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Issue 2

The Africa Business Agenda

The CEO mindset in Africa

What is on the Agenda for Africa CEOs? Leading local executives, together with our own Africa experts, weigh in on doing business here – and what the future holds

pwc

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Philip B Kinisu
Project Leader and Publisher

The Africa Business Agenda

Why are businesses like PwC investing in Africa? What are the opportunities for growth here and what are the risks? With deep experience on the continent, PwC is well positioned to answer these questions.

Our collective experience together with input from hundreds of business and government leaders on the continent forms the basis of *The Africa Business Agenda*.

The Agenda is about understanding our markets from the perspective of the people who do business here. We start by surveying over 200 business leaders from Angola, Ghana, Kenya, Mauritius, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia.

These are ten of Africa's fastest-growing markets and the survey enables us to compare the strategic priorities of CEOs across markets, regions and industry sectors.

No survey ever tells the whole story, and so we hosted panel discussions and conducted one-on-one interviews with dozens more business and government leaders to gather in-depth perspectives, insights, anecdotes and projections about doing business here.

For example, the survey tells us and we know from our own experience that it's becoming more difficult to hire skilled workers in some markets than in others. We interviewed CEOs in a broad array of markets to better understand this challenge and, most importantly, effective strategies to address it.

Finally, we drew upon our own experience managing talent as a business and as a trusted advisor to our clients.

Many talent strategies are applicable across borders and cultures, in Africa and beyond. *The Agenda* shows that talent is a major risk to growth but it is also an area where CEOs can have a real strategic impact.

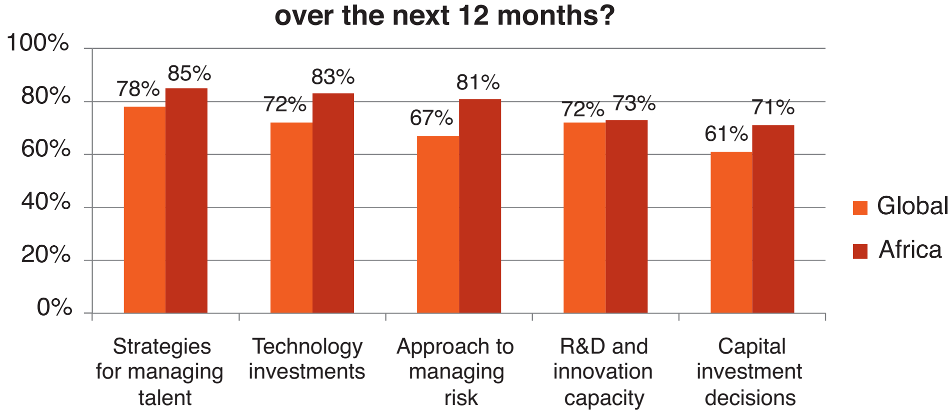
The Africa Business Agenda shows that with the right talent, organisations in Africa are growing and innovating at an unprecedented rate.

I hope you enjoy the insights contained within these pages.

Philip B Kinisu

The Agenda shows that the top priorities for CEOs in Africa are talent, risk and strategy – and they're very confident of growth

To what extent do you anticipate changes at your company in any of the following areas over the next 12 months?



95%
of CEOs in Africa
are confident of growth
over the next three years

92%
of CEOs in Africa
are confident of growth
in the next 12 months

the Agenda contents

Value insights

The talent agenda: CEOs in Africa are hiring, but talent constraints are impacting growth and in general, it's getting harder to find— and keep — the right people. What talent management strategies make a difference? How is talent impacting innovation and does the reward of hiring top talent justify its rising cost? We share a variety of insights to help you better understand the main issue on almost everyone's agenda.

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The risk agenda: Risk is driving strategy change for CEOs in Africa, at the same time that they are focusing on growth. This relationship between risk and growth is not new, but the strategies for managing it are changing all the time. What are the main risks to growth? How much do they vary by market? We explore some of the strategies that CEOs are employing to manage risk, and we offer our own perspective on how you can build a culture of effective risk management in Africa.

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The strategy agenda: Growth opportunities are unprecedented in Africa. CEOs respond by constantly evaluating information providing a competitive edge and then refining their strategies accordingly. Many CEOs are pursuing several strategies simultaneously. How are CEOs managing priorities like regional growth, product and service innovation and internal restructuring? We tapped our network of clients and experts to give a unique perspective on the relationship between growth and strategy in Africa.

