Building Lean Startups at the Bottom of the Pyramid

Innovations Case Narrative:
YouthBank and Generation Enterprise

The slums of Lagos, Nigeria, are a world away from the sunny campuses of Silicon Valley. But Lagos, not San Francisco, is where we went in 2009 when we decided to launch our startup. After years of economic development research, strategy consulting, and engagement with at-risk youth, we, Clara Chow and Lily Rubin, had gone from friends, colleagues, and fellow social enterprise nerds in Washington D.C., to excited (and apprehensive) founders of a youth-run photo studio in Lagos, Nigeria—one of the world’s fastest-growing megacities.

Our photo studio not only would develop headshots for aspiring “Nollywood” stars, it would give the street youth of Lagos—the infamous “Area Boys”—work experience, skills training, and, for top performers, access to microfinance, putting them on the path to becoming independent entrepreneurs and socially responsible community leaders. We raised over US $25,000, developed the business model and rotational training program, interviewed some 200 local youth to gather baseline data, and conducted extensive market research. We had a plan.

Of course, nothing went according to plan. Years later, on Clara’s first day in Steve Blank’s Lean Launchpad class at Stanford, she’d be reminded that no startup business plan survives its first contact with reality. The only way to find out what works is to get out of the building and test it with real customers. Fail fast and cheaply. And adapt (“pivot” in startup speak) until you hit upon a model that the market wants, and can scale.

This is the story of how we tested, failed, learned from our failure, and adapted the model for our youth organization over four years, 40 trips, and thousands of volunteer hours. What started as a quest to help a Nigerian activist bring microfinance to urban youth became a photo studio that provided on-the-job training.
and credit assessment for its youth employees. That evolved into a business boot camp for government vocational training graduates. And that became Generation Enterprise today: a global network of community business labs where aspiring youth entrepreneurs refine their business ideas through the same prototyping and testing process our organization went through itself.

In Nigeria we have screened over 1,000 youth, trained 300 young people, partnered with two state governments, and launched 19 businesses, 10 of which are in our growth portfolio. This year we’re piloting our business lab model in India with the support of the World Bank. We continue to make adjustments, closing in on a replicable method for launching youth-run businesses that grow beyond the micro level. What hasn’t changed, however, is our mission to integrate unemployed and underemployed young people into the formal economy and unleash the potential of a generation—a generation we call Generation Enterprise.

NEEDS FINDING

It was 2004, and Clara was an undergraduate volunteering at a social enterprise program. There she met a young Nigerian with a big dream and a vague business plan. He had grown up hawking newspapers and candy on the streets of Lagos, a city notorious for its roving gangs of “Area Boys,” and wanted to start a microfinance bank for street youth. After all, microfinance was lifting millions of women out of poverty in Bangladesh and India. Was it also the key to getting youth off the streets of Lagos?

Microfinance involves making small loans to borrowers viewed as too risky for traditional financial services. Muhammad Yunus’s Grameen Bank and other microfinance institutions (MFIs) developed various ways to reduce the risks associated with lending to the poor, such as lending to groups within a community (where social pressure encourages repayment), and taking nontraditional collateral (with great sentimental, if not monetary, value). The World Bank estimates that some 160 million people in developing countries are currently served by MFIs.

Lagos is very different from rural Bangladesh, however. The megacity is a perfect storm of urbanization, informal sector growth, and youth unemployment. Over six thousand people flood into the city every day, and its population will swell to over 25 million by 2015. Seventy percent of the population lives in slums, and over 60 percent of the city’s economic activity takes place in the informal sector. Across the country, youth make up over 70 percent of the unemployed. Former Nigerian president Olusegun Obasanjo noted that, in his country, “many of the youths are confused, discouraged, in deep trouble, and streets [are] full of violence as a result of youth unemployment.” In offering to help her new friend realize his vision, Clara had stumbled onto an entrepreneur’s dream: a complex, significant problem worth tackling.

What’s more, this problem is global. One in six people on this planet reside in slums and two billion more will join their ranks by 2050, most of them under 30. Some 260 million youth in emerging markets are economically inactive and another-
er 536 million are trapped in low-paying informal jobs on the margins of society. The world's existing employers cannot create enough jobs—let alone jobs with growth prospects and sustainable wages—to absorb the ever-growing flood of job-seekers. This is especially true in the developing world, where 85 percent of the world's one billion youth live. Moreover, the developing world's fastest-growing cities lack the infrastructure, governmental resources, or social safety nets to support newcomers to the job market. This global “youthquake” is costing countries billions in lost potential and leaving youth vulnerable to exploitation and targeted for recruitment by criminal groups, from local gangs to terrorist cells.

