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Special Report

# The Entrepreneurs Spurring Africa's Rise



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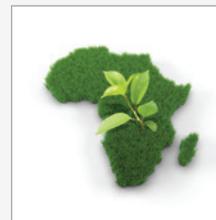
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# INTRODUCTION

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## Five Strategies for Success: Lessons from Entrepreneurs Fueling Africa's Economic Rise

*Many African nations face grave challenges, including widespread poverty and unemployment. But the continent is also home to many of the fastest-growing economies in the world and entrepreneurs who are spurring Africa's growth in unique and dynamic ways, write Katherine Klein, Wharton management professor and vice dean for the Wharton Social Impact Initiative, and Nick Ashburn, the Initiative's director of emerging markets. Klein and Ashburn recently joined Knowledge@Wharton at the African Leadership Network's 2015 annual gathering where they interviewed 18 entrepreneurs and executives who are leading, launching, scaling and supporting businesses across the continent.*

Think about Africa and what pictures come to mind? If you haven't lived or travelled in Africa, the pictures are likely to be few and a tad hazy: Giraffes grazing on an open savannah, perhaps. Maybe an Ebola treatment clinic, or a colorfully garbed woman carrying a perfectly balanced and heavy load on her head.

These stereotypes don't begin to capture the diversity of Africa today — a vast continent of 54 countries. Nor do they capture the economic vibrancy and growth that have led expert observers and residents alike to adopt the phrase "Africa Rising" to describe the transitions underway on the continent.

To be sure, many African nations face grave challenges — widespread poverty and unemployment, ongoing corruption and violence, and limited access to world-class institutions and infrastructure.

But, Africa is also home to many of the fastest growing economies in the world. Indeed, the World Bank projects that six of the 12 fastest growing economies in the world from 2014 to 2017 will be in Africa: Ethiopia, Democratic Republic of Congo, Cote d'Ivoire, Mozambique, Tanzania, and Rwanda.

Many African countries are diversifying their economies, transitioning from a heavy reliance on extractive industries to infrastructure, telecommunications, manufacturing, and retail. The middle class is growing rapidly. And the continent has seen progress on many social indicators too. Youth literacy rates are up substantially, for example. Child mortality rates are down.

To meet with leading entrepreneurs spurring Africa's current growth, Knowledge@Wharton and the Wharton Social Impact Initiative traveled to Morocco in November 2015 to attend the annual gathering of the African Leadership Network. In this special edition of Knowledge@Wharton, you will meet 18 entrepreneurs and executives who are leading, launching, scaling, and supporting businesses across the continent.

In candid interviews, they described the distinctive challenges they face in doing business in Africa. Early stage investments are hard to obtain in most African countries; angel and early stage investors are few and far between. And while many African governments are demonstrating increasing transparency, stability, and effectiveness, real political risks remain. These realities are challenging enough. Misperceptions can make them worse. Fears lead many would-be foreign partners, investors, and customers to overestimate the risks and underestimate the benefits of doing business locally in Africa.

So, what drives leading African entrepreneurs' optimism, tenacity and success in launching and growing businesses across the continent? Five key themes emerged across our interviews.

### 1. COMING HOME TO MAKE A DIFFERENCE

A striking number of the entrepreneurs with whom we spoke were members of the African diaspora. Their African-born parents raised them outside the continent — in Europe, Asia and the United States — but maintained close ties to their home countries. Educated abroad and now adults, the entrepreneurs felt a calling to return home to Africa to build a business and a better world. Head and heart converged on a plan that promised — and in many cases delivered — economic and emotional returns.

Soga Oni's story was typical. The founder of a recently launched medical devices services company in Nigeria, Oni grew up in a small town outside Lagos. "I spent most of my formative years there," he reflected. "I did my college in Nigeria. After that, I went to the U.S. for a master's. I worked for a few years as a software engineer in the U.S. And then I went through a midlife crisis. I wanted to move back and I wanted to know what I could do to help back home."

## 2. RECOGNIZING THE AFRICAN OPPORTUNITY

Many of the entrepreneurs and leaders with whom we spoke commented on the potential for business growth in Africa. Economic growth has been slow in developed economies in Europe, Asia, and the Americas. Not so in Africa. With the expertise and connections to launch new businesses in Africa, the entrepreneurs seized upon the opportunity to get a first mover advantage.

Acha Leke, a director in McKinsey's office in Johannesburg, South Africa observed, "In the late 1990s, the continent was basically not growing. Growth was about 2%-3%. Population growth was about 2%-3%. Over the past 15 year, African has been the second fastest-growing continent. All the sectors are growing, so it's been a very exciting time to be here. We still have challenges. But, it is an amazing, exciting time to be part of this whole Africa-rising story."

## 3. UNDERSTANDING AND RESPECTING DIFFERENCES

Many Africans complain that non-Africans don't understand that Africa is a continent not a country, and a huge continent at that. The entrepreneurs with whom we spoke were keenly aware of the differences among African countries. Successful businesses, they emphasized, understand and adapt to local customs — to the language, culture and economic status of each country. What works in Benin may not work in Botswana. Local knowledge and local partnerships are key to success, they emphasized.

Addis Alemayehou, CEO of 251 Communications, echoed this theme in describing some of the factors that make Ethiopia, Ethiopia. "The biggest challenge about Ethiopia is perception.... So, people have this preconceived idea about what they should expect when they land on the ground.... [Ethiopia] is a very old country. We've been around for 3,000 years; the U.S. is like a teenager compared to us. We've never been colonized. We have our own language, our own way of telling time.... There are all different things about the country that a lot of people don't know. Knowing that, understanding it and respecting it will get you a lot further."

## 4. BUILDING A NEW AND DISTINCTIVE BRAND

While highlighting the importance of adapting and marketing to the local, country-specific economy, many of the entrepreneurs we interviewed spoke of the opportunity and need to create African brands — brands from Africa for

Africa. The goal was not just an attractive or even a great product, but a brand — an identity, really — that says this business is not some multinational's outpost: We are of Africa and for Africa.

Alpesh Patel, the founder of Mi-Fone, noted, "When I left Motorola, I was approached by other brands, but I figured that Africans are actually best served by Africans themselves.... [Mi-Fone is] an African brand, which means basically 100% African ownership. The soul of the brand is very African. The essence of the brand — our communications — is very African and skewed towards youth. We were the first to do this."

## 5. SEIZING DIGITAL OPPORTUNITIES

And, finally and perhaps not surprisingly, digital products, services, and strategies abound. African business leaders have seen the potential to leapfrog the international competition with mobile phones and mobile banking. The African entrepreneurs we interviewed are, in many cases, pursuing digital solutions to market failures.

Richard Arlove, CEO of Abax, commented, "What attracts people ... is the sheer market size of Africa — the numbers of people and also the fact that Africa can leapfrog in certain cases, learning from the mistakes that have happened in other countries. You see that in in mobile payments, in technology, in banking.... There are a lot of new ideas, a lot of intellectual property that is being developed in Africa."

The business leaders and entrepreneurs we met at the annual gathering of the African Leadership Network varied in their ages, experiences, nationalities and industries. And yet they espoused common themes and values:

- Returning home to make a difference.
- Recognizing the African opportunity.
- Understanding and respecting cultural differences.
- Creating brands that are both world class and distinctively African.
- Seizing the opportunities of the digital revolution.

Combine these strategies with traditional business acumen, smarts, and drive and you can do well and do good across the continent, our interviews suggest. The 18 business leaders and entrepreneurs interviewed in this special edition of Knowledge@Wharton are helping to transform many African economies and the lives of millions.

We encourage you to read on, enjoy the stories and insights, and draw your own conclusions about rising Africa. 

# Ethiopia's Opportunities: Double-digit Growth with Cultural Awareness Required

*Addis Alemayehou is CEO of 251 Communications, which stresses the importance of integrating cultural trends with contemporary branding and advertising.*



**Knowledge@Wharton:** Tell us ... about your story. You were a pioneer in leaving Ethiopia and coming back.

**Addis Alemayehou:** I've been back for about 15 years, part of the first wave of Ethiopians returning.... I left Ethiopia when I was seven or eight and grew up in Kenya. I finished high school in the U.S., emigrated to Canada. Then back to Ethiopia in 2001.

**Knowledge@Wharton:** Why was it important for you to come back to Ethiopia?

**Alemayehou:** That's a question that always comes up. For people who move back now it's probably very obvious why they're back. It was a different story for me because outside Ethiopia there was always one question I got asked everywhere I went and that was, "Where are you from?" When I went back home in 2000 on vacation, that was the one question nobody ever asked me. That basically did it.

**Knowledge@Wharton:** Were you an entrepreneur from the start when you moved back? What were some of the business and leadership things you took on when you first came back to Ethiopia?

**Alemayehou:** Some people are born entrepreneurs and I think I've always been one. You can tell this to my father now that I'm older and wiser. My first business venture was sort of stealing my dad's car and providing nightclub services to friends in Nairobi during the weekends. But I've always had ideas, where others didn't. Africa, and obviously Ethiopia, offers a tremendous amount of opportunity. I feel like the guy who made the first chair because he got tired of sitting on the floor. There are a lot of chairs to be made on the continent.

**Knowledge@Wharton:** That's a really good metaphor. Tell us a little more about 251 Communications, what that does and where that started.

**Alemayehou:** 251 started about four years ago. Prior to that, I was an employee, a contractor supporting Ethiopian exports to the U.S. For about five years my job was to promote the best Ethiopia has to offer in clothes, textiles, shoes and flowers. We did trade shows over a couple of years. It was an ideal position for me to understand the opportunities within the private sector, the challenges within the private sector, and also build a very good network with the public sector and with the government at the highest level.

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**"I feel like the guy who made the first chair because he got tired of sitting on the floor. There are a lot of chairs to be made on the continent."**

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Our economy has been growing in double digits for a number of years. We had the likes of Heineken, Unilever and P&G coming into the market. That offered an opportunity for communications, because there was about to be some serious competition on the ground. That's how we launched our firm as a 360° branding communications and PR agency in the country. We've now expanded that into doing consumer insight and research, and providing logistic support for clients that are coming into the country.

**Knowledge@Wharton:** What are some of the challenges for foreign companies coming into Ethiopia?

**Alemayehou:** The biggest challenge about Ethiopia is perception — perception before you even get there. So people have this preconceived idea about what they should

expect when they land on the ground. The second is a lack of information with regard to the opportunities as well as the challenges. Third is the fact that it's a very old country. We've been around for 3,000 years; the U.S. is like a teenager compared to us.

We've never been colonized. We have our own language, our own way of telling time. Our New Year is September 11; our Christmas is January 6. It's 2007 right now. These

**“Our currency is an issue at the moment in terms of getting your money out. You will get it out, but it takes time because we're having some serious issues.”**

are all different things about the country that a lot of people don't know. Knowing that, understanding it and respecting it will get you a lot further.

There are key parts of the economy that are closed and they are not going to open anytime soon. We have a very strong government that's more a development state model. They're following what the Chinese, and the Koreans and Singapore did some 30-40 years back. Knowing what the government strategy is in terms of where it wants to go is key.

Our currency is an issue at the moment in terms of getting your money out. You will get it out, but it takes time because we're having some serious issues. But the companies that know that and understand it are putting money into the country. I always say if the big boys are putting in that kind of money, it should be okay because they've done their homework.

**Knowledge@Wharton:** What are some of the top-level pieces of advice that you give brands coming in?

**Alemayehou:** It's interesting because you have a lot of brands, especially multinational brands from Europe or the U.S. or anywhere else wanting to use a cut-and-paste model. Africa is 52-53 countries? You don't want to split up your marketing budget into 53 different markets. So they tend to generalize it and use the same branding or the same strategy.

We've been fighting for the past three years to differentiate Ethiopia from that. A lot more brands understand that. I think Coca-Cola is one of the first multinational brands to say this place is really different. They look different. They talk different. They're in different time zones. So we'll put the extra resources to talk to them in a language that they understand. I think some of the others are also following suit.

That's our advice. Every market says we're different. But we're truly different.

**Knowledge@Wharton:** Can you give an example of how you'd brand something differently for Ethiopia compared to another African country, just to support what you're saying about the uniqueness of Ethiopia?

**Alemayehou:** One is features. In terms of the features of Ethiopians, they are very distinct and unique. Second is our script. We don't speak English. We don't write English. We have our own script. It's called Amharic, and that's the national language. So, if you want to talk to 95 million people, you need to speak to them in a language they understand. It's a very exciting market. We have 44 million people under the age of 15. The average age is 17. Out of 95 million people 75% are under the age of 30...

**Knowledge@Wharton:** What about the homegrown entrepreneurs, the domestic companies? You seem to be uniquely positioned to grow things internally. What's the pulse of entrepreneurship in Ethiopia?

**Alemayehou:** You know, there's a saying in my dad's generation: being a son of a businessperson is not something to be proud of. People wanted you to become an engineer, or a doctor or a lawyer. Now things have changed because we've come from 17 years of communism. Between 1974 and 1991, it was almost illegal to own a business in Ethiopia. And we have a very young, robust, unique and very aggressive private sector on the ground that knows and understands that it's only time before the floodgates open. It's sort of like let me grab a slice of the pie before everybody else comes in. It's a very exciting time to be an Ethiopian and to watch it.

**Knowledge@Wharton:** I also know that you started the first English language radio station in Ethiopia. How did that happen? Tell us a little bit more about it.

**Alemayehou:** It was very simple. It's the same scenario as the guy who made the first chair getting sick of sitting on the floor. When I moved back to Ethiopia, I had the first generation iPod. I planted it in my dad's car and I'd

drive around. I had no clue as to what the entertainment industry or what the media industry in Ethiopia was. I was happy in my own little world until I lost that iPod and ended up not having anything to listen to. So I spoke to friends and looked around the market and I realized that, if I needed it, there's a lot more people who would need it as well.

It took a while, but we went out and launched the first station. I have a very simple model in the sense that I grew

up in Kenya. Kenya's business environment is much further than ours, but not too ahead that we can't reach out and grab something that works for us. So I went to Kenya and spent some time with the top station and poached someone and I launched the station. That's basically it.

Whatever you're doing, a lot of us used to think our countries were booming until we started listening about some of the other countries. So the whole continent is in the fast lane for development. It's an amazing time. 🇰🇪

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**“Kenya’s business environment is much further [advanced] than ours, but not too [far] ahead that we can’t reach out and grab something that works for us.”**

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# Before Investing in Africa, Investors Need to Shed Two Major Misconceptions

*Richard Arlove is CEO of Abax Corporate Services, a Mauritius-based international provider of integrated corporate, business and advisory services for private equity funds.*



**Knowledge@Wharton:** I understand that Abax helps companies do business with Africa. Could you explain what you do and how you started doing it?

**Richard Arlove:** Abax is a company that has 22 years of experience in helping corporates, private equity funds, entrepreneurs and high net-worth individuals that are doing business with Africa or in Africa to look at how to optimize their enterprise value and their shareholder value when they do cross-border investments and cross-border trade or business. Basically, if you take a company that wants to invest in Africa, often that investment would take place in a number of countries and not in a single country. Then comes the question about where the headquarters should be? Where should my holding company be? It could be in one of the countries or it could be in a financial center.

**“In a sense, the world financial crisis in 2008 has turned the attention of many investors away from the traditional places of investment and towards Africa.”**

The advantage of using a financial center — now I’m going to talk of the Mauritius financial center — is that it has an ecosystem which you may not find in any of the business hubs or countries in which the actual business is carried out. This ecosystem in Mauritius would include financial, economic and political stability, a rule of law and

a system of legislation. This provides you with a first-class environment where as an investor you feel at ease to lead your company there, to deliver profits there and, basically, for that company to manage your assets on the continent. This is what our business is: to advise companies and individuals how the Mauritius financial center can help to do that and then, if they’re interested, form a company in Mauritius to do that.