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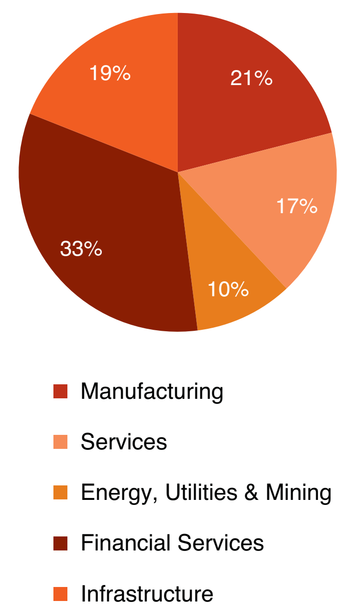
Methodology

We surveyed 201 CEOs in ten of Africa's largest markets. Over 70 business leaders contributed additional, in-depth insights. Find out more on page 38.

Survey respondents by industry



The future of business in Africa
A message from our regional Territory Senior Partner

Africa's role in the global economy has continued to expand and deepen and it has been more resilient than many areas of the world during the global economic crisis. But the future of growth in Africa has much more to do with opportunities here that are regional and industry-specific. At PwC, we understand the potential in our markets and we help a wide variety of local, regional and global clients to thrive in this environment. *The Africa Business Agenda* enables us to share high-level insights with you from a variety of viewpoints, to help you succeed in one of the world's fast-evolving growth frontiers.

As we see it, three main factors have helped to position sub-Saharan Africa for future growth: improved economic fundamentals and policies, shifting trade and capital flows and domestic demand, both regional and country-specific. In this publication, you'll find that our survey of over 200 CEOs in Africa and scores of in-depth interactions with leaders in business and government support this view.

The Agenda shows that investors are looking for growth opportunities in an environment of economic stability. Africa continues to impress: 75% of business leaders in our Global CEO Survey expect their operations across the continent to grow over the next 12 months, while over 90% of CEOs in Africa expect their businesses to grow. CEOs in Africa are also significantly more optimistic than CEOs globally about the future of free international trade and cross-border capital flows. Stable monetary and fiscal policies across economic cycles are providing greater protection from future fluctuations and encouraging trade and capital flows in Africa.

To better understand the information contained within these pages, it's useful to put the African operating environment in context. Agribusiness, financial services, consumer goods, infrastructure and telecommunications are major growth sectors for consumption as well as employment. Africa's population of almost one billion is young and urbanising and consuming an increasingly sophisticated array of products and services, many of them innovative and responsive to the specific needs of our markets.

At the regional level, the Southern Africa economy is largely dominated by Africa's largest market, South Africa, which has remained stable, supported by relatively low interest rates and a growing mining industry. Leading South African players in mining, hospitality, financial services, retail, IT and telecommunications are actively expanding operations into the rest of sub-Saharan Africa. Consumers in other Southern Africa markets are increasingly demanding services and products in the banking, insurance and telecommunications sectors.

In West Africa, the Economic Community of West African States (ECOWAS) has helped to facilitate intra-community road networks and telecommunications as well as diplomatic progress, brokering peace in many of the region's more unstable economies. The oil and gas industry has enjoyed distinct regional success in West Africa by contributing to high economic growth and demand for construction and retail and telecommunications services. Nigeria, Ghana and Angola present strong opportunities, based upon their historic growth rates and future projections.

The East African community is one of Africa's strongest trade blocs, effectively facilitating regional trade flows and improving the region's competitiveness and reducing barriers to investment. Regional trade has increased around 50% since the Customs Union protocol came into force six years ago. Economies in East Africa are growing rapidly and while businesses are exposed to risks like fluctuating exchange rates and inflation, business confidence remains high particularly among manufacturers and service providers. Many businesses in East Africa already operate regionally.

The recent discovery of oil in Northern Kenya and offshore gas fields in Tanzania combined with Uganda's oil reserves in the Lake Albert

Suresh Kana
Territory Senior Partner

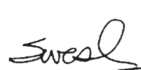
basin contribute to massive potential for the region. Further, growth opportunities exist in transformation activities among regional governments as they implement ambitious and well-designed long-term development plans.

Recognising that investment flows into the continent's markets are increasing alongside a growing number of funds focused on the region, Africa's stock exchanges are taking steps to promote regional investment. The JSE Securities Exchange in Johannesburg recently announced a strategic shift to facilitate investment in JSE-listed Africa stocks, thereby making it easier for these companies to raise capital. Meanwhile, the Nairobi Stock Exchange, Uganda Securities Exchange and Dar es Salaam Exchange have established a working relationship between exchanges with the objective of promoting simultaneous public issues of securities and attracting regional flows of capital to the member states of the East African Community.

No analysis of Africa is complete without recognising the challenges that exist in the region. Social, economic and political instability are threats to short and medium-term growth in many markets and they have played a part in preventing investment and trade from reaching their full potential.

