

AGOA and Beyond

Nigeria as an Active Participant
in an
Increasingly Globalized World Economy

by

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The World Trade Organization (WTO) is currently undergoing a new round of discussions (the Doha Round) which will govern world trade and investment well into the foreseeable future. Whatever might be the final, detailed rules to emerge from the discussions one trend is unmistakably clear: trade and investment barriers will continue to be lessened if not altogether removed. In this ever more liberal operating environment all businesses everywhere, and certainly those in Nigeria, must become as competitive as possible to survive and profit. As national tariff and non-tariff regimes recede, global markets will come to define the “playing fields” of economic activity ...with the consumer the most important player upon them.

AGOA

AGOA may be thought of as a precursor to the more liberal trade and investment environment presaged by the WTO discussions. As we all know, AGOA gives African exporters of a number of items (... over two thousand...) access to the United States free of tariffs. The Act then confers to African exporters some advantage over suppliers from other parts of the world. AGOA has a limited life: it will terminate by the year 2008. However, at about that time the WTO regime should come into play which will very likely maintain the very low or nonexistent tariffs introduced by AGOA. At that time, a liberalized trading regime will apply to all shipments into the United States. This means there will be no special advantage enjoyed by African exporters.... they'll be treated like everyone else. AGOA, then, is a window of opportunity of limited duration for Nigerian firms to develop survival skills in what is an increasingly globalized world economy. (For more information on all aspects of AGOA go to www.agoa.gov)

To survive, indeed prosper, in the globalized world economy, Nigerian firms need to learn---- better still, master---- a set of managerial skills that will enable them to stand up to global competition, be it in their own local markets or those existing thousands of miles away such as AGOA would induce them to try. AGOA, then, assumes that there will be some African firms willing and able to become world-class competitors by the time the Act expires. This further assumes that African businesspersons understand fully what needs to be learned to become successful in global trade and investment. However, nowhere in the Act or in the official documentation accompanying it (again, refer to www.agoa.com) are the necessary managerial skills that would enable African firms to be successful described.

Global Trade and Investment Management (GTIM)

Global Trade and Investment Management (GTIM) mastery is a necessary precursor to success with AGOA just as AGOA is a precursor to success for any African country in the globalized, world economy the WTO will visit on all countries in a very few years. GTIM will be discussed in more detail later on but for the moment it means: all those areas of managerial competence necessary to the process of moving a manufactured item from its country of origin to a final point of sale in some other country..... and to do so in the most cost-efficient manner possible. AGOA, within this GTIM context, is a foreign policy measure of the United States meant to assist private enterprises in Africa by introducing cost-efficiencies (i.e., no tariffs) when they export a defined set of items to the United States

A sound grasp of GTIM will sensitize Nigerian firms to competitive, global trends even in their own backyard providing the managerial tools to deal with them constructively. A soap manufacturer in Kaduna needs to be aware that in the very near future the market it thinks it now sells to exclusively , say hotels income say hotels in Kano, is viewed with equal interest by soap manufacturers in Indonesia... who may, in the very near future, come to use the same Nigerian distributors and even finance their exports with the same Nigerian banks.... as the Kaduna manufacturer!

Review of Some Key Concepts

Before elaborating on GTIM perhaps a few key concepts should be briefly reviewed. We can begin by distinguishing between international and global as a defining adjective when referring to trade and investment. We can then discuss foreign direct investment as a means to enhance a developing country's ability to compete in the global economy. And as Nigerian firms seek to upgrade their production facilities (so they can become more competitive in the global market) they will need to have a good understanding of the differences between debt and equity

“International” and “Global”

“International” as when used in “International Trade and Investment” is probably the more venerable phrase of the two, “Global” being a more recent arrival in the lexicon of trade. “International” harkens back to the days when there were few industrial countries of the world which shipped finished manufactured items to distant points. And in those far away markets they had to deal with tariff and non-tariff barriers which could add a considerable margin to the final sale price of the item. In those days regulations on trade were the prerogative of national governments whose motivations

were rarely to advance the world economy as a whole but rather to serve their own narrow, national interests...principally to generate operating income for themselves.

As American firms established themselves in markets overseas they would eventually transpose, on a smaller scale, production facilities which had been successful in the United States. Often host-countries compelled such a move through a combination of import-barriers and fiscal incentives. Automobile production is probably the best example. An automobile produced in Argentina was sold in Argentina in accordance with the trade and investment laws of that country. As the owners of these "international" operations gained experience in various countries they came to appreciate the possibility of "global" efficiencies : the distribution of component production across a number of countries, depending on their comparative advantage, for final assembly in one country and then onward sale to many others. When they were able to convince governments of the same economic logic these governments came to relax their trade and investment regulations. This is when "international" management was allowed to become "global" management.

