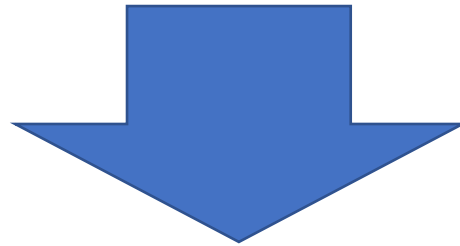


UNDERSTANDING THE DYNAMICS OF
BUILDING A **SUCCESSFUL** (SUSTAINABLE?)
BUSINESS IN NIGERIA



**BUSINESS SUCCESSFUL BUILDING REQUIRES
DYNAMIC UNDERSTANDING OF NIGERIA**

SOME BASIC DEFINITIONS

NIGERIA – A country that has everything and has everything

- Has one of the most arable land in the world but import most of her food even from Countries with Deserts
- Exports few of the Agricultural Crops she produces and imports back the refined products (e.g. Chocolate, etc out of Cocoa)
- Export Crude Oil and Import all Refine Products most Petrochemicals; export all other Mineral Resources
- Export Liquefied Natural Gas (LNG) and Liquid Petroleum Gas (LPG) and re-import LPG
- Export Quality Human Resources and import less competent People called EXPATRIATES most of who are not EXPERTS
- **The most important Asset NIGERIA has is also the Heaviest Liability and the Net Asset – Liability is Huge Deficit**

BUSINESS refers to the organized efforts and activities of individuals to produce and sell goods and services for profit – Investopedia

SUCCESS is running a profitable firm that **CONDUCTS** Business with **HONESTY** and **INTEGRITY**, makes **MEANINGFUL CONTRIBUTIONS** to the **COMMUNITIES** it serves and nurtures high-quality, balanced lives for its **EMPLOYEES** - a senior marketing specialist at [Skidmore, Owings & Merrill LLP](#)

SUCCESS - having a strong company **CULTURE** with **EMPLOYEES** who **STAND BEHIND** the **MISSION** - [Brendan Lyle](#), CEO of [Kayemcee Group](#)

NIGERIA as a Business Entity

- Do we Conduct Business with Honesty and Integrity (All Nigerians)
- Do we make Meaningful Contributions to the Community we Serve (Governance issues)
- Do we have the Culture of Standing Behind the Mission of Nigeria as a Business Entity – (Governed)

Do honest answers to the above explained why 65% of Businesses died in less than 3 years and 80% died in less than 5 years?

BASIC SCORE CARDS OF NIGERIA IN 1980 VERSUS NOW

Prior to 1980, our Exchange Rate was 80 Kobo to 1 US Dollars – WHY?

- We were a net exporter of refined petroleum products but today we import all our refined petroleum products
- We rode in locally assembled cars, buses and trucks - Peugeot in Kaduna, Volkswagen in Lagos, Leyland in Ibadan, ANAMCO in Enugu Steyr in Bauchi producing our Agricultural tractors
- Have many giant manufacturing firms to support Vehicle Assemblies – Vono (Lagos), Batteries Windshield, Brake Pads, etc (Ibadan), Dunlop Tires (Lagos) and Michelin (Port-Harcourt) made from Rubbers plantation in Nigeria
- Radio & TV assembled in Ibadan by Sanyo, Refrigerators by Adebowale, Freezers & ACs by Thermocool
- Clothes by textile mills in Kaduna & Chellarams in Lagos not from imported cotton but from cotton grown in Nigeria
- Water Pipes & Water Closets in Kano and Abeokuta; LPG Cylinder are made in Ibadan and all LPG produced
- All Wire Cables made by Kable metal in Ibadan, Lagos and Port Harcourt
- Shoes made by Lennard from Leathers produced from Kaduna
- We had vibrant National Carrier – Nigerian Airways, the best in Africa and one of the best in the World
- We had very functional and vibrant train system that goes from West – North - East
- We grew virtually all the Food we produced, Aba, Nnewi, Onitsha and others were vibrant producers of many components

Today, our exchange rate is now 500 Naira to 1 USD - 75,000% Depreciation over 40 Years and still going down

- **We all need to do our best to arrest the further decline**

MAIN DYNAMICS OF BUSINESS ENVIRONMENT GLOBALLY

Political Factors

- The government of each country handles the production and economic affairs, government policies and guidelines which affect the working of the business in a very significant manner.
- The government and other authorities make amendments in the business policies to facilitate trade more smoothly
- The political factors are a highly determinant factor in the business environment.

