



# **NIGERIA 2019: THE YEARNINGS OF A NATION - THE BUSINESS CASE**

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## **Nigeria 2019: The Business Case**

I want to thank Pastor Ituah and the Trinity Foundation for inviting me to share a few thoughts with you this morning. The subject of Nigeria confronts us all. There's unanimity of agreement the nation is not living up to its potential. This nation is too gifted, too endowed to be performing below par. I do hope the one or two ideas I share with you this morning will galvanise us to see beyond our issues and peer into possibilities.

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In 2018 the Dangote Group offered a sizable donation to the University of Ibadan. By any yardstick N300m is a substantial donation to any tertiary institution in Nigeria, especially given the parlous state of the funding of Nigerian universities. We must not forget that for ill or for good the issue of funding has been the basis of the many strikes of Academic Staff Union of Universities, ASUU.

But the university made a counter offer to the business mogul. What if Mr. Dangote invests that money in building a business school facility instead. And so was the Aliko Dangote Complex built. For the formal presentation of the building Mr. Dangote was given the honour of addressing the audience. He could not attend the ceremony but sent his Group Executive Director, Ahmed Mansur to represent him. His speech was focused on the theme of backward integration, but the observations made in that lecture dovetail into our topic of discussion this morning. Our topic of discussion is, Expectations of the Corporate World in 2019 General Elections and How Nigeria Can Be Transformed.

Mr. Dangote listed the series of challenges faced by his businesses. He identified ten key factors. These are all too familiar to anyone in the private sector:

1. Lack of foreign exchange
2. Inadequacy of knowledge and skills in the workforce
3. Lack of inter-sectoral policy coordination
4. Inconsistency of policy implementation
5. Sensitivity to external shocks and unforeseen costs
6. Difficulties in obtaining adequate and reliable energy and power supply
7. Lengthy, costly and politically sensitive processes of gaining access to land

8. Poor quality transportation infrastructure
9. High cost of capital
10. Long lead times before backward integration efforts yield rewards

We could add regulatory harassment and over-reach to the list.

The expectations of the private sector concerning the 2019 general elections therefore is the systematic resolution of these critical issues.

Let's pick power. How do we ensure stable, efficient and cost effective supply of electricity? The stable supply of electricity is not just a private sector prayer, it is the prayer of every Nigerian. But that problem highlights our lack of foresight, strategic planning, vision and preparedness. As anyone who has run a decent enterprise will attest, the cost of power is one of the major cost headers in business. It largely accounts for the high cost of commodities in Nigeria. The nature of enterprise is that the corporate sector must be able to pass on the cost to the consumer. If the consumer can absorb the cost businesses do well and Nigeria does well. Our productivity rises and our Gross National Product (GNP) rises as well.

The problem arises when the cost of production is so high it leads to inflation and the consumer can no longer absorb the cost of enterprise. So many businesses have shuttered down as a result.

The average business must have multiple schemes of power supply. It must subscribe to the scheme of the electricity providers. Because of the unpredictability of supply in that scheme, the corporation needs backup generator. Because this ends up being overused as it then becomes the main source of power, that backup generator needs a backup generator. Supplementary sources of power supply like solar are then needed as back up to the backup of the backup. The general idea of the supplementary system is to reduce the cost of energy at off-peak periods. Of course you need storage systems like inverters with your solar array. And we're not yet talking about running and maintenance cost of this hybrid system. Someone has to absorb those costs or the enterprise would not survive. Government has to fix power. That is a major expectation going into 2019. Without it our dream of industrialisation is just that - a dream.

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But an even more egregious challenge is faced by the private sector. It is the challenge of qualified personnel. Nothing exemplifies the failure of our educational system more than graduates who cannot write a simple letter. In the late 1990s and early 2000s corporations began to encounter this challenge and so offered fit for purpose training to those aspiring to join the corporate world. They called it graduate trainee program. The program of training lasted a month. You can imagine the cost of such training. Essentially the private sector began subsidising education.

