

Decision Logic Snapshot

A key director asked for 20%,
and the question of whether he belongs on the cap table

Sample case: “The Founder” — sole owner of a UAE B2B creative and brand activation agency

PLEASE READ FIRST

This document is based on a simulated case. The company, the people and every figure in it are invented. It is published to show how a Decision Logic Snapshot is written and how deep it goes. Real client work is never published in any form. Nothing here is legal, financial, tax or investment advice.

WHAT YOU ASKED ME

Should I make Omar my partner, offer him equity or another scheme, or accept the risk that he leaves and keep 100% of the company?

MY SHORT ANSWER

Do not decide on 20% yet. You are not choosing between giving Omar a fifth of the company and losing him. You have not yet established what he is actually asking for or what he is prepared to put in return. Define what partnership means to you, put those conditions on the table, and see whether he still wants the job of co-owner when the downside is included. At the same time, reduce the company’s dependence on him. Then decide whether any equity should change hands.

What you came in with

You came in with what looked like a retention and ownership problem. A commercial director who has become central to the business asked for 20% equity and said that if you could not agree on his future as a partner, he would probably leave.

Here is what you told me, and what each of those facts means in practice.

What you told me	What it means in practice
You own 100% of a company you built over 9 years	There is no existing shared-ownership structure to extend. Any equity grant changes the company from founder-owned to genuinely co-owned.
Revenue was about AED 26m last year; this year you expect AED 28–29m. EBITDA is around AED 3.3m	This is a healthy operating business. You are not being forced into an equity deal by a financial crisis.
Omar has been with you about 6 years and leads commercial, client service and business development	He is not a replaceable middle manager. He holds real operating value and institutional knowledge.
The four largest clients are roughly 40–45% of revenue, and Omar is close to all of them	The company has meaningful key-person exposure at the relationship layer, even though the clients and delivery teams belong to the company.
Omar earns roughly AED 725–730k a year in salary and bonus	He is already paid as a senior executive. Equity would be a different economic relationship, not simply “more compensation”.
Three years ago you told him partnership might be possible one day	He had a real reason to remember that conversation. But no percentage, price, governance or conditions were ever agreed.
He asked for 20%. You never discussed valuation, buy-in, vesting, exit or capital obligations	“20%” is not yet a deal. It is a number without the mechanics that make ownership real.

THE FIRST THING I WOULD CHANGE ABOUT THE QUESTION

You are asking: “Do I give Omar 20%, or do I risk losing him?” The question underneath it is: “Do I want Omar as a co-owner — and if I do, what has to be true before ownership changes?”

What is actually going on

Five things are happening at the same time. They need to be separated before you make a permanent decision.

1 · You have three different problems sitting inside one conversation

Whether Omar is suitable as a partner, what 20% of the company should economically mean, and how exposed the business is if he leaves are three different questions. They do not have to have the same answer.

2 · You filled in terms that were never actually discussed

You reacted as if Omar had asked you to hand him an asset worth roughly AED 3m for free. He did ask for 20% equity. He did not clearly say how he expected to receive it, and you did not ask.

3 · His wording hit a very specific fault line for you

The phrase “20% or I will probably leave” felt less like a proposal and more like leverage. Because fairness and loyalty matter strongly to you, the conversation moved very quickly from economics to trust.

4 · You are not actually against Omar as a partner

When I asked what you would do if he accepted your real conditions — capital at risk, governance, responsibility and exit rules — you said you would probably enter the partnership. That changes the case.

5 · The company’s dependence on him makes the conversation feel more urgent than it is

His departure would hurt: new business would slow, senior client relationships would need to be redistributed, and you would be pulled back into commercial operations. But by your own account, the company would not collapse.

Three-year-old partnership signal → Omar’s role and client importance grow → he asks for 20% and links his future to partnership → you hear entitlement and leverage → trust drops → missing deal terms get filled with the worst interpretation → you start deciding whether to “give away” ownership before the actual offer exists

That is the loop you are in now. The way out is not to ignore the signal Omar gave you. It is to stop guessing what the signal means and make the full proposition visible.

