

Decision Logic Snapshot

A Saudi expansion built on a forecast that no one independently tested

Sample case: Founder — owner of a UAE corporate learning business with an 18-month Saudi office

Please read first

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WHAT YOU ASKED ME

Should I keep funding the Saudi office, replace Khalid, or close it? And how much should I trust the pipeline he is showing me?

MY SHORT ANSWER

Do not fund another year of the current setup, and do not close Saudi yet. First make the market measurable. Cut the office back to the structure the real workload needs, rebuild pipeline governance, and test Khalid against a 90-day evidence plan while you quietly build a replacement option. Then decide whether Saudi deserves more capital.

Written after a focused Decision Session · Delivered within 48 hours · Anna P. Kovalerskaya, Black Phoenix Strategies

What you came in with

You opened Saudi Arabia because existing UAE clients had Saudi teams, the market looked large, and Khalid appeared to bring the local network to unlock it. Eighteen months later, you have real clients and real revenue — but not enough to know whether the problem is the market, the operating model or the person running it.

Here is what you told me, and what each fact means in practice.

What you told me	What it means in practice
About AED 2.8m of additional owner cash has gone into Saudi; cumulative revenue is about AED 1.4m.	The office is not an experiment any more. It has consumed enough capital that the next decision needs evidence, not another narrative.
First full-year plan: AED 4.5–5m. Actual: about AED 900k.	The original commercial model was wrong by roughly a factor of five. That does not prove the market is wrong; it proves the forecast was not reliable.
Seven people were hired locally against expected scale, not actual workload.	Your fixed cost base was built for the business you expected to have, not the business you had.
Current headline pipeline is about AED 7.5m across 18 opportunities and 13 companies. You believe only AED 2–2.5m looks relatively serious.	The number you see at the top of the CRM is not the same thing as a decision-grade forecast.
You originally identified roughly 40–50 priority Saudi accounts. After 18 months only 13 companies sit in the active pipeline.	You have been watching deal value more than market penetration. The funnel may be too narrow even before conversion is discussed.
Three Khalid-network projects entered the pipeline at roughly AED 850–900k and produced about AED 350k of actual revenue.	Even his strongest source of access has repeatedly converted at materially lower value than first forecast.
Only two current accounts appear genuinely dependent on Khalid personally, representing roughly AED 1.1–1.3m of pipeline.	His departure would create transition risk, but it would not automatically destroy the Saudi business.

THE FIRST THING I WOULD CHANGE ABOUT THE QUESTION

You are asking “should I trust Khalid, replace him or close Saudi?” The question underneath it is: “do I have a reliable way to know whether the Saudi business is working — and, if not, what is the cheapest way to create that evidence?”

What is actually going on

Four things are happening at the same time. Any one of them could be survivable. Together they keep you funding uncertainty.

- 1 • **The forecast came before the evidence.** Khalid built the first-year plan around AED 4.5–5m and a second-year ambition around AED 8m. The team was then built for that future volume. When the revenue did not arrive, the structure stayed while the forecast rolled forward.
- 2 • **The pipeline is not an independent measurement system.** Khalid and the Saudi team create the opportunity, assign the stage, move the close date and explain the miss. HubSpot has stages and probabilities, but the criteria are soft. A proposal can be “advanced” without confirmed budget, decision-maker or decision date, and “awaiting feedback” can sit for months.
- 3 • **You hired one skill set and gave him a larger job.** Your references established that Khalid could build relationships and sell inside an established Saudi platform. They did not establish that he could build a country operation from zero, design the cost base, own a P&L, forecast accurately or create a broad new-business engine.
- 4 • **Every miss has a plausible explanation, so the model never has to admit it is wrong.** Some explanations are real: vendor onboarding took months, decision-makers changed, budgets were cut, clients started with pilots. The problem is that each deal is explained individually while the forecasting system that produced the repeated miss remains intact.

THE LOOP YOU ARE FUNDING

Optimistic pipeline → hire capacity before revenue → higher fixed burn → stronger need for the next deal to be real → close dates move and opportunities stay alive → the headline pipeline still looks large → cutting feels like missing the moment → more capital goes in before the model is re-tested.

This does not require fraud or bad faith to happen. A weak forecasting system plus a manager whose role is tied to the success of the office is enough.