**Knowledge@Wharton:** Can you give me one or two examples of deals that Abax may have assisted with that led to investments in Africa?

**Arlove:** I’m not sure whether I can give the names of these companies because the name is sometimes confidential. I’ll just think about the few names which I know I’m authorized to talk about. Abax administers about \$22 billion dollars of client assets, so there’s a lot we can talk about. Not all of it is in relation to Africa. There’s Asia as well because Mauritius is a financial center. It is very popular for structuring investments into Asia.

**Knowledge@Wharton:** Roughly how much deal flow do you see going into Africa right now?

**Arlove:** It’s difficult to say for sure. But what I can tell you is as a financial center, about 55% of the new companies that are being registered in Mauritius are in relation to Africa. Five years ago, it was probably less than 10%. These days, the Mauritius financial center is recognized as the premier financial center by the developmental and finance institutions such as the African Development Bank and the IFC in Washington. They would need to domicile their private equity funds in a country. Normally they would choose an African country. The most popular jurisdiction that they would use would be Mauritius. There is a lot of governance here.

I'd like to share the story of a Nigerian client who told us a few months ago how he was grateful that we have, in a sense, forced him to have governance in his companies. That has allowed the valuation of his shares to climb because the governance in and of itself has made him more attractive to big guys like big banks. He sold these shares at a value of, let's say, 100 two years ago and now he's being offered 175 because of the actual governance that exists.

I think it's very interesting that once someone wants to go across borders he needs to do things in a certain way. Maybe if he was doing it as a small business within his own country he would not feel obliged to do that. But this is where people like us in financial centers can help. For example, the PTA (Preferential Trade Area) Bank has put up a \$1 billion fund for infrastructure in Africa. They chose Mauritius as domicile for the fund, because of the governance.

Taxation is relatively low in Mauritius and many people feel that people use Mauritius because of its tax. One of the reasons is tax but that's not the only reason. There are many other reasons as I mentioned — the ecosystem, the fact that there's a bilingual, educated workforce. [Knowing both] English and French is very helpful when owning a business across the continent. We are increasingly seeing Mauritius as a place where a lot of businesses in relation to Africa are structured. This is becoming like an investment banking center. People who need finance and have projects can get finance from the banks and from the private equity firms who are looking for projects to invest in.

**Knowledge@Wharton:** You mentioned that the volume of investment has gone up from 10% to more than 50% now. What accounts for this tremendous increase in interest in Africa as an investment destination?

**Arlove:** I think in a sense the world financial crisis in 2008 has turned the attention of many investors away from the traditional places of investment and towards Africa. I also think that Africans made an effort to become more visible as an investment destination. I must also say that there's a lot of intra-Africa business. A number of businesses from South Africa, Kenya, Nigeria, Ghana and Cote d'Ivoire have grown their markets within their own country to the point that they feel that it makes sense for them to go beyond their own borders.

What attracts people as well is the sheer market size of Africa — the numbers, the number of people, and also the fact that Africa can leapfrog in certain cases learning from the mistakes that have happened in other countries. You see that in mobile payments, in technology, in banking.

There are a number of innovative ways of doing business in Africa that you may not see in other continents. The realities of the place are such that entrepreneurs — African entrepreneurs — are coming up with new ways of doing things. There are a lot of new ideas, a lot of intellectual property that is being developed in Africa.

**Knowledge@Wharton:** Which are some of the regions that are getting most of the investments and why?

**Arlove:** There's a lot of change that has happened over the past year or so because of the fall in the prices of oil and of commodities. Places which used to be attractive are getting less investment. However, we are seeing some mergers and acquisitions because of this. There are many deals because prices are going down. Some people are interested in buying these companies that are not doing well. But, generally speaking, what we see is that the places with a large number of people with spending power attract investment. Nigeria, definitely. We are seeing Cote d'Ivoire as well coming out of a bad period. Ethiopia, because it's opened up. Kenya; I would say the usual suspects are attracting a lot of investment. Mozambique used to attract a lot because of its resources; now less so. South Africa; we don't see so much going into South Africa but we see a lot out of South Africa on to the continent.

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**“The Western world would think, ‘How do I structure this? How do I get my legal agreements in? Who do I put on my board?’ The Chinese will just go and do the transaction straightaway.”**

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**Knowledge@Wharton:** China has in recent years been a big investor in Africa but the country has recently started having some economic difficulties. Have you experienced any slowdown in Chinese investment?

**Arlove:** We have not seen much of the Chinese investment using intermediaries like us. I'm saying that for Abax, but I could be saying that for many banks as well or the big four accounting firms and lawyers. Many Chinese companies will not use

intermediaries to do business in Africa. Very often the deals that the Chinese do are “G to G” — government to

government. The Chinese move fast when they have a deal and transaction. The Western world would think, “How do I structure this? How do I get my legal agreements in? Who do I put on my board?” The Chinese will just go and do the transaction straightaway. That said, we have seen over the years a number of Chinese companies having difficulties. And they come to people like us to say, “What do I do now?” So we have seen a lot of Chinese; we know a lot of Chinese investments. It is true that some Chinese investments are going to be down because of the problems that China faces. But I do not think it's significant. We see China very much interested still.

**Knowledge@Wharton:** When new companies consider investing in Africa, what do you think are the biggest misconceptions they have?

**Arlove:** The big misconception is that Africa is one country, is very homogeneous. Africa is huge. I don't know whether you've seen that map of Africa where you can fit in all of Europe, the U.S., China, India and so on. It's huge in terms of size. It is also very diverse. And the link to that misconception is the fact that Africa is seen as a continent where there is only poverty, war and crime. These two things are probably the biggest misconceptions. Therefore, from a business perspective, this means that people may not be seeing the actual opportunities of Africa. It's really an emerging market where there's space to grow almost any type of business. 🇺🇸



# 'We're Making It Safer to Invest in Africa.'

*Renowned Nigerian female polo player Neku Atawodi is the founder of Malaik, an equity crowdfunding platform.*



**Knowledge@Wharton:** What is Malaik?

**Neku Atawodi:** Malaik is an equity crowdfunding platform that helps SMEs (small and medium enterprises) in Africa looking for finance. We like SMEs [because they] provide a lot of jobs for Africa; it helps our unemployment problem. And we connect to investors looking to invest in African businesses.

**Knowledge@Wharton:** This is an online crowdfunding platform? Tell us about where you are in this process — how many companies, how many investors? Is this ready for action?

**Atawodi:** We're a few months old. We are open to the public. We are raising funds for three companies; we have completely funded two of them. We're looking for success stories. We don't want to just put people on the platform and then leave them there. We actually want to help them — put them in touch with people who want to make investments and want to make a difference.

**Knowledge@Wharton:** You said two of the companies are fully funded? What level is that?

**Atawodi:** I-Drop Water was looking for \$300,000 to enter Nigeria. They are a South African company. It's a really cool company and has solar-hub water dispensers that sell water at 10% of the bottled water price. [Access to affordable] bottled water is a huge problem in sub-Saharan Africa. So I'm really excited they are coming in.

Our second company is ReelFruit. (Affiong Williams, CEO and founder of ReelFruit) does processed foods. She dries fruits, she packages them and she sells them. I'm really proud of her because in the last "Forbes [Africa's] 30 Under 30" she was the only woman and she was on the cover.

**Knowledge@Wharton:** Who are your current investors and who do you anticipate will be your investors? What's the profile?

**Atawodi:** Malaik is very keen on building a strong network of high-net-worth individuals interested in investing in Africa. When we open it to the crowd, we'll have smaller investors. But we want the high-net-worth [investors] to be the lead. If someone wants to invest in Africa and is coming from America, you want to have a big business person in Africa also backing that company. It's for Africa by Africa, and then everyone else can come in and take a piece of the pie.

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**"It's for Africa by Africa, and then everyone else can come in and take a piece of the pie."**

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**Knowledge@Wharton:** When you open to the public, what will the minimum investment be?

**Atawodi:** \$1,000.

**Knowledge@Wharton:** How did this company come about? You were a champion polo player, I believe? Then you said, "Enough with the horses?"

**Atawodi:** No. I still play polo. I'm building a polo club in Lagos where I've been pushing to have polo on television. We finally signed a partnership with SuperSport, the largest sports network in Africa. I own a charity; I don't want to call it a charity. It's an organization called Ride to Shine and we teach African orphans to ride and play polo.

**Knowledge@Wharton:** So that was the genesis of Malaik?

**Atawodi:** Yes. I was working with the ministry of sports to build a riding center. We don't accept donations so we weren't able to change our model. I was wondering, "How do I get people to chip in without telling them to donate?" And then we thought, "Why not just split it into equity and we tell all these people, it's going to actually make money because we will charge the sponsors. If you put in this amount, you get this much equity. You have the potential to make money or just an impact." People really responded to that.

**Knowledge@Wharton:** You are a serial entrepreneur. What are some of the lessons that you've learned from starting other businesses that you're bringing to this new venture?

## "We're making it safer to invest in Africa."

**Atawodi:** One of the biggest lessons I learned was that the first bits of money you get is from friends and family. Friends and family will support you if you have a clear business plan. My initial angel was [my] daddy and I've met a lot of people that don't have that. To be honest, he asked me for a business plan. But [later], I didn't have to hit my parents for more money. I got investors to do that and showed them how much money they'd be able to make. So that's what I've learned: There's other ways to finance beyond daddy and mommy.

**Knowledge@Wharton:** As you envision growing Malaik, one of the challenges will be making sure that the companies coming to you are investment ready and at a stage where they can take a meaningful investment. If the typical amount you're giving is \$250,000, that could be

completely overwhelming for an early-stage entrepreneur. What's the process that you will use to vet to these companies?

**Atawodi:** We've got a very cool four-step due diligence process. I see a lot of companies in this space do a two-step but, it being Africa, we added two extra steps. We have a business analyst. We've got an in-house financial analyst. Then we send the proposal to our partners who are required to do an in-house due diligence. Then we make the entrepreneur the offer. But it lists on a platform; PwC does an audit. It could get to a stage that you make that offer and then PwC finds something out. Not many people investing little chunks like \$1,000-\$2,000 have the resources to get a four-step due diligence process or even one of the big four do an audit for you. We're making it safer to invest in Africa.

**Knowledge@Wharton:** What has been the response that you're getting as you're starting to spread the word?

**Atawodi:** It's crazy. The response has been overwhelming. It makes it completely worth it when you see how much people respond to something that just popped into your head.

**Knowledge@Wharton:** Where do you expect to be in a year?

**Atawodi:** We are aiming to be in all countries in Africa. We want to enter the Middle East. We want to enter America. My business plan is completely changing but I hope that Malaik will continue to grow to be a global investment platform.

The word Malaik is very cool. How do you say angel in Arabic? It's mal'ak. How do you say angel in my language Hausa? It's mala'ikan. How do you say angel in Swahili? It's malaika. The name connects Africa and the fact that we've been able to enter so many countries with that name is really cool. Our logo is a seed growing — a new plant and then an angel. 🌱



# The 'Citizens of the World' Tackling Africa's Next-generation Business Challenges

*Hakeem Belo-Osagie is chairman of Etisalat Nigeria, one of the country's largest mobile networks.*



**Knowledge@Wharton:** Let me start with a poem, the poem you cited in a recent talk. You quoted Robert Frost: "Two roads diverged in a wood and I – /I took the one less traveled by/And that has made all of the difference." What did you mean?

**Hakeem Belo-Osagie:** By that I meant, if you are going to be a successful entrepreneur, it is very important that you have the courage to listen to yourself, to avoid going down the route that most people want to take, because therein lies the opportunity. And if you go where you want to go, you are likely to be one of the earliest people there who seizes the opportunity and makes an entrepreneurial success. I think it is a normal human trait to seek the reassurance of being among a number of people who all want to do the same thing, or all want to go the same way. There's that reluctance to strike out on your own. One of the reasons I love that poem is that it keeps reminding me all the time not to be afraid to take that route.

**Knowledge@Wharton:** If you think about the times you had to take that route, and summon courage to do so, tell us about one.

**Belo-Osagie:** The first one that is significant to me in entrepreneurial terms was leaving the government of Nigeria, and deciding to set up a petroleum consulting company on my own.

**Knowledge@Wharton:** This was in...

**Belo-Osagie:** 1981. I was about 30-31 and had just gotten married. Being an entrepreneur was not at all popular at that point in time. In fact, I distinctly remember people asking me, "Hakeem, what are you doing? What's this thing about working on your own?" Basically, the thought at that time was that people who worked on their own were those who could not get employed by anyone else. Therefore, their excuse was that they were working for themselves. In

Nigeria, you went to work for Shell, or Mobil, or Citibank, or Chase.

There is a part of you that feels that you are going to fall flat on your face if you follow this idea and it just doesn't happen. Then there are all the other excuses – I'm getting married, we've got the children, we've got the rent to pay.... I made up my mind at that point. [I said], look, I'm 30. If there is a time to fail it is now, because then I have plenty of time to correct the mistake and go somewhere else. But I'm really going to do something I genuinely believe in, and I'm going to pursue it with all my passion, all my determination. While working in the government

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**"If you are going to be a successful entrepreneur, it is very important that you have the courage to listen to yourself, to avoid going down the route that most people want to take, because therein lies the opportunity."**

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of Nigeria, I had seen this gap. I could see lots of people who wanted to do business in the petroleum area, but didn't know how to go about it. They needed someone who understood the private sector, the public sector, someone who was Nigerian but understood them as foreigners. I saw that gap, and I thought, this is going to be it. That was probably the second time I've taken the decision, going completely on my own, but the first time I was doing it as an entrepreneur.

**Knowledge@Wharton:** What do you think about the kind of talent pool you need to assemble? What does an entrepreneur need in his or her top management team? As you are assembling that team, what are you looking for?

**Belo-Osagie:** The first point I want to stress is the importance of a team. I do not believe in the Steve Jobs of the world, in the sense that there is this hero, and he is a genius. I believe that behind any Steve Jobs and any Bill Gates, if you really tell the story, you will find that there were two or three other people, maybe not as rich, definitely not as well known, but crucial to their success. They probably had complementary talent. The really great leaders recognize that. So I tried to assemble a team with different functional skills. Obviously you've got to have someone who is very knowledgeable in marketing, you've got to have someone who is very knowledgeable in finance. But for the purpose of Africa, there is one combination that is very important, and that is the combination of someone who is not an MBA and did not live most of his life in the U.S. or the U.K. He must have lived most of his life in Nigeria and been educated in Nigeria, and therefore has a sense of how things really are.

**“I believe that behind any Steve Jobs and any Bill Gates, if you really tell the story, you will find that there were two or three other people, maybe not as rich, definitely not as well known, but crucial to their success.”**

I find that a lot of young MBAs I meet don't appreciate this person's talents. They tend to look down upon these guys. "They're not as articulate as I am. They don't know how to do spreadsheets. Their presentations are not as good as mine." And, for that reason, they lose their knowledge, their experience and often their wisdom. So I try to have a combination of people who are well qualified and have a sense of business strategy as taught in business schools and other people who are the complete opposite — people who have grown up in Nigeria and have street smartness. It's that combination that I think is transformative in entrepreneurial activities within Africa.

**Knowledge@Wharton:** Is there a challenge for those individuals, whether they are getting a Wharton MBA or whatever, to find local talent?

