

Case study

Diversity dividend: female fund managers in Africa

The TLcom Ladies

Adam Smith Europe
part of the Adam Smith International group



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Case study: The TLcom Ladies

Female fund managers are very much in the minority worldwide. In the US, only nine per cent of decision makers in the VC space are women.ⁱ In Africa, no definitive numbers are available yet, but female fund managers are hard to come by - a big mistake for the VC world, as data clearly demonstrates a direct link between gender diversity in teams, and increased profitability.ⁱⁱ

There are of course some firms who recognise this truth, and put diversity front and centre. Here we introduce TLcom Capital, where women make up more than half the management team. Omobola Johnson and Andreata Muforo come from different backgrounds and have followed different career paths, but now they are united in a set of common goals: building VC success stories in the African tech space, and bringing more women into Africa's tech ecosystem.

ⁱ Axios
ⁱⁱ Mckinsey & Company



Dr Omobola Johnson
based in Lagos, Nigeria

Born Ibadan, Nigeria

Career BSc in Electrical and Electronic Engineering, University of Manchester
MSc in Digital Electronics, King's College, London
Doctorate in Business Administration, the School of Management, Cranfield University
Country managing director for Nigeria, Accenture
Minister of Communication Technology, Nigeria, 2011-2015
Senior partner, TLcom Capital

Hobbies "I play golf - not too well! But I love it..."



Andreata Muforo
based in Nairobi, Kenya

Born Harare, Zimbabwe

Career BA in Economics, Grinnell College
MBA, Stanford Graduate School of Business
Investment officer, African Development Bank
Manager, Horizon Africa Capital
Partner, TLcom Capital

Hobbies "I love travelling with my family around Africa and the world - COVID-19 has slowed us down but we have covered a good portion of Kenya in the meantime!"

DID YOU KNOW?

African tech startup funding has been increasing dramatically over the last few years. From just US\$129 million in 2016, total investment secured per year in the sector hit US\$195 million in 2017, US\$335 million in 2018, US\$492 million in 2019, and US\$702 million in 2020.

A jaw-dropping 2021 saw the sector really take off, with total investment passing the US\$2 billion mark.

The number of startups securing investment each year has also been on the rise. In 2015, only 125 startups secured investment. This figure grew to 146 the following year, 159 in 2017, and 210 in 2018. The number leapt in 2019 to 311, and climbed to 397 in 2020. **In 2021, 564 companies received funding.**

A key feature of the African startup landscape over the last few years has been growth in the number of active investors on the continent. Disrupt Africa tracked just 155 investors in 2018, which increased to 261 in 2019 and 370 in 2020. **In 2021, we saw 771 different investors back African tech startups.** With a large range of institutional investors, VC firms, family offices and angels active in Africa, there is clearly an increasing confidence and interest in backing startups on the continent across all stages of the startup lifecycle.



The path to VC



The desire to support Africa's tech entrepreneurs.

Despite their varying educational and career paths prior to coming to the VC space, it was ultimately this desire that attracted both the TLcom ladies to investing.

For Omobola, during her four years in government, she saw some “really outstanding” technology entrepreneurs in Africa. So when she was considering her options post-politics, she was drawn to a career path that allowed her to apply her skills gained during 25 years in consulting and her stint in government, in helping these entrepreneurs to thrive.

Meanwhile Andreata says her preceding roles in consulting saw her interact with entrepreneurs in an advisory capacity, but she was excited by the prospect of being able to be more involved, and to act as a “conduit for capital” as well as providing business support.

She was specifically drawn to the technology space, given the potential it has to generate change and improve services available in Africa.

“At the time when I joined TLcom [in 2013], it was still fairly early in the African tech VC ecosystem, so I was more excited about the opportunity to be a manager in a tech VC fund because I could see the role that tech is playing in providing the services that African residents and citizens really need, at a more affordable price, with more efficiency, and increasing access.”

Both women are also cognisant of the shortage of women in the tech entrepreneurship space, and want to use their prominent roles within the VC space to encourage female entrepreneurship in Africa. They believe “like attracts like”, and that female entrepreneurs will be boosted by seeing female investors at the helm of a major VC firm.



Wherever I am, I must have a female agenda that I'm pursuing.

- Dr Omobola Johnson

Omobola and Andreata say tech entrepreneurship is still a very male dominated space, and point to the example that despite TLcom's best efforts to be accessible to female entrepreneurs, only two founders in the firm's 11-strong portfolio are women.

"When I came into TLcom we started talking about how there's not enough female entrepreneurs in our deal pipeline, and we need to do something about it. The thing is, unless you are intentional and deliberate about getting more females into any sphere, it's never going to happen," Omobola says.

