Connecting the dots...

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Learning from past mistakes to influence future actions.

Having opted out of Hostcare Insurance Brokers and choosing to stay put at Old Mutual, I split my time between my job as a Financial Advisor and pursuing the side hustles that I was already into before my short-lived experiment at the insurance broking firm.

My failed attempt at building an insurance broking firm Hostcare, in partnership with Sam and Jacob, taught me a potpourri of lessons that still live with me to this day. One of which is, when going into a partnership of any nature, do not make assumptions. It is of absolute necessity that the parties to the agreement have the same understanding of the present and future of the business, as what might be obvious to one party could mean different things altogether to the other.

More often than not, essential details that can potentially rock the partnership are either sacrificed on the altar of expediency, or get consumed in the excitement of getting the business up and running in the misplaced hope of achieving runaway success. Drawing our motivation from trailblazing indigenous entrepreneurs who were writing their own pieces of history after setting themselves up in sectors which had hitherto been the preserve for whites, I made the mistake of jumping headlong into a business venture without having put in place all the building blocks to ensure that the partnership would last come hell, thunder or sunshine.

We could probably be talking about a different story had we engaged in frank discussions about governance issues, how important decisions were to be made; how disputes amongst partners were to be resolved and what was to happen if the marriage hit turbulence. In hindsight, I am happy that after the twists and turns in our relationship as partners, Sam and Jacob went on to establish and run Hostcare Insurance Brokers without me.

After I walked out on the Hostcare Insurance Brokers forming partnership in 1999, Jacob Muchochomi, a devout Catholic and alumnus at St Francis Xavier's Kutama College in Zvimba, would follow suit about two years later. He left the business too to form Shepherd Multiple Agents in 2001, tapping into his wealth of experience in life assurance, pensions, educational investments and general insurance.

When things do not work out, it is critical to know when to cut your losses and have the courage to walk away, just as Jacob and I did when we left Hostcare at different times. After Jacob used his family house to secure our Insurance Bond establishing Hostcare, he did not use the sacrifice he had made to cling to the business. Neither did I stamp my partners out on account of my having mooted the idea for a partnership in the first place.

I am glad that we were all mature enough to reason that fighting to the bitter end rarely produces winners, but a broken bunch of losers whose bitterness could destroy them for good. Our maturity to part amicably allowed Sam Muchenje to pursue his vision the way he wanted to, while Jacob and I went our separate ways.

Had we opted to stick it out at Hostcare Insurance Brokers, Nyaradzo and Shepherd Multiple Agents may not have seen the light of day and who knows what could have happened to the partnership assuming each one of us was adamant in having his way, regardless of the consequences?

Another important takeaway I derived from that early experience was that one can never have it both ways in a partnership. Either you go into a partnership in which you can see through your vision or one in which you submit yourself to the vision of someone else who holds sway in your relationship. Whatever the case, to avoid surprises whilst in full flight implementing your project, the rules of engagement must be clear-cut and without any ambiguity from the beginning.

Where you conclude that you are a square peg in a round hole as far as fitting into the rules of engagement is concerned and as often dictated by the one who carries the vision, the sooner you bolt out of the arrangement, the better for everyone.

By their very nature, disputes can be both time consuming and energy-sapping. Since I had developed my way of doing things, my experience at Hostcare Insurance Brokers taught me that the best fit for me was an arrangement whereby I needed to call the shots in terms of coming up with the business model; management style and approach. The other partners' input if any, would be to provide the much-needed support of translating the vision into reality.

Crucially, it dawned on me that having a vision alone without the means to execute it is of little value, no matter how brilliant that vision might be. Similarly, having the required skill set is not the panacea to success if it is not complemented by the requisite financial resources, a sound vision and the ability to walk the talk.

Ultimately, the one who pays the piper calls the tune in the event that one with the vision, no matter how sound and no matter the level of skills they may have to see the vision through, lacks the capital to get the project off the ground. Success is therefore dependent on having sufficient gravitas and traction in all three.

