



FORESIGHT CONSULTING  
Providing Business Insights

## Project Business in Africa

Africa is attaining a critical stage in its development, as it is transitioning from complete resource based projects to complex infrastructure projects that impact the broader economy. Globalization, faster growth and liberalization has opened up previously low-income country markets in Africa which has seen an increasingly investment and competition from Chinese and Western investors.

In the last decade, the expansion of, particularly, Chinese competitors all over the world, has epitomized this new competitive reality. They have grown very fast and entered new product markets quite speedily. They have competed with lower prices coupled with government support through export financing and political support to gain large market shares in African markets.

Western companies with high costs due to, among others, high labor costs and government regulations cannot compete on low prices. Thus, the primary strategy for competing is to add value to their products and services through systems and project marketing. This means selling packages of goods, services, training, and technology as systems or projects delivered through engineering, procurement and construction; turnkey projects; turnkey plus projects; partial projects; and systems selling. In this process, companies aim to satisfy the total, integrated needs of the purchaser.

When selling its specific product, service, technology or training, the marketer satisfies only a part of the needs of the purchaser. In reality, the marketer in this situation does not and cannot care about the total, integrated needs of the purchaser. The marketer is only responsible for its product. As far as its specific product, service, training or technology is delivered according to the marketer's own definition of quality; it is not responsible for how the purchaser integrates the product, service, training or technology to achieve its total, integrated need. A situation like this is contrary to the principles of the marketing concept and places the marketer in a vulnerable situation against potential low-price competitors.

In project marketing, however, the marketer keeps true to the marketing concept, i.e.: "The marketer will succeed through finding and satisfying the needs and wants of consumers". Its competitiveness depends on being able to satisfy the total integrated needs of the customers' better than its competitors".

In project marketing, the marketer tries to meet the real requirements of the purchaser through providing a total package that meets the purchaser's total needs. Thus, the marketer puts together required goods, services, technology and training to achieve this. The project marketer does not and cannot produce all the components by itself, due to the specialization strategies of today's business. However, the project marketer puts together a network of companies from which it sources other components, services, technology, and training to supply the project. The project marketer builds general expertise in the product, service, technology and allied industries to market a package through bringing together the right suppliers, sub-contractors, designers, technology proprietors, etc. in a business network for achieving the project sale and implementation.

Foresight Consulting Avoin Yhtio, Y-Tunnus: 2749326-3; Lipputie 14 A5, 01700 Vantaa;

[www.foresightconsultings.com](http://www.foresightconsultings.com) [info@foresightconsultings.com](mailto:info@foresightconsultings.com)

English: [+358 40 4651952](tel:+358404651952) Finnish & Swedish [+358452749131](tel:+358452749131)



FORESIGHT CONSULTING  
Providing Business Insights

A majority of business-to-business purchasers prefer to buy from a project marketer who undertakes to supply a package to meet their integrated or complex needs. It is important for the purchaser to get a marketer who understands the product and the market and can help the purchaser to get the best package in which the marketer undertakes the integration, delivery and installation tasks. With the fast development of technology, high rate of new products and suppliers, the high value of business-to-business purchases, and critical importance of purchasing the right package for the production and competitiveness of the firm, it is vital for the purchaser to buy a package that establishes its competitiveness for the long-term. Therefore, purchasers prefer project marketers who will undertake engineering, procurement and construction projects; turnkey projects; turnkey-plus projects; and systems marketing projects.

Systems marketing is different from the other forms because it does not include construction but only involves the installation of equipment systems with allied services, technology, and training. Systems marketing adds value to the business-to-business products of manufacturers. Previously off-the-shelf products can be packaged with added value that improves the competitiveness of the marketer and the quality perception of the purchaser.

Project marketing is one of the fastest growing sectors in developing and emerging markets in Africa. Emerging markets must purchase a vast array of public infrastructure. Private companies must build factories, offices and other fixed assets at a fast pace. Public housing, schools, hospitals...you name it... these are being built almost from scratch.

Also, project marketing provides a way for international companies to “test the waters” of growing but unstable emerging markets like those of Africa. Through project marketing, they can get good but delimited business, with a clear timeline for completion and payments. While they will establish an office in the recipient country, they will not be committed to investment funds as a fully-owned manufacturing subsidiary would demand.

In the final analysis, project business provides a niche which strengthens the competitiveness of the marketer. Through project business, success is achieved for both marketer and purchaser. The marketer achieves the marketing concept, and the purchaser gets satisfied with a package of goods, services, technology and training that meet its full needs.

Irrespective of the advantages and opportunities of project business in Africa, Western companies seeking for project business in Africa faces enormous challenges ranging from gaining the support of the local community, regime changes, business corruption, the emergence of local content requirements which presents new, and complex, set of challenges to negotiate.

To be successful in project business in Africa, Western companies will require putting in place an executable strategy that inculcates managing the project business network of actors and stakeholders. It also requires putting in place risks response strategies to deal with regime changes and a plan for meeting local content requirements or forging links within the local community and



FORESIGHT CONSULTING  
Providing Business Insights

addressing the interests of the local population.

At Foresight Consulting, we have the expertise to support you to develop a successful project business strategy. We can advise purchasers on how to develop a successful project purchasing strategy and how to work with the local community and forge successful ties throughout the implementation phase to deliver and install the agreed facilities successfully. We can advise marketers on how to develop an effective marketing process and implementation strategy to deliver and install the project successfully. We can also advise other companies to succeed as suppliers and sub-contractors to projects.

In summary, we have strong expertise through research and consulting on these aspects of project business.

- Project purchasing process
- Project marketing process
- Managing stages of project marketing and purchasing
- Relationship marketing and networking
- Implementation stage: pre-empting and dealing with problems during implementation
- Relationship facilitation in African markets.