

# Establishing The Right Business Eco-System

Victor Akunna

A photograph of a white box filled with several donuts in various colors (red, yellow, orange, white, and dark blue) with colorful sprinkles. A cup of brown coffee is visible next to the box. The background is a light blue and white geometric pattern.

*It* is rare to find African companies that are over a 100 years old. This is largely because of myriads of factors, but one key fact is that many entrepreneurs value relationships more than systems. Relationships are very important, no doubt, that is how we survive and get many opportunities in Nigeria. However, any entrepreneur who desires to have a business that would run independent of him, giving him the much needed time to be with his family, travel for up to a month on vacation without any panic attacks must learn to build business systems and processes.

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- John Maxwell.

to survive, entrepreneurs must move beyond the “one-man-gang” mind-set of leadership, where founders, either directly or indirectly, frustrate ideas that do not originate from them and new systems that do not fuel their ego as the central figures of relevance. The rest of the developed world has moved on from this model of leadership to accomplish great things. A leadership system that is entrenched in an “off the chart” high-power-distance (Geert Hofstede) would produce a culture with an unprecedented dimension of groupthink. According to Napoleon D Bonaparte, “leaders are merchants in hope”, leaders inspire and facilitate new ways of thinking and behaving, they raise other leaders not an ecosystem of followers who cannot take initiative because the company culture has been subtly designed to punish the innovators- the people who “push the envelope”, the outliers.

Leadership is very critical because “everything rises and falls on leadership” - John Maxwell. No business can outgrow its leader. As a matter of fact, statistics show that most organizations take on the personality and traits of the founder

Many years ago, I attended a business meeting where Mr. Foluso Phillips gave a speech on how he had to ensure that Phillips consulting got it right from the on set- the office building, the type of staff that were hired, down to the official font size and type used by the company. He was designing the system, the culture that would form the base for the company’s future. A business leader must design a system to support the business objectives of the company, in the short and long term.

Beyond designing a best-fit system for your company, entrepreneurs must have the most efficient people working in the right place. The era of hiring a cousin, a friend or even your son who has neither clue nor respect for your business process, is far gone. One of the companies I worked for was contracted to implement a comprehensive business process management system by a company in the financial services industry in Nigeria. During the initial business process audit, we discovered that one of the key staff members held a marketing role for years without bringing in a single account because she was “sponsored” by one of the executive directors. She eventually had to leave because to run a successful system, efficient people must manage every aspect of the business’ supply chain.

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Talking about hiring right, entrepreneurs must also accelerate social capital building. Based on a number of Nigerian owner-managers of SMEs I interviewed in a recent research, I discovered that building social capital is a proven strategy for accessing relevant and cutting edge knowledge. People transfer knowledge that give them competitive advantage during interaction; this is especially the case when there is high level of mutual trust between the knowledge source and the recipient. Hence, business leaders must learn to develop a culture that facilitates both internal and external social capital because without social capital, employees would hoard knowledge. This is especially true for Tacit Knowledge which is difficult to codify and transfer. However, when people trust each other in the company, suspicion level drops, thereby increasing open and honest interactions where knowledge can be easily exchanged.

These interactions help organisations become a learning organisation, build competitive advantage, innovative products, and survive dynamic change. When companies create a learning system facilitated by social capital and trust, incredible things happen. For instance, the Post-It notes were invented by Arthur Fry of 3M (a US company) because he took advantage of officially sanctioned “permitted bootlegging” policy. This policy was set up to encourage employees to utilise their spare time and the company’s resources to work on novel projects without the official permission of the responsible management. According to HR Review U.K, it takes a new employee about 28 weeks to reach optimum productivity in their new role, coupled with a price tag of £25,181 per employee. However, this can be minimised when an organisation facilitates organisational learning, social capital, team work, mentoring programmes, etc.

When a football club is doing poorly, the management of ten fires the coach because “everything rises and falls on leadership” John Maxwell. The business leader must create the right business ecosystem, then get out of the way for people to do their jobs.

Relationships are like living organisms, how we nurture them determines how they grow.



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