But then Guaranty Trust Bank realised a one month training wasn't fixing the problem. And so they extended the training to a period of three months. One thing to note about this training is that it is a prequalification for employment consideration, it isn't employment training. In other words, those who do well qualify themselves to proceed to be considered for employment. It's some sort of shortlist. And so the education subsidy by the private sector grew. The trend is much worse now. It takes us an average of three years to train a young consultant at Alder Consulting. Many of our graduates are not equipped to function in the job market. If you doubt go on Twitter or Facebook and read the comments. You'll see the quality of reasoning. If you survive the English God preserved your life. How is it possible that graduates of university can't write English! We're witnessing the hazardous effect of a failed educational policy. In our usual, frenzied, un-thought through approach to the challenge of underdevelopment we decided to place a very disproportionate focus on science education to the detriment of humanities. And so we embarked on a dangerous experimentation with our youths, believing in the flawed premise nations that do well are entirely focused on science education. But we ignore the benefit of the history of those nations. How for example do you quantify the generational effect of the Renaissance Period in Europe? Would the history of that period be complete without the arts? Apart from our poor editing of history we're creating policy with lazy devotion. Yes, there were sciences during the Renaissance Period but there were also artists, writers and philosophers. And it was the early Greek philosophers who came up with the concept of the atom. They called it atomos. The philosophy instigated the science.

If we don't teach young men poetry and literature how are they going to express love? We underestimate the value of that to society, how it builds families. The family is the basic unit of society. We forget these

are also the basis of creative writing, that without them there'll be no television to watch. No Hollywood or Nollywood. Yes, science creates television but the shows are why we buy television. And so we see the holy alliance between literature, engineering, commerce, creative arts and the economy in the humble television.

If we don't teach undergraduates English how are they going to express themselves? English is the language of the internet; it is the language of commerce. It is the language of Nigerian parliament. It's how we make laws.

If we don't teach history how are we going to account for the past? Are we then breeding historical orphans with no attachment to the past? How did they arrive in the present?

I read law. The first year of my four year course was entirely devoted to humanities. I studied English, Logic, Greek Philosophy, Economics, Sociology, etc. (I read science on my own). It was in the second year of my study that we began the study of law proper. When we founded Alder Consulting I came to appreciate the value of those humanities. When our graduates can't speak English, when they can't write letters, when they can't make presentations, when they can't develop summaries... When they generate pedantic approaches to issues the nation is going to suffer down the line not just the private sector. Those same people are going to govern the nation. We could not employ a first class degree holder from a name university at Alder Consulting because we realised he was a good exam passer who could cram and regurgitate stuff but lacked the ability to do critical reasoning. This graduate of engineering could not calculate the efficiency rate at a bottleneck in a factory, even after several proddings. His interview lasted an hour. We saw him as a curious phenomenon, a parable and typology of our problem in education. Now you understand the challenges faced by the private sector. We need to ask ourselves critical questions. What is the use of JAMB for example? Why must everything in Nigeria be centrally controlled? Why are we practising socialist ideology in a capitalist regime?

I will not want to go through the entire gamut of Mr. Dangote's concerns. Time will not permit. But I need to add one more item to the list – the challenge of trust. Government must clamp down on advance fee fraud, aka 419. It is shutting us out of world commerce and making business very expensive. We are guilty until we prove our innocence. It has

already shut off credit. The early industrialists like Prince Adedoyin got a leg up from suppliers in Europe who sent goods to them on credit basis. We have murdered that trust.

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The title of our lecture is a broad spectrum. With careful examination we'll see it is bifurcated into two parts. There's the formal expectation of the private sector as a collective. That is largely focused on the issue of profit. The primary motivation of enterprise is profit. Only that the profit motivation answers to the development of the country. When the private sector does well the country does well. The healthy state of the private sector is indicative of the health of the economy. When the private sector thrives jobs are created and the question of unemployment is tackled in an intelligent manner. Auto admitting a mass of unemployed youths into the civil service is a poor way of creating employment. Civil service is perpetual cost. It is a commitment to salaries and emolument to an individual for upwards of thirty years. States that ignore the wisdom of development by private sector development wind up bankrupt and unable to pay salaries. Besides, too many people chasing a few jobs in the civil service breeds a culture of corruption that feeds on the regulatory strangulation of the private sector. What we have learnt is that this creates a private sector within the public sector.

The second part of our topic is a hidden dimension assumed in our topic. What is the expectation of the individual who works in the private sector as a Nigerian? He is confronted daily with the illogicalities of our nationhood. These illogicalities are what's creating enormous frustration and depression in the Nigerian. I will cite three anecdotes.

