT analysis is one of the basic tools of strategic management, which examines the key issues of the organization based on a detailed analysis of its strengths and weaknesses. The basic principle of the method consists of the determination of the important external and internal factors of the environment and their interaction, thus how the relevant strengths and weaknesses can affect opportunities and threats. The analysis allows to evaluate the functioning of the organization as well as to identify significant challenges and opportunities for development. If SWOT analysis is applied to a project, it allows to [8]:

- discover opportunities for the project
- predict its fundamental risks
- use the strengths of the organization for the project
- eliminate the weaknesses threatening the project in time

In the first place it is necessary to clearly define the object of the analysis, its purpose and the time frame, within which opportunities and threats will be considered. SWOT analysis is always done in a team or group. Joint discussion allows to objectively assess various aspects of external and internal environment and avoid subjective evaluation based on personal impressions and feelings. In practice, SWOT analysis is usually presented as a table with four fields, in which individual strengths, weaknesses, opportunities and threats are listed (see figure 3.3).

SWOT analysis is not only used in the pre-project phase. It can be processed or reprocessed at any stage of the project life cycle as needed. It should be performed

periodically, therefore, analyze how the influence of internal and external factors has changed in relation to the planned projects of the organization.

SWOT analysis		
	Helpful for achieving the objective	Harmful for achieving the objective
Internal factors	Strengths	Weaknesses
External factors	Opportunities	Threats

Figure 3.3: SWOT table (source : own)

3.3.1.3 Feasibility study

Feasibility study is the continuation of the opportunity study. Its main purpose is to evaluate the possible variants for the implementation and to assess the feasibility and viability of the selected solutions. Feasibility study characterizes the way of realizing the objectives and specifies the details of the project, mainly:

- Specification of goals
- Required expenses and the most important resources
- The basic time schedule using at least the major milestones
- Expected benefits
- Other significant risks relating to the implementation of the project

Each feasibility study should begin with the identification of possible variants for the project and the choice of the optimal variant. Part of the feasibility study is the analysis of stakeholders and also the critical success factor analysis.

3.3.1.4 Logical framework method

Logical framework method (or logframe) is an important tool for project management, which links the relevant facts and describes the project and its strategy. It contains the characteristics of the project itself, its key external assumptions and significant metrics. During the creation of a project strategy it describes how the project should look like and how it will be implemented. This will ensure that the team has the same view of the project and there won't be unnecessary misunderstandings in the future. It is a matrix of 4x4. Its template can be seen on figure 3.4.

Logical framework				
	Project description	Indicators	Means of verification	Assumptions
Purpose				
Goal				
Outputs				
Activities				

Figure 3.4: Example template of the logical framework (source : own)

Filling of the logical framework starts from the first column, therefore, from the project description. Firstly, the purpose of the project should be filled in, then the project outputs and activities. Finally, the main goal row can be completed [7]. The *purpose* answers the question **WHY** the project is carried out. It defines its benefits, which will only appear after the project has ended. At this level, the long-term objectives and strategies of the organization are reflected. The main goal is influenced by external conditions, so the project manager and his team are not fully responsible for it.

The *main goal* answers to the question **WHAT**. This section describes specifically what the project intends to change. It is a specific and clear definition of the target state which the project wants to achieve. Exactly for these the objectives are project manager and his team fully responsible.

Project *outputs* answer the question **HOW**. It is a description of the results that occur within the project. The team is responsible for its delivery.

Project *activities* are the key activities to be implemented in order to create the above mentioned project outputs. In the logical framework it is enough to name only the main groups of activities, without which it would not have been possible to achieve the target outputs. A detailed breakdown of tasks, including timing, cost determining and the appointment of responsible people are involved in the next phase of the project life cycle.

Column *objectively verifiable indicators* state indicators, which demonstrate that project goals, purposes and outputs were achieved. For each goal, purpose and output there must be at least one indicator given. At the level of activities, objectively verifiable indicators are not filled, because their successful implementation is confirmed by the realized outputs. Therefore, the field describes inputs or resources, which are necessary to ensure project activities(e.g.: financial resources, materials, number of people, machines, etc.)

The third column *means of verification* indicates how the indicators defined in the second column are verified. At the level of activities, the means of verification should not be filled again. However, in this field a timeframe is defined. At this stage of planning it is more appropriate to describe the chronology of the project in the form of milestones.

The final column *assumptions* describe facts which can influence the success of a project. These fields then represent the greatest threats, which is necessary to have in mind during the planning and implementation of the project. In case of the main goals the field remains blank. In some forms of logframes a fifth row is added, which states preliminary conditions of the project [13].

3.3.1.5 Stakeholders

Stakeholders are among the most important factors which affect the project. Stakeholder can be a person, a function or a group of people who are somehow involved in the project. These subjects have an interest in the success or failure of the project or are affected or restricted by the project.

For instance, group of stakeholders can consist of the target group of the project, investor of the project, project manager and his team members, employees, organizations, contractors, competitors, government, sponsors, partners, media, groups with common interests, etc. Based on importance, stakeholders can be divided into:

- **Primary parties**

From the project's perspective, they are the main and major stakeholders. They usually include target groups, organization management and employees, investors or sponsors.

- **Secondary parties**

They represent subjects whose direct link to the project is not so strong. However, they need to be taken into account. For instance, they can be competitors, media or government authorities.

Stakeholder's analysis is a method that allows to define various stakeholders together with its relation to the objectives of the project. The first version of the analysis is usually processed within the feasibility study. In the project phase it serves as an important document for the development of a communication plan and for the stakeholders relationship management.

In the first place it is necessary to identify various stakeholders. Who will participate in the project? Who is interested in it? Who is affected by the project positively or negatively? Who supports the project and who is against it? Answers to these questions will help with the identification of various stakeholders.

The next step is to evaluate the interests of stakeholders in relation to the project. What are the needs of the different parties? What do they expect from the project and how can these expectations affect it? Besides the interests it is also necessary to evaluate the extent of their influence. Based on the analysis it is possible to define the priority of stakeholders and determine the basic strategy of communication with each subject. Obtained data are usually recorded in a matrix, which can be used to summarize the influence of different stakeholders. Involvement of stakeholders in various phases of the project development is one of the key factors of success [13].

3.3.2 Project phase

Project phase can be divided into initialization, detailed planning, implementation and completion of the project. Initialization is the first phase of the project itself. If the project was in the pre-project phase recommended for implementation, it is now necessary to bring it to life. Therefore, the aim of this phase is to declare the project at the appropriate management level by defining its basic attributes.

In some cases, the initialization phase begins immediately after the completion of the pre-project phase. However, sometimes between these stages there can be a relatively long pause. If the intermission is long, it is necessary to revise the information from the pre-project phase, as they can be significantly obsolete.

One of the most important documents prepared in the initialization phase is the **project charter**. It formally declares the existence of the project and authorizes the project manager to use resources of the organization in project activities. It usually contains the following information:

- project name, project ID
- specification of objectives and benefits of the project
- the content and scope of the project
- dates for initiation and completion, project milestones
- planned project costs
- project participants (manager, project team members, management committee)
- basic conditions and requirements
- date, place and signature expressing the approval of the document

3.3.2.1 Project team

In the initialization phase is the creation of the project team. The project team is actually one of the fundamental attributes of the project. Problems and challenges will not be resolved by themselves, but they are solved by people. That is why people are among the critical success factors in projects [3].

The project team is associated with a specific project and it is temporary, because it begins and ends with the project. It has its own project manager, who is responsible for

the proper functioning of the team's activities. Composition of the project team is decided by the management of the organization. However, it is appropriate if at least some of the people who worked in the pre-project stage are part of it. According to the definition, a team must consist of at least 3 people. The ideal size of a team has proven to be 7 ± 2 members [13]. In huge projects, the project team can have even more members. However, the manager should be aware that in a group bigger than 10 people, the dynamics of communication changes significantly, so the manager should adapt to it.

Teams have their own life cycle. Each phase has different characteristics, so it requires a different style of management. According to Bruce Tuckman, there are four main phases of team development [8]:

- **Forming**

People need to become familiar with each other and with the task itself. The phase is characterized by high uncertainty and frustration. Members of the team are not sure about their individual roles and responsibilities. Therefore, it is important for the manager to help members and navigate them through this phase.

- **Storming**

If a team wants to succeed, they must overcome this period and they need to define the roles of individuals. The manager should focus on what brings the team together, instead of what divides it. Conflicts are normal, but it is possible to mitigate their intensity with good and frequent communication by the project manager.

- **Norming**

This phase is therefore characterized by establishing standards and norms. The situation within the team is calming. Members begin to work together. Motivation increases, because now people know with whom, where and when to work.

- **Performing**

At this phase, team members are able to work as a highly effective and powerful unit even without their manager. Members become dependent on each other and achieve outstanding results.

However, team work is temporary. After some period of time, the team is dissolved or the members can get a new objective. As it was mentioned before, the project manager is the

core of the team work. He has many activities to perform, challenges to overcome, and responsibilities to uphold over the life of a project. He needs to motivate his team and keep the members together as a unit. According to Gregory M. Horine the key skills of project managers are the following [10]:

- Project management fundamentals
- Business management skills
- Technical knowledge
- Communication skills
- Leadership skills

3.3.2.2 Work Breakdown Structure

Once the project charter is signed, thus the project proposal is accepted, it is necessary to prepare a detailed project plan. The first activity is the creation of a work breakdown structure (WBS). It is a hierarchical „breakdown“ of the project objectives to individual supplied products (results) and subproducts down to the level of work packages, which must be created during the project. It defines the substantive scope of the project [4].

The WBS method is most often displayed as a tree structure (see figure 3.5), which has one root on top which is the project goal. The following level is the level of products (outputs), followed by the optional level of subproducts. The last and the mandatory level is the level of work packages. For WBS, the numbering of the elements is defined, which includes information about the level at which it is located. This numbering is also its unique identifier and applicable for further reference within project documentation. The numbering begins from the level of products and each next level is separated by a dot.

3.3.2.3 Milestone

A milestone is a significant point or event in the project. It is an event or condition when a whole group of related tasks or project phase is completed. Milestones help you organize tasks into logical groups or sequences. They can also be used to monitor the progress of the project. When a group of related tasks is finished, the project has reached a milestone. Once all the milestones have been achieved, the project is finished [20].

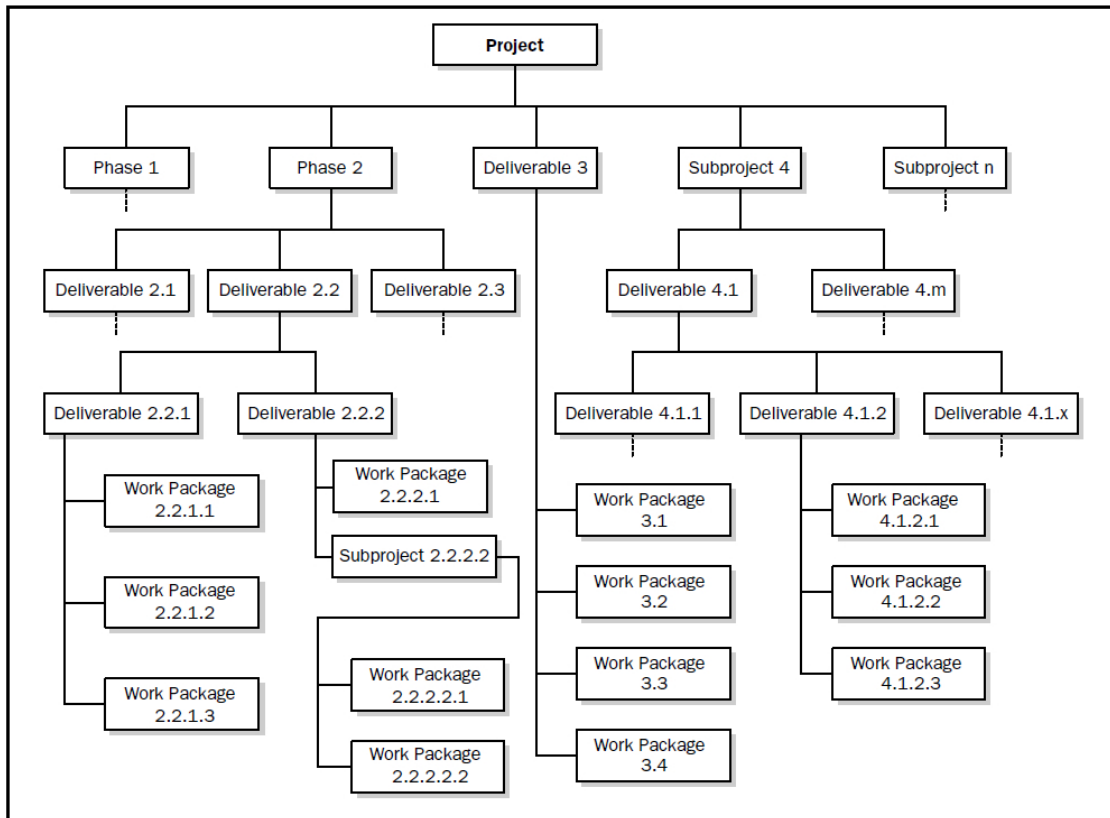


Figure 3.5: Sample work breakdown structure [20]

3.3.2.4 Critical path method

Management is continually seeking new and better control techniques to cope with the complexities and tight deadlines. Scheduling techniques help to achieve these goals. The most common techniques are [14]:

- Gantt or bar charts
- Milestone charts
- Networks
- Program Evaluation and Review Technique (PERT)
- Critical Path Method (CPM)
- Precedence Diagram Method (PDM)
- Graphical Evaluation and Review Technique (GERT)

The major disadvantage with Gantt, milestone, or bubble charts is the inability to show the interdependencies between events and activities.

Critical path method is a basic deterministic technique for the project's time analysis. The main aim of this technique is to determine a critical path. Critical path is the longest path through the network and determines the duration of the project. It is also the shortest amount of time necessary to accomplish the project. By postponing any of the activities on the critical path causes delay of the entire project. Activities which do not lie on the critical path, usually have a slack time, which means that postponing an activity does not necessarily mean the delay of the project.

CPM models the activities and events of a project as a network. Activities are depicted as nodes on the network and events that signify the beginning or ending of the activities are depicted as arcs or lines between the nodes. The following figure 3.6 shows one possible way of describing a node in the network:

ES	TS	EF
Duration	Description	
LS	FS	LF

Figure 3.6: Description of a node in CPM (source : own)

Used abbreviations mean the following:

- **ES = Early Start**

Is the earliest time that an activity can start. An activity near the end of the path will only start early if all of the previous activities in the path also started early.

- **LS = Late Start**

Is the latest time that an activity can start. If an activity is on a path that is much shorter than the critical path, then it can start very late without delaying the project.

- **EF = Early Finish**

Is the earliest time that an activity can finish. It's the date that an activity will finish

if all of the previous activities started early and none of them slipped.

- **LF = Late Finish**

Is the latest time that an activity can finish. If an activity is on a short path and all of the other activities on that path start and finish early, then it can finish very late without causing the project to be late.

- **TS = Total Slack**

The amount of time an activity can be delayed without delaying the early start date of its successor(s).

- **FS = Free Slack**

The amount of time an activity can be delayed without delaying the project end date or an intermediary milestone.

When calculating the critical path method, first it is necessary to prepare a list of all project activities and determine their duration. It is also necessary to establish logical links between these activities. This can be done directly within a software or by determining successors and predecessors in a table.

The next step is the manual calculation. Firstly, it is necessary to set the value of ES (early start) of the initial node to 0. The calculation is carried out in two passes and then the slack times are calculated. The first pass (from left to right) goes from the initial node to the final node and ES (early start) and EF (early finish) values are calculated. After the first passage the first key information is obtained - the duration of the project. The next step is the calculation of LS (late start) and LF (late finish). Finally, the free and total slack times are calculated. To calculate each value in a node the following formulas are used:

$$EF = FS + Duration \quad (3.1)$$

$$LS = LF - Duration \quad (3.2)$$

$$TS = LF - EF \quad (3.3)$$

After completion of calculations the following checks are performed:

- Network cannot contain negative values.
- For TS and FS apply, that $TS \geq FS$
- Values of ES and LS of the initial node must be equal.

At the end, it is necessary to identify and mark the critical path of the project (see figure 3.7). This is done by finding all of the nodes with zero slack time and then mark their mutual relations.

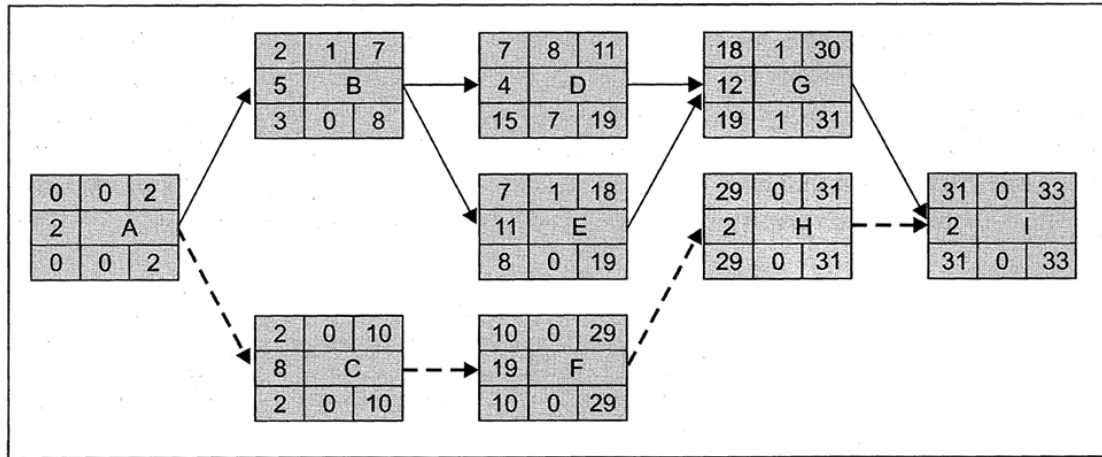


Figure 3.7: Critical Path Method [8]

3.3.2.5 Resource analysis

After creating the first version of the time schedule, it is the good time to devote to the resources, which are needed to implement the project. A resource may be defined as the machine or person who will perform the scope of work. Resource planning is therefore forecasting the resources required to perform the scope of work within the time plan [4]. Resource analysis allows to monitor the usage of project resources. All activities must be progressively evaluated based on how many different resources they consume. Resources can be defined in a table, which contains basic information about each resource, such as its name, type, cost and units. As the time schedule is already known, it is possible to determine the cumulative need for particular types of resources over a defined period (day, week, month, etc.). Basic types of resources are:

- **Labor resources**

Especially people

- **Material resources**

Necessary material, equipment and infrastructure

Money does not belong to resources. During the execution of the project, material resources are gradually consumed. For material resources, it is not possible to define the availability or a working schedule (this can be done only with labor resources). Their costs are given as a defined unit (pieces, km, m^3 , etc.). Examples of these resources can be bricks, software, services, etc.

