AFRICA RISING

HOW 900 MILLION AFRICAN CONSUMERS OFFER MORE THAN YOU THINK

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with Robert E. Gunther

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This book is dedicated to my children, Ramin and Geeti, who share my love, passion, and respect for African consumers, entrepreneurs, NGOs, institutions, and governments who are making a difference in Africa.

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Part II Realizing the Opportunity

About the Author

Vijay Mahajan is former dean of the Indian School of Business and the John P. Harbin Centennial Chair in Business at the McCombs School of Business, University of Texas at Austin. He is the author or editor of ten books, including his recent book on emerging markets, *The 86% Solution: How to Succeed in the Biggest Market Opportunity of the 21st Century*, which received the 2007 Book of Year Award (Berry-AMA) from the American Marketing Association. He is one of the world's most widely cited researchers in business and economics and has been invited to make presentations to more than 100 universities and research institutions around the world. He has consulted with Fortune 500 companies and delivered executive development programs worldwide. Among his numerous lifetime achievement awards is the American Marketing Association's Charles Coolidge Parlin Award for visionary leadership in scientific marketing. The AMA also instituted the Vijay Mahajan Award in 2000 for career contributions to marketing strategy. Mahajan received his Bachelor's degree in chemical engineering from the Indian Institute of Technology at Kanpur, and his M.S. in chemical engineering and Ph.D. in management from the University of Texas at Austin. In 2006, he received the Distinguished Alumnus Award from the Indian Institute of Technology (Kanpur) for his contributions to management research.

Preface: Consumer Safari

I have to admit that until a few years ago, I was guilty of overlooking Africa. My book on emerging markets, *The 86% Solution,* included only a few African examples. As a professor of marketing at the University of Texas, I have extensive experience working with companies in Latin America. I have traveled and lectured extensively in Asia and the Middle East. Like most scholars in the developed world, however, I saw Africa more as a charity case than a market opportunity. I was wrong, and this book is here to set the record straight.

It is particularly surprising to me that I failed to recognize the story in Africa because I remember when India was discussed in the same way. As Ramachandra Guha recently wrote in a book review in the *Financial Times,* "Western writers of the 1960s warned their readers that India was a losing proposition, the laboratory, as it were, of failed experiments in democracy and nation-building."[1] He could be writing about Africa today. In fact, one of the reasons I started writing about opportunities in emerging markets was because of a conversation I had with a colleague for a panel considering how we could stop the developing world from "begging." As the son of an entrepreneur, I found this shocking and insulting. I knew that entrepreneurship is alive and well in India. But when I told colleagues a decade or two ago that India would be an important global market, they were incredulous. They are incredulous no longer.

I have experienced the transformations in India firsthand. I was born in Jammu City in the state of Jammu and Kashmir a few months after Mahatma Gandhi was assassinated and India became a republic. I became part of a generation that Salman Rushdie called "Midnight's Children," referring to those who lived through the transformational time after the independence of India at midnight on August 15, 1947. In 2002, I had the opportunity to return to India as dean of the Indian School of Business in Hyderabad. I saw how a country that had been written off as a charity case was now seen as a powerful emerging market.

Now I see the same view of Africa. Despite all the attention it has received for its social, medical, humanitarian, and political challenges, it is still undervalued as a consumer market. I set out to rectify my own lack of knowledge about the continent and to understand the market opportunity it presents—in all its rich complexity and wealth. I traveled thousands of miles across Africa and met with or interviewed leaders of major African companies, smaller entrepreneurs, and Asian and Western firms with long experience on the continent. I have had the opportunity to meet some truly extraordinary and creative business leaders. I feel blessed for the opportunity to do this in the autumn of my life. I learned important lessons from these many teachers, which I share in this book.

As I was finishing this book, President George Bush announced in February 2008 the launch of five funds through the U.S. Overseas Private Investment Corporation, totaling $875 million, for investment in Africa. On the eve of his trip to Benin, Tanzania, Rwanda, Ghana, and Liberia, he stated a conclusion that I had reached in my own journeys through Africa in the preceding years. “This new era is rooted in a powerful truth: Africa’s most valuable resource is not its oil, it’s not its diamonds, it is the talent and creativity of its people.” The true wealth of Africa is its more than 900 million consumers, and its countless entrepreneurs and business leaders who are already demonstrating the wealth of the continent by building successful enterprises. If you look beyond the headlines, these individuals are propelling the rise of Africa. They are building businesses, economies, and societies. They are the hidden natural resource that may present greater opportunities than oil or minerals in the long run.

I am not a political scholar. I am not an economist. I am a marketing professor, so my focus is on the market opportunity. There will soon be a billion consumers on the continent of Africa, and this is one of the fastest growing markets in the world. Every day, they need to eat. They need shelter. They want education for their children. They would like to have soaps to wash their clothes. They desire cell phones, metal roofs for their homes, televisions, music, computers, movies, bicycles, cosmetics, medicines, cars, and loans to start businesses. They celebrate marriages, births, and religious holidays and commemorate death.

I have sought to learn as much as I possibly could about the African market—what it offers, how it is structured, and its potential. Others have looked at Africa through a political lens, some have engaged in economic analysis, some have examined its complex history, and others have looked at medical or social challenges. A few have even started telling the stories of specific African businesses. But my focus is on understanding the continent through the perspective of the consumer. What is the African market? What opportunities does it offer? How are companies recognizing and realizing the opportunities in Africa's rising?

Many tourists come to Africa every year to see the big game there—the elephants, lions, and rhinos. But I came for a different type of big game. I was seeking out the successful enterprises that are identifying and capitalizing on the market opportunities, and seeking lessons from those that are not so successful, too.

In Nairobi, Maserame Mouyeme of The Coca-Cola Company told me how important it is "to walk the market." Then, in Harare, I first heard the term "consumer safari" in a meeting with Unilever executives. This is what they call their initiatives to spend a day with consumers in their homes to understand how they use products. Years after I started on this journey, I now had a term to describe the quest I was on. I was on a consumer safari. The market landscape that is Africa is every bit as marvelous and surprising as its geographic landscape. It presents as big an opportunity as China and India. On the following pages, I invite you to come along on this safari. I think it will change your view of Africa, as it has changed mine, and perhaps your view of where the future global market opportunities—and future wealth—can be found.

Vijay Mahajan

University of Texas at Austin

March 2008

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Baking Bread in Zimbabwe

Africa has more than 900 million consumers. Despite the challenges, every day they need to eat. They need clean water. They need shelter, clothing, and medicine. They want cell phones, bicycles, computers, automobiles, and education for their children. Businesses are already seizing these opportunities to build markets across Africa.