Where your own thinking is working against you

What you do	Why it costs you
You treat “20%” as a finished proposal	You end up rejecting terms that were never actually put on the table.
You need Omar to see your decision as fair	His emotional reaction can become a hidden decision criterion, even when the decision is yours to make.
You move quickly from pressure to a judgement about character	His wording may be a warning sign. But “he used leverage” and “he will always use ownership against me” are not the same claim.
You let today’s dependence affect an ownership decision	Equity can start to feel like insurance against disruption. That is a bad reason to make a permanent cap-table change.
You use his commercial importance as evidence of partner suitability	A strong commercial director and a strong co-owner overlap, but they are not the same job.

SOMETHING YOU SAID THAT DOES NOT ADD UP

You said Omar’s approach made you question whether you could trust him as a partner. Later you said that if he accepted your real conditions — including money at risk, governance and broader responsibility — you would probably partner with him. Those are not the same conclusion. One is your reaction to the first conversation. The other is your answer after a proper test. You have not run that test yet.

What this means. Do not dismiss the way he approached you. It matters. But do not turn one high-pressure conversation into a permanent judgement before you have seen how he responds when partnership is defined in full.

Your three options, and what each one really asks of you

Option	What you get	What could go wrong	What has to be true first
A · Negotiate 20% now	You may keep Omar and give him long-term upside.	You make an irreversible ownership decision before you know the price, rights, obligations or real fit.	A real valuation, a defined structure and confidence that you are doing it because you want him as an owner — not because you fear disruption.
B · Refuse equity and prepare for his exit	You keep 100% ownership and remove the ambiguity.	You may destroy a viable partnership option before you have tested it, and create avoidable client and team disruption.	You are genuinely sure you do not want him as an owner even if he accepts the downside and the rules.
C · Define partnership properly, then test him against it	You turn assumptions into evidence while keeping both outcomes open.	The conversation may still end in a no, and the process may expose a deeper disagreement.	The terms are real terms you would accept if he says yes — not a trap designed to make him walk away.

What I think today

I would take option C first. Not because Omar deserves the benefit of the doubt, and not because you owe him equity. Because it gives you information you do not currently have and preserves your ability to say yes or no later.

One important rule: do not design the conditions to make him reject them. Design conditions you would genuinely accept if he says yes. Otherwise you are not testing a partnership; you are engineering an exit.

What I would do next

Treat the next conversation as a test of the proposition, not a negotiation you need to win.

1. **Write down your partnership model before you speak to Omar.** What would a partner own, decide, fund, risk and be responsible for? What is non-negotiable, and what is genuinely open to discussion?
2. **Separate role from ownership.** If Omar becomes a shareholder, what changes on day one in his actual remit? What stays with you? Which decisions become shared?
3. **Ask Omar to define his proposal in full.** Why 20%? Does he expect to buy it, earn it, vest into it, or receive recognition for past contribution? What role does he want after the transaction?

4. **Get a proper valuation before you turn 20% into a price.** Your own rough view of AED 14–18m implies roughly AED 2.8–3.6m for 20%, but that is not a professional valuation and should not be treated as one.
5. **Put the downside on the table.** Capital calls. Years with reduced or no dividends. Losses. Strategic disagreements. What happens if he leaves. What happens if you need cash and one shareholder cannot contribute.
6. **Watch how he reasons, not only what number he accepts.** Does he engage with risk, governance and long-term obligation? Or does the conversation keep returning only to past contribution, status and upside?
7. **Reduce the company's dependence on him in parallel.** Spread senior client relationships, give Leila more responsibility, build a second new-business layer, document the commercial pipeline and begin succession planning. Do this whether Omar becomes an owner or not.
8. **Time-box the process.** You do not need six months of ambiguity. Give the discussion a clear sequence and a clear date by which both of you know whether there is a real basis for partnership.