Where your own thinking is working against you

What you do	Why it costs you
You treat local presence as if it means local headcount.	Clients told you they care about a Saudi entity, local accountability, references and delivery capability. Nobody has made “seven employees rather than three” a buying criterion.
You fear that cutting people will cut growth.	That could be true operationally, but you could not identify a major opportunity that depends on the four roles you would remove. The fear is larger than the evidence.
You give the headline pipeline emotional weight even when you do not trust it analytically.	AED 7.5m feels like something that may be lost. But if you cannot independently qualify it, you do not yet know what you are protecting.
You treat Khalid’s network as if it is the Saudi business.	His network has produced real revenue, but roughly 35% of realised Saudi revenue is attributable to it, and only two current accounts appear highly person-dependent.
Reducing the office feels like admitting the expansion was a mistake.	A smaller structure is not a verdict on Saudi Arabia. It is a way to stop paying for capacity that has not yet been justified.

SOMETHING YOU SAID THAT DOES NOT ADD UP

You are afraid a leaner office will damage conversion. But when I asked where headcount actually becomes decisive in the client’s buying process, you could not identify one large deal you would lose because the local team was three people instead of seven. What clients ask for is capability, presence, references and delivery — not unused payroll.

What this means. I would not protect the current cost base in order to preserve an unverified pipeline. I would protect delivery capacity, client relationships and market access — and make every other cost prove why it needs to remain.

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 · Fund another year largely as it is	You avoid disruption. Khalid keeps his team and has the time he is asking for.	You spend another year testing the same model with the same weak measurement system. A large pipeline can again end the year as a small amount of revenue.	The current pipeline would need to be independently verified first, and the existing cost base would need a credible path to break-even. You do not have that evidence today.
B · Reset the office and run a 90-day evidence test	You keep Saudi market access while cutting burn, cleaning the data and finding out what Khalid can actually do under clear rules.	Khalid may resist the change or leave. A leaner team could expose capacity gaps if several large deals close at once.	A defined lean operating model, hard CRM gates, independent review, explicit KPIs, a capital limit and a transition plan for key relationships.
C · Close Saudi now	You stop the cash drain immediately and remove management distraction.	You may exit a market that has shown some real demand before you have separated market failure from execution and measurement failure.	You would need to decide that the remaining evidence is not worth even a short, controlled test — or that the capital/management cost of that test is unacceptable.

What I think today

I would choose B. I would not approve another twelve months of owner funding in the current form, and I would not close Saudi on the evidence you have today. The market has not been disproved. Your current system has simply failed to tell you whether it works. The objective of the next 90 days is not “save the office.” It is to produce evidence strong enough that the next decision is no longer a guess.

What I would do next: a 90-day evidence reset

This is a controlled test, not another extension. You are changing the measurement system, the cost base and the job definition at the same time — then watching what the market actually does.

1 • Rebuild the CRM around proof, not optimism. For every material opportunity require: confirmed decision-maker, budget status, sponsor, procurement path, specific next step and date, expected decision date, reason for every close-date movement, and age in stage. “Send us something” is not the same as a qualified proposal.

2 • Re-qualify all 18 current opportunities. Do not inherit the existing stages. Re-open each one from zero and separate headline pipeline from verified pipeline. Anything with no sponsor, no next step or repeated unexplained slippage becomes stale or early-stage until evidence changes.

3 • Put a second pair of eyes on every large deal. Every two weeks, have you plus an unincentivised Dubai commercial/finance person review opportunities above AED 300k. The Saudi team can provide the facts; it should not be the only party deciding how probable its own forecast is.

4 • Measure market coverage as well as deal value. Map the 40–50 priority accounts: active, contacted, no access, rejected, deferred, not pursued — and why. Set a 90-day target for genuinely qualified new accounts. You need to know whether the problem is conversion, access or simply a funnel that never became broad enough.

5 • Resize the office to the business you have. Subject to Saudi employment and contract review, move toward the three-role structure you described: senior commercial lead, strong BD/account coverage and operations/programme coordination. Push marketing, much of delivery and support back to Dubai or external resources. Your own estimate is a 35–40% reduction in burn.

6 • Redefine Khalid’s job before you decide whether he fits it. Decide whether the lean office needs a General Manager or a senior country commercial lead. Then set KPIs around collected revenue or gross profit, forecast accuracy, conversion, new qualified accounts, pipeline ageing and market coverage — not revenue alone.

7 • Model a different compensation structure. A roughly 30% shift from fixed salary into meaningful variable compensation is reasonable to model, but it should be checked against Saudi employment terms and the market. Do not reward signed top-line alone: that can buy bad margin or bad collections. Tie variable pay to cash/gross profit and measurable commercial discipline.

8 • Start a quiet external search now. You do not need to fire Khalid to benchmark the market. Build an alternative before you need one. Look specifically for zero-to-one Saudi build experience, P&L ownership, cost discipline, forecast accuracy and evidence of creating new accounts beyond inherited relationships.