The headlines from Zimbabwe when I visited in July 2006 were dismal. Inflation was above 1,000 percent. Unemployment was over 70 percent.[1] Gas stations had not had official supplies of fuel for years, so people carried cans of gas in their trunks for long trips. Borrowing rates ran as high as 400 percent to 500 percent. A combination of the policies of President Robert Mugabe and Western sanctions had brought the nation to its knees.

When I arrived at the airport in Harare, it was a ghost town. Gift shops and car rentals were closed. One line snaked away from the exchange window where an ATM door was flung open, exposing its interior machinery. There used to be 20 flights a week here. Now there were three or four. Tourism revenues in Zimbabwe dropped from $340 million in 1999 to $98 million in 2005.[2] An advertisement for cellular network operator Econet Wireless at the arrival doorway in the airport seemed jarringly out of place, with its bold letters proclaiming "Inspiration is all around you." There was little inspiration here.

Outside, half a dozen taxis sat by the curb. Their engines were off. Gasoline was scarce. The drivers leaned against the rail, even after the Kenya Airways flight discharged a few passengers from Nairobi. Idle taxis at an idle airport are the clearest indication of an economy that is collapsing upon itself.

Yet even here there were market opportunities. A few days later, in downtown Harare, I met an accountant for a company that makes fiberglass roofing. Kizito Ntoro was sitting in the late morning at a table in a food court on the ground floor of the shopping mall at 105 Robert Mugabe Road. He had just purchased a hamburger from the Steers restaurant, one of about a half dozen offerings at the row of stores along the wall in front of him. But his reason for stopping for fast food would be totally foreign to a restaurant manager in the developed world. He was here because his electricity was out the night before, so he and his family had no dinner. Their lights were out. They couldn't cook. They just went to bed without eating hot food. So he stopped at the restaurant before an 11 a.m. meeting. In a country where power is unreliable, a power outage is an occasion to eat out and an opportunity for entrepreneurs to build businesses (not to mention booming sales of generators and solar cells).

Innscor, which operates the Steers restaurant chain in Zimbabwe, got its start in the restaurant business with a small chicken restaurant in Harare in 1987. When Innscor built its first Chicken Inn, there was no fast food in the country. KFC (Kentucky Fried Chicken) had tried setting up shop but closed down. Most people thought it was a foolish idea. Chicken Inn started turning a profit in six months. Now Innscor has developed a full food court with a set of restaurants that cuts across demographic segments—from the daily bread of its basic Bakers Inn to Steers to Pizza Inn and the upscale Nandos chicken restaurants (see Exhibit 1 of the insert). Innscor replicated this concept in more than a dozen countries across Africa. The company has also moved into distribution for U.S., European, and local companies in Zimbabwe and other countries, manufacturing appliances and franchising grocery stores. It forged an alliance with ExxonMobil for its On the Run convenience stores. In 2005, the company posted revenue growth of 278 percent and profit growth of 246 percent. By 2007, it was the tenth largest company in southern Africa, excluding South Africa, with a market value of $203 million. (There is an active stock market in Zimbabwe.)[3] All the news out of Zimbabwe was not bad.

Entrepreneurs have had to adapt to political and economic challenges. When Nigeria banned imports on cheese, Innscor spent nine years perfecting its own recipe to make mozzarella in Nigeria taste like European imports. In Zimbabwe, they have gone into businesses that most restaurant companies in developed countries would never have imagined, like crocodile farms. The need for foreign exchange in Zimbabwe's shaky financial system took Innscor first into the tourism business with its Shearwater Victoria Falls operation. When increasing economic uncertainty undermined tourism, Innscor moved into crocodile farms. The company whose core business is bread, chickens, and burgers was raising more than 50,000 crocodiles a year for global markets on Lake Kariba in Zimbabwe when I visited. Innscor became one of the biggest producers of crocodile meat and skins in the world and brought in much-needed foreign exchange. When the market changes, entrepreneurs adapt.

Innscor is just one of many entrepreneurial firms I have had the opportunity to study in diverse countries across Africa as I have sought to understand the African opportunity and how successful companies are capitalizing on it. These companies span industries from consumer goods to alcohol and soft drinks to metal roofing to airlines to retailers. These firms are challenging the view that Africa is a charity case. They are one of the driving forces of Africa's rise. If there are opportunities in a country such as Zimbabwe, where political mismanagement has led to a prolonged economic crisis, or Rwanda, Congo, and Southern Sudan, where new enterprises are springing from the ashes of horrific violence and genocide, imagine the opportunities to create wealth in more stable and well-managed countries in Africa. Successful companies across the continent have recognized the African opportunity that is sometimes buried in a flood of bad news that streams out of the continent.

Whatever its challenges—and there are many, from diseases such as AIDS and malaria to corruption to all-out war—Africa contains more than 900 million consumers. Every day, they need their bread. In Harare, I watched the conveyor belts of the bread factories of Innscor's Bakers Inn churn out more than 50,000 loaves of bread daily as workers in white coats inspected the line. Workers mixed massive pots of yeasty-smelling dough and monitored brown loaves rising on a Ferris wheel and running through ovens on a conveyor belt. The bakery faced challenges of finding good wheat, fluctuating diesel supplies, and government-controlled pricing. The afternoon I visited, the line had to be shut down because of a lack of diesel. But more fuel was on its way, and they would run all night to meet demand. People lined up at the shops in the morning. These loaves of bread serve the lowest end of the consumer market. Costs are unpredictable. Prices are fixed by the government. Innscor has refined its business processes, used meticulous cash management, and harnessed the power of entrepreneurship to achieve better profit margins despite higher costs and lower effective prices. The most amazing thing is that their profit margins were better than they had ever been. As one manager said at the bakery, "We are not bakers; we are entrepreneurs."

Although it was hard to imagine the situation in Zimbabwe could get worse than when I visited in July 2006, it did. By early 2008, annual inflation was estimated at more than 8,000 percent (although unofficial estimates were as high as 25,000 percent). An estimated 4 million people, one-third of the population, had fled the country by mid-2007.[4] To address widespread hunger, the government fixed prices for essentials products at a point where producers said they could no longer earn a profit. Executives were arrested for failing to implement the price controls. Entrepreneurs stepped up informal imports from neighboring South Africa. After President Robert Mugabe required all businesses to yield 51 percent of their ownership to black Zimbabweans (called "indigenization"), J. Heinz sold its interest in a Zimbabwe company in September 2007.[5]

Even so, companies were still investing billions of Zim dollars in building their brands. From banks to cellular companies to milk producers, companies were reworking their taglines and logos to redirect or reinvigorate their Zimbabwe businesses. Kingdom Bank, founded a dozen years earlier, proclaimed, "Kingdom's time has come!"[6] An April 2007 ranking by *African Business* of the top 50 companies in southern Africa (excluding South Africa) included 19 Zimbabwean firms in areas from food to retail to seeds to reinsurance. In July 2007, large South African retailers, including Massmart (owner of Makro in Zimbabwe), Edgars, OK, and Pick 'n Pay affirmed their commitment to keeping their operations open in Zimbabwe.[7] Even though squeezed by runaway inflation and government price controls, the retailers continued to express hope about the future of the country.