WHAT THE TEST TELLS YOU

If Omar engages seriously with capital at risk, governance, exit rules and broader company responsibility, that is evidence for the partner hypothesis. If he wants only recognition for past contribution and future upside, the real issue may be retention or long-term compensation instead. If he rejects one structure but proposes another serious one, do not confuse disagreement over mechanics with refusal of ownership responsibility.

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If you still want to make him an owner

Do not improvise the structure around the table. Before any shares move, get the economics and the rules on paper with the right specialists.

- An independent valuation and a clear explanation of what 20% means economically.
- Whether Omar buys existing shares from you, subscribes for new shares into the company, earns equity over time, or uses a combination.
- What happens to money paid for the shares: to you personally or into the business.
- Voting rights, reserved matters, board rights and what 20% does — and does not — allow him to block.
- Capital calls, dividend policy and what happens if one shareholder cannot fund their share.
- Vesting, buy-back rights, good-leaver / bad-leaver treatment and what happens if he leaves in two or three years.
- Transfer restrictions, deadlock, confidentiality, competition restrictions and the tax and legal consequences of the structure.

The part people get wrong

Equity does not remove key-person risk. If Omar gets 20% and every important client relationship still runs through him, you have simply turned a key employee into a key shareholder. The dependency needs to be fixed either way.

What the problem is, and what it is not

You said

What I think is closer to the truth

“He is asking me to give away 20% of my company.”

Not established. He asked for 20% equity. The price, mechanism and conditions were never discussed.

“He manipulated me.”

His wording used his leverage and created pressure. That is observable. Whether this was calculated manipulation, a hard negotiation boundary or both is not yet established from one side of the story.

“I promised him partnership three years ago.”

You opened the possibility. You did not promise a percentage, a timetable or a structure.

“If he leaves, I could lose 40% of the business.”

The evidence does not support that. His exit would be painful, especially for new business and senior relationships, but you believe the company would survive.

“If he stays, the risk goes away.”

No. The company is too dependent on one commercial leader today. Ownership does not solve that.

“I have to decide now whether he becomes my partner.”

No. First define the partnership, hear his actual proposal and test whether the two models are compatible.

THE ORDER I WOULD DO THIS IN

1 · Define the partnership you would genuinely accept → 2 · Ask Omar for his actual proposal → 3 · Test the fit, including downside and governance → 4 · Reduce key-person exposure in parallel → 5 · If mutual interest remains, get valuation, legal and tax structure → 6 · Only then decide whether equity changes hands.

What I am not sure about

This is what I think after one conversation. Here is what could change it:

- **I have only heard your side.** Omar may describe the same conversation differently, and some of what he says may be true.
- **I do not know why he chose this moment.** He may have external options, may be considering his own business, or may simply have reached a personal limit on remaining an employee.
- **I do not know where 20% came from.** It may be a valuation anchor, a bargaining position or simply his own idea of a fair share.
- **There is no professional valuation.** Your AED 14–18m range is useful context, not a price.

- **I do not know how portable the clients really are.** Contracts and teams sit with the company, but the senior relationships around several major accounts are personal to Omar.
- **I have limited evidence on Omar as a whole-business owner.** He is proven commercially. Finance, operations, investment trade-offs and shareholder downside have not been tested in the same way.
- **Your own future role is not fully defined.** You know you want less dependence on yourself, but how much control and day-to-day involvement you want in three to five years will materially change the kind of partner you need.

One last thing. Your strongest instinct in this case is to protect yourself when someone uses a position of leverage. Keep that instinct. But do not let it decide before the facts do. The next conversation is not about whether Omar wins or you win. It is about making the hidden deal visible. If he wants ownership, make him meet ownership in full. If he does, then you have a real decision. If he does not, you have your answer without having guessed it.

Based on a simulated session. Any recommendation would change if the facts change or documents show a different picture. Strategic and analytical advisory: not therapy, coaching, legal, financial, tax or investment advice.

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