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We were consulting for the federal government on education reform when the serving minister received a correspondence from a secondary school principal asking for permission to discipline a student caught smoking Indian hemp. The correspondence took four weeks to get to the minister in Abuja, having passed through layers of bureaucratic forwarding. We can of course reasonably assume it would take another four weeks for the answer to get back to the principal barring any bureaucratic snafus. By that time the school term would be over. The question that naturally arises is, why does a principal of a secondary school need the permission of the minister of education to discipline an

erring student? How many such requests from that particular school can the minister entertain in one year? And how many such requests can she entertain from the bench of unity schools? There are 104 of them. To the students in that school the time lag meant there was an apparent lack of reprimand. We can therefore assume marijuana intake escalated in that particular school. Yet secondary education is not on the exclusive legislative list. It shouldn't be under the purview of the federal government. The unity schools project was a special intervention. This case study raises fundamental questions about our federalism and the culture of governance.

Let me cite another anecdote.

I was on my way to the airport en route Ikorodu road, Lagos. At Ojuelegba, a prominent convergence eulogised by the late Fela Anikulapo Kuti I noticed a federal fire service. A few kilometres away I noticed the state fire service at Bank Anthony way, Ikeja. And I began to wonder. What is the federal government doing putting out fire in Lagos? Abuja I can understand. Abuja is a hybridized subsidized municipality. It is the seat of the federal government. Is the state fire service restricted to state residences while the federal fire service is dedicated to federal buildings in the state? Isn't this a duplication of costs? And isn't this an atypicality of the question of federalism faced by Nigeria. In all our discussions on federalism we've never focused on the culture of waste created by duplication of government agencies. What is the cost to Nigeria of our unresolved federalism?

One last anecdote.

I was at the local airport in Lagos and I looked up from the baggage concourse. Staring down at me in stentorian manner were the features of the minister for aviation and the President of the republic. Their photographs were hung at critical junctures at the airport. My curious mind began to wonder - why do we need the photographs of the President and the minister of aviation in several sections of the airport? Why are similar photographs in hotels, federal buildings, courtrooms, police stations, departments of state? Is this not a throwback to the autocratic regimen of a bygone era? Are these pictures Big Brother authoritarian totems? Is the intendment of the pictures the generation of salutary effect on the work ethic of federal aviation staffers? If it is it is definitely not working. Are these pictures cosmetic evidence of "federal presence" – a quaint reminder of the tug of war between the national

and sub national government? In other words, is this a cosmetic escalation of the question of federalism?

At that same airport I noticed a second anomaly. I saw a “customer service” desk at the airport. No, it did not belong to an airline, it belonged to a federal agency called SERVICOM. Not being a private enterprise I wondered how SERVICOM could have “customers.” The sign read, “Customer Service Centre, powered by: Customer Service/Servicom. Order by FAAN Management.” I wondered how a desk can be a “Customer Service Centre.”

Perhaps we can forgive the inelegant, effusive and crude use of punctuation marks; but the more troubling issue is the fact customer service is by order. How can customer service be by order? My confusion grew when I saw a sticker by the same department asking me to stand up for my right and challenge service failure anywhere. The phraseology was Nollywood dramatic – “ASK:SERVICOM?”

There are several layers of issues in the SERVICOM saga. For one, we have not excised the ghost of military regime. It’s why customer service is by order. Two, our past has bred in us a command economy and psychology. We are a power defined society. It is a society in which even the gateman exercises dominion. This power paradigm has bred a culture of injustice and oppression. That our society is power defined is why you need to know someone to get basic things done. What that has done is kill meritocracy. The only area in which meritocracy seems to thrive is in our football. Nigerians are united on football. There is no Northerner, there is no Southerner, just Nigerians. Nothing unites Nigeria like our improbable belief we can win the world cup without preparation. But at least we’re united. Meritocracy is a unifying factor.

I am not interested in the politicking of federalism. I leave that to the politicians. I am only interested in its administrative dimension. Our current infrastructure is generating anomalies. When a nation seems to have persistent issues common-sense dictates we examine fundamentals. When states cannot pay salaries, when poverty is multiplying at an alarming rate, when government sectors keep breaking down in quality and standard, when the education system keeps churning out underqualified graduates, when there’s restiveness all over the federation, when the citizens are afraid of the emergence of a hegemon, when youth unemployment is soaring... Common-sense dictates we take a closer look at the mechanism generating these

anomalies. The essence of nationhood is the provision of identity, security, welfare and happiness for the people. That ought to be our end goal. When that goal eludes us with a constancy we must examine fundamentals.