Most surprising, Zimbabwe is also attracting new investors. Despite worsening conditions, foreign direct investments rose from $4 million in 2003 to $103 million in 2005. With companies significantly underpriced and a belief that the country will ultimately turn around, many investors believed it was worth the risk. At the urging of investors, Imra Assets Management of South Africa, which categorized Zimbabwe as a "frontier" market, nonetheless launched a Zimbabwe-focused investment fund in March 2007. It had set a goal to raise $10 million by the end of the year, but had already brought in $11 million just a few months later. The fund is investing in a number of enterprises, including Innscor.[8] These investors believe, that with plans and patience, Zimbabwe's prospects, like the bread in Innscor's bakeries, will continue to rise.

As this book was going to press, there were historic changes underway in Zimbabwe. In elections in March 2008, Robert Mugabe's party lost control of the house of Parliament for the first time since the country's independence from white rule in 1980. His loss to Morgan Tsvangirai marked the weakening of his control of the country. Although these changes increased the threat of violence, they also signaled the most dramatic political change in the nation's recent history.

African Wealth: The Tenth Largest Economy in the World

Africa is a continent full of surprises. The fact that people were baking and buying bread in a country that was in economic free fall is just one snapshot of the continent's hidden opportunities. Looking at the bigger picture of Africa also reveals some surprises. If Africa were a single country, according to World Bank data, it would have had $978 billion total gross national income (GNI) in 2006. This places it ahead of India as a total market. Africa would show up as the tenth largest economy in the world (see Table 1-1). In fact, this places Africa ahead of every one of the vaunted BRIC economies (Brazil, Russia, India, and China) except for China. Of course, Africa is not one country, as we consider in the next chapter, but it is richer than you think.

TABLE 1-1 Africa Is the Tenth Largest Economy in the World

1	United States	$13.4 trillion
2	Japan	$4.9 trillion
3	Germany	$3.0 trillion
4	China	$2.6 trillion
5	United Kingdom	$2.4 trillion
6	France	$2.3 trillion
7	Italy	$1.9 trillion
8	Spain	$1.2 trillion
9	Canada	$1.2 trillion
10	**Africa**	**$978.3 billion**
11	India	$906.5 billion
12	Brazil	$892.8 billion
13	Republic of Korea	$856.6 billion
14	Russian Federation	$822.4 billion
15	Mexico	$820.3 billion

Source: Gross National Income, 2006, World Bank, http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNI.pdf

A Different Type of Oil and Diamonds

Is the wealth of Africa all from diamonds and oil? Perhaps, but not always the types of diamonds and oil that you might think. Although mining and oil are important industries historically, there is much more to the African opportunity than natural resources. While petroleum production has grabbed the headlines, Bidco Oil Refineries, Inc., in Kenya has created a business with more than $160 million (Ksh12.8 billion) turnover, based in large part upon a different kind of oil: *cooking oil.* Bidco began producing oil in 1991 at its Thika factory. Through very effective marketing and packaging, with products sized for any budget, it became the leading manufacturer of edible oil, fats, and soaps in east and central Africa. Bidco understands the market, from the low-income customers in Kibera who buy oil in small packages to the upper-income consumers who log on to its "Jikoni.com" website to download recipes. (The site attracted more than 11,000 registered users in mid-2006, including members of the diaspora community outside Kenya.) Bidco built over 51 percent market share in Kenya, and the company exports oil, detergents, and other products to more than a dozen African countries, including Tanzania, Uganda, Rwanda, Burundi, Ethiopia, Sudan, Eritrea, Zambia, Malawi, Madagascar, Democratic Republic of Congo, and Somalia. Not all the valuable oil in Africa comes out of the ground.

In South Africa, companies are mining a different kind of "diamond," the so-called Black Diamond, an emerging middle-class segment that is driving economic growth. Discussing this new segment, Melanie Louw, an economist for ABI, a bottler of Coca-Cola beverages in South Africa, noted that the "Black Diamond" segment has created a fundamental shift in the economy. "This has had a multiplier effect that has boosted the economy up to the point I believe that our economy has structurally changed," she said in an interview in her offices in Johannesburg in 2006. "We have lifted up to a whole new realm of economic growth." The study by the University of Cape Town's Unilever Institute that identified this Black Diamond segment called it "the most exciting market opportunity in our history." It is another sign of Africa's rise.

Although South Africa's market is farther along the curve than most of sub-Saharan Africa, the roughly 400 million people in the middle segments of the entire African market (Africa Two) are a growing opportunity everywhere in Africa, as we consider in Chapter 3, "The Power of Africa Two." Some marketers break South Africa into lifestyle segments (LSMs), on a scale of 1 to 10. They have had to recalibrate their scales over the past five years, as LSM 5 has moved up to consumption patterns that were once associated with higher segments.

In December 2007, Cape Town hosted the first "lifestyle festival" for the Black Diamond segment (followed by similar festivals in Johannesburg and Durban in 2008). The festivals celebrated what organizers call the "Afropolitan" products and brands that cater to the lifestyle of South Africa's black middle class (www.blackdiamondsfestival.co.za). This emerging South African middle class, which is growing at an estimated rate of 30 percent per year, is also driving up housing prices in the country.[9] "The past ten years have been the most exciting years we have had," said Louw. "We've seen amazing changes in consumer behavior. In terms of lifestyle, trends such as health and wellness, and even packaging preferences have changed completely. The economy structure and labor structure have changed profoundly."

Although the top 4 companies on the 2007 list of the largest Africa companies as ranked by *African Business* are in metals and mining or oil and gas (Anglo American plc, Bhp Billiton plc, Anglo American Platinum Corp. Ltd., and Sasol Ltd.), among the top 20 companies are consumer goods (SABMiller plc), telecom (MTN Group Ltd., Orascom Telcom, Itissalat Al Magrib, Telkom SA), banks (Standard Bank Group Ltd., FirstRand Ltd., Absa Group Ltd.), and real estate companies (Liberty International Plc). There is still tremendous interest in Africa's natural resources, but could cooking oil and Black Diamond consumers be the oil and diamonds that will be most significant to Africa's future rise?

An Irish Beer Finds Its Future in Africa

Is Guinness an Irish or African brand? In the last six months of 2006, global sales of Diageo's Irish stout Guinness were down about 4 percent. They were even falling in Ireland, due to changes in consumption patterns as customers spent less time in pubs. But sales outside of Ireland were growing by 4 percent to 5 percent—especially in Africa. Chief executive Paul Walsh said in July 2007 that the company would expand sales in Africa to counter declines in its domestic market.[10] It is clear its future may not lie in the Irish pub but in the small bars in Lagos.