**Belo-Osagie:** No, the problem is for the Wharton MBA, the Stanford MBA, the Harvard MBA, to feel that they need such a person. The freshly-minted Wharton MBA or Harvard MBA has that supreme confidence that that degree tells you you ought to have. You are poised to conquer kingdoms. It is very difficult for that person to seek advice or cooperation from some guy who has just a high-school education and has been working in some businesses that, in his view, don't have a strategy, don't have a five-year plan....

His predisposition is to explain to him how he has got it wrong. Therefore he is not really looking for that partner. If he does look for a partner, he will find that there are many of them there. Then what he's got to get used to is the idea of listening to this person, and incorporating that person's perspective in his own decision-making process.

**Knowledge@Wharton:** We are sitting here with your son, listening. He is getting an undergraduate education now at Stanford. What does this mean for how you've raised your kids?

**Belo-Osagie:** I think I've raised my children to be citizens of the world. I see their generation as the generation that may live in New York for a couple of years, in Lagos for a couple of years, may think ... why not Dubai, why not London? That is normal for their generation, in the way it was not for our generation. In our generation, you went to England or the U.S. to be educated and, when you finished the education, it did not occur to you to do anything else but to go back home.

This is a very different generation. Now we try to make sure that they come back to Nigeria very often, so that they never lose touch, and they have a sense of how things work. That said, if they do come straight back to Africa, they will still have to go back through that period of reintegration, understanding how things are done here.

I remember when I was in university in England, I met a Rhodes Scholar. He had gone to Harvard as an undergraduate and then came to Oxford as a Rhodes Scholar. Most people with that background usually go to a famous East Coast law school. I asked him why he was going to the University of Texas for law. He said, "Look Hakeem, I come from Texas. It's bad enough that I went to Harvard. It's even worse that I went to Oxford. So if I have any plans of having a career in Texas, which I hope to have, I need to start understanding how Texas works, how people in Texas behave and have a network of classmates who are in Texas." And I responded by saying, "I thought you were all Americans." He said, "That is a very big mistake. We each have our slightly different cultures. They may not be obvious to you as a Nigerian, but they are very obvious to

me.” So he headed straight back to Texas. They will have to do their ‘going back to Texas’ at their own time as well.

**Knowledge@Wharton:** You are someone that people look to for advice and a perspective on developing businesses in Africa, and certainly we have seen many entrepreneurs who are aspiring to build businesses in Africa. What do you see as areas of particular opportunity?

**Belo-Osagie:** The entire technology sector is an area of tremendous opportunity, because the generation before them doesn’t understand it. We pretend to, but we fundamentally don’t understand it. I remember a friend bringing to me a young man with an e-commerce idea. For me the thought that anybody would buy clothes or books through the Internet was still very foreign. Don’t they want to hold the book and sort of leaf through it, browse through it? Explain to me how you could browse through it on the Net. That was still very new to me. I think that, especially in developing countries, technology will be used to leapfrog the sequential development that we see in the West.

I think African countries are going to jump check books, jump credit cards, and will probably move straight from cash to mobile phones, and mobile commerce. Now the new generation understands that, therefore I think that the whole technology, the whole IT, the whole communications area, can be an area of tremendous opportunity. That’s one area. Another area is housing. My generation of architects and builders all are used to building houses for the elite. We never did anything more than that.

One area that I don’t know much about, but I imagine it must be an area of opportunity, is food production. For so many years we were an agriculture — cash crop — area. The move from learning how to farm intensively for food production and food export is not a huge leap. But it is one that a whole generation of people like myself, who were brought up to think urban, not rural, doesn’t recognize. That is why I am very excited now when I do come across young people in their 20s who say they would like to do agribusiness.

**Knowledge@Wharton:** When we look at the growing economies around the world, many in Africa are among the fastest growing. There seems to be a shifting, rallying cry to focus on inclusive growth — not only growing the economy but growing the number of jobs. Are there areas that you think are particularly promising for inclusive growth? For job creation?

**Belo-Osagie:** Yes, the whole area of agriculture and the ability to use technology to extend banking services, or any service, in which you have a high cost of acquisition of clients, or a high cost of service. You are able, with

technology, to bring down those costs. When I was in banking, a big problem was that regular banks had branches and large number of staff. So whenever the government encouraged us to open branches in rural areas, we sort of yawned, we sort of had a wary look on our faces. The next thing for us was how do we get the government to subsidize what we felt would be loss-making ventures. But when you start to have people who are willing to use the Internet, willing to use a mobile phone and have technology penetrate rural areas, it means that you have possibilities of inclusive growth.

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## “The change that is taking place now is a redefinition of the centuries-old question: Who is my neighbor?”

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One other comment that I would like to make is that I personally have always believed that inclusive growth is necessary. I have often thought that there is a reluctance of people in the business schools to look at the fact that we must have an agenda that includes the poor. It is almost as if we feel that to have that concern is “socialist” or impractical. Or we simply say that the market will take care of that. I don’t think the market always solves those kinds of problems. I feel that the state must find ways to ensure that all citizens have some basic economic rights, whether they be education or health. They need to play a part in the economy. If efforts are made to ensure that they play a part in the economy, what we have is a broad-based economy. We have spending power, which is broad-based. That, by itself, will trigger certain businesses that wouldn’t have been set up because they would have assumed that the poor don’t have spending power, and therefore are not the basis for a successful business.

**Knowledge@Wharton:** Do you see that as the role of the state — to be setting that agenda? Or do you think that is a role for the private sector regardless of the state’s practices and policies?

**Belo-Osagie:** I think the state has to point in that direction, because most businessmen are not that risk taking. Unless infrastructure is provided, we still give our priority first and foremost to our shareholders.

**Knowledge@Wharton:** Shifting a bit from the topic of business, you are also a prominent philanthropist. Talk

to us about the role of philanthropy, and the state of philanthropy in Nigeria and other countries in Africa.

**Belo-Osagie:** Well, I earlier made a comment: “All Africans hate being called philanthropists.” The reason why we hate being called philanthropists is that there is a saying — certainly in Islam, and I suspect that something similar exists in Christianity — which basically says that, if you are going to be truly good, then what your right hand gives, your left hand should not even know that it has been given. When you give, it is not something you should talk about, be boastful about, or be public about. There is nothing I hate more than being told, ‘You are a very good philanthropist.’ There is nothing I hate more than when I meet other folks who announce their philanthropy; I am very uncomfortable with it. That said, I have come around to the view that to the extent that people hearing that A is doing B, C, and D, it encourages them to do so, too. That’s helpful. I guess I sort of very reluctantly come out of the darkness to talk about these matters. People in Africa have always been giving money for causes. They tend to be for the extended family, the village community or people who are part of what they regard as a larger family. The change that is taking place now is a redefinition of the centuries-old question: Who is my neighbor?

What I want to discourage are what I call those groups — and there are a lot of them — who appear to be philanthropists, but are essentially supporting their business or political ends.

**Knowledge@Wharton:** My last question is about the role of women in business.

**Belo-Osagie:** I think women are going into business more and more. That said, when I look back and I hear about, say, my grandmother, she was always in business. She was a wife in a polygamous home. It was expected in that home that she would not be looked after by her husband. Her husband gave her some money but it was expected that she, through farming or often trading, would contribute a lot to him. What is fascinating is that the advent of Westernization and urbanization, in some respects, really reduced the economic rights that women had. Because when you moved from an agricultural community to an urban community and the woman got married, she now did housework. The husband was the breadwinner. So she lost, to some degree, that independent sense that comes from being able to earn her own money or being able to involve herself in an economic activity. 🇺🇸





## Morocco's Leading Financial Institution Is Banking on a Pan-African Strategy

*Ismail Douiri is co-chief executive officer of Attijariwafa Bank based in Casablanca.*

**Knowledge@Wharton:** Could you tell us a little bit about the bank and its operations?

**Ismail Douiri:** It's a financial institution that's present in all segments of financial services. We are a commercial bank, but on top of that we control the largest insurance company in Morocco. We control specialized financial service companies in consumer credit, in mortgage, rapid transfers, remittances, leasing, even long-term car leasing. We are present in anything financial, usually in a leadership position.

The company is the result of the merger of the largest private sector banks in Morocco. That happened in 2004, and it combined the strength of two leading banks. One of them was very strong in risk management and cost control — more corporate — and the other was very strong in retail, in innovation and in distribution. We are now the leading financial institution in Morocco. We're listed on the stock exchange in Casablanca with a market capitalization of \$7 billion. Our total assets are \$42 billion. We rank between fourth and sixth in the continent after the large South African banks and an Egyptian bank.

**Knowledge@Wharton:** I know that Morocco has very often taken a pan-African view rather than just looking at the country itself. But how is your bank playing a pan-Africa role?

**Douiri:** Well, the international expansion is fairly new compared to our 110-year history. Our first experience was in Europe 40 years ago, and it was around two topics — immigrant banking and trade finance. So we first set up rep offices and now a fully licensed bank in France. We are present in Spain, Italy, Belgium, the Netherlands, Germany and the U.K. This is because the natural business area of Morocco is Europe. More than 10% of our population that lives in Europe is migrants, and they will continue sending

home large amounts [of money]. Approximately 5% of our GDP comes every year in remittances. So we were bound to be there, and this is what I consider part of our Morocco business.

But when we started to see the slowdown in financial services in Morocco due to the high penetration within an economy that is fairly small, we had the choice of either accepting the slower growth and becoming a utility stock or finding continued avenues for growth by replicating what we learned in Morocco and in neighboring markets that had lower penetration of financial services. This is exactly what we did after the merger that created Attijariwafa Bank. We did a thorough country scan using a number of indicators in order to prioritize the markets we had to enter.

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**“[In Morocco], we are still a long way from a start-up culture. But, at the same time, we're very entrepreneurial.”**

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Ten years later, we are in most of our priority markets. There is one missing part — Algeria, our immediate neighbor where the economy is twice as big as Morocco and the banking industry is approximately the same size but more fragmented. So there is a lot of value to be created in Algeria if we were able to compete. We applied for a license. That was one of our first steps in 2005. But we never got an answer.

Volatility was managed through diversification, because we entered so many countries that a crisis in any given country would not hurt us overall. Plus, Morocco remains big – 80% of the balance sheet. The combination of all this has [led] our board [to] ask us to make larger, bolder acquisitions, which means going into larger markets like Nigeria or Egypt or Ethiopia if it opens up.

**Knowledge@Wharton:** Take us through the strategic decision-making process you used in identifying your priority markets. What were the risks that you considered, and how did you hedge those risks?

**Douiri:** The risks are related to the indicators. The top indicator has to do with the macroeconomic situation. We are a bank. So we live with the macro, we live with interest rates, with currency. The second big theme had to do with regulation. We also looked at cultural aspects. How will we be able to conduct cross-border projects? We don't aim to just plant the flag; we need to work hard on transferring best practices. A good proxy for cultural proximity is language. We needed our teams to communicate easily.

**“We had the choice of either accepting the slower growth ... or finding continued avenues for growth in replicating what we learned in Morocco in neighboring markets that had lower penetration of financial services.”**

In the top three buckets, we had French or Arabic speaking countries, and this is what we have executed so far. But I believe that language shouldn't be a barrier; the younger generation in Morocco now speaks English more and more. So, the next step will be outside the French-speaking world.

**Knowledge@Wharton:** To what degree was the financial crisis in Europe a factor in your planning a pan-Africa strategy?

**Douiri:** The crisis happened later. When we planned the pan-African strategy it was 2005 and things were going well everywhere – in Europe and also in Morocco. Morocco was still a high-growth country. We were just

projecting the fact that banking services would saturate at some point.

**Knowledge@Wharton:** We would be interested in your perspective on the start-up economy in different countries in Africa. What role is your bank playing with start-ups?

**Douiri:** It's much more dynamic than we think. I was struck for the first time when in 2014 the Global Entrepreneurship Summit took place in Marrakech. It was a state department-led initiative. But here I was at an event organized by a foreign country with Moroccan entrepreneurs whom we had never really met – whom we don't get to meet every day because it's not the same environment. And they were doing a great job explaining their business model, talking to investors, talking to the vice president of the U.S. It opened my eyes to this vibrant environment.

Now, let's get to the real fundamentals. I think Morocco is a very small market for any start-up. It's a market where you have many more hurdles than in a developed market because you need to educate people to trust you in a culture where risk taking is not very developed. So I'm not over optimistic. I'm optimistic to see that young people have the energy, the will and the skills. But I don't think it will be an overnight revolution. There is still one big block missing which is early-stage venture capital.

**Knowledge@Wharton:** Are you thinking of this in Morocco in particularly, or throughout the continent?

**Douiri:** Morocco is the place I know best, and I think what I'm saying about Morocco is true for all the other countries where we operate. Maybe it's not true in countries that are more English-speaking. The missing part for me is not the role of the private sector; it's the role of governments – co-investment in early stage projects, development of higher education which is not that great in Morocco.... The whole education industry needs to be revamped. The system was built during a period where the ultimate goal was to be a civil servant, not an entrepreneur. We are still a long way from a start-up culture. But, at the same time, we're very entrepreneurial. This informal economy is very important for a developing country.

To come back to your question: “What do we do?” We believe that private equity is a different business. So we have a subsidiary that manages funds – private equity funds. But we don't interfere with their strategy. What we're doing as a bank is to enlarge our lending market to very small enterprises, in particular in the informal sector. This is a new avenue. We're offering formal credits to informal businesses.

**Knowledge@Wharton:** I have one last question. All around Africa you see mobile banking on the rise. How do you see the prospect for mobile banking in Morocco and North Africa, specifically with regard to bringing unbanked sections of the population into the financial sector?

**Douiri:** First, it's very important to create definitions of mobile banking. The mobile as a channel to interact with your bank is really becoming very important. We invested heavily in that, and we're seeing the new generation use more and more of that channel — even more than the Internet. Anything you have in the U.S., we have it in Morocco, and soon in the other African countries where we're present because we're also developing that. For the rest, it's mostly about remittances and payments. So it's not really mobile banking. I would call it mobile payment. So far, mobile operators have not been able to build a bank. They have built a remittance and payment system based on their mobile.

In Morocco, the context is very different. We have already 11 million cards — debit or credit — in the pockets of Moroccans. There is only a 10 million active population. So people who want an electronic payment form have it in

their pocket. For us, the challenge is to push people to use their card for more than just withdrawing cash.

All mobile operators who have tried mobile payments in Morocco have failed. Why? Because the infrastructure is not needed. There is no gap to be filled by mobile operators.

Coming to low-income banking, there are a lot of initiatives in Morocco. Everybody in the cities has a bank account, even people in the countryside. So it's high banking density, very low prices. You can have a bank account for 50 cents a month, and that includes your debit card and even free checkbooks. So in a sense it's being commoditized. This is the model in Morocco. Elsewhere, we will have to take into account mobile operators that are sometimes making rapid progress. They will be very hard to beat but, at the same time, they will need us when they want to improve their offering. So everywhere else it will be competition. Our subsidiary Wafacash has already applied for licenses in Western Africa and Central Africa. It will be very interesting south of the Sahara. But the game in Morocco is pretty much finished. 🇲🇦



# Breaking the Multinational Monopoly on Kenyan Beer Sales

*Tabitha Karanja is CEO of Keroche Breweries, Kenya's only homegrown brewery.*



**Knowledge@Wharton:** Tell us about your company? What do you produce, how big are you, how old are you?

**Tabitha Karanja:** I am the CEO of Keroche Breweries and the founder. It was founded in 1997. We manufacture alcoholic beverages. We have beer, we have wines and we have spirits.... Beer is the main product.