That is where we are today when one looks at computers assembled in Texas whose parts are imported from China and Mexico or when Nigerians procure American brand electrical generators which are actually built in Italy. There is hardly a product manufactured anywhere in the world that can claim that all of its components are from the same country in which the final, assembled item is manufactured. In fact, it would be difficult to locate an item whose *majority* value is from any one country. This, then, is the globalized economy wherein suppliers from any number of countries assemble components manufactured in yet other countries to be sold to buyers in a final, and different, set of countries. What has become important is no longer where an item is produced but rather their design, the efficiency of their production (however and wherever that is done), their marketing to ever more discerning consumers, and the strength of the item's warranties and/or guarantees. This is the "globalized" world economy; an evolution of the earlier "international" world economy.

Foreign Direct Investment

To establish a production facility within a globalized economy a country like Nigeria actively solicits foreign direct investments from multinational corporations. It is sometimes the case that countries receiving these infusions of capital already have established production facilities manufacturing items similar to those proposed by the multinational. As a rule, governments do not have much a objection to this kind of displacement because they see that the jobs lost in one the manufacturing facility are most likely to be picked up by the new investment often at higher skill levels and wages.

That theoretical argument can go further and state and that even if the new facility, because of its internal efficiencies, may hire fewer workers for producing a given item it is still contributing more to the general wealth of the nation and thus releasing into the economy funds for employment in sectors other than those displaced. . One not need look far to see examples in Europe and East Asia/Pacific in the past 50 years.

Nevertheless, manufactured items originating from elsewhere in the global economy and sold into an emerging country's economy that has relaxed its trade barriers are not as easy to accept by the importing country's government. Such imports often displace products that have been produced locally without offering new employment except, perhaps, to importers. In this case, the theory of comparative advantage should be studied and new areas of local production explored.

Debt and Equity

Nigerian is a country of limited capital resources. The economy does not generate a sufficient enough surplus that may be converted to savings which could then be invested as capital in new enterprises. The question that arises, then, is where can Nigerian businesses source funding for any new enterprise to succeed? Firms operating in Nigeria in the private sector lament that funding, if available at all, is short term and at very high interest rates. This is true with terms rarely exceeding 180 days and interest rates above 25%. But that is a comment on the availability of debt financing. There is ,in fact, ample *equity* financing sufficient to cover any size of potential investment in a new, African enterprise.

A new source of equity funding which has yet to make itself felt in the Nigerian economy is that afforded by the Small to Midsized Industrial Equity Investment Scheme (SMIEIS). At the instruction of the Nigerian Government, the country's banks are required to make available 10% of their earnings before tax as equity funds to qualified Nigerian firms. These funds are administered by the banks themselves within parameters the government has agreed to. There are hundreds of millions of naira (several tens of millions of dollars) in the program today (mid-2002) which have hardly been touched.

Another source of equity is made available by the African Development Bank which can make funds available up to \$ 50 million. (See the fDB's Private Sector Department at the Web Site www.afdb.org for more information).

Finally, through the mechanism of American Depository Receipts, Nigerian firms have access to equity financing from New York. In this case, capital comes into a country like Nigeria through a broker who buys shares of a Nigerian company , on behalf of a New

York-based investor, then deposits them in an in-country bank for which receipts are issued. These receipts then become tradable on the New York Stock Exchange. Of course, the value of any ADR, when traded, can shift up or down relative to its initial "market" valuation. Additionally, ADRs are subject to foreign exchange rate fluctuations should their holders wish to liquidate at a given time.

These sources of equity money, of course, impose obligations on Nigerian businesses which are quite different when compared to money sourced through debt (loans or bonds). It's a new way to do business. Taking on equity obligations rather than debt imposes far more demands on the internal record keeping of the company receiving such funds not to mention the control which outside stockholders have on the management of the business. Indeed, when an enterprise wishes to attract equity investors it must be prepared to carefully negotiate the terms under which equity funds will be made available. This is known as a Stockholders Agreement which is a document that specifically lays out the obligations one party has to the other. Each such agreement, of course, is quite particular to its own circumstances. Needless to say, lawyers would be advisable to have present when the drafting up such a contract so that all parties are protected. An excellent guide in this respect is the paper "Legal Processes in Creating Binding but Fair Strategic Alliances" by J.U.K. Igwe who may be contacted at jukigwe@yahoo.com for copies.

Bottom line: Although debt financing is not generally available in Nigeria, equity financing is. It may require extensive documentation and be more demanding in terms of management performance but, nevertheless, funding for new enterprises is available in Nigeria.

With these key concepts now defined and discussed we can proceed to a fuller exposition of

Global Trade and Investment Management (GTIM)

Should a Nigerian business contemplate successfully entering markets beyond Nigeria as encouraged, for example, by AGOA it must first have a very strong understanding of the entire process whereby the product or service originating in one country is sold into markets of other countries.

This process may be called Global Trade and Investment Management (GTIM). There are hundreds of sources of advice on this subject published or on the Internet. Below is one attempt at categorizing the areas of knowledge which would be the foundation of the GTIM.