Labor resources during the execution of the project are performing tasks. Each resource has its own calendar with the definition of the working time. A labor resource can be defined by its availability and by the amount of work it can do in a required time. **Resource capacity** is the amount of work which a resource can deliver per unit time. It is usually given as a percentage. If the value is set to 100% , it means that 100% of the time the resource is available to work on the project. The default is 8 hours per day. However, it is adjusted according to the real situation of the project. As the real work resource capacity varies over time (vacation, illness, etc.), a resource calendar is available, which shows the capacity of the resources at a given time - **the resource availability**

Once resources have been assigned to all activities, it is necessary to check if the set limits of the resources are not exceeded. A **resource histogram** can be used for this, which is a popular planning tool. It gives a good visual presentation, which is easy to assimilate and understand. The resource histogram enables to compare the resource forecast with the resources available (see figure 3.8). The ideal situation is achieved when the resource requirement equals the resources available. However, in some cases a resource overload can happen, when the resource forecast exceeds the available resources. A resource overload will lead to some activities being delayed which could delay the completion of the project [4].

The final project plan cannot contain overload resources. Therefore, it is necessary to make interventions in the project in order to eliminate the overload of individual resources. There are basically two approaches to solve an overload situation:

1. **Change the start time of a task**

Move non-critical activities within their slack time or divide the task into multiple parts.

2. Focus on assigned resources

Replace an assigned resource with another one or assign a new resource.

Solution of overload resources is not a trivial matter, because usually every change of a task causes changes in several other tasks.

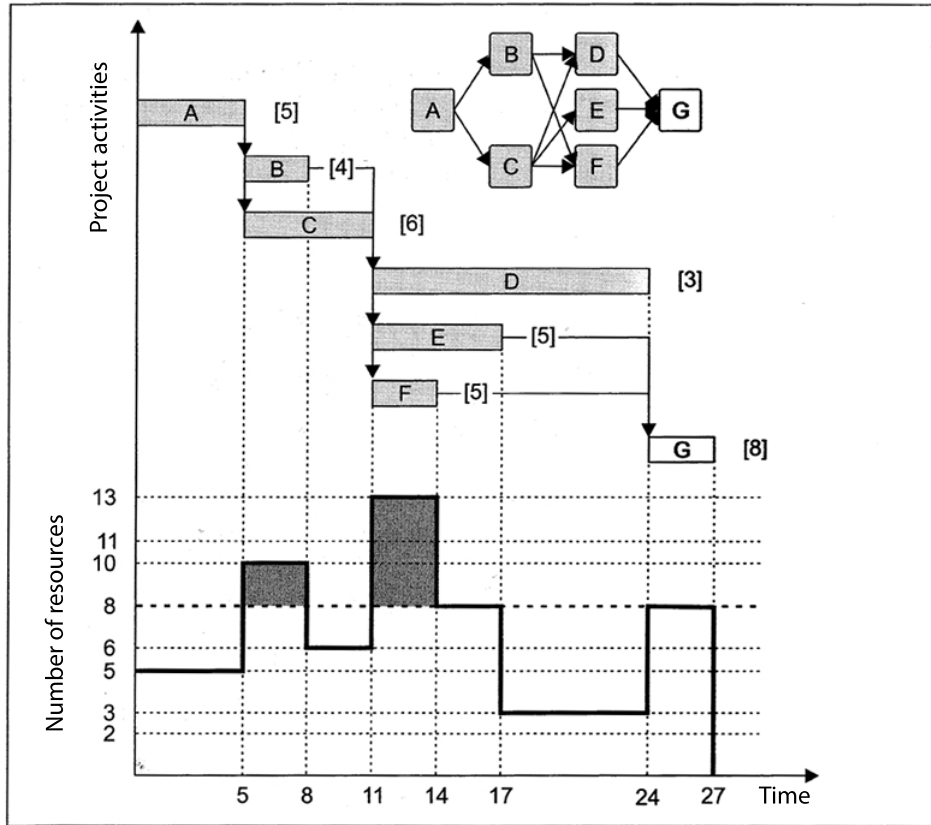


Figure 3.8: Resource analysis [8]

3.3.2.6 Determining the budget

Cost management estimates the cost of individual work packages, subsystems and of the entire project and creates a project budget. Budget is a crucial part of the project plan, as all stakeholders are interested in it. For instance, the owner of the project or the coordinators of teams, who want to know the finances for their activities. Moreover, individual employees for whom the budget is important because of their salary.

In the pre-project phase costs estimates are calculated. When processing costs estimates, historical information of the organization can be used. For instance, final budgets of

previous projects that have implemented similar type of costs. This method of estimating is called analogous estimating.

It is usual to determine a budget for the project by using parameters. Parametric estimating uses a relationship between historical data and other variables (e.g., square footage in construction) to calculate an estimate for activity parameters, such as cost, budget and duration. Cost estimation is not time consuming and does not require detailed planning of the project. However, it is necessary to realize that the actual cost of the project can vary from the initial estimates [20].

Determining a detailed budget is build on previous steps of the planning phase - creating a WBS, time schedule and resource planning. A detailed budget is created by:

- evaluation of work packages
- evaluation of the work (activities)
- inserting provisions for identified and unidentified risks

When determining a detailed budget, firstly, it is suggested to establish direct costs, which are closely associated with the implementation of specific project activities (e.g., cost of materials or purchase of services). Indirect costs are those which can not be clearly assigned to a specific project (operation of buildings, taxes and fees). They are common costs of the entire organization.

The budget should also reflect the project risks, so it should include a provision for identifiable and unidentifiable risks. Typical examples of provisions for identified risks may be provisions for [8]:

- **Exchange losses**

For projects which use a purchase or sale of a foreign currency, it is necessary to count with a reserve that covers the changes of currencies.

- **Additional costs**

For example, during the renovation of older houses it is possible to detect problems only in the implementation phase, which require additional personnel, equipment, and so on.

3.3.2.7 Risk analysis

Negative effects of different random and adverse influences can affect the course of the project and may lead to its unsuccessful end. Therefore, a project manager should be concerned about what may threaten the project and how he can improve the certainty of successful completion of the project. Risks are part of every project. It is necessary to work with them in all of the project's phases. It is very important to realize what kind of assets in the project should be protected. It is always necessary to protect the project goal and the triple constraint of the project. Moreover, important assets, which are related to the project (key supplies, resources, security, procedures, etc.). In project management it is recommended to perform a quantified risk analysis. It provides a good basis to handle situations, which represent potential dangers for the project. By implementing the proposed measures, value of risk in the project can be reduced to an acceptable level [13].

Risk is a measure of the probability and consequence of not achieving a defined project goal. It involves the notion of uncertainty. Risk is not always easy to evaluate since the probability of occurrence and the consequence of occurrence are usually not directly measurable parameters and must be estimated by judgment, statistical, or other procedures. Risk has two primary components for a given event [14]:

- A probability of occurrence of that event
- Impact (or consequence) of the event occurring (amount at stake)

Figure 3.9 shows the components of risk. Risk for each event can be defined as a function of probability and consequence (impact):

$$Risk = f(probability, consequence) \quad (3.4)$$

In general, as either the probability or the consequence increases, so does the risk. Both the probability and consequence must be considered in risk management.

While doing risk analysis, it is necessary to recognize the dangers which threaten the project. There are many kinds of dangers that can be a source of danger to the project objectives, such as bad weather, social unrest, competitive pressures, etc. For a successful risk analysis, it is necessary to characterize any real danger as accurately as possible, which is formulated

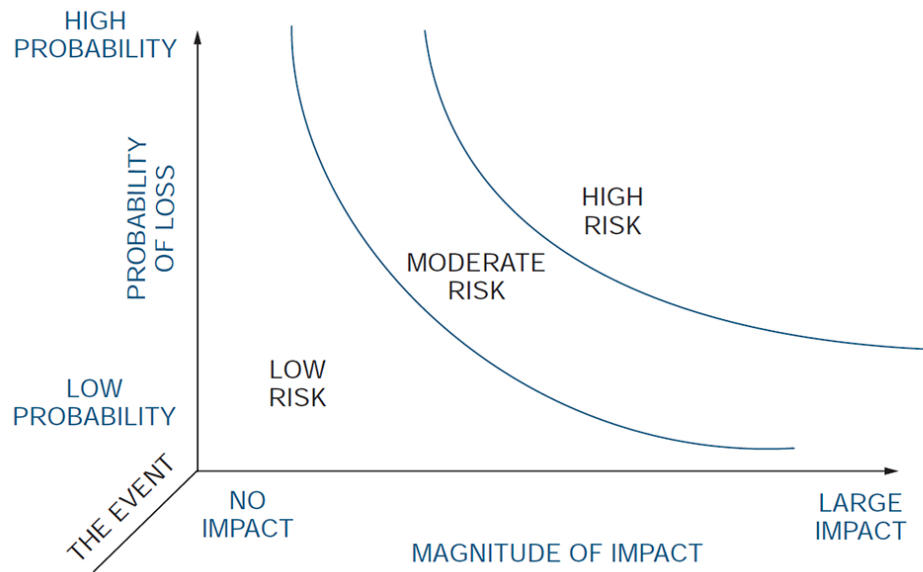


Figure 3.9: Risk components [14]

as a particular threat. It is possible to express the probability and the impact of these adverse events.

Acceptable risk represents a value of risk that can be accepted without having to ensure any special measures. Determining the value of an acceptable risk for a particular project is a matter of strategic decisions. Often it is referred to as a risk appetite. Other risk values are unacceptable for the project. Risk assessment can be done in numerical terms - **quantitative** evaluation, or in verbal values - **qualitative** evaluation (e.g. RIPRAN method). Recently, fuzzy sets can be used for qualitative risk assessment. Quantitative risk assessment is always more accurate, but it is also more challenging. Qualitative risk assessment is carried out when there is not enough data for accurate numerical representation of risks. Risk analysis includes:

- Risk identification
- Risk assessment
- Risk response to eliminate or at least to mitigate risk

After risk analysis, risk monitoring should not be forgotten where prepared measures are implemented to reduce the risk and newly occurring hazards are analyzed.

RIPRAN method

RIPRAN method (Risk PRoject ANalysis) is a simple method for project risk analysis. Risk analysis consists of the same three processes as it was mentioned before (risk identification, risk assessment and risk response).

The aim of risk identification is to identify threats and scenarios. First, it is necessary to check whether all the required documents are available, which describe the project plan. Risk identification should be done by workers who have necessary knowledge in the area of risk engineering. Afterwards, the team can begin by compiling the output list, which is usually presented as a table. The outcome of risk identification is a list of threat-scenario pairs. It is important to check whether to a particular threat all major scenarios are assigned. Similarly, it is necessary to verify whether specific scenarios are assigned to all possible threats. It is very important to determine the *threat-scenario* pair, as they enable high quality quantification of risks. Moreover, it is easier to find more effective measures for reducing the risks.

The aim of risk assessment is to evaluate the probability of threats and scenarios, the size of potential damage and to assess the degree of risk. As input, the list of threat-scenarios pairs are used. Furthermore, it is necessary to provide statistical data from past projects. The team should agree whether exact values or grading scales (e.g., very low - low - medium - high - very high) will be used for the evaluation. Afterwards, probability value and impact (financial representation of potential losses) are added for each pair. The probability is calculated by multiplying the probability, threats and scenarios. Cases with high probability and significant loss are selected.

The aim of risk response is to either prepare measures, which reduce or completely eliminate the impact of risk, or accept the risk. The level of risk, which is acceptable for our project should also be provided in time. Output is a list of suggestions how to reduce the risks and a plan how to ensure these suggestions.

In cases where it is not possible to apply a quantitative method of risk assessment, a qualitative method can be used. Table 3.1 shows a way how to evaluate a value of a risk verbally.

	Large impact	Medium impact	Small impact
High probability	HVR	HVR	MVR
Medium probability	HVR	MVR	LVR
Low probability	MVR	LVR	LVR

Table 3.1: Sample table for qualitative risk assessment [13]

Used abbreviations mean the following:

- HVR = High Value Risk
- MVR = Medium Value Risk
- LVR = Low Value Risk

A high probability is over 66%, medium probability is between 33% and 66% and low probability is below 33%. Large impact is when the project objectives or end date of the project are threatened. When the damage is greater than 20% of the value of the project. In case of medium impact the damage is between 0.51% and 19.5%. Finally, in case of small impact the damage is below 0.5%.

3.3.3 Post-project phase

The main purpose of the post-project phase is to contribute to improving the quality of projects. This ensures that the same mistakes will not be repeated in the projects and positive experiences will be evaluated. The fact that completed projects are analyzed and acquired experiences are recorded in files, allows the institution to constantly improve the quality of their projects. For employees post-project phase represents benefits in a way that they can avoid the mistakes of their predecessors and can gain experience from projects, in which they have not even participated. Commonly, post-project phase consists of the following stages:

- Analysis of the completed project

- Preparation of proposals for improving future projects
- Maintenance phase of the project results

After the completion of the project it is appropriate to proceed with an overall evaluation of the project. The goal is to find out important facts about its course. These can be used to evaluate the effectiveness and provide advices for future projects to avoid repeating mistakes. Equally important is to remember positive approaches and experiences from other projects. Continuous quality improvement of project management should be the goal of every institution [13].

Chapter 4

Current Situation Analysis

In this chapter analysis of the current market situation is described with strategy tools such as SLEPT analysis, which examines the company surroundings and its external environment. Moreover, Porter's five forces model will be used, which analyzes the level of competition within an industry. Finally, the acquired information will be used to process the SWOT analysis, which describes strengths, weaknesses, opportunities and threats. Figure 4.1 illustrates the relationships between these tools.

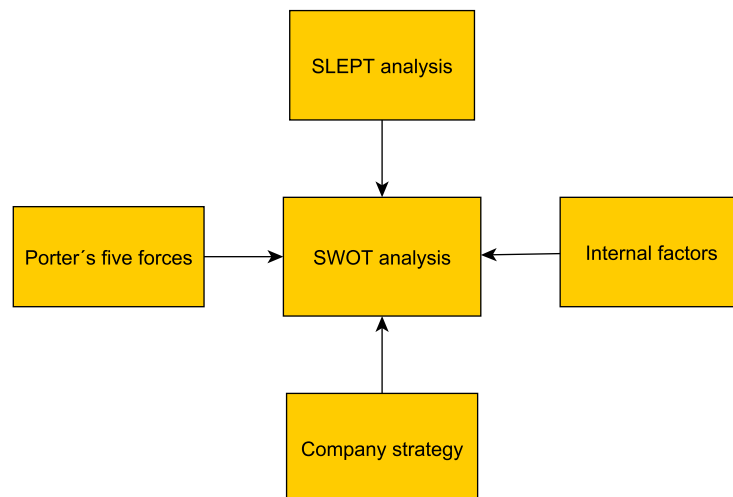


Figure 4.1: Company analysis (source : own)

In the United Arab Emirates there is a large number of companies, which offer interior decoration services. To maintain their competitiveness in the market and keep customers' satisfaction and loyalty, it is required to constantly offer something new, follow trends and

new technologies in the field. It is important to adapt these innovations to the customers' desire. These properties are prerequisites for a successful company. If the company can meet customers' expectations, that means it has the most important pillar to run a successful business.

Nowadays, Dubai is one of the supreme destinations for business people and investors in the Middle East. In the last years the city went through an enormous development process. In the 20th century, Dubai was just a small harbor. When they discovered oil in 1966, oil revenues were devoted to the development of the infrastructure. Schools, hospitals, roads and modern telecommunication networks were built. It was a frenetic development. Dubai's strong development was natural for everyone - visionary leadership, high-quality infrastructure, foreign-friendly environment, zero tax on personal and corporate income and low import duties. Due to flexible policies introduced by the government, Dubai has attracted world attention through its many innovative projects. The result in the end was that Dubai quickly became the region's top business and tourism center. The foregoing facts indicate, that there is a big potential for founding a company in Dubai. The major advantages are the following [1]:

- The state and the government support the growth of small businesses, as well as large corporations. Business opportunities in Dubai are not just for the citizens of United Arab Emirates, but it is open to foreign investors as well.
- Setting up a business in Dubai is very easy and straightforward. Policies by the government are progressive and encourage foreign investors to invest in the country.
- Taxation is minimal and mostly non-existent. Only three sectors are significantly affected in taxation - oil, banking, and tobacco processing.
- Dubai has a long-term plan that focuses heavily on growing new businesses. Their economy will be supported for years. Moreover, they have business laws that are really favorable.
- Due to the high growth there are massive construction projects in the city. Therefore, there won't be a problem with the demand for our products and services.

4.1 SLEPT analysis

SLEPT analysis was described in section 3.3.1. It includes several factors that affect the evaluation of the market situation in social, legislative, economic, political and technological areas.

4.1.1 Social factors

The age structure of the United Arab Emirates doesn't have a typical trend. In other countries, population consists mainly of older people. However, in UAE the majority of citizens are in the age group from 25 to 45. Moreover, the sex ratio also shows an unusual trend (see table 4.1).

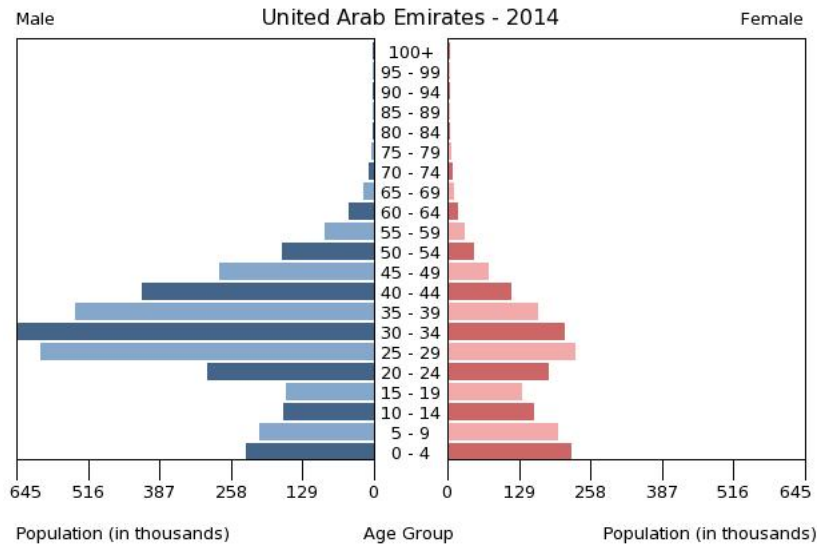


Figure 4.2: Age pyramid of the United Arab Emirates [6]

Age	Percentage	Male	Female
0-14	20.85%	616 669	588 546
15-24	13.57%	466 663	317 735
25-54	61.38%	2 704 889	842 852
55-64	3.18%	137 753	46 214
65 years and over	1.01%	36 725	21 714

Table 4.1: Age structure of the population [6]

Population growth in the United Arab Emirates is among the highest in world. From 1950 when the population was around 70 000 it has grown dramatically to 5 800 000 (see table 4.2). The population of 7.5 million is just an estimation as due to the war crisis in the Middle East lots of refugees came to the country [6].