Thanks to a long presence in Nigeria and astute advertising, many Nigerians don't even see Guinness as an Irish brand. It has been such a long and dominant presence that it is considered domestic. When an Irish beer has become African, and when the future growth of the brand rests on expanding sales on the African continent rather than in Ireland, there is clearly something shifting in the world. Not only that, but a Nigerian immigrant was elected as the first black mayor of an Irish town in 2007. Rotimi Adebare was named head of the town of Portlaoise, an hour outside of Dublin. This is a sign of the growing reach and prominence of the African diaspora. It is getting very hard to tell where Ireland ends and Africa begins.[11]

When I met Eric Frank of Saatchi and Saatchi in a small booth at a crowded restaurant at the airport in Cape Town, he said he was glad that someone from the United States was finally paying attention to what is happening in Africa. Frank and his colleagues had developed the legendary Michael Power advertising campaign, an action hero who helped build Guinness into a "Lovemark" in Nigeria and other countries. Saatchi and Diageo had recognized the potential in Africa long ago, which helps explain why Guinness has such a strong presence across sub-Saharan Africa now. Its fortunes have risen with Africa.

Other companies are stepping up their presence in Africa. Unilever, facing increased competition and declining profits in the United States and Europe (where sales growth fell from 5 percent in 1998 to 0.7 percent in 2004), announced plans to step up its business in the developing world, including Africa, where it is already firmly established.[12] Nestlé, caught between forecasts of growth of only 1.5 percent annually in developed markets and its target of 5 percent to 6 percent organic growth, announced plans in 2006 to step up operations in West Africa and other developing markets to make up the difference.

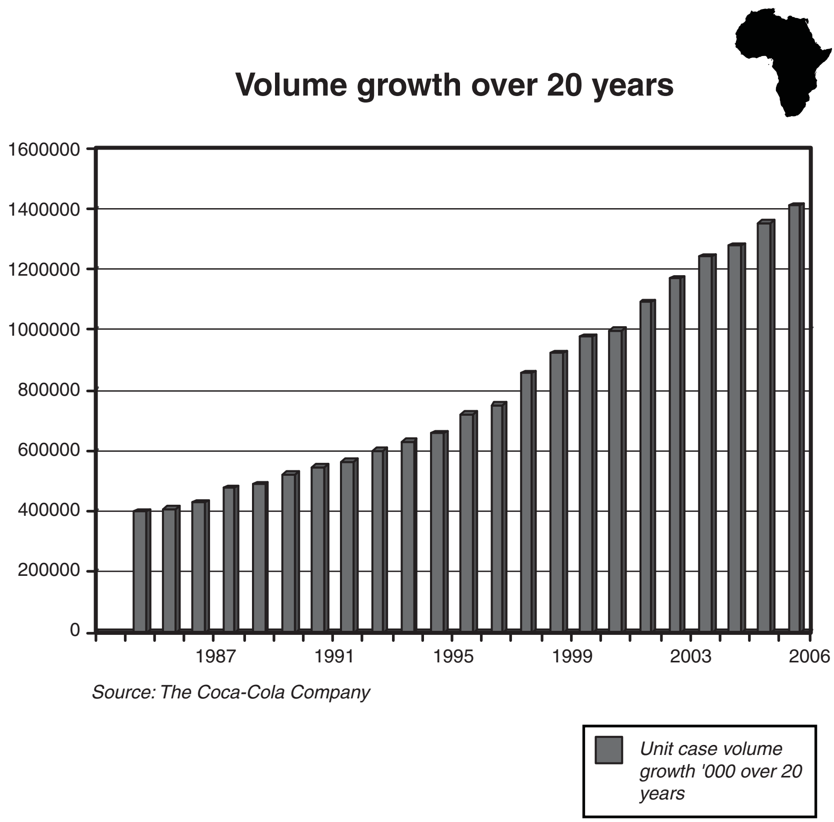
An Inflection Point

Although Novartis has had a long presence in Africa, I had a chance to join senior executives from Europe in July 2006 for their first major meeting in Nigeria, recognition of the rising importance of the continent and the need for an on-the-ground understanding. "It may be at this moment in time we are coming to a kind of inflection point in the development of Africa," said Kevin Kerr, who was in charge of Novartis business in the region, during a meeting in the Little Crockpot restaurant in the Sheraton Lagos.

The Coca-Cola Company, which has been in Africa since 1928, has seen its business on the continent increase steadily over the past two decades, despite the ups and downs of individual countries, as shown in the following figure. The company now sells 93 million servings of its beverages *every day* across Africa, generating about $4 to 5 billion in system revenues for the company and its bottlers in 2006.

The African business accounted for 6.5 percent of global sales by volume in 2006.

As a sign of Africa's rising development and importance, in June 2007 Coca-Cola relocated its African headquarters from Windsor, United Kingdom, to Johannesburg, South Africa. Alex Cummings, an African-born leader, was at the helm (see sidebar). Muhtar Kent, president and chief operating officer of The Coca-Cola Company, said of the move: "I believe that our business in Africa should be managed locally, by Coca-Cola associates who live and breathe the continent. Johannesburg is an ideal location for our new office since it has excellent business infrastructure, as well as good transport and communications networks with the rest of the continent."



Coca-Cola growth in Africa

Alex Cummings: Bringing Coca-Cola Home to Africa

Liberian-born Alexander B. Cummings Jr., president of the Africa Group of The Coca-Cola Company, helped carry the headquarters to South Africa from London in 2007, a sign of the improvements in infrastructure and growing opportunities for business on the continent. "This move demonstrates The Coca-Cola Company's confidence in the future of Africa," said Cummings during an interview with the author in August 2007. "Furthermore, the continent's improved economic growth rate encourages us to plan for future expansion."

"On a per-unit basis, Africa is the third most profitable market in the world," he said. "The African market is quite attractive for the company and for most multinationals if they look at it with the right lens. Most people only see the negatives of Africa. You have to get beyond the perception to see the opportunities. We estimate that 350 million to 500 million people could potentially be the market for our products. That is a lot of people."

"The returns in Africa are as good as, or better than, they are in a lot of BRIC counties [Brazil, Russia, India and China] in the medium and short term. And the African market is not as competitive as BRIC countries. We have a significant opportunity to shape beverages in Africa and see the results. Beyond the business returns, there is the opportunity to impact and influence communities. For all those reasons Africa is as attractive, maybe more attractive in the medium term, than BRIC countries—but, of course, I am a bit biased."

