

# A new narrative around African entrepreneurship

By [Joshua Romisher](#)

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"We need more African unicorns. We need thousands of African entrepreneurs. We need another Silicon Valley in Africa." Have you ever heard these statements? I hear them all the time - and I wholeheartedly disagree with them.



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I disagree because of what I refer to as 'earned insights'. Innovation is simply the result of a series of insights, earned through hours, months and years of hard work, toil, mistakes, successes and failures. They are the battle scars that we earn by taking the path less traveled, asking questions and failing forward.

In my case, I've earned them by spending 11 years in investment banking, seven years building pan-African startups and 10,000+ hours in a humble attempt at being a serial entrepreneur.

The point of this discussion is not to force you to agree with me, but rather to inject a new narrative into the African venture building dialogue. Let me begin by dissecting each statement that defines the current narrative.

## **We need more African unicorns**

I disagree with this statement because the hunt to build businesses with valuations greater than \$1bn means that we focus only on specific business models in defined sectors serving a targeted audience. Thus far this has translated into "app based fintech for middle to upper class African customers". While this is a noble proposition and the most accessible way to raise a great deal of venture capital funding, it does not solve the true social, demographic or structural needs of Africa.

At Stellenbosch University LaunchLab, our focus is not on mass market fintech but on climate, agriculture and health. We do this because our intent is not to build unicorns but rather to utilise private sector entrepreneurship to solve public sector deficiencies prevalent in Africa – which exist primarily in these three sectors.

Therefore, we must ask, “Why does everyone want to build unicorns?” If the answer is so that we can have a nice exit and get rich, our intent is misplaced. We need to ask the harder question, “What does Africa truly need in order to transform its massive population explosion into a dividend and not a disaster?”

If we do so then I believe we’ll focus our efforts on building hundreds of viable, sustainable, cash flow-positive ventures focused on providing a societal foundation (read: water, health services, energy, education) that will truly benefit all and move us as a continent forward.

### **We need thousands of African entrepreneurs**

A wise person once said, “a journey of a thousand miles starts with a single step”. While it would be terrific to have thousands of well trained, passionate, experienced African entrepreneurs, it’s simply not feasible in the short-term. This myopic view currently informs our entrepreneurial system and creates wild output distortions.

If we examine the metrics on which most incubators or accelerators are graded – number of entrepreneurs educated, number of companies incubated – we quickly realise we are incentivising quantity over quality.

Because of faulty KPIs, we are consistently creating an incubation factory that takes in thousands and churns them out without a true understanding of the personal and professional skills necessary to start, grow and operate a business. But if we were grading and compensating for new metrics – revenue, free cash flow, funding raised, jobs created by incubated companies – would we take in thousands of ‘entrepreneurs’ or do everything we can to find the few dozen that can really achieve these outcomes? If we pursued these KPI’s, how much time would we devote to each business and each entrepreneur?

The Technology Adoption Life Cycle, which describes the rate of adoption or acceptance of a new product or innovation of defined adopter groups, provides an excellent framework to view this opportunity.

Assuming entrepreneurship is our ‘new tech product’, we need to find the 2.5% of the general population that eat, sleep, breathe and dream entrepreneurship. These are our innovators. We then need to pair them up with mentors, experts and incubators that are willing to dedicate years to developing these innovators.

Some of these experts need to come from the African continent while others should come from Silicon Valley, London, Mexico City, Singapore etc so that we supercharge our ecosystem with the best ideas from across the globe.

In other words: in order to run, we must first learn to walk. A focus on quality over quantity will lead to better long-term outcomes. It will also get us to our desired outcome faster than we anticipate.

### **We need another Silicon Valley in Africa**

Yes, Africa does need an innovative, venture building community supported by top universities, extensive risk capital and passionate entrepreneurs. However, it cannot be Silicon Valley in Africa. It must be thoroughly African with lessons learned not only from Silicon Valley but from innovation engines across the globe.

I studied entrepreneurship and helped establish multiple Silicon Valley companies. It was a wonderful and enlightening experience. I then spent the last six years attempting to mold that model and mindset for an African context in the clean energy sector. We had a great deal of success – 500,000+ customers across six markets followed by an acquisition – but the Silicon Valley for Africa model did not provide a path to long-term sustainability.

Silicon Valley is awash with risk capital. Startups there can chase growth over profit for years without repercussion. They also deliver products and services to high end, connected customers in an incredibly developed setting. Now try to build a business that needs to scale mountains, valleys and savannah in order to connect to customers with very little disposable income and limited knowledge of your product. You must also do so with a much shorter financial runway and scant room for error as capital dries up quicker in emerging markets.

Embracing venture building techniques such as Design Thinking and The Lean Startup will help a great deal, but only if they are tailored specifically to the needs of an African market and consumer.

Of course, everyone wants another Silicon Valley, but Africa needs much more. We need a uniquely African hub that will serve as a beacon for entrepreneurs across the continent who wish to build businesses that matter. We believe Stellenbosch can be the home for entrepreneurship in Africa, and are actively building the ecosystem and Africa-centric venture building methodology to make it happen.

It is time to embrace and promote a new narrative for entrepreneurship across Africa. A narrative that focuses on sustainable growth, quality over quantity and uniquely African techniques. A narrative that can inspire and galvanize budding entrepreneurs to transform the continent's challenges into opportunities. A narrative that innovation engines across the globe will point to and learn from. A narrative that can start today.

## ABOUT THE AUTHOR

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