The stakes are high. But, viewed another way, the opportunity is huge. According to the International Labor Organization, halving youth unemployment in sub-Saharan Africa would boost the region's GDP by as much as 19 percent. In their 2002 article, Professors C. K. Prahalad and Stuart Hart argue that there is a “fortune at the bottom of the pyramid,” a multitrillion dollar market largely underserved by business. It's a fortune we believed the so-called street youth in Lagos could help to unlock.

DEFINING THE PROBLEM

The youth microfinance project, YouthBank, remained a theoretical exercise—a business plan, a research project, a thought paper—until Clara started her first job as a business analyst at McKinsey. It was here that she met Lily, who had been working in McKinsey's Social Sector Office on Economic Development. We became fast friends, sharing a love for development theory, travel, and impromptu dance-offs. Together, we started applying what we were learning about financial inclusion and poverty alleviation to the old YouthBank concept, and itching to put our ideas to the test. By now, the dreamer behind the original YouthBank business plan had left Nigeria for Canada, so we would have to take the lead. However, he did connect us to friends in Nigeria, who offered to help us build a local team to launch YouthBank.

We started with the first step in good problem-solving, clearly defining the problem to be solved: “How do you transition vulnerable young people from unemployment to a sustainable livelihood?” Our early hypothesis was that microfinance was the key to this transition. To shed more light on this idea, we ran focus groups with Lagos-based youth organizations in the Nigeria Network of NGOs and worked with a local team to interview over 200 youth about their lives, income sources, skills, and spending habits.

These focus groups surfaced two key insights. First, that urban youth were too risky a segment for most traditional MFIs. YouthBank would have to figure out how to reduce the risk of lending to young borrowers with no fixed address, no guarantors, and no collateral. Second, accessing money was not the biggest issue for at-risk youth. Young people in Lagos could obtain limited, sporadic income through odd jobs in the informal sector, or criminal activity. What they lacked was a clear path to respectable and regular income. Traditional microfinance loans
were unlikely to be invested productively, and even more unlikely to be repaid by highly mobile young people living with a short-term, “grab-and-run” mindset.

We decided to put a twist on the traditional microfinance model. How could we assess the creditworthiness of young loan applicants who walked in off the street? How would we reduce the risk that they would run off with our money, or that their businesses would fail? With these questions in mind, we came up with the idea of a YouthBank-operated business, where youth could learn business skills on the job, earn some income, and be assessed as potential investees. We'd train and employ youth (called “Fellows”) to run this internal business for six months (the employment phase), and allow select youth to pitch their own business ideas at the end of this period. Only Fellows who showed work ethic, integrity, and business aptitude in the employment phase would be eligible for loans to start the businesses they pitched (the entrepreneurship phase). Thus youth would have a path to go from trainees to employees to entrepreneurs. They would develop and practice sales, bookkeeping, and other skills to help them avoid pitfalls common to young businesses. Best of all, working together in small cohorts would create a supportive community in which program participants could act as a self-help group, keeping each other accountable.

We gained the support of dozens of local NGOs focused on rehabilitating ex-gang members and sex workers and providing vocational training to unemployed youth. Members of the Nigeria Network of NGOs (NNNGO) loaned us equipment and referred high potential youth as candidates for our pilot program. The founder of NNNGO, Yemisi Ransome-Kuti, offered us office space at the NNNGO headquarters in the Surulere district of Lagos.

Now we just needed that in-house YouthBank business. After a market survey and local competitive scan, we settled on a photo studio. The concept scored well on our assessments, but the biggest deciding factor was that the NNNGO office was down the road from the Nigerian Actors’ Guild, and Nollywood is the world’s most prolific film industry. Our photo studio would serve the large and attractive market of actors looking for head shots and event organizers looking for coverage of local parties.

