

Learning to dance with gorillas

 By [Sophie Baker](#)

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Biz4Afrika spoke to highly respected researcher, Dr Shameen Prashantham, about how to get your business off the ground, what advice he has for SME's in Africa and how you can 'dance with gorillas'...

Dr. Prashantham is an Associate Professor in International Business & Strategy at China Europe International Business School (CEIBS) in Shanghai (effective 1 July 2015).

His research focuses on new venture internationalisation, in particular how start-ups "dance with gorillas". His work, undertaken in China, India, the UK and US, has been published in California Management Review, Entrepreneurship Theory & Practice, Journal of International Business Studies, Journal of Management Studies and Organisation Studies, among other outlets.?

B4A: Firstly, can you explain what you mean by 'dancing with gorillas' in terms of business?

Dancing with gorillas refers to start-ups partnering with large companies, in particular multinational corporations. I have been studying how these very different types of companies engage with each other in both the West (especially the US and UK) and East (especially China and India) for about a decade now. At the early stages of my research, I once asked the late Professor C K Prahalad what he thought about the scope for start-ups to engage with large multinationals, and his immediate response was: "Many of these small companies have no choice but to learn to dance with big gorillas". I immediately latched on to that phrase!

B4A: Why is dancing with gorillas the way forward for businesses in Africa, and how can an SME start to dance? Should they be looking to partner with local branches of multinational firms?

I wouldn't say that dancing with gorillas is "the" only way forward for small businesses in Africa, but it represents an option that's certainly worth exploring for at least three reasons.

First, in very general terms, small and young ventures typically have a natural advantage in terms of their agility and creativity, but a disadvantage in terms of their resource base and commercialisation capabilities - areas in which large corporations are usually better equipped. So there is scope, at least in theory, for small and large firms to complement each other. The nature of business has evolved rapidly, especially in high-technology sectors, whereby ecosystems compete with each other, and so most companies have to adopt a mindset of "interdependence" in order to succeed. For SMEs this could mean playing to their strengths to come up with innovative offerings and then leveraging those of the large multinationals orchestrating such ecosystems to bring these to market.



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Second, more specifically in relation to emerging economies, large multinational corporations have been showing growing interest to tap market opportunities as well as innovations - especially creative low-cost solutions. This is sometimes referred to as frugal innovation. Often this means there are significant potential opportunities for innovative start-ups such as Mango, a venture that developed a low-cost software interface for mobile telephony in Bangalore and attracted a close partnership with the US company Qualcomm which felt Mango's innovation would help it strengthen its own offerings for rural markets in emerging economies.

Third, I have noticed a recent surge in interest in Africa. And intriguingly, it isn't just large Western corporations like IBM or Microsoft that are taking Africa seriously but also large multinationals from emerging economies, such as China's Huawei and India's Tata. So, all in all, it seems that the time is ripe for African start-ups to dance with gorillas; they have a range of potential multinational partners to work with.

And yes, it makes sense to start with the local subsidiaries of multinational companies. Of course this is easier when dealing with subsidiaries that have effective partner programs in place because these provide start-ups with an easily identifiable "entry point" to start cultivating a relationship. But partner programmes are not always available - and if that is the case then it helps greatly to deal with subsidiaries run by entrepreneurial managers, that is, individuals who can make things happen. These are the sort of individuals within multinationals that start-ups should be actively seeking out in a bid to discovering and creating opportunities around which to collaborate with multinational corporations. ?

B4A: Is there any Africa specific advice you can share with us, specifically for small businesses?

Although my research on Africa is at a nascent stage, there are some lessons one could apply from my work elsewhere. For instance, start-ups need to work within the constraints and opportunities of their immediate environment - and these are likely to vary considerably within Africa. I see similar diversity in China, where I currently live. To illustrate, in Zhongguancun, a high-tech district in Beijing that's dubbed "China's Silicon Valley", it is not difficult to encounter very sophisticated entrepreneurs forging links, with relative ease, with large multinationals such as Microsoft. In a similar vein, I

expect that some start-ups in Johannesburg and other well-established technology centres have far greater opportunities for interaction with multinationals compared to other locations in Africa.

By contrast, in less sophisticated locales the interactions between start-up and multinational are far less fluid. This is true of Ningbo, a city that I spent nearly four years in, which is renowned for its entrepreneurship in general but not for high-tech start-ups. In such situations, I have found some entrepreneurs to very skilfully rope in local allies (in China this is typically some manifestation of the local government) who help to open doors to the local branch of a multinational company. In the case of Africa, international development agencies and non-profits may also help start-ups and multinationals connect in certain situations. For example, local entrepreneurs engaged with multinationals such as Vodafone in Nairobi, Kenya around m-Pesa - the development of which resulted from a non-profit initiative. This engagement resulted in valuable innovation such as apps for agricultural and healthcare sectors. And the fact that the m-Pesa system has been applied elsewhere shows that some of these technologies need not remain Africa-specific.

