
International Innovation in the Classroom

Professors Murray Low and Paul Tierney: Private Equity and Entrepreneurship in Africa, Master Class

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“You got a real sense of business in Nigeria: how to conduct business, [an] accurate depiction of life and constraints in Africa. There’s a lot of opportunity . . . , [which is] not to say that there aren’t problems. I can focus and change one section of the town, and if everyone does it, there’s going to be a real change.”—Chijioke Asomugha '09

Columbia Business School’s flagship Master Classes add a whole new dimension to learning, and Private Equity and Entrepreneurship in Africa is no exception. Each Master Class focuses on a specific industry context and draws significant input from the professional community through group projects, guest speakers, adjunct faculty and alumni participation. With substantial project work and practitioner involvement, Master Classes are designed to provide Columbia MBA students with a unique exposure to real-time business challenges.

What students take away from Private Equity and Entrepreneurship in Africa is a real sense of business opportunities in one of the most exciting emerging economies in the world. Students examine how entrepreneurs and investors structure, negotiate and execute deals that make use of current resources to create business opportunities in the often challenging environments of Africa. What does it take to be a successful entrepreneur in Africa? What does it take to run a successful venture-capital or private-equity fund in Africa? These are some of the key questions that the class tries to address. Entrepreneurship represents an important force for economic growth in Africa, and financing entrepreneurs is a critical issue for the continent’s future development.

Dream Team: An Academic and a Practitioner

Every good class starts with a good professor, and Private Equity and Entrepreneurship in Africa has not just one but two of them. The class is co-taught by Murray Low and Paul Tierney, each of them bringing his unique background to classroom. Professor Low is the director of the Entrepreneurship Program at Columbia Business School and an experienced entrepreneur. Professor Tierney has extensive global-investment experience, as well as international-development experience, as chairman of TechnoServe, a nonprofit organization that helps entrepreneurs in poor areas of the developing world to build businesses that create income, opportunity and economic growth for their families, their communities and their countries. The networks and credibility of these professors afford students access to prominent guest speakers and consulting clients, and the combination of academic and practical backgrounds helps students gain a comprehensive understanding of the materials.

Teaching Methodology: A Combination Approach

The class combines lectures, case discussions, a series of guest speakers and consulting projects to maximize the students' learning experience.

Weekly lectures provide students with a foundation in entrepreneurship and private equity. After all, such basic concepts as the various types of valuation methodologies are fundamental to businesses wherever they might take place in the world. The lectures also shed light on issues pertaining to emerging markets and, more specifically, to Africa, such as political risks, lack of financing and the need to build infrastructure.

The cases the students discuss are uniquely African and provide fresh materials with up-to-date information. Some of the cases are recently written by former students of Private Equity and Entrepreneurship in Africa. For example, in the fall 2008 semester, the first case, which featured Peacock Hotels in Dar es Salaam, Tanzania, was written by a group of students in 2007. The classroom provides a great opportunity for students to discuss how to wrestle with fundamental growth and private-sector development in Africa. In the fall 2008 semester, about a quarter of the students were from Africa, and many others had extensive work experience in the continent, which allowed for ample opportunities to share their experiences in class and augment the learning experience. In addition to Columbia MBA students, students from Columbia's Law School and the School of International and Public Affairs (SIPA) were also enrolled, further adding fresh perspectives to discussions.

Taking advantage of the Columbia Business School's New York location and its frequent visitors, students have the chance to meet with distinguished entrepreneurs and private equity professionals who are active in Africa. In the fall 2008 semester, speakers included James Mwangi, managing director and CEO of Equity Bank in Kenya, and Tom Barry, founder and CEO of Zephyr Management, an emerging-market private-equity fund based in New York. From discussions with such practitioners, students learn what it takes to be an entrepreneur in a challenging environment and a financier of often high-risk investments. In some instances, students have the opportunity to study the case beforehand and to question the entrepreneur or private equity practitioner who is featured in the case, creating a rich learning environment. In the fall 2008 semester, for example, Kwabena Adjare Danquah, CEO and founder of Metalex Group, a large building supply company in Ghana, traveled from Accra and shared his business story.

Not even a well-written case study, however, can replicate actual work experience. This Master Class provides precisely that opportunity. Throughout the semester, students work in teams to conduct projects with an African entrepreneur or a private equity investing firm in the continent. A group project can be either a consulting assignment or the development of a case study, in collaboration with Columbia CaseWorks, to be used in future classes. In the fall 2008 semester, the client list included Acumen Fund, Banana Investments, Equity Bank, Helios Investment Partners and Zephyr Management.