These areas of knowledge should, of course, be continuously modified by actual practice to maintain their relevance. Also, they would have no “dynamism” unless there were included those service providers who facilitate movement of products and services through the GTI process. The areas are

Market Intelligence

Market Contact

Market Promotion

Transaction Management

Customer Relations

To have an idea of the further detail attaching to these areas of knowledge, Transaction Management is broken down below into its two constituent parts and these, in turn, are further elaborated into their sub headings: “ Order Fulfillment” and “Payments” . Each of these sub headings could easily be the topic of a seminar.

<i>Transaction Management</i>	
<p><u>Order Fulfillment</u></p> <p><i>Shipping (Freight Forwarders)</i></p> <p>Evaluating and Selecting Freight Forwarders</p> <p>Sources of Information on Freight Forwarders</p> <p>Working with Freight Forwarders</p> <p><i>Shipping (Pre-)</i></p> <p>Labeling</p> <p>Packaging</p> <p>Insurance</p>	<p><u>Payments</u></p> <p><i>Types of Risk</i></p> <p>Credit Risk</p> <p>Exchange Risk</p> <p>Transfer Risk</p> <p>Political Risk</p> <p><i>Non- Credit Letter Methods of Payment</i></p> <p>Cash in Advance</p> <p>Open Account</p> <p>Collections</p> <p>Other Payment Mechanisms (credit card, consignment, sales)</p>

<p><u>Order Fulfillment (Cont.)</u> <i>Shipping (Documentation)</i> Shipping Letter of Instruction Commercial Invoice Packing List Shippers Export Declaration (SED) Pre-Shipment Inspection Certificate of Insurance Certificate of origin Dock Receipt Consular Invoice</p>	<p><u>Payments (Cont.)</u> <i>Letters of Credit</i> Back to back Letters Of Credit Transferable Letters Of Credit Assignment of Proceeds</p>
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As it should be clear, then, there is much that needs to be mastered in the way of subject matter to understand fully the process of global trade and investment management . A producer of an exportable product, or an importer, or an investor, need not master all of the subject matter only those which are applicable to his or her case. Further, those that are chosen for further study do not have to be pursued to the level where one becomes professionally proficient. For that there are service providers such as export management companies, shipping agents, management consultants, etc. etc. However, an increased level of familiarity in the GTIM knowledge areas place the exporter, importer, and investor in a better position to negotiate the costs for solicited professional services.

C/S Nigeria is presently working with the Nigeria-American Chamber of Commerce in devising a Workbook containing all the GTIM subject matter with real life examples. The intent is to make this workbook the baseline for training Nigerian entrepreneurs in the skills they would need to survive in an increasingly globalized world economy. The workbook, of course, could be easily elaborated into a CD version as well as a dynamic web site.

Business Plan

Assuming that a Nigerian businessperson now has a grasp of GTIM, the next step is to plan carefully how to structure an enterprise so it may be managed successfully into the foreseeable future. Although there is no one business plan model to be applied to every business some certain elements need to be included in all, such as :

An Executive Summary

A synopsis of the business plan which summarizes the highlights of the plan

Vision/Mission

This is a snapshot of the present stage of the business plus a picture of where it is going and what it will look like, and the goals and objectives on how to get there.

Company Overview

This provides basic information about the business: structure, management, staffing and strategic alliances,

Product/Service Strategy

This reviews the business's current product or service and what makes it unique and competitive. Future research and development plans and production and distribution are part of product strategy.

Market Analysis

This helps define the market, the demographics and sectoral graphics of target customers, competitors products or services, and both business and environmental risks.

Marketing Plan

Sales strategy, advertising, promotion and public relations are covered here

Financial Plan

The business's capital requirements and the profit potential are analyzed and demonstrated here

The details of how to prepare a Business Plan can be learned by accessing any number of Web Sites or by conferring with management consulting firms. One recommended Web site is <http://bplans.com> which offers a wide assortment of such plans. Most of them are free to download. One can search by product or industry . For more detailed information please see Attachment A "Starting Your Own Business" by Stephen Perry of the Information Resource Center, the Public Affairs Service, at the American Consulate, Lagos)

Nigerian enterprises who wish to have a management consulting firm design a business plan for them may contact the African Project Development Facility (APDF) This is an organization with an office in Lagos, Nigeria whose function it is to assist firms to articulate their business plan and then to help locate a service provider to write it out in detail. The APDF can also make grants available to pay up to 70% of the cost of writing such a proposal. They can be reached at Maersk House, Plot 121; Louis Solomon Close, Off Ahmadu Bello Way; Victoria Island; PO Box 127; Lagos, Nigeria. tel 234 1 262 6455 64; fax 234 1 262 6465 66.

Should a Nigerian enterprise wish to include other firms to help it realize its strategic objectives it may expand its business plan with a Strategic Alliance proposal. Again, for this specific kind of a proposal there are many formats but the one made available by UNIIDO is quite adequate. CS Nigeria has adopted it in its entirety when processing Nigerian Strategic Alliance proposals addressed to potential American partners.