Year	Population	Change
1950	70 000	-
1960	90 000	+28.6%
1970	232 000	+157.8%
1980	1 016 000	+337.9%
1990	1 809 000	+78.1%
2000	3 033 000	+67.7%
2010	7 512 000	+147.7%

Table 4.2: Population growth [6]

Target group of the company is between 18-60 years. Interior design and furniture need both older people and young families building up new houses, but mostly entrepreneurs for their new company. It is clear that in case of age structure, potential customers can be the vast majority of the population.

Unemployment rate can be considered stable in United Arab Emirates. In 2009 it has slightly increased from 3.7% to 4.2%, however, in the last ten years it was always around 3-4% [24].

Household expenses show a variable trend. Consumers expenditures in the 2000s were more than 26 000 USD. However, after the financial crisis in 2008, it has dramatically decreased to a near 10 000 USD. During the last few years, consumers expenditures started to grow. Nowadays, a typical UAE resident spends approximately 20 000 USD for a household. Figure 4.3 shows the structure of household expenditures in 2010. Nearly 42% of the whole expenditures goes for household goods and services and another 4% for housing, which is very positive regarding our business.

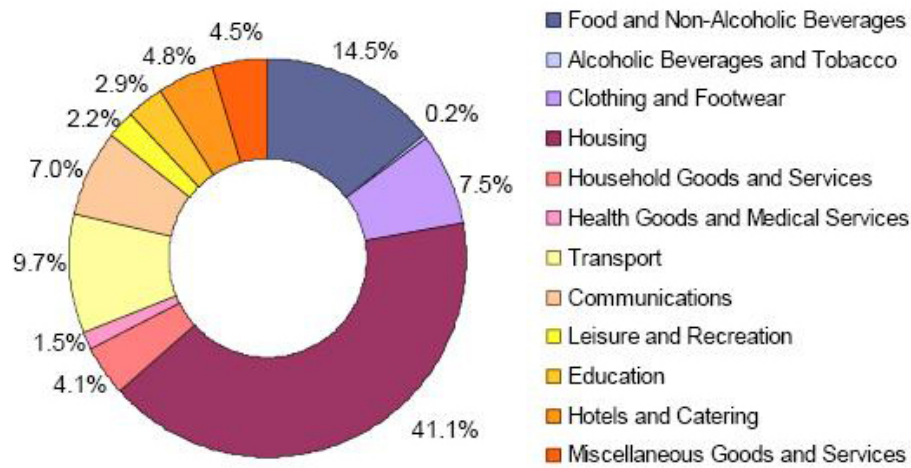


Figure 4.3: Consumer expenditures in 2010 [9]

4.1.2 Legislative factors

Every entrepreneur should have an overview of the legislation. Different laws apply to companies, which businesses must adhere in order to legally operate the company. In Dubai, the law requires that you have a local partner who holds the majority interest and can therefore control the business. The partner will own 51% of the company. The local partner (can be a company or individual) doesn't need to contribute to the start-up investment or participate financially at all. When the business is registered, the owner must show to the ministry that he has substantial money to invest. The required amount is usually between \$10,000 and \$50,000. If the owner wants to own 100% of the company and do not want to have a local partner, the only possibility is to start a business in the Free Zone. However, there are some disadvantages. Free Zone is far away from the city center, so it can go bankrupt if the business requires to be near the city. Rental costs in the Free Zone are higher, than regular rental prices within the city. Moreover, company within the Free Zone is not allowed to trade directly with the United Arab Emirates market. As our company's target is the UAE market, setting up a company within the Free Zone is not an appropriate solution [5].

4.1.3 Economical factors

Inflation is an increase in the price level of goods and services over a period of time or also decline in the purchasing value of money. The inflation rate in the recent years has a downward trend (see figure 4.4). Theoretically, people can buy for their pension smaller quantity of goods and services, which could slightly affect demand for our products and services. Fortunately, a substantial increase in the price level is not likely in the near future.

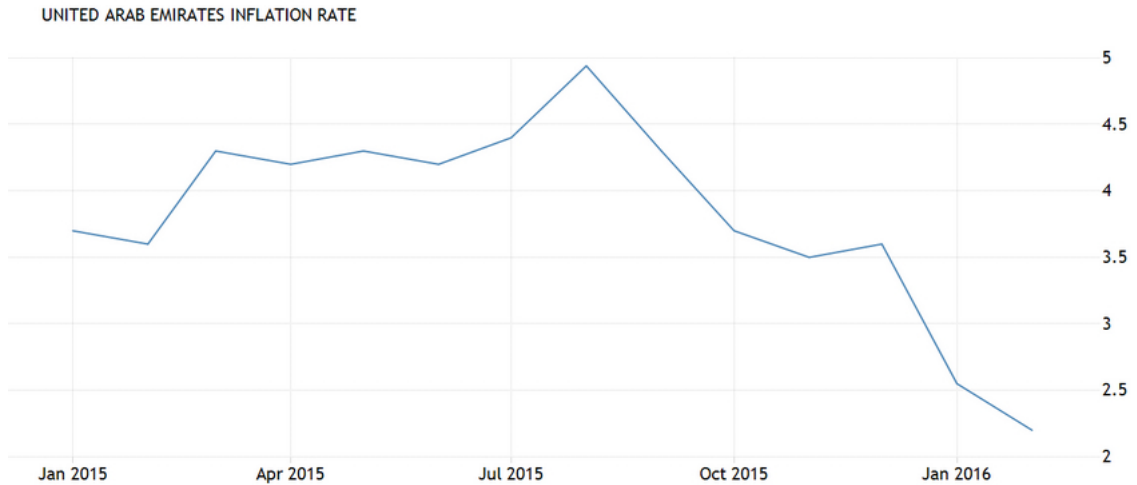


Figure 4.4: United Arab Emirates inflation rate [23]

United Arab Emirates is one of the most developed countries in Middle East and has high value of GDP per capita. Naturally, the oil industry creates the major part of the GDP (38%). In 2009, there was a big drop and afterwards a subsequent growth in 2010 (see figure 4.5). Prognosis of GDP shows a modest GDP growth. If GDP grows, we can expect increasing demand for services.

Another important indicator is the exchange rate, which affects the development of the business. If there was a significant currency depreciation, it will probably have a negative impact mainly on the overall profitability. The United Arab Emirates dirham is a very stable currency. The exchange rate is around 3.67AED/USD and it barely changed during the past ten years.

The most important advantage of starting a business in Dubai is the tax exemption, since in the UAE only banks and oil companies have to pay taxes. Another important advantage is the low share capital, which can be only \$275 (100AED). Another important fact is that there are no accounting obligations or annual reports to the authorities.



Figure 4.5: United Arab Emirates GDP growth rate [22]

4.1.4 Political factors

It is important to pay attention to the political situation in the country as the government influences the business environment in a large extent. Frequent changes in the government certainly do not contribute to the stability and certainty of the companies. With each new government new people come who have new ideas and visions about how to manage the country. They present new methods and regulations through which they want to achieve their goals. However, for companies this usually means extra costs. Fortunately, United Arab Emirates is a stable country from a political point of view. UAE is a federation of hereditary absolute monarchies. The federation consists of seven emirs. Each of the seven emirates has its own local government.

In recent years, all we can hear from the media is the refugee crisis. Millions of people were obliged to leave their homes because of the war in Syria and in other regions of the Middle East. Most of the refugees headed to Europe, but some of them moved to the south to search for a livable countryside. As a result of this crisis, increased number of immigrants settled in UAE, which may change the political situation in Dubai as well. This can cause an outflow of entrepreneurs abroad.

The United Arab Emirates is politically a stable country, whose primary interest is to preserve its good position. The crime rate in the country is almost equal to zero. The most serious security issue is the created tension around the Iran nuclear program. A possible military action against Iran can lead to unpredictable consequences in the region.

4.1.5 Technnological factors

In order to remain competitive in the market, a company must follow the development of new technologies and keep up with them. A major part of the UAE population consists of young IT professionals, who are extremely knowledgeable in the IT field. The IT industry relates to the tourism, hotel, computer and IT service sectors. Significant technology factor for this project is the Internet. Internet environment is constantly evolving. It is the primary tool by which people search for information, perceive advertising or find reviews and experiences about a concrete product. The Internet provides a lot of opportunities to promote your business: advertising on different sites and forums, creating groups on social networks, collaboration with well-known bloggers, etc.

Good news are that Dubai has invested a lot in the communication infrastructure. The number of internet users, personal computer sales and IT software solutions are all showing a growing trend. The United Arab Emirates has the most satellite, Internet and mobile phone users in the Middle East. Dubai has created its first metro network in 2009 and created the first urban metro network in this region. More and more low cost airlines are flying to Dubai from Europe for an affordable price. This option represents a huge opportunity for European investors and entrepreneurs. In the recent years, technological progress in Dubai has achieved unbelievable results. If a company wants to maintain its competitiveness, it should not ignore this fact.

4.2 Porter's five forces analysis

Profitability in a particular sector depends on five dynamic factors that have an impact on prices, costs and desirable investments. Therefore, the enterprise should analyze the industry's five forces the before entering the market to test its attractiveness. Among the above mentioned five factors belong (see figure 4.6):

- Rivalry among existing firms
- Threat of new entrants
- Bargaining power of buyers
- Bargaining power of suppliers
- Threat of substitutes

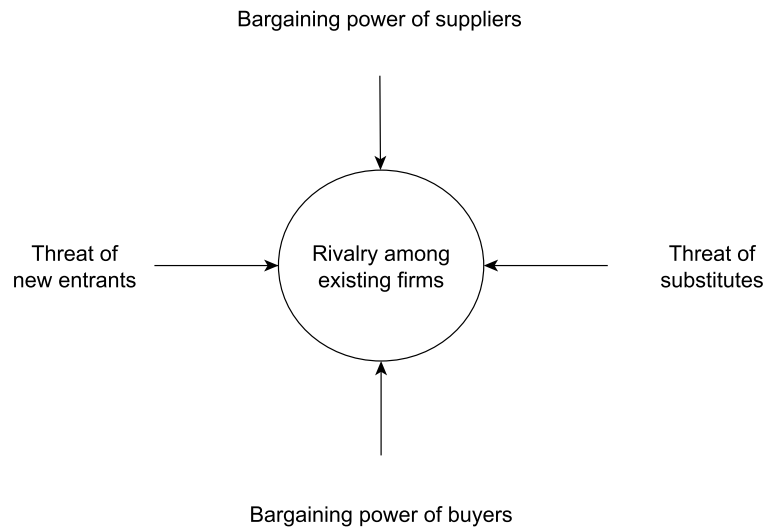


Figure 4.6: Graphical representation of Porter's five forces (source : own)

4.2.1 Rivalry among existing firms

In the field of interior design and furnishing, there is a large number of companies in the market. As everywhere, even here applies, the better wins. The company has an advantage that it has more than 10 years experience in this field as the owner had a similar business in Slovak Republic. Naturally, the Middle East market is completely different. It will take a lot of power and time until the brand-new company can see itself among the greatest. Competitors, who will directly affect our business, must be followed. The city has ten well-known companies in this field. Each company offers different types of services and somehow wants to differentiate from the others. The five main competitors are the following[15]:

- **Algedra Interior Design Consultancy** - Algedra offers luxury residential and commercial interior design services. The company is known for combining European architectural art with Eastern and Western cultures. The company is well-known among the residents in Dubai and has well-established connections and relations in this field. Therefore, we consider them as the largest competitor on the market.
- **Casa Prestige Design** - Casa Prestige Design provides luxury design solutions in every branch. Whether it is a villa, an apartment, a restaurant or a huge hotel, this

company offers services to fulfill customers' needs.

- **Blanco Interior Design** - This interior design company based in Dubai focuses on creative and innovative solutions while putting emphasis on the customers' desire as well.
- **IONS Interior Architecture Dubai** - IONS will be our second largest competitor. It is an award winning company, so their name has a good reputation. Moreover, they had big projects with international clients even in other continents.
- **Four1five** - Known for their modern design ideas, Four1five is a company which provide a wide variety of interior designs whether residential or commercial.

4.2.2 Threat of new entrants

Due to economic and technological developments in Dubai, the market is very promising and tempting. Therefore, lots of European investors and businessmen will come to the city. They will build huge factories, hotels and real estates, which represents a great opportunity in the field of interior design. An important step is to win the majority of these projects. Therefore, new competitors will enter the market, because they see huge potential in the number of orders and projects. New competitors will have to offer superior products and services to reach the level of other competitors.

4.2.3 Bargaining power of buyers

Usually, buyers are various companies building up new hotels, restaurants or company headquarters. However, potential buyers can also be end customers, who have just bought a real estate. At the beginning of the opening, when the company enters the market, buyers have a relatively large bargaining power as the company needs to fight for every customer. High competition in the industry gives the customer an option of choice. The company will need to satisfy all customer requirements with reasonable prices and discounts, new attractive services, fast delivery and fast and high quality services.

4.2.4 Bargaining power of suppliers

As our company does not want to produce its own furniture and accessories, there is a need for suppliers. Suppliers should be selected very carefully. The main prerequisite is a

high emphasis on quality and the prestige of products. It is also advantageous to distribute supplies across more suppliers to ensure the company against a possible bankruptcy. In our case, all supplies will provide trading partners from all over the world. As I stated earlier, the owner had a business in Europe in the same field. He can use his existing significant contacts and work together with the same reliable suppliers from his previous business. According to the plan, suppliers will be both from the European and American market. Therefore, the bargaining power of suppliers will be relatively low. If some of the suppliers will offer cooperation under unfavorable conditions, the company can easily resign and find a better one.

4.2.5 Threat of substitutes

Substitutes mean similar products or services, which can replace the products we offer. These substitution products are based on other technologies or on the usage of similar or completely different materials. The mere existence of these products are a threat to the company. However, the quality of products and the pricing adequacy play a significant role in the decision. By fulfilling these assumptions, the company has a strong chance of success and can resist the pressures from substitute products.

Nowadays, the market offers a wide variety of interior design services. Companies offer similar products and also try to somehow differentiate themselves as they want to cover the largest possible market and gain the most customers in a single area. It is not enough to represent only a certain kind of style as customers need to find creativity in each project. Due to the widespread use of Internet, people can find their dream home and order furniture through various websites. They can furnish their own house by themselves. Another alternative is to order cheap furniture from the Swedish manufacturer. Surprisingly, United Arab Emirates also have IKEA stores. According to these factors, the threat of substitutes is high.

4.3 SWOT analysis

4.3.1 Strengths

- Owner's long experience in the same field
- Business-friendly policies by the government

- High quality services and products
- Tax exemption
- Widely built business contacts
- Young and ambitious team

4.3.2 Weaknesses

- High rent prices in Dubai
- Need a local partner, who will gain 51% of the company
- High delivery costs from the suppliers
- Difficulties in legislative acts in a foreign country
- Unclear organizational structure

4.3.3 Opportunities

- Huge projects
- Recruitment of qualified specialists
- Consulting service
- Huge capital inflows
- Changes in design trends

4.3.4 Threats

- New entrant on the market
- Migration crisis
- Substitution products and services
- Sharp rise in the exchange rate (USD or EUR)
- Iran nuclear program

Strengths	Weaknesses
<ul style="list-style-type: none"> • Owner's long experience in the same field • Business-friendly policies by the government • High quality services and products • Tax exemption • Widely built business contacts • Young and ambitious team 	<ul style="list-style-type: none"> • High rent prices in Dubai • Need a local partner, who will gain 51% of the company • High delivery costs from the suppliers • Difficulties in legislative acts in a foreign country • Unclear organizational structure
Opportunities	Threats
<ul style="list-style-type: none"> • Huge projects • Recruitment of qualified specialists • Consulting service • Huge capital inflows • Changes in design trends 	<ul style="list-style-type: none"> • New entrant on the market • Migration crisis • Substitution products and services • Sharp rise in the exchange rate (USD or EUR) • Iran nuclear program

Table 4.3: SWOT analysis summary (source : own)

4.4 Summary of analysis

The analytical part of this thesis dealt with the current situation of the market. Analysis indicates that foundation of a new company in Dubai has lots of opportunities. Dubai is a fast-growing city full of possibilities. It is anticipated that there won't be a problem with the demand for our products and services. Huge investments in infrastructure projects and unstoppable development of the city make Dubai a great place for start-up companies. However, there are potential threats connected with the new company. Project requirements will be part of the next chapter. The analytical part and its results are key elements of the thesis, because analysis forms the basis for proposals and for suggested solutions.

Chapter 5

Proposals and Contribution

This chapter describes the actual preparation of the project and the steps of implementation by using project management tools such as project charter, logical framework method and time analysis with a detailed list of activities. An important part is the identification of potentials risks and their assessment followed by the draft of measures in order to reduce the value of the identified threats. Finally, an essential part of this chapter is the evaluation of the overall benefits that are associated with the project.

The main objective of the proposal part of the thesis is to suggest and describe all implementation steps and activities, which will contribute to a successful realization of the project. As it was mentioned in the introduction, the use of project management methods has been chosen mainly because of the certainty of achieving the defined SMART objectives. It is also possible to control and monitor various project activities during the implementation process.

In this chapter project management tools and techniques from the theoretical part of the thesis were used. Their application on the project with the combination of the facts arising from the analytical part will lead to an effective achievement of the set objectives.

5.1 Characteristics and basic requirements of the project

The executive director of the company, who is also the contracting authority of the project, decided to establish a new company in Dubai, UAE. The aim is to create a new start-up business, which will provide interior design products and services. Firstly, the company needs to be founded from legal perspective. Afterwards, the corporation needs a building

or rented premises, where the company can start its operation. This all needs to be done by April, 2017, as Dubai's well-known interior design exhibition *Index* will be held in May, 2017 [12]. The company's participation is a must in order to gain visibility on the market. The company will present its brand-new portfolio and visitors will gain insight into services offered by the company. Even though this project brings many advantages and possibilities to the manager, a significant drawback is the relatively high pressure on the factor of time and the significant amount of investments from a financial perspective.

The key part of the pre-project phase is to collect all relevant information, requirements, conditions, limitations and assumptions. All these requirements need to be specified and elaborated in detail. Another important step is the identification of all possible stakeholders and interest groups. To collect this information, sufficient number of interviews, meetings and workshops with all the stakeholders need to be made. Meetings will be held regularly (primarily with the contracting authority of the project) in order to further refine the project requirements and objectives. Basic requirements for the project given by the contracting authority are the following:

- Maximum fulfillment of SMART objectives
(See project charter and logical framework method)
- Successful completion of the project by the end of April 2017
- Do not exceed the maximum anticipated project budget - 75 000 EUR
- Guarantee the defined properties associated with the new company
- Acquisition of trusted suppliers
- Acquisition of ambitious employees and their subsequent training
- Marketing campaign in order to improve the visibility of the brand-new company

5.2 Stakeholders

Stakeholder's analysis is created at the beginning of the project and it is continually complemented as some influential groups can appear later in the project. In this analysis stakeholders are divided into primary and secondary groups. The aim is to analyze and gather all relevant information about stakeholders and examine their impact on the project.

The following table 5.1 shows the list of primary and secondary stakeholders and their expectations and impact on the project.