On-the-Ground Experience

What takes the learning experience to a higher level are the face-to-face interactions with businesspeople living the daily challenges and developing Africa's still largely untapped potential. After months of working with their clients virtually, student teams traveled during the winter break to their respective destinations in Africa—Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania—to work on hands-on consulting assignments with their clients. Some teams evaluated a proposed investment opportunity, and others interviewed entrepreneurs and studied their business model and strategy. The trip served as an opportunity for students to test their original assumptions, revise their case studies and understand the real challenges and opportunities both entrepreneurs and private equity firms face on the ground. For many students, the trip was the highlight of the class, and it helped them to synthesize what was taught in classroom. Many of the students in the class were well traveled before or had been to Africa. However, with the added framework of class discussions, guest speakers and research, this trip offered a whole new depth of understanding.

Jasmine Anderson '09 and her team met with the management of Banana Investments, a banana wine producer in Arusha, Tanzania, where more than 70 percent of the population lives on less than a dollar a day. Founded 20 years ago, Banana Investments successfully commercialized the local favorite alcoholic beverage, banana wine. But the company's success did not end with profit maximization. Ms. Anderson described Banana Investment's founder, Adolf Olomi, as a "social entrepreneur seeking ways to empower his community to create better lives for themselves through ventures in business." Mr. Olomi is involved in multiple economic-development initiatives in his community, from giving his company's by-products to farmers to funding other entrepreneurs. "Although much of what you learn about Western business is fundamentally the same anyplace you go," Ms. Anderson said, "in developing countries profit maximization is not always the primary goal."

For Wael El-Sahhar '09, who traveled to Lagos to conduct research on the construction industry, the trip exposed him to "a lot of common sense that you don't see when you are in developed countries." The vibrant commercial capital of Nigeria is home to 14 million people, and it presents a paradox: it is a metropolis with modern buildings and fast-growing businesses, but many of its inhabitants suffer from poverty and dilapidated infrastructure—pothole-ridden roads and a nonfunctioning electric grid are part of everyday life. It is easy to get frustrated in some of the worst traffic congestion in the world or to feel pessimistic about the state of the slums. But locals are quick to innovate to create business opportunities. The streets of Lagos serve as a supermarket, and drivers can purchase anything while getting stuck in traffic. Through interactions with the business community in Lagos, Mr. El-Sahhar learned, he said, to "take a step back and see where the opportunities and market gaps are."

Beyond Columbia: Making Contributions to Education in and About Africa

After returning to New York in January, students present the findings from their time in Africa at the wrap-up session. While many teams shared the challenges to conducting businesses in Africa, there was significant optimism among students about the future of entrepreneurship and private equity investment in the continent.

For those groups that wrote case studies about their clients, the best case studies are published as Columbia CaseWorks not only to be made available to future Columbia Business School students but also to be shared with leading business schools in Africa. According to Professor Low, development of African case studies is an important part of Columbia Business School's involvement in the Goldman Sachs 10,000 Women Initiative; as a partner, the School

collaborates with the United States International University in Kenya and the University of Dar es Salaam in Tanzania. Through the initiative, faculty members also visit schools to teach, collaborate on research and assist with faculty capacity building, particularly emphasizing the case method and participant-centered teaching. Today, the number of case studies written about Africa is limited, and they vary in quality. Furthermore, only a few cases deal with the question of financing an entrepreneurial venture. The cases provide a rich learning experience for Columbia Business School students and have the potential to make substantial contributions in Africa and in educating the West about Africa.

Conclusion

Innovation in Africa relies on leveraging existing resources to create opportunity. The class Private Equity and Entrepreneurship in Africa provides students with significant resources—key concepts through lectures, strategies for working in difficult environments from guest speakers—and also gives them the opportunity to apply the skills on the ground. Just as African entrepreneurs often focus on the double bottom line—financial and social returns—the class not only prepares students to work in entrepreneurship and private equity in Africa but also contributes to the learning experience for future Columbia Business School students and students in Africa. This virtuous cycle makes the class even more innovative.

Murray B. Low is an associate professor of management and director of the Eugene Lang Entrepreneurship Center at Columbia Business School.

Paul E. Tierney, Jr., is an adjunct professor at Columbia Business School, the managing director of Development Capital and the chairman of TechnoServe.