Implementation

As the firm becomes comfortable with GTIM , and then develops a business plan, it may next wish to develop internal efficiencies within its own business with such business skills as accounting, human resource management, contact management, inventory control, etc. etc.. Although the skills in themselves are fairly straight forward there are many and they all must be in some degree mastered. Recall that GTIM is really about managing conditions external to the business .There also have to be internal disciplines that introduce efficiencies that create, overall, a more competitive enterprise.

In the United states the Small Business Administration has developed a set of programs which assist new entrepreneurs to develop the skills necessary to become successful. Other countries have similar programs, like SEBRAE in Brazil. And, needless to say, much of this can be found directly on the Internet.

A visit to the Web Site of the Small Business Administration at <http://www.sba.gov> is worthwhile. Here are sections on Starting Your Own Business, Financing Your Business, Business Opportunities as well as an Online Library. Even if not based in the U.S., a visit by a Nigerian business to the Online Library is a must. The library is divided into Reading Rooms e.g. Laws & Regulations, Reports, Studies & Statistics and

Publications. The Publications Reading Room contains the most comprehensive and thoroughly researched guides and fact sheets on the subject of starting one's own business. Among its offerings are:

- Marketing Strategies for Growing Businesses,
- Strategic Planning for Growing Businesses,
- Pricing your Products and Services Profitably,
- Business Plan for Home Based Businesses,
- Checklist for Going into Business.
- Avoiding Patent, Trademark and Copyright Problems.

The Role of CS Nigeria

CS Nigeria has as its principal objective the promotion of American products and services in foreign markets such as Nigeria. Therefore, CS Nigeria cannot assist Nigerian firms to directly export to the United States as AGOA would encourage. However, being still faithful to its mandate, CS Nigeria can prepare Nigerian firms to become more effective producers and thus, should they choose to export, more competitive in an increasingly globalized world economy.

Inputs to Production

First, CS Nigeria is in a position to provide information to Nigerian firms on inputs to the production of manufactured items or the development of services. In the area of Commerce, CS Nigeria can provide finished consumer goods for merchants to include among their range of offerings to their clients. In the area of Industry, American suppliers can provide information on sourcing raw materials, machinery, for technical services to assist Nigerian firms to produce the best possible manufactured item.... or service. Regarding Agriculture, United States is well-known to be a major and experienced partner in this economic activity thus affording to anyone inputs and know-how sure to increase agricultural yields. Lastly, in the area of Services, the United States ,being a service economy (as is Europe), it offers innumerable examples of success in this sector which can be transferred to Nigerian firms for them to apply in the markets of their choice.

Therefore, CS Nigeria is a source a products and services that can become inputs for Nigerian firms. It does so by processing requests for inputs from Nigerian firms to prospective suppliers in the United States. It does so by liaising with more than 100 offices of the Commercial Service in the United States who then search for firms who are prepared to respond to input requests. An Internet version of this assistance is the

Web Site “www.BuyUSA.com”. Here Nigerian firms can procure inputs directly from firms in the United States found on that site.

Strategic Alliances

In the area of Strategic Alliances, CS Nigeria can convey such proposals through a number of channels such as the Corporate Council on Africa, its own Export Assistance Centers, a number state-level offices in the United States and others who wish to do business with Nigeria firms such as investment brokers in New York.

Registration/Enhanced Registration

In both the cases of procuring inputs from the United States or promoting Strategic Alliances, CS Nigeria must first establish the business credibility of the Nigerian businesses. One need not be reminded that many American businesses have a preconception that dealing with Nigerian counterparts is likely to be a fraudulent experience. Here too CS Nigeria can be of service by creating a file of credible Nigerian businesses. This is its system of Registration and Enhanced Registration. Registration means that those documents which attest to the public incorporation of a Nigerian business have been reviewed by a third-party contractor and found valid. As a matter of fact , the number of registrations already on the system now totals over 1200.

As experienced was gained collecting these files, CS Nigeria learned that American businesses wanted to know more about Nigerian businesses such as performance as supported by audited financial records. To this end, CS Nigeria designed the Enhanced Registration which is a much more detailed report. on the career of a Nigeria business. With this Enhanced Registration as a reference, Nigerian businesses now experience more favorable consideration in the financial terms offered when importing from the United States such as Suppliers Credit of 90 to 180 days or loan guarantees from the Exim Bank. In the case of Strategic Alliances, much of the information required in the Strategic Alliance form iby CS Nigeria is already provided by Enhanced Registration such that that process becomes far easier.

A side benefit of the Registration and Enhanced Registration process is that a Nigerian business is able to know itself somewhat better having answered so many questions about its ongoing operations. It can also represent itself more quickly to potential suppliers or Strategic Alliance partners using the Registration information as a reference. Since the Registration records kept for Nigerian business firms are actually their property , they may call and ask for those records at any time to check their information, make changes as necessary, or use it in the ordinary course of business dealings. These latter may have nothing to do directly with an American firmsuch as a arranging for Strategic Alliances or funding , be it debt or equity, from any source,

Nigerian or foreign.