Alternatively, returnees of African heritage from the West might be helpful in forming a bridge between start-ups and multinationals especially in with less developed entrepreneurial ecosystems. This is something I witnessed while conducting research in Lahore, Pakistan a few years ago. While Lahore certainly has some thriving start-ups it is nowhere near Zhongguancun or Bangalore in terms of the scale or strength of the entrepreneurial ecosystem. I found start-ups in Lahore that were founded by returnees from overseas to be better placed to forge multinational links. These individuals were very savvy at networking. And interestingly many of these returnees had a generous attitude toward local entrepreneurs that lacked similar experiences, and were willing to mentor them. Cultivating mentor networks might well be crucial for African start-ups, especially those outside the relatively well-developed technology hub-locations. A recent British Council study in Ghana indicated that returnees play a crucial role in the development of social entrepreneurship. Other research suggests it's a similar story with technology entrepreneurship as well, and that returnees are especially adept at forging links with investors in Africa and even overseas. So being mentored by returnees can be very helpful for local entrepreneurs seeking to dance with gorillas.

B4A: What type of networking and partnership opportunities should entrepreneurs be looking for?

There are different ways in which start-ups dance with gorilla companies. I have observed three types of partnerships that are particularly beneficial for start-ups.

The first is when a start-up and large corporation work together on some technological development. For instance, I studied software start-ups in the UK that partnered with a large US company with hardware expertise. The partners combined their respective software and hardware expertise to prototype an innovative new product. In any other case, this time in China, a tiny start-up developed an Internet-based locking device that IBM folded into a solution it created for the Chinese logistics market.

The second is when a start-up makes a conscious decision to build its technological offering on a platform built and orchestrated by a large corporation. This then means that the gorilla has an incentive to help the start-up to succeed. And gorilla firms, including Microsoft, are becoming increasingly sophisticated at creating partner programs through which start-ups can gain support for the technology development and marketing efforts. One of the more striking examples of a start-up that leveraged the opportunity to partner with Microsoft, is Bangalore-based Skelta which resulted in that company rapidly gaining customers around the world, and ultimately being acquired by Invensys.

The third, which is relatively rare but slowly becoming prevalent, is by participating in accelerators run by large multinational. This applies to very early-stage start-ups usually, and securing entry into such a facility is very difficult due to the competition. But for those who are lucky to make it, a period of three to four months in a corporate accelerator can lead to very useful mentoring and networking, including with potential funders. I am heartened to hear of IBM's plans for an accelerator in Johannesburg. Unfortunately, though, such opportunities are few and far between, especially in less prominent emerging economies, so this route, at least for now, does not represent a well-trodden path. But I expect such opportunities will grow considerably in Africa in the months and years ahead. Fingers crossed...

B4A: So if you were an SME owner in Africa, how would you be trying to get the attention of the big gorillas?

Anywhere in the world, SMEs are likely to get a gorilla's attention if they build offerings upon the gorilla's platform technology and/or they have a technology that would fill a gap in the gorilla's set of offerings. Earlier I mentioned a couple of firms in Bangalore that I have studied: Skelta and Mango. Skelta is a case of the former. They developed a software product on Microsoft's .Net technology platform and were able to, with great proactiveness, attract the attention of local executives of the Microsoft India subsidiary (because in those days there weren't sophisticated partner programs in place as yet). Mango is a case of the latter. It turned out that their mobile software interface was exactly the sort of technology that Qualcomm had been attempting to develop without success, and this led to a close partnership between the two firms. So an important necessary condition is that the SME be innovative and have an offering that is complementary to the gorilla's own.

But of course that of itself isn't enough. The gorilla needs to learn about this in the first instance. That's the sufficient condition. It often helps when one of the founders or employees has connections with a multinational through prior work experience and understands that gorilla's priorities, internal structure and key decision-makers. But even if such connections are lacking, fortunately, things have been getting better and better in terms of SMEs being able to access an interface between themselves and the large multinational. As I've already indicated this is often through partner programmes. Given the growing interest in Africa among multinationals I expect there will be similar opportunities in this part of the world too. And these may involve non-Western multinationals such as Huawei and Tata as well. But partner programmes are often just a way to get a foot in the door for the SME. Enterprising entrepreneurs will still have to be proactive by, for instance, attending networking events organised by the multinational or relevant industry forums. The goal here is to develop a more intimate relationship marked by trust and information-sharing. SMEs may have to "kiss many frogs" before they find their prince. The key is to keep persevering.

ABOUT SOPHIE BAKER

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