

The Africa Business Agenda



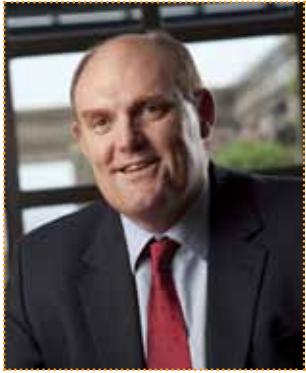
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edition

*Doing business in
Africa – from the
perspective of CEOs
and PwC executives
on the continent*

A photograph of two women standing outdoors. The woman on the left has short, dark hair styled in braids and is wearing a grey blazer over a white top. The woman on the right has short, dark hair and is wearing a black and white houndstooth jacket over a black scarf.

7. The leadership agenda



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CEOs globally are facing the leadership challenge of their times which calls for 'extraordinary leadership'. The world's business leaders are grappling with the severe stresses of a challenging economic and political environment that is more pressing than ever before.

Businesses are struggling with a widening mismatch between the skills of their workforce and the talent they need to achieve strong growth. As if these difficulties and challenges aren't enough to contend with, they also have to face an environment where issues of stakeholder trust and corporate reputation have hit an all-time low. Business leaders are faced with a dilemma: to rebuild and restore confidence, while also attracting and retaining the best talent. It can be done but it will require the most resilient leaders of all time.

CEOs remain as concerned as ever about the availability of key skills. This survey shows that nowhere is the shortage of skills more acute than in many fast-growing markets in Africa, where creating and fostering a skilled workforce is highly regarded by the majority of CEOs (84%).

Business leaders have plans to change their approach and strategy to talent management. However, this isn't something new. CEOs have told us the same thing for the past six years. While it's inspiring that business leaders have placed talent strategy at the top of their agenda, some CEOs may also need to take a second look at their approach to evaluate its impact. Strategies and planning should lead to change over time.

CEOs are aware they need to invest in talent in order to secure the skills they require to compete globally. Forward-looking organisations are using techniques intended to develop and advance staff to ensure that required skills are available in the near future. These days there is more focus on leadership programmes.

Dangote Group has set up a 'Dangote Academy' specifically to build the technical and vocational skills of recent graduates, enhancing their

career prospects and employability. 'Skills shortages is one of the major problems that we face in Africa,' says Aliko Dangote, President and CEO of Dangote Group. 'Having comparative advantage is no longer enough. You need a superior talent pool.' Like many other companies in Africa, Dangote Group actively invests in talent to grow its business.