The Coca-Cola Company is not put off by markets fragmented across more than 50 countries. "That can be a challenge, but our business model is one of producing as close to the market as possible," he said. In Liberia, a single bottling plant distributes through the country, and in countries such as Mali or Cameroon, The Coca-Cola Company has partnered with other beverage makers to enter the market. Although huge differences exist across Africa, there are common challenges across these markets. For the company, building distribution, developing the right portfolio of beverages (including juice and water), building the capacity of its people, and engaging in community development are common themes across Africa.

Cummings joined the company in 1997 in Nigeria and became the first African to lead Coca-Cola's operating unit in Africa. He earned his Bachelor's degree in finance from Northern Illinois University and a Master's degree in finance from Atlanta University. He worked for The Pillsbury Company for 15 years before joining The Coca-Cola Company. Most of the company's top leadership in Africa is from the continent. "It isn't easy finding Africans, but you can," Cummings said, "and if you look to the diaspora, you can find even more."

It is not just large companies that are finding opportunities in Africa, but also visionary entrepreneurs. We discussed the successes of companies such as Bidco in Kenya and Innscor in Zimbabwe. In South Africa, Herman Mashaba founded Black Like Me in 1984 in Garankuwa, manufacturing hair and beauty products at night and selling them during the day. He built one of the most respected brands in the industry in South Africa. The business was brought to the brink of bankruptcy in a suspicious fire that destroyed his factory in 1993, but he rebuilt it from scratch and sold a majority stake to Colgate-Palmolive two years later. Two years after that, he negotiated to buy the business back. Today it is a multimillion-rand business, with products distributed throughout Africa and the United Kingdom. He is regarded as one of South Africa's most successful entrepreneurs.

Bill Lynch, CEO of South Africa's Imperial Holdings transport group, with annual turnover of R42.5bn ($6.2 billion), was born in rural Ireland. He came to South Africa in the 1970s with nothing, and built his own multimillion-dollar fortune while growing Imperial. Lynch, named Ernst & Young World Entrepreneur in 2006, weathered economic recession and a near civil war while growing the company, but expects more growth ahead. As he told the *Financial Times* in 2006, if South Africa grows at the expected rate of 6 percent, his business should grow at 15 percent to 20 percent over the next few years.[13]

Looking East: The New Gold Rush

Asian governments and companies are recognizing the opportunity in Africa's rise. One crisp morning in May 2006, I drove through the archway of "China Mart," a sprawling wholesale metropolis in Johannesburg. Gold was what first brought Europeans to Johannesburg during the gold rush of the 1800s. Now, in the Crown Mines section of the city, there is a new gold rush, centered around the consumer goods of China Mart. This wholesale mall contained 126 shops surrounded by a gate and heavy security sporting padded vests (as well as signs prohibiting firearms). They were not guarding gold. They were guarding stores filled with inexpensive clothing, luggage, shoes, and electronics from China, which drew retailers from South Africa and surrounding countries. In one store, Tom Fang offered flip-flops from a large box for just 2.90 rand (about 30 cents). They would retail on the shelves of stores in Zimbabwe, the Congo, or Angola for about 8 to 10 rand (just over $1). For many villagers, this will be their first pair of shoes. "They are very well made," he pointed out.

Chinese merchants and products are evident across Africa, from low-cost televisions and other appliances to generators to clothing and shoes. Astute Chinese peddlers and retailers are selling Ramadan lanterns and prayer carpets in Egypt. Egyptians shake their heads that they are buying these holy items from the Chinese, but the price is right. Jincheng motorcycles race across the roads of Nigeria. Indian and Pakistani traders in the Asian market area of Johannesburg sell leather, clothing, and other wares. The same scene is repeated at El Hamiz in Algiers, Moncef Bey in Tunisia, and many other parts of Africa I visited. Chinese stores can be found in the oldest and holiest places in Morocco, lining the Derb Ghalef and Derb Omar market areas in Casablanca. At night, hawkers are selling shoes, clothes, and toys in the street. In the Moroccan souks, you can buy inexpensive pirated goods from software to clothing. A knock-off pair of Ray-Ban sunglasses that I had seen for $120 in a formal market was on sale for just $5 by informal traders. Pirated movies were retailing for about $1.

China's trade with Africa has risen from about $10 billion in 2000 to more than $55 billion in 2006.[14] (China's trade with India, by contrast, was less than half as large, at $25 billion in 2006.) Chinese Prime Minister Wen Jibao forecast that trade with Africa would rise to $100 billion by 2010.[15] Although China has become second only to the United States as the largest importer of oil from Africa, nudging out Japan, it is far ahead of the United States in exports to Africa. Egypt expects China to replace the United States as its top trading partner by 2012.[16] In a 2007 report, "Africa's Silk Road: China and India's New Economic Frontier," World Bank economist Harry Broadman called the growing African trade and investment by China and India, particularly in sub-Saharan countries, "one of the most significant features of recent developments in the global economy."[17] With growing investments in Africa by India and China, will the West be left behind?

The African continent is looking east, as can be seen in the flight paths of Kenya Airways and other African carriers. Like neural pathways, the passenger and freight routes reflect the new thinking of Asia about Africa and vice versa. When I flew from Lagos to Nairobi on Kenya Airways in July 2006, I found out that half the passengers were continuing on to connecting flights to Asia and the Middle East. Traditional flight paths head into Europe, recognizing the continent's colonial past. But the future can be seen in the routes from Nairobi to Guangzhou, Mumbai, and Bangkok. Billboards and full-page ads from DHL in major African publications, discussing importing cell phones from China, proclaimed, "No one knows China like we do."

A Sino-African summit in 2006 brought representatives of almost every African country to Beijing, a demonstration of how important China and Africa have become to one another. China pledged $5 billion in loans and credits to Africa during the summit. And Chinese President Hu Jintao reciprocated with an eight-nation tour of Africa in January 2007 (visiting Cameroon, Sudan, Liberia, Zambia, Namibia, South Africa, Mozambique, and Seychelles). India also organized an India-Africa summit in New Delhi in April 2008. Major Indian companies such as Tata, Mahindra, Kirloskar, and Ranbaxy have set up operations in Africa and are achieving high levels of growth. In May 2008, Bharti Airtel, India's leading mobile operator, made a multibillion dollar bid for the control of South African mobile company MTN.

With so many opportunities at home, why are Indian and Chinese companies here in Africa? China and India can recognize the African opportunity because they have lived through it. In speaking with leaders of Indian companies who are active in Africa, I often heard the comment that this market seems familiar. Although some of the interest from Asia in Africa has been fueled by Africa's abundant natural resources—and there is even concern expressed about a new wave of colonialism—the Chinese, Indian, Japanese, and Korean companies in Africa also recognize the potential of the market. The demographics of Africa and challenges are not so different from those at home. They have seen the rise of their markets and expect the same in Africa.