My experience at Westgate Refrigeration (Private) Limited taught me as much, repairing customer fridges and building freezers. We registered some successes with our fair share of failures. As the project promoter, I quickly realised that I did not have the full range of skills and capital to match the stamina of the likes of Imperial, Commercial and Capri Refrigeration among others in existence at the time.

While it lasted, Westgate Refrigeration took me back to my days at Rukweza Secondary School where we learnt about ozone and non-ozone friendly gases during our Zim Science lessons and their impact on the environment.

To put myself on the same page with my subordinates, I familiarised myself with the terminology, technology and applications. All the refrigeration businesses were using chlorofluorocarbon (CFC) and other gases such as tetrafluoroethane; polystyrene and acrylonitrile, which was the most preferred because it was easy and handy to use.

The use of CFC had started in the early 1970s, with tetrafluoroethane, which is found in almost all modern refrigerators, emerging thereafter. Way back in the 1800s up to the 1920s, the gases which were commonly used for cooling the surrounding air were a mixture of chlorine, fluorine, and carbons. However, these were discontinued due to their adverse effects on the environment, in preference to refrigerant gases such as hydrofluorocarbons (HFC) which have a shorter lifespan once exposed to the atmosphere and do not deplete the ozone layer as much.

I spent a great deal of time learning the ropes from subordinates who had the knowledge of the business, when ideally it should have been the other way round. Since my area of strength was the marketing side of the business, it presented challenges when trying to convince dissatisfied customers who expected me to have all the answers at my fingertips. Worse still, providing after sales support would prove costly for us as our products had unusually high levels of customer complaints during periods covered by the warranty, which consequently exerted pressure on our cash flows, as we needed to dispatch teams to attend to the complaints at costs borne by ourselves.

As we were trying to find our feet in the refrigeration industry with a product that was still going through major refinements to make it more competitive, investing in research and development would prove unaffordable for a small firm operating on a shoe-string budget. Instead of continuously losing money, I had to cut my losses. In the end, I allowed Westgate Refrigeration to twist in the air and moved on.

As I kept hopping from one business venture to the other in search for that elusive breakthrough into the real world of entrepreneurship, I concluded that my date with destiny would come one day if I kept pushing and searching.

Old Mutual had been good to me to a point, starting from the day I walked through their doors at Mutual House on the 1st of April 1986, which probably explains why they still hold the claim of being Africa's undisputable employer of choice. While it had always been part of my plan to leave Old Mutual one day to embark on my own journey as an entrepreneur, Africa's oldest insurer had become my second home. It was there that I got to drive my first car and once I became a high-flying Sales Representative, there wasn't a vehicle model that I couldn't afford.

It was also through Old Mutual that I acquired my first professional qualification with the Institute of Marketing Management of South Africa. Five years after joining Old Mutual, I married the love of my life, Mavis Muchineuta. In the years that followed, we welcomed our first Son, Nigel Gutsikanai in 1992, with Tapiwanashe Gabriel coming seven years later in 1999. Tendekai Nathan would come in 2004, three years after Nyaradzo was already established.

My job at Old Mutual exposed me to a lot of opportunities; it always made me feel like I was short-changing myself by not giving the side hustles my all in order to realise my full potential. As a Sales Rep and later as a Financial Advisor, I decided on what to do with my time, which was liberating. When I was not selling policies, I was either taking pictures or bargain hunting at auctions. After I had Westgate Refrigeration incorporated, I was marketing our products and services to potential clients.

My involvement with Lane Engineering in 2000 could not have come at a better time, it became the catalyst to my journey into the real world of entrepreneurship. With its structures and systems firmly in place, Lane Engineering helped me to see up-close how businesses could and should be run. As a shareholder and board-member of the engineering concern, I had a front-row seat, allowing me to learn all about business first-hand.