Stakeholder	Expectations	Impact (+/-)	Priority (1-5)
Primary stakeholders			
Owner	<ul style="list-style-type: none"> • Gain visibility on the market • Increase competitiveness and sales 	+	5
Project team	<ul style="list-style-type: none"> • Possibility of personal development • Responsibility for project success 	+	4
Local partner	<ul style="list-style-type: none"> • Should have similar interests as the owner • Possible conflicts with the owner 	+/-	5
Suppliers	<ul style="list-style-type: none"> • Visibility and presentation of their products • Strengthen their competitive position 	+	4
Employees	<ul style="list-style-type: none"> • Positions on the labor market • Participation in the growth of the company 	+	3
Customers	<ul style="list-style-type: none"> • Wider range of services on the market • Lower prices, discounts 	+	3
Business partners	<ul style="list-style-type: none"> • Getting more into customer's subconscious • Strengthen their market position 	+	2

Stakeholder	Expectations	Impact (+/-)	Priority (1-5)
Secondary stakeholders			
Competitors	<ul style="list-style-type: none"> • Interest in the failure of the project • Prevent company's successful expansion 	-	2
Government authorities	<ul style="list-style-type: none"> • Promote development of the city • Can create unfavorable conditions for the company 	+/-	1

Table 5.1: Overview of stakeholders participated in the project (source : own)

5.3 Project charter

The result of the initial phase is a detailed document called a project charter. It summarizes all the current information about the project such as the main goal of the project, its main outputs, allocated budget, project milestones and participants in the project.

Project charter

Name of project: Company foundation in Dubai.

Project goal: Foundation of a company in Dubai, United Arab Emirates, which will provide interior design services.

Project purpose: Gain visibility on the market, acquisition of customers, make profit.

Date of commencement: 5th September, 2016.

Date of completion: 14th December, 2016.

Planned costs: 75 000 EUR

Project team:

- Managing director
- Project manager
- Local partner
- Marketing and SEO specialist
- IT technician
- Financial coordinator

Project milestones:

- Project initiation: 5th September, 2016.
- Memorandum signed by a lawyer: 23rd September, 2016.
- Acquisition of trusted suppliers: 21st October, 2016.
- Confirmation from the commercial register: 28th October, 2016.
- Bank account created: 2nd November, 2016.
- Acquisition of employees and their subsequent training: 7th November, 2016.
- Rent of a suitable building: 8th November, 2016.
- Implementation of a website: 18th November, 2016.
- Acquisition of suitable IT equipment (PCs, software, etc.) and their subsequent installation : 29th November, 2016.
- Trade license acquired: 7th December, 2016.
- Project closure: 14th December, 2016.

The impetus for the realization of the project was approved by the owner of the company in March, 2016.

2nd May, 2016, Dubai.

Signature

5.4 Logical framework

	Description	Indicators	Means of verification	Assumptions
Purpose	1. Gain visibility on the market 2. Acquisition of customers 3. Profit	1. Be among the top 20 interior design companies in two years within the UAE market 2. Realize at least 10 projects in the first year 3. Get into black within two years	1. Region statistics 2. 10 concluded contracts 3. Income statement, cash flow	-
Goal	1. Foundation of a company in Dubai (UAE), which will provide interior design services	1. Successful establishment of the company by May, 2017	1. Entry in the Commercial Register	<ul style="list-style-type: none"> • Purchasing power of potential customers will not decrease • Sufficient interest in the company • Properly assembled project team
Outputs	1. Company establishment 2. Preparation of working areas	1. Successful establishment of the company by May, 2017 2. 4 fully furnished offices with appropriate IT equipment	1. Entry in the Commercial Register 2. Commercial lease agreement	<ul style="list-style-type: none"> • Obtaining all necessary documents for the company foundation

	Description	Indicators	Means of verification	Assumptions
Outputs	3. Acquisition of suppliers	3. 5 suppliers of furniture and decorative items	3. Contract with the suppliers	<ul style="list-style-type: none"> • Approval of requests by authorities
	4. Acquisition of employees	4. 3 employees	4. Contract with the employees	
	5. Marketing campaign	5. A website and a Facebook site + 3 billboards in the city	5. Delivery note, invoice	
Activities	1.1 Legal form and company name	1.1 5 MDs ¹ , 0 EUR	1.1 5 days	<ul style="list-style-type: none"> • Good experiences of the owner in company foundation • Conclusion of the contract with the landlord in time • Suppliers' willingness to cooperate with the company • Sufficient interest in open positions
	1.2 Memorandum signed by a lawyer	1.2 10 MDs, 800 EUR	1.2 10 days	
	1.3 Confirmation from the commercial register	1.3 25 MDs, 600 EUR	1.3 25 days	
	1.4 Bank account creation	1.4 3 MDs, 10 EUR/m.	1.4 3 days	
	1.5 Trade license acquired	1.5 25 MDs, 3600 EUR	1.5 25 days	
	2.1 Choosing the location of the company headquarters	2.1 10 MDs, 0 EUR	2.1 10 days	
	2.2 Rent of a suitable building	2.2 5 MDs, 365 EUR/m.	2.2 5 days	
	2.3 Acquisition of furniture and design elements	2.3 20 MDs, 2270 EUR	2.3 20 days	
	2.4 Acquisition of computers and appropriate software	2.4 15 MDs, 11 050 EUR	2.4 15 days	

¹Mandays - Unit of measurement equal to the work one person can produce in a day.

	Description	Indicators	Means of verification	Assumptions	
Activities	3.1 Contacting suppliers	3.1 10 MDs, 0 EUR	3.1 10 days	• Reliable marketing department	
	3.2 Selection of suppliers	3.2 15 MDs, 144 EUR	3.2 15 days		
	3.3 Contract signing	3.3 10 MDs, 400 EUR	3.3 10 days		
	4.1 Interview of employees	4.1 5 MDs, 0 EUR	4.1 5 days	• Sufficient amount of financial and human resources	
	4.2 Selection of employees	4.2 3 MDs, 288 EUR	4.2 3 days		
	4.3 Training of employees	4.3 10 MDs, 150 EUR	4.3 10 days	• Suppliers shall comply with the terms and conditions	
	5.1 Implementation of a website	5.1 20 MDs, 490 EUR	5.1 20 days		
		5.2 10 MDs, 349 EUR	5.2 10 days		
	5.2 SEO optimization of the website	5.3 3 MDs, 0 EUR	5.3 3 days		
		5.4 5 MDs, 0 EUR	5.4 5 days		
	5.3 Creating groups on social networks	5.5 10 MDs, 650 EUR	5.5 10 days		
		5.6 2 MDs, 6000 EUR/m.	5.6 2 days		
	5.4 Draft design of billboards				
	5.5 Creation of billboards				
	5.6 Placement of billboards				
Preliminary conditions: Approval of the project by the owner					

Table 5.2: Logical framework (source : own)

5.5 Work Breakdown Structure

For a clearer definition of various activities and objectives, the project was decomposed with the WBS (Work Breakdown Structure) tool. It also helps to specify the overall scope of the project. The structure of the project can be divided into five main stages. These stages are further broken down into more detailed subactivities. These activities should be unequivocal and logically connected to each other. The mentioned stages are the following:

- Company foundation
- Preparation of working areas
- Acquisition of suppliers
- Acquisition of employees
- Marketing campaign

Figure 5.1 illustrates the Work Breakdown Structure of the project. The figure shows the five main stages of the project and their corresponding subactivities.

5.5.1 Description of activities

The following section describes individual activities from the Work Breakdown Structure. Duration of activities associated with suppliers are estimated ². Their clarification comes after the conclusion of the contract with the supplier.

1.1 Legal form and company name

The first important decision when setting up a company is to decide its legal form. In United Arab Emirates it is possible to choose from [17]:

- Incorporating a local entity
- Registering a branch/representative office of a foreign company
- Establishing a free zone entity;
- Entering into a commercial agency relationship

²Duration of activities are expressed in days

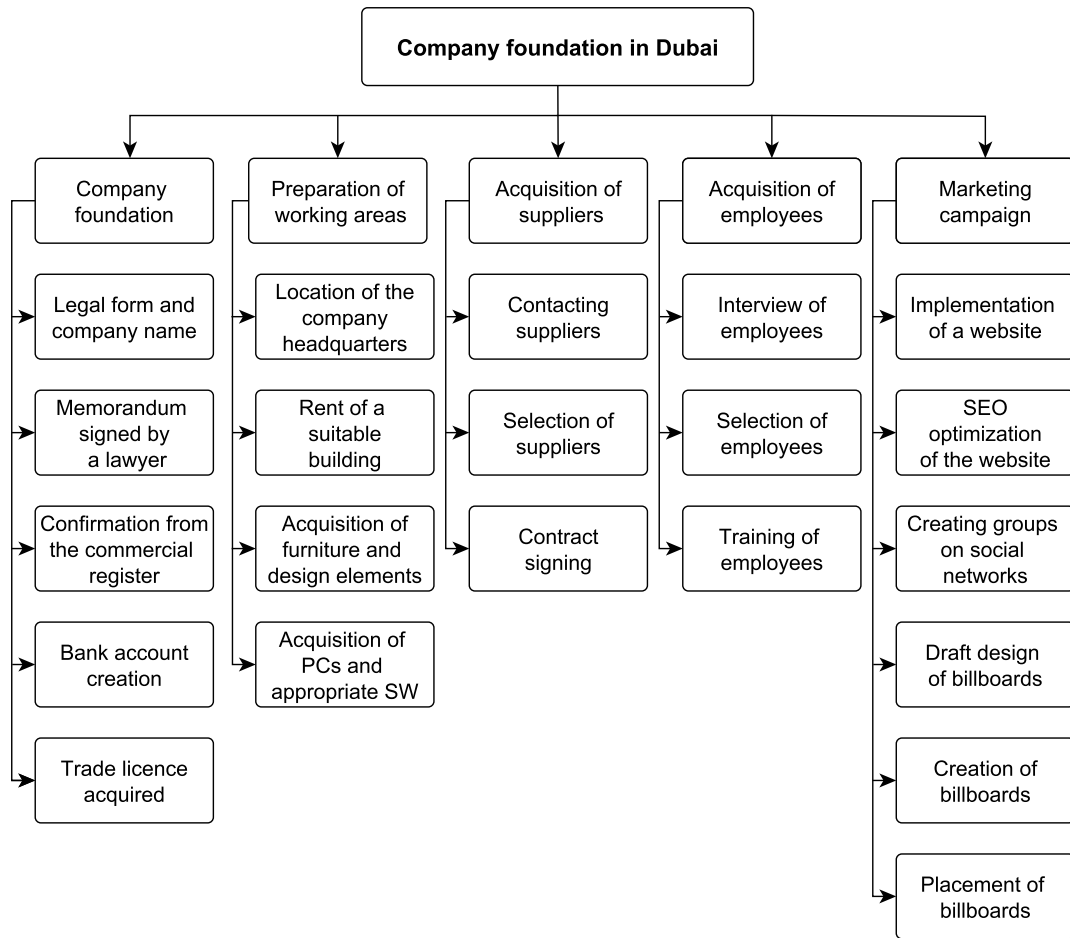


Figure 5.1: Work Breakdown Structure (source : own)

In our case, it is clear that the correct choice is the incorporation of a local entity. As I stated earlier, a Free Zone company is not allowed to trade directly with the United Arab Emirates market. Therefore, it is not an appropriate choice in our case. Within incorporation of a local entity a founder can choose from the following forms:

- Limited liability company
- Private shareholding company
- Public shareholding company
- Joint venture company

Table 5.3 shows major characteristics and key differences between these four business entities.

	Limited liability company	Private shareholding company	Public shareholding company	Joint venture company
Minimum ownership for UAE nationals	51%	51%	51% of shares	51% of capital must be contributed by the local partner
Minimum capital requirement	No requirement	AED 2 000 000	AED 10 000 000	No requirement

Table 5.3: Comparison of business entities [17]

As the main goal is to build up a company with a good image, private shareholding company would be the best choice. However, due to the high amount of capital requirements and to our limited capital this option is not feasible. Limited liability company also requires a local partner, who will get the majority of a company. However, the contract can contain the following provisions in order to protect the interests of a foreign minority shareholder [17]:

- Foreign shareholder may appoint all of the directors/general manager
- Foreign shareholder may veto major decisions of the company
- Foreign shareholder may be entitled to all of the assets of the company
- Foreign shareholder may be entitled to more than 49 percent of the company's profits

When thinking about a name for a new business it is recommended to keep in mind the following factors:

- Company name must be available. It can be checked in the Commercial Register of the United Arab Emirates.
- It is appropriate if the .ae domain name for the company is free.
- Keep in mind that company name will be often said over a phone. Therefore, the chosen name should be easy to pronounce and easy to remember.

- Company name should not be similar to an existing one. It can lead to a litigation between the parties involved. Moreover, a potential customer can accidentally get to a competitor's website while searching for yours.

From all these arguments it is obvious that a limited liability company is the most rational choice. Owner of the company accepted the proposals and he chose *RD Interiors, Ltd.* as the name of the company.

1.2 Memorandum of Association signed by a lawyer

Memorandum of Association must contain the following requisites:

- Name and address of the company
- Determination of shareholders
- Type of business
- Amount of shared capital and contribution of each member
- Appointment of an administrator for deposits
- Advantages granted to persons participating in the establishment of the company
- Expected costs related to company establishment and incorporation of the company

In our case, the company is established with a local partner, who will gain 51% of the company.

1.3 Confirmation from the commercial register

After notarization, the foundational documents are sent to the commercial register in order to create a entry for a newly founded company. It is essential that the submitted documents are free of errors and that they meet the requirements of the commercial register. Faulty documents are sent back for correction, which will lead to additional costs and to a longer waiting time [21].

1.4 Bank account creation

Opening a bank account is an essential part of a company foundation. The owner needs to examine what kind of services various banks offer. Also, their prices and interest rates should be also taken into consideration. The manager needs to decide which bank is best for the company. The capital is tied up in this account until the company is written into the Commercial Registry. Once the Commercial Register entry is complete, the deposited share capital is at the disposal of the company founders.

1.5 Trade license acquired

The trade license certificate authorizes the entrepreneur to do business. Therefore, the managing director founding the company requests the issuance of a trade license for each activity of the company with limited liability. Approval by Dubai Economic Department (DED) is needed. After this step the company is finally established from a legal perspective. However, there is still a need for suppliers, employees and suitable equipment for the offices.

2.1 Location of the company headquarters

When choosing the location of the company it is important to examine the current market conditions. Rental prices can vary from district to district. However, placing a company far away from the city centre without a proper connection from the town is unacceptable. Ideal is when location is easy to find and it is close to the highway or to other transport hubs.

2.2 Rent of a suitable building

After selecting the building, negotiation with the landlord can begin. Permission should be obtained regarding any modification activities in the offices. The future tenant needs to verify if the network infrastructure meets the expectations. It needs to be checked whether the offices received the correct amount of cables and connectors in order to equip the offices with sufficient amount of computers and other electronic devices. After the contract has been signed, the office is ready for use.

2.3 Acquisition of furniture and design elements

The next step is to furnish the offices with tables, chairs and decorative items. A meeting room must be prepared, where presentations will be held and a showroom, where potential customers can enjoy the company's designs and collections.

2.4 Acquisition of computers and appropriate software

It is very likely that the acquisition of IT equipment will represent the first major investment for the company. All employees need to be equipped with PCs and appropriate software. The designers will need MacBooks and a 3D modeling software. Their prices can easily reach thousands of EUR. The company will also need a server, Network Attached Storage (NAS) for data archiving, a printer, projectors, telephones, etc.

3.1 Contacting suppliers

After the office areas have been prepared it is time to acquire the suppliers. As I stated earlier, the owner has reliable suppliers from his previous business. Firstly, his existing significant suppliers will be contacted. However, it would be also beneficial to search for suppliers in domestic market as the shipping will be a lot cheaper.

3.2 Selection of suppliers

Suppliers must be chosen carefully, because they will have a large impact on the future success of the organization. When choosing from suppliers, the owner should take into consideration what kind of furniture each of them offer. Having different suppliers with different styles of equipment (modern, luxurious, etc.) is better for the company as it is able to cover and satisfy more customer segments.

3.3 Contract signing

Before signing a contract it is necessary to discuss the contract terms with suppliers in detail. After the contract have been signed, the company has no right to complain about

something, which was not clearly defined in the contract.

4.1 Interview of employees

At the beginning, company will hire 3 employees. The owner will be responsible for marketing and sales. One employee will take care of the logistics, one will be responsible for the finance and the third one will be the designer. Due to the limited capital, in the first six months installers for end customers will be outsourced and the company will hire an external bookkeeper.

4.2 Selection of employees

A selection procedure can be organized in two rounds. In the first round all the candidates have an interview. In the second round only the most qualified candidates can participate.

4.3 Training of employees

Each new employee will receive training according to his position. Designer needs to get familiar with the 3D modeling software, the financial coordinator will learn the usage of the accounting software and the logistics manager will gain knowledge in his field (how to optimize stocks and how to manage deliveries at the lowest possible price).

5.1 Implementation of a website

Nowadays, a website is a basic requirement for every company. Potential customers can find information about services offered by the company. A website should draw attention not only by its content, but the design of the webpage is also an important factor. Therefore, a well-designed site is able to attract more customers and can give a significant boost for the new company.

5.2 SEO optimization of the website

The website itself does not have a great significance if different search engines do not display the website among the top 6 results. Statistics have shown that 92% of clients only go through the first page. In addition, more than 50% are only looking at the top 3 results [18]. This could be improved by purchasing appropriate packages as paid ads are listed on the top. Another possibility is the usage of search engine optimization (SEO), which is based on the improvement of the website's HTML code, metadata, content, etc.

5.3 Creating groups on social networks

In the recent years, social networks are getting more and more popular. Social sites, such as Facebook, Twitter or LinkedIn have millions of subscribers. Therefore, it creates a huge opportunity for company advertisement.

5.4 Draft design of billboard

Billboard is a powerful tool for company advertisement. A billboard usually contains simple slogans along with distinctive elements. The design of the billboard will be done by our designer.

5.5 Creation of billboards

A corresponding company will be in charge of printing.

5.6 Placement of billboards

Billboards are usually located along busy roads and highways, railway stations, as well as near major shopping centers in order to attract the attention of the largest possible number of people. In our case three billboards will advertise the company at one of Dubai's underground station. Naturally, the amount of billboards will increase in the future and new billboards will be placed near the highway.

5.6 RACI matrix

For the smooth running of the project it is necessary to clearly define the responsibilities and competences of individual workers. RACI matrix serves this purpose. One of the fundamental aspects of a successful project is the teamwork. In the project many people are involved, therefore, it can happen easily that a particular task is done by someone else. The project manager should always divide these matters between the corresponding subjects. RACI matrix contains the following:

- Who will work on each activity
- What will be their responsibilities
- With whom each of them will cooperate

R, A, C, I letters can be assigned to individual subjects, which have the following meaning:

- **R**esponsible - who performs the task.
- **A**ccountable - who is responsible for the outcome, often signs and approves relevant facts related to the task.
- **C**onsulted - who can provide advices and consultation to the task.
- **I**nformed - who should be informed about the progress of a task.