CS Nigeria and Information technologies

Internal Operations

CS Nigeria itself has adapted information technologies to its operations. For example all of its Registration and Enhanced Registration files are kept on a database that allows for ready access and manipulation for such things as generating email and conventional mail addresses. It also has its own web site, BuyUSA.gov/Nigeria. Among its features are

- Registration on Web site
- Event documents
- Investor documents (New York/Washington)
- “How to start your own business”, Web sources
- News
- Upcoming events

Assistance on the Web

The Internet can serve as a source of information for any number of business purposes but to do so requires a mastery of searching the Internet for precisely those sources that are useful to a business. In this regard, CS Nigeria has compiled a list of sources which are a very good for step to sorting out the overwhelming information available on the Internet for businesses. There are Web Sites on market information, web sites on starting your own business, as well as more general web sites on economies of a country.

Internet training

CS Nigeria can also create linkages with training centers in the United States, commercial and academic, that can serve as sources for improving a businesses skill set it internal or external. (*List in US; upcoming Trade Show*)

Transfer of (Information) Technologies from the United States

As Nigerian firms become more competent in the globalized world economy they will have to necessarily integrate into their operations information technologies (IT) . It is no secret that the efficiencies recorded by American businesses environment in recent

years, which outstrip those of any other country, are due in large measure to the introduction into the workplace of information technologies. Information technologies can be as simple as learning to use the email effectively or as complex as creating an enterprise-wide information management system which tracks the flow of all inputs through all phases of production and on to final point of sale. CS Nigeria is very supportive of the “technology transfer” of information technologies from the United States to Nigeria producing as it does a number of IT Trade Events in country as well as organizing Nigerian trade delegations to the major IT trade events in the United States.

CS Nigeria Seminars

Much material has been covered in this paper treating the theme of assisting Nigeria's private sector to be more competitive in the increasingly globalized world economy. Many of these ideas could be further developed through seminars organized by CS Nigeria should there be sufficient interest among Nigerian firms . Among these could be:

1. CS/Nigeria...Who We Are/What We Do

- a. General description
- b. Registration/Enhanced Registration
- c. Services

2. Business Plans /Strategic Alliances

- a. Developing a business Plan
- b. Strategic Alliances as a variation
- c. Sources for funding business plans qua plans
- d. Sources of funding (debt and equity)
- e. Marketing channels

3. Business Plans/Strategic Alliance: the Oil and Gas Services Sector

4. Public/Private Institutional Relations

- a. Learning to lobby
 - i. Networking effectively
 - ii. Advancing policy on behalf of interest groups
- b. Sharing responsibilities among interested parties within an institution vis-a-vis other institutions whether public or private

5. Learn to Earn

- a. Business Support Centers
 - i. Connectivity
 - ii. Content
 - iii. Coaching
 - iv. Certification

- b. E-commerce businesses

6. E-training (UC - Fullerton, etc.)

- a. Searching for topic areas
- b. Accessing sources
- c. Workshops

7. Web Searches (PAS/IRC)

- a. Search strategies
- b. Best sites
- c. Organizing favorites

CS Nigeria Advisory Committees

As both CS Nigeria and its registered Nigerian businesses learn to operate in the increasingly globalized world economy it will become a far smoother learning process should there be advisory committees set up for the discussion discussion of items of mutual interest. This paper has made clear what are the areas where CS Nigeria feels competent to engage Nigerian businesses. Perhaps it is clearest in the suggested topics for workshops cited above. They may also be about topics within the GTIM or about specific Industrial Sectors . Somewhat like the following:

- a. Based on GTIM Areas
 - i. Shipping
 - ii. Packaging
 - iii. Etc.,etc

- b. Based on Industrial Sectors
 - i. Apparel
 - ii. Agricultural
 - iii. Oil and gas

Communications within these e virtual advisory committees would take place within a Web Site dedicated to it where incoming comments would be placed, (where possible categorized for easy search), and any responses also included.... not unlike letters to the editor found in the more conventional magazine and newspaper formats. Not all comments would be answered by CS Nigeria staff: it's real task would be to edit and arranged in-coming messages. A likely platform for these exchanges could well be the NIPSEC Web site which already exists and is currently dormant

Government Agencies.

Nigerian and American government agencies are in a position to assist Nigerian firms to become more competitive in an increasingly globalized world economy. On the Nigerian side there is the Nigerian Export Promotion Commission, the Nigerian Investment Promotion Commission, the Nigerian Export Import Bank, and its own Embassy representatives overseas. We have already mentioned the indirect support which takes the form of equity funds available through Nigerian banks. American government agencies which may be of assistance are as follows.

Exim

This is a source of guarantees for supplier's credit or loan guarantees which may be solicited directly by Nigerian firms from Exim. Such solicitations must be accompanied by credible documentation attesting to the Nigerian firm's business soundness. CS Nigeria's Enhanced Registration serves such a purpose. Exim.gov offers more detailed information

OPIC

OPIC exists to support private American investments overseas by guaranteeing against expropriation. As this seldom happens ,if it ever did, in a country like Nigeria, OPIC's is real contribution here would be the equity funds that it has created and supports with 50% guarantees and can be accessed by Nigerian firms... who have business proposals and/or strategic alliances to put forth. OPIC.gov offers more detailed information.