TESTING OUR HYPOTHESIS: THE YOUTHBANK PHOTO STUDIO

Our team got up very early the day of YouthBank’s official launch event. It wasn’t difficult; the cacophony of Lagos’s infamous morning traffic began at 4 am. The air was thick with diesel exhaust as we showered with water from buckets and dressed in the dark. Today we would trade the daily dust and open sewage of our Fellows’ communities for the grandeur of the Public Affairs section at the U.S. Consulate of Lagos. There, community leaders and reporters from Nigeria’s major news outlets hailed our “innovative U.S.-Nigeria collaboration” as “a new model of microfinance” to “empower our youths.”

The launch capped off an arduous August in Nigeria for our nine-person international launch team. We recruited the first cohort of ten Fellows (selected from
over 50 candidates), and kicked off training. Mornings focused on business training, while afternoons offered technical skills workshops. In the workshops the Fellows role-played customer service situations, performed profit calculations, and filled out daily personal income statements. After a few weeks, the first cohort of Fellows went out into the community to hand out flyers for the YouthBank Photo Studio and pitch to customers. We were open for business!

At this stage, our business model was a hypothesis, our best guess at what would work. The YouthBank model was only truly put to the test when our U.S. team members flew home and our Nigerian volunteers went back to work, leaving our program officer to hold down the fort. It wasn’t easy. Our Fellows had never been employed, and they were not fully comfortable of punctuality and customer service. Even after training, they lacked comfort with the technology required to run the business. They also struggled with our constant requests for detailed reports.

There were more challenges. One thing our Fellows valued about YouthBank was the on-the-job learning. However, this learning could only take place when there was actual work to be done. The YouthBank Photo Studio earned only $200 in a good month, enough to cover the cost of goods sold but not enough to cover the Fellows’ weekly stipends. It was a constant battle to keep our Fellows focused on their work, especially as they faced long commutes, delayed stipends, and the endless temptation of easy money from pursuits from their pre-YouthBank lives (scams, hawking, “side hustles”). And when our top-performing Fellows finally applied for loans, the business ideas they pitched to us were copycats of existing businesses, like recharge card sales, vegetable stands, and photo studios. Our Fellows had picked businesses that seemed like safe bets for quick cash, but they would struggle to differentiate themselves enough to earn the kind of sustainable margins that might allow them to employ others.

DERAILING

In March 2010, we were incorporating lessons from the pilot into the YouthBank model when suddenly YouthBank imploded.

The trouble began as the pilot YouthBank class prepared to pitch their business ideas for funding. We arranged for a small team of volunteers from the U.S. and Singapore to fly in for a graduation and pitch ceremony, and lined up media coverage and meetings with Nigerian CEOs interested in supporting us. Disappointingly, we got no help from our two Nigerian leaders, even though they were on ground. Instead, they began agitating for job-related perks (international conferences, Blackberries) even as they neglected official duties (team calls, oversight of the program, and reports). They were offended when asked for help filling in gaps in their murky financial records, and they complained they were not shown proper respect. When Clara met with the head of our local team to discuss his lack of leadership, he exploded and accused her of trying to force him out of the organization.
Clara tried to defuse the situation, but that didn’t fix the underlying problem. She explained that if our local leader was unwilling to fulfill the responsibilities outlined in his role, we needed someone else to do the work; he could stay involved, but in another capacity. This local leader insisted that no one could take his title from him without a fight. Within a month of Clara’s return to the U.S., he halted the program, demanded control of all donor funds and full credit for YouthBank. He began sending threatening emails, and pledged allegiance to Clara’s old friend from the social entrepreneurship program in Toronto. The YouthBank Photo Studio was padlocked. Yemisi Ransome-Kuti, who helped broker the months-long negotiations between us in the U.S and our rogue former colleague in Nigeria, eventually urged us to sever ties.

Now we had to inform our international team, our donors, and our local supporters that YouthBank’s pilot program had been shut down. Our assets were never returned (nor were they ever used for an alternative youth development program). Our Fellows were left without their promised loans. We did a sad postmortem. Perhaps with our intense focus on credit risk, we’d neglected to manage our organizational risk. Maybe it was time to move on and be done with all the wahala (the Nigerian slang word Yemisi taught us for “trouble”).

But the text messages! And the voicemails! Our Fellows reminded us of our promise: the promise of YouthBank, of a path to becoming an oga (a “boss”), the opportunity to earn a respectable living. Youth unemployment wasn’t just some problem in a journal anymore. These were real people, with real stories. So, we reached out to supporters we’d met in Lagos and did what every successful startup entrepreneur learns to do: we asked for help.

