

Frustration, Fearlessness, and Fortune

How Youth-Led Startups Are Redefining Entrepreneurship

In 2005, armed with two years of college Arabic and a vague employment contract, I tumbled out of a taxi and onto the main street of Ramallah, Palestine. The region was anything but stable. Six months after my arrival, Hamas won its first elections and came to rule the West Bank; roughly 18 months after that, the party was ousted in a series of bloody clashes and retreated to Gaza. Meanwhile, the Israeli military occupation of both areas continued unchecked, as it had for close to 40 years.

Against this backdrop, my employer, a U.S.-based aid agency, was focused on a unique set of priorities: holding focus groups with young Palestinians to hear their views on youth economic opportunity and entrepreneurship, and to ask what we (as international interlopers) could do to help boost economic growth in the country. While we moved from town to town, chatting with group after group of earnest youth, two things happened. First, I got bored by the two-hour meetings. Second, I noticed that everyone everywhere had a cell phone and that they were using them constantly to send text messages to each other—hardly an earth-shattering observation in 2013. However, close to 10 years ago, only half the population in my own home country, Canada, owned a cell phone, and at the time most people didn't see it as a vital device.

As the weeks passed, my frustration with the tried-and-true focus group approach mounted. At first I was too timid to speak out (this was, more or less, the first real job I'd ever held and I considered myself lucky to have it). Ultimately, though, I ended up spending any spare moment I could sketching out text-message sequences with some friends. As we started to build a team and a concept, we mustered up the courage to leave our day jobs and focus on the idea full time. And while some criticized us for "having it too easy" or "having all the luck in the world" by being able to work on our own clock without a boss or a 9-to-5 schedule, we were simply thankful to have a window of uninterrupted time to try out something new. Unbeknownst to us, we were about to come up with a mobile solu-

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tion that would help thousands of people find work more easily: linking job seekers with local employers via text message.

Fast-forward seven years, and Souktel—as our mobile job service came to be known—has been fortunate to help youth in 21 countries, to be profiled in the *Wall Street Journal*, and to raise venture funding from a group of investors that includes household names like Google and Cisco. Through a process that’s low-

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cost and easy to understand, the service has allowed thousands of job-seekers with basic cell phones to create text-, audio-, or web-based “mini-CVs”—with information about their skills and work experience. These profiles are then auto-matched with jobs that are listed by employers through a similar process, and both sets of users get SMS alerts with the other’s contact details. Now that we’ve reached scale, we frequently are asked the same question by aspiring startups and high-level decisionmakers: What’s the secret to building a successful youth enterprise?

Naturally there’s no simple answer, but I usually respond

the same way each time I’m asked: from our experience, as a group of Palestinians, Canadians, and Americans, we’ve achieved success by taking the very concepts that often are used to define youth negatively—especially in the Arab world—and inverting them to achieve positive aims. To be specific, we believe that the path to successful youth entrepreneurship is defined by three key factors: frustration, fearlessness, and fortune—and by “fortune,” I mean luck; the money, if it comes, is seldom in the picture at the beginning.

Young entrepreneurs are frustrated. We’re never content with the status quo and are always seeking to combat what we see as inefficiencies in the world around us: Why should I call several taxi companies to hail a cab when a single app could let me find a car that’s down the street? Why walk miles to charge my phone when a solar device lets me do it at home? In each of these cases (and there are hundreds if not thousands of them), “productive frustration” has led to the birth of productive youth-led enterprises. Where Souktel is concerned, it was our dissatisfaction

with traditional ways of solving youth unemployment that led us to become bored, frustrated, and eventually innovative.

However, in much of the Arab and Muslim world, “youth” and “frustration” are often uttered in the same breath but with much less positive associations. “Are Frustrated, Idle Youth in Somalia a Threat to the World?” asks a September 2012 Reuters headline. “Riots in Stockholm Continue as Youth Vent Frustrations,” read a headline in Germany’s *Der Spiegel* this past May. While policy experts and decisionmakers unveil new initiatives aimed at helping youth realize their potential, the media—a much more powerful amplifier—conflates young people and their frustration with danger and the destruction of property. Of course this isn’t always the case and not all media follow this line, but rare is the time I’ve read a headline that proclaims, “Youth Channel Frustration to Build New Social Venture.” My point here is that I believe we can do a great deal to help young people in Egypt or Indonesia to harness their frustrations to positive goals instead of castigating youth for being fed up with their surroundings.

Beyond being frustrated, successful young entrepreneurs are also fearless. We don’t take “no” for an answer, and we don’t balk at risk. In my first few weeks in Palestine, I slept on the floor of my bedroom, away from the window, as tracer fire lit up the valley below our apartment building each night. As a Canadian, this was a shocking new reality; for my young Palestinian colleagues, this was daily life—and had been for decades. But life in a conflict zone also had taught our team members from the region not to sweat the small stuff. If our prototype failed the day before an important pitch, they weren’t phased by it. If our servers went down for an hour, we all worked quickly to figure out where the problem lay, but without getting scared. This may sound like an opportunistic corollary to connect the dots between fearlessness under fire (literally) and fearlessness in the face of startup market pressures, but I firmly believe that our experience cutting our teeth in Palestine during some of the region’s more difficult recent moments (the 2006 Lebanon war and the 2008 invasion of Gaza, among others) has helped us put our startup challenges into perspective and enabled us to forge ahead more boldly with our entrepreneurial plans.

