



PAFO-COLEAD INNOVATIONS SERIES: Innovations and successes of African farmer-led businesses and SMEs

SESSION N°12

Entrepreneurial skills developed by successful African SMEs

Wednesday 15 February 2023, 12:00-14:00 GMT

Online ([Zoom](#))

English-French-Portuguese interpretation available

1. Context

The agricultural and agrifood sector remains a key economic driver of most of African countries. The sector is dominated by businesses which are predominantly micro, small and medium enterprises (MSMEs), farmers groups, cooperatives and start-ups.

MSMEs and entrepreneurs play a crucial role in the agriculture sector in Africa, especially in:

- **Food security:** MSMEs and entrepreneurs contribute to food security by increasing the production and distribution of locally grown food.
- **Job creation:** MSMEs and entrepreneurs create jobs and provide economic opportunities, particularly in rural areas.
- **Innovation:** MSMEs and entrepreneurs bring new ideas, technologies, and approaches to the agriculture sector, leading to increased efficiency and competitiveness.
- **Market development:** MSMEs and entrepreneurs help to create new markets and increase access to existing markets, leading to increased trade and economic growth.
- **Rural development:** MSMEs and entrepreneurs play a key role in promoting rural development by providing livelihoods and stimulating economic activity in rural areas.
- **Value chain development:** MSMEs and entrepreneurs contribute to the development of agribusiness value chains by providing inputs, processing and marketing services.
- **Environmentally sustainable agriculture:** MSMEs and entrepreneurs can help to promote environmentally sustainable agriculture by implementing practices that



conserve resources and reduce the negative impact of agriculture on the environment.

Therefore, supporting MSMEs and entrepreneurs in the agriculture sector is crucial for sustainable economic growth and development in Africa.

Entrepreneurs and business owners are agents of change, they undertake innovations, finance risks and develop a business. Considering that the skills they need are constantly evolving, it is of crucial importance to promote and nurture an entrepreneurial spirit and support capacity development.

Entrepreneurs are part of a wider ecosystem essential in the value chain to move products to the market, which includes farmers, suppliers, traders, transporters, processors... Each one needs to be an entrepreneur and to promote a market business approach contributing to profitable businesses.

2. Entrepreneurial skills developed by successful African MSMEs

In a complex and dynamic environment, it is crucial that entrepreneurs in the agrifood sector are supported to create, maintain and grow a profitable business. Successful African MSMEs typically develop a range of entrepreneurial skills, which can be grouped into several key areas:

- **Adaptability and resilience skills:** responding to market changes and challenges, open-mindedness to new ideas and approaches and finding new ways to remain competitive. In the agrifood sector, to increase value along the chain, it is key to develop diversification and value-addition, product development, specialisation and product differentiation (i.e. market niches such as organic products, geographical indications (GIs)...), market integration. For MSMEs and entrepreneurs to have an impact at community level, their relations with smallholders and providers are very important.
- **Business acumen skills:** understanding the market, conducting market research, identifying new business opportunities, and making informed decisions. Industry and market knowledge also means understanding who their competitors are and what their competitors have that their company doesn't. Market orientation allows individuals to make more effective decisions that ultimately draw customers in and increase the company's bottom line.
- **Continuous learning:** the commitment to ongoing learning and professional development, and the ability to apply new knowledge and skills to the business are required at every development stage of the business. It is also important to encourage a culture of learning and growth within the enterprise.
- **Financial management skills:** managing cash flow, developing budgets, and understanding financial statements. Contract-handling is important to ensure fairness, trust amongst parties, social and environmental standards, risk management provisions to cope with unexpected events that could undermine the contractual relationship of the contracting parties. Income increasing strategies and sales/negotiation skills support entrepreneurs increasing their profits and creating value.