By this time, nothing remained of YouthBank but debriefing notes from our pilot, a handful of persistent Fellows, and us—an emotionally exhausted and demoralized Clara and Lily. But help arrived, in the form of volunteers Newton Omegbere-Iyari, Kemi Sokenu Morris, and Bunmi Otegbade. All were “repats,” Nigerians who had returned to Lagos after attending college in the U.S. They had heard about us through our launch event and were convinced we were onto something too important to just walk away from when the road got bumpy.

**PIVOTING: THE GENERATION ENTERPRISE INCUBATOR**

In startup lingo, a pivot is a change to an original business model, made after real-world testing returns some tough feedback. It was time to pivot away from the core business component of the YouthBank model: the step where we evaluated the creditworthiness of our Fellows in the fishbowl of our own in-house business. Creating and running a business in-house with employees who had never been employed before was resource-intensive and not always effective. It was too much to ask that Fellows come up with new business ideas on the side while working in our YouthBank business full-time. What if we found Fellows who were already learning or practicing a trade and just needed help building businesses based on these skills—businesses they were already planning and had experience in?
In March, right before the YouthBank breakdown, Kemi had taken Clara to pitch the YouthBank concept at the Lagos state government’s Ministry of Special Duties, whose projects included a network of vocational training centers for unemployed youth in low-income parts of Lagos. These centers successfully attracted swarms of youth trainees every couple of months. After training, however, the youth usually remained unemployed, unable to find jobs despite their new skills. Now, Kemi pushed us to reach out. We could re-launch in partnership with the Lagos state government, building on existing infrastructure and benefiting from space, staff, credibility, and networks in local communities. What’s more, we’d access a pool of candidates who already had taken the initiative to improve their lives and stuck through months of training.

So we pivoted away from the YouthBank Photo Studio and toward the Generation Enterprise Incubator. Our new name, Generation Enterprise, better reflected our vision of unlocking the potential of our generation of hopeful, hustling youth. Our new model would provide a business boot camp, a kind of finishing school to help youth build businesses around their trades. We would teach them business skills, help them find a good business model to deliver their goods and services, and provide startup loans to select Fellows.

We organized ourselves quickly, notified our former YouthBank Fellows we were coming back, and re-launched as Generation Enterprise, a 501(c)(3) non-profit organization registered in Philadelphia with a corresponding registered NGO in Nigeria. This time we did so with an international legal team led by the thoughtful and detail-oriented Beth Castillo, and a nascent but impressive board of directors to help us weigh increasingly complex risks and opportunities. We received free space in Lagos State’s Igando Job Opportunity Center (JOC) in Alimosho, secured a second full-time instructor to serve as program officer, and developed a relationship with the state’s director of job creation, who became an invaluable advocate. When Robin Sanders, former U.S. ambassador to Nigeria, visited the new Generation Enterprise Incubator in Alimosho in June 2011, the ink was barely dry on the banner sporting our new logo.

Twenty-five Fellows were trained in Alimosho. Another 15, including youth from our pilot YouthBank cohort, were selected for a similar incubator launched one month later in the Agege district as a joint venture with Wiseup Foundation, which rescued trafficked girls. In Alimosho, a group of trainees in soap-making tested a hygiene business serving workers in the trash dump next to the center (see Case 1). A team trained in tailoring provided quality suits to budding middle-class customers who commuted hours each way to work at Lagos’s big banks. Ten businesses launched by Fellows in Alimosho were funded, as were three in Agege.

MORE PIVOTING: THE GENERATION ENTERPRISE BUSINESS LAB

One year later, everything seemed to be going well for Generation Enterprise (affectionately nicknamed “GEN” by its volunteers, called “GENterprisers”). We had 10 businesses still in operation and 30 global volunteers helping to run the
organization. By day, Lily crafted strategies for CEB (the source of some of our best volunteers, including chief of staff Helen McCann and CMO Jeremiah Morrow), and by night she focused on building an independent GEN board of directors. She and Clara recruited former colleagues and mentors from the Gates Foundation, McKinsey, and elsewhere to round out their “grown up” board. Clara, who was working on her MBA at Stanford, secured over $40,000 in donor funds from her classmates’ charity drive and Stanford’s Center for Social Innovation, managed the team between classes, and led volunteer trips to work on the portfolio businesses in Lagos.

