

Africa: hard work - but worth it

With the world looking to Africa as the next expansion frontier, it's all too easy for companies to rush in unprepared. But unless they make an effort to understand business in Africa, they are likely to fail.

 By [Kelly Meredith](#) 17 Jul 2013

Africa's massive growth potential hasn't gone unnoticed by companies around the world. In many regions, thriving telecoms, technology, power, infrastructure and finance sectors are delivering exceptional growth to multinational investors. In fact, 70% of the world's fastest-growing economies are in Africa. Naturally, scores of companies are looking to benefit from this growth. However, many early investors have also had their fingers burnt.

What we are learning is that Africa is hard work. Those companies that have successfully expanded across the continent have done so largely thanks to relationship building and understanding the market. While African business varies significantly from region to region, the continent's markets do have one thing in common - they run on relationships. Businesses entering Africa will also encounter many of the same challenges across multiple regions, including skills shortages, an often militant labour force, uncertain economies and infrastructure issues.

Building relationships that deliver business success in Africa takes careful planning and market research before any attempt is made to penetrate an African market.

Data

Many companies make the mistake of basing their growth plans on data that isn't sound or sufficiently targeted. Initial market research may be expensive and resource heavy, but it is more cost-effective in the long run to build a solid, reliable database than to develop a strategic plan based on unreliable information. Too many programmes fail on the back of bad data in Africa. Focused information that gives insight into individual countries and target markets is essential.

Collaboration

Because business in Africa depends heavily on relationships, businesses need to choose their partners wisely. Strong relationships with reliable local partners are important, because local partners know the culture, environment and key players, and have the trust of the local market. Through local partners, business is faster to market.

There are advantages to going it alone, such as a lower direct cost, more control over the business, and fewer data issues; but the downsides are that entering new regions without local partners is more resource intensive, with a slower ROI and a lack of local knowledge, which can deliver some painful lessons.

Face-to-face interactions are also important. Any multinational planning to do business in the region needs to have its top executives available for regular face-to-face meetings. They need to pay regular visits to target countries, be seen, and meet the people. Company executives need to be true brand ambassadors, displaying interest and understanding. This may be resource heavy and expensive, but it's necessary.

In addition, showing a commitment to the market and a willingness to put something back into the target market through corporate social responsibility will help to build strong relationships.

Communication

There is a misconception that in Africa, things happen slowly. This is far from true, particularly when it comes to communication. Across Africa, communication with clients and partners needs to be almost immediate. Companies entering Africa need to be responsive - via all communication channels - and they must respond quickly. With mobile a massively growing channel across Africa, companies need to integrate mobile and social media into their communications channels. They also need to use these channels to build relationships, delivering educational content and useful information to a market that is hungry for relevant information.

Innovation, speed and flexibility

Successful expansion into Africa requires a flexible approach to doing business. Traditional growth methods may not work out here. To be effectively flexible, companies need to listen to their market and partners, and the only way to do this is to have a presence "on the ground". Companies need to incentivise team members to spot opportunities and identify areas where their technology can create opportunities for their clients.

Because Africa is a new market for many sectors, the rules and environment may change rapidly. Companies investing in growth into Africa need to react quickly and take calculated risks - but these need to be monitored carefully.

With the African market one of the fastest growing in the world, the potential returns are well worth the investment required to expand successfully across the continent.

ABOUT KELLY MEREDITH

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