



DIGILOGIC INSIGHTS #1: Helping start-ups become scale-ups

DAVID COLEMAN founder of COLE (Counsel Of Local Experts) believes entrepreneurship can transform the continent. COLE's goal is for 100,000 start-ups to become scale-ups by 2030.

COLE creates a business support community in which entrepreneurs and professionals can connect with mentors and tap into their expertise. It came about because as COLE founder, David Coleman, explains, there is an 'older' generation of entrepreneurs who have simply not had the time to pass on their wealth of knowledge and experience to the emerging generation of new entrepreneurs. COLE can also assist start-ups with finding the right people or access funding sources.

"Young people have great ideas but they often fail because they lack experience," Coleman explains, "They need to talk to someone who knows how to do it and let them be a guide. The most technological way of doing things doesn't mean that it's always a better way than someone without the technology who has been doing it for 40 years. Something magical happens when ideas mix between youth and experience."

Coleman sees logistics as being key to achieving the ambitious aim of helping 100,000 businesses to scale-up by 2030. Logistics are: "the glue for the continent. You can make a product but it must reach the consumer. And so much needs to happen in order to move products with no losses along the way."

He emphasises how important it is for 'outsiders' to understand the cultural context in which logistics operate across Africa. "COLE wants to make sure that this knowledge transfer happens and is just one way we see a strong synergy with the DIGILOGIC programme."

Early development challenges for businesses in Africa

African businesses face common challenges and one that is frequently overlooked is that of collaboration. Many entrepreneurs, Coleman says, "Do not like working with others, preferring instead to be a 'lone soldier'. But the reality is different. No serious investor will invest in a leader where something could happen to them with the subsequent collapse of the business."

Developing a start-up is about identifying any flaws and knowledge gaps then finding the right people to fill those gaps. "This is a key part of what COLE is about: delivering output that is greater than the sum of the people involved, transcending what any individual can do alone. If we can achieve this locally, nationally and across the continent then we will be in a very different situation to the one we are in today."

Myths also have to be dispelled. For example, in order to sell a rather simple narrative, many people believe that Apple co-founder, Steve Jobs, or Amazon-founder, Jeff Bezos, made it all on their own. However, this is simply not true. "All great entrepreneurs have a team of peers who they have collaborated with for years," Coleman says, "Money is not an entrepreneur's most valuable resource, people are. When things go wrong it's the team who will help an entrepreneur back on their feet, not money."

While written contracts are pretty standard in Europe, they are not in Africa. Coleman believes it is important to recognise the value of written contracts, which represents a commitment to that business from both sides. A contract spells out what each person brings to the venture in terms of key performance indicators (KPIs), responsibilities and an exit strategy. Coleman





understands that many people are nervous of a contract in case there is no restitution if things go wrong. “And there is some truth to that. However, nothing will change if people don’t have access to legal contracts. People who don’t want to sign a contract are telling you something. The respect they have, or do not have, for your project.”

Coleman also recommends using a qualified lawyer rather than going online and tweaking a generic contract.

Looking to the future

Coleman is passionate about agriculture – among Africa’s greatest resources – a sector that could provide many opportunities for young entrepreneurs. Africa has a huge amount of arable land that is under-utilised alongside another untapped resource: indigenous knowledge about fruits, vegetables, farming and irrigation that is never shared properly. This is, he explains, partly because technology has not been deployed in the agriculture sector, and partly because the sector has not been seen as offering viable business start-up opportunities to young entrepreneurs who are often city-based and do not think about more rural ventures. This, says Coleman, is already starting to change as agriculture becomes more tied to technology, and younger people start to regard themselves as farmers or starting a business that is important for their communities. Agriculture is also attractive to Africans outside the continent, who are looking for safe and interesting ways to invest. In short, as he sums up: “The repackaging of agriculture tied to technology and made predictable because of technology, and the vast amount of data that can be gathered, are revitalising this sector.”

The future of the logistics industry is also key to the future success of many start-ups. Logistics are traditionally tied to manufacturing which, observes Coleman, “has always been Africa’s Achilles’ heel. There are some great outfits, doing great work but they are still struggling to scale up. Will my goods be safe? How will they be transported? It’s essential to reduce the risk factor to make it safe to go across borders. The African Continental Free Trade Area agreement (AfCFTA) is outstanding on paper, but companies need to feel there are solutions out there that will work for them and reduce the risk factor to almost zero.”

The AfCFTA is a vital component in improving logistics because it will help create more ambitious entrepreneurs who can see potential scale from the outset. If pan-African logistics become smooth, cost effective and efficient, he says, “Then from day one you can be number one across Africa in whatever industry you choose.”

Another key point for the future of logistics is looking after the basic infrastructure. Successful logistics obviously depend on good roads and maintenance of those roads is very important. Rather than waiting for various governments to act, Coleman wants to encourage the private sector to do as much as possible and then place pressure on governments to support initiatives. “Interests and priorities change all the time and along with that go budgets. Governments tend to be behind the private sector when it comes to technology. But as long as governments are open enough to bring in and learn from the private sector, the better it will be. If trade is fluid and all the systems actually work, that alone would change so much on the continent.”

Coleman points out that Africa has by far the youngest workforce compared with any other continent. “If trade, logistics, and agriculture can all bring about increased youth participation with open borders that would be incredible for the future.”