**“One multinational had dominated the market for eight years. I then thought, why don't I come up with a beer that offers a choice.”**

**Knowledge@Wharton:** So how many different beers do you have, what is the name of your beer and what are your sales?

**Karanja:** At the moment, we have two beers – Summit Lager and Summit Malt. Our capacity is 1 million liters. We are doing 50% of that because the capacity expansion was done recently. We are hoping to reach full capacity in one year's time. Then we can think about expanding across the African continent.

**Knowledge@Wharton:** What percentage of your sales are beer vs. wine and spirits?

**Karanja:** At the moment, it is 50:50.

**Knowledge@Wharton:** We don't often see a beer company founded by a woman. How did you start this company?

**Karanja:** I was in a trade business. We were buying manufactured goods to sell to the people. It was a hardware shop. I thought, why don't I go into manufacturing. I didn't know what to manufacture.

I did market research and saw there was a gap in the lower end of the liquor market. The only players were the multinationals and they neglected the lower end of the market. People were left to drink whatever was available. It was not hygienic. I thought, why don't I come up with a product that is hygienically produced, affordable and meets international standards? It was received very well. Within five years, we took over the market.

When we were working on that, I discovered that at the top end and middle market, consumers didn't have any choice. One multinational had dominated the market for eight years. I then thought, why don't I come up with a beer that offers a choice. (At that time, people could go to a bar and say they wanted a cold beer or not; there was only one brand.) I introduced a premium product – a beer that was naturally brewed and sugar free. When people drank it, they realized they had no hangover. It was again received very well. Within two years, we had to expand the brewery.

**Knowledge@Wharton:** At present, are your sales limited to Kenya?

**Karanja:** We are just in Kenya. But, of course, we go to Uganda. You can find people buying our beer. That's unofficial. But we want to go to Uganda officially. And Tanzania, the whole region – the African market – by next year.

**Knowledge@Wharton:** Tell us about your employee base.

**Karanja:** We have about 300 direct employees and thousands in the distribution network. Ninety-five percent

of these 300 are professional because the technology we use for brewing is the latest. So it is a lot of skilled labor; 95% are engineers, brewers, marketers accountants and all that.

**Knowledge@Wharton:** As you look back at the past 10 years, what have been the most significant challenges that you've had to overcome with the business?

**Karanja:** The biggest was to break the monopoly of the multinationals. They were not ready to give up any percentage of their market, because they controlled 100%. People have seen the resilience, the determination and the focus that I've put into the business. And I've inspired many people in Kenya and now Africa. They've seen that it can be done. Especially being a woman, now people see we can do it.

**Knowledge@Wharton:** So how did you break these monopolies?

**Karanja:** Mostly it was through the support of the Kenyans. Our competitor used to pay the barmaids not to stock our products, put them under the counter. So I tried to come out and face the monopoly committee, the competition committees and the parliamentary committees and then the media. And the people said "we need to support this." Then, when they tasted the beer they realized it's better than what they were having before. So that is how I broke the monopoly.

**Knowledge@Wharton:** Tell us about how you as a woman lead. Is it significant that you're a woman? Are you just a leader who happens to be a woman?

**Karanja:** I'm a leader who happens to be a woman. When people look at me, they don't see me as a woman; they see me as an entrepreneur.

**Knowledge@Wharton:** Where did this entrepreneurial spark that you have come from?

**Karanja:** I can't say my family was in business. I think it's just that wanting to make a change. After dealing with the hardware business, seeing these are things manufactured, thinking why don't I go into manufacturing. Then going there realizing the market was really controlled, that it was very hard to break. People had really started looking at me with hope. I knew if I didn't push it, I'd kill a lot of dreams. So that's what really has kept me going.

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**“When people look at me, they don't see me as a woman; they see me as an entrepreneur.”**

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Every time I have challenges, I know I have to overcome them, I have to recover. So I push myself. I feel people behind me watching. I don't want to give up so that people won't ever say: "But you want to try this? You can't make it. Remember, Tabitha tried and she was unable." But today it's proof that we can do it.

**Knowledge@Wharton:** Where do you think your company will be in 10 years?

**Karanja:** In 10 years I believe that we will be across the African continent. I believe the alcohol market is controlled by the multinationals. Because Africa is rising, Africans should have a share of their market too. 🇰🇪



# Why Inclusive Growth Is Key to Africa's Rise

*Acha Leke is a director in McKinsey's Johannesburg office.*



**Knowledge@Wharton:** Tell us about your coming back to Africa after getting your Ph.D. at Stanford, and the work you've done in expanding McKinsey across the continent.

**Acha Leke:** I did my PhD at Stanford and spent my last summer with McKinsey in South Africa. It was the only office we had then. This was in the late 1990s. I had an offer to return to the Johannesburg office, but nobody was going back to the continent then. It was quite a mess. I decided to start in the U.S. I began at the Atlanta office, but always felt this pull to come back to the continent.

**“The question I asked myself all the time was: ‘Whose responsibility is it to change things?’ Those of us who were outside saw that if we didn’t come back to change things, who would?”**

**Knowledge@Wharton:** Where you had grown up?

**Leke:** I'm from Cameroon. I reflected on the fact that it was very easy for us to stay out and complain about what was going on in the continent. But the question I asked myself all the time was: “Whose responsibility is it to change things?” Those of us who were outside saw that if we didn't come back to change things, who would? In the early 2000s I decided to transfer to our Johannesburg office for a year; it's been 15 years.

**Knowledge@Wharton:** Now McKinsey has many more offices in Africa other than at the Johannesburg?

**Leke:** Yes. When we started we had 50 consultants who transferred to Johannesburg. Today, we have 350 consultants across seven offices. We're in Egypt and Morocco and North Africa. We have 70 consultants in Nigeria, another 30 in Kenya. We're in Ethiopia, we're in Angola, and our biggest office is in South Africa.

**Knowledge@Wharton:** What kind of changes have you seen in these 15 plus years?

**Leke:** The continent has changed dramatically, and for the good. Five years ago, we published a report online which talked about the transformation of the continent on a number of dimensions. In the late 1990s, the continent was basically not growing. Growth was about 2%-3%. Population growth was about 2%-3%. Over the past 15 years, Africa has been the second fastest growing continent. All the sectors are growing, so it's been a very exciting time to be here. We still have challenges. But it is an amazing, exciting time to be part of this whole Africa-rising story.

Because of the growth that we've seen and the global financial crisis, we found that a lot of educated Africans, who would've stayed outside, had decided to come back. The first year we set up the Lagos office, we had 1,500 applications – 1,000 applications from people in Nigeria and 500 from people outside Nigeria. They were not just Nigerians. We had Chinese, Belgians, Brazilians apply. Out of the 500, we made 12 offers. Out of the 1,000 applications from Nigeria, none.

**Knowledge@Wharton:** You made no offers to the Nigerians who applied? That speaks, I presume, of the gaps in the intellectual capital, the education systems in Nigeria and perhaps elsewhere in Africa. Speak to us about those challenges.

**Leke:** We have big issues, especially with education levels on the continent. But it also speaks of gaps at McKinsey, on how we evaluate candidates. These were extremely smart candidates. But we took our typical European, U.S.-centric approach to evaluate them. We've seen change there.

**Knowledge@Wharton:** One senses that all the entrepreneurs we have been meeting are part of this larger story — Lions on the Move [the title of a 2010 McKinsey report on Africa that Leke co-authored]. But I think it would be helpful for you to talk to us about the larger plan. What are the other institutions, the other players beyond talented entrepreneurs, that are needed to continue to propel Africa's growth and overcome its challenges?

**Leke:** Well, there are a number. I tend to start with the governments. A lot of the work we do — 67% — is with the public sector across Africa. In the U.S., it's about 10%-15%. We believe that to have an impact on the continent you have to serve the public sector. We're very involved with serving governments — at the president level, ministers — helping them make overall strategies or sector strategies. What we've seen is a fundamental transformation within governments. First, there is a lot more political stability. Obviously, you have challenges and conflicts here and there. But it's a lot fewer than 10 years ago. You see more microeconomic stability. Many countries have gone through tax reform. Nigeria raised another \$700 million in tax revenues last year on top of the budget.

Governments are going in the right direction. Then you have the emergence of pan-African champions. Companies that started in Nigeria are now present across countries. They're expanding. You are starting to see some big African multinationals emerge. Entrepreneurship is a big thing. One of the biggest issues we have in the country is jobs. We are not good at jobs. We did a study called Africa at Work, which we published a few years ago, looking at what it would take to accelerate job potential in the continent. The reality is that the private sector on its own would never get us the jobs.

We want to meet a lot more entrepreneurs, large-scale entrepreneurs. We want people who would bring jobs for 40,000 employees. But I think we don't have the right environment to help them scale. That's the big challenge on the entrepreneurship front on the continent. Then you have all the social entrepreneurs who are doing the right things. And you have the multinationals — people from outside — helping us. That's a big influence.

**Knowledge@Wharton:** As you look forward, what are the kinds of things that need to happen to continue this growth and to create more jobs?

**Leke:** The focus is now clearly inclusive growth. The sectors that create growth are different from those that create jobs. I'll give an example. The resources sector, over the past 15 years, has contributed about a third of Africa's growth, directly and indirectly. In that period, we have destroyed jobs. We have fewer jobs today than we did 15 years ago.

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**“We still have challenges. But it is an amazing, exciting time to be part of this whole Africa-rising story.”**

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**Knowledge@Wharton:** And the key industries in the resources sector are?

**Leke:** Oil and gas, mining and those kinds of industries. Now, those that create jobs are agriculture, manufacturing, and retail and wholesale trade. That's where the jobs are going to come from. I think we're going to get there. We will have the largest workforce in the world by 2030-2035, and we need to make sure that these people are educated, they're ready for the job market and there are jobs for them. So that's one.

The second challenge: There are questions now around the global slowdown. What's happening in China, with its commodity prices. And also in the U.S., as rates go up. What's going to happen to Africa? Is this Africa-rising story real? How much will Africa continue to rise? We're in the middle of looking at that. We are publishing the sequel to “Lions on the Move.” We don't have the answers yet. But it's very clear that there are risks, especially for the commodity-driven economies. They're starting to eat away at the fiscal buffers they had.

**Knowledge@Wharton:** As you think about these challenges and opportunities and how you move to create more inclusive growth in the continent, what are the levers of those changes? Is it the educational system? Is it policy? What should we be thinking about?

**Leke:** It's across multiple dimensions. I think it's definitely the educational system. We need to radically transform the educational system across the board. We need to put in place new policies to ensure the enabling environment. We need much closer collaboration amongst ourselves. Africans are just not connecting with each other. 

# How Economic Activism Can Empower the African Woman

*Social and economic activist Wendy Luhabe passionately believes in empowering women, especially when it comes to realizing their potential in contributing to the economy.*



**Knowledge@Wharton:** You describe yourself as an economic activist. You're based in South Africa. What is an economic activist?

**Wendy Luhabe:** In my case, it's focusing on the participation of women in the economy. When I thought about what we've been doing, I realized that you hear of social activists or political activists, but you don't hear of economic activists. The work we've done deserves the description. We pioneered two ventures: the first one was an investment company we started 20 years ago. It mobilized 18,000 women to become investors for the first time through a platform called Women Investment Portfolio Holdings. The company is still in existence. It has a value of about \$200 million.

**“We wanted to take women beyond that to say, you can provide labor and you can consume, but you can also be an investor responsible for your own financial independence.”**

After that, about 10 years later, we started a private equity fund for women, which was also an unheard of concept in the world. There are less than 10 funds that are focusing on women-owned enterprises. This was definitely the first and probably still the only one in Africa.

**Knowledge@Wharton:** That company still exists as well?

**Luhabe:** The fund has closed but several of the investments are still in existence.

**Knowledge@Wharton:** In the private equity company, were you solely focused on investing in women-owned businesses?

**Luhabe:** Yes.

**Knowledge@Wharton:** In the first case, it was women investors?

**Luhabe:** Yes. In the second case, it was investing in companies owned by women. My view is that if we grow the number of women entrepreneurs and give them access to capital and the business expertise to enlarge their businesses, they will contribute towards creating jobs, which is a major challenge in South Africa.

**Knowledge@Wharton:** How did you come to this? What was your pathway that led to these very bold and entrepreneurial moves?

**Luhabe:** It was a combination of things. South Africa was becoming a democracy and we had politicians who were committed to gender empowerment and passed legislation that made it possible. So it was largely the environment. Observing that as the political landscape was being rearranged and women were being left out, we decided that we would create our own opportunities rather than wait to be invited. That's how it happened.

**Knowledge@Wharton:** You had a background in finance?

**Luhabe:** I studied commerce. I didn't work in commerce or finance, but I studied it. I worked in marketing. My first 10 years were in marketing. But the three cofounders came from finance; all three were in banking. That's why I handpicked them, so that we wouldn't be ignored because we didn't understand the industry we were getting into.

**Knowledge@Wharton:** As an economic activist now, what is the focus of your activities?

**Luhabe:** Communicate economic empowerment. I've invested in a micro bakery project that will have a footprint of about 400 bakeries throughout South Africa. It will enable women to generate an income of 5,000 rand a month — about \$500 a month — from zero to \$500 a month, making their own bread and supplying it to their immediate neighborhood.

**Knowledge@Wharton:** You are an investor in this? You helped to grow the business?

**Luhabe:** I am. I'm identifying economic opportunities that can help uplift communities. The first project we've done is the bakery. It's not mine; it's an existing project that I have invested in to help scale it. I've invested in an agricultural project in the southern part of the country in a community that owns land, but didn't have the resources to invest in seeds. I discovered that seeds for agriculture are the most expensive part. So I invested to enable them to buy the seeds.

**Knowledge@Wharton:** In your years of doing this kind of work are there lessons that you've learned or that you've discovered that are very helpful for scaling these kinds of businesses, for knowing that this bakery is a good idea, it will work and we can scale it?

**Luhabe:** I can't answer that because I'm not operational. I'm an investor. So you would need to talk to people who are operational. I'm sure there must be many lessons. Because when you are pioneering and you are on the ground, you're responding to issues as they develop. I think the tragedy is that those lessons don't get documented.

**Knowledge@Wharton:** There's certainly a lot of interest. To this day you are quite pioneering in bringing women into investing.

**Luhabe:** It hasn't been done. When we started it, it had never been done and it still hasn't been done. I'm not sure why because we've traveled extensively to share the idea. Somehow people just haven't been able to get it off the ground. I don't know whether in our case it was because of the confluence of a change in the political system and people feeling quite optimistic about the future and the opportunities opening up.

**Knowledge@Wharton:** If you were to tell us the typical woman who invested in that fund, who was she?

**Luhabe:** What's actually quite unique about this is that it mobilized South African women from all walks of life. So there were white women, black women, ordinary women, wealthy women, educated women, uneducated women, rural women, urban women. What we did and how we

were able to do that is because we invested two years before the company was established doing a roadshow which was called Beyond Labor and Consumption. We felt that all that women were considered good for in the economy was to provide labor, or we consume, we buy. We wanted to take women beyond that to say, you can provide labor and you can consume, but you can also be an investor responsible for your own financial independence.

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**“It mobilized South African women from all walks of life. So there were white women, black women, ordinary women, wealthy women, educated women, uneducated women, rural women, urban women.”**

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It was because of that roadshow. It took us about two years. We have nine provinces in South Africa and it went to every single province and spoke to women from all walks of life.

**Knowledge@Wharton:** I would imagine that there would be a barrier with married women feeling like they couldn't invest their family's wealth, that the men controlled it or the men had to approve. Did you have to win over the men as well?

**Luhabe:** We actually had men who bought shares for their wives and their daughters and their helpers. South Africa is fortunate. We are lucky that we have help in our homes. So we had a lot of white families who actually bought shares for their helpers as well. So we really mobilized the nation and people got behind it.