Outside of Lane Engineering, I wasn't short of sources of inspiration as more and more indigenous people such as Julius Makoni, Shingai Mutasa, Francis Nhema, William Nyemba, Moses Chingwena, Enoch Kamushinda and others were writing their own pieces of history by setting themselves up in sectors that had hitherto been the preserve for either whites or foreign owned entities. The government was, at the time, awakening to the need to create opportunities for the previously marginalised groups, without whose participation the country's economy, was never going to realise its full potential.

I also had admiration for Strive Masiyiwa who after starting and successfully running Retrofit had a nightmarish start when he had to take government to court to establish his Enhanced Communication Network (Econet), another of the several businesses he built from the ground up.

His tenacity would be rewarded in 1998 when he was granted the licence to operate one of only two privately-owned cellular phone companies, along with Telecel Zimbabwe, whose frontrunner included James Makamba, Jane Mutasa, Leo Mugabe and Philip Chiyangwa. According to my last count, Econet Wireless Zimbabwe (EWZ) had since penetrated nine countries in Africa, Europe and the East Asia Pacific Rim, offering products and services in the core areas of mobile and fixed telephone services, internet, satellite and mobile money.

A year earlier, Makamba had unsuccessfully tried to muscle his way into the broadcasting sector through his Joy TV, which had tried to enter the airwaves through leasing a channel owned by the Zimbabwe Broadcasting Corporation (ZBC). It must have been a relief when along with his partners, Makamba benefited from the liberalisation of the telecommunications sector through the launch of Telecel Zimbabwe in 1998.

In my humble opinion, the foregoing examples demonstrate the critical role governments can play in creating opportunities for their indigenous people or denying them thereof. While there may have been murmurs of disapproval when Joy TV was taken off air back then, fast forward to this year the broadcasting sector now has six new players who were granted free-to-air national commercial television licences in November 2019.

Nyaradzo was privileged to partner one of those new players; 3Ktv, on its launch in February this year. That new player alone has created scores of new jobs and is already contributing significant revenues to the fiscus.

It is, however, encouraging to hear those in government acknowledging that more still needs to be done to elevate a higher number of indigenous people into the mainstream of the economy, as one of the key objectives of the liberation struggle had been to create a nation in which the majority of blacks play a major role in industry and commerce as owners of the means of production. At the moment, whites and transnational corporations still dominate key sectors such as manufacturing, financial services, and mining, amid escalating agitation by restive blacks. This saw the promulgation into law of the Indigenisation and Economic Empowerment Act (IEEA) of 2008 which mandated all foreign-owned companies operating in Zimbabwe to cede fifty-one percent of their shares to indigenous Zimbabweans, through partnerships with natives, community share ownership trusts and worker share trusts.

The IEEA defined an indigenous person as 'anyone who before independence in April 1980 was subjected to unfair discrimination in Zimbabwe on the grounds of race and includes a descendant of such a person.' In line with the Act, resources and opportunities were supposed to be deliberately availed to locals to enable them to participate in the growth and development of the economy.

Even though consensus is in favour of economic empowerment, real progress has remained elusive with many blaming its low success rate on poor execution, corruption, and politicisation of the empowerment agenda. In some quarters, "empowerment" remains a facade used to transfer ownership from people who have worked hard to create wealth to undeserving beneficiaries, or giving people shares in a company they did not work for, which can be argued is harmful to investor confidence and economic growth.

For these and other reasons, when President Emmerson Mnangagwa assumed power in 2017, he declared Zimbabwe as open for business. In line with the 'Zimbabwe is open for business mantra,' the fifty-one/forty-nine percent company shareholding structure, which had been mandatory under the 2008 IEEA ceased to apply in all sectors except for the extractive industries.

The revised Act still reserved certain economic sub-sectors for Zimbabwean citizens, which include transport (passenger buses, taxis and car hire services), retailing, wholesaling, hair salons, advertising agencies, estate agencies, grain milling, bakeries, tobacco grading and packaging and artisanal mining. Critics however, still contend that the changes to the Act are more geared towards unlocking foreign direct investment than capacitating locals to meaningfully participate in the economy, and that the locals will continue to operate on the margins if there are no dedicated facilities that empower them with affordable capital.