During the 2011 London riots, a *Guardian* piece entitled “Who Are the Rioters?” followed a group of young women and men as they torched vehicles and vandalized shops. Characterized mainly by their brazenness and lack of trepidation in the face of local law enforcement, these youth were every adult’s worst nightmare: “She helped set a motorbike alight, walking away with her hands aloft,” wrote correspondents Paul Lewis and James Harkin of one girl’s exploits, thus painting a vivid picture of daring triumphalism in the midst of utter anarchy. In our first-ever “elevator pitch,” at the Harvard Business School’s Business Plan Competition, we had literally four minutes to extoll the virtues of our new, as-yet-untested technology. We swallowed hard, and walked away with our hands aloft as well; not only had we unwittingly harnessed fearlessness and used it to our advantage, we’d scored a runner-up finish in the social venture category. There is a world of difference between these examples, of course: Harvard is by no means a London

public housing estate. But I present this contrast, and commonality, deliberately: Each year a handful of Palestinians, many from rural villages, journey to Harvard and MIT on full scholarships. With the right support in place, this trickle could turn into a flood, and young people in Cairo or Tunis could be channeling their fearlessness, en masse, from the streets to the executive boardrooms of venture capital firms in New York or Silicon Valley. Precedents are already being set in this regard. Initiatives like the MasterCard Foundation's half-billion-dollar Scholars Program fund African youth leaders to study at Stanford, Berkeley, and a wide range of top schools across Africa and North America.

Beyond frustration and fearlessness, young entrepreneurs are ultimately blessed with good fortune. Of course, a large part of Souktel's success is due to the hard work and tremendous skill of our team. But to a certain extent, we were simply lucky. We took a gamble that mobile phones would become the "next big thing" in youth financial inclusion when local employers, international donors, and the general public still maintained that texting "LOL" was the main purpose of a mobile handset. Even armed with reams of market research, we had no way of knowing that our innovation would eventually take off and reach scale. As hard as we've worked to achieve our venture's growth, we're also innately aware that factors beyond our control helped us get where we are.

Souktel was once approached by an American venture capital fund that had developed a unique algorithm: by drawing on "big data" from the entrepreneurship sector and applying computer-generated screening criteria, the formula could weed out less promising enterprises and hone in on winning ideas, thus creating a foolproof funding portfolio. The fund was interested in our work, we were intrigued, and we agreed to move ahead with them in the hope that we might squeeze through the magic filter and be deemed a successful youth enterprise. Soon after, though, we were told that we didn't qualify as a potential investee, as our funding history didn't generate enough data points for the software to analyze. Nonetheless, at roughly the same time, we wrapped up a lengthy—and, in contrast, very traditional—due diligence process with a Middle East-focused fund that counted eBay's Jeff Skoll and Google.org as its backers, and we received \$1 million in financing. Meanwhile, closer scrutiny of the "algorithm fund's" portfolio showed that, by its cofounder's own admission in a 2012 article, "it is too early to report successes or failures" among the 20-plus startups it had thus far funded through its model.

My point here is that we can all look for best practices in youth entrepreneurship—and this is not to say that correlative trends don't exist—but, from our experience, many successful enterprises are successful not because they conform to certain criteria, but because to a large extent they're lucky to sprout in the right place at the right time. Would-be entrepreneurs and the funders who support them must be aware of this reality; venture capital funds and foundations expend tremendous resources trying to define the key traits of an entrepreneur, or the "secret sauce" of entrepreneurship, but with limited results. At the same time, youth across the developing world are often derided by their elders for having all the privileges of

society and none of the responsibilities—or for sitting idle and abusing the good fortune that has resulted from their parents’ hard work. “Wayward youth” has been a North American catchphrase for decades. The challenge for all of us in the youth entrepreneurship community—decisionmakers, funders, and plucky startups—is to leverage this good fortune when it happens rather than criticising it. We then need to move quickly to provide the kind of strategic support that lets innovative youth enterprises move from startup to scale.

Frustration and fearlessness, when strengthened by good fortune, can yield incredible results: Otlob in Egypt and Digital Mania Studio in Tunisia are just two examples of youth-led ventures that have achieved market success since the Arab Spring. And while conflict continues in Palestine and nearby Syria—and these harsh realities must never be overlooked—I firmly believe that we are currently in a period of good fortune in the Arab World, at least where youth entrepreneurship is concerned. Ten years ago, few would have imagined that Nablus in the Northern West Bank, hemmed in by Israeli military checkpoints for years, would host an offshoot of the global Startup Weekend venture contest, sponsored by Microsoft and Amazon (among others), where aspiring entrepreneurs would be mentored by team members from Souktel and other local tech ventures before pitching their ideas to a panel of judges. Fewer still would have dreamed that the Gaza Strip would be home to Google-supported app developer meetups. The rapid growth of affordable technologies—especially mobile tech—and the power of these technologies to connect youth with financial services and entrepreneurship support means that more young people than ever before are able to turn entrepreneurial dreams into reality. As a global community, we must now become experts at recognizing frustration and fearlessness as catalysts for positive change and stand ready to spring into action when the right mix of frustration, fearlessness, and fortune presents itself.

Life as an entrepreneur is never easy; life as a young entrepreneur in the Middle East, or any other emerging market, is dramatically more difficult. The challenges that constrain youth enterprise—access to education, access to capital, and dynamic institutions, among others—will likely persist, even as the technologies that help connect youth become cheaper and more widespread. At Souktel, we’re constantly working to stay two steps ahead of the curve, to provide value to the communities that use our services, and to stand tall as ambassadors and mentors for aspiring young businessmen and women across the Arab World. This year we’re launching new job services in Iraq and Egypt while growing our team and releasing new products—all at the same time. Every day is difficult, but no day is ever boring; the realities of being young people living and working in our region keep us energized and entrepreneurial.

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