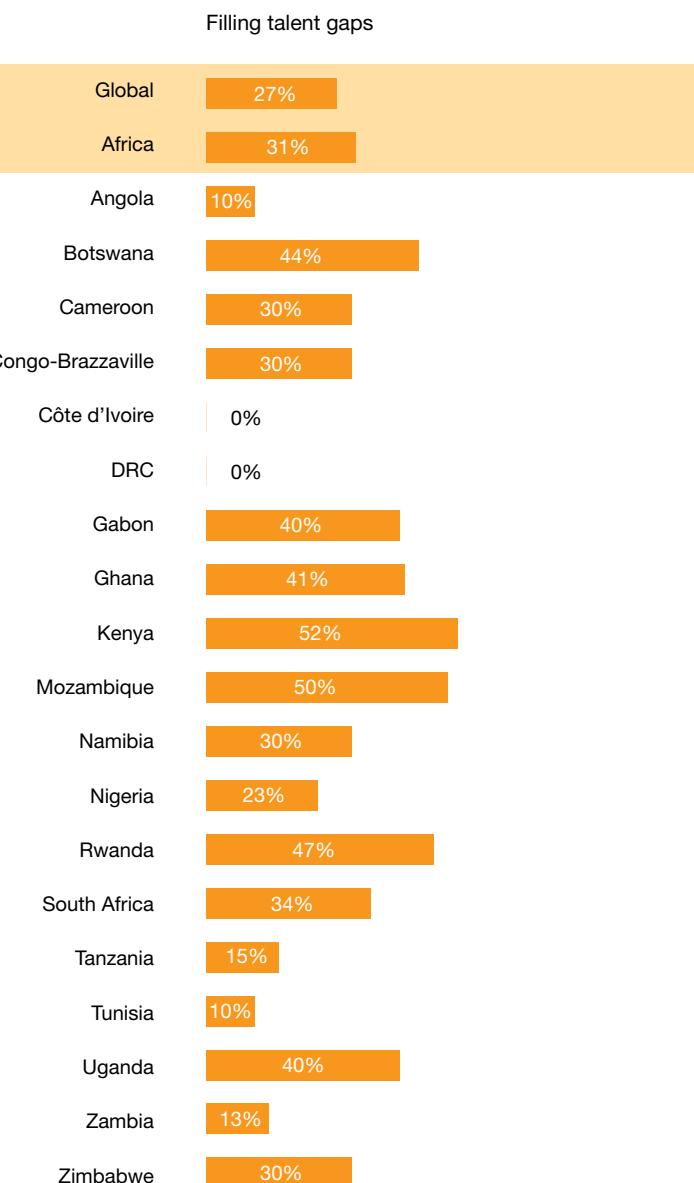
There are signs on the African continent that career development and leadership programmes in many organisations are paying dividends. For example, CEOs are involving managers below board level in strategic decision making. Others have leadership programmes which tend to focus on 'soft' skills, such as encouraging diversity among business leaders and shadowing executives. Making employees feel involved in the business is a key pillar of engagement. However, today's business leaders – as well as leaders of the future – need to be equipped in order to be able to cope with uncertainty and political, economic and financial pressures as well as have a clear understanding of the risk environment and be comfortable with sporadic change.

The companies with the best talent strategies do not take their people for granted. They invest in them and motivate them. Without good effective leadership training and development programmes in place, it can take many painful and slow years for an organisation to learn the required techniques to lead an organisation effectively.

PwC has made a substantial investment over the years in the development of a number of leadership programmes. The firm's flagship and global leadership programme, Genesis Park, is aimed at our most talented people who are likely to become future leaders of the firm. The top two to five per cent of the highest-performing senior managers or directors are drawn from our worldwide network of territories. In South Africa, we have also designed a talent programme known as 'Altitude' for managers who have demonstrated the potential and aspiration to become our future leaders.

Figure 19: Filling talent gaps remains a challenge

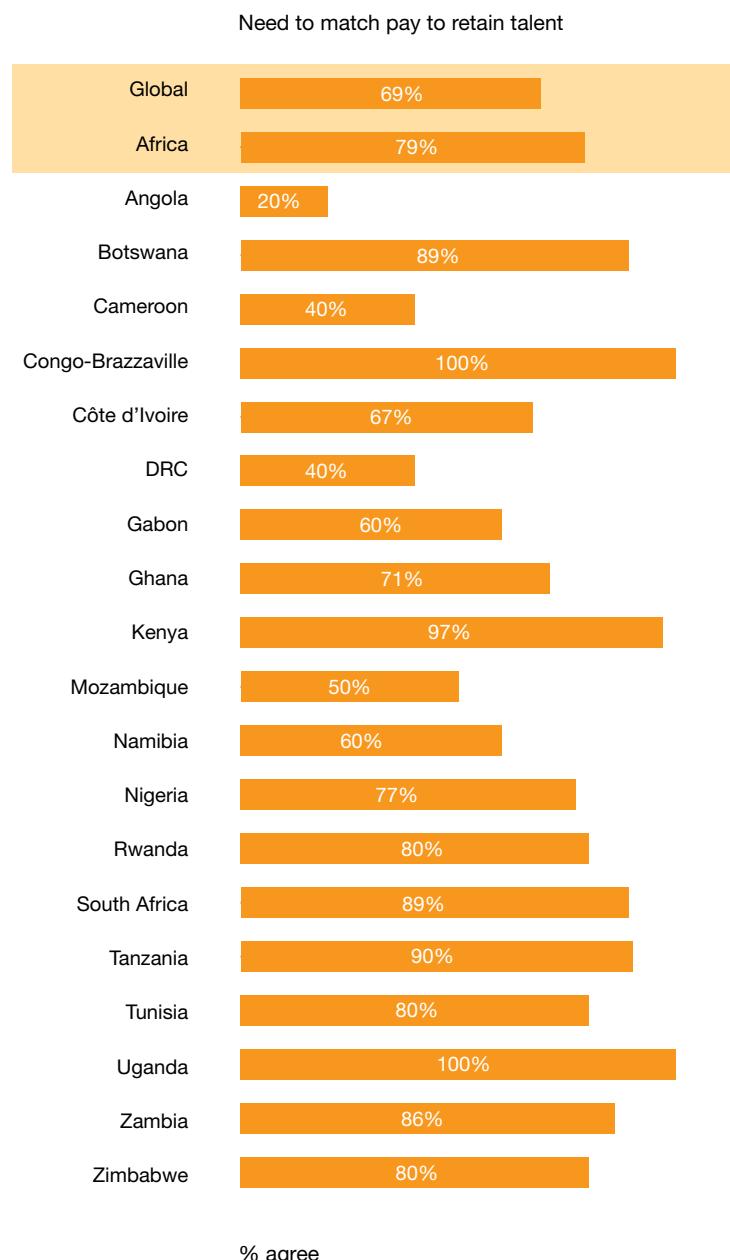
Q: What are your top three investment priorities over the next 12 months?