Ways to encourage female entrepreneurship include female-only bootcamps - with TLcom hosting a Female Founders Summit each year - which create a safe space for women to talk about their business ideas, helping them to be more confident in their pitches, and helping them to be more confident in the way that they look at finance for their businesses because many women tend to shy away from this.

It's not about spurring female entrepreneurship in the sense of fulfilling a quota, Omobola and Andreata agree, but rather, about acknowledging the fact that a successful industry can't be built on foundations that only represent half of the consumers it serves.

"In general, the world is a better place when both men and women are participating, versus if only half the population is contributing - there's something that is missed there," says Andreata.

"It's more about trying to get to the point where we have representation that allows us to build more holistic, more robust, more sustainable ecosystems, and more sustainable and successful companies," Omobola says.





The onus is on fund managers to ask 'how do we get more women to the top'? It's a factor of our appraisal process, our culture. Are we creating a fraternity within our fund, where it's only a male's club?

- Andreata Muforo

It's not only entrepreneurship where women are underrepresented. Female VCs remain few and far between.

Both Omobola and Andreata came to VC following many years in other professional roles, and as such they say they were "parachuted" to partner status without enduring some of the challenges women face specific to entering the investor world early and climbing up the career ladder.

As such, while one path to entry is to forge a professional reputation and standing through many years in the private and public sectors, more needs to be done to create attractive and sustainable career paths for young women considering the investor space.

Andreata says firms need to work on removing biases which can lead to gender imbalanced teams, but points out these biases can be conscious or unconscious. And for the women that do make it into the VC world, effort needs to be made to make career progression a real and enticing prospect, she says.

"Yes you may come into VC, but then once you're inside the firm you're not able to grow, because perhaps there's a gender bias, or even just because there's not an environment conducive to some of the responsibilities that women have. There's a number of things to think about, but really there are not enough female fund managers on the continent," Andreata says.

Omobola agrees, saying that women need to know it's fine for them to bring a unique, female perspective and approach to VC investing, and firms need to make space for female investors to develop in the professional world.

"It's tough, it's still very much a man's world. You have to work twice as hard and be twice as good, to be a successful female partner in the world of VC. So I think there's a role for venture capital firms to play, and that is to ensure that women that show promise are given stretch assignments, are given more visibility, that they are mentored - that's very, very important -, that there are role models that they can look up to, that they have people that they can speak to about their careers," she says.

Venture capital firms need to implement these elements in a purposeful, structured manner to support women in their development as investors, and like that there will be more women coming up the ladder and being partners in venture capital firms, she says.

Investors in funds can also play a role in promoting women in VC, Andreata argues. She says investors need to hold funds more accountable, and seek out balanced teams when deciding to join a fund. This isn't only to further the cause of gender equality, she says, but rather it is directly beneficial for the investors too from a returns perspective. Data by McKinsey has repeatedly shown that gender balanced teams outperform unbalanced teams in profitability terms.

In the long run, it's all interlinked. The TLcom ladies believe that more women in VC will equate to more female founders. "It's a virtuous cycle," they say.

A day in the life at TLcom

Split across Lagos and Nairobi, the five TLcom Capital fund managers are in constant contact, discussing their portfolio, possible investments, dealflow, and pipeline. "Before the whole world went onto Zoom, we were already on Zoom every single week," says Omobola. "Yes, we're in different countries but tech helps."

In terms of decision making, TLcom operates an egalitarian model, with all four partners having equal say in investment decisions. This means the responsibility for investments is shared across the team.

"Every single person's vote counts. We don't have a majority wins the day approach. So if we decide to invest in a company, all four of us have decided to invest in the company. And that really helps, because when a company fails or succeeds, we can all say we were part of the decision. And I think that has worked very well for us," Omobola says.

Of course, a VC firm doesn't spend all day every day investing. So what does an average day look like for the TLcom fund managers?

Tasks fall broadly into four categories, says Andreata. Deal-flow generation is obviously a key part of that - talking to entrepreneurs who are raising capital. But another important piece of the puzzle is portfolio management - talking to the companies TLcom has already invested in.

"At TLcom we take an active role in supporting entrepreneurs. We take a board seat and are constantly supporting them with any questions they may have, expansion, hiring, capital, strategy and the like," says Andreata.

There are also vital elements that don't involve entrepreneurs at all, for example, managing the investors in the fund. While at the beginning of the fund, there's a lot of talking to investors considering joining the fund, once they are on-board, it is important to engage with them, whether from a reporting standpoint or just being available to answer any questions they may have.