In July 2012, Clara and GENterprisers Anna Ying and Ross Joy had just returned from visits to development agencies in the Nigerian capital of Abuja, where the federal Small and Medium Enterprise Development Agency of Nigeria invited GEN to a conference shaping the country’s policy on micro, small, and medium-size enterprises. Back in Lagos, they reflected on the conference’s recurring theme: the inability of informal microenterprises to scale.

Like the vast majority of Nigeria’s businesses, the ventures that had come out of GEN’s incubator were stuck at the micro level. On the bright side, given the GEN approach and resources, they stood a good chance of surviving past infancy. Our 10-business portfolio was solid, and it had improved Fellows’ average monthly income from US$38 to US$162 and boosted savings from zero to US$137 each. An exception was Bashiru “Bash” Omotayo, a member of the original YouthBank cohort. He’d gone from US$50 to US$700 in monthly income with Bash Photos, his full-service portrait photography company, whose clients included major Nigerian magazines and corporations (see Case 2). But even Bash had brought on only three staff.

How could we get more of our investee businesses to build differentiated models capable of growth beyond 10 employees (the threshold between micro and small enterprises), or even 50 employees (the threshold between small and medium-size enterprises)? Fellows explained that they were too overwhelmed to tweak their business models or plan for growth. They needed help managing their growing enterprises. After working directly in our investee businesses alongside the Fellows, Clara and GENterpriser Anna Ying started thinking about ways to embed management talent more regularly in the Fellows’ businesses. They trained GEN’s top-performing program officer, Itunu Adekitan, and gave her the job of business development officer so she could focus full-time on growing businesses in GEN’s “Enterprise Portfolio.”

The GEN team sketched out a plan to put more focus on developing innovative and viable business models. Instead of an incubator that invested in ideas our vocational trainee Fellows brought to us, we would co-create new businesses that served or sourced from the “bottom of the pyramid” environment our Fellows knew so intimately. We modeled the Generation Enterprise Business Lab on Procter & Gamble’s “new growth factory,” an initiative that guided P&G teams through the process of rapidly prototyping and market testing new products and business units. We’d move away from traditional classroom-style business training...
and create a structured test phase in which Fellows received small funds to run the equivalent of P&G’s “transaction learning experiments,” where teams would offer prospective new products or services through mall kiosks and pop-up stores to gauge customer response (testing, failing, and adapting their way to successful product launches).

In our new “business lab” model, we devised shorter hands-on training workshops, in which Fellows would map community assets, record their own spending habits, interview potential customers, and brainstorm and vote on business ideas using Post-it notes, just like Clara’s classmates did at the Institute of Design at Stanford (the d.school). Fellows would then enter a test phase, where they could apply their new business skills and try out concepts from the list of business opportunities they’d identified. We’d emphasize the concept of “minimum viable product”: putting out the most basic level of service as cheaply as possible and seeing if customers would bite. Fellows would be entitled to keep and share any profit generated, but they had to submit daily reports to GEN and attend weekly meetings to share their progress with the whole cohort and take part in additional training modules. Only Fellows who generated recurring revenue, submitted regular reports, and were responsive to coaching would qualify for more GEN investment.

Fellows who pitched their ventures and got a thumbs-up from local judges and GEN’s investment committee would be accepted into the Enterprise Portfolio. This involved embedding a part-time GEN manager to work with the Fellows and their teams to grow their businesses, plan for growth, and hire new employees. This GEN manager, a business development officer like Itunu, would help allocate GEN’s investment, which for now would come in the form of a loan to be paid back out of the portfolio business’s monthly revenue.

Co-creation was now a key part of GEN’s updated model. The resulting new businesses looked much more attractive and innovative. After we ran a GEN business clinic with Googleserve, Lagos-based Googlers clamored to take equity in GEN’s portfolio. We took the idea to our board, which was now also discussing the question of equity.

SCALING

We had a model that was working. It was time to respond to the invitations we had received from NGOs, community leaders, and even Peace Corps volunteers to start new GEN business labs in emerging market cities around the world. Individual team members took action. Here are two examples of our new experiments with impact at a whole new scale.