Overall, the priority given to filling talent gaps in Africa is comparable to the global average. But looking at the results a little closer highlights the specific challenges being faced by businesses in countries like Kenya, Mozambique, Rwanda and Botswana.

Figure 20: CEOs believe they need to match pay levels to retain talent

Q: To what extend do you agree that your company needs to match the pay conditions of your peers in order to retain top talent?



Competitive pay is an effective retention strategy, particularly according to CEOs in Congo-Brazzaville (100%), Uganda (100%), Kenya (97%), Tanzania (90%) and Zimbabwe (90%).

Q: How do you grow the leaders of tomorrow?

“Companies need to do more in terms of developing talent, in my opinion. There is a lot more that the private sector can do. We have a shortage of skills in many sectors. A new company will look for talent among the companies already operating on the ground. At RDB, we encourage companies to build up the people they already have so that there is a talent pool that they can always draw upon.

At RDB, skills development is very important to us. We serve the private sector and the way we do that is through the quality of our people so our staff development plan and recruitment strategies are aimed at building up that talent. Partly because of that commitment, RDB is one of the most competitive places to work. We want people and talent development strategies that the private sector can identify with.

When we recruit expatriates, they spend two years with RDB and we expect them to mentor and coach and build capacity among our staff as part of their responsibilities so that after the two-year period, we expect our staff to have much deeper capacity.

Rwanda’s vision is to become a service-based economy. This is already the sector in our economy with the biggest growth, more than agriculture or industry. The future is in that direction, with more financial services, IT, diversified services, tourism, and transport and logistics driving future growth.”

Clare Akamanzi, Chief Executive Officer, Rwanda Development Board

“Before Zenith was set up in 1990, no bank in Nigeria was employing graduates at the entry level. We said that we needed to set up a bank where at the front desk you’d find first-class young graduates. After a few weeks of training, we said that they should be able to attend to customers exactly the way a CEO would. We don’t want them to behave like robots.

We were also the first bank to deploy technology aggressively. Since then, the landscape has changed. As our entry-level graduates move from one level to the next, we invite facilitators from all over the world to train them. Some of our people go offshore to get the best practical training, to our correspondent banks in London or the US, so that they can understand what is being done in more developed economies. We’ve also set up a centre here for continuing education training and we have the highest number of chartered accountants working at any bank in the country. Over the last 23 years, I would say that this has helped to take the bank to where it is today.”

Godwin Emefiele, Managing Director and CEO, Zenith Bank plc, Nigeria



"Today you can have money, you can have ideas, you can have technology, but if you don't have the right talent to manage it, you have nothing. In fact, the most important resources, for a country or a company, are its human resources. In order to manage the latest technologies, you must have the right people. Nowadays the world spins very quickly, and in order to manage the change you need human resources. We need to continuously question ourselves, and make decisions very quickly and all the time. This is why one of Cevital's priorities now is to identify and manage talent, to invest in human resources, to educate our new employees, and to transfer our expertise within our company."