Investors and business leaders need more assurance of a stable operating environment. Nearly 80% of CEOs in Africa cite uncertain or volatile economic growth as a threat and they say that regulatory and tax policy must be more conducive to business. Our survey shows that 71% of CEOs in Africa view the tax burden as a risk to growth and 40% say that changes in regulation are driving strategy change. The key challenge for the region is to convert opportunity into strong, sustained and shared growth.

Growth in Africa is happening in individual markets and geographic regions, within specific industry sectors and influenced by demographic changes. This is a complex and diverse continent requiring layers of insight, and *The Agenda* provides a deep level of insight from multiple perspectives. I hope you find it useful and as always, we look forward to your feedback and comments.



Suresh Kana

At PwC, we help a wide variety of local, regional and global clients to thrive in Africa

The talent agenda

CEOs in Africa are hiring, but talent constraints are impacting growth and profitability and in general, it's becoming more difficult to find the right people. So it's no surprise that managing talent is at the top of the CEO agenda; 85% say that they plan to focus on their strategies for managing talent over the next year and 75% say that a lack of available talent is a threat to growth

I have worked with fresh university graduates in Ghana and the Gambia and two approaches have helped: the first is formal and informal training while the other is to delegate to them and give them opportunities to learn from their mistakes. A university degree puts into people the required cognitive ability and capacity. However, it is on-the-job experience and training that provides the needed confidence and capacity for people to be able to take informed decisions based on creative thinking.

Olalekan Sanusi, Managing Director, Guaranty Trust Bank (Ghana) Limited

There's a real sense that talent is gaining ground in the complex hierarchy of CEO priorities. "Our belief is that even if you have the world's best systems, excellent premises and modern equipment, unless you have a top quality, well-trained and highly motivated team, you will never achieve excellence," says Sanjeev Anand, Managing Director of Banque Commerciale du Rwanda Ltd. On a daily basis, many CEOs are making time for talent development and 74% wish they had more time to develop leadership and their talent pipeline.

One of the ways that they're managing talent is to invest in workforce development. Eighty-seven percent of CEOs in Africa plan to make direct investments in workforce development this year. Primarily, CEOs are making these investments to help cultivate a future supply of potential employees and to improve overall working and living conditions where they operate.

Training talent

The talent agenda begins with education. Many CEOs in Africa told us that universities simply can't keep up, either because technology is changing too rapidly or because universities don't teach students to apply a commercial mindset to innovative ideas.

Partly this threat is the result of inadequate education systems. Mitchell Elegbe of Interswitch says that higher learning facilities in Nigeria have deteriorated.

"I travel abroad and people ask me things like, 'Where did you go to school?'

"And I say, 'Nigeria.'

"'All through?'

"I say, 'Yes.'

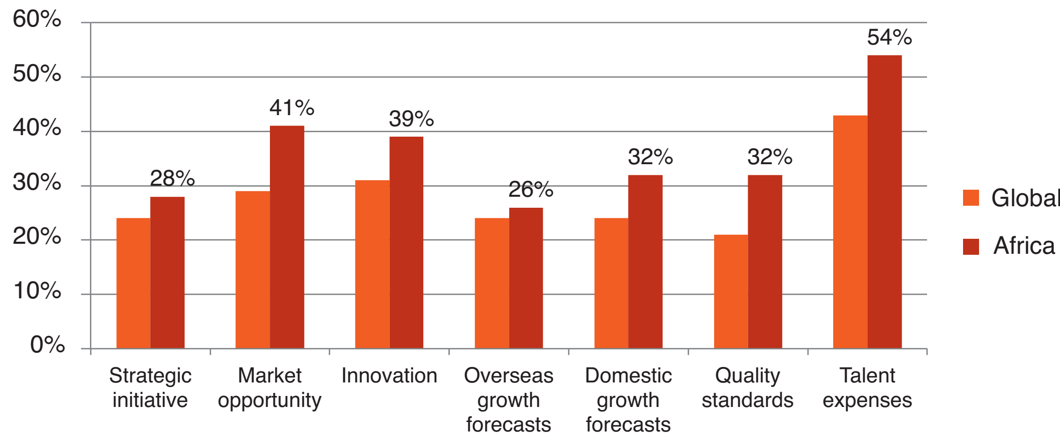
"'You must have a good educational system.'

"And within me I say, 'That was many years ago. It is not the way it used to be any more.'"

Some educational institutions may be well-established, respected in the marketplace and internationally recognised. They attract students from the region, who choose to study in Kenya or Uganda, for example. But for the most part, the quality of learning still lacks a fundamental asset: CEOs say that graduates can pass exams but they can't think for themselves.