Company name	TLcom Capital
Founded	1999
HQ	London
Other locations	Nairobi and Lagos
Partners	Maurizio Caio Dr Omobola Johnson Ido Sum Andreata Muforo Eloho Omame
Focus areas	Early to growth stage tech-enabled businesses in Africa
Number of portfolio companies	11 in TIDE Africa Fund
Assets under management	US\$250 million
LPs	IFC, and the EU and EIB through Boost Africa



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You don't have to be an alpha male to be successful as a VC, bring your best, bring your female agenda, there's nothing wrong with that.

- Dr Omobola Johnson

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Everybody has a purpose, everybody has a reason for being, that's my belief, and the quest there is to find where do I fit well.

- Andreatta Muforo





The fourth element of the business is firm management - the day-to-day admin necessary to run a tight ship. "A typical day oscillates between those four categories of work," Andreata says.

TLcom has a very dynamic approach to who takes on what roles in a given situation. Each team member brings their own strengths and weaknesses, their own unique characteristics and experiences, which as a company they try to leverage. Part of that is also gender-based, and the team is cognizant of when and where it is important for the African females to be more visible, and when the white males should be at the forefront.

"We know when it's important to have Andreata and I speak, or be at the forefront, and we know when it's important for it to be Ido and Maurizio, or any combination of the four of us. We've played that gender card quite well," Omobola says.

The "gender card" is important in terms of modeling to the ecosystem a strong balance of genders at the top level of a VC firm, and incites trust from the market that TLcom is genuine in its intentions to support female entrepreneurs and investors, Omobola says.



If you as a VC team make a statement that within your own team you appreciate diversity, that welcomes people from any gender to approach you.

- Andreata Muforo

"We have a very strong commitment to developing female entrepreneurs and I think the market believes that commitment because they see a VC firm with two female partners who are just as well compensated, just as visible, just as competent as our two male partners. When we talk about our commitment to female entrepreneurs I think the market believes us and trusts us."

The diversity also works well for the fund and its investors, with more gender balanced management teams producing better results, Andreatra points out.

"I think the benefit of having a diverse team - and this can be women, this can be people of different races, people with different experiences - is that you have diversity of thought. If you have four people around the table with different experiences you're able to make better decisions. And this is something where studies have been done, that show that funds with more balance in terms of gender perform better."



This is one of the most cohesive teams I've ever worked with. This is what we all want to spend the rest of our lives doing - basically demonstrating or validating the upside of tech in Africa.

- Dr Omobola Johnson



Young women in tech

Women in tech doesn't necessarily mean more female engineers and developers, Omobola says. Rather, it's more about getting young women tech-ready - to see that technology can and must underpin and complement their business ideas.

Few of the male founders that TLcom encounters on a daily basis are "tech founders" in the sense that most don't come from a hard technical background. But men are more willing to found a tech business based on their ideas, she says.

Andreata adds that in Africa, cultural values around perceived success and failure may contribute to the lack of female entrepreneurs.

"The concept of failure is something that is really looked down upon, so I think many people are deterred from entrepreneurship. But in practice, there's always something that you learn. It never amounts to nothing. You've learned something, and you get up and you try something else as well."

Both of them have advice for young women considering the tech startup or investment space for their career path: jump in and work hard.

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I think I'd let younger females know that there's no shortcuts. Unfortunately you may have to work twice as hard as the men. If you do that, you're really paving the way for other women to be able to walk the path that you've walked.

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This is a very exciting time to be alive, if you think about what is happening globally and within Africa around technology entrepreneurship and innovation. So if this is your interest area jump in with both feet. Learn as much as you can. And if your desire is to be a fund manager, or to be an entrepreneur, give it a try.

Boost Africa Technical Assistance Facility (BATAF) provides bespoke support to strengthen the core professional and operational skills of partner fund managers and their investees to realize growth potential among innovative tech start-ups and high growth SMEs in Sub-Saharan Africa (SSA). BATAF is funded by the European Commission and the Organisation of African Caribbean and Pacific States, through the 11th European Development fund. The funding is managed by the European Investment Bank and implemented by Adam Smith Europe, part of the Adam Smith International Group.

Women's empowerment is at the core of BATAF's mission, recognizing that women's inclusion is both the right and the smart thing to do. This case study is part of a series highlighting leading female fund managers in SSA. By showcasing the successes and challenges women face in the investment fund world these women's stories shed light on the alternative investment lens that women's inclusion in top management positions brings as well as the business and social transformation it can drive. The series is financed by the European Union under EDF Thematic Blending and Cotonou Investment Facility.



Boost Africa Technical Assistance Facility



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