

## Scaling Up our Entrepreneurial Ambitions

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Mauritius, as a developing country, has an invariably complex landscape. Entrepreneurship has mushroomed since we gained our independence and tremendous opportunities are today becoming more and more available to companies that position themselves properly. We all acknowledge the contribution of the sector to economic growth and more is being done in this segment. With access to technology and knowledge, the wealth of opportunities and problems to solve today are offering an advantage to many, but, as you know, generating innovative ideas that go beyond the norm is not so easy. Coupled with this is the number of challenges and biases which limit entrepreneurs' chance of success and their ability to scale, in what is an increasingly competitive market.

Whilst entrepreneurs are being recognised today as job creators, more and more resources are being focused on this pent-up demand. This is today known as the entrepreneurship revolution and, even in Mauritius, we observe a consistent increase in the number of companies being incorporated over the past 5 years. As of 2017, the number of newly incorporated local companies stood at a whopping 9512, up 32.1% from 5 years ago.

Reality checks can however be a good thing, especially when the country has reached the 50<sup>th</sup> anniversary of its independence. Stakeholders today tend to encourage more and more people to become entrepreneurs, but I am sure we all want to see more than just a lot of new businesses. We want to see healthy new businesses and motivated people gunning to be entrepreneurs. It is the case today? A large majority of people embarking to be their own boss today do so because they cannot find a job, or because they want to create world-changing businesses that can quickly reach billions in turnover. We will all agree that there are actually very few examples of companies who reached such levels of success.

Whilst start-ups are much spoken about and the subject of a number of debates and discussions, I personally believe that the focus should be on assisting these start-ups for them to be able to Scale up. Scale ups are companies which have the most potential to grow in their respective sectors of activity and, over time, we have come to categorize them broadly as companies which have witnessed an average annual growth rate of 15% over the past 3 years.

These scale up companies are not adequately represented or supported today, despite the fact that these companies are the ones that will tomorrow contribute the most to economic growth. Importantly, the total number of companies which closed down from 2012 to 2017 stood at 19.2% of the total number of companies, during those five years. If we include in the data, companies which are still active but not operating, we could easily surpass 50%. It is therefore believed that more than half of entrepreneurial ventures fail after 6 years of operation.

For a country like Mauritius, which is highly dependent on its human capital and its knowledge base, it is today more than imperative to be innovative, visionary and bold, to maintain some level of competitiveness in a more regional or even global context. Refocusing policy not only on start-ups but also on scale-ups in a number of ways, will drive an improved ecosystem. This will allow the country to have a solid foundation to move towards a higher-income economy, leveraging on its entrepreneurial ambitions. For this 50th anniversary, I therefore allow myself to give my humble opinion on what can be done to spearhead the entrepreneurial landscape.

### 1. Invest in and scale entrepreneurial education

The government realizes the potential of the entrepreneurial sector and has engaged in a number of initiatives and programs, but without simultaneously promoting entrepreneurship and an entrepreneurial mindset. Although the mindset of young people is today shifting toward a more entrepreneurial way of thinking, our education system is lagging behind. Learning about entrepreneurship has been proven in many markets to ignite an entrepreneurial mind-set in young people. This motivates them to think and act

like entrepreneurs in all aspects of their lives. As a result, attributes they acquire include: they communicate better; they persist through failure; they become flexible and adaptable when facing obstacles. As people, they learn to take smart risks and become problem solvers and opportunity finders. That is important to the job-skills conversation, for example, because skills such as communication, flexibility, and persistence are in high demand by employers in the country, as seen in national mis-match surveys published by VERDE.

Entrepreneurial thinkers, in other words, can also be great employees even if they do not themselves become entrepreneurs. They can be so-called intrapreneurs (those who innovate and create change inside organizations) or social entrepreneurs who improve social and government institutions.

## 2. Tangible incentivizes to SMEs

Most entrepreneurs I have met with qualify their experience with government bodies as not necessarily positive—whether it is with regards to taxes, regulatory barriers, licensing, financing or processes that are difficult, time consuming and costly. A means of facilitating and incentivizing entrepreneurs is by engaging directly with them, perhaps by allocation a share of national procurement to SMEs across all sectors of activity. Being the single biggest procurement source, a genuine commitment to setting aside part of procurement for SMEs would create a huge market for entrepreneurs.

## 3. Encourage recruitment in start-ups and scale ups

Start-ups and scale ups have no clear hierarchies or paths to advancement. From their embryonic stages through more mature ones, however, they need good hires to create and effectively run departments such as marketing, product development, and sales. Entrepreneurs look to recruit people wanting autonomy, creativity, and growth in their jobs—all elements critical to fulfilment, but fail to find them. Young graduates are not willing to take the leap and join a start up in Mauritius, when this is actually the opposite outside Mauritius. Educating graduates on the growth potential, the giant experimentation and the innovative initiatives that these start-ups offer is today essential in their advancement.

## 4. Open the door to financing

Business owners struggle every day to scale. Without capital it is difficult to advance. There are a number of people seeking financing, just as there are a number of investors of all types (banks, investment funds, High Net Worth Individuals, etc.) who are looking for good projects and businesses to invest in. There is today a lack of awareness on the opportunities available through equity financing and other types of financing options, as compared to the traditional debt financing. Mixed type financing and investment pitches are quite common in developed markets where the focus of investment seekers is to raise capital through a number of waves to achieve their project milestones. Today, entrepreneurs I have met with still tend to focus more on keeping their shareholding, rather than to open their equity to investors, sacrificing in the process potential growth that could have resulted from it.

## 5. Create networking opportunities

For all entrepreneurs alike, when support is not available around them, it is very difficult. There are many associations and networking groups around, but are they today offering what is required by entrepreneurs? Seeking advice and outsourcing work is becoming a lot more culturally and socially acceptable today, with entrepreneurs recognizing the 'jack of all trades but master of none' dilemma. Without connectivity and networking, entrepreneurship has a ceiling. What is required today is a dedicated and professional platform which regroups highly scalable companies and companies which have the potential to scale up without necessarily knowing it. This ecosystem would enhance interaction, sharing of knowledge and ideas, and churning of projects amongst entrepreneurs to help them grow and expand.

A new proactive platform for entrepreneurs, investors and professionals remains key to the entrepreneurial ambitions. As an entrepreneur myself, I believe that an institution that would be responsible solely for supporting the growth of scale up Mauritian companies is required. That is why on the occasion of the independence, we have a team of entrepreneurs who are working on a platform to specifically provide networking, mentoring, market access and targeted industry insights to high-potential start-ups, which have come to be called Scale Ups. A research and analytics team will be dedicated to those companies, to constantly provide insights and market information so that entrepreneurs have the necessary facts and figures to make informed decisions. This will also allow them to bridge the information gap which is prevalent today, whilst the platform in itself will provide access to other entrepreneurs, to seasoned professional and to investors.

We are today in the middle of probably the most exciting changes in investment and funding since the 2008 crisis. This means that listening to and learning from the best thought leaders will be critical to seeing where the market is going next. When some, if not all, of the disruption in Silicon Valley has been caused by start-ups, why not steer our own local Scale Ups on upward trajectories towards growth and success? Benefits are bound to be manifold across both existing and future generations.