Activities		Managing director	Project manager	Local partner	Marketing specialist	IT technician	Financial coordinator	Designer
1.1	Legal form and company name	R	A	C			I	
1.2	Memorandum signed by a lawyer	A	R	C			I	
1.3	Confirmation from the commercial register	A	R	C			I	
1.4	Bank account creation	A	R	C			C	
1.5	Trade license acquired	A	R	C			I	

Activities		Managing director	Project manager	Local partner	Marketing specialist	IT technician	Financial coordinator	Designer
2.1	Choosing the location of the company headquarters	A	R	C	C	C	C	
2.2	Rent of a suitable building	A	R	C		C	C	
2.3	Acquisition of furniture	C	A	I			C	R
2.4	Acquisition of PCs and SW	C	A	I		R	C	
3.1	Contacting suppliers	R	A	C				
3.2	Selection of suppliers	R	A	C			C	
3.3	Contract signing ³	R	A	C				
4.1	Interview of employees	R	A	I				
4.2	Selection of employees	R	A	I			C	
4.3	Training of employees	R	A	I				
5.1	Implementation of a website	C	A	I	R	C	I	C
5.2	SEO optimization	C	A	I	R	C		
5.3	Creating groups on social networks	C	A	I	R	C		
5.4	Draft design of billboards	C	A	I	R			C
5.5	Creation of billboards	C	A	I			I	R
5.6	Placement of billboards	C	A	I	R			

Table 5.4: RACI matrix (source : own)

5.7 Time analysis

This section is based on the processed WBS and on activities, which will be implemented within the project. First, an estimated duration is assigned to each activity. Furthermore, a time schedule is created, which contains the calculated initiation and completion dates

³An external legal adviser will be involved as a consultant

together with important milestones. Moreover, it is necessary to calculate the critical path of the project, so there won't be any complications and the project will be completed within the specified deadlines. Any delay in activities, which are on the critical path, will lead to the delay of the entire project. Therefore, it is good to plan which activities are running in parallel and which of them contain free slack time.

	Activity	Estimated duration (days)	Predecessor
1.1	Legal form and company name	5	-
1.2	Memorandum signed by a lawyer	10	1.1
1.3	Confirmation from the commercial register	25	1.2
1.4	Bank account creation	3	1.3
1.5	Trade license acquired	25	1.4
2.1	Choosing the location of the company headquarters	10	-
2.2	Rent of a suitable building	5	2.1
2.3	Acquisition of furniture and design elements	20	2.2, 4.3
2.4	Acquisition of PCs and appropriate SW	15	2.2
3.1	Contacting suppliers	10	-
3.2	Selection of suppliers	15	3.1
3.3	Contract signing	10	3.2
4.1	Interview of employees	5	-
4.2	Selection of employees	3	4.1
4.3	Training of employees	10	4.2
5.1	Implementation of a website	20	-
5.2	SEO optimization of the website	10	5.1
5.3	Creating groups on social networks	3	5.2
5.4	Draft design of billboards	5	4.3
5.5	Creation of billboards	10	5.4
5.6	Placement of billboards	2	5.5

Table 5.5: Activities and their estimated duration (source : own)

The time schedule was planned and constructed in Microsoft Project 2013. Figure 5.2 shows each activity and its precisely defined dates when it will be executed. The software is

planning the execution time of each activity automatically by skipping the weekends when workers are at home. Thus, more accurate results are obtained. Numbering of individual activities corresponds to the hierarchy of the project. Each subtask is part of a main task (numbers 1-5), which is marked in bold. Finally, the five main tasks make the overall project objective: foundation of a company in Dubai. According to the time schedule the whole company foundation will last for 68 working days. The project will start on 5th September, 2016 and it will be completed on 7th December, 2016.

Task Name	Duration	Start	Finish	
Company foundation in Dubai	68 days	Mon 05.09.16	Wed 07.12.16	
1. Company foundation	68 days	Mon 05.09.16	Wed 07.12.16	
1.1 Legal form and company name	5 days	Mon 05.09.16	Fri 09.09.16	
1.2 Memorandum signed by a lawyer	10 days	Mon 12.09.16	Fri 23.09.16	3
1.3 Confirmation from the commercial register	25 days	Mon 26.09.16	Fri 28.10.16	4
1.4 Bank account creation	3 days	Mon 31.10.16	Wed 02.11.16	5
1.5 Trade license acquired	25 days	Thu 03.11.16	Wed 07.12.16	6
2. Preparation of working areas	35 days	Wed 19.10.16	Tue 06.12.16	
2.1 Choosing the location of the company headquarters	10 days	Wed 19.10.16	Tue 01.11.16	
2.2 Rent of a suitable building	5 days	Wed 02.11.16	Tue 08.11.16	9
2.3 Acquisition of furnitures and design elements	20 days	Wed 09.11.16	Tue 06.12.16	10;20
2.4 Acquisition of computers and appropriate softwares	15 days	Wed 09.11.16	Tue 29.11.16	10
3. Acquisition of suppliers	35 days	Mon 05.09.16	Fri 21.10.16	
3.1 Contacting suppliers	10 days	Mon 05.09.16	Fri 16.09.16	
3.2 Selection of suppliers	15 days	Mon 19.09.16	Fri 07.10.16	14
3.3 Contract signing	10 days	Mon 10.10.16	Fri 21.10.16	15
4. Acquisition of employees	18 days	Thu 13.10.16	Mon 07.11.16	
4.1 Interview of employees	5 days	Thu 13.10.16	Wed 19.10.16	
4.2 Selection of employees	3 days	Thu 20.10.16	Mon 24.10.16	18
4.3 Training of employees	10 days	Tue 25.10.16	Mon 07.11.16	19
5. Marketing campaign	33 days	Mon 24.10.16	Wed 07.12.16	
5.1 Implementation of a website	20 days	Mon 24.10.16	Fri 18.11.16	
5.2 SEO optimalization of the website	10 days	Mon 21.11.16	Fri 02.12.16	22
5.3 Creating groups on social networks	3 days	Mon 05.12.16	Wed 07.12.16	23
5.4 Draft design of billboards	5 days	Tue 15.11.16	Mon 21.11.16	20
5.5 Creation of billboards	10 days	Tue 22.11.16	Mon 05.12.16	25
5.6 Placement of billboards	2 days	Tue 06.12.16	Wed 07.12.16	26

Figure 5.2: Time schedule of the project (source : own)

5.7.1 Critical path method

After the project schedule has been created, the next step is to determine the critical path of the project by using the (CPM) method described in section 3.3.2.4. Each activity's total slack time lying on the critical path is equal to zero. Therefore, even a small delay means the extension of the entire project. Critical path represents the longest path in the graph.

Figure 5.3 illustrates the network diagram of activities. Description of a node is the same as it was described in figure 3.6. The critical path passes through nodes 1.1-1.2-1.3-1.4-1.5 and is marked with a red line. Total number of activities is 21, while 5 of them are on the critical path. The estimated duration of the project is equal to the duration of the critical path, which is 68 days.

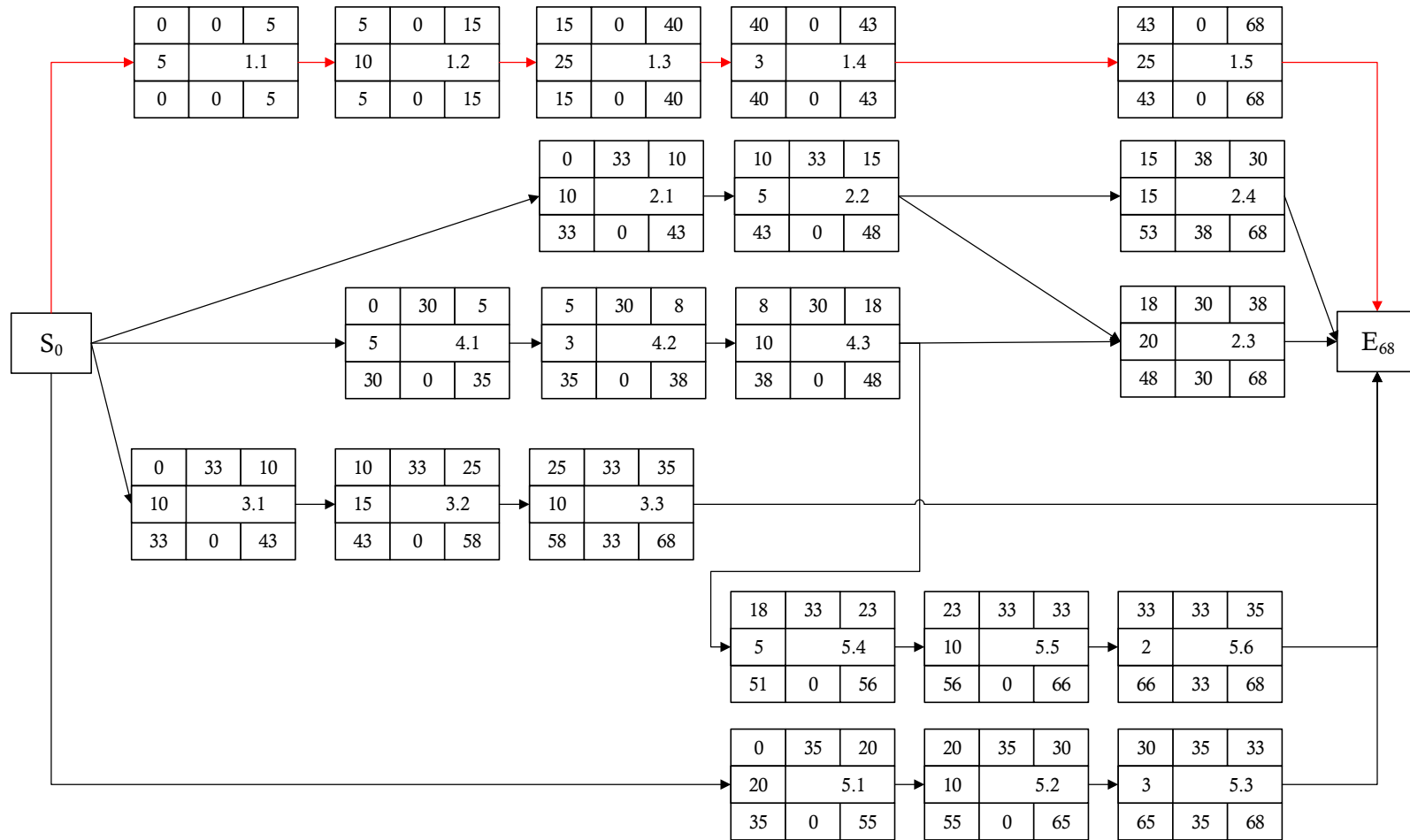


Figure 5.3: Critical Path Method (source : own)

5.7.2 Gantt chart

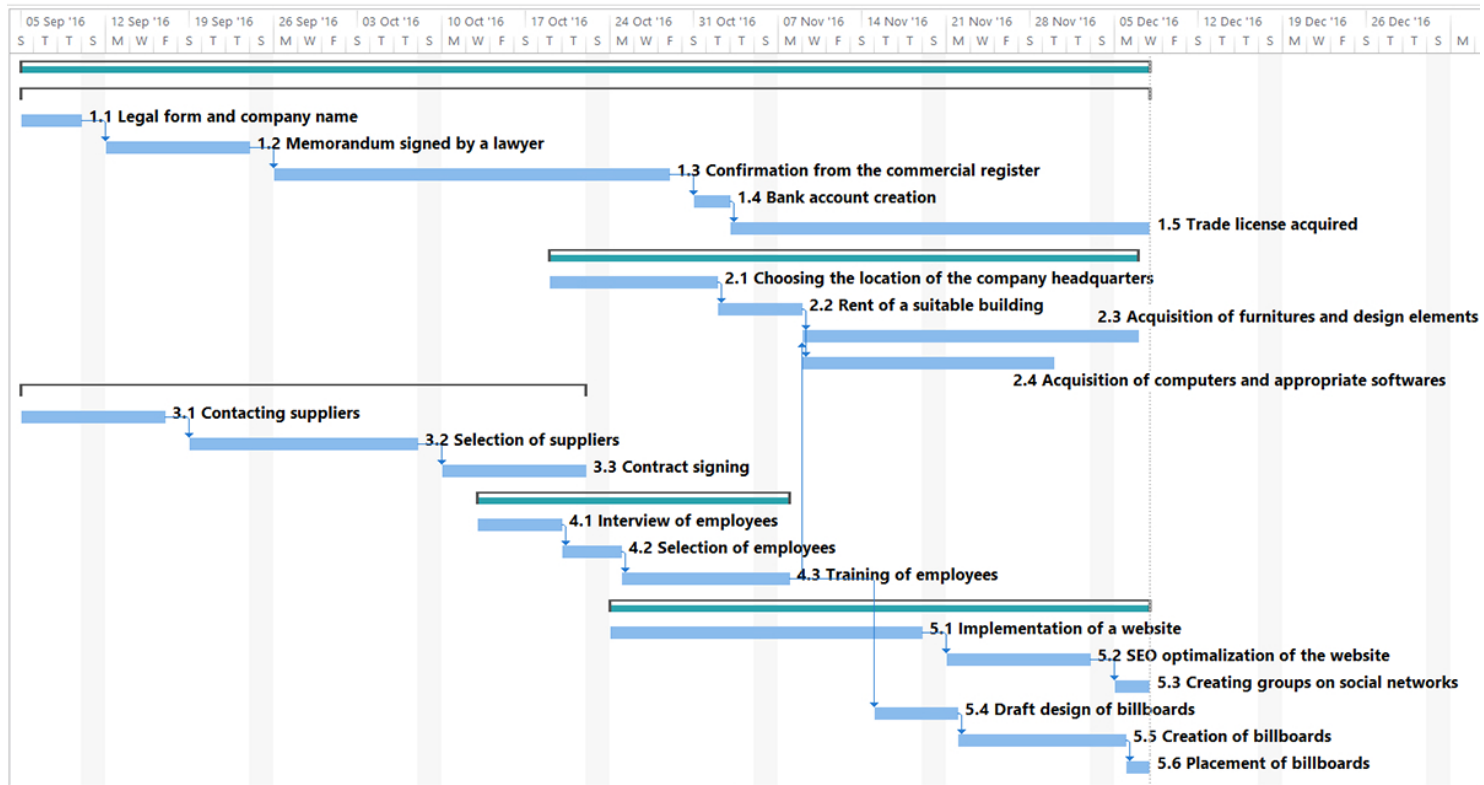


Figure 5.4: Gantt chart (source : own)

5.8 Risk analysis

This section is devoted to risk analysis and assessment that may adversely affect the implementation and success of the project. Risk analysis is processed by RIPRAN method, which was described in section 3.3.2.7. The entire project team is involved in this process. The first step of the analysis is to identify potential risks and threats. Risk identification is followed by risk assessment where with the help of probability and impact, an overall significance of a risk is determined. Moreover, measures are proposed that should suppress the negative impact of threats.

5.8.1 Risk identification

During project implementation it is very important to analyze and evaluate all of the possible threats, which can influence the continuity of the project. It is almost impossible to make a list of all possible risks. However, to focus on the main risks of the project and to propose control measures for these risks to reduce their impact is crucial for every project. Thanks to these measures the project team know how to react in an emergency.

In the following table there is a description of threats that can happen throughout the company establishment project. A scenario is written for each risk, which is a description of what can happen if a risk occurs.

Risk	Scenario
1. Inadequate experience of the project manager	Postponement of the project
2. Rejection of the company establishment request	Postponement, additional costs, project termination
3. Lack of financial resources	Project termination
4. Failure to follow the time schedule	Extended duration of the project
5. Delays in communication with authorities	Problematic schedule adherence
6. Conflicts between project team members	Misunderstandings, endangering the quality of the project
7. Incorrectly set responsibilities	Conflicts, inaccurate work, delays in project
8. Unreliability of a supplier	Low quality products
9. Lack of interest in open positions	Problematic acquisition of employees

Risk	Scenario
10. Inability to find a local partner	Project termination
11. Insufficient training of employees	Inaccurate, slop-work
12. Poor network infrastructure of the rented building	Problematic installation of IT equipment, additional costs
13. Ineffective marketing campaign	Invisibility on the market

Table 5.6: Identified threats (source : own)

5.8.2 Risk assessment

The aim of risk assessment is to evaluate the probability of threats and scenarios, the size of potential damage and to assess the degree of a risk. As input, a list of threat-scenarios pairs are used. To evaluate the overall significance of a risk the following table was used:

	Large impact	Medium impact	Small impact
High probability	HVR	HVR	MVR
Medium probability	HVR	MVR	LVR
Low probability	MVR	LVR	LVR

Table 5.7: Sample table for qualitative risk assessment [13]

Used abbreviations mean the following:

- HVR = High Value Risk
- MVR = Medium Value Risk
- LVR = Low Value Risk

A high probability is over 66%, medium probability is between 33% and 66% and low probability is below 33%. Large impact is when the project objectives or end date of the project are threatened. Moreover, when the damage is greater than 20% of the value of the project. In case of medium impact the damage is between 0.51% and 19.5%. Finally, in case of small impact the damage is below 0.5%. Table 5.8 assesses each risk by defining its probability and impact. The last three columns of table represent the probability of occurrence, the size of an impact and the overall significance of risk.

Risk	Probability	Impact	Significance
1. Inadequate experience of the project manager	Low	Large	MVR
2. Rejection of the company establishment request	Low	Large	MVR
3. Lack of financial resources	Medium	Large	HVR
4. Failure to follow the time schedule	Medium	Medium	MVR
5. Delays in communication with authorities	Medium	Large	HVR
6. Conflicts between project team members	Medium	Medium	MVR
7. Incorrectly set responsibilities	Low	Small	LVR
8. Unreliability of a supplier	Medium	Large	HVR
9. Lack of interest in open positions	Medium	Medium	MVR
10. Inability to find a local partner	Low	Large	MVR
11. Insufficient training of employees	Low	Medium	LVR
12. Poor network infrastructure of the rented building	Medium	Medium	MVR
13. Ineffective marketing campaign	Low	Large	MVR

Table 5.8: Risk assessment (source : own)

5.8.3 Risk reduction

The aim of risk reduction is to propose control measures, which reduce the impact of a threat to an acceptable level. If a threat has a low level it is possible to accept it. Output of this section is a list of proposals for risk reduction along with a plan to provide suggestions (see table 5.9). The last column defines the financial matters for each control measure. The project manager should count with it in the project budget.

