Congo Call Center: Business Amid Fragility

In fragile settings the challenges of building a business are increased by a legacy of conflict, instability, and loss. Institutions struggle to provide basic services, let alone the complex reforms and public goods necessary for an enabling business environment. Despite these substantial obstacles, it is possible to create a sophisticated business in even the most challenging settings. The Congo Call Center is one such example—a formal services firm reliant on costly, imported technology that has grown and prospered in the Democratic Republic of Congo.

Fragile and conflict-affected states, home to approximately half of the world’s extreme poor, are often emerging or frontier markets where development has been upended by past and present trauma and instability. In these settings, development challenges are magnified: Institutions are further weakened, struggling to deliver services to citizens, many without schooling or healthcare, while violence has destroyed infrastructure and wealth, choking job creation, entrepreneurship, and the private sector.

The Democratic Republic of Congo (DRC) bears many of these hallmarks due to its history of conflict and civil war. For businesses this means a risky environment that constrains investment and financing.

At the same time, riskier situations can offer significant opportunities. Congo Call Center—the country’s first customer call center—is an example of the potential that challenging settings can hold for entrepreneurs and businesses. Founded by two businesswomen, this technology-based, formal services firm today employs nearly 400 young Congolese, generates annual revenue of $2.3 million, and provides client solutions, social services, and data collection to domestic and multinational firms, nongovernmental organizations, and development partners. Yet Congo Call Center’s path to these achievements has been neither linear nor easy.

Both co-founders attended university in Belgium where they gained sector expertise while working in call centers. Upon returning home they saw an opportunity in a large market devoid of professional call center services needed to connect businesses with their customers. That opportunity was also a challenge: Local businesses and banks did not understand the value or potential of such services. This meant slow early growth and a reliance on personal financing for four years as they secured their first clients.

Finding Financing

In 2009 Congo Call Center’s co-founders participated in IFC’s Business Edge business training program and, in quick succession, the firm opened its first bank account and secured its first loan from Rawbank, a leading Congolese bank and IFC client. While both women were experienced, Business Edge helped hone their management skills, strengthen their accounting, and bolster their confidence to successfully pitch their business to Rawbank. In fragile settings, additional capacity building efforts are often essential to success and can benefit even the most accomplished individuals.

Building confidence and establishing networks was also imperative for the co-founders as they had to confront and overcome social and cultural obstacles—for example, the legal code requires married women to seek their husband’s permission to sign contracts, open a bank account, or take out a loan.

Congo Call Center’s loan came from Rawbank’s “Lady’s First” program, an IFC and donor-backed initiative to foster and expand lending to small and medium-size enterprises and female entrepreneurs. In the DRC, small and medium enterprises have some of the lowest levels of access to bank loans on the continent, while female entrepreneurs in particular are likely to receive considerably less financing than their male peers. Local banks in the DRC tend to be conservative lenders that favor government and large enterprises. Even on rare occasions when they do lend to small firms, their terms are often stringent, reflecting an aversion to risk due to high operating and liquidity costs as well as the challenging business environment.

Through “Lady’s First”, Congo Call Center not only accessed financing but also developed a professional network and ties to the broader business community. Yet given its ambition and
technology needs, the company was not a typical client and had financing needs beyond those of other small firms. To begin operations, it had to import essential equipment over several months, which required more than double the available financing and, crucially, a grace period so that operations could commence before loan payments came due.

Through the relationship manager at Rawbank, Congo Call Center met XSML, a local investment fund manager focused on frontier markets in Central Africa, which was created by IFC’s SME Ventures program. XSML provided the company with the remaining financing as well as a one-year grace period. Sharing ownership with a fund manager was an adjustment at first, but the firm quickly benefitted from the investor’s increased rigor and business expertise. Importantly, XSML engaged the co-founders in a collaborative fashion and actively worked to expand their client base by leveraging their contacts. Partnership with XSML marked a turning point for the co-founders as they began to overcome their most direct challenges to establishing Congo Call Center and could now turn their focus to growing their business.

Other Challenges
That is not to say that there haven’t been additional challenges for the company to overcome, many of which were exacerbated by the DRC’s fragile context. Attracting qualified workers in a highly informal economy was an initial obstacle for the firm. It recruited university students with the necessary linguistic skills but still had to institute a training program to acclimate young workers to the rigors and discipline of professional employment. The nature of the work created shorter tenures for employees, yet the company’s imperative of establishing a professional culture can be seen both in the firm’s success and in the fact that other firms in Kinshasa hire many of their experienced employees.

The labor market is just one of many difficulties presented by the DRC’s business environment. One legacy of the nation’s conflict is an infrastructure deficit that ranks among the continent’s worst. Congo Call Center is particularly affected by deficits in electricity and broadband infrastructure that raise costs and constrain international expansion. Kinshasa was connected to the West Africa Cable System in 2013—requiring regulatory and legal reform—but the full benefits of this upgrade have yet to transfer down to the firm level. And as the company eyes regional and international expansion it will need to continue to boost competitiveness through measures such as quality infrastructure.

Less systemic challenges weighed heavily on the firm as it struggled to establish itself. DRC’s lack of appropriate incentives and government regulation—the nation currently ranks 184 out of 189 in the 2016 Doing Business rankings—meant that small firms like Congo Call Center do not benefit from strong institutional support. Early on, the co-founders were challenged by a tax system that burdens smaller firms disproportionately, with up to 30 different taxes. The company also had to address systemic corruption, which weighs heavily on female entrepreneurs, and chose a zero-tolerance policy despite the fact that it cost them much-needed business. Expansion created headaches over securing enough office space to accommodate a workforce that grew from the initial twelve to nearly four hundred.

A vision to strategically expand marks an inflection point for Congo Call Center as it begins to consider longer horizons. Domestically, the company serves several multinational firms and their subsidiaries. More recently it has grown its business with nongovernmental organizations and development agencies, including Catholic Relief Services, the World Bank, and UN agencies, by providing market research data, logistics, and social services such as sexual assault hotlines. This highlights the way private sector firms can address drivers of fragility beyond job creation while still pursuing profit.

Still, the company has yet to win over large domestic firms such as banks and insurance companies. Regionally, Congo Call Center is exploring expansion in the Republic of Congo and Cameroon, which may open up new opportunities and markets as well as present challenges specific to those fragile regions.

Conclusion
The success of Congo Call Center demonstrates that skilled and committed entrepreneurs can succeed in even the most difficult environments. The challenge of these settings is in combining the necessary qualities and support with an ingenuity to find tailored solutions to local issues. In this way an unlikely story—a formal, technology-oriented services firm in the DRC—can become a reality.

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