**Knowledge@Wharton:** What are the sort of challenges and opportunities that you're seeing now for women entrepreneurs in South Africa?

**Luhabe:** I think it's the same issues as everywhere else: access to capital, to expertise, the knowhow, the ecosystem. South Africa doesn't have an ecosystem for entrepreneurs. Although we have a well-established financial services sector, it doesn't support entrepreneurs. It's totally risk averse.

We don't have a venture capital culture. There is an element of angel investing, but it's still very limited. We

have private equity, but private equity doesn't invest in start-ups. So we have pockets of things. We have lots of government funding, but it doesn't really reach the opportunities that are in the marketplace because we lack the ecosystem. They just don't know how to assess projects and opportunities and risks. The funds usually go unspent. They don't go where they are supposed to go to because of that lack of an ecosystem in the economy.

**Knowledge@Wharton:** But somehow you broke through this many years ago.

**Luhabe:** It was because we were right at the beginning, before there were rules and laws and things. We kind of made it up. Sometimes that's an advantage when there's nothing in existence, you can make it up.

The empowerment initiatives that existed at the beginning of our democracy were driven by a few individuals who were primarily men. What we started was the first one that mobilized large numbers of individuals, with a focus on women obviously in our case. That was an example of what I think the government intended with economic empowerment, to make it broad based in a meaningful way.

**Knowledge@Wharton:** Are there any key skillsets or talents or abilities that you feel you had to employ to be successful in this?

**Luhabe:** Well, three of my cofounders came from the banking sector, so they understood what we were trying to do. We were offering a solution in a sector that we understood. They were known in the industry and they understood the industry.

What I didn't tell you is that we did two capital raisings from the women themselves. The first was 25 million rand. We needed to do a second one and raised 75 million rand. The first 100 million rand to get this company off the ground and to acquire equity in the various industries came from women themselves. Because of that, by the time we raised institutional funding we had already proven the concept.

**Knowledge@Wharton:** Where do you see your work taking you over the next five years?

**Luhabe:** I'm beginning to invest in Africa. I'm going to invest in the food business in Kenya. I'm going to invest in Nigeria. I'm going to begin investing outside South Africa. 🇺🇸



# Why the Diaspora Has an Important Role to Play in the Democratic Republic of the Congo

*Serge Nawej is an attorney specializing in African business development with global law firm DLA Piper.*



**Knowledge@Wharton:** You left your home country — the Democratic Republic of the Congo (DRC) — when you were 12. And you have come back. Please tell us why you left and why you came back.

**Serge Nawej:** We left in 1992, because I am from a family with a political background. We went to Belgium. I spent 22 years in Belgium. I graduated, became a lawyer and I decided to go back home because this was the duty of someone who was being educated outside. It was part of my objective, even when we were in Belgium. The only thing that was important for me was to come back and do something, probably not in politics, because I have seen what politics could do to people. My mother was tortured; they broke her hand.

I wanted to do politics differently by doing business. And the way to do business [in my case] was to bring reliable companies, reliable players, into countries that are sometimes seen as failures, but their people are really good and they are developing a lot of things.

**Knowledge@Wharton:** So after education and becoming a lawyer and working for DLA Piper in Belgium, you said, “You know what? I want to go back to the Congo. I can make this work as a lawyer, and I can do something good for the country.” What was the reaction from your colleagues in Belgium?

**Nawej:** Well, it was a bit more. They came to see me because I had started a small law firm. None of the big firms were familiar with Africa. But they said, “We need to have a strategy for Africa. Would you join us?” I thought a lot and then decided to join them.

It was difficult. When you have correspondents — legal correspondents — who are not responsive, sometimes inefficient — not because they’re not good, but because they have not been used to the type of transaction we handle — you have to be there.

So I decided I would go. We built something; I have created with two colleagues a law firm named Proxima, which is in the DRC. We are starting to handle quite a number of large transactions.

**Knowledge@Wharton:** What kind of misconceptions do you find that people have of the DRC?

**Nawej:** The misconceptions are mainly about corruption. There’s corruption in any country. At a certain level, it’s the middleman.

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**“If the diaspora just comes home, we will fail. We need to be with the local people to understand.”**

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**Knowledge@Wharton:** So your advice is to avoid the middleman?

**Nawej:** Definitely. At least make sure that you do the proper due diligence.

**Knowledge@Wharton:** What kinds of opportunities can businesses find in the Congo, and are they actually beneficial for Congo citizens?

**Nawej:** Of course. Infrastructure — you have to deal with the government. The government now understands that it had to be different; we’re coming from minus 150. Now we are minus 50. This means we have done a lot. Agriculture, of course. Mining. We have most of the minerals in DRC, and you don’t have to dig too much.

I am also starting to see something which I was underestimating — IT. Young people with a lot of talent

are developing apps. But the problem is that they are not getting assistance. So this is why I am also assisting business development – business incubation and creation. I was doing that before even being at DLA.

**Knowledge@Wharton:** What do you see as the barriers that must be overcome in the next five to 10 years to achieve the kind of vision that you and others have for business in the Congo?

**Nawej:** I think it will be political transition, which is an issue. Stability is the key. A challenge will also be the relations with our neighbors, which we can increase by doing more businesses. But I don't see any particular challenge which will stop the country and its people. There is a critical mass of people coming back.

**Knowledge@Wharton:** So this is partly the diaspora coming home?

**Nawej:** It's a combination, because if the diaspora just comes home, we will fail. We need to be with the local

people to understand. We also need to listen to our elders – sometimes, to listen carefully not to do what they did.

**Knowledge@Wharton:** Investors from the West have been active in Africa for decades – British, French investors. But now there is a new group of investors from Asia – the Indians, the Chinese – who are quite active in Africa. What do you find is the difference between these new investors and their strategy and the old imperialists, as they were called?

**Nawej:** Well, I would not use the word “imperialists.” But if you see development and the changes that have been coming in the DRC, they have come through the BRIC countries. They have shown the people that we should not be satisfied with some small roads which will be built 10 times and paid for 20 times to the same Western countries. But now, competition is not only between Western countries, but also with new competitors. The new investors are not coming with a lot of conditions. So we will be entering into the same system; it's not bad. And it's bringing a lot more business for lawyers, so it's good for us. 🇷🇺

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“The new investors have shown the people that we should not be satisfied with some small roads which will be built 10 times and paid for 20 times to the same Western countries.”

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## Making Medical Devices More Accessible, Affordable and Reliable

*Soga Oni is the co-founder of Medical Devices as a Service, an African medical equipment services firm.*

**Knowledge@Wharton:** Tell us about your company, MDaaS.

**Soga Oni:** MDaaS is an acronym for Medical Devices as a Service. We are a medical devices services organization whose mission/vision is to make medical devices more accessible and affordable in Nigeria and across the African continent. We do this by providing flexible acquisition options to hospitals. We also train biomedical technicians who service a full range of medical devices and make sure that the devices don't break down.

**Knowledge@Wharton:** It sounds like there are two key functions. Part of it is the acquisition of medical devices and the other part is service and maintenance.

**Oni:** That is correct. I think one of the biggest challenges hospitals in Nigeria and all African countries face is, No. 1, medical devices are capital intensive. Unfortunately, there is not a lot of financing out there. No. 2 is the maintenance and repair of these devices. A lot of African countries, Nigeria included, lack skilled biomedical engineers who could service these devices. I know a doctor who bought a new \$50,000 machine that broke down in six months and they had to fly in someone from Korea to fix it. That shouldn't happen. So that's the problem we're trying to solve.

**Knowledge@Wharton:** How long have you been in the business? What stage is your company in?

**Oni:** We are still early in the process. It's been a one-year journey for me from ideation. This came originally because I visited my dad. He is a medical doctor and I visited his hospital. I saw the way he had this equipment, stuff that he just threw away. I worked with some of my classmates at MIT to look at the problem and I realized that this was a huge problem across the continent. I started working on it, eventually got some support from the African Leadership Network and decided to move back in February to launch in Nigeria.

Since February, it's been setting up the processes I needed, doing more interviews with doctors to see what they really want. The idea evolved with me just talking to people, getting feedback. Right now we have a pilot; we're in the process of shipping the devices in.

**Knowledge@Wharton:** Tell us a little bit about your background. You grew up in Nigeria?

**Oni:** I grew up in a small town, a few hours from Lagos. I spent most of my formative years there. Then did my college in Nigeria. After that, I went to the U.S. for a master's degree. I worked for a few years as a software engineer in the U.S. And then I went through this midlife crisis: I wanted to move back and I wanted to know what I could do to help back home.

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**“I know a doctor who bought a new \$50,000 machine that broke down in six months and they had to fly in someone from Korea to fix it. That shouldn't happen.”**

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That led me to apply to MIT. I got in. I had studied systems engineering in Nigeria. That deals with big social technical problems. This is a big social technical problem. It has a technical component and a social component. That allowed me to see things from a bird's eye view. It also enabled me to see how things work in the trenches. That made me want to contribute back.

**Knowledge@Wharton:** Was it an easy decision to come back?

**Oni:** In a lot of ways, I'm privileged because I still have my family back there. When I moved back originally, I got support from my family.

**Knowledge@Wharton:** Going back to the pilot that you're doing now, what are the medical devices that you're bringing to these hospitals?

**Oni:** We're bringing about 12 devices of six different types. We had a conversation with them about what their needs are, what their requirements were and what they wanted. Then we made that decision to bring in those devices for them.

**Knowledge@Wharton:** When you look at the medical device industry, are you bringing in technology that exists in the Western countries or are you looking at some of the innovations that have been made where some of these technologies and devices have been adapted for the developing world at a much lower cost?

**Oni:** Our approach is we bring in technologies that are cheaper. We bring in X-ray devices and ultrasound equipment, for example, from the early 2000s. They are well maintained and refurbished. They cost about a tenth of what the new ones would cost. That's our approach.

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**“This is a big social technical problem. It has a technical component and a social component.”**

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I think it's interesting though, your question, because there's been this approach to strip down devices and reposition them for Africa. That works in some cases, but a lot of hospitals, especially in growing cities like Lagos, want the good stuff. They don't want the stripped-down version; they want all the features.

**Knowledge@Wharton:** Just to push back very gently, you don't feel like you're going to replicate a very high-cost medical system in Africa at a time when it's running into problems in the West?

**Oni:** We will replicate what they have there. We will make ours in the end. We have to be realistic about these things. The devices that we're bringing in are trade devices; they will be useful for the marketplace. What we're also doing is training people on the ground. We're not trying to bring people in from outside.

Hospitals will look at all the options. They'll have to make the decisions themselves. We need more approaches to solve this problem. In the end, there's a place in the market for people like me and also dirt-cheap Chinese products. It's a huge, huge market.

**Knowledge@Wharton:** I'd love to hear about what you've been learning in the process of building this company over the past year, the major turning points and lessons for you.

**Oni:** I've learned a lot. Originally, I wanted to start a company that leases medical devices. But you need the ecosystem to support leasing. Until we have that ecosystem, leasing is just me giving you money. I would never be able to be sustainable.

**Knowledge@Wharton:** Let me make sure I understood that. Your first approach was to...

**Oni:** Lease the equipment. But we learned that big banks have a problem financing equipment, financing doctors. If you finance a car and don't get paid, you can get the car and sell it. But even if the big bank gets an X-ray machine back, what do they do with it? There's no second market to go to.

**Knowledge@Wharton:** At this stage in your early development, is MDaaS all Soga Oni, or do you have a team working with you?

**Oni:** I've had teams. I've had people work with me throughout the whole process. But we finished in May from MIT. Now [my friends] have got good jobs all around the world....

**Knowledge@Wharton:** Where do you hope to be in a year?

**Oni:** I want the pilot to be successful. By that time, I would have moved out to all the hospitals across the country. One of the big components of my organization is the training — biomedical training. So I've asked for a set of biomedical technicians good to go, ready to work. 🇺🇸

# Creating an African Brand That Appeals to African Youth

*Alpesh Patel is the founder Mi-Fone, an IT and communications retailer in East Africa.*



**Knowledge@Wharton:** What is Mi-Fone all about?

**Alpesh Patel:** When I left Motorola, I was approached by other brands, but I figured that Africans are actually best served by Africans themselves. But, how do I create something [in a segment] where the big brands were not looking?

There was complete ignorance of the mass market consumer sector, which we call the bottom of the pyramid. So we developed a brand called Mi-Fone. It's an African brand, which means basically 100% African ownership. The soul of the brand is very African. The essence of the brand — our communications — is very African and skewed towards the youth.

We were the first to do this. A lot of people thought I was crazy because it was 2008 — in the middle of a recession. How am I going to compete with Samsung? How am I going to compete with Nokia? How am I going to compete with all the cheap Chinese products coming to Africa? But it's because I had the experience in the business for so many years that I had my relationships in place already.

**Knowledge@Wharton:** What does it mean for a cell phone company to be completely African?

**Patel:** Local brands are on the rise. In China, the No. 1 brand is Xiaomi. In India, it is Micromax. We hope one day to become the No. 1 local brand in Africa. It's about understanding the local relevant cultures. Africa is 54 countries in one continent, which is very fragmented. A phone that's successful in Kenya may not be successful in Rwanda.

**Knowledge@Wharton:** Can you give us an example of a phone that is going to sell in one or many African countries and you don't need the features in the U.S.?

**Patel:** Our tagline is "Aspiration within reach." Everyone in Africa today has heard of Samsung, has heard of Apple.

Everyone wants an Apple. Unfortunately, the pocket will not allow them to get an Apple iPhone. That's called aspirations beyond reach. The \$100 Mi-Fone gives you the same features, gives you access to the Internet, good speed, good battery life and is durable. That's what we call "Aspiration within reach." And that's what Mi-Fone's all about. It's a social message as well.

We want to empower Africans via smartphone technology. Their pocket allows them to have access to the world by a four-inch or five-inch smartphone screen. This is their world. It's not a round world. It's a four-inch screen. This is their window to the world.

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**"I want to be able to execute my vision.... The challenge is learning."**

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From here they're going to be able to run their lives. When you run your life through your smartphone, you become more productive. As you become more productive, you become more prosperous and, as you become more prosperous, everyone becomes happier. What we're trying to get across here is that we understand what the people in Africa need.

**Knowledge@Wharton:** What were some of the challenges involved in getting into the device side of the mobile business?

**Patel:** I've had challenges from day one. The big challenge was I didn't have any external funding for seven years. I went knocking on doors. I got shot down at all of them. The challenge in this business is the perception. The finance community feels that this is a commodity business.

The second challenge we had was that we were not a known brand. It is a very brand-driven market. So we had to become very innovative. Innovation for me is not the next technology breakthrough. Innovation is taking the traditional business model and flipping it. And that's what we did with the phone business.

**Knowledge@Wharton:** Give us an example of how you flipped.

**Patel:** One of the first things we did was piggybacking on what was in the news at the time. We actually did the "Mi-Obama" phone. We launched this in western Kenya on the day he became president and sold 8,000 phones in five days. What we said was, if you could put Obama on a t-shirt or a coffee mug, you could put him on a phone. So we developed this handset. At the back it said, "Yes We Can." And because his father was from western Kenya, we sold it in that area. People bought it as a memento. It's very basic but no other brand would do that.

**Knowledge@Wharton:** I was curious when you talked about the difficulty of getting early-stage investment in your company. What changed? What did it take to be able to attract investors?