Risk	Control measures	Costs ⁴
1. Inadequate experience of the project manager	Consultation with experienced colleagues	-
2. Rejection of the company establishment request	Careful inspection of all necessary documents, reserve amount for repeated application	800

⁴Prices are quoted in EUR

Risk	Control measures	Costs
3. Lack of financial resources	Establishment of financial reserves (13% of the budget)	8212
4. Failure to follow the time schedule	Constantly monitor project milestones	-
5. Delays in communication with authorities	Regular reminders to the competent authorities, require deadline from officials	-
6. Conflicts between project team members	Regular and frequent meetings, regular reporting about the work progress	-
7. Incorrectly set responsibilities	Careful control by the project manager	-
8. Unreliability of a supplier	Careful selection of suppliers, read of the contract in detail, references	-
9. Lack of interest in open positions	More advertising, offer more benefits	900
10. Inability to find a local partner	Contact partners as soon as possible, start negotiations in time	-
11. Insufficient training of employees	Multiphase training	300
12. Poor network infrastructure of the rented building	Need to check the building by a qualified personnel before contract signing	-
13. Ineffective marketing campaign	High quality processing of documents for campaign, increase the amount of advertisements	3 000

Table 5.9: Proposed control measures (source : own)

	Control measures	New probability	New impact	New significance
1.	Consultation with experienced colleagues	Low	Large	MVR
2.	Careful inspection of all necessary documents, reserve amount for repeated application	Low	Large	MVR
3.	Establishment of financial reserves (20% of the budget)	Low	Large	MVR

	Control measures	New probability	New impact	New significance
4.	Constantly monitor project milestones	Low	Medium	LVR
5.	Regular reminders to the competent authorities, require deadline from officials	Low	Large	MVR
6.	Regular and frequent meetings, regular reporting about the work progress	Low	Medium	LVR
7.	Careful control by the project manager	Low	Low	LVR
8.	Careful selection of suppliers, read of the contract in detail, references	Low	Large	MVR
9.	More advertising, offer more benefits	Low	Medium	LVR
10.	Contact partners as soon as possible, start negotiations in time	Low	Large	MVR
11.	Multiphase training	Low	Medium	LVR
12.	Need to check the building by a qualified personnel before contract signing	Low	Medium	LVR
13.	High quality processing of documents for campaign, increase the amount of advertisements	Low	Large	MVR

Table 5.10: Risk assessment after control measures (source : own)

High value of risk has three identified risks. Medium value of risk has eight and the remaining two have a low value. Thanks to my proposed measures the significance of risks has been reduced. High value risks have been reduced to a medium level. After control measures the result is the following: zero high value risk, seven medium value risks and six low value risks. The most dangerous threats are considered to be the unreliability of a supplier, the inability to find a local partner and the lack of financial resources. These threats should be carefully monitored by the project manager.

In the analysis thirteen important risks were identified. For every threat, control measures were proposed in order to reduce the probability of their occurrence and prevent their adverse consequences. Naturally, during the implementation of the project, completely unexpected situations can occur that will be resolved operatively on project team meetings. If necessary, an external consultant can be invited, who will teach how to react in these unanticipated situations. If the proposed control measures will be complied and possible new threats will be monitored throughout the project, potential risks should remain under control.

5.9 Project budget

The following section of the thesis deals with investment and maintenance costs. It is a key information for the executive director of the company in order to know how much money will be spent on the entire project. It is necessary to quantify all costs related to the establishment of the company. To allow the realization of the project, the proposed budget must be approved by the company's management. It must be clear what exactly will be paid, so it is necessary to do the calculations for each project activity. According to the defined project activities, projects costs can be divided into four categories:

- Costs related to the company establishment
- Preparation of the headquarters (IT equipment, furniture, design elements)
- Marketing costs
- Labor costs (Labor costs include remuneration payments to the members of the project team.)

To find out the real prices of furniture and design elements, as well as of IT equipment, a pricelist on a webpage was used for inspiration [11][2]. Costs related to the company foundation in Dubai are results of a conversation with an expert from the UAE market, who has already established two companies in Dubai. Estimation of other costs were obtained by using analogous and parametric estimating.

It is difficult to define the boundary between the costs which belong to the company foundation and which represent the operating costs of the company. Products and services which have a monthly fee will be calculated as annual costs (12 months). Due to high

prices, billboards will be paid when the company gets familiar with the market (estimated time: 3 months).

If the project is successfully completed and it is carried out without any significant problems, the project manager will receive a bonus to his usual salary. The project manager will be responsible for the entire project. His wage costs are estimated at 15 EUR/hour. If the project will be completed according to the planned schedule, the project manager will be awarded with a bonus in the amount of 500 EUR.

5.9.1 Company establishment costs

Description	Price (EUR)
Memorandum of Association signed by a lawyer	800
Request for an entry in the commercial register	600
Bank account creation	120* ⁵
Request for a trade license	3600
Total	5120

Table 5.11: Company establishment costs (source : own)

5.9.2 Preparation of the company headquarters

Furniture	Quantity (pcs)	Price (EUR)
Work desk	4	280
Office chair	4	140
Work lamp	4	40
Drawer unit	4	280
Conference table	1	400
Chair for the conference room	8	240
Whiteboard	1	150
File cabinet	2	140
Shelf unit	4	600
IT equipment	Quantity (pcs)	Price (EUR)
Monitor - Samsung S24E500C	3	510

⁵ Annual prices

IT equipment	Quantity (pcs)	Price (EUR)
Keyboard+mouse - Logitech Combo MK270	3	84
iMac 21.5"	1	1199
PC - ASUS Vivo PC M52AD-CZ003T	3	2199
Server - Fujitsu PRIMERGY RX1330 M1	1	1137
WiFi router - ASUS RT-AC1200G+	2	164
Patch panel - Datacom 1U	1	40
Switch - TP-LINK TL-SG1016DE	1	104
Rack cabinet 12U	1	120
Network printer - Epson WF-5620DWF	1	222
IP phone - CISCO SPA512G	4	472
NAS - Synology DiskStation DS216play	1	271
HDD for NAS - WD Red 2000GB	2	192
Monitor - Panasonic TX-55CS520E	1	609
Adobe Creative Suite 6 Master Collection	1	999
AutoCAD modeling software	1	1680*
Protection of data - AVG AntiVirus Business	1	28*
Design Manager ^[16] - accounting software	1	480*
Office 365 Business	4	390*
Other costs ⁶	-	650
Total		13 820

Table 5.12: Company headquarters preparation costs (source : own)

5.9.3 Marketing costs

Description	Quantity (pcs)	Price (EUR)
Website implementation	-	490
SEO optimization	-	349
Billboard printing	3	650
Placement of billboards	3	18000/3 month
Total		19 489

Table 5.13: Marketings costs (source : own)

⁶Other costs include cables, office accessories, etc.

5.9.4 Labor costs

As I mentioned earlier, the company's designer will be in charge of the billboards. Therefore, his costs will be calculated as his 1 month salary (2000 EUR). After the project has been completed, employees' salary will be part of the company's operating costs.

Subject	Hourly wage (EUR)	Hours worked	Price (EUR)
Project manager	15	744	11160
Marketing specialist	12	132	1584
IT technician	10	274	2740
Financial coordinator	11	186	2046
Legal adviser	100	4	400
Designer	12.50	160	2000
Total			19 930

Table 5.14: Labor costs (source : own)

5.9.5 Total costs

The total budget is calculated as the sum of the costs in the four categories mentioned above: costs related to the company establishment, preparation of the company headquarters, marketing costs and labor costs.

It is necessary to rent an office for the acquisition of suppliers and employees. A meeting room in the Sada Business Center in Dubai will be rented for three days (3 x 4 hours) [19]. Its location is convenient due to the proximity to the airport. The meeting room is at the Dubai International Finance Centre, which can be easily reach by any kind of vehicle. It costs 36 EUR/hour, which makes 432 EUR for twelve hours. Moreover, total costs include annual costs for the company headquarters (365 EUR/month).

It is also necessary to establish a reserve in order to cover risks and unforeseen situations. Bonus payments and control measure costs will be also part of the reserve. The reserve will represent 13% of the estimated project costs. According to the plan, project costs will be 71 382 EUR, which is covered by the approved budget of 75 000 EUR.

Description	Price (EUR)
Company establishment costs	5120
Preparation of the company headquarters	13 820
Marketing costs	19 489
Labor costs	19 930
Rent of a conference room for the selection procedures	432
Annual rent of the headquarters	4379
Reserve (13% of the budget)	8212
Total	71 382

Table 5.15: Total costs (source : own)

Finance must be obtained in the most prudent and least costly way. The project will be funded mostly through internal funds. However, partially it will be funded by a bank loan. Estimated ratio will be 80-20. An operating lease will be used to cover the car rental. Banks usually do not provide large amount of bank loans for a brand-new company, because there is no insurance for them. The owner of the company with the help of the local partner will deposit share capital in the amount of 100 000 EUR. 30% will be provided by the local partner (30 000 EUR). The share capital is not calculated as part of the budget, because once the Commercial Register entry has been completed, the capital can be used to cover marketing expenditures, labor costs, etc.

The project manager should be aware of how much financial resources are required for each time interval of the project. Therefore, during the project, planned costs are continuously compared with the reality and estimated costs are updated continuously. Monitoring and managing cash flow is an important part of the strategic and financial planning in order to ensure the liquidity of the project.

5.10 Project benefits

In this section it is necessary to evaluate the benefits of the project. It is difficult to calculate the company's future profits, because for a brand-new business it is not clear how many customers it can get in the first few months on a new market. However, it is advantageous

to think about the benefits that can not be expressed quantitatively. Major benefit for the new company is the potential on the UAE market. Dubai offers many advantages for foreign investors and limits in the company's growth and expansion are almost non-existent. It is expected that the marketing campaign and the offer of promising deals will attract new customers from the competitors. The company is planning to be in the black after two years of operation. It is important to count with the company's constant expenditures, such as the rent of the building, employees' salary, stock holdings, etc. If the owner will have financial difficulties in the beginning, the local partner will provide the appropriate amount of financial resources.

The elaborated practical solution uses the theoretical knowledge of project management and applies this knowledge to solve practical problems during all phases of the project life cycle. The result of the proposed solution is not only a demonstration of the ability to apply theory to practice, but created materials can be also used for future projects. The solution includes documents, which can be used as a template in other projects in various areas. Some areas of project management were not developed in a great detail. However, this allows to use the proposed solutions in variety of sectors and level of detail does not limit their use in other areas of project management.

Part of the solution is an application created in Microsoft Excel 2013, which can help during the project implementation in organization matters. The first part serves as a tool for the time schedule creation. It interactively draws the Gantt chart according to the set arguments. An Excel macro was written in order to adjust the scale of the chart. Thanks to the *offset* function, it is not necessary to update the graph after each row, but it is done automatically. The other part of the application is for budget calculation. It was done by similar functions as the Gantt chart. These applications are part of the CD attached to the thesis (see appendix [A](#)).

The evaluation of actual benefits obtained after completion of the project would facilitate the identification of key assets, but also the identification of bad decisions, which can degrade the quality of the project.

Chapter 6

Conclusion

The main aim of my thesis was to propose a project for company foundation on a foreign market with the usage of project management tools and methods.

The aim of chapter 3 was to define and clarify the basic building blocks of project management, basic concepts, methods and processes. The first sections contain clear definitions and explanations of basic terms. Furthermore, the reader learnt about basic processes of project management with a detailed description of the steps, which are essential for individual processes.

Chapter 4 dealt with the analysis of the current situation specific for the UAE market. For company analysis SLEPT, Porter and SWOT methods were chosen. These methods helped to identify the strengths, weaknesses, opportunities and threats. They revealed the relationships and the context of the planned changes and provided essential information related to the environment of the company. Results obtained using these methods were used as a basis for the practical part of the thesis.

The main goal of this thesis was to apply the gained theoretical knowledge and to demonstrate its usage for a particular project - establishment of a new company in the United Arab Emirates, Dubai. This was done in chapter 5. The duration of the project was determined. The total time needed for the implementation is 68 working days. A Gantt chart was made to graphically illustrate the distribution of activities. Finally, the project costs were calculated. According to the plan, the approved budget of 75 000 EUR will cover all expenses. Objectives and the expected goals were successfully achieved, so I consider this thesis as a success. The project is feasible and it can serve as a basis for the actual establishment of the company.

References

- [1] Ajaero, T. Starting a Business in Dubai - 10 Booming Opportunities [online].
<http://www.mytopbusinessideas.com/dubai/>. [cited 2016-04-05].
- [2] Alza.sk. Alza.sk - největší obchod s počítači a elektronikou [online].
<https://www.alza.sk/>. [cited 2016-05-14].
- [3] Berkun, S. *Making Things Happen: Mastering Project Management*. O'Reilly Media, Inc., March 2008. ISBN 978-0-596-51771-7.
- [4] Burke, R. *Project Management: Planning and Control Techniques*. John Wiley & Sons, Inc., November 2013. ISBN 978-1-118-56125-6.
- [5] Chesters, G., Hughes, B. Starting a Business: All you need to know to start a business in Dubai [online]. <https://www.justlanded.com/english/Dubai/Dubai-Guide/Business/Starting-a-Business>. [cited 2016-04-05].
- [6] CIA.gov. The World Factbook [online]. <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>. [cited 2016-04-05].
- [7] Dillon, L. Logical Framework Approach [online].
<http://www.sswm.info/content/logical-framework-approach>. [cited 2016-01-26].
- [8] Doležal, J., Máchal, P., Lacko, B. *Projektový management podle IPMA*. Grada publishing, a.s., May 2012. ISBN 978-80-247-4275-5.
- [9] Hong Kong Trade Development Council. UAE's consumer market is about diversity [online]. <http://economists-pick-research.hktdc.com/business-news/>

- [article/Research-Articles/UAE-s-consumer-market-is-about-diversity/rp/en/1/1X000000/1X09U0Z1.htm](http://www.indexexhibition.com/en/1/1X000000/1X09U0Z1.htm). [cited 2016-04-05].
- [10] Horine, G. *Absolute Beginner's Guide to Project Management*. Que Publishing., April 2005. ISBN 978-0-78973-197-5.
- [11] Ikea. Home Furniture Store, Modern & Contemporary Furniture [online]. <http://www.ikea.com/ae/en/>. [cited 2016-05-14].
- [12] Index. Index International Design Exhibition [online]. <https://www.indexexhibition.com/>. [cited 2016-04-29].
- [13] Ježková, Z., Krejčí H. *Projektové řízení: Jak zvládnout projekty*. Akademické centrum studentských aktivit, June 2013. ISBN 978-80-905297-1-7.
- [14] Kerzner, H. *Project Management: A Systems Approach to Planning, Scheduling and Controlling*. John Wiley & Sons, Inc., April 2009. ISBN 978-0-470-27870-3.
- [15] Khalil, L. Top 10 Interior Design Companies In Dubai [online]. <http://www.lifestyle-arena.com/title-top-10-interior-design-companies-in-dubai/>. [cited 2016-04-06].
- [16] Kissel, J. Design Manager [online]. <https://www.designmanager.com/features/>. [cited 2016-05-14].
- [17] Latham & Watkins. Doing Business in the United Arab Emirates [online]. https://www.lw.com/upload/pubcontent/_pdf/pub2783_1.pdf. [cited 2016-05-04].
- [18] Lee, J. No. 1 Position in Google Gets 33[online]. <https://searchenginewatch.com/sew/study/2276184/no-1-position-in-google-gets-33-of-search-traffic-study>. [cited 2016-05-05].
- [19] Malik, M. Meeting Rooms [online]. <http://www.sadabc.com/meeting-rooms/>. [cited 2016-05-14].
- [20] PMI. *A guide to the project management body of knowledge*. Project Management Institute, Inc., 2008. ISBN 978-1-933890-51-7.

- [21] Startups.ch. Steps of Company Foundation [online].
<https://www.startups.ch/en/inform/steps/stepsfoundation/>. [cited 2016-05-04].
- [22] TradingEconomics.com. United Arab Emirates GDP Growth Rate [online].
<http://www.tradingeconomics.com/united-arab-emirates/gdp-growth>. [cited 2016-04-05].
- [23] TradingEconomics.com. United Arab Emirates Inflation Rate [online].
<http://www.tradingeconomics.com/united-arab-emirates/inflation-cpi>.
[cited 2016-04-05].
- [24] TradingEconomics.com. United Arab Emirates Unemployment Rate [online].
<http://www.tradingeconomics.com/united-arab-emirates/unemployment-rate>.
[cited 2016-04-05].

List of Figures

3.1	Schematic representation of a project (source : own)	14
3.2	Triple constraint (source : own)	16
3.3	SWOT table (source : own)	21
3.4	Example template of the logical framework (source : own)	22
3.5	Sample work breakdown structure [20]	28
3.6	Description of a node in CPM (source : own)	29
3.7	Critical Path Method [8]	31
3.8	Resource analysis [8]	33
3.9	Risk components [14]	36
4.1	Company analysis (source : own)	40
4.2	Age pyramid of the United Arab Emirates [6]	42
4.3	Consumer expenditures in 2010 [9]	44
4.4	United Arab Emirates inflation rate [23]	45
4.5	United Arab Emirates GDP growth rate [22]	46
4.6	Graphical representation of Porter's five forces (source : own)	48
5.1	Work Breakdown Structure (source : own)	62
5.2	Time schedule of the project (source : own)	72
5.3	Critical Path Method (source : own)	74
5.4	Gantt chart (source : own)	75

List of Tables

3.1	Sample table for qualitative risk assessment [13]	38
4.1	Age structure of the population [6]	42
4.2	Population growth [6]	43
4.3	SWOT analysis summary (source : own)	52
5.1	Overview of stakeholders participated in the project (source : own)	56
5.2	Logical framework (source : own)	60
5.3	Comparison of business entities [17]	63
5.4	RACI matrix (source : own)	70
5.5	Activities and their estimated duration (source : own)	71
5.6	Identified threats (source : own)	77
5.7	Sample table for qualitative risk assessment [13]	77
5.8	Risk assessment (source : own)	78
5.9	Proposed control measures (source : own)	79
5.10	Risk assessment after control measures (source : own)	80
5.11	Company establishment costs (source : own)	82
5.12	Company headquarters preparation costs (source : own)	83
5.13	Marketings costs (source : own)	83
5.14	Labor costs (source : own)	84
5.15	Total costs (source : own)	85

Appendix A

Content of the CD

The attached CD contains the following directories and files:

- Directory **app** - This directory contains an application, which was created in Microsoft Excel 2007.
- Directory **memorandum** - Contains an example of an official memorandum from Dubai.
- Directory **documentation** - This directory contains source files for the technical report, which was written in the \LaTeX environment.
- File **masters_thesis.pdf** - Technical report in format PDF.

Appendix B

Example of a memorandum

Example of an official Memorandum of Association, which is used during a company establishment in Dubai.

MEMORANDUM OF ASSOCIATION

عقد تأسيس

.....L.L.C

.....ش ذ م م

This Memorandum of Association is entered into on the 5/2016 between the parties as follows:-

أبرم هذا العقد في هذا اليوم الموافق ٢٠١٦/٥/٥ فيما بين الاطراف التالية:-

1- Mr..... U.A.E National, holding Passport No:Residing in Emirate of Dubai , U.A.E (hereinafter called **the First Party**)

(1 السيد/.....، الامارات الجنسية، يحمل جواز سفر رقم (ع 2548234) ، والمقيم في امارة دبي ، الامارات العربية المتحدة (ويشار اليه فيما بعد بالطرف الأول)

2- Mr.....National, holding Passport No:, Residing in Emirate of Dubai, Dubai, U.A.E(hereinafter called **the Second Party**)

(2 السيد/.....، الجنسية ويحمل جواز سفر رقم : B0651051 ، والمقيم في امارة دبي ، الامارات العربية المتحدة (ويشار اليه فيما بعد بالطرف الثاني)

3- Mr.National, holding Passport No:Residing in Emirate of Dubai, Dubai, U.A.E(hereinafter called **the Third Party**)

(3 السيد/..... الجنسية ويحمل جواز سفر رقم 70 1382455 ، والمقيم في امارة دبي ، الامارات العربية المتحدة(ويشار اليه فيما بعد بالطرف الثالث)

The parties hereto, having full legal capacity to contract, have agreed to form a Limited Liability Company between themselves in the Emirate of Dubai in accordance with the provisions of the Commercial Companies Law on the following terms and conditions:-

اتفق أطراف هذا العقد وكل منهم بكامل الاهلية القانونية للتعاقد، علي تأسيس شركة ذات مسئولية محدودة فيما بينهم في امارة دبي طبقا لاحكام قانون الشركات التجارية و ذلك وفقا للاحكام و الشروط التالية :-

Article (1): Definitions:

1In the Memorandum of Association, the following words shall have the following meanings:-

1.1" **The Company** " shall mean the company formed pursuant to this Memorandum.