Entrepreneurship Is Alive and Well in Africa

At a lecture I gave to a group of entrepreneurs at the Lagos Business School in 2006, the question came up once again: What about the role of politics in business development? This is a natural question, and the political environment can have a tremendous positive or negative impact on business development. This can be seen in the serious rioting in Kenya over the presidential elections in December 2007, as I was finishing this book, which killed more than 1,200 people and displaced more than 300,000. Political rivals Mwai Kibaki and Raila Odinga ultimately negotiated an end to the conflict through a power-sharing agreement. (Despite these problems and their impact on the tourist industry, business bounced back quickly. The planned IPO of Safaricom in April 2008 sparked an "IPO fever," which attracted many first-time investors such as kiosk owners and taxi drivers.) Certainly, more stable governments, good economic policies, and pan-African initiatives such as the New Partnership for Africa's Development (NEPAD)—as well as private initiatives such as the Ibrahim Foundation's governance prize—are having a beneficial impact.

The African business environment is continuing to improve. A 2006 report from the World Bank's International Finance Corporation concluded that Africa had moved from last place to third for improvements in ease of doing business. (Although the rate of improvement was high, the highest-ranked country on the continent for ease of doing business was South Africa, ranked 29th in the world.) Countries such as Tanzania, Ghana, Nigeria, and war-ravaged Rwanda were among the most improved. At least two-thirds of African nations had achieved at least one positive reform.[18] Among the improvements are better governance, the deepening of democracy, cancellation of the debts of 14 countries, signs of reductions in tariff barriers, and positive African state interventions in Sudan, Côte d'Ivoire, and the Democratic Republic of Congo.

Haiko Alfeld, director for Africa of the World Economic Forum, noted in 2006 that the continent has "emphatically and irreversibly turned a corner." African Development Bank president Donald Kaberuka said in a summer 2007 interview in the new publication, *African Banker* (the publication of which is also a sign of the growth of banking and investment), the economic climate for Africa "is at its best in 30 years."[19]

However, entrepreneurs and successful businesses are not waiting for governments to get their acts together. These entrepreneurs have built their businesses through the twists and turns of economic, political, and military unrest. It requires great flexibility. When the Nigerian government banned imports of furniture and clothing, retailer Park n Shop quickly went into the furniture manufacturing business. It replaced an entire floor of imported furniture in its Lagos store with the products of its own domestic manufacturing. When government restrictions on gasoline all but shut down gas stations in Zimbabwe, they converted themselves to restaurants. Small entrepreneurs in Victoria Falls turned their private homes into gas stations, making runs across the border to neighboring countries for cans of petrol.

The entrepreneurial spirit is alive and well in Africa. Entrepreneurs solve problems. Take away electricity, and they sell generators and inverters. Take away a stable financial system, and they make their money on speculating on foreign currency. Take away their employment, and they set up kiosks in the street. Entrepreneurship and the development of consumer markets may be a more clean, stable, and powerful driver of long-term progress than political reform. Professor Pat Utomi of the Lagos Business School once suggested, only partly in jest, that if all the oil in Nigeria were given to the soldiers and politicians on condition that they would leave the nation alone, the nation would be better off.[20]

African countries have proven remarkably resilient. Idi Amin's repressive regime in Uganda drove out not only Indians but also many of their businesses, including Kakira Sugar Works, founded by Muljibhai Prabhudas Madhvani. He had arrived in the country from India in 1912 and set up a trading firm in Jinja. The Madhvani Group was nationalized, and all Asians were expelled by Amin on August 5, 1972. The company's production continued to decline until 1983, when it was shut down. After Amin's overthrow, the new Ugandan government invited the Madhvani Group back into the country in 1985 in a public-private joint venture, and Madhvani Group acquired 100 percent ownership of Kakira Sugar Works in 2000. When it needed more power, the company began to construct a 20-megawatt power plant, which will allow it to burn sugar byproducts and sell energy back into the national grid. When this cogeneration power project is completed in 2009, electric power sales will exceed sales of sugar. It was a long, hard road, but the business has come back stronger than ever.

Africa's success in spite of politics is not so different from the story of India's rise. A few years ago, a poster at the World Economic Forum in Davos summarized the nation's progress: "In ten years—three elections, three governments toppled—one direction." Although we often emphasize the way that politics affect business, remember that business affects politics, and market development has a stabilizing influence on the economy. While politicians look to change regulations and charitable organizations look to make up deficiencies, entrepreneurs create wealth. They ask: What are the opportunities?

Trade Not Aid

Africa is receiving unprecedented attention from the West for its health, political, and humanitarian crises. Philanthropists and celebrities have been crisscrossing the continent drawing global attention to African challenges. The musician Bono, in a special issue of *Vanity Fair* that he co-edited in July 2007, wrote that "Africa is the proving ground for whether or not we really believe in equality." Many important African initiatives are playing a vital role in drawing attention to the plight of Africa's most vulnerable populations. But an unfortunate byproduct of these campaigns is that they also reinforce a perception that Africa is nothing but a continent of war, disease, and begging bowls. This makes it easier to overlook the business opportunities that are also there, and growing.

Although charity is important, it is not enough. Africa, like many emerging economies, has serious problems that cannot be ignored by businesses operating there. Companies such as The Coca-Cola Company, Unilever, Novartis, and many others are leading the way in addressing disease, poverty, corruption, and other challenges. Some of these activities, such as distribution of condoms to prevent AIDS, are either the result of corporate citizenship or enlightened self-interest. No company can stay in business for long anywhere without being concerned about the problems facing its employees and customers. This makes corporate social responsibility essential.

Africa's challenges, like any consumer needs, can also create business opportunities. The lack of reliable electricity in many parts of Africa has created a market for generators and solar cells. Unstable financial systems have led to systems for bartering cell phone minutes, microfinancing, and cell-phone-based banking. Health problems from AIDS to malaria have created demand for new treatments, generic drugs, testing equipment, and insurance. Concern about the environment has led to opportunities in eco-tourism. The challenges often require blended solutions of public and private cooperation, leading to successful businesses that address real societal needs while building viable long-term economic value.

Where African nations have been able to create positive and stable governments, their economies have flourished—countries such as Botswana, Mozambique, Mauritius, and even Rwanda, which is best known in the West for chaos and genocide.[21] Rwanda's leaders have announced aggressive plans to raise per-capita GDP from $230 to $900 by 2020, using information technology to transform the nation into an "African Singapore."[22] Despite the dire situation in Sudan's western province of Darfur, the country is one of the fastest-growing economies on the continent, and multibillion-dollar office towers, hotels, and other additions to the skyline of Khartoum are inviting comparisons to Dubai.[23] Next door in Somalia, while the war-torn capital of Mogadishu is a focus of international concern, Somaliland in the north is thriving and stable. Through setbacks, wars, and turmoil, the overall market development of the continent has moved in one direction—rising.

