

The State of Entrepreneurship in Sierra Leone

SNAPSHOT: ENTREPRENEURIAL ECOSYSTEM 2017

Introduction

An entrepreneurial ecosystem is characterised by eight key pillars: Business Support, Finance, Human Capital, Culture, Policy, R&D, Infrastructure, and Access to Markets. Investing in these pillars accelerates growth entrepreneurship and market system performance which are vital for job and wealth creation in Sierra Leone.

Sierra Leone Opportunities for Business Action (SOBA), a DFID-funded private sector and market systems development programme, conducted an analysis on the state of entrepreneurship in Sierra Leone. This analysis sought to identify key issues, highlight areas of burgeoning success, and provide recommendations on priorities to address across key stakeholders. From this research, SOBA refocused its interventions to implement some of the short-term recommendations to foster a more dynamic and growth-oriented entrepreneurial environment.

The full report is a study on how each of the eight pillars of the entrepreneurial ecosystem impacts Small and Growing Businesses (SGB), with corresponding policy recommendations for each pillar. This snapshot outlines the key issues that hamper the productivity of Sierra Leone's entrepreneurial landscape across SOBA's main focus areas. Interventions conducted by SOBA and other players in the Ecosystem are also discussed.

Key Issues across the Entrepreneurial Ecosystem

Disconnect between Business Support Services and Entrepreneurs: Key services – marketing, tax, legal, financial services, and human resources – are often inaccessible to entrepreneurs due to their own lack of awareness and the services' high cost. Many entrepreneurs are relying on NGOs and the Government, instead of the private sector, for these services.

“In reality we have zerosupport. Especially when trying something new. If you want to branch out to a new area there is no one to support.”

– Female entrepreneur, Freetown

Access to Finance: Taking out credit from commercial banks or private lenders is seen as too risky by many entrepreneurs, due to high interest rates. Lack of any credit ranking system increased the difficulty for investors to accurately assess an SGB's investment readiness.

“Credit networks are all about interactions and are a massive barrier to entry”

— Private Equity Firm, Freetown

Human Capital: A workforce with poor tertiary education and entrepreneurial training, restricts the capacity at all levels within SGBs from staff to managers to owners. There are few resources to train and find qualified staff who are prepared to work professionally.

“Problem number one is human capital. Access to finance is always a problem but how do you convince investors if you don't have a dream team?”

— Female entrepreneur, Freetown

Business Culture: A shock-prone business sector makes many potential entrepreneurs risk-adverse. In the absence of proper legal, identity or credit systems, almost all business dealings must be made on trust – at great personal risk. Stories of partnerships gone bad reduce trust and collaboration stifling innovation in the country.

“People here do not collaborate with style. If you have a good idea they will steal it from you. If you have a big problem with a partner you cannot easily get protection from the justice and people know that – so they bully you and delay you.”

— Female entrepreneur, Freetown

Developments and Successes in the Entrepreneurial Ecosystem

Business networks that promote entrepreneurial thinking are on the rise. As success stories around small businesses emerge, entrepreneurs are encouraged to shift towards innovation and growth entrepreneurship. With this growth, some institutions and services are rising to meet the needs of Sierra Leone’s nascent entrepreneurial sector.

- Business incubators – such as Sensi Tech Hub, Innovate Salone, and the Impact Hub – have recently launched to provide technical tools, research and development support, and training and mentorship services to entrepreneurs. SOBA has led two Innovation Labs that focus on customer validation and improved product-market fit. The curriculum included customer discovery, rapid prototyping, relationship building, budgeting, and strategic planning. Attendees shared successes of: up to 50% increase in sales, new contacts with customers, use of new marketing tactics, and setup of financial tracking tools.

- Business Networks and Professional Associations are growing in number and reach. For example, Women Mean Business is an association celebrating female entrepreneurs’ successes. Insight Magazine, a magazine promoting the culture of entrepreneurship, has launched and is gaining notoriety.
- Continuing the work of the Bomba Business Competition, SOBA has sponsored the Freetown Pitch Night, in collaboration with privately-run business incubation and innovation support players in Freetown, to foster linkages to markets, investors, support providers, and capacity developers.
- To meet the need of entrepreneurial education, two new university-level programs, Limkokwing School of Creative Technology and Freetown Business School, have formed to produce industry-ready graduates with curricula that emphasize technical business skills and professionalism.
- Collaboration between the Sierra Leone Chamber of Commerce and industry entities have made the entrepreneurial sphere more networked. Similarly, SOBA has facilitated emergence of a self-sustaining and profitable professional services sector for SBGs by hosting roundtable events with both marketing and financial service providers.



Recommendations for SOBA Focus Areas

Among all pillars, the most critical areas for intervention fall within Human Capital, Culture and Business Support Services. While many recommendations are on the mid to long-term, SOBA was able to trial or launch interventions immediately to begin to address key issues in each.

Human Capital:

Strengthening the dialogue between employers, skill institutions and job seekers would allow entrepreneurs the chance to communicate their needs, and give job seekers the knowledge of what skills are desired by employers.

To address the lacking of skill-oriented training needed for working in business, SOBA is sponsoring the development of a marketing bootcamp designed to rapidly train and assess marketers that have the potential to help businesses grow. Graduates of the competitive and selective program will be placed at both large corporates and SGBs.

Culture:

Catalysing information-rich entrepreneur communities could increase knowledge of successful entrepreneurship and business relationships that could alleviate the culture of distrust and risk aversion. These networks can serve as areas of group learning that set standards of excellency in Sierra Leone's entrepreneurial ecosystem.

SOBA has partnered with Sensi Tech Hub to host 'Coffee Hours,' where new entrepreneurs can hear from experienced entrepreneurs on how they overcame the cultural challenges of starting a business in Sierra Leone. These programs aim to create new networks of entrepreneurs working together to start growing businesses in the country.

Business Support Services:

Building linkages between SGBs and service providers is crucial. Business supporters can align their services to make them more accessible to SGBs and serve as a visible player in celebrating entrepreneurial success. As these services become more accessible, SGBs will be able to access them and reform the sector more closely to their needs.

To facilitate collaboration between business services and SGBs, SOBA hosted bi-weekly Business Clinics to connect entrepreneurs to the business support services that could help grow their business. Over a hundred entrepreneurs have attended the clinics, received guidance from experts, and established new relationships with providers. To read the full report visit sobasl.org.