1.2" **The Commercial Register** " shall mean the Commercial Register at the Department of Economic Development.

1.3 " **The Commercial Companies Law** " shall mean Federal Law No. 8 of 1984 concerning Commercial Companies and its amendments.

1.4 " **Director (s)** " mean the Director or the Directors of the Company appointed

مادة (1): تعريفات:

1يكون للكلمات التالية في هذا العقد المعاني التالية :-

1,1"الشركة " تعني الشركة التي تأسست بموجب هذا العقد.

1,2"السجل التجاري " يعني السجل للتجاري لدائرة التنمية الاقتصادية.

1,3"قانون الشركات التجارية " يعني القانون الاتحادي رقم 8 لسنة 1984 في شأن الشركات التجارية و القوانين المعدلة له:

1,4"مدير / مديرون " تعني مدير أو مديرو الشركة المعينين بموجب هذا العقد

pursuant to this Memorandum of Association.

1.5 "The Department of Economic Development" shall mean the Department of Economic Development of the Emirate of Dubai.

1.6 "The Ministry" shall mean the Ministry of Economy and Commerce in the Emirate of Dubai.

1.7 "The Partner (s)" shall mean the parties to this Memorandum and any person or legal entity which becomes the holder of a share in the capital of the company in accordance with the terms of this Memorandum of Association.

Article (2): Name of the Company:

The name of the Company is:

.....L.L.C

(Limited Liability Company)

Article (3): Objects of the Co.:

3.1 The objective of the Company are:

COMPANY ACTIVITIES TO BE MENTIONED

which shall include the carrying on of all activities as are related or ancillary thereto.

3.2 The Company may not carry on the business of Insurance, banking or investment of funds for the account of third parties.

3.3 The Company may acquire or invest in other establishments or companies having similar objects and do all such things as may be conducive to the business of the company or arise out of the powers of the company provided the same be lawful. The company may change or amend its objects and carry any lawful activity as may be approved by resolution of the General Assembly and the Department of Economic Development.

1,5 "دائرة التنمية الاقتصادية" تعني دائرة التنمية الاقتصادية لامارة دبي.

1,6 "الوزارة" تعني مكتب وزارة الاقتصاد و التجارة في امارة دبي.

1,7 "الشركاء" تعني أطراف هذا العقد و أي شخص طبيعي أو اعتباري يصبح مالكا لاية حصة من رأسمال الشركة وفقا لشروط هذا العقد

مادة (2): اسم الشركة:

اسم الشركة هو :

.....

- ش ذ م م
(شركة ذات مسئولية محدودة)

مادة (3): أغراض الشركة:

3,1 أغراض الشركة هو:

و تشمل الاعمال التي تكون لها علاقة بهذا النشاطات.

3,2 لا يجوز للشركة أن تمارس أعمال التأمين و المصارف أو استثمار الاموال لحساب الغير.

3,3 بإمكان الشركة الحصول على أو الاستثمار في مؤسسات أو شركات تعمل في ميادين متشابهة و القيام بهذه الاعمال المتعلقة بتجارة الشركة أو بموجب الصلاحيات التي تتمتع بها الشركة شريطة أن تكون هذه الاعمال قانونية . بإمكان الشركة تغيير أو تعديل أغراضها و القيام بأي نشاطات قانونية موافق عليها بموجب قرار الجمعية

Article (4): Head Office of the Co:

- 4 The Head Office of the Company shall be in the Emirate of Dubai. It shall be permissible for the company to establish branches, offices and/or Agencies in the United Arab Emirates and abroad.

Article (5): Duration of the Co.:

- 5 The duration of the company shall be Thirty Gregorian years commencing on the date of registration on the Company in the Commercial Register. Such period will be renewable automatically for similar period or shortened by a resolution of partners at General Assembly, except if one party informed either party in writing of his wish to terminate this contract at least three months before the expiry date.

Article (6): Capital of the Co.:

- 6.1 Capital of the Company is Dhs.300,000/- (Dhs. Three Hundred thousand only) divided into 300 (Three Hundred) shares with value of each share being Dhs.1000/- (Dhs. One thousand only).

- 6.2 Capital of the Company is divided among the partners in the following manner:-

Partners	No Of Share	Value Of Share	Percentage Of Share
First Party	153	153,000	51%
Second Party			
Third Party			
Total	300	300,000	100%

- 6.3 The partners declare that the value for the cash shares has been paid in full and has been deposited in the company's bank

مادة (4): مركز الشركة الرئيسي:

4 يكون مركز الشركة الرئيسي في اماره دبي، و يجوز للشركة أن تنشئ لها فروعاً أو مكاتب أو توكيلات داخل الدولة و خارجها.

مادة (5): مدة الشركة:

5 مدة الشركة ثلاثون سنة ميلادية ، تبدأ من تاريخ التسجيل الشركة في السجل التجاري و تجدد تلقائياً لمدة مماثلة أو يتم نقصها بموجب قرار من الشركاء في الجمعية العمومية ، الا اذا قام أحد الأطراف باعلام الطرف الآخر خطياً برغبته بانتهاء العقد وذلك قبل ثلاثة أشهر على الأقل من تاريخ انتهاء العقد

مادة (6): رأسمال الشركة:

6,1 حدد رأسمال الشركة بمبلغ و قدره - 300.000/ درهم (ثلاثمائة الف درهم لاغير) مقسمة إلى 300 (ثلاثمائة) حصة بقيمة كل حصة -/ 1000 درهم (الف درهم فقط)

6,2 قسم رأسمال الشركة بين الشركاء بينهم حسب النسب التالية:

الشريك	عدد الحصة	قيمة الحصة	% الحصة
الطرف الاول	١٥٣	١٥٣٠٠٠	٥١%
الطرف الثاني			
الطرف الثالث			
المجموع	300	300,000	100%

6,3 يقر الشركاء بأن قيمة الحصة النقدية قد تم دفعها كلها وبالكامل و تم ايداعها لدي حساب البنك للشركة كما هو مثبت من الشهادة الصادرة من البنك

account, as evidenced by a bank certificate submitted with this Memorandum.

Article (7): Transfer of the Shares:

- 7.1 Any partner may transfer his shares in the company to one or more partners or to a third party by a way of an instrument notarized by the component official authority.
- 7.2 If one of the partners intends to transfer his share(s) in the company with or without consideration to a person who is not a partner, he must notify the other partners through the Director(s) with the terms of transfer and the Director(s) must notify the other partners on receipt of such notice. Any partner may apply to acquire the share(s) at the agreed price and in the event of a disagreement on the price, Article 231 of the Commercial Companies Law shall apply.
- 7.3 If within thirty days of the date of the notice, none of the partners exercise their rights to acquire the shares, the partner shall be free to dispose of his share(s).
- 7.4 If more than one partner exercise the right to acquire the shares, the shares to be transferred shall be divided between them in proportion to the share which each of them holds in the capital subject to the provisions of article 227 of the Commercial Law.
- 7.5 No transfer shall be valid as against the Company or third parties until it is recorded in the register of partners and the Commercial Register. The Company may not refuse to record the transfer in the register of the partners unless it contravenes the provisions of this Memorandum.
- 7.6 In any event, the transfer must not result in the reduction of the shares of the national partner in the capital of the company to less than 51% of the total shares not increase the number of the partners to more than fifty nor decrease it to less than two.

والمرفقة مع عقد التأسيس هذا.

مادة (7): التنازل عن الحصص:

- 7,1 يجوز لأي شريك أن يتنازل عن حصصه في الشركة إلى واحد أو أكثر من باقي الشركاء أو الغير بمقتضى محرر موثق من قبل الجهة الرسمية المختصة.
- 7,2 إذا اعتزم أحد الشركاء التنازل عن حصته أو حصصه في الشركة بعوض أو بغير عوض لشخص من غير الشركاء، وجب عليه أن يخطر باقي الشركاء عن طريق مدير/مديري الشركة بشروط التنازل و علي مدير/مديري الشركة إخطار باقي الشركاء بمجرد وصول الإخطار إليهم . و يجوز لكل شريك أن يطلب استرداد الحصة / الحصص بالثمن الذي يطبق عليه ، و في حالة الاختلاف علي الثمن يطبق حكم المادة 231 من قانون الشركات التجارية
- 7,3 إذا انقضي ثلاثون يوما من تاريخ الإخطار دون أن يستعمل أحد الشركاء حق الاسترداد كان الشريك حرا في التصرف في حصته.
- 7,4 إذا استعمل حق الاسترداد أكثر من شريك قسمت الحصص المباعة بينهم بنسبة حصة كل منهم في رأس المال مع مراعاة أحكام المادة 227 من قانون الشركات التجارية.
- 7,5 لا يحتج بأي تنازل في مواجهة الشركة أو الغير حتي يتم تاريخ قيده في سجل الشركة و في السجل التجاري، و لا يجوز للشركة الامتناع عن قيد التنازل في السجل الا اذا خالف ما نص عليه في هذا العقد.
- 7,6 و في جميع الاحوال يجب الا يترتب علي التنازل انخفاض نصيب الشركاء المواطنين في رأسمال الشركة الي أقل من 51% من مجموع الحصص كما يجب أن لا يترتب عليه زيادة في عدد الشركاء الي أكثر من خمسين شريكا و لا أن يقل عدد الشركاء عن اثنين.

Article (8): Register of Partners:

8.1 A special register of the partners shall be prepared by the Company and be kept at its main office which should include the followings:-

- Full name of each Partner;
- Nationality;
- Profession;
- Domicile;
- Address;
- Number and value of the shares owned by each of them and
- Details of all dealing carried out with regard to the shares, together with dates thereof.

8.2 The Director(s) shall be jointly liable for maintaining the register and for the accuracy of its contents, the partners and any interested party shall have the right to review such register.

8.3 The Company shall provide both the Ministry and the Department of Economic Development in January of each year with particulars and the amendments thereto.

Article (9): Management of the Co.:

9.1 The Partners have agreed that Mr....., National, shall be the Managing Director of the Company with full executive powers of the company in all respects, including all managerial, and commercial matters.

Managing Director shall sign on behalf of the company on all documents related to it in the frame work of the companies objective and at all levels including Federal and Local Government Departments, Police, Courts, Airports, Seaports, Municipalities, Economic Department and Chamber of Commerce and Trakhees and Police and Etsalat and du and Labour and Immigration Departments and other offices of the nongovernmental organizations.

9.2 The Managing Director shall be appointed without any time limit, which shall be

مادة (8): سجل الشركاء:

8,1 تقوم الشركة باعداد سجل خاص بالشركة يحتفظ به في مركزها الرئيسي و تشتمل علي ما يلي :-
(ا) الاسم الشريك الكامل،
(ب) الجنسية ،
(ج) المهنة ،
(د) الموطن ،
(هـ) العنوان ،
(و) عدد و قيمة الحصص المملوكة بواسطة كل منهم و
(ز) تفاصيل جميع المعاملات التي جرت علي الحصص اضافة الي تواريخ حدوثها.

8,2 يكون مدير/ مدراء الشركة ملزمين بتحضير و تجهيز السجل و عن دفته و صحة محتوياته علما بأن الشركاء و كل طرف له الرغبة يكون له الحق في مراجعة السجل المذكور.

8,3 يكون علي الشركة أن تزود كل من الوزارة و دائرة التنمية الاقتصادية في يناير من كل عام كامل التفاصيل المسجلة في السجل المذكور بعاليه و التعديلات التي طرأت عليه.

مادة (9) ادارة الشركة:

9,1 إتفق الشركاء أن ،الجنسية ،يكون مدير إداريا للشركة مع كافة السلطات التنفيذية لادارة الشركة من جميع النواحي الادارية و التجارية.

المدير الإداري له الحق في التوقيع بالنيابة عن الشركة على كافة الوثائق و المستندات المتعلقة بالشركة في مجال الاعمال مع الشركات الاخرى على المستويات شاملة الدوائر الاتحادية و المحلية و ادارة الشركة و أمام المحاكم و المطارات و الموانئ و البلديات و الدائرة الاقتصادية و التراخيص و الاتصالات و دو و غرفة التجارة و دوائر العمل و الهجرة و الشرطة والدوائر الاخرى من المؤسسات غير الحكومية.

9,2 يكون تعيين المدير الاداري لمدة غير محددة ، إعتبارا من تاريخ تسجيل الشركة في السجل

renewable permission of both party ,
commencing from the date of registration
of the company in Commercial Register.

9.3 To appoint and remove advocates , lawyeres
to fike or defend any suits before all courts
at all levels with all the matters mentioned
in the Article(58) If Civil Proceedings Law.

9.4 The Managing Director shall have all of the
powers necessary for the management of
the company and signing on its behalf and
carrying out all acts required by its objects.
The powers of Managing Director include
the following:-

To represent before all the local
Authorities, Government Departments,
Ministries, all the companies,
establishments or other businesses and sign
all documents, papers and contracts with or
before them.

To open and close bank account or accounts
in the name of the company with any bank
and to operate such bank accounts by
drawing and depositing and sign on
cheques and acquire any bank facilities
which he deems appropriate for the interest
of the company.

To sign the drawing instruments pertaining
to requests and applications for bank loans
and to provide securities required by the
bank thereto, to sign cheques and bills and
to give release and fix terms for repayment.

To purchase any business, assets or goods
on credit.

To appoint and remove employees and
consultants and fix their duties and
remuneration.

To represent before all the Ministries
and local authorities for establishing
this company and do any other work in
connection therewith.

To sign all tenders, contracts,
documents or receipts of financial or

التجاري .

9,3 القيام بتعيين أو عزل المحامين لرفع أو مدافعة عن
أية دعاوي أمام كافة محاكم دولة الامارات العربية
المتحدة بمختلف درجاتها و بكافة الامور الواردة في
المادة (58) من قانون الاجراءات المدنية.

9,4 يكون للمدير الاداري كافة الصلاحيات الضرورية
لادارة الشركة و التوقيع نيابة عنها والقيام
بجميع الاعمال التي تقتضيها الشركة و
أغراضها و صلاحيات

أن يمثل الشركة أمام كافة الدوائر الرسمية و الوزارات
و كافة الشركات و المؤسسات أو الاعمال
التجارية الاخرى والتوقيع علي كافة المستندات
و الاوراق و العقود مع أو أمام الجهات
المذكورة.

فتح و اغلاق الحسابات البنكية أو الحسابات باسم
الشركة و تشغيلها بالسحب والايداع و التوقيع
شيكات والحصول على أي تسهيلات مصرفية
التي يراها مناسبة لتحقيق أغراض الشركة.

والتوقيع على محررات السحب الخاصة بطلب
القروض المصرفية وتقديم الضمانات التي
يتطلبها البنك بهذا الخصوص والتوقيع على
الشيكات والكمبيالات واعطاء المخالصات
وتحديد شروط الدفع.

أن نقوم بشراء أية أعمال تجارية أو أصول أو بضائع
علي الحساب.

أن نقوم بتعيين أو انهاء خدمةالمستخدمين و
المستشارين و تحديد و اجباتهم و مكافاتهم وفقا
لقوانين العمل في دولة الامارات العربية
المتحدة..

المثل أمام كافة الوزارات و السلطات المحلية
لتأسيس هذه الشركة و أن نقوم بأي عمل
يرتبط بهذا الشأن.

أن نقوم بالتوقيع علي كفالة العطاءات و العقود و
المستندات و الايصالات ذات الصلة المالية

commercial nature on behalf of the company.

To authorize and sanction all the vouchers for books of account and payment of all expenses.

To sub-delegate all or any of these powers to any other person.

أو التجارية نيابة عن الشركة.

أن يعتمد و يصادق علي كل السندات للدفاتر الحسابية و لدفع كافة المصروفات.
أن يحيل كل أو أي من هذه السلطات إلى أي شخص آخر.

Article (10): Financial Management:

10.1 The Company's Director shall prepare the company's balance sheet and profit and loss account. He shall also prepare an annual report of the company's activities, its financial position and proposal for the distribution of profits.

All the above should be completed within three months from the end of the company's financial year.

10.2 The Balance sheet and the profit and loss account shall be submitted to the annual General Assembly for the approval.

10.3 The Directors shall within ten days of receipt of the partners approval of the balance sheet and the profit and loss account, provide the Ministry and the Department of Economic Development with copies of the aforesaid documents.

مادة (10): الادارة المالية:

10,1 [تولي مدير الشركة اعداد الميزانية السنوية للشركة و حساب الارباح و الخسائر كما يقوم بوضع تقرير سنوي عن نشاط الشركة او مركزها المالي و مقترحاته في شأن توزيع الارباح.

و ذلك كله خلال ثلاثة أشهر من تاريخ انتهاء السنة المالية للشركة .

10,2 تجب تقديم الميزانية و حساب الارباح و الخسائر إلى الجمعية العمومية السنوية لاعتمادها .

10,3 علي المدير ة خلال الايام العشرة التالية من تصديق الشركة علي الميزانية أن يودعها لدي كل من الوزارة و دائرة التنمية الاقتصادية بنسخة عن كل من الوثائق المذكورة أعلاه.

Article (11): The General Assembly:

11.1 The Company shall have a General Assembly composed of all the Partners. The General Assembly shall be convened at the invitation of the Director at least once a year on the date and place to be determined by the Director during the four months following the end of the financial year.

Invitations to attend the General Assembly shall be given by the Director and the Director must call a General Assembly if any or by a number of the partners holding not less than one quarter of the capital.

مادة (11): الجمعية العمومية:

11,1 تكون للشركة جمعية عمومية تتكون عن جميع الشركاء و تنعقد الجمعية العمومية مرة علي الاقل في السنة والزمان و المكان الذي يحدده المدير خلال الاشهر الاربعة التالية نهاية السنة المالية.

توجه الدعوة الي الجمعية العمومية من مدير الشركة يجب علي المدير دعوة الجمعية العمومية لانعقادها اذا طلب ذلك مجلس الرقابة - ان وجد - أو عدد من الشركاء يملك ما لا يقل عن ربع رأس المال.

11.2 Invitation to attend the General Assembly shall be sent by registered letter with acknowledgment of receipt address to each partner at least twenty one days before the meeting. The invitation must include the particulars of the agenda and the place, date and time of the meeting.