- **Innovation skills:** Innovation skills are critical for MSMEs and entrepreneurs in the agriculture sector to remain competitive and adapt to changing market conditions and developing new products, services and processes to meet customer needs and stay ahead of the competition. It implies risk taking, the willingness to try new and untested ideas, and to embrace uncertainty; creativity, the ability to generate new ideas and approaches, and to think outside the box; flexibility, the ability to adapt to changing market conditions, and to pivot the business strategy as needed.
- **Leadership skills** can inspire and motivate employees and set a clear vision for the business. Organisational and management skills are important when developing and expanding a business which needs an efficient operational structure, a strong sense of organisation and human resources management. Time management is key to meet deadlines and deliver expected goods to customers. Speaking and presentation skills are vital to sell the strengths of the company. Hence entrepreneurs need strong communication skills to interact with partners, investors, providers and customers as well as with their employees. Those are often supported by marketing plans.
- **Marketing and sales skills:** identifying target customers, developing marketing strategies, and effectively communicating with customers. Customer service skills are vital for any business to build relationships with consumers and retain them. These skills tie into other essential skills like communication and active listening, collecting information about their customers' profile and demand, promoting feedback (surveys...) and acting on it. Companies operating in quality markets to be sustainable need to develop strong links between producers and customers, efforts to anticipate changes and get constant feedback to improve and consolidate the acceptability and consistency of the product. The branding and marketing need to meet the customers' expectations, share the identity of the business and tell a story about the product. Entrepreneurs need to learn how to create a brand that has a unique position in the market and promote it. Entrepreneurs who develop skills in sales will learn how to stay on top of a competitive market, regardless of industry.
- **Networking and partnership building skills:** building relationships with customers, suppliers, and other stakeholders, and collaborating with other businesses and organisations. Networking skills allow the business or company to grow, have greater visibility and expansion. Strengthening the business network (from providers, buyers, certification bodies) is a critical step for the business and the company's brand. The business network allows the entrepreneur to keep in touch with its clients, providers, industry, alumni from courses and trainings. It also facilitates new market connections as well as increased knowledge about the industry trends. Attending fairs, events, LinkedIn groups among others leverage your network and keep you abreast of new features in a fast-evolving agrifood industry.
- **Technical and technological skills** and technological literacy are needed to improve business processes and create new products and services. The use of technologies (i.e. robots, temperature and moisture sensors, aerial images, GPS technology and blockchain) can improve efficiency, transparency and traceability in the food chain through improved irrigation, cultivation techniques, harvesting, storage, and transportation.

Developing these innovation skills takes time and effort, but they are essential for building a successful and sustainable agribusiness in Africa.



3. The way forward: Key skills needed to promote sustainable and safe food

African entrepreneurs and MSMEs play a crucial role in the agrifood sector in Africa, providing food security and creating jobs and economic opportunities. However, these businesses face various challenges including limited access to financing, insufficient infrastructure, and lack of market information and connections. To support these entrepreneurs and MSMEs, the African governments and development partners need to implement policies and programs that enhance access to finance, improve infrastructure and market linkages, and provide technical assistance and training to MSMEs, farmers organisations and entrepreneurs.

Entrepreneurs should also be encouraged to promote sustainable production and trade and contribute to the green economy. Diversification within the agricultural sector through increased processing is necessary for local small- and medium-sized companies to develop high value-added, quality and specialty niche products. Post-harvest losses and food waste along the chain can be minimised with training in improved handling and storage hygiene, and recycling.

Ensuring food quality and safety is needed in supplying any market. Companies need to differentiate products through quality and safety. Agricultural producers are becoming more ambitious in seeking premiums for their goods and increasingly adopting social and environmental certifications.

Even if standards are stringent, their adoption and implementation can generate greater income for producers and satisfaction among consumers and entrepreneurs must know them. This applies to niche markets, such as sustainability in production, organic or fair-trade food products.

Promoting upscale and innovations requires technical and financial skills.

Dedicated efforts should be made to target youth and women entrepreneurs as to support employment creation in the agricultural and agrifood sector.

Many organisations, such as the Pan-African Farmers' Organization ([PAFO](#)) and the [COLEAD](#), support farmers organisations, cooperatives and entrepreneurs in capacity development, skills enhancement and business relations in areas related to market research, marketing and packaging, meeting quality standards and labelling requirement, dealing with new administrative procedures and regulatory requirements and having access to distribution to diversifying customers such as trade fairs and B2Bs.

Key points for discussion on MSMEs management and technical skills to grow:

- What are the key skills that successful entrepreneurs develop?
- What type of investments are needed to support entrepreneurs to grow through skills development?
- What incentives can be provided to MSMEs and smallholders to better acquire management and technical skills?



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Agenda

12:00-12:10 **Introduction:** *Dr. Babafemi Oyewole, CEO, PAFO*

Moderator: *Isolina Boto, Head of Networks and Alliances, COLEAD*

12:10-13:00 **Panel: successful SMEs and businesses**

- *Marlene José, CEO, FoodCare, Angola*
- *Etienne Christian Dioma, Director, UPROMABIO, Burkina Faso*
- *Marian Thompson, Managing Director, Bio-Tropical Products Company Ltd, Ghana*
- *Fannie Gondwe, Executive Director, Perisha Agro and Packaging Enterprise, Malawi*

13:00-13:20 **Discussants**

- *Prof. Anthony Egeru, Manager for Training and Community Development, RUFORUM*
- *Kingsly Kongnyuh Kwalar, CEO, Optimiz*

13:20-13:50 **Debate**

13:50-14:00 **Key takeaways and conclusion**

- *Jeremy Knops, Délégué Général, COLEAD*

