

Time to Realise Potential

There's opportunity for African businesses to thrive, but to make it happen, there needs to be a big shift in mindsets from within, says Mi-Fone CEO **ALPESH H PATEL**



THERE IS A trend in Africa that certain individuals and organisations will heap praise onto the virtues of the continent in an attempt to attract investment, yet do so without any willingness to put the effort in themselves. Even powerful bodies such as governments would prefer to leverage national resources and borrow money to fund projects, rather than making the most of what they already have. The result? Africa has been oversold on its own hype.

There are any number of false starts that on the surface appeared to be sure-fire successes but in reality traded on the name of their founders (in some cases disreputable names) and the lack of risk associated with western pedigree and experience. Ironically the lack of African experience should and would have been a red flag under normal circumstances. Some names that come to mind include Virgin Nigeria, Atlas Maras, and even Barclays, which is now pulling out of Africa and looking to sell its stake.

I experienced something similar when I was trying to raise funding for Mi-Fone, the first African mobile device brand. I had been talking to impact investor Omidyar Network for six months, only for positive conversations to fall down at the last moment when one investment manager decided that it was too risky. If we'd been an American company venturing into Africa, rather than one that was already

based there, I wonder if their view may well have been different.

So, on paper it seems that many people see Africa as the last emerging market, and full of opportunities. However, most of these people don't realise that to get to the African rose you need to first go through the African thorns.

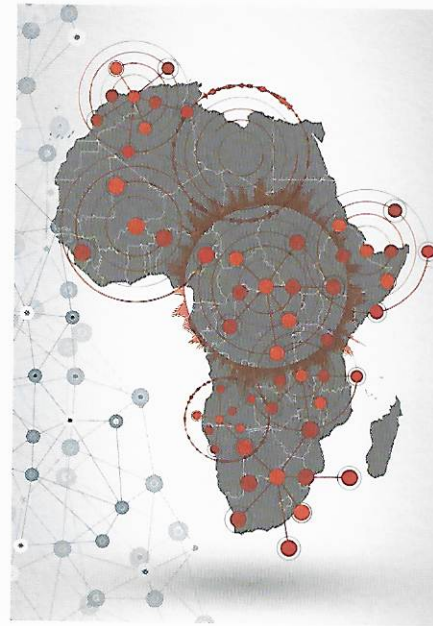
The reality is that if you are going to build something strong then strong foundations are required, and unfortunately this is something that does not fully exist within Africa at the moment.

While the culture in many African countries is very enterprising on a small scale, the support and infrastructure for entrepreneurs and start-ups to expand on a national and international scale has never been well established. This has created a mindset issue where Africans themselves don't believe in Africans, so how are we ever going to persuade the international community to have faith in us?

In 2011, I met with the Nigerian Minister of Telecoms to gain her approval for the set-up of a local phone assembly plant in Nigeria. She told me that to secure government support, the company needed to have at least 51% indigenous Nigerian ownership, so we then met a number of potential partners. Sadly, all the discussions led to nothing, simply because the proposed local partners did not want to invest in an African business as they didn't believe Nigerians would ever embrace locally made mobile phones. Today Nigeria still imports all its mobile phones, and instead of building a local industry, spends millions with overseas companies.

The future of Africa's prosperity will only become stronger if leaders in Africa take a long look at the underlying issues,

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and address them. Social issues like unemployment and lack of education are of course big problems, but governments should look at initiatives to support SMEs with funding, tackling the high borrowing rates of local banks and the trade and travel restrictions that still result in surprisingly low levels of inter-African trades. On top of this there is need to maintain a strong rule of law. I witnessed this when Chinese mobile brand Xiaomi decided to enter Africa in 2016 whereas our brand Mi-Fone had been duly registered across several African countries since 2008 and yet we had to prove that we existed.

Crucially, Africa needs a change of mindset. Rather than continuing to rely on outside resources, it must utilise the resources it already has, and that requires an overhaul in attitudes at leadership level.

Rather than becoming a victim of its own hype, Africa needs to start telling the truth and facing the truth. For many years it has operated on a system of 'organised chaos', and no amount of conferences and events will change that until a shared strategy is formally put in place and practiced. Africa needs a systematic way to work within an unsystematic environment, and only then will it live up to its enormous potential. **H**

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