

# The Accesserator Story

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## Chapter 3: The sun is rising

Along the way there were some signs indicating that we had to slow down and take a look at the map to see if we were still on the right track. After all, with only a dairy farm in our investment portfolio we had just one case as example and any form of learning should be seen as anecdotal evidence. What is our product in essence? And what market do we target? Elemental questions that we could only answer with vague and woolly notions from limited practical experience. Hence, all data and information that we collected in this period was fragmented and our focus was, off course, only on the good news. New milk selling record: good! Construction of the animal house stopped halfway: not important... We were not thinking about providing a proof that our concept could work in a broad sense, we were thinking about getting (financial) results as fast as possible.

Signs also came from “sceptical” friends and family at home. Mostly by questions about the investment landscape, our impact on the ground and how we could trust the intentions of our Malawian partner. Or as one experienced African advisor ones said: “this business idea implies too much work for too little return”. But, as our adrenaline rose due to some good news, we became too excited to fulfil our mission

and change the status-quo in Malawi by supporting SME entrepreneurs directly. This fuelled our speed, and as the word spread within Malawi the amount of business proposals we received grew rapidly. So, we asked around and collected enough cash to invest in two more start-ups. Being ‘smart’ investors, we diversified our portfolio by adding a poultry and honey farm.

As we grew, the company encountered some additional overhead costs, and to cover this, we simply adjusted our business model by adding 15% to the investments and request a small monthly fee from our Malawian partners for all our effort in their business. To us, these fees were a great addition to the business model: we recover part of our investments already during the 5 years of partnership. The dairy farm was picking up, milk was sold on a daily basis and although it was behind schedule the monthly revenues were increasing. Signals of potential flaws in the dairy business were neglectable as all start-ups meet obstacles and difficulties that were not foreseen. The fact that our partner worked full-time besides running the business, his direct family was on the payroll for all sorts of jobs and that the farm was not build on the agreed land but in the backyard of his mother’s house was something we should avoid for the next investments.

### A travellers’ journey

Still little to see in the dark and we were having no time to look beside the road anyway. Suddenly, we arrived at a parking placed. All cars in front of us took this turn, so did we. ‘This is Dune 45, just follow the ridge up the dune to find a higher place and enjoy the sunrise’. So that is what we did, and many others did the same. A line of people behind us confirmed we were on the right track.

That warm jacket was needless to wear, going up is such an effort that you start sweating within minutes. And cold? Being



from The Netherlands, ‘cold’ has a different meaning for us. The backpack with food and water was also quite heavy, should we have left it in the car? Never mind, the only way is up now, if we don’t want to miss that sunrise.

And there we were, sitting in the sand, just at the top of Dune 45, waiting for that magic moment for the sun to rise. As the landscape slowly unfolded in the sneak preview of the light to come, we started to see a little of our surroundings. And then the sun was there, beautiful as ever. The dunes turned into a pattern of red and black, shades of all forms were composing our view now. Wow! Indeed, this was the reward that one is expecting.





Picture 1: Interests from entrepreneurs



Picture 2: Testing PMC by competitor

As the sun was rising and the context of our journey became more clear, we laid down new ground rules for our next part of the journey. All the legal paperwork had to be checked by local lawyers, we changed our own structure from a General partnership to a Company limited by shares (Ltd.), both Robert and Maarten worked a fixed day together and Maarten got a small management fee for the extra day he was working for Accesserator. Our guide was installed as Country Director Malawi, a financial system was developed and maintained, we tested to get money out of the country, all incoming proposals needed a follow-up, and we were actively sourcing for new capital to make investments. We had seen enough of the business context in Malawi and with our current experiences and lessons gained the only way was up!

#### Example Accesserator:

Accesserator started to test its product-market combination 'equity partnerships' in a not well specified market 'Malawian entrepreneurs', leading to rather testing the product and adjusting the product before testing the combination. Only by looking at the PMC we learned that our product was offered to the 'wrong market'. Not the product, nor the market itself are 'wrong', but the combination was.

#### Key take aways

- Yes, it all fits on paper now, nice. But test, test, test!
- Don't test a product but a PMC! The more specific the market the better the results. If you offer a same product to a different market you are testing a different PMC already. Be aware that if you change a PMC your testing starts all over again.
- Reach out to people, believe in what you do, and a bit of bluff is expected. Silicon Valley motto: "Fake it till you make it", is not completely a bad thing for now.
- Make this testing phase a project and define the test results you want to gather. So, define your PMCs, draft a hypothesis and plan your testing.
- Testing your product in the market is not done in your living room. Sharing your ideas and having conversations with potential clients is fun. And you will be amazed how many potential clients are willing to guide you further, even with only an idea or half a story. It is in their interest as well to increase competition in their supply line and optimize products (both price and quality).
- If you test, bear in mind that your family and friends are not similar to the actual clients and customers you have in mind.
- Don't worry too much about the business model and how you make a profitable business, just test your PMC, as you're still not meant to earn anything yourself yet. Testing results of your PMCs will provide the key learnings of what your business model should look like, not the other way around.

#### **Product-market combination = PMC**

*A tailor-made product for a specified market*

#### Example RJ Disposables:

In a case we encountered an entrepreneur suggested to test its PMC, paper disposable cups, buy buying this product from China and test various market segments with it. A low-cost way of gathering much needed information.

#### Example Poultry Case:

Recently a business proposal came on our desk in which the company wants to sell 2.000 chickens to whole sales and restaurants. Only his test results did not support the potential of his business idea, namely he sold 150 birds informally from home, this is a completely different market.