Taste and Preferences

- The demand and supply of a product or service depend on consumer choices; the taste and preferences change very rapidly.
- It depends on the tradition, culture, personal choices, income, and personality of an individual.
- To control this dynamic factor, a businessman must understand consumer behavior as the right analysis of consumer behavior and their buying pattern will help you in controlling these changing factors.

Change In Technology

- The technological and innovation in the product and services change its overall demand
- Technological changes positively influence products like electronics, gadgets, and the media.
- As soon as the technology in the product change or the process of its manufacturing, the business also changes.

MAIN DYNAMICS OF BUSINESS ENVIRONMENT IN NIGERIA

1. Access to capital & credit.

- Lack of financial capital is the single most significant challenge when it comes to doing business in Nigeria.

2. The high cost of business financing

- The lack of capital at affordable interest rates hinders the business growth in Nigeria.
- Banks give out loans with an average interest rate of 25% and at such high interest rate, businesses are unable to find suitable capital to fund their enterprise.
- Even when a business does succeed in securing the necessary capital, a huge chunk of their returns ultimately goes to the repayment of their loan.

3. Electricity / Power Supply.

As of June 2018, an average household in Nigeria can only have access to 6 hours uninterrupted power supply hence big dependence on the use of Diesel and Petrol Generators

5. Government regulations.

- The government plays a major role in the decision of how business gets done in Nigeria.

4. Corruption & Bribery.

- Nigeria would have been among the world's leading investment destinations but corruption and bribery are still serious obstacles.
- The federal structure of the political system means there is a wide range of regulatory agencies, which lead to demands for bribes from public officials.

6. Hostile Business Environment

- No respect for Rule of Law (Business Disturbances and Disruptions by States and Local Government Agencies)
- Less transparent Judicial Systems and Multiple Taxation

MAIN DYNAMICS OF BUSINESS ENVIRONMENT IN NIGERIA – CONT'D

7. Difficulty Finding Competent Staff

- Passion for real learning and excellence is very low;
- Staff commitment nowadays is a major issue – “At Times, The more you Compensate – the less the Commitment you get”
- Our Educational System is majorly not geared towards supporting what the demands need as the world is no loner in era of Knowledge but of Creativity

8. A poor state of Infrastructure

- Extremely poor state of most roads in Nigeria; Inconsistency / very Low Supply of Electricity

9. Lack of Market Information and Data

- Nigeria’s huge population provides good market opportunities, but this has its own challenges of who and where the ideal customers base
- Lack of credible market information is a major challenge for companies that are trying to validate their business model and find product market fit.

10. Red Tape, bureaucracy, and changing government policies

- Sudden changes in government policies and bureaucratic systems have caused many businesses to fail and leave the Nigerian market.
- Multiple agencies demanding paperwork and unclear payments from businesses cause of a lot of frustration for business owners.
- Understanding the number of administrative protocols and different government agencies that are essential to business growth can be very intimidating.

11. Trust – Progress Moves at Speed of Trust

- Partnership in Business is a Major Problem in Nigeria, and the lack of sufficient trust leads to slow business progress.
- Lack of trust in an educational system that produces a limited supply of qualified candidate.
- Lack of trust of governmental agencies, who haven’t in the past shown efforts to help small businesses

12 – Serious Safety and Security of Life and Properties

SUGGESTED BUSINESS PRACTICES TO ACHIEVE SUCCESSFUL BUSINESS

1. Get Organized

- You need to be organized in order to achieve business successes.
- A good way to be organized is to create a to-do list each day. As you complete each item, check it off your list. anything and completing all the tasks that are essential to the survival of your business.

2. Keep Detailed Records

- All successful businesses keep detailed records, it gives you time to create strategies to overcome those challenges.
- Doing this will enable you to know where the business stands financially and what potential challenges you could be facing.

3. Analyze Your Competition

- To be successful, you should not be afraid to study and learn from your competitors as competition breeds the best results.
- After all, they may be doing something right that you can implement in your business to make more money.