OSUN PILOT

In August 2011, we received this message on our Kickstarter page:

Hi There, I just saw an article about your group, Generation Enterprise, on today’s Businessday and thought your ideas and works resonates well with an initiative I am associated with. It’s called the Osun Youth
Empowerment Program OYES. OYES is a [sic] initiative of the new gov-
ernment of Osun State (http://oyes.osunstate.gov.ng/) to innovatively
empower youths to settle into sustainable more permanent jobs . . . [and]
sustainable ventures, basically to turn them into an army of entrepre-
neurs. I think partnering with your group may help us realize this quick-
er, as I see you already have a model to push this forward. Regards, Kabir

Kabir was the son of the new governor of Osun State in Nigeria, a state struggling
with the “frustration and paralyzing effect of unacceptably high and seemingly
intractable youth unemployment.”11 The new governor had established the Osun
Youth Empowerment Scheme (OYES), a sweeping youth “workfare” (work + wel-
fare) program. The participants were organized into squadrons to take part in pub-
lic works projects, for which they would receive a $63 monthly stipend.12 For the
first 20,000 available spots in the OYES corps, the government received over
250,000 applications. The need was staggering, the government desperate but
determined.

As Newton Omebere-Iyari negotiated with OYES, two GENterprisers, Bunmi
Otegbade and Ross Joy, quit their jobs to work full-time with GEN partners. They
revised the curriculum, trained local staff, and worked to integrate Fellows’ prom-
ising test businesses into the supply chains of large local businesses and multina-
tional corporations. A 77-Fellow pilot launched in Osun State in fall 2012 now has
17 businesses in the test phase. The OYES pilot is GEN’s first paid contract, which
covers program costs and salaries. Such earned income could help GEN achieve
financial sustainability, but more importantly, a successful pilot could lead to a roll-
out of GEN incubators for the entire OYES program and allow us to touch tens of
thousands of lives.

GEN/Dhriiti/World Bank Pilot in New Delhi

In the meantime, GENterpriser Zishan Jiwani, who had spent the summer of 2011
helping to launch the Alimosho businesses and the Agege program, was finishing
up his term with Indicorps in India. He came back to GEN proposing a potential
partnership with Dhriiti (Hindustani for “courage”), a youth entrepreneurship
NGO he’d gotten to know. When Clara met with Dhriiti’s founders in New Delhi
in December 2012, they brought along a pack of biodegradable plates made of
leaves that had been manufactured by one of the microenterprises Dhriiti
launched to generate livelihoods for poor and unemployed youth. Over cakes and
leaf plates, the potential partners found they shared the same values and ideas
about youth empowerment through entrepreneurship.

The independent board we had been cultivating loved our volunteers’ excite-
ment about an Indian pilot. But, they raised concerns about diluting our focus and
resources, as well as competing in India’s more sophisticated social enterprise envi-
ronment. Besides, GEN had been pivoting like a top. Shouldn’t we settle down
before moving somewhere new? Lily, who sits on our board, pointed to the
YouthBank fiasco to illustrate the risks of putting all our operational eggs in one
Generation Enterprise

basket, and extolled the benefits of south-to-south collaboration and sharing between GENterprisers in Lagos and Delhi. Finally, she posited that an international GEN would be better positioned to recruit, raise funds, and contribute new knowledge. In the end the board approved a limited Indian pilot, but required that funds not be diverted from the Nigerian operations.

In response, GENterprisers Puja Guha and Isabel Ramberg put together a proposal for a joint venture between GEN, Dhritti, and the World Bank's Youth Innovation Fund, and they received new funds from the World Bank. Today in East New Delhi, 15 Fellows are moving from the training phase to the test phase, ushered by our partners at Dhritti, our dedicated local Business Development Officer, and a whole new group of Indian GENterprisers.

SOUL SEARCHING

In Silicon Valley it's fashionable for companies to be in constant beta, always a work in progress. When we think about all the pivots and adventures we've shared, words from J. R. R. Tolkien come to mind: “Not all those who wander are lost.” We recognize the truth of startup guru Steve Blank's observation that a startup is not a business but a vehicle to search for the right business model. We've been searching since we began, with serious needs finding, lots of hypothesis testing, and plenty of pivoting to find a model that works. During this time, we've stayed pretty lean—no large foundation support and almost entirely volunteer management. Bootstrapping has given us the space to iterate. Now, however, it's time to start moving from the search to execution. We've zeroed in on the contribution we believe GENs can make to youth empowerment and economic development, but many questions remain and the work of institution-building looms large. Can we find a good full-time CEO with our tiny budget? What return on investment will we be happy with? These and many more questions are ones we are excited to tackle.

