Why Africa's youth should be encouraged to launch tech startups

By Tom Jackson   16 Aug 2018

Entrepreneurs and small businesses have long been regarded as the engines that power the global economy, but the thing that sets a local corner store apart from a startup built in the cloud is the rate at which they can scale.

Sarah Heck, an advisor on international entrepreneurship and youth programs to the Obama Foundation and head of entrepreneurship at Stripe.

That is according to Sarah Heck, an advisor on international entrepreneurship and youth programs to the Obama Foundation and head of entrepreneurship at Stripe, who told Disrupt Africa offline businesses are bound by the physical limitations of a brick-and-mortar market.

"Tech-enabled startups, on the other hand, can operate on internet scale from day one; propelled by software that makes the fundamental aspects of reaching a broad user-base and going global a lot easier," she said.

"As a result, it's entirely plausible for a high growth startup to scale from zero to hundreds of employees within as little as two years. The Kauffman Foundation actually looked into the impact of these kinds of businesses on job creation back in 2011, and found that startups not only created the most net new jobs in the US economy but, unlike existing small or large firms, continued to steadily create new jobs throughout the global recession."

Untapped opportunity

Africa is a continent brimming with creativity, resourcefulness and untapped opportunity, Heck said, but there is a lot more to do to realise its full potential as an entrepreneurial hub. The latest Global Entrepreneurship Monitor ranked Africa as the region with the lowest proportion of entrepreneurs expecting to create six or more jobs within the next five years.

"We all need to do more to change that statistic. At Stripe, we think a lot about how we can lower the barriers to entrepreneurship, help more businesses get started, and expand into new markets. We do this because we believe that helping entrepreneurs be successful will advance economic growth and create more opportunities for others," Heck said.

"Just look at platforms like Hotels.ng, for example. Mark Essien has not only built a useful service for consumers, but he's bringing more business to local hotels and attractions in Nigeria, who in turn employ more people to keep up with the demand created by the Hotels.ng platform. You also have companies like Ongair in Kenya and SynCommerce in Ghana that serve as enablers of other businesses, providing tools that help companies better serve their customers, grow their revenue and re-shift their focus to their core product."

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Stripe fits into a similar category, she said. "We're building software infrastructure and tools to enable more entrepreneurs to build, run and scale online businesses, sell to customers anywhere in the world and effectively compete in the new economy – whether they're the world's fastest-growing technology company or a single software developer starting up in a garage."

Something that really excited the Obama Foundation about the young leaders selected for its *Leaders: Africa* programme was their focus on tackling Africa's greatest challenges through entrepreneurship.

"The Ayanleye brothers built Stutern to address rising youth unemployment in Nigeria by equipping graduates with in-demand skills like UI/UX design and back-end development and placing them in higher-paying jobs. AkiraChix is teaching a generation of young women to code. Agro-Hub in Cameroon is leveraging technology to bring thousands of offline farmers into the online space. The solutions they're building have the potential to shape the future of the African economy. We want to do whatever we can to remove the blockers that may stand in their way," said Heck.

Asked whether there is enough support for young people starting their entrepreneurial journeys, she said perceptions around entrepreneurship were culturally nuanced.

"It's a risky path and the fear of failure often discourages promising entrepreneurs from getting started. Even on an anecdotal level, I was struck by the number of young people I met throughout the *Leaders: Africa* convening who told me that their parents would be disappointed if they pursued entrepreneurship as a career choice. Emerging female founders, in particular, grapple with the additional challenge of the cultural expectations of young women," said Heck.

Support for startups

"Starting a business is hard. Early-stage founders arguably need the most support when they're just starting out. The irony, of course, is that they often only get that groundswell of support once their businesses are financially successful."

This is where the local startup ecosystem becomes an invaluable safety net.

"We need to highlight local role models, foster an environment predicated on mentorship, up-skilling and knowledge-sharing, and develop a cultural understanding that failure is par for the course," she said.

"We also need to make it as seamless as possible for new businesses to get off the ground. Founders don't start businesses to contend with the financial and legal mechanics of setting up a company. They start businesses because they

see a problem and have a vision for how to fix it."

Heck said that is why Stripe started its Atlas programme, to reduce the cost, toil and time spent on setting up a company, so entrepreneurs can focus their limited resources on building the best possible product or service for their customers.

She said any robust startup ecosystem relies on close collaboration between the corporate sector, government and academia to thrive.

"There are three foundational layers to consider. The first is education, be it formal or informal. Do entrepreneurs have the skills and mentorship to turn their ideas into thriving businesses? Are we creating a pipeline of talent with relevant skills to join those businesses and help them grow? Is the curriculum adapting to the needs of the modern internet-driven economy?" said Heck.

"The second relates to helping businesses start and run, ensuring that the resources they need to get off the ground are readily available. Do entrepreneurs have to navigate a sea of red tape before interacting with their first customers? Is there adequate infrastructure to support the growth of their business? Do they have access to sufficient funding?"

The third, meanwhile, relates to enabling businesses to scale.

"Do local regulatory frameworks inhibit or enable their growth? Are they incentivised to create more jobs in their local markets? Are they able to freely transact with customers across borders? The answers to those questions all rely on multiple stakeholders to play their part."