**"When you run your life through your smartphone, you become more productive. As you become more productive, you become more prosperous and, as you become more prosperous, everyone becomes happier."**

**Patel:** Six months ago we got acquired; fifty-one percent of the brand has been sold to Imperial Holdings of South Africa. It makes me very proud of what the brand has become because it's a validation of us being a start-up, growth stage and then getting acquired by a public company. That means they've done their due diligence on us, they've done all their checks on us and they know that we are a shining example of how you can start a pan-African business with zero capital and within a few years create the foundation to be able to take your growth to the next level. They've given me the capital now to build a proper business.

**Knowledge@Wharton:** What will you do with the capital?

**Patel:** Well, you know you always have this wish list — I wish, I wish, I wish. Now that I've got the capital, I'm going to start ticking it off. We've always been constrained in hiring very smart people. So the first thing is obviously getting the right headcount, fast-tracking our distribution. We're in 12 countries but we want to increase our footprint. We would like to grow this business very quickly over the next five years via organic growth, which is selling more devices, and acquisitions. That way we can create our own ecosystem.

**Knowledge@Wharton:** I am interested in the social impact. I think that businesses create positive social impact in a variety of ways. It sounds like a big focus for you has been in the product itself and the services you offer. A complementary way might be through your employment strategy. Is that something that you think about?

**Patel:** We run a very neat organization.... I didn't have any funding. So we worked a lot on Skype. I outsourced a lot of my team. But, since the acquisition in May, we have set up our African HQ in Nairobi. We have employed six people, five of them are local Kenyans, and our next stop will be Nigeria. But you need people on the ground. So that's where we're making a lot of investments.

We're going to spend more money on product development, on the software but also having this whole Mi-Fone look and feel. This does not look like a cheap, Chinese phone. We give you a Chinese price but we won't give you a Chinese phone.

**Knowledge@Wharton:** And where are they manufactured?

**Patel:** They're manufactured in China just like everything else. But there would have to be an assembly or factory in one of the African locations. That will create more jobs.

**Knowledge@Wharton:** Now in addition to Africa you also have a base in the Middle East. Tell us about the Middle East part.

**Patel:** The head office is in Dubai. We don't do any business in the Middle East. It's just the way this transaction was structured. We got bought out by the South African company but they did it through their Dubai entity. I've lived in Dubai for eight years. It's a city that works.

**Knowledge@Wharton:** One of the biggest challenges for any start-up is building the brand — especially when you're competing with some of the global brands.

**Patel:** It takes 10 years to build a brand.

**Knowledge@Wharton:** What were some of the innovations on branding that you had in addition to the Obama phone?

**Patel:** We could do tons. We are very good at innovating clever messages. We use the power of social media. We developed the world's first black smileys. Do you remember the movie, "Back to the Future?"

**Knowledge@Wharton:** Yes.

**Patel:** Our whole campaign went out as "Black to the Future." Again we're targeting the youth who are very savvy with all this. So they understand. We also came out with these really fun ads like, "Tired of the Same Song?" Very cheeky and rebellious.

**Knowledge@Wharton:** I have some questions about the challenges you find as an entrepreneur working in Africa, especially developing a pan-African strategy?

**Patel:** Today, you see a lot of successful companies but they're successful in one market. Like they're very good in Nigeria, they're very good in South Africa. My strategy from day one was not to have my eggs in one basket. Let's go pan-Africa straight away. This proved to be much more difficult but it also got us that presence we needed. Second,

is the perception of the brand. Third, because there's no funding and everyone wants credit in this business, we had to negotiate with the factories to get some credit lines and juggle this in a way that we could satisfy both the clients and the factories.

**Knowledge@Wharton:** And the margins?

**Patel:** The margins are pretty good. But I also paid 30% in finance costs because I would borrow private money. Even after that 30%, we still make a small profit. I didn't have an office for the first two years. I didn't even take a salary.

**Knowledge@Wharton:** You've just been acquired. What are the kind of decision points that you're wrestling with, that you're mulling today?

**Patel:** I have a lot more responsibility now. I have a much bigger team to report to. I want to be able to execute my vision, bring in the right people to execute while I give them all the strategy and what's the next thing coming for Mi-Fone. The challenge is learning.

**Knowledge@Wharton:** Where would you like to see Mi-Fone in five years?

**Patel:** There are 500 million phones going to be sold in Africa in the next five years. I want 10% of that. 🇳🇬

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**"My strategy from day one was not to have my eggs in one basket. Let's go pan-Africa straight away."**

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## Creating a Connected, Curated – and Mobile – Travel Experience in Africa

*Cherae Robinson is the founder and CEO of Tastemakers Africa, a mobile app that allows travelers to book curated experiences in African cities.*



**Knowledge@Wharton:** Where did this love of the African continent get started for you?

**Cherae Robinson:** I think I've wanted to go to Africa as long as I can remember. I used to work in development. I worked in CIMMYT (Centro Internacional de Mejoramiento de Maíz y Trigo), a World Bank research institution based in Mexico. I was spending a lot of time in southern and eastern Africa. Before that, I spent about a month in Sierra Leone. So part of it was, as an African-American, I was interested in the historical context. Then, when I was there for work, I saw the wealth of business opportunities available on the continent. It's kind of dual interest for me.

**“The idea of being premium and African is not something that you see, particularly in the travel space.”**

**Knowledge@Wharton:** I want to know about Tastemakers. Tell us a little more about that and your business there.

**Robinson:** Tastemakers is a mobile app that allows you to book epic experiences in African cities. It's about connecting you to insider ways, with an authentic African experience. The idea of being premium and African is not something that you see, particularly in the travel space. What we do is create all these experiences, right now in five countries, that allow you to travel, be included, be an insider, but at the same time, travel with a certain degree of safety and style.

**Knowledge@Wharton:** The interesting part is that you're doing it through an app. It may not be normal to think about travel in that way. But in the digital world we live in, it's an area of focus and probably an area of growth.

**Robinson:** We knew we needed to create a platform. If you go to [Tastemakersafrica.com](http://Tastemakersafrica.com), you see lots of visual, first-hand account content on things that should inspire you to travel and explore African cities in a different way. We knew that there was a lot of content about Africa being produced. We needed something to actually take people there in a way that speaks of the trends in the travel industry right now. Orbitz, Expedia ... everybody is trying to go mobile and go local at the same time. Tastemakers is a pioneer in doing this, because we started in the beginning knowing that travelers not only wanted to have these more connected experiences, but they also wanted to be able to book these things in just a few taps. That's what Tastemakers does.

**Knowledge@Wharton:** So where is interest in a product like Tastemakers coming from?

**Robinson:** There are two sets of people. You have more people doing business in Africa, and they don't have access to what's happening locally because their companies say, "Be safe, stay inside your hotel." They want to be better connected. So you have that subset of people. Then you have 10 million people — particularly younger people — who are going to the continent already, but just not being connected. They're reading blogs for hours, they're trying to find ways to connect, but there's no brand that says, "Come here, find everything that's awesome, and then book it through this interface where you spend 70% of your time anyway." People look at their phones 70 times a day, at a minimum. They are used to these devices. But they don't have that option once they come to the African continent.

**Knowledge@Wharton:** Was an app the most straightforward and easiest way to bring this information forward?

**Robinson:** Yes. When I first started Tastemakers, I had thought about it as a consulting opportunity. I said, “I can consult with tourism boards and help them figure out how to talk to this next-generation traveler who sees himself as a global citizen.” I tried that. I said, “Well, we can do a blog and help them brand it.” But it just wasn’t sticking. It just wasn’t working. What I realized is that travelers today are mobile. Even their hotel decisions are something that people make on their mobile phones. The other piece was the supplier side of the business; these people are not sitting at a desktop. When I looked at where the traveler was and where the experience providers were, all of them are on their phones all the time. So, for me, it seemed the best way to penetrate people’s minds and the travel decision-making processes in a place where they were spending the majority of their time anyway.

**Knowledge@Wharton:** If I go on your app [does it list] where my deals or my opportunities are within the next couple of days, or is this something I could also plan in advance?

**Robinson:** That’s what I think is really special about Tastemakers, because the other thing we noticed about the African travel space was that it’s run by the idea of a tour operator. So you have to plan weeks in advance. But in the Tastemakers app, it’s virtually on demand.

**Knowledge@Wharton:** What are some of the key lessons you have learned?

**Robinson:** I don’t think we would be as far along as we are if we didn’t go through an accelerator. Accelerators give you networks. I don’t think you can be successful as an entrepreneur without figuring out who your networks are, how to grow them, how to utilize them. Tastemakers is a small start-up. We raised a round of angel funding over the summer. But being part of the African Leadership Network Ventures program enabled us to find people who would do things for us. We didn’t have the budgets to hire them. So I think that’s one of the benefits of going through an accelerator.

The second piece is really pushing to challenge yourself on your model. With Tastemakers we had a commission-based model to begin with. It seemed the right thing. But through the accelerator, we learned that we were diminishing our value proposition. We were devaluing the time it takes to curate these epic experiences. We realized that we really had a premium business model.

The networking is probably the biggest piece. I think the last part that we got from the accelerator process was peer-to-peer learning. I can’t stress how much those peer-to-peer learning opportunities and peer-to-peer relationships have catapulted us over one obstacle or another, just by learning what other persons in the same position went through and how they solved a problem.

**Knowledge@Wharton:** The fact that there is so much development going on in Africa right now means that the continuing relationship with people is going to be very important to the success of this operation.

**Robinson:** In Africa, the start-up space is still fairly new and novel. The funding space is even more novel. And so the community of founders and investors and the ecosystem around them that helps businesses scale is critical. With Tastemakers, we won a start-up competition called She Leads Africa in Nigeria last September. She Leads Africa catapulted us into that ecosystem.

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**“[The new leadership] is moving the continent forward, moving their countries forward. For me, the leadership change is really about that.”**

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**Knowledge@Wharton:** As you operate in Africa, what are some of the real challenges that you’re facing in operating a business?

**Robinson:** I think one of the things, particularly in our leisure and travel industry, is talent and grooming talent. You have talent that comes back and works for a multinational — with a multinational salary. I think one of the things that we’ve had to do was create a lot of processes around talent — referral-based programs and programs to train talent. Both talent that works for Tastemakers directly and the staff at the restaurants and the tours and the activities that our travelers are booking. Customer service is a big issue on the continent. It’s a very different level of service from what one is expecting in the kinds of experiences that Tastemakers is focused on. We’ve had to identify the gems and help take them to the next level. There are smart, sharp people, but you have to be willing to put in the work to help those people get to their true potential. I think the other piece is infrastructure.

**Knowledge@Wharton:** What are you looking for and what are you seeing around leadership on the continent?

**Robinson:** Leadership is changing on the continent. The old version of leadership, which was not about bringing up the next generation, but about making as much money as you can and keeping it in your little clan or whatever you

call it, is going away. [The new leadership] is moving the continent forward, moving their countries forward. For me, the leadership change is really about that. It's about helping individuals and organizations achieve their potential. That's really exciting, and hopefully will cross over into politics. But right now, business is leading that call. 🇺🇸

**“In Africa, the start-up space is still fairly new and novel. The funding space is even more novel.”**



# 'We Are Living in the Era of the Screenager'

*Ralph Simon heads London-based Mobilium Global, a company based in Africa with operations in the U.K. and the U.S.*



**Knowledge@Wharton:** I was very curious to see what you are doing in the health care space with Mobilium. Could you tell me a bit about what Mobilium does and how you got started?

**Ralph Simon:** Mobilium is a company based in Africa, the U.K. and the U.S. It was originally started as an offshoot of a company that had become the first outside Korea to develop ringtones and a commercial ringtone service. This was in the late 1990s when the world was turning into 'screenagers.' What is a screenager? In today's world, people are looking at their smartphone, their tablets, their PC, their TV screen.

This whole notion of "screenage behavior" is now ubiquitous. We are living in the era of the screenager. With our background knowledge — both in terms of working in the telecommunications space plus working in the entertainment space, because my background was originally in entertainment — we felt that if you could gamify using entertainment constructs, health and mobile combined, this might be a very interesting way of addressing some of the important needs of the future with people who are screenagers.

**Knowledge@Wharton:** So how do you do that through your business?

**Simon:** Well, let's take Africa as an example. People do not necessarily have access to formalized medical care or health care. It is estimated that, in each African country, there are almost 100,000 community health workers. What does the community health worker have to connect himself to the patient and data, such that the data goes up into the cloud and can be used by the ministry of health to get an effective or better health service?

Keeping that premise in mind, we approached the largest telco in Africa and we convinced them that they needed to have a health program of sorts available on their devices.

We looked through about 400 or 500 different applications. What we found was that if we could come up with a wheel of 10 to 12 health-related apps that could then be put onto a mobile phone, this could be a way for the subscriber using more data. The participating companies that were in our wheel or aggregation, so to speak, would then be able to derive additional income and revenue by the government subsidizing some of the services like HIV diagnosis or diabetes diagnosis.

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**"What is a screenager? In today's world, people are looking at their smartphone, their tablets, their PC, their TV screen.... We are living in the era of the screenager."**

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**Knowledge@Wharton:** How many users do you have in Africa? And what are some of the most popular apps?

**Simon:** We are really at the genesis of the process because it takes quite a lot of time to weave this into the infrastructure of the telco. The biggest [use for it and it's] in the early phases of this, is distance diagnosis. Rural clinics might be able to key into a major center for their patients using the mobile device. And then, of course, also provide a data uplink.

Let me give you an example. A mother has a newborn, the newborn is ill, she goes to see a community health worker. The community health worker attends to this woman and her baby and then puts the data into her own mobile phone. The data then goes up into the cloud. That becomes

the consultation with the community health worker – that’s the record, it’s no longer paper, it’s all digital, it’s all on mobile and immediately accessible.

**Knowledge@Wharton:** In which regions of Africa are you most active at the moment? Where do you see the most potential?

**Simon:** The region where we’ve started this is something that is known as the Southern African [Development Community.] This is South Africa, Zambia, Zimbabwe, Namibia, Botswana [and other nations]. You have four or five major telcos trying to do something there. We will use that as the first step and gradually migrate that to East Africa, West Africa and so forth.

**Knowledge@Wharton:** Which telco are you working with?

**Simon:** MTM.

**Knowledge@Wharton:** In trying to build your business in Africa, what have been some of the biggest risks and how did you deal with those risks?

## “I’m driven by what’s coming next and how technology can help screenagers have easier lives.”

**Simon:** The biggest risk was stepping forward and putting in the investment and developing the platform in the hope that one of the telcos would see it as being valid for a new kind of health service they can provide to health screenagers. It was taking a risk entrepreneurially, but recognizing that there’s growth in what is now popularly known as “personalized telemetry.”



People in America would be very familiar with Fitbit, which is basically a measuring device on your wrist that gives you a sense of your body movement, so to speak, or body function. We recognize that more people will want to take their health into their own hands. One of the most important pieces of writing in this area is by probably the leading medical expert in connected health in the U.S. – Eric Topal. He has written an incredible book called *The Patient Will See You Now*. Topal recognized the patient is becoming much more proactive in his own health. He says when a patient goes to see a doctor, the first thing the doctor hears from the patient is, “Doctor, I’ve spoken to Dr. Google and Dr. Google has said...”

**Knowledge@Wharton:** In addition to Africa, you’re also active in other parts of the world, including the U.S. Can you give me a sense of your other activities?

**Simon:** We’re involved in mobile entertainment and mobile content. We have a mobile games company, which is headquartered in Dublin, in Ireland. We are just about to complete the making of a big mobile game, the first game ever made on John Lennon, the former Beatle. Even though Lennon has been dead for over 34 years, he has 16 million Facebook followers throughout the world. Also, in the area of mobile content and entertainment, we’re deeply involved in mobile Bollywood [Hindi cinema]. It’s called [www.bollywoodhungama.com](http://www.bollywoodhungama.com). Bollywood produces twice as many movies as Hollywood. There is massive hunger and interest in Bollywood movies. And there are the wider global Indian constituencies who love Bollywood. We export our Bollywood content to about 45 countries outside India.