While it is allowed to have such concerns, I am reminded of John F. Kennedy's words in his inaugural address as the United States of America (USA)'s thirty-fifth president; "And so, my fellow Americans: ask not what your country can do for you – ask what you can do for your country."

In his book, The World Is Flat: A Brief History of the Twenty-first Century, Thomas L. Friedman views the world as a level playing field as far as commerce is concerned in which all competitors, except for labour, have an equal opportunity. Friedman emphasises the need for countries, companies, and individuals to remain competitive in a global market where historical and geographic divisions are becoming increasingly irrelevant.

Calling himself a "free-trader," Friedman criticises societies that resist change. He insists the competitive playing field between industrial and emerging market countries is levelling out; and those individual entrepreneurs as well as companies, both large and small, are becoming part of a large, complex and global supply chain extending across oceans.

Indeed, there is so much all stakeholders can do to promote indigenous entrepreneurship, starting with the government itself. For example, during his stint as the USA's first secretary of the treasury, Alexander Hamilton was instrumental in creating the American economic system in which American businesses have gone on to dominate the world to this day.

Due to his strong conviction that America's future as a strong independent country would be anchored on a vibrant economy, Hamilton found ways to diminish America's huge debt and created a robust banking system. In addition, he encouraged the broadening of the country's production base in which private enterprise flourished at the instigation of a conducive regulatory environment created by none other than the government itself.

Having realised that the USA was a farming economy as far back as the 1790s, Hamilton pushed for the creation of a complementary manufacturing sector. He knew that with a strong combination of agriculture and manufacturing, America would become self-reliant and break its reliance on other countries for necessities. To this end, he came up with incentives to encourage the setting up of industries and tariffs to protect these infant industries.

Hamilton argued that manufacturing would bring diverse employment opportunities and help make the USA the greatest economy in the world. His ideas, which are over 200 years old, are relevant to this day and can be harnessed to help build African economies, including that of Zimbabwe.

If Hamilton's approach is to be followed, it would become easy for economies to manage their sovereign debts, create vibrant banking systems, entrenching productive diversity, which are synonymous with being the economic powerhouse they should be. It is therefore not surprising that Hamilton's face still graces the USA's US$10 banknote more than two hundred years after his death.

In Singapore, during Lee Kuan Yew's reign as Prime Minister from 1959 to 1990, the Asian nation became the most prosperous country in South-East Asia. Just like Hamilton, Yew recognised that Singapore needed a solid economy to survive as an independent country. To that end, he industrialised Singapore and transformed it into a major exporter of finished goods.

Yew also prioritised the creation of an environment conducive for Foreign Direct Investment, working hard to create rapport between businesses and labour by securing agreements between labour unions. These agreements set the stage for raising the standards of living for workers. Against the backdrop of cooperation, discipline, and austerity, Yew's government managed to substantially improve health and social welfare services.

In China, Deng Xiaoping – the father of Beijing's transformation – is widely regarded as one of the boldest strategists ever. He was a pragmatist and disciplinarian who pushed through China's radical transformation in the late twentieth century. Amongst other things, he dissolved Mao's cult of personality, and more importantly, he undid the economic and social policies that had stunted China's growth.

Xiaoping did the unimaginable by opening trade relations with the West as part of his efforts to bring about modernisation and technology as well as to lift hundreds of millions of his compatriots out of poverty. He carried out reforms, which gradually led China away from a planned economy and Maoist ideologies and in the process, opened the giant country to foreign investment and technology. More importantly, Deng Xiaoping's far-reaching reforms introduced its vast labour force to the global market.