TDA

This agency makes available grants for feasibility studies. However, it deals with projects of some size so it is really for the larger firms in Nigeria. TDA.gov offers more detailed information.

The Foundation for Democracy in Africa

Although not a United States Government agency the Foundation for Democracy in Africa is a non-government organization which does promote the competitiveness of Nigerian businesses in an increasingly globalized world economy. One such initiative is suggesting ways whereby private business institutions in Nigeria can maximize their relationships with Nigerian public institutions such as lobbying the National Assembly where laws and regulations are made so that these would protect and advance the interests of Nigerian private enterprise. Their Web Site is www.democracy-africa.org.

E-Commerce Businesses

As a fitting conclusion to this paper, CS Nigeria will try its hand at suggesting new enterprises, albeit sketchily, worthy of investment by Nigerian firms and which should do well in the increasingly globalized world economy: E-Commerce Businesses

Drawing on its experience in developing IT businesses which support the internal operations of existing businesses such as banking or even oil exploration, Nigeria is now in a position to launch E-Commerce Businesses. These are businesses which offer services on the Internet, deliver same also on the Internet, and are able to transact payments, again on the Internet. These E-Commerce businesses are directly linked to the so-called Knowledge Economy. There is much literature defining and describing this new economic phenomenon but basically the Knowledge Economy may be defined as the creation and exchange of information which may be used to make decisions on the allocation of resources to affect some objective result. Put in even more basic terms it is about:

- Knowing what things are
- Knowing to use them effectively

Although the size of the Knowledge Economy is hard to determine what is clear is that it is driving the growth both the United States and the European Union. So, for a rough comparison of the Knowledge Economy to the Nigerian Nigeria it may be useful to do the following math:

- United States/European Union
 - 600 million people
 - 30,000 GNP/capita
- Nigeria
 - 120 million people
 - \$ 300 GNP/capita

Therefore , The economies of the United States/European Union equals 500 times that of Nigeria. If we accept that e-commerce services are driving the US/EU economies then surely, being 500 times larger than the Nigerian , there is room for Nigerian e-commerce to be “exported” tto the U.S and the EU. Before we look at specific possibilities there are some important considerations which make e-commerce businesses attractive as an investment in any market :

- E-commerce services sold across the Internet go directly to the final consumer-.....therefore sellers who “go direct” capture all the transaction margins to be had ; there are no intermediaries to have to share margins with .
- E-commerce businesses address markets of opportunity existing at the high-end of the increasingly globalized world economy: the knowledge economy. Therefore, their profit margins will tend to be higher and turnover faster.
- The fixed capital investment relative to the E-commerce product/service being sold is proportionately lower than in conventional sectors like oil and gas. Investment risk is ,therefore, lower

If the promise of attractive investments in E-commerce business is accepted, then there are several dozen possibilities that to be found on the Internet itself..One we would propose here would be the creation of “Learn to Earn Business Development Centers” , briefly described below:

Learn to Earn Business Centers

These Centers would provide a working environment where an aspiring E-Commerce worker would:

- Learn employable IT skills in incremental , manageable steps
- Apply these skills immediately to some task in the Internet such as data entry or insurance claims processing and be paid for such work

- Then move up in this fashion as fast and as far as his/her skill set, intelligence, and talents will take him/her... being paid at ever higher wage levels.

Learn to Earn Business Centers should be designed to:

- Provide essential premises: hardware/software
- Internet connectivity
- Provide basic generic IT skills (MS Office, etc.)
- Guide new skill-bearers to employment on the Internet
- Actively promote on-going education so as to “scale-up”

Needless to say there is much more that needs to be done to bring these very initial ideas to fruition; to develop a proper Business Plan. But, that is for enterprising members of the private sector to undertake.

Conclusion

For Nigerian businesses to survive in an increasingly globalized world economy they need to integrate into their daily operations practices that reflect a keen understanding of the global trade and investment process: how a product or service originating here eventually gets sold there. AGOA is a limited foreign policy document (in scope and duration) which affords potential Nigerian exporters an advantage in exporting to the United States compared to businesses in other countries not enjoying AGOA coverage. It should really be seen as a precursor to the liberalized trade and investment regime which the WTO will apply to all signatory nations at the conclusion of the current (Doha) round of negotiations.

In this paper we have discussed ways whereby Nigerian firms can become more competitive in the global economy wherever they choose to sell..... be it in the next village or halfway around the world. At the core of competitiveness is a well designed Business Plan that is cognizant of global trade and investment issues. We have pointed out several resources that can assist to realize a viable Plan and even spent some time going over what CS/Nigeria itself can do. Altogether we believe that these constitute a resource base which should render Nigerian businesses as competitive as any in the world.