**Knowledge@Wharton:** Where do you see yourself going in the next few years?

**Simon:** I’m driven by what’s coming next and how technology can help screenagers have easier lives. We are trying to work out what might be an emerging technology with mobile or mobile devices or connected devices that might be beneficial to people [and help them lead] better lives. 🇺🇸

# 'Thinking Big' About Investments in Africa

*Shose Sinare is the CEO and founder of Investment Capital Group, a Tanzania-based company created by female investment bankers and a lawyer.*



**Knowledge@Wharton:** Tell us about Investment Capital Group.

**Shose Sinare:** Investment Capital [comprises] a group of companies that was formed two years ago by investment bankers and a lawyer. All of us were women. The focus was to create a group that could take advantage of the "Africa rising" story. We sell the growth areas of financial services, real estate, infrastructure, agribusiness and the extractive industries, because Africa is full of natural resources. We asked ourselves: How can we be part of this Africa-rising story and grow and build pan-African businesses at global standards?

Our approach right from the beginning was very disruptive, very different.

We approached our growth from a "think big" philosophy and through a collaborative arrangement. In two years, we've managed to grow and build eight businesses — four of them in financial services. So we own two corporate finance houses, a private equity firm together with a company in South Africa called Musa Capital, and a technology business with four cofounders. It's in the mobile space and sits above your bank portfolio, card platform and the mobile platform. We've got various products around that.

**Knowledge@Wharton:** That's PayLink?

**Sinare:** Yes. I'd like to talk to you a little bit about that.

We also own the mining rights for gold south of Tanzania. We've gone into a joint venture with a manufacturing business in South Africa to serve the rail industries. I'm sure you're aware Africa has not spent much on infrastructure and there's a huge focus on rail to enable trade between countries. So, in a nutshell, the Investment Capital Group is a group of companies that brings together all those people who are interested in Africa. We ensure

that we are part of that growth story, the business that we grow. We bring projects to clients and clients bring projects to us.

PayLink is a locally-founded technology business. It has been created by four cofounders — two women and two men. PayLink looks at digitalizing Africa, digitalizing transactions. It can be from systems that enable pension payments to automating things like municipality payments. So it's across a spectrum of possibilities because right now Africa is a cash-based economy and we want to become a digital economy.

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**"Right now Africa is a cash-based economy and we want to become a digital economy."**

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What we also are very passionate about in PayLink is understanding the community-based environment. We created a product called the Vicoba mobile. Vicoba stands for Village Community Bank. We discovered that in Africa everything is done through groups, through societies, through communities. These groups can range between 30 people to 100 people. They save in the groups, they have kitties for insurance, for welfare and they lend within their own groups.

We traveled from Dar es Salaam to 26 regions to try and understand these groups from the rural areas to the urban areas. What we discovered is that each group is quite different. But each of them had commonalities. One, it was a community-saving platform. Two, they saved for welfare to be able to pay their children's fees, to pay for deaths and

funerals within their communities, and to be able to lend — to leverage off each other — so that they're able to do small businesses. We found that 80% of the groups were women, based mostly in agriculture and small enterprises at the bottom of the pyramid and that interested us. These are entities that have no access to finance and no access to formal banking yet they're targets for theft within their own groups, with treasurers running away with the money.

When we started to do a bit of research around these groups, we thought: Now can we digitalize groups that are quite diverse, very remote and have no access to the Internet? How can we bring them into the formal banking environment in an affordable manner? So we created a mobile payment platform for them. It uses the basic Nokia \$10 phone because 95% of these groups had access to only a feature phone. We used existing platforms of M-Pesa. What is different between us and the direct M-Pesa? Ours is community-based. We created shared wallets within each group. Each group has a specific code. They're able to deposit for welfare, for insurance, able to lend. We have replicated what they are doing naturally into a digitalized space. They can utilize other services. They're able to pay for electricity.

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## “We asked ourselves: How can we be part of this Africa-rising story and grow and build pan-African businesses at global standards?”

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**Knowledge@Wharton:** Tell us a little bit more about how you came up with this idea.

**Sinare:** Initially we were looking at the Tanzanian space. We found that there are seven million people in Tanzania who are part of these groups. Then we said: “Wait a minute. Seven million people. You have quite a sizable amount of money around in physical cash. Wouldn't it be good to digitalize this and get that data?” Data becomes a powerful tool that we can share with other stakeholders. Then we said: “Wait a minute. Can we scale up?” Eighty percent of sub-Saharan Africa is employed in informal sectors. We're talking about 800 million people.

**Knowledge@Wharton:** How is the informal sector defined?

**Sinare:** Those that do not provide formal jobs. They could be selling fish. They could buy and trade, literally doing anything to make ends meet. They could be growing bananas and selling them in the market. But they're not in any way in the formal arena and that's the majority of Africa. That's the reality of Africa and I'm sure this is the reality in a number of Asian countries as well.

Then we looked at the data and saw that they account for 55% of Africa's GDP. We looked at the data again and saw that only 34% of Africa's population was banked, which means a massive [number of people were] unbanked. Then we looked at mobile technology and how Africa is leapfrogging. We saw that 12% of mobile users in Africa have mobile wallets vs. 2% in Europe. So how do we align ourselves to what is happening from a technology perspective in Africa to bring these excluded groups into society while, obviously, making returns? This is a model that is self-sustaining.

**Knowledge@Wharton:** You've talked about the potential here for growth. Talk to us about the challenges.

**Sinare:** The biggest challenge is access to finance. I don't like to talk about access to finance because it's the obvious one. Money doesn't solve everything. We are looking at places like Silicon Valley (to raise money). But the biggest challenge has been access to finance and access to information, and access to where you can get partners that have a similar interest.

**Knowledge@Wharton:** You've obviously had big success in the past two years with this new company. You've grown very quickly. What — your personal leadership, your connections — has allowed you to get to this stage?

**Sinare:** I think foremost is my mentality. I think it's more of an attitude. I'm being bold. A lot of people, when they leave employment, like to set up a small business and they do consultancy. We wanted to think big. I know people don't like Donald Trump but we wanted to have this think-big mentality and also a selfless mentality.

From the beginning, our approach was collaborative joint ventures. We would not be where we are today if we did not have the approach that there is more — it's (thinking) from an angle of surplus as opposed to an angle of deficit.

We've been able to get here by having the right partners. We have certain values that we adhere to and we ensure that the people that we partner with have the same values. One of them is obviously the entrepreneurial spirit; we like a positive mentality. The other one is our ethics. Another value is giving back.

**Knowledge@Wharton:** I know you're really passionate about connections — from a variety of angles with a lot of partners. What can still be done?

**Sinare:** There are always opportunities to connect. Some people would look at connecting from just a business point of view. You know, I'm looking for a partner. Are you coming? You are my partner. It's a joint venture. No. Our connectivity has to go through the spectrum.

So when you talk about partnerships, we look at it from a different perspective. There's the generic that the Investment Capital Group does — which are joint ventures. But there is a much deeper partnership. Part of it is research. Part of it is how we can really learn from you? I mean, if we say we want to be a global brand, we've got to be close to global players. We look at partnerships from the micro as well as from the macro perspective. 🇺🇸



## No Place Like Home: Pulling out of Europe, Expanding to Neighboring Countries in Africa



*Othman Tazi is head of product and business development at Richbond, a leading home products manufacturer in Morocco.*

**Knowledge@Wharton:** Richbond is a third generation, family-owned company. For those who are not familiar with Richbond, can you tell us a little about the company and its operations?

**Othman Tazi:** Richbond was founded 50 years ago by my grandfather, in the wake of the independence of Morocco. It was originally a chemicals and plastics company and it specialized in home products. After that, he founded a company that also worked in home products, but more with foam and mattresses. Since then, we've branched out into a number of activities. Today, we are primarily a home products manufacturer and we have a foothold in the agro industry.

**“The past few years haven't been very kind to Europe. So we had to look for growth elsewhere.”**

**Knowledge@Wharton:** How much of your business is in Morocco and how much is outside?

**Tazi:** Today, everything is in Morocco. We have 2,500 employees. We made a brief foray into Europe, opening a network of our own stores, selling Moroccan furniture and especially Moroccan decorative products in France, Belgium, Spain and the Netherlands. But it wasn't very successful because of the economic crisis that has hit Europe for the past maybe 15 years, on and off. So we slowly franchised most of our activities there, decided to refocus on our core Moroccan activities. And now, we're exploring — well, we're more than exploring, we're preparing to enter Côte d'Ivoire and probably Kenya.

**Knowledge@Wharton:** Can you tell me the thought process that you went through in deciding how to go about expanding into other parts of Africa?

**Tazi:** We and the rest of the Moroccan economy are generally pointed at Europe because it's such a large economic unit. But the past few years haven't been very kind to Europe. So we had to look for growth elsewhere. Africa has been offering very attractive rates of return to any number of industries.

**Knowledge@Wharton:** What kind of returns?

**Tazi:** When we met the investment authority in Cote d'Ivoire, I was pleasantly surprised to hear them almost apologizing for only having achieved 8% growth in 2013 — which, coming from a country that's almost in a recession, I found amusing. Granted, the base isn't the same, but any activity that can offer 8% growth is worth putting a few seeds into and hoping that they yield something more impressive later on. Likewise, East Africa has a number of attractive characteristics. I am thinking of the general rule of law, an investor-friendly state and business climate, large markets in terms of population and a growing, burgeoning middle class. So people who work with the middle class and need a certain amount of protection for their long-term investment would be more than welcome in East Africa. That's the feeling and the welcome that we have had.

**Knowledge@Wharton:** Are there any other markets that you are exploring in Africa as a way to grow throughout the continent?

**Tazi:** Our conglomerate has a distinct business unit for this that I don't really work with. But sometimes, our interests collide, in hotel furnishing [for example]. In Morocco, we are the partner of choice for a leading hotel group to entirely furnish their hotels, from the bedrooms

to the restaurants to the kitchens. We spun that activity into a distinct business unit, and we're looking to use our expertise to enter other regions in the Middle East and North Africa. I am thinking of Algeria, Tunisia and Libya. We're also relatively close by boat to Senegal and Mauritania, and we'd like to try to work there. Otherwise, no, most of our African focus is for the foam/mattress activity and that's in Western and Eastern Africa.

**Knowledge@Wharton:** When you look at entering some of these markets, what sort of risks do you think that you would face? And how do you plan to hedge those risks?

**Tazi:** Well, the first risk we face is that our technical know-how might not be adapted to the local environment. There's always that transition period. You take your assumptions that you're used to in your home market and you verify: Do they apply in the new target market? Most of the assumptions, or a number of the assumptions, will be incorrect and need tweaking. It's important to make sure that the initial wager isn't so big that the entire adventure is risky. There's obviously country risk in some places in West Africa, specifically where any government transition is marked by a certain amount of uncertainty. We need to plan for that — although, to be fair, for the past couple of years, it hasn't really been a problem in Cote d'Ivoire. We've met a number of very large, multinational companies who had no hesitation in undertaking large investments, multiple-billion dollars in energy or whatnot. There is always the risk that — I'm thinking of corporate governance — if we are based in Casablanca, Morocco, are we going to be able to manage the activities in another country from a distance? Are we going to be able to find the right people to manage it? If not, how are we going to manage both the existing and the future activities?

**Knowledge@Wharton:** Have you thought about how you will deal with those questions?

**Tazi:** A number of our colleagues are going to move to Abidjan for at least two years. I, myself, am looking forward to spending a few years in our various African activities. We have always invested in IT because we believe that it gives us a competitive advantage over competitors in Morocco. I am confident that IT will allow us to manage a certain number of critical aspects of our business, even from Casablanca. That said, we're still a family company.... So there's a big transformative effort that we're currently undergoing. We're undergoing it with external institutional

investors and external consultants. The family — every generation, every member — has to question themselves: Are we doing something that is sustainable, that can be scaled and exported?

**Knowledge@Wharton:** One of the big challenges in family businesses is succession. How is your family dealing with this?

**Tazi:** We are lucky in that we realized this very early on — between the first and the second generation. When my grandfather and his two sons started working together, there was no assumption that his sons would have all the key posts; quite the contrary. They had to confront high-quality, external competition for key decision-making posts. Nonetheless, it was easier back then when the total workforce was just a few hundred people. Today, it is impossible for just the family to run the company effectively. And we've already started: Most of our corporate suite is external, professionally qualified managers. Those who remain from the family are generally either not in key positions or they are working their way to a key position, but in transparent competition. And the recruitment process is both internal and external.

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**“I am confident that IT will allow us to manage a certain number of critical aspects of our business [in other markets], even from Casablanca.”**

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**Knowledge@Wharton:** If you were to project forward over the next five to 10 years, where do you expect your expansion plans for Africa and the business overall will be?

**Tazi:** Geographically, they will be much more Africa-centered. We will probably start to steer a bit away from hard, heavy industry. As I said, we're entering the agro industry. We're investing very heavily in our distribution in Morocco. We're looking for opportunities in other sectors; I'm particularly thinking of real estate. So we will probably be both sectorally and geographically distinct from what we are today. And I'm hoping that Africa will represent a significant part of our work. 🇲🇦



# Women Engineers in Africa: Pushing Past Old Roles

*Hema Vallabh is co-founder of WomEng (Women in Engineering) based in Johannesburg.*



**Knowledge@Wharton:** I wonder if we could start by talking a little bit about WomEng?

**Hema Vallabh:** WomEng is a social enterprise that is pretty much focused on developing, retaining and getting more female engineers. It's no secret that engineering is a very male-dominated sector. We work across the pipeline from high school where we create awareness and provide information to girls about choosing engineering as a career and breaking the misperceptions. We're living in a fast-changing world where engineering isn't what it was 30 years ago.

**"We're living in a fast-changing world where engineering isn't what it was 30 years ago."**

Our university-level program is a week-long technovation and business app scheme. It's a two-pronged approach. It's typically getting business-ready girl students who are studying engineering at the tertiary level. It's about the skills that an academic education does not provide — soft skills and beyond that. It includes learning how to make an elevator pitch to entrepreneurial skills or intrapreneurial skills once you go into industry. Again, it's about the way engineering is changing and the technovation side is a technical component.

We're really about moving with the need, especially when the continent is growing. Everyone talks about Africa being the land of opportunity — there's so much happening here. But what are we as engineers doing to contribute to this? It's just getting to be hands-on — African solutions by Africans for Africans.

There are a lot of cultural influences at play on the continent about the role of a woman, the role of the girl child, education. So we focus on a lot of those issues beyond just the technical side of it.

**Knowledge@Wharton:** What kind of special challenges — especially social challenges — do girls face in Africa that might stop them from making the mental leap to engineering as an area of study or even an area where they can make a career?

**Vallabh:** It's a mindset shift not only in the girl child but in the family, the community and society as a whole. It's what I said earlier and I'm, of course, generalizing.

But in the African context there's a very specific place for the girl child. We don't bring up our girls to believe that they should even finish school, far less pursue a tertiary education. Why would you do that? What are girls going to do? They get married, they have babies and they're the mothers of the community. So why would you want an education? Why would you want to go and work?

That narrative needs to change and that's a challenge we see. It comes at different levels. The core is changing the mindset of the girl child herself to believe she can; that's why mentorship and role modeling is so important. But that doesn't work in isolation. The second level is changing the mindset of the parents. Again, in the African context, many children have been raised by grandparents or they're orphaned. Why should education be a priority when the village is starving? Or your brother has HIV-AIDS? Or you are the oldest sibling and have to look after your younger ones? Why is education a priority? So we need to start showing them that it's an enabler and the momentum. You say: "Educate a woman, educate a village."