Isaad Rebrab, CEO Cevital, Algeria

Groupe Cevital in Algeria has 19 subsidiaries covering a range of sectors such as agro-food, automotive, services, industry and large-scale distribution. This family-owned group has more than 10,200 employees and is Algeria's first non-hydrocarbon exporter.



"We have a number of talent development and management programmes, including two leadership development programmes and a talent mobility framework for people who work outside South Africa's borders. We also believe in the value of exposing MMI people from other countries to MMI's main operations in South Africa. In addition, MMI has adopted a scientific approach to evaluate the strengths and skills of its people, to ensure appropriate development interventions are implemented and the distribution of skills and abilities across the organisation is optimal."

Nicolaas Kruger, Group CEO of MMI Holdings, South Africa



Anita Omoile

An in-depth interview with Anita Omoile, CEO, Deep Blue Energy Services Ltd

Deep Blue Energy Services provides solutions to serve indigenous oil companies and foreign investors in Nigeria and throughout Africa.

Q: At your company, are you investing in your talent management strategy? How so?

The oil and gas sector has always invested in talent and the reason is that our industry is very technical. Safety is paramount and every organisation strives for zero incidences. There needs to be a talent pool that can deliver to that standard. One of our specialists has been to eight different trainings world-wide in the last year so that he remains on par with his colleagues globally. Companies in the oil and gas sector invest a lot of money in talent and they want a significant return on that investment.

As a company, we've always seen ourselves as not just an indigenous player but also a global player. Now, in terms of finding talent for our clients, I'm yet to come across a role profile that cannot be filled by a Nigerian. By that I mean not just Nigerians in Nigeria but Nigerians in the Diaspora or people of Nigerian descent.

Just a few years ago our challenge was to fill positions requiring certain rare skills and there was the expectation that these skills weren't available in Nigeria. When we did put forward a Nigerian, our client would consider them more as Nigerians than as experts. But what defines an expert? The requirements are very clear.

We can find the talent but it's a question of whether the client is ready to accept them as they are now. The working conditions may be such that a native Nigerian could handle them well, together with the degrees and certifications that they need. But someone of Nigerian descent who has lived abroad his whole life is used to a particular way of living.

When he comes home to be a part of Nigeria's development, it's just as difficult for him to experience no electricity as it would be for his American colleague in Houston. The difference is that his Houston colleague would be protected against the harshness of the environment because of his nationality. The Nigerian should not be punished for his willingness to sacrifice on behalf of his country.

In my view, there are real benefits to someone coming home from the Diaspora. Not only have companies invested in world-class talent but they've gotten someone who has a connection to the culture. You can't put a price tag on that value. Someone who can conduct business at an international level also becomes an asset to society as they produce results for your company. There are benefits within the organisation, too, because that person will connect with and relate to his fellow Nigerians and set the bar higher for everyone.



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Managing young, high-potential talent

The significant increase in the number of young people coming through education systems in many countries in Africa begs the question, 'How can there be a shortage of talent?' And yet 75% of CEOs in our survey say that the availability of key skills is a threat to growth.

Particularly with regard to graduates and Generation Y workers, employers must manage a number of challenges. The main one has to do with a large pool of candidates who require significant training, but who also have very different expectations of the workplace and their employers than older generations.

Every year we ask business and government leaders whether strategies for managing talent are on the boardroom agenda and every year an overwhelming majority say 'yes'. In this year's survey, over half of respondents also said that managing talent was a top-three investment priority for their company.

This tells us that CEOs are paying more than just lip service to managing talent, they are actively investing in it. How are they investing in talent among younger workers in Africa? To find out, we interviewed business leaders about their talent management strategies and they told us that the large pool of younger graduates makes it an employers' market, by and large, but that retaining the best among them requires significant, strategic investment.

At PwC Kenya, for example, we had 6 000 applications for 60 jobs, and almost all of those applicants had top academic records. The numbers are there and people are looking for jobs. But when you consider how few organisations are taking on as many graduates as PwC and how few organisations can provide the training that these graduates need, you can understand the competitive environment.

