



Entering a new market: 10 things that can go wrong

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About us

- Advisory boutique firm specialised in renewable energy projects in Africa and Middle East
- Providing a full range of services at all stages of the development of renewable energy projects from sourcing opportunities to providing local partner services
- Devoted to advise and inform with real time market data and intelligence of the highest quality in order to guide all the way through successful project development and beyond
- Clients include solar module manufacturers, solar PV developers and wind developers



Outline

1) Purpose

2) Timing

3) Knowledge

4) Execution

5) Vision

6) Funding

7) Culture

8) Politics

9) Finance

10) Exit



1) Entering a new market for the wrong purpose



- Going abroad simply because the domestic market has “little growth” or has become “too competitive”
- Going into Africa because that’s what “everyone is doing” or that’s “where the opportunities are”
- Only enter a new market if and when you are fully prepared (having done all your research and planning)
- Only enter a new market if and when you are fully committed (time, money and resources)



2) Timing



- Early mover advantage
- There are not just advantages to being a “first mover”
- Common disadvantages are:
 - Time and effort spent in learning the rules of the game
 - Mistakes due to ignorance
- For renewables in particular, knowing the rules of the game is vitally important



3) Incomplete go-to-market plans



- Know as much about this new market as possible
- Never make assumptions!
- Research all the possible angles
- You should also investigate practical issues such as route to market, logistics and regulation
- Do not hesitate to get expert help!



4) Poor plan execution



- If you are going to break into a new country, you can't do that by sitting behind your computer
- Do you have the right people to pull this off?
- Do they have the requisite experience and skills (including language skills)?
- Under performing or over-stretched teams assigned to the plan is a common mistake
- Put in place dedicated teams



5) A lack of vision



- A big part of the planning process is vision
- Where do you see this venture taking you?
- What practical steps do you need to take to turn the vision into a reality?
- Governments are keen to forge long term relationships with their selected partners. So part of the planning needs to revolve around a long term strategy for that country
- So plan for “tomorrow” not just for today!



6) Under funding



- What is this really going to cost in terms of time and money?
- Are you willing to make a long-term investment?
- Set up a realistic budget taking into account not only the operating costs but also the risk factors concerning that market
- Expert help and/or a local partner can help you obtain reliable benchmarks with which to model or price your project



7) Not fully appreciating cultural differences



- You need to be able to understand the local specificities in your chosen market
- Know what the drivers for that market are
- Important to seek some experienced local help
- In most countries, a good local partner can be key!
- Finding a local partner can take time and be hard but more often than not it can make a real difference



8) Not getting to grips with the politics



- Energy is highly political but nowhere more so than in Africa
- The governments response to this challenge is not the same from one government to another let alone from one country to another
- From one country to another the governments means are not necessarily the same
- A lack of consistency and uniformity in the policies to tackle these issues
- Getting to grips with the politics is absolutely vital



9) Finance



- This is the most likely thing to go wrong when you enter into a new market
- Where do you get financing?
- How do you get financing?
- This is where your go-to-market plan, expert help and/or local partner really come through for you
- You should have answered these questions even before setting a foot in that new market



10) Not having an exit strategy



- What if things go wrong?
- You should have thought of this from the inception
- The sooner you start, the more rewarding your eventual exit is likely to be!
- Have a contingency plan for anything that may go wrong and some additional funds so your money doesn't run out





Thank you for your attention

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