Another personality worth mentioning is Morarji Ranchhodji Desai who realised the importance of peace in creating a prosperous economy. When he served as the fourth Prime Minister of India between 1977 and 1979, Desai's peace activism saw him initiating peaceful coexistence between Pakistan and India, setting the tone for the growth in his country's production base. To date, both countries are proud nuclear powerhouses and in the case of India, its fiscus benefits from the receipt of remittances from a thriving world-class educated labour force sought after across the globe.

Closer to home, South Africa, which happens to be Africa's largest economy, is having its fair share of challenges in its quest to become a bastion of entrepreneurship. While the majority non-whites are sadly still largely excluded from the mainstream economy, the African National Congress has been prioritising Black Economic Empowerment (BEE) when it came to power in 1994 in a bid to address this legacy of economic exclusion that was entrenched during the apartheid era.

Among the measures they have put in place is the signing by President Mbeki in 2004 of the broad-based Black Economic Empowerment Act into law. Two of the most significant pieces of empowerment legislation passed were the Mining Charter, which called for twenty-six percent of mines to be black-owned by 2012 and the Financial Services Charter, which sought to have the sector deracialised by 2010.

As a direct result of the empowerment legislation to redress imbalances in an economy where whites held nearly all the wealth, a few blacks became very wealthy overnight. These included mining magnate Patrice Motsepe; the current President Cyril Ramaphosa, who secured a multi-billion-rand fortune with interests in mining and media; Tokyo Sexwale with interests in various sectors; investor and mining entrepreneur Mzi Khumalo and Saki Macozoma.

The BEE programme has been lauded in a few quarters with Sexwale, one of the standout beneficiaries of the empowerment initiative, saying "Government has only provided the right legislative environment for black businesses to operate in. If you neglect the task, then someone else will take up that role and we will be left with the misrepresentation of our history".

Just like in Zimbabwe, many critics who include Moeletsi Mbeki, brother to former president Mbeki, believe South Africa's BEE has "created a powerful black elite that has its hands in many pies but at the end of the day, does not have the technical know-how of running the companies which they supposedly own or of which they are in control."

The 2018 World Bank report also downplayed the impact of the BEE initiative, noting that "not only is the gap between the rich and the poor in South Africa the highest in the world, (but) inequality has increased since 1994."

When he was still ANC Secretary-General, Kgalema Motlanthe had lashed out at the few individuals who had made a packet on BEE deals, saying one of the major challenges had been BEE's narrow base, especially in terms of the transfer of ownership of assets. He said a few individuals were continually benefitting from empowerment deals at the expense of the majority and in order to stop BEE from benefitting a narrow base, it was time to limit one person to one BEE deal.

I am one of those who worry about throwing the baby out with the bathwater. The most important intervention governments can do is to create an enabling environment in which entrepreneurs' creativity can only be limited by their imagination. The amazing stories about NMB Bank and EWZ that followed the liberalisation of the local economy in the early 1990s demonstrate how deliberate government policies can unleash the potential in citizens and how it can be equally frustrating if some within governing structures acted outside of the spirit of indigenisation and economic empowerment.

NMB Bank, along with other indigenous banks that came on stream at the time were able to introduce home-grown financial solutions that were responsive to the needs of the indigenous people who were sick and tired of the foreign-owned banks which had a one-size-fits-all mentality to banking. EWZ has also become a household name in the country, with its founder leading philanthropic initiatives during crisis times such as Cyclone Idai and the Covid-19 pandemic.

It is, however, important to appreciate that while the government can do so much, it is incumbent upon the entrepreneurs themselves to exploit the opportunities so created. As the sages say, you can lead a horse to water, but you cannot make it drink. The drinking part is the whole essence of entrepreneurs who are worth their salt.

I am glad that during my time at Old Mutual, I was able to identify a gap in the market and I knew that I had to come up with a unique product to fill the identified gap or need if I were to wean myself from the insurer and stand on my own. I was also able to appreciate that the world is what it has become because of great men and women throughout history who did not only dare to dream but lived to witness the realisation of their grand ideas.