

Entrepreneurship as Stewardship: A Sustainable Path to Development

Article is co-authored by Fredrick Musonda, Natasha Chilundika and Ednah Ngoma

Small and Medium-sized Enterprises (SMEs) represent **97%** of all Zambian businesses. Additionally, they contribute about **70%** to the country's Gross Domestic Product (GDP) and **88%** to its total formal employment. Unfortunately, over **85%** of start-ups world over fail within the **first 5 years** of establishment.

How can founders build strong and successful companies that can contribute to Zambia's sustainable development? Ednah Ngoma highlighted in the following points on the PRS Elevate Impact thought leadership programme.

Firstly, building strong businesses requires that entrepreneurs provide a product or service that will truly serve customers (**customer-centricity**). This can be achieved by paying close attention to the needs and challenges of their customers.

Secondly, founders need to assess the sustainability of their business from a cost or pricing standpoint. In essence, it is about looking at the business' **profit proposition** (profitability) which feeds into or acts as the 'license to continue existing'.

When linked back to sustainable development, businesses that are successful in creating products or services that serve society (the customer) stand the test of time, and their impact is sustained.

It is also worth considering the '**people-side**' of the business, in terms of capability and incentives. There is a need to rightly align the two because it takes the right team to grow a business.

More so, businesses must set up **corporate governance** framework to play a strategic advisory role crucial to business growth. In addition, being answerable promotes prudent management, accountability and responsible stewardship of resources.

Finally, founders need '**process**' to build a strong business. Having process helps build consistency in delivery and scalability.

With shrinking development funding sources, how can SMEs step up to fill the gap?

At the business level, capital should be looked at as a growth-enabler and not a start-up deterrent. To begin with, start-ups tend to have at their core innovation and ingenuity. This ingenuity should not only be utilized in designing disruptive products, but must also be leveraged to access funding through creation of innovative partnerships or synergies. This enables founders to cushion the burden of overheads or operational costs during the startup phase. One of the elements that enables effective partnership development is culture. Possessing the right company culture enables businesses and founders to build partnerships with others both at institutional and individual level. In a practical sense, Culture can be defined as how others experience you or your organization, and not how you experience others.

By focusing on the type of partnership and employer culture



you are creating, you are well on your way to attracting the right partnerships around you. Consequently, this secures an enabling environment and access to a business community built on the principles of shared-value.

At the macro level, SME's can contribute to closing the funding gap for development, by entrenching their contributions to development in their business model. This is attainable by creating shared-value business models that simultaneously deliver commercial returns for the business, and broader economic and social returns for society.

Government can play a part in supporting this process. Firstly, a well-functioning economy goes a long way in supporting SME growth. For instance, a thriving economy increases disposable income for consumers while well-developed infrastructure provides the inputs needed for production of goods and services. These factors support SMEs' growth and their contribution to closing the funding gap. Furthermore, improved tax incentives or breaks from the government to enable a thriving business ecosystem in turn benefits the country's economy and national development.

How can we ensure sustainable development is delivered at scale through entrepreneurship?

From the onset, entrepreneurs must be intentional about setting up a business for scale. This implies that founders should interrogate whether their business processes allow the delivery of services and products at scale.