4. Understand the Risks and Rewards

- The key to being successful is taking calculated risks to help your business grow.
- A good question to ask is “What’s the downside?” If you can answer this question, then you know what the worst-case scenario is.
- This knowledge will allow you to take the kinds of calculated risks that can generate tremendous rewards.

5. Be Creative

- Always be looking for ways to improve your business and make it stand out from the competition.
- Recognize that you don’t know everything and be open to new ideas and different approaches to your business.

6. Stay Focused

- The old saying “Rome was not built in a day” applies here.
- Just because you open a business does not mean you’re going to immediately start making money.
- It takes time to let people know who you are, so stay focused on achieving your short-term goals.

SUGGESTED BUSINESS PRACTICES TO ACHIEVE SUCCESSFUL BUSINESS – CONT'D

7. Prepare to Make Sacrifices

- The lead-up to starting a business is REAL HARD Work but after you open your doors, your work has just begun.
- In many cases you have to put in more time than you would if you were working for someone else, which may mean spending less time with family and friends to be successful.

8. Provide Great Service

- There are many successful businesses that forget that providing great customer service is important.
- If you provide better service for your customers, they will be more inclined to come to you the next time they need something instead of going to your competition.

9. Be Consistent

- Consistency is a key component to making money in business.
- You have to keep doing what is necessary to be successful day in and day out. This will create long-term positive habits that will help you make money in the long run.

10. Enhance Relationships

- Makes it easier for teams to deliver amazing service, with instant access to recent interactions.
- Complete customer detail means that everyone has immediate access to every client communication, relationship and processing detail in a single interface.

11. Grow Efficiently

- Legacy processes involving manual steps and duplicated effort hold businesses back and risk future growth at a time when greater scale has never been more important.

12. Safeguard Your Business

- Your client database is a castle that needs protection in a digital and connected world. Whether on-site, in the cloud, or on mobile devices, centralise your data in a single, secure database.

SUGGESTED BUSINESS PRACTICES TO ACHIEVE SUCCESSFUL BUSINESS

13. Do Business Anywhere

- Access the customer and business data that matter most to you from anywhere, on virtually any device.

14. Improved Business Insight

- Businesses have a wealth of data about their customers and processes but often struggle to bring it together to uncover insights and boost productivity.

15. Use Creative Financing For Your Business

- Many Big Business crumbled because of Over-Leverage, start small, learn and grown organically
- Borrow money from Banks to fund your Business / Projects only if you are 150% sure of the Success
- Use Less of Debt and More of Equity to fund your Business / Projects if Possible

16. Do not be Instigated by Success of Others

- The sources of many people's wealth are very unclean
- Identify credible and trustworthy Business Role Models and "be Inspired by their Successes"

17. Ensure Business Continuity in case of anything

- Grow your successor
- Do same for all key and critical positions in your organization

18. Beware of Businesses that cannot withstand Political Volatility

- If possible, engage in Government-related Business that has some continuity
- Minimize your Debt Financing Leverage for such Business
- Never invest your Retirement Package in these kind of Business
- Invest only a slight portion of your Gratuity or Retirement Package on any time of Business

SOME SUGGESTED BUSINESS OPPORTUNITIES

1. Small Scale Power Generation Business for Organized Market
2. Low Cost Building Project – Panel Style House for Simple Houses
3. Fruit Drying / Preservation (Mangos, Apples, Onions)
4. Vegetable Drying Business (Tomatoes, etc)
5. Power Generation in Rural Areas (Hydro Turbine, Off Grid Systems, etc)
6. Small Scale Mass Transit Systems with Tracking and Video Technology
7. Small Scall Steel Rolling Mills from Metal Scraps
8. Wealth-To-Waste Business – Recycling of Waste Plastics, Rubbers, Bottles, etc
9. Preservation of Agricultural Produce – Sectional Mini-Cold Room
10. Auto Gas Storage and Dispensing Business for Vehicle to use Gas instead of Petrol
11. Vehicle Conversion Business – To Convert Vehicles to use Gas instead of Petrol (CBN Intervention Funds to support this)
12. Burnt Brick Manufacturing