The Need for Leadership

Celtel founder Mo Ibrahim recognized the power of entrepreneurship, as well as government leadership, in transforming Africa. He built Celtel, one of Africa's most successful start-ups and largest indigenous fortunes, at a time when few recognized the potential of the African cell phone market. Then he used his wealth to establish an annual $5 million prize, plus $200,000 for life, for retired African leaders who rule well and then stand down. This award is larger than the Nobel Peace Prize. (In many countries, retired leaders received no benefits, increasing the incentive for corruption to ensure security after leaving office.) The first prize was awarded in 2007 to Mozambique President Joaquim A. Chissano, who retired in 2004 after helping to end a 16-year civil war in his country. Ibrahim also created the Ibrahim Index of African Governance to rank the quality of governance in sub-Saharan nations (see sidebar).[24] He is demonstrating how entrepreneurial success can become a driver for political and social development.

Mo Ibrahim: Africa Is Open for Business

Celtel founder Mohamed Ibrahim demonstrates the virtuous cycle of investment in building businesses in Africa, and the impact of expatriates in recognizing opportunities there. "All my life I have been working in the domain of mobile communications," he said in an interview with the author in August 2007.[25] "I am an African. I always felt that Africa has received very bad press – with civil wars, no rule of law, and diseases. It really has a bad image, which I think is not justified. Yes, we have all these problems, but Africa is a very big place. There are 53 countries, and maybe there are severe problems in four or five countries. And even if you go to Khartoum, you would be amazed to know that it is part of Sudan."

On the other hand, he pointed out that this negative perception is not all bad from a business standpoint. "In business, when there is a gap between reality and perception, there is good business to be made."

The Sudanese-born Dr. Ibrahim earned a Bachelor's degree in electrical engineering from the University of Alexandria in Egypt, a Master's degree from the University of Bradford, and a Ph.D. in mobile communications from the University of Birmingham in the United Kingdom. After serving as an executive with British Telecom, where he helped establish Britain's first mobile network, in 1989 Mo Ibrahim founded MSI (Mobile Systems International), a world leader in radio planning, software, and consultancy. In 1998, he launched Celtel International, which became one of Africa's leading telecom companies. Celtel was a company with global standards for customer service but also "an African company." He refused to pay bribes and created a system for good governance. He had to set up generators, use batteries, and build the communications backbone that might be taken for granted in more developed areas of the world. Banks were not interested in providing financing. He relied mainly on funding the business through successive rounds of equity. "We introduced service where telecom never existed before. We offered good quality at affordable prices." At Celtel's launch in 1998, there were just 2 million cell phone subscribers across Africa. Now there are more than 130 million. Celtel's success inspired a host of rivals. In 2005, Celtel was sold to MTC Kuwait for $3.4 billion, making it one of Africa's most successful commercial ventures. The company, now in more than 15 African countries, has invested in excess of $750 million in Africa.

Ibrahim personally continues to give back to the continent where he built his fortune. In addition to his public-sector prize for leadership and governance index, he established a $200 million venture fund to invest in African entrepreneurs. "Governance is the key," Ibrahim said. "I could buy a nice super yacht or airplane. But it is my duty. We are part of the fabric of Africa. This is money I made in Africa, and it is really their money."

But these investments in Africa are not merely charity. Ibrahim knows better than anyone the opportunities that might be hidden beneath the global perception. Africa is rising. "The environment for business in Africa is continuously improving," he said. "A large number of funds have now started working in Africa, and every week you hear about a new fund for Africa. Africa itself is trying to stop shooting itself in the foot. A civil society is developing in Africa. There is a new breed of young African people who have been educated in the best schools in the West. Many of them are coming back to do business in Africa. Things are happening. There is an energy there. You can touch it. Africa is open for business."

Patrick Awuah, a U.S.-educated Ghanaian native and former Microsoft engineer, also recognized the need to cultivate leadership. Awuah founded the Ashesi University to prepare future leaders in Africa. "I came to the conclusion that the most important reason Africa is in the shape it is in is because of a shortage of leadership," he said in a phone interview with the author. "If people like me don't become engaged, who else is going to do it?"[26] Former McKinsey consultant Fred Swaniker (also from Ghana) recognized this same need when he set up the African Leadership Academy for high school students in South Africa. "Societies are made or broken by relatively few individuals in those societies," Swaniker said in a May 2007 interview with the author, noting the positive impact Nelson Mandela and Desmond Tutu had on Africa, and the negative effect of other leaders. "We are identifying those people who can serve as change agents for Africa." With a similar impulse, Belgian NGO Echos Communication established the Harubuntu competition (from a Kirundi word meaning "there is value in this place") to recognize the "men and women who are driving Africa forward" by fostering projects that "foster hope and create wealth" (www.harubuntu.net).

Africa's Rise: Hidden in Plain Sight

The rise of Africa is hidden in plain sight. It can be seen along the streets, and in the teeming aisles of retail stores such as Shoprite or Nakumatt. It is evident in the expanding airports and flight paths of Kenya Airways, Ethiopian Airlines, South African Airways, and many others (not to mention astute global carriers such as Virgin Nigeria).

It can be seen in the extraordinarily rapid growth of banking, cell phones, automobiles, and consumer goods. It is right there in plain sight as you walk through the streets of Africa, but you have to open your eyes to it.

This book is designed to open your eyes to the rise of Africa and the opportunities it presents. In Chapter 2, "Africa Is Richer Than You Think," we consider how Africa is richer than India, and more than a dozen African countries are richer in GNI per capita than China. The development of cell phones and banking are creating a platform for further growth. It is clear that these early developments are just the beginning. In country after country throughout Africa, I heard that the heart of the future opportunity in Africa is the middle of the market, which I call *Africa Two.* In Chapter 3, "The Power of Africa Two," we examine the opportunities presented by the more than 400 million people in Africa Two, as well as the significant and immediate opportunities of the premium segment (Africa One) and the low-income segment (Africa Three)—for companies with the right models.

With this context, we then turn our attention to some of the specific opportunities that are emerging with the rise of the African market and some of the characteristics of the market that might come as a surprise. In Chapter 4, "Harnessing the Hanouti: Opportunities in Organizing the Market," we examine how the African market is becoming increasingly organized, with transformations in retail, distribution, transportation, and other areas. Companies are building their African businesses by leading or using this process of organization. In Chapter 5, "Building Mama Habiba an Ice Factory: Opportunities in Infrastructure," we examine how the weaknesses in African infrastructure—including electricity, water, sanitation, and medicine—are actually sources of opportunities and how companies are building businesses around meeting these market needs.

