



...“Success doesn't necessarily come from breakthrough innovation, but from flawless execution. A great strategy alone won't win a game or battle; the win comes from basic blocking and tackling”- Naveen Jain

Building Entrepreneurial Ecosystems in the Nigerian Manufacturing Sector

Working Paper Series: No. 6, May 2019

Nigeria in recent times has been recognised as having a vibrant entrepreneurial ecosystem. Ecosystems have developed in cities such as Lagos and Abuja with vast and unique networks of players and specific sector focus. A good example is the Yaba ecosystem in Lagos which was recently identified as the most valuable start-up ecosystem in Africa, with a local entrepreneurship scene worth an estimated US\$2billion. While it is correct to remark that the ecosystem model works and the future of entrepreneurship looks bright in Nigeria, it is also important to note that this success has largely been driven by the ICT sector, which recorded the largest growth rate with respect to GDP in 2018. The sector also grew by 9.65% and contributed 12.2% to GDP in the year.

Having ascribed a significant part of the success of the ICT sector to the adoption of the ecosystem model, the question to be asked is whether the model can be replicated for other sectors in the country.

In a country where the manufacturing sector has been identified as key to driving industrialisation, how can we ensure development of the ecosystem towards improving the chances of success for entrepreneurs operating in the sector?

What is an entrepreneurial ecosystem and why is it important in Nigeria?

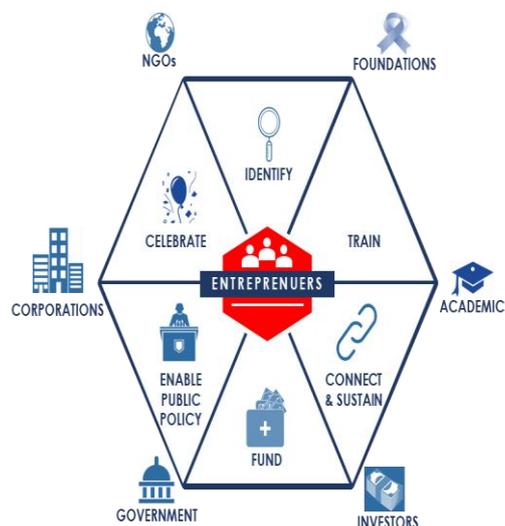
An entrepreneurial ecosystem is the combination of people, organisations and relationships that surround entrepreneurs to help them succeed. It consists of stakeholders such as: educational institutions, banks, research centres, lawyers, business support, government, markets, etc. that interact and work together to ensure entrepreneurial success. This should not be confused with industrial clusters or parks which refer to players in the same industry located in a fixed geographic area – industrial parks and clusters and are part of the ecosystem.

Building entrepreneurial ecosystems are

important as they not only help support enterprises with respect to market and business development, but also help to address challenges that entrepreneurs face. For entrepreneurial ecosystems to be truly effective, there is a need for the presence of ecosystem builders who help identify the different stakeholders within a particular ecosystem, manage them and their relationships towards achieving a singular goal of ensuring entrepreneurial success.

Entrepreneurial ecosystem builders help shape communities that make entrepreneurship accessible and inclusive. They attempt to put zero barriers in the way of job creators. Towards achieving this, some of the functions they perform include: promote an inclusive field where every player feels that their voices are heard; create and promote a collaborative culture; get all players to align on a shared vision; create and manage communications channels to connect players; and generate quantifiable metrics to assess performance.

Building an entrepreneurial ecosystem is not an activity that is limited to one stakeholder. Rather, depending on the context being considered, the activity of building an ecosystem can involve all the stakeholders, insofar as they all make a commitment to build one.



Building an Entrepreneurial Ecosystem for the manufacturing sector in Nigeria: What does it entail?

Ecosystems may either develop organically (as was seen in the Yaba case) or it can be built purposely. Any attempt to build a successful entrepreneurial ecosystem for the manufacturing sector in Nigeria will largely involve a key stakeholder/group of stakeholders recognising the impact that collaboration has on entrepreneurial success, and having an in-depth understanding of the challenges that are faced by entrepreneurs in the Nigerian manufacturing sector. Also important is an ability to identify all the necessary stakeholders in the ecosystem, and an ability to obtain their individual buy-ins towards making sure that they are all willing to work together to achieve a common goal.

How do we build appropriate ecosystems to support sustainable development in Nigeria, particularly in the manufacturing sector?

Apart from access to finance, entrepreneurs in Nigeria still face other significant challenges that act as barriers to their success. Available data from the 2019 World Bank's Doing Business report saw Nigeria rank 171st/190 countries with regards to access to electricity, 184th/190 with respect to registering property, and 120th in terms starting a business. These alongside other indicators used for metrics like education, rule of law, etc. highlight some of the challenges entrepreneurs face.

Dealing with these barriers will involve all the different stakeholders e.g. chambers of commerce, universities, government, banks (development and commercial), private sector, manufacturing hubs, etc.; identifying the specific roles they will each perform to drive entrepreneurial success; coming together to create a singular vision with quantifiable targets; opening up lines of communication and collaborating with each other; and providing resources to help each other.