Nigeria needs a federalist economic system. In other to multiply wealth we need to create economic hubs all over the federation. The greatest challenge we face is poverty. Poverty is maligning our culture, maligning our politics, breeding corruption, procuring insecurity, turning our young men and women into deviant entrepreneurs. We need to declare a national emergency on poverty. The poverty rate in Zamfara is 91.9%, Yobe is 90.2%, Jigawa 88.4%, Bauchi 86.6%, Kebbi 86%, Sokoto 85.3%, Katsina 82.2%, Taraba 77.7%, Gombe 76.9%, Kano 76.4%, Borno 70.1%, Niger 61.2%, Benue 59.2%, Adamawa 59%, Kaduna 56.5%, Ebonyi 56%, Nassarawa 52.4%, Plateau 51.6%. 50% of the states in Nigeria have a poverty rate above 50%.

The average youth in Nigeria is not asking for much. He just wants to make it. He needs to be successful. He's running from poverty. What the Nigerian youth needs the most is opportunity. God has blessed the Nigerian with faith. He has the confidence of ignorance. He will give the Queen of England direction to Buckingham Palace on his first day in England. The Nigerian is experimental. He will try new things. The Nigerian is resourceful. He will find a way.

We have bought into the belief our problems are so great God has to descend from heaven to heal our land. That is a lie. Our problems are not insurmountable. We just need critical reasoning, and the will to do right by the people. The reason we've been trying to generate 5,000-7,000 megawatts of electricity for over two decades is because of the illogicality of our energy policy. It does not follow the logic of our natural endowment. The North should be on solar power. There's an overabundance of sun in the North. It does not make sense to pump crude from Port Harcourt to Kaduna for refinement. They should be driving electric cars in the North. We should be engaging Elon Musk about setting up a Tesla factory in the North. If we take the North off the electricity grid we will free an abundance of energy for the rest of the country. A federalist focused energy policy for the North will lead to innovations and create employment. The North can become a renewable energy hub and Nigeria can become a case study in sustainable energy form.

When you say these things people will say it's idealistic, that it can never work. But who would have thought that a tiny nation-state called Dubai would have the world's best airline, or the tallest building in the world and host up to 50% of Fortune 500 companies? Dubai has air-conditioned bus stops and fly-over bridges. A major chunk of Dubai's Gross Domestic Product comes from the tourism industry.

I believe in the impossible. That is why I am a Nigerian. The Nigeria of the future is possible. We can have power 24 hours every day of the year. Our educational institutions can surpass the glorious days of the past; they can become centres of excellence. Our hospitals can generate medical tourism income in billions of dollars. The advantage of being where we are is that there's a distinct possibility our story can be rewritten. We can rise from grass to grace.

I believe in this nation. I believe in the infinite possibilities of the resoluteness of the spirit of the Nigerian. Despite our maladies, despite our challenges we can free the creative capacities of our youth. When we unburden the locked up potential in our youths this country will be great. That the prophecy might be fulfilled: your young men shall see visions, your old men shall dream dreams.

I want to thank you for listening. May the Lord bless you and may God bless the Federal Republic of Nigeria.

## **About LEKE ALDER**

Leke Alder (*Strategy, Policy & Brand Consultant; Principal, Alder Consulting*)

Leke Alder is the Founder & Principal of Alder Consulting, Nigeria's premier creative intelligence organisation, with offices in Lagos and London ([www.alder-consulting.com](http://www.alder-consulting.com)). He is a trained lawyer. He is credited with introducing branding as a discipline to Nigeria and has consulted on policy, politics and business at the highest levels at home and abroad. He has consulted on policy formulation for the Federal Government of Nigeria, the Federal Ministries of Information & Communication, Education, Foreign Affairs, Solid Minerals Development, and others. He has also consulted on political strategy and communication campaigns at national and sub-national levels.

He was appointed by the Federal Government to the Board of Nigeria Extractive Industries Transparency Initiative (NEITI) and was Chairman of the Board Tenders Committee as well as Chairman of the Communications Committee. He served on the Board for 4 years. He served as a member of the Steering Committee of Nigeria's hosting of the World Economic Forum on Africa and the Chairman, Sub-Committee on Media, Host Broadcasting & Advertising. He has served as a panelist at the Annual Africa Business Conferences of Harvard Business School, Wharton Business School and Kellogg School of Management. He was a speaker at the Financial ADFocus Conference, South Africa, the School of Media & Communications (SMC), Pan African University (now Pan Atlantic University), EDS, Pan Atlantic University; the Nigerian Bar Association; Women in Management & Business (WimBiz) Annual Conference and The Platform.