11.3 Every partner shall have the right to attend a General Assembly irrespective of the number of shares he owns. A Partner may, by proxy, delegate another partner or party other than a manager to represent his at the General Assembly. Each Partner shall have number of votes equals to the number of shares he owns or represents.

11.4 The agenda for the annual General Assembly must include the following:

- a) Review of the report of the Director(s) on the company's activities and financial positions during the year, the report of the Board of supervision, if any, and the auditors' report;
- b) Discussion and adoption of the balance sheet and profit and loss account;
- c) Determination of the shares in the profits to be distributed among the Partners;
- d) Appoint of the Director(s) or the members of the Board of Supervision, if any and determination of their remuneration;
- e) Any other matter within its competence in accordance with the provisions of the Commercial Companies Law or this Memorandum.

11.5 The General Assembly may not deliberate matters not included in the agenda unless serious issues are disclosed at the meeting which require discussion. Should any one of the partners request the inclusion of a specific matter on the agenda, the Director(s) must do so, but if he or they fail to do so the partner shall have the right to appeal to General Assembly.

11.6 Every Partner shall have the right to discuss matters included in the agenda. The

11,2 توجه الدعوة بحضور الجمعية العمومية بموجب كتب مسجلة بعلم الوصول ترسل الي كل شريك قبل موعد انعقادها بواحد و عشرين يوما علي الاقل ، و يجب أن تشمل كتب الدعوة علي بيان جدول الاعمال و مكان اجتماع و زمانه.

11,3 لكل شريك حق حضور الجمعية العمومية مهما كان عدد الحصص التي يملكها و للشريك أن ينوب عنه بتفويض شريك او طرف آخر دون المدير لتمثيله في الجمعية العمومية و يكون لكل شريك عدد من الاصوات بقدر ما يملكه أو يمثلته عن حصص.

11,4 يجب أن يشتمل جدول أعمال الجمعية العمومية في اجتماعها السنوي علي المسائل التالية :-

(أ) سماع تقرير المدير عن أنشطة الشركة و مركزها المالي خلال السنة و تقرير مجلس الرقابة - ان وجد - و تقرير مدققي الحسابات.

(ب) مناقشة الميزانية و حساب الارباح والخسائر والتدقيق عليها.

(ج) تحديد حصص الارباح التي ستوزع علي الشركاء.

(د) تعيين المدير / المديرين أو أعضاء مجلس الرقابة - ان وجد - و تحديد مكافأته.

(هـ) أية مسائل أخرى تدخل ضمن اختصاصها بموجب أحكام قانون الشركات التجارية أو هذا العقد.

11,5 لا يجوز للجمعية العمومية أن تتداول في غير المسائل الواردة في جدول الاعمال الا اذا تكشف اثناء الاجتماع وقائع خطيره تقتضي المداولة و اذا طلب أحد الشركاء ادراج مسألة معينة علي جدول الاعمال وجب علي المدير / المديرين اجابة الطلب و الا كان من حق الشريك ان يحتكم إلى الجمعية العمومية.

11,6 لكل شريك حق مناقشة الموضوعات المدرجة في جدول الاعمال و يكون المدير / المديرين ملزمين بالاجابة علي أسئلة الشركاء بشرط

Director(s) are obliged to reply to any partner's question provided it is not detrimental to the company's interest. Should one of the Partners consider the reply of the Director(s) to be insufficient, he may appeal to the General Assembly, whose resolutions shall be binding.

الا يعرض ذلك مصالح الشركاء أم رد المدير علي سواله رد غير كافية احتكم إلى الجمعية العمومية و كان قرارها بهذا الخصوص واجب التنفيذ.

11.7 Resolution of the General Assembly shall not be valid unless adopted by a number of Partners representing at least three fourth(3/4) of the Capital of the Company.

11,7 لا تكون قرارات الجمعية العمومية صحيحة الا بموافقة عدد من الشركاء يمثل ما لا يقل 4/3 رأسمال الشركة.

If such majority is not achieved during the first meeting, a second meeting shall be convened within the twenty one days following the first meeting. Resolution at this meeting shall be adopted by three fourth (3/4) of the votes represented thereat.

إذا لم تتوفر هذه الاغلبية في الاجتماع الاول وجب دعوة الشركاء الاجتماع ثان يعقد خلال الواحد و العشرين يوما التالية للاجتماع الاول. و تصدر القرارات في هذا الاجتماع ب 4/3 الاصوات الممثلة فيه.

11.8 The Director(s) may not participate in voting on resolutions relating to the discharge of his or their responsibility for the management.

11,8 لا يجوز للمدير/ المديرين الاشتراك في التصويت علي القرارات الخاصة ببراء ذمتهم من المسؤولية عن الادارة.

11.9 Minutes adequately summarizing the discussion of the General Assembly should be recorded in a special register kept at the Company's head office. Any of the partners may review the register personally or through an attorney. They may also review the Company's balance sheet, profit and loss account and annual report.

11,9 يحرر محضر بخلاصة وافيه لمناقشات الجمعية العمومية و تدون المحاضر و قرارات الجمعية العمومية في سجل خاص يودع بمركز الشركة الرئيسي و يكون لاي من الشركاء الاطلاع عليه بنسفه أو بوكيل عنه كما يكون له الاطلاع علي الميزانية وحساب الارباح والخسائر والتقرير السنوي.

11.10 Without prejudice to the rights of third parties acting in good faith, a resolution adopted at a General Assembly in violation of the provision of the Commercial companies Law or memorandum, benefiting certain partners or causing damage to other partners without due consideration to the interest of the Company shall be void. In this event, only the partners who had objected to the adoption of the said resolution or those who were unable to object thereto for acceptable reasons, may request the nullification of the resolution. A nullified resolution shall be considered as void abinitio for all partners.

11,10 مع عدم الاخلال بحقوق الغير الذين يعملون بحسن نية ، يعتبر باطلا كل قرار يصدر من الجمعية العمومية للشركاء بالمخالفة لاحكام قانون الشركات التجارية و هذا العقد و كذلك اذا صدر لمصلحة بعض الشركات و للاضرار ببعض الاخر دون اعتبار لمصلحة الشركاء، و في هذه الحالة لا يجوز أن يطول الشركاء البطلان الا الشركاء الذين اعترضوا علي قرار أو لم يتمكنوا من الاعتراض عليه لاسباب مقبولة. و يترتب علي الحكم بالبطلان اعتبار القرار كان لم يكن بالنسبة إلى جميع الشركاء.

Article 12: Guarantees:

If any partner or Director provides any personal guarantees to bank, creditors or financial institutions in connection with the business/credit facilities required by the company, such partner or Manager shall be entitled to such guarantee commission as

مادة (12): الضمانات :

إذا قدم أي شريك أو عضو من أعضاء مجلس الادارة أية ضمانات شخصية للبنوك أو الدائنين أو البيوت المالية في شأن العمل التجاري أو التسهيلات الائتمانية المطلوبة من قبل الشركة ، فإن هذا الشريك أو عضو مجلس الادارة سوف

may be approved by the resolution of the General Assembly.

يستحق عمولة الضمان والتي يقرها اجتماع الجمعية العمومية.

Article 13: The Financial Year:

The financial year of the company shall commence on 1st January and shall end on 31st December each year, with the exception of the first financial year, which shall commence on the date of the registration of the company in the Commercial Register and end on 31st December of the same year.

مادة (13): السنة المالية:

تبدأ السنة المالية للشركة في الاول من يناير و تنتهي في الحادي و الثلاثين من ديسمبر كل سنة ماعدا السنة المالية الاولى والتي تبدأ من تاريخ تسجيل الشركة في السجل التجاري و تنتهي في الحادي و الثلاثين من ديسمبر من نفس السنة.

Article No 14: Profits & Losses:

14.1 The company shall allocate 10% of its net profit each year to create a statutory reserve. The Partners may resolve that the allocation of net profits to the statutory reserve be discontinued when the reserve reaches half of the capital.

14.2 The profit or loss shall be distributed between the Partners on the following ratios:-

The First Party : 20%
The Second Party : 40%
The Third Party : 40%

14.3 Each of the Partners shall only be liable to the extent of his share(s) in the capital

مادة (14): توزيع الارباح والخسائر:

14,1 الشركة تخصص نسبة لا تقل عن 10% من صافي أرباح الشركة كل سنة لتكوين احتياطي قانوني و يجوز للشركاء أن يقرروا وقف هذا التخصيص اذا بلغ الاحتياطي نصف رأس المال.

14,2 يتم توزيع الارباح والخسائر بين الشركاء بالنسب التالية:

الطرف الاول : 20%
الطرف الثاني : 40%
الطرف الثالث : 40%

14,3 لا يسأل الشريك الا بقدر حصته في رأسمال الشركة.

Article 15: The Auditor:

The company shall have one or more auditors registered in Dubai to be selected by the Partners at the General Assembly. The auditor(s) shall be subject to the same provisions concerning auditors of joint stock company.

مادة (15): مراجع الحسابات:

يكون للشركة مراجع الحسابات أو أكثر المرخص لهم بالعمل في اماره دبي تختارهم الجمعية العمومية للشركاء كل عام و تسري في شأنهم الاحكام الخاصة بمراجعي الحسابات في الشركات المساهمة

Article 16: Variation of this memorandum

It shall not be permissible to amend this Memorandum not to increase or reduce the capital in the Company unless it is approved by a number of partners holding three fourth (3/4) of capital of the company, nor shall it be permissible to increase the obligations of the Partners save by their unanimous

مادة (16): تعديل عقد التأسيس:

لا يجوز تعديل هذا العقد و لا زيادة رأسمال الشركة أو تخفيضه الا بموافقة عدد من الشركاء يملكون 4/3 من رأسمال الشركة كما لا يجوز زيادة التزامات الشركاء الا بموافقتهم الاجتماعية كما لا يسري قرار تخفيض قيمة رأس المال للشركة الا بعد

consent. A resolution to reduce the capital of the Company shall not be valid unless it is approved by the Economic Department. The Managing Director of the Company must serve and deposit the legal documents relating to the above and any amendments thereto the Commercial Registry

Article (17): Dissolution of the Co.

The Company shall be dissolved for any of the following reasons:-

- A The expiry of the period specified in this Memorandum.
- B The fulfillment of the objects for which the Company was established;
- C Amalgamation of the Company with another company;
- D The partners holding three fourth (3/4) of the capital of the Company decided to terminate the duration of Company.
- E The depletion of all or most of the assets of the Company making beneficial investment of the remainder of the assets, if any impracticable.
- F If the partners reduced to less than two.
- G Upon the rendering of decision from the Court to dissolve the Company.

Article(18): Liquidation of the Co.

One or more liquidators shall be appointed by the Partners at a General Assembly and in accordance with the provisions of the Commercial Companies Law, unless the partners agree otherwise upon the dissolution of the company. If the liquidation is by decision of the Court, the court shall determine the manner of the liquidation and shall appoint a liquidator and the powers of the Director shall cease when the liquidator is appointed.

Article (19): Notices:

This Memorandum of the Association has been made and signed by the parties, one copy given to each of the parties and the

أن يتم اعتماده من قبل دائرة التنمية الاقتصادية ويكون علي مدير الشركة تقديم وايداع المستندات القانونية الخاص بما هو موضح بعاله و اية تعديلات تطرأ عليها لدي السجل التجاري.

مادة (17): انتهاء الشركة:

يتم حل و انتهاء الشركة في حالة حدوث الاسباب التالية:-

أ انتهاء المدة في هذا العقد ، ما لم يتم تجديدها

ب انتهاء الاغراض التي من أجلها تم تأسيس الشركة.

ج اندماج الشركة مع شركة أخرى.

د اذا قرر الشركاء الحاصلين علي ثلاثة أرباع قيمة رأسمال الشركة انتهاء مدتها.

هـ استهلاك كامل أو معظم موجودات الشركة مما يجعل استثمار المتبقي منها أن وجد غير مجدياً.

و اذا انخفض عدد الشركاء الى أقل من اثنين.
ز بناء علي صدور قرار من المحكمة علي حل الشركة

مادة (18): تصفية الشركة:

تقوم الجمعية العمومية بتعيين مصف أو أكثر ويتبع في تصفية الشركة الاحكام الواردة في قانون الشركات التجارية ما لم يتفق الشركاء علي خلاف ذلك عند حل الشركة، اذا ما كانت التصفية بناء علي حكم المحكمة ، بينت المحكمة طريقة التصفية و عينت المصفي و تنتهي سلطات المديرين بتعيين المصفي.

مادة (19): التبليغات:

تكون التبليغات الموجهة من الشركة إلى لشركاء بواسطة خطابات مسجلة بعلم الوصول علي

other copies for registration as required under the Commercial Companies Law.

عنوان كل شريك كما هو مبين في هذا العقد والمدون في سجل الشركاء

Article (20): Miscellaneous:

20.1 The Company shall not have a corporate personality and shall not be allowed to perform its business until it is registered in the Commercial Register. Individuals shall be jointly liable for all acts or transactions performed on behalf of the Company by them prior to its registration.

20.2 Matters not provided for in this Memorandum shall be subjected to the provisions of the Commercial Companies Law and its amendments and the Ministerial decisions made in implementation thereof.

20.3 This Memorandum and any amendments thereto shall be written in Arabic Language and notarized by the competent authority, otherwise this Memorandum or amendments shall be void. Should there be any amendments made to this documents, such amendments must be annexed hereto.

20.4 Memorandum Binding On Partners:

The ownership of a share shall automatically lead to acceptance of this memorandum of association and resolutions passed by the partners at general meetings.

20.5 Commercial License Renewal:

In case of non-local partner(s) leave out of U.A.E. for more than six continues months or non renewal of the said company trade license for more than two months, they authorize the U.A.E national partner to access his shares including his share selling to himself or others or to make any changes in license including company name and activity change, adding and withdrawal of partners, or to dissolve and to cancel the license and to refund bank guarantees of partners of the company and employees from department of immigration, Ministry of Labor , Tourism Department, Water and electricity authority of Dubai , Customs and all ports of U.A.E and to refund other guarantees from banks or any other party.

مادة (20): أحكام متفرقة:

20,1 لا يكون للشركة شخصية اعتبارية ولا يجوز أن تبدأ أعمالها إلا بعد قيدها في السجل التجاري ، و كل ما يتم من أعمال أو تصرفات لحساب الشركة قبل قيدها يسأل عنه بالتضامن الاشخاص الذين اجروا هذه الاعمال أو التصرفات.

20,2 يكون المسائل غير المنصوص عليها في هذا العقد خاضعة لاحكام قانون الشركات التجارية و تعديلاته والقرارات الوزارية المنفذه له.

20,3 يجب أن يكون هذا العقد و كل تعديل يطرأ عليه مكتوبا باللغة العربية و موثقا من قبل الجهة الرسمية المختصة و الا كان العقد أو التعديل باطلا كما يجب ارفاق كل التعديلات بهذا العقد.

20,4 المواد المقيدة على الشركاء:

تؤدي ملكية الحصة بصورة الية الى قبول عقد التأسيس هذا للقرارات المجازة من قبل الشركاء في الجمعية العمومية.

20,5 تجديد الرخصة التجارية:-

يفوض الشركاء الاجانب بموجب هذا الشريك المواطن او من ينوب عنه في حالة مغادتهم الدولة لمدة تزيد عن ستة اشهر ، او عدم تجديد رخصة الشركة لمدة شهرين بعد انتهاء تاريخ الرخصة ، للتصرف بحصتهم في البيع لنفسه او للغير ولجميع التعديلات في الرخصة ، بما فيها تغيير اسم الشركة ونشاطها، وادخال واخراج شركاء او حل و تصفية الشركة و الغاء الرخصة و استرجاع الضمانات البنكية المودعة باسم الشركاء الشركة وعمالها من الادارة العامة للاقامة وشؤون الاجانب ووزارة العمل و دائرة السياحة وهيئة دبي للكهرباء والمياه والجمارك الموائى واسترجاع ضمانات أخرى من بنوك او اي جهة أخرى .

Article (21): Disputes:

In the event of any dispute between the partners with respect to liquidation of the company or on any of the provisions of the Memorandum of Association, it shall be settled amicably. If the dispute cannot be settled amicably, the matter shall be referred to be finally settled by a single arbitrator to be agreed upon by the partners. If the partners are unable to agree to the appointment of a single arbitrator within 15 (fifteen) days of either partner giving notice of reference to arbitration, each partner to the dispute shall appoint an arbitrator. The arbitrator shall appoint an umpire, if necessary. The venue of the arbitration shall be in Dubai. The award of the arbitrator or the arbitrators or umpire shall be final and binding on partners.

Article (22): Bankruptcy or Death of a Party (Partner)

23.1 In case of death of a shareholder, title to his shares shall be transferred to his heirs or legatees according to his personal law. The heirs or legatees shall be representative in all dealings with the company.

23.2 In the event of the bankruptcy or death of any party his representative and creditors shall not be entitled in any event to apply for selling or dividing the property of the company nor shall they interfere in its management.

The company shall continue between the remaining parties and the representatives of the bankrupt or deceased party until the end of duration of the company and the rights of such representations shall be limited to the profits accruing to the deceased / bankrupt party.

IN WITNESS WHEREOF the parties hereto have executed this Memorandum and Article of the Association on the date and year first above written.

مادة (21): المنازعات:

في حالة نشوب أي خلاف بين الشركاء بشأن تصفية الشركة أو حول أي بند من البنود هذا العقد فإنه سيتم تسويتها ودياً . اما اذا تعذر تسوية النزاع بالتراضي فان الامر يحال للفصل النهائي فيه من قبل محكم واحد يتم الاتفاق عليه بين الشركاء اما اذا لم يتمكن الشركاء من الاتفاق على تعيين محكم واحد خلال 15 (خمسة عشر) يوماً من تاريخ تسليم ايا من الشركاء مذكرة اخطار باللجوء للتحكيم فانه على كل طرف من طرفي النزاع تعيين محكم من قبله و على المحكمين تعيين حكم محكمين اذا دعت الضرورة و يجب أن يكون مقر التحكيم في دبي و يكون قرار التحكيم ملزم لجميع الشركاء و لا يحق لأي طرف بالطعن فيه.

مادة (22): افلاس أو وفاة طرف (شريك):

23,1 في حالة وفاة أي من الشركاء فان الحصة العائدة له يتم تحويلها الى الموصى عليها حسب شروط الشخص و يكون على الورثة اختيار واحد منهم ليكون مندوباً عنهم في معاملات الشركة.

23,2 في حالة افلاس أو وفاة أي طرف فلا يحق لممثله و دائنيه طلب اغلاق الشركة أو تقسيم ممتلكاتها كما لا يحق لهم التدخل في ادارتها.

تستمر الشركة في أعمالها بين بقية الشركاء و ممثلي الطرف المفلس أو المتوفى و لغاية نهاية مدة الشركة. و ستبقى حقوق هؤلاء المندوبين أو الورثة محدودة بالأرباح المستحقة للطرف المتوفى أو من أشهر افلاسه.

اشهاداً علي ما جاء أعلاه في العقد، تم التوقيع عليه من قبل الاطراف بالتاريخ و السنة المكتوبة في البداية.

First Party

الطرف الاول

Second Party

الطرف الثاني

Third Party

الطرف الثالث