Attachment A

BUSINESS INTERNET RESOURCES FOR THE ENTREPRENEUR

By

Stephen Perry,
Information Resource Officer, Lagos, U.S. Consulate General

So you want to start your own business? I present here Web resources that every budding entrepreneur should consult before taking the plunge:

Perhaps you're stuck in a rut at work, looking for a new challenge or simply want to be your own boss -what do you really need to think about and weigh up before you venture out on your own? Even in more difficult economic times, there are always business opportunities and most governments of developed economies are trying hard to encourage the entrepreneurial spirit. This article takes a look at some useful US web resources, which are worth consulting before making that big decision.

Web Sites To Zoom In On

OK, it's time to do some research on starting your own business, but where do you start? Let's take a look at some of the non-official web sites, i.e. sites which aren't connected with associations or government.

A good place to start is at *<<http://www.inc.com>>*. Inc. is a monthly US magazine with a sound reputation, whose target audiences are entrepreneurs and smaller businesses. On the home page in the advice column, there are two main sections of interest : **Getting Started** and **Growing Your Business**. Each of these sections has a number of subsections, which include well-written short guides on topics like:

- writing a business plan,
- starting a business, running a one-person business,
- customer service,
- buying a franchise
- e-commerce.

As Inc. is a US magazine, its content obviously has a US- bias, so although all of it is relevant for US entrepreneurs, this is not the case for those in other geographies, e.g. the information on raising finance and capital. It's worth bearing this in mind when checking out other US web sites as well.

A site with a lot of information, including useful templates is <http://www.morebusiness.com> which is published by Kehra Communications Inc of the US. The site has been quoted in numerous magazines and newspapers as being very useful to entrepreneurs and those contemplating starting up on their own. For instance, it has appeared in web site rankings compiled by both Forbes and Fortune over

the last few years. Under the Start-up tab at the top of the home page, there's a link to a Small Business Primer, which has some useful up-beat articles, e.g. Points to Ponder, 12 Steps to Entrepreneurial Success and 12 Steps to a Successful Business. Other useful sections on the site are Running a SmallBiz and Templates, where you'll find templates for press releases, business agreements and business checklists, as well as samples for each category .

A UK web site, which offers plenty of advice for starting your own business is . The site has a professional look and feel; it's put together and maintained by Crimson Publishing Company Ltd. It has a number of categories including

- Starting Up,
- Franchising,
- Raising Finance,
- Finding Premises,
- Taking on Staff,
- Promoting your Business,
- Working from Home.

In the Starting Up section, one article discusses the type of personality and skills needed to be successful in running your own business -definitely worth reading if you're about to take the plunge in this economic climate. Another feature of the site is the Services section, which links you to details of legal, tax advice and technical hotlines run by the Startups web site -these are not free, but could be useful if you have a technical question and need an answer immediately. There's a section where you can search and browse for a business for sale too.

Startbusiness <http://www.startbusiness.co.uk> is another commercial UK site. There's no information on this site to say who's behind the venture, but nevertheless it has some good information for budding entrepreneurs. The Site Index is the place to begin. The best information sections here are those entitled **Business Plans, Checklist and Books**. Other sections such as Startup Statistics and Sacred Cows,

don't really add much value, but there's a section called Case Studies, which could prove useful once it's ready.

An excellent U.S. site is PowerhomeBiz < www.powerhomebiz.com > an online magazine published by a company of the same name. It's billed as "offering a wide range of high quality information and tools for home businesses". This site is worth visiting for a dose of motivation. Just check out the Success Stories section, which profiles people who've succeeded in starting up as well as those who have been awarded the title of Small Business Person of the Year by the US Small Business Association. All the stories ooze with enthusiasm, which is what's needed by any entrepreneur. Other sections on the web site range from Tools & Solutions -basically a list of suppliers, to Small Biz News and Consult Your Guide -a question and answer page. The US Entrepreneur magazine's web site <<http://www.entrepreneurmag.com>> merits a surf too, covering all the usual topics from Start-Up Basics, Getting Ideas, to Naming your Business and Market Research.

If you're between the ages of 16-30, then be sure to bookmark Shell Livewire <<http://www.shell-livewire.org>>, the site run by Shell to accelerate and help young business ideas. But even if you're over 30, it's still a good web site to browse around, as it covers all the basic aspects of entrepreneurship and starting your own business. A lot of the text is in question format too, so you start thinking about the pros and cons of starting up on your own. On the home page, the box labelled "Information to get you started" takes you to web pages highlighting the right skills, the right idea, FAQs and e-commerce. The page on e-commerce leads to a series of questions in pop-up boxes making you seriously contemplate whether your proposed business venture really does require a web presence. The FAQs section is good and covers such areas as who are my potential customers, how will I sell my product or service, why should I keep financial records?

If you know what you want to do and are just looking for more information on business plans, download the handy pdf document called "Writing your First Business Plan". You'll get to it by clicking on the box called "Want to Win 10,000 pounds?" From this page, you can also meet the finalists of the Shell Livewire Business Start Up Awards. Once you've read about them, you'll definitely be inspired and motivated!