In the meantime, our wanderings with GEN have changed our lives. For both of us, and for our growing global team, GEN has become a shared dream and animating force. Lily dreams of bringing GEN to the U.S. (bringing innovation from developing markets back to developed markets) and opening an incubator down the road for young people in her neighborhood of Shaw in Washington, D.C. Clara dreams of seeing one of the businesses in GEN's Enterprise Portfolio grow to the point of an IPO or acquisition, proving that treasure can be found even on an Alimosho trash heap. We may not be where we want to be yet, but we are far from done. And with each new partnership, with each new volunteer, with each new business launched, we are getting closer.
ANNEX: CASE STUDIES

Case Study 1: Testing and Learning in Alimosho

In July 2011, GENterpriser Fairlie Chappuis flew from Berlin to Lagos to help launch a new program in Agege and wrap up GEN’s first collaboration with the Lagos state government in Alimosho. As she bumped along the city’s endless traffic-choked roads, she reviewed business plans, coached Fellows on their business pitches, and discovered that Nigeria is a tough place to be vegetarian, all the while sending emails to keep friends apprised of progress on the ground. Here is an excerpt from August 7, 2011:

I’ve been working all year with a bunch of other crazy talented young people . . . to put together this entrepreneurship programme and we’ve been training people since March at a place called Alimosho. It’s a partnership with the Lagos State Gov . . . On Wednesday, these 20 young people who come from so close to nothing are invited to pitch their business ideas to a room full of over 100 important business people from all over Lagos. . . . We’re so excited to see what will happen next. . . .

No description of the challenges really prepares you though for the sight of the enormous rubbish dump swarming all day with desperate homeless migrants fighting birds, bulldozers, and each other to scrape together the prime pieces of rubbish. This is the view from the classroom our 20 Fellows have occupied every day and often weekends since March. When the power goes off—and it seems to be more off than on—the stench of the rubbish wafts through the windows. The sound of the bulldozers is pretty constantly deafening and there’s no water in the bathrooms, let alone Internet access or computers available for them to work through the material we’ve designed. . . .

As for that rubbish dump, it eventually led to a successful if small-scale social enterprise, as Fellows grouped together to make antiseptic solution and sold it to the workers there. They sold out almost immediately and more than doubled the tiny startup capital we supplied them with. They met a huge need this way among the rubbish dump workers, who do such dangerous dirty work. . . . They come from all over Africa, apparently attracted by the big lights, bright city reputation of Lagos, and quite literally end up as the human layer on the city’s waste pile. Our programme teaches Fellows that their business should meet not only customer needs, but the social and development needs of their community.

Case Study 2: Bash Photos

Bashiru “Bash” Akinbami is one of the Fellows who pitched the photo studio business during the YouthBank pilot project. He was referred by a Lagos-based non-profit that shelters and rehabilitates youth escaping life on the streets. Despite an
hours-long commute, Bash always showed up on time, wearing a big smile. Over time he told us about growing up in a wooden shack in an underdeveloped part of Lagos that eventually was reclaimed for new construction. He had lived on the streets, eking out a marginal livelihood from “street jobs.” He had served as a bus conductor, street hawker, and bricklayer. When he had cash, he went to school. When he didn’t, he didn’t eat.

A top performer in YouthBank’s core photo business, Bash was responsible for over 50 percent of the events booked. Using the skills he developed during the program and armed with equipment provided by YouthBank, he founded Bash Photos, now a GEN portfolio business. His focus on gaining customers by doing church events pro bono helped him build his brand, and by networking at these events and through YouthBank connections he was able to secure his first major client, Genevieve, a fashion and entertainment magazine. Before YouthBank and then Generation Enterprise, Bash earned an average of 2000 Naira per week (roughly US$12.50) through his various odd jobs. Today Bash earns an average of 30,000 Naira a week (US$175, US$8,400 annually) and has saved two million Naira (US$12,500). He moved his grandmother and sister to one of the highest-income areas of Lagos, and owns a giant MacBook Air for photo storage and editing. He routinely covers celebrities and red carpet events at the city’s top hotels, including fashion shows and conferences. A Generation Enterprise business, Bash Photos has trained more than 50 at-risk youth and formally engaged three as apprentices, supplying them with training and cameras and booking them for lower-priced gigs.

