

FINDING THE RIGHT BUSINESS PARTNERS IN AFRICA IS GOLD

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I recently attended a forum on “Doing Business in Africa” hosted by Black & Veatch in Overland Park, Kansas. It was a very informative meeting with various presentations by the government agencies and companies currently investing in various sectors in Africa. During the forum and on individual talks, concerns were raised as to how to find trusted, reliable and professional business partners in sub-Saharan Africa. Part II of this article will guide us on what to look for in a partner in Africa.

People with experiences in doing business in Africa have told stories of partners who did not keep up with their promises they made or did not live up to the expectations that the foreign investors placed on them. We may ask ourselves if the promises were inflated and magnified to impress the potential partners or if the expectations of the newcomers were set too high to be achievable. Reasons why partnerships fail vary tremendously and in many cases it is very difficult to pinpoint the problems. That is why in this series of two columns we will focus on how to prepare ourselves for better partnership development.

Question! Do you need a local partner in Africa or any other place where you are starting to develop a business or where you want to invest? The answer is, absolutely yes! A good partnership will certainly increase your potential for success. There is huge evidence that having a local partner helps foreign investors tap into the huge potentials that African markets offers. In some cases where huge financial and long term contracts are at stake, local laws require that foreign companies partner with local entities in order to compete for those contracts. This type of “forced” partnership is increasingly prevalent in sub-Saharan Africa especially in the sectors generally controlled by the government such as oil, gas, mining, and public works. While companies may be required to work with a partner, they are entirely free to choose the partner that best fit their business model, needs and aspirations. Picking the wrong partners on board will certainly have a devastating and sometimes irreversible damage on you and your business. This happens regularly.

How do you choose the “perfect” partner? Before we go into detailed criteria on selecting a partner, let’s keep in mind that business partnership is like a two-way street; it a well balanced give and take for both parties. Local partners want what foreign investors want: business success. Foreign investors may be suspicious of African partners; but they should also understand that serious African partners may also be suspicious of foreign investors. They may have experiences foreign companies coming and reaping off local people never came back.

There are many ways companies develop partnerships in Africa. But in my view and experience, the two best ways remain the following:

1. Finding a business partnership consultant who is working with local businesses to secure reliable foreign partners, but who is also searching for foreign investors in quest of local counterparts. That type of consultant studies both companies and fully understands the needs of each party. S/he is able to tell both partners when there is a fit and when there is none.
2. Finding a business partnership consultant who fully understands the business and social cultures of both the U.S.A. and the region of Africa where they want to operate. A U.S. American business owner from the African Diaspora who is well-versed in the American ways of conducting business in the USA, who also has a deep understanding of the various cultures of the continent will better serve you and also your partner who may not fully understand how business is conducted in the USA.

These consultants will help you build a perfect and successful business union, thus avoiding the common mistake many small and large companies make in relying on consultants who only understand either the US or the Africa business cultures to assist them in finding partners. To use a language analogy, it would be like hiring a person who speaks only one language to provide language interpreting between two business executives who speak two different languages?