That's part of it. But we have to change the social context where girls are told, "Don't be smart. You won't find a husband." So what do these girls do? They dumb

themselves down. They don't dream. More important, they are made to believe that finding a husband is the be all and end all of life.

**Knowledge@Wharton:** Are there some regions in African that are more open to engineering careers for girls?

**Vallabh:** There's a difference between the rural areas and the urban areas. By virtue of the fact that you're in a city, it means that your family has moved there with the hope of progressing in some way. Those children are more exposed.

**Knowledge@Wharton:** If you were to look at a typical engineering school in an African university, what percentage of students there are girls at the moment? And are the numbers changing?

**Vallabh:** It is changing but not fast enough. There's a stat that says in Africa the number of students leaving tertiary with an engineering degree is around 10% and that's supposed to be high. In Malawi, it is about 3%, if not lower. It's not enough and it's not changing.

**Knowledge@Wharton:** Engineering is such a broad field. Are there some areas of engineering where you find you can break through the glass ceiling faster?

**Vallabh:** Yes and no. In Kenya, which is the telecommunications hub, there is a higher percentage of girls going to telecom. Engineering is historically male-dominated because it's perceived as needing physical, brute force. Telecom breaks that perception. So we see more girls going there.

In South Africa, the popular choices are chemical engineering and industrial engineering. Something like industrial engineering is perceived as less physical and less masculine. So it's very much based on perceptions.

**Knowledge@Wharton:** If you want to make a mark in any field, it helps to have role models. At WomEng, have you identified African women engineers who can serve as role models?

**Vallabh:** Mentorship for us is the key. It's the goal that ties the organization together. Mentorship is essentially role modeling. It's seeing a real, live engineer.

You have the big success stories but also everyday engineers — our mothers, our aunts and our sisters.

It's these women who are practicing on a daily basis as engineers. They are probably married, have kids and are living "a normal life." These role models are more important for me than the big success stories.

**Knowledge@Wharton:** Even in the U.S., which is ostensibly more open to a wide range of careers for women, there has been this issue of disparity between what men are paid and what women are paid for the same jobs. To what degree does this problem exist in Africa?

**Vallabh:** It's a global issue. It's not limited to engineering. But, in Africa, we're not brought up to talk about money. It's something that's a very hush, hush subject. Add the nuance of being a woman on top of that... We ask our HR practitioners, "Well, how many women actually negotiate their salary?" It's a really low percentage because, one, they don't know how to; two, they don't know that they're allowed to.

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**“Engineering is historically male-dominated because it’s perceived as needing physical, brute force. Telecom breaks that perception. So we see more girls going there.”**

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**Knowledge@Wharton:** Where do you see engineering careers for women going in the future — the next three to five years?

**Vallabh:** For me, the engineering industry is changing. If you switch on the news today, what are the subjects you hear about? Population growth, climate change, food security — all these subjects are around people, around community. My personal belief is that engineering is moving from being about things — because I think the industrial revolution was really around structures and things — to being about people. And who is better equipped to be a part of that journey than women? 🇳🇬



# Finding a Creative Solution to Poverty-related Challenges

*Jocelyn Wyatt is executive director and co-lead of IDEO.org, a sister non-profit to the Palo Alto, Calif.-based design and innovation firm IDEO.*



**Knowledge@Wharton:** For most of our readers, IDEO is a well-known brand. IDEO.org is probably also known. But just give us a brief overview of what IDEO.org is and what it does.

**Jocelyn Wyatt:** IDEO.org is a sister non-profit to the design and innovation firm IDEO. We focus on applying human-centered design to poverty-related challenges. Human-centered design is a creative, problem-solving approach where we start with deeply understanding people's wants and needs, come up with creative solutions in order to serve those needs more effectively, prototype and test them, and refine them after getting feedback. Ultimately, we implement and scale up solutions that improve people's lives. The type of work we do at IDEO.org include things like reproductive health for adolescent girls who live across sub-Saharan Africa, to tools for smallholder farmers, to financial opportunity solutions like mobile money products.

**“For us, remaining centered on our mission of improving the lives of the poor has been critical.”**

**Knowledge@Wharton:** You mentioned human-centered design for poverty-related challenges. What is human-centered design? What makes it a unique tool for poverty alleviation?

**Wyatt:** Human-centered design is a creative problem-solving approach. We do a lot of qualitative research, spending time with [the poor] in their own context, in their places of work, in their homes, working alongside them

... to find out what it is that they want and need and are willing to pay for and what would really improve their lives. From there, we synthesize those learnings and identify different insights and opportunity areas. We brainstorm a whole range of creative solutions and develop some concepts, which we then create into prototypes to test out. We then implement and scale up both throughout a given geography and globally as well.

The way it improves lives is that the solutions we're creating — instead of being things that are immediately discarded or not sustainable — are solutions that people actually use. They are typically market-based solutions that people are willing to pay for, solutions that people will come back to and tell their friends about, solutions that delight people and are beneficial to them, are affordable, and are the right product or service to meet their needs. So, we improve people's lives by providing them access to clean toilets or clean drinking water, with more effective tools to farm their land, or give loans to one another or that sort of thing.

**Knowledge@Wharton:** Can you give us an example? Just walk us through what the problem issue was, how you approached it and then what the end solution was.

**Wyatt:** Recently, we've been working with Marie Stopes International (MSI) in Zambia and now in Kenya to tackle the challenge of reproductive health. We focus specifically on reproductive health for adolescent girls. Typically, reproductive health programs have focused on mothers and on birth-spacing and on women stopping having children once they have had the number they want to. Very little effort has been placed on working with adolescent, unmarried girls who are not yet ready to have their first child. We've been working with those adolescent girls to make sure that when they do have their first child, it's really their choice as opposed to an accident that will cause them to drop out of school and [make] their family fall into a continued cycle of poverty.

Working with MSI, we designed a three-part solution. The first was a communications campaign, an outreach campaign. There was a brand called the Divine Divas. The Divas were girls that were bringing different forms of contraceptives — superheroes to the girls. The second piece was a peer-to-peer outreach program so that peers would be connecting with other girls and sharing with them what they knew about contraceptives and directing them to the clinics. The third level was the clinic experience itself. We designed everything from the look of the actual clinic — the physical building, the way that it was painted and set up, and the signs outside it. Our work included the ways that the nurses interacted with the girls, the business model in terms of how the contraceptives would be delivered and what the girls would be required to pay for and the follow-up.

We were designing many different touchpoints and a whole system related to reproductive health with the intended outcome of reducing instances of unplanned pregnancy.

**Knowledge@Wharton:** You have worked in other countries in Africa. Part of human-centered design is empathy, and your team is not full of Kenyans and Zambians. You have people from all over the world working on these projects. So talk to us a little bit about understanding and uncovering the context of these adolescent girls.

**Wyatt:** Our team is trained in empathy, in doing qualitative research and in connecting with people regardless of how different their backgrounds are. Part of the techniques that people learn at IDEO.org is about how to connect, how to relate, how to ask questions to people to make them feel comfortable. The second thing we do is work with local partners. In this case, we were working with MSI's teams in Zambia and Kenya who were Zambians and Kenyans. They had the experience, and we equipped them to do the design research as well. So they also are doing interviews, gaining insights, bringing that back to us, participating in the synthesis sessions and really acting as partners on our design team. Combining with local people who are from these cultural contexts allows us to gain that deep insight.

**Knowledge@Wharton:** Part of IDEO.org's mission is to spread human-centered design throughout the social sector. What's going on there?

**Wyatt:** IDEO.org has introduced a series of tools under the Design Kit umbrella. We have a web platform called Design Kit. We have now two courses that we offer in collaboration. +Acumen is more of an introduction to human-centered design for social innovation. The other is

specifically a prototyping course. Then we have the field guide to human-centered design, which is actually a sort of how-to on human-centered design. This three-part collection of learning tools has now reached about 125,000 people around the world. We're finding that there's widespread awareness of human-centered design, and people are starting to practice it themselves.

**Knowledge@Wharton:** I'm curious to know more about your own leadership skills. You manage diverse teams and you're also working in different contexts. What do you think are some key attributes that contribute to the success of IDEO.org?

**Wyatt:** One of our cultural values is optimism and always believing that there are solutions to these difficult challenges. As a leader, I continue to practice being optimistic and positive. I believe in the strengths of our team members and the partner organizations with whom we're working and, most importantly, in the communities that we're working with. Curiosity is another piece, as we are working on a whole range of different sectors — from agriculture to water and sanitation, health, financial opportunity, employment and early childhood development.

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**“One of our cultural values is optimism and always believing that there are solutions to these difficult challenges.”**

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What it requires is being able to jump in and learn about different challenges, different geographies and different sectors all of the time. Constantly being curious about the world and about learning and excited about diving into new topics is certainly another piece of that leadership.

**Knowledge@Wharton:** I'm curious to know more about the intersection of your work with the private sector.

**Wyatt:** We work with both non-profits and for-profits. I think that there's a role for all of those different types of organizations. Working with the private sector has many rewards including the ability to quickly get to scale. That said, there are challenges in terms of getting things implemented and thinking about the lives of the poor. It's often too easy to assume that serving the middle-class would be an easier way to get to profitability. For us, remaining centered in our mission of improving the lives of the poor has been critical. 

# How a DRC Firm Is Tapping Local Knowledge and Global Standards

*Willy Yav is the co-founder and chief commercial officer of PYGMA, a Pan-African communication, property, telecom and policy consulting firm that works in more than 15 Sub-Saharan African nations.*



**Knowledge@Wharton:** What is the PYGMA Group?

**Willy Yav:** PYGMA is [an acronym for] five best friends. Paul [Kasseyet] was educated in Canada and Belgium in finance and came back to Congo. Yav is my family name. I was a journalist, media guy, who grew up in the Congo. I went to South Africa and [after going] through struggles started working at the [South African Broadcasting Corporation] — in radio first and then on television.

**“We decided one day to do something together instead of only hanging out and partying. We created a company with our initials.”**

G [stands for Jean Pierre Sempabwa Gatarayiha, who] is my best friend; he’s Rwandese. He’s an architect trained in South Africa. M is Mandla [Msimang], because it was becoming a bit of a man thing. She’s actually our best friend. She’s a Canadian citizen. She specializes in utility regulations. And Alain [Yav], my brother — marketer, ex-Proctor & Gamble and Cadbury — has trained and worked in South Africa.

We decided one day to do something together instead of only hanging out and partying. We created a company with our initials. We tried something which was to represent Levi’s jeans. We sold to the Levi’s group the possibility of bringing them to Nigeria. I went to Nigeria, researched it and tried to come up with a model that could work.

**Knowledge@Wharton:** Why Nigeria?

**Yav:** It’s a big market and Congo was not as dynamic at the time. Nigeria was where Congo is today. So I ended up being there and doing my research. We came up with some conclusions. There were fakes in the market — Wrangler, sold by the Lebanese. There was no way we could bring Levi’s into the market unless the company agreed to give us the lower range [products] at special prices. They didn’t accept, so we left it. Then we decided to do our own business.

We started an advertising agency. Why? Because we had no capital. We were all doing quite okay, but we were employees. Not me. I was already in the private sector. I owned a small television production company. I was also doing some advisory work, introducing people to Africa. That’s what I’ve always been doing. I have good relationships with a lot of people in different African countries. I have been in 30 different African countries in the past 24 years.

Why DRC (Democratic Republic of Congo)? Because that was a market. That was a low-hanging fruit. It’s our country.

It took a year [for us] to become the biggest advertising agency in the country. Coming from a low base, we shouldn’t brag about it. That was normal. But we brought in proper advertising. I had to convince my brother, who’s a strategist marketer, to come in and do this.

We created advertising — the modern advertising worked in the DRC. It was based on the fact that we believe in skills. My brother would take local guys and train them. We were investing in people, sending them for training. More importantly, we were recruiting people from abroad, a lot of them Congolese back from the diaspora.

It was a difficult model because as soon as the market started catching up, these people became more important.

We'd get him for \$2,500. You invest in him for two years. And two years later he becomes so important to the market that he wants \$7,000. That you can't absorb in your model.

**Knowledge@Wharton:** Who were your clients and what kind of campaigns did you do?

**Yav:** The biggest client we had during that time was Celtel. That's Zain today. That was a pan-African telecom group. And we became their agency in the DRC. We also had Heineken.

Alain, my brother, brought in Kris Luckraj, a South African of Indian descent, as creative director. Alain fought with us and said, "Guys we can't have an advertising agency without a creative director. It's crazy, like having a restaurant without a chef."

So he brought in Kris who became our partner at 13% of the advertising group. Kris was a genius. We used to call him the guru. [He took a] Heineken ... beer called Primus from 30% of the market to 70% of the market in two and a half years. They just killed the competition.

**Knowledge@Wharton:** How?

**Yav:** Strategy. Understanding what was happening on the ground.

**Knowledge@Wharton:** What was the strategy?

**Yav:** The most important thing that came out of this was that we discovered, and Alain said, this is the base of marketing. Don't change what works; don't try to come up with your own way of seeing things as the best way. Adapt what the consumers like; just make it proper. Package it in the best way possible. Really understand the real market. Go from knowledge zero and look, learn. There are 70 million people there that have been living without you for years.

**Knowledge@Wharton:** How has your business transformed? How have you taken those lessons that you've learned in advertising and marketing to other sectors?

**Yav:** Our motto is local knowledge, global standards. It took years, but we started trying a lot of different things.

**Knowledge@Wharton:** Give us some sense of the range of your projects. How many employees do you have and are they spread out in the DRC and South Africa and elsewhere as well?

**Yav:** In South Africa, we only have eight consultants. It used to be a bit more. But we've reduced because the model has changed into making them associates, which

is easier. We had an office in Washington with a partner helping us to channel business from America.

In advertising, it is around 200 people. But we're going to downsize because we're changing our model. Advertising is now very vibrant in the DRC; competition is high. We're moving towards production. We do big shows, we do a lot of reality TV shows and things like that that are relevant. Production quality is as good as on international TV. But it is relevant to the people; it has to touch their soul.

**Knowledge@Wharton:** As someone who's had as much experience as you've had in business, what is it that you would want readers — who don't have experience in Africa, but are interested in business in Africa — to understand about Africa today and where things are going?

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## "The Congo I went to 13 years ago and the Congo today are two different countries."

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**Yav:** I guarantee you this continent will be different in the next 10 years. Within the next 20 years, it's going to be dramatically different. Why? Because the Congo I went to 13 years ago and the Congo today are two different countries. I'm telling young Africans, open your eyes without emotions and face the reality of the challenges. That's where the growth is. That's where the opportunity is.

**Knowledge@Wharton:** So you've emphasized the opportunity. What are the important challenges that need to be overcome in the DRC, or you can pick other countries?

**Yav:** In Africa, the challenge is the mentality of the old guard. It's not their fault. They came from colonization. (But) even the worst president in Africa today thinks of building roads. He didn't have to before.

(I tell people,) you are younger, you're an entrepreneur, you wake up in the morning, look at the difficulties, look at your abilities, be realistic, pick what you believe you can achieve better. Fight for it. Believe in it. Work on it. Be honest about the difficulties. Share it with other people.

Stop looking at little ... borders. We don't plan, at PYGMA, with [borders or roadblocks in mind, but] we respect them because they are a fact. But we plan knowing that they won't be there soon. 🇷🇺

Special Report

# The Entrepreneurs Spurring Africa's Rise

## KNOWLEDGE @ WHARTON

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### About The African Leadership Network

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