What the 90-day test has to tell you

Do not let the test end with another large pipeline number. Agree in advance what evidence will count.

- How much of the current AED 7.5m survives hard re-qualification — and how much remains serious after 30, 60 and 90 days.
- Whether close dates become more accurate rather than simply moving right.
- Whether qualified opportunities convert at values closer to what was forecast, instead of repeatedly shrinking at signature.
- Whether new priority accounts are entering the funnel, not only the same relationship-heavy organisations circulating inside it.
- Whether existing clients buy again. Repeat business is one of the cleanest signals that the market values the offer beyond a first pilot.
- Whether the lean structure can maintain follow-up and delivery without client-facing damage.
- Whether Khalid can operate inside the new discipline: accept external pipeline review, work to hard stage criteria, own forecast accuracy and manage a smaller cost base.
- What the Saudi office looks like economically after restructuring: actual monthly burn, gross margin, contribution and owner cash required to reach the next decision point.

WHAT THE TEST TELLS YOU

If a leaner office produces cleaner forecasts, broader account coverage, better conversion and repeat revenue, Saudi has earned more capital. If disciplined measurement shows weak market access, low repeat demand and poor conversion even after the noise is removed, you have evidence to close. If the model improves but Khalid cannot operate it, change the person without confusing that with a market exit.

One rule for the next 90 days

No opportunity should be allowed to justify payroll simply because it exists in the CRM. Payroll is justified by the operating work you actually need; future revenue is justified by evidence.

What the problem is, and what it is not

You said

What I think is closer to the truth

“Saudi sales cycles are simply longer.”

Some genuinely are. But a longer cycle does not explain soft stage criteria, repeated value compression, stale opportunities or the absence of forecast accountability.

“Khalid’s network is what makes the office valuable.”

His network is useful and has produced business. It is not the whole business: about 35% of realised Saudi revenue is attributable to it, and only two current accounts look highly person-dependent.

“If I cut the team now, I may kill the growth just before it arrives.”

That is possible, but you have no client evidence that seven local people are required. The better test is whether three core roles can protect client experience while the market proves itself.

“Khalid may be the wrong person.”

There is a real role-fit question: his proven experience was commercial work inside a mature platform, not zero-to-one country building. That is not the same as proving he cannot do the job.

“Maybe he is inflating the pipeline to protect his salary.”

His incentives do not punish optimism strongly enough, but you do not have evidence of deliberate falsification. Fix the measurement system so motive becomes less important than verifiable fact.

“Maybe Saudi Arabia was the mistake.”

The evidence is not clean enough to say that yet. You have real clients and revenue, but market signal is mixed with an oversized cost base, weak funnel governance and an untested country-builder model.

THE ORDER I WOULD DO THIS IN

1 · Make the pipeline auditable → 2 · Resize the cost base → 3 · Define the role and KPIs before judging the person → 4 · Run the 90-day test while benchmarking replacement candidates → 5 · Then decide: keep Khalid, replace Khalid, or exit Saudi.

The part people get wrong. Replacing Khalid without changing the commercial system can reproduce exactly the same problem with a new name. Keeping Khalid without changing the system tells you nothing either. The system has to become measurable before the person can be judged fairly.

What I am not sure about

This is what I think after one conversation. These are the facts that could materially change the recommendation:

- I have not seen the HubSpot export. The first thing I would test is how many of the 18 opportunities survive hard qualification and how often stage, value and close date have changed.
- I do not yet have the exact monthly Saudi burn, termination/restructuring costs or the break-even point of the three-person model. Those numbers should be calculated before the final staffing decision.
- I have not seen gross margin or contribution by Saudi project. AED 1.4m of revenue means very different things at 20%, 40% or 60% contribution after delivery and travel costs.
- I do not yet have a clean repeat-purchase view across the nine paying clients. Repeat business would strengthen the case that demand is real; one-off pilots with no expansion would weaken it.
- I have only heard your side. Khalid may have evidence about procurement, lost tenders, competitor behaviour and account access that changes how I read some of the commercial misses.
- Changing salary, roles or headcount in Saudi Arabia needs employment/legal review. The commercial logic can be clear while the correct implementation still requires local specialist advice.
- I do not know whether the Dubai team can absorb the support functions you want to move back without creating a new bottleneck. That capacity needs to be checked, not assumed.

One last thing. You do not need to decide whether you trust Khalid. You need a business in which trust is not carrying the weight of the decision. A forecast should be strong enough to survive an independent review, a cost should be justified by real work, and a manager should know in advance what evidence will determine whether he stays.

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 employment advice.

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