Certain skills are in high demand across the continent. In the banking and technology sectors we have seen double-digit growth and we can expect this to continue, particularly in telecoms, software and other IT sector companies. This is an area where we can make quick improvements in terms of skills development because there is a high level of innovation as well as increasing access to the internet and IT knowledge among younger workers.

In terms of generic skills, entrepreneurial skills are in high demand. It's fair to say that over the last 10 or 15 years job creation in the informal sector has far outstripped that in the formal sector. Now we need to assess what entrepreneurial skills are needed to move beyond start-ups and small enterprises to employment-generating businesses. University and tertiary training tends to be largely academic, with less emphasis on entrepreneurial skills. This is something that needs to change.

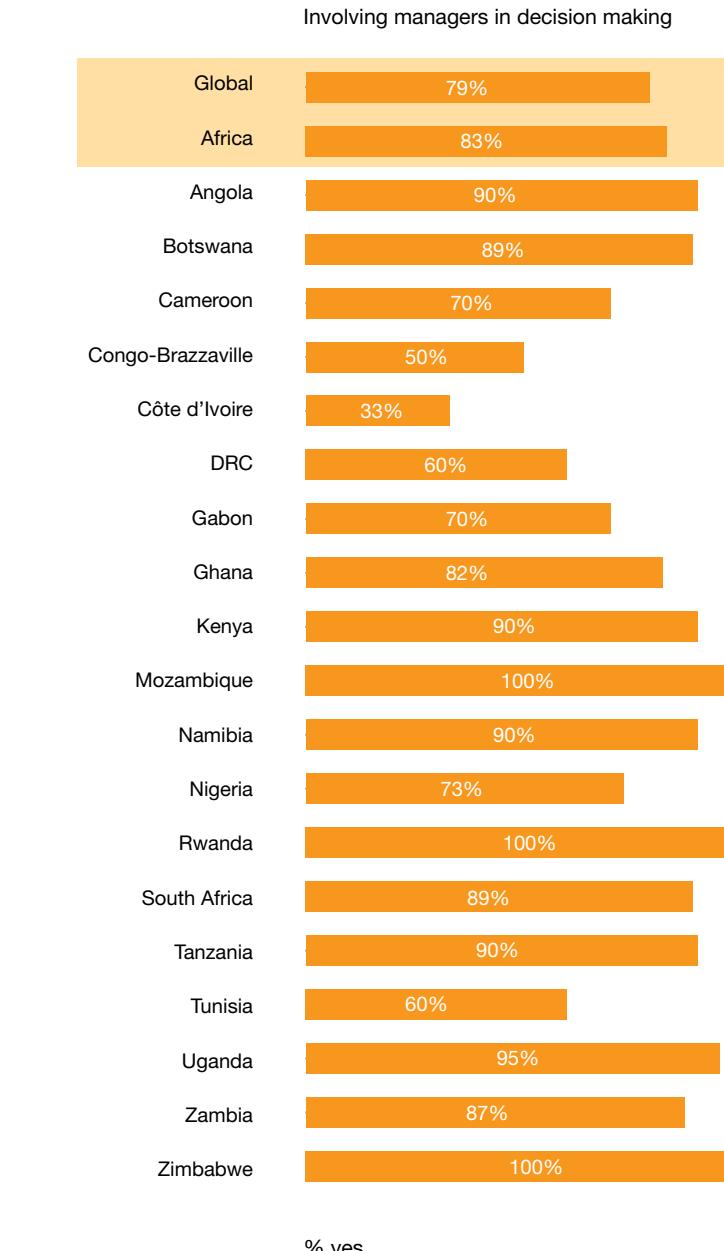
Pascal Lesoinne, Managing Director of Tanzania Portland Cement Company, says that there is a worrisome gap between the people that his company needs and the talent available. He believes that the situation over the years has deteriorated, 'with more and more businesses opening in Tanzania hence more competition for talent'. He points specifically to the talent pool among people with a financial background and those with technology skills.