Africa has one of the world's most youthful populations—and growing younger every day—creating a significant source of opportunity for products from school uniforms to diapers to education, as examined in Chapter 6, "Running with the Cheetah Generation: Opportunities in Africa's Youth Market." With the rise of Nollywood and other less-visible centers of entertainment and media across Africa, there are more opportunities for companies to get their messages out or to build businesses in media and entertainment, as considered in Chapter 7, "Hello to Nollywood: Opportunities in Media and Entertainment." In many areas, Africa is leapfrogging the West.

The African opportunity is bigger than the continent, with millions of Africans in the global diaspora sending billions of dollars into Africa, as well as bringing their experience and knowledge back home, as examined in Chapter 8, "Coming Home: Opportunities in the African Diaspora." Although the outflow of talented African professionals led to concerns about a "brain drain," this is another hidden driver of Africa's rise and growing wealth. Finally, the Conclusion looks forward to the opportunities ahead for Africa and how they can be realized.

Inexplicable Optimism

It is perhaps no surprise that there is a sense of optimism across Africa, although this seems at first to be inexplicable if you follow the news headlines in the United States. A 2007 survey of ten sub-Saharan countries by the *New York Times* and the Pew Global Attitudes Project found that most Africans believe they are better off today than five years ago.[27] In Senegal, 56 percent felt they were better off compared to just 30 percent who felt they were worse off. In Nigeria, 53 percent felt they were better off, and in Kenya 54 percent. The respondents were also optimistic about the future. They obviously are not paying attention to the Western cable news reports on Africa. (In fact, in the same study, 71 percent of Ethiopians felt their country was not covered fairly in the international press.)

A study by McCann of optimism among 16 to 17 year olds in ten countries around the world found that many youth in developed countries such as the United Kingdom are jaded, but South African youth are among the most optimistic people in the world. A pan-African study by The Coca-Cola Company in March 2006 found this sense of optimism across African countries, although it might mean slightly different things in different regions. Across the board, optimism means self-belief and taking charge of your life.

"The paradox is that Nigeria is one of the toughest places in the world to live," Lolu Akinwunmi, CEO and managing director of Prima

Garnet Ogilvy ad agency, told me during a meeting in Lagos in 2006. "You have generators at home and have to provide your own water. You have walls that are 9 to 10 feet high with three Rottweilers and a security man. The traffic is terrible. In spite of all this, Nigerians are cheerful people. It is not unusual to see people out at night sitting in little groups over beers and pepper soup, unwinding from the stress of the day."

While those outside of Africa focus on the problems, there is a sense in many parts of Africa that nothing is impossible. Nigeria has announced plans to send a Nigerian to the moon by 2030. In 2007, Nigeria announced a plan that would make the country one of the world's top 20 economies by the year 2020, looking to Singapore as a model for transforming its economy. This is in a country that cannot provide reliable electricity to its population and where the average 2006 per capita income was just $640.

But if you doubt this could happen, consider that Chinese engineers helped Nigeria design, construct, and launch its first geostationary communications satellite, the $300 million Nigcomsat-1, in 2007. China provided financing for the project and the state-owned Chinese aerospace company, Great Wall Industry is tracking the satellite and training Nigerian engineers to staff a tracking station in Abuja. The satellite is expected to improve bandwidth for commercial customers and also support distance learning, online public access to government records, and online banking. South Africa constructed the largest telescope in the Southern Hemisphere in the little town of Southerland in 2005. Despite problems on the ground, Africa continues to look to the heavens.

As Matthew Barwell, marketing director of Africa region for Diageo, says, "The greatest export out of places like Nigeria is optimism." Some see this sense of optimism as a result of the fact that they have nowhere to go but up. Perhaps the best explanation of it was given by my driver in Lagos. Aptly named Moses, he was lost in the wilderness through most of our travels across the city, causing me to miss meetings. Yet he remained superbly self-confident about his knowledge of the route to the next location. When pressed, he admitted that in Nigeria you need to appear confident or the world will push you down. This optimism can also be seen in the platoons of unemployed who trudge through the endless traffic jams in Lagos with every product under the sun—from packs of gum and sodas, to appliances, carpets, and chairs. It is literally a department store on legs. Where there is no employment, people turn to trading. This optimism can also be seen in advertising focused on children and youth (for example, see the ad for Peak Milk in Exhibit 2). As the caption says, they believe "the future is waiting."

This is not wishful thinking. It could be a leading indicator. This optimism reflects a belief across the continent in Africa's rising opportunities. Africa is rolling up its sleeves to work on solving its own problems. This spirit can be seen in the work of community leaders such as Dr. Wangari Maathai, who became the first African woman to win the Nobel Peace Prize in 2004. She is among more than 16 recipients of Nobel Prizes from Africa (more than India or China), including 7 Peace Prize winners. After studying in the United States, Maathai returned to Kenya, where she earned her doctoral degree and founded the Green Belt Movement, which has mobilized women to plant more than 100 million trees across Kenya to prevent soil erosion and sparked a global campaign that reached its goal in November 2007 of planting a billion trees. (For more on her remarkable story, see her autobiography, *Unbowed: One Woman's Story*, and www.greenbeltmovement.com.) As she said in an interview with CNN after receiving the prize, "I really don't think that Americans will change their perception about Africans until Africans change their perceptions about themselves... what we really need is to encourage ourselves and rely on ourselves, because we have a lot of resources."[28]

Africa's optimism is shared by business leaders who have seen what they can accomplish in Africa. During a meeting at the Serena Hotel in Nairobi, James Mathenge, CEO of Magadi Soda in Kenya, said boldly, "I think the future of the world is Africa." Wearing a leather jacket and open shirt, sitting at a table by the poolside at the beautiful Serena Hotel in Nairobi, this statement was easy to believe. A tourist in a pink bathing cap floated by in the Olympic-size pool under the warm sun, as birds warbled in the foliage. This is the Africa the tourists on safari come to see as they pile into their Land Rovers every morning to head out to the bush.

The tourism business is not the African opportunity that Mathenge was looking at. His business was in the rural lands 80 miles (130 kilometers) to the south of Nairobi. Magadi Soda (now owned by Tata Group of India) makes soda ash that is used in glass, detergents, and other products. It exports around the world, especially Asia. When there were no roads and railroads to reach their sites, Magadi built them. When there were no schools and hospitals for employees, they created them. Then they opened these facilities to the surrounding community, the poor villages of the Masai tribesmen, devoting some 20 percent of after tax-revenue to community service projects. Mathenge is optimistic because he knows that with such extraordinary efforts, there is the potential for building very successful businesses in Africa. It is easy to agree with him that the future of the world is Africa.

Rising Opportunities

- What opportunities are being created by the rise of Africa?
- What strategies will be needed to reach this potential market of more than 900 million people?
- What are the emerging market needs that can be met?
- How quickly will these markets emerge?
- What are the challenges facing the continent in its development?
- What are the opportunities in the diversity of the African continent?

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