Web Sites For Women Only!

A couple more commercial sites, aimed at women, are <http://www.ivillage.co.uk> and <http://www.busygirl.co.uk>. Here's an interesting statistic on women-owned businesses -according to the Startup Statistics section of <http://www.startbusiness.co.uk>, "Businesses owned by women are more likely to operate in credit than male-owned companies (56 per cent:51 per cent)".

From the **ivillage.co.uk** home page, choose the Work & Career channel for more information. This channel has articles on career shifting, the pros and cons of working from home, freelancing and how to start your own business. In the section on how to start your own business, there's a step-by-step guide called SEED -Sustainable Enterprise and Empowerment Dynamics, created by entrepreneur Lynn Franks and billed as "The feminine way to create business".

The SEED program is food for thought and contains some practical exercises too. The Busygirl web site is a good place to go if you're looking specifically for information on Internet start-ups, Internet incubation, venture capital and emerging technologies. There are links to networking forums, details on web training and an online discussion forum too. The site was announced in July 2001 by the Sunday Times as the UK's best site for women entrepreneurs.

Getting Serious -Web Sites Belonging To Government Departments, Associations And Official Organizations

Now to the more traditional resources for entrepreneurs and self- starters - government, official organizations and associations. Again, there are a number of choices. Take a look at the Inland Revenue's web site <http://www.inlandrevenue.gov.uk>. One of the featured areas is Starting up in Business. This hyperlink takes you to a handy guide on starting your own business and is available in both html and pdf format. As the information is provided by the Inland Revenue, the emphasis is on tax and national insurance issues, but there's plenty of other useful information as well, covering launching, growing and maintaining your business. The National Federation of Enterprise Agencies, <http://www.nfea.com> is a network of independent not-for- profit local enterprise agencies. From this umbrella web site, you can find your local enterprise agency representative and see how they can help.

There's also a hyperlink to a great-sounding web site called Small Business Advice <http://www.smallbusinessadvice.org.uk>, an independent source of information, whose target audiences are entrepreneurs, owner-managers, the self-employed and those thinking of starting or running a business with a staff of less than ten and who are located in England. Resources include business planning guidelines (Getting Started, Business Plans, Free Downloads), e-business information, a business chat room, a business discussion group and links to other useful web sites. Registration is

required for the unique feature of the site -the Business Enquiry Service. Once you have registered, you can send enquiries directly via this service to one of the 200+ accredited business advisers, all members of the Enterprise Agency Network.

A visit to the web site of the Small Business Administration at <http://www.sba.gov> is worthwhile. Here you'll find sections on Starting your Business, Financing your Business, Business Opportunities as well as an Online Library. Even if you're not based in the US, a visit to the Online Library is a must. The library is divided into Reading Rooms e.g. Laws & Regulations, Reports, Studies & Statistics and Publications. The Publications Reading Room contains the most comprehensive and thoroughly researched guides and fact sheets on the subject of starting your own business -it's a real gold mine. Choose from:

- Marketing Strategies for Growing Businesses,
- Strategic Planning for Growing Businesses,
- Pricing your Products and Services Profitably,
- Business Plan for Home Based Businesses,
- Checklist for Going into Business.
- Avoiding Patent, Trademark and Copyright Problems.

All the guides and fact sheets are available in three formats -text, Word 97 or pdf. Tracking back to the section on Starting your Business, there are two useful subsections - Your First Steps, written in question format to really make you think hard, and **Business Plans, from where you can download a start-up kit. No business can get off the ground successfully without a good business plan, so it's worth spending some time reading up on how to write them.** If you're looking for inspiration again, then go to the Success Stories page -there are lots of short stories to get you motivated. How about "Cookie Dough Balls have Everybody Goin' Ape" or "The Goddess is Alive and Prospering in Marblehead?"

A well thought out Business Plan is an essential element of any start-up business. For this, please go to <http://bplans.com>-an amazing assortment of business plans may be found here. Most of them are free for you to download. You can search by product or industry .This site is one of the best I've seen.

To end this brief review of web resources published by government, official organizations or associations, take a look at the Start Your Own Business Guide researched and written by Ron Immink and Brian O'Kane, available on the web site of the Department of Enterprise, Trade and Employment <http://www.entemp.ie/syob>. The guide is in four parts -and takes the form of an

extended traffic light, but with four lights -Ready, Steady, Go and Keep Going. It really is a first-class guide. There's lots of information and questions to get you thinking. Each traffic light section takes the form of a workbook too, so once you've printed the four sections out, you can start putting your answers down on paper, knowing that at the end of the exercise, you'll be a lot clearer about the feasibility of your business. So if you want to know what makes an entrepreneur, or how to develop your idea or how to identify future trends, be sure to check this site out.

Don't be stuck in a rut any longer -use the above web resources to assess if you really can take the plunge successfully and become your own boss !