At the organisational level, talent management is also changing with regard to younger workers. More advanced ways of managing people are being developed, even within the public sector. The previous style of managing people was to employ personnel managers who would do the hiring, discipline and record keeping. Now, in both the public and the private sectors, we are seeing more leaders being strategic about talent and looking at their employees as assets. They want to know how to motivate, how to foster development and specifically what works in terms of high performers in order to improve retention.

More companies are now talking about change management and a vision aligned with employees' needs and priorities. At the upper levels of management, we find that competition for talent is very much an employees' market and they have a lot of leverage. At the graduate level, it is much more of an employer's market. At all levels, however, organisations are showing more interest and focus with regard to human capital.

Figure 21: CEOs believe they need to match pay levels to retain talent

Q: Do you involve managers below board level in strategic decision making?



Involving managers below board level in strategic decision making is a more progressive approach, which seems to be catching on in many countries. Three-quarters of CEOs we surveyed in Africa report that they are using traditional strategies to develop the leadership pipeline such as active succession planning, including identifying multiple successors and dedicated executive development programmes.



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Attracting, training and retaining talent in Africa

Many CEOs in Africa still face difficulties in attracting key talent for management positions. The extent of the issue varies considerably and depends on the country. In some cases such as Tunisia this is not seen as a critical issue, but rather as an advantage as there is a pool of well-qualified talent available locally.

Attracting

Many CEOs looking for well-qualified candidates reach into their Diaspora and engage in global searches with focused search companies who assist them in identifying talent that may wish to return home. Mbanzi Elof Moupondo, the managing director of Sodeico, a specialised international search company based in the DRC, has seen the increase in demand first hand and has told us that business has never been so good. He has expanded activities and is now engaging in searches for companies in several countries across East and Central Africa.

Key methods of attracting the best-qualified local and international candidates include competitive salary levels and performance bonuses, but also additional benefits such as health insurance, a company car and other fringe benefits. Many companies keenly track the packages offered by competitors and are ready to make an additional effort for the right candidate.

Training

Several companies invest in initial training for all new management employees. Some send employees abroad for training and see this to be beneficial at several levels. The development of corporate universities is also being adopted. Mamadou Bamba, the CEO of Orange Côte d'Ivoire, for example, cited the Orange campus set up in Dakar for training managers from across Africa. Issad Rebrab, the founder and CEO of Cevital, the largest private company in Algeria, also told us how he recently set up the Cevital University.

Retaining

A wide range of approaches is followed in order to encourage employee retention, especially for key employees. Several CEOs told us how they work hard to develop a corporate culture that encourages a feeling of belonging, thus improving retention. Salary and benefits, career plans and a participative social climate are elements widely mentioned.

Allowing key employees to become part owners in the company is also an option. Slim Othmani, the CEO of NCA Rouiba, the fruit juice group based in Algeria, explained to us how following the listing of his group on the stock exchange, 50 key employees (approximately 10% of the total) have now become shareholders of the company. In another example, the co-founder and executive director of Tuninvest/Africinvest, Aziz Mebarek, explained how the stock option plan granted to the team was key in the development of Tuninvest/Africinvest.

Additional tools CEOs mentioned include the identification/management of high-potential employees, use of people reviews, programmes of competence development for future managers and leaders, international mobility and succession planning.

Q: How are you managing your talent in Africa?

"At AES Sonel, we already pay top quartile salaries. Compensation is an important element in attracting and especially retaining talent. Of course, we associate it with the development of a corporate culture. This allows us to stabilise our staff and we observe that the portion of experienced executives is easier to retain compared to young executives. We also invest in the changing of positions, developing career paths for growth of employees within the business, and we promote leadership qualities in addition to technical skills. We have already recruited talents among the diaspora of Cameroon."

Jean David Bilé, VP and General Manager of AES Sonel, Cameroon

AES Sonel is a major company producing electricity in Cameroon.



"I fully agree that the market for talent is becoming more competitive. If you are searching for a top talented person, that person will be able to get a job in many places, which means that you must have a good offer. Three years ago, we had a problem with our people just below EXCO (top management) where we saw our salaries were not attractive, but blue collar workers were paid well. This resulted in people leaving the company at the peak of their career path."