We currently are going through the rapid prototyping and testing process with Bash and a potential new business unit that will open up more employment opportunities at Bash Photos, taking it from a micro to a small (10 employees) or even medium-size (50 employees) business. The new business will create personalized photo cards and announcements, like a Nigerian version of Tinyprints, an American ecommerce brand that allows users to drop photos into stylish premade card, invitation, and photo book templates (Tinyprints was acquired by Shutterfly for $333 million in 2011). If Bash Photo Cards catches on, Bash will have enough work for many more apprentices, who can work their way up to owning a Bash Photo Cards franchise. In a preliminary test of birth announcement photo cards, Bash’s team created mockups and sought pre-orders from expectant parents at churches and prenatal classes. The excited feedback and requests suggest they may be on to something big.

Case Study 3: Timilehin World of Entertainment

Timilehin “Timi” Akinpelu runs a GEN portfolio business called Timilehin World of Entertainment (TWE). TWE runs a small network of community entertainment kiosks, where customers can rent or buy music and movies to take home or play on site. Timi acquires customers through word of mouth, in-person sales calls, and a free weekly Nollywood entertainment newsletter delivered right to customers’
phones via SMS. Two GENterprisers are embedded in Timi’s business, helping him prepare the organization for its next stage of growth. Timi currently employs two shopkeepers and is building a network of agents in various neighborhoods who will deliver CDs and DVDs to customers who place orders via SMS. Generous with his two employees, he provides some training and a daily hot lunch, and is working toward paying Nigeria’s federal minimum wage, which is unheard of in Alimosho.

One of 25 youth in his GEN cohort, Timi came to us through our partnership with the Lagos state government’s Ministry of Special Duties. A school dropout who had given up on ever getting to university, Timi applied himself diligently at the Alimosho center, taking classes in soap-making, decorating, and catering. Before joining the program, Timi made roughly 500 Naira (US$3) a week. At his first location he made 3,500 Naira (US$22), and by the time he added his second shop he was making over 10,000 Naira a week ($62.50, or $3000 annually). Timi has felt pulled in different directions of late. On the one hand, his SMS delivery service is showing promise. After GEN team members worked with him on a new business plan for his SMS service, Timi and his colleague Esther went door to door in the Alausa government office complex, signing up new users and collecting payment for movies and music. In a single day he found himself earning 9000 Naira (US$56)—what he might earn in a week with his shops. On the other hand, he has received community requests for new shops, which he loves opening, but he fears that the more shops he owns the more likely his staff will be to steal from him when he is away. Finally, he has started both a promising DJ service and a promotion business in which he takes new local artists to radio stations and becomes the exclusive distributor of their music. Timi is now working with his GEN co-CEO on business plans for each of the different visions he has for the future of TWE.

1. See http://www.kiva.org/about/microfinance.
2. See http://www.nairaland.com/96877/kano-lagos-lead-youth-unemployment.
3. See http://www.punchng.com/opinion/nigeria-a-nation-at-risk/
4. Georg Packer (2006). “The Megacity: Decoding the Chaos of Lagos,” The New Yorker, November 13.
5. See http://blog.euromonitor.com/2012/02/special-report-the-worlds-youngest-populations-.html
6. See http://www.economist.com/news/international/21576657-around-world-almost-300m-15-24-year-olds-are-not-working-what-has-caused; http://www.weforum.org/community/global-agenda-councils/youth-unemployment-visualization-2013.
7. See http://undesadspd.org/Youth/FAQs.aspx
8. See http://www.childhoodpoverty.org/index.php/action=documentfeed/doctype=pdf/id=104/.
9. See http://www.cs.berkeley.edu/~brewer/ict4b/Fortune-BoPpdf.
10. They had some 2,500 releases in 2005, compared to 1,091 in India and 485 in the USA; see http://www.fastcompany.com/3006695/irokos-jason-njoku-is-creating-the-next-netflix-in-nigeria.
11. See http://www.oyes.org.ng/oyes.php.
12. See http://www.oyes.org.ng/oyes.php.