

Partnership aimed at growing businesses across Africa

Corporates can play a more significant role in working with small businesses to stimulate economic growth and job creation across the continent. For this reason, Standard Bank has partnered with Founders Factory Africa to grow businesses across Africa.



Source: pixabay.com

Nadia Oshry is a senior manager at Standard Bank's Moonshots division which looks to launch new disruptive financial services businesses into the African market.

Speaking at the recent Business Day TV SME Summit in Johannesburg, Oshry said that a 2017 study on the financing challenges for SMEs revealed that 95% of South African entrepreneurs bootstrapped their businesses. Only 2% got the backing of angel investors, and a mere 2% were able to get bank loans. Funding is difficult to access, and small business growth is also constrained by the lack of access to markets and insufficient skills and expertise.

In October 2017, Standard Bank reportedly became the first corporate investor in Founders Factory Africa.

"Founders Factory is a unique, corporate-backed incubator and accelerator model that was launched in 2016. In the UK, corporates such as L'Oreal, EasyJet, Marks & Spencer and Aviva have signed on and already benefitted from this model. Together, they have grown 96 start-ups across 20 countries and raised over GBP 117mil for the portfolio."

“Standard Bank with Founders Factory Africa will be launching and scaling 140 disruptive tech-enabled businesses across the continent within the next five years. It will also work towards enhancing the formal start-up culture in key African cities,” Oshry said.

This development is in stark contrast to the current environment in which it is more common for fintech startups and ‘big tech’ corporates to act as competitors in the marketplace. In an environment where job creation is critical, bigger companies often trade off increased jobs with enhanced efficiency. Examples include Uber that has traditionally provided an alternate model for employing drivers, but is now focused on creating self-driving cars. Amazon is developing drone delivery to replace traditional courier models.

“Founders Factory is but one example of a new way of working that aligns incentives between corporates and startups. With a change in mindset and through innovative new business models, large corporates can contribute substantially to growing the small businesses in our continent and changing our economic landscape,” Oshry added.

As an investor, Standard Bank has a vested interest in leveraging its African footprint across 20 countries and unique assets to help the businesses scale. “Startups dream of the distribution capabilities and scale of corporates; while corporates wish that they had the agility of startups. It is when these players stop competing and form strategic alliances that the real magic happens”, says Oshry.

Founders Factory Africa is currently accepting applications for businesses across Africa.

For more, go to www.foundersfactoryafrica.com

For more, visit: <https://www.bizcommunity.com>