"We now have a yearly salary programme looking at top payers in Tanzania, which has helped us improve our packages. We now also see that new graduates are very demanding and hardworking, but they also want to be rewarded for going the extra mile. This is different from the older employees who think that one size fits all for rewards, as in everyone should be rewarded the same. Every year we reward the top employees during the annual family day in which the winners feel proud to receive rewards in front of their families."

Pascal Lesoinne, Managing Director of Tanzania Portland Cement Company

Tanzania Portland Cement Company Limited manufactures, sells and distributes construction cement in Tanzania. The company is part of the Heidelberg Cement Group.



Frank Ireri

An in-depth interview with Frank Ireri, Managing Director, Housing Finance

Housing Finance is the leading mortgage provider bank and premier property company in Kenya and provides solutions for the acquisition, development and improvement of property.

Q: How does talent management complement your current growth strategy?

The centre of our current five-year strategy is around customers and putting them in the middle of everything we do. There is a lot of optimism in the property industry in Kenya now that the election is finished and with all of the commercial and residential property needs we have in the counties. We expect to see a lot of growth over the years to come. Our business is growing; from a balance sheet perspective it is growing 30-40% and from a profit perspective by about 50%.

On the back of strong growth, we are developing several new strategic initiatives that create opportunities for our people and we are increasing our headcount quite rapidly, specifically our customer-facing staff numbers. We spent 2007-2011 turning around the company, which involved initiatives like capital injection, new shareholders and a new management team driving a culture change among staff. Having put those in place, we're opening up new branches and subsidiaries and new products and all of those need people to drive them.

Q: How are you specifically developing the next generation of business unit leaders?

We give our senior managers more responsibilities around our strategic projects in addition to their day-to-day jobs so that they learn by experience. We also invest in ongoing training that is very specific and very relevant to what they do. Affordable housing is integral to our growth strategy and a lot of these solutions in the mortgage banking industry are found in India, for example. So, on an annual basis, we send out at least three of our senior leaders on assignment for exposure to markets like India.

We also have a high-potential programme for middle managers. We review this pool of talent on an annual basis with new managers coming in and others going out, depending upon how they perform. The programme involves job shadowing or involvement in key strategic projects.

The biggest of those projects at the moment is our new core banking system and we have a number of high-potential managers working on our system project team.

Another way we develop talent is by making people champions within different parts of the business. Two years ago, for example, we rolled out our new brand strategy and identified champions to drive it. Our 'champions' strategy gives our high-potential people exposure to the executive committee and the senior management team, which they might not otherwise have.

Q: How do you know what your employees want?

We conduct staff surveys and execute on lessons learned. Our people have told us that with regard to decision making on credit approvals, they feel that sometimes this could be automated and it will be through our new core banking system. Our people want senior leaders to have more visibility on the front lines, among customers – even those leaders who do not have customer-focused roles. We call this 'listening to the sound of the river'. Our people also want the tools, technologies and premises to execute growth strategies. Specifically, they want to be mobile and able to connect with the bank when they're out in the field.

Q: Do you find that the younger generation of employees has different expectations in terms of compensation?

In terms of the younger generation coming on board, what we find is that compensation is not so much about the amount as it is about the type of compensation. We find that benefits like medical cover, employee pension or mortgage loans are not as important to our younger workers, so we're working on what you might call a total compensation cost, but with a list of options so that employees can tick the boxes that are important to them.

Q: How is executive compensation changing in Kenya's financial services industry?

In Kenya, banking executives are the highest paid, on average. In certain cases I would say that it's probably a bit too much, but there is an historical context. In the 1990s, banks stopped developing talent among top people and relied on expatriates. That ended, or was reduced, in the early 2000s, but we are now finding that almost the same people who were trained in the 1990s are now just swapping jobs. We have created a scarcity in the industry ourselves.

That said, the risks and responsibilities placed on bank executives and bank board members are increasing every day as we implement Basel 2 and with Basel 3 around the corner. Also, the mistakes made in the West are influencing the industry here and there are very punitive policies for failure to comply



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