This could be the legacy of an outdated reliance on certificates rather than experience, which is what is needed now. "Our society has respected how many papers, how many letters beside your name," says Ivan Kyayonka, Chairman and Managing Director of Shell Uganda. "But the people we are looking for to drive the oil industry are professionals out of length of service."

Have talent constraints impacted your company's growth and profitability over the past 12 months in the following ways?



Recruitment and retention

Experience is hard to come by. Forty-eight percent of CEOs in Africa say that it is getting more difficult to hire workers in their industry and the two most difficult groups of employees to recruit and retain are high-potential middle managers and senior managers.

CEOs are increasingly active on social networks like LinkedIn, which is an effective tool for building up a list of contacts who could be employable or for publicising openings or needed skills sets. CEOs like Sola David-Borha of Stanbic IBTC Bank PLC keep a file of CVs from people who are interesting. "You never know when you are going to need them so having a database of very good skill sets is a valuable resource," she says.

Kris Lutchmenarraidoo, Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd and Deputy Chief Executive Ahmed Parkar of Star Knitwear Group agree that offering a competitive pay package is essential to retaining middle and senior managers in Mauritius. But compensation isn't everything, as these CEOs in Mauritius — and CEOs across Africa — told us. Empowering manager-level employees is one of the most effective ways to win their loyalty. It's important to not only give managers more decision making capability but also to require it of them.

At the same time, the need for high-potential managers has placed a premium on their worth. Over half (54%) of CEOs in Africa say that talent-related expenses rose more than expected over the last 12 months and many complain anecdotally about poaching and poorly-trained and inexperienced managers.

Jekwu Ozoemene, Country Managing Director of Access Bank Zambia Limited, plans for a certain level of attrition among his entry-level staff, who are well trained by the bank. "In our recruitment policy, we build in some slack because we know that once our staff complete our entry programme, they're offered two or three times as much to work elsewhere," he says. This situation is not unique to Zambia, either. Speaking on behalf of Access Bank Group which operates in nine markets in Africa, Ozoemene says, "we have observed this in every market."

Christopher Ford, the Managing Director of Songas Limited in Tanzania, told us that several Songas employees have branched out on their own to start companies. "We take that as a success story," he says. But he says that it's also important to have plans in place to retain their skills and experience in the business.

People are very important in the professional services sector and so the team members working with me need to be clear about where we are going and how we're getting there. There are two ways to do this. First, they need to have a personal interest in making sure our strategy works. Second, people need to be continuously challenged and given the responsibility and the accountability to deliver. That's what keeps people interested and motivated, ensuring we retain them and help them look towards the future for their growth and the growth of the practice. If we look at the bigger picture, that influences where we want to go as a firm.

Nasir Ali, Country Senior Partner, PwC Zambia

Talent from the Diaspora

CEOs in Africa are not limited to a local talent pool. Philip Odera, Managing Director of Stanbic Bank Uganda, looks for Ugandans in the Diaspora who would consider moving home for the right opportunity.

They are competent and highly skilled and in Philip's opinion, "quite frankly where we need them most is in Uganda."

Nelson Msuya, a partner with PwC Tanzania, agrees that Tanzanian talent is often located elsewhere and very often, on the continent. "You go to Botswana, you go to South Africa, you go to Namibia, to Zambia: there are a number of Tanzanians working there.

"They are hardworking, they are talented, they are leading multinational corporations." But sourcing talent from abroad no matter the nationality can be difficult.

Business leaders in Africa agree that competition is good for companies. The growth and opportunities in many parts of Africa make them an attractive destination for talent.

Philip Odera of Stanbic Bank Uganda thinks that when Ugandans see the number of people from different nations coming to work in Uganda, they will begin to see their homeland differently. "I think there's going to be a broader realisation that Africa is the future," he says.

Building the talent pipeline

The largest talent pool available is recent university graduates. Many of them are extremely talented and hardworking, but they need guidance to develop the confidence to think for themselves. As business leaders, we have to focus on building our talent pipeline to really maximise the potential of our people especially young people.

Kuria Muchiru, Country Senior Partner, PwC Kenya

In our case, we have about 2,000 people speaking to customers every day and so what I did is I created a chat room for them. It's called *'sema na CEO'* [speak with the CEO] and first of all you would think that they would complain but 98% of the stuff which is coming out is innovation. Why? Because they understand the customers. Out of those 2,000 people, the majority of them write to me directly and it's an open access thing. Anyone in the company can see it and this is where our innovations are coming from.

Bob Collymore, Chief Executive Officer, Safaricom

Innovative talent

The most valuable employees are those that can manage innovation and make it profitable. And yet 39% of CEOs in Africa say that they weren't able to innovate effectively because of talent constraints last year.

To address this challenge, some universities and private sector companies are beginning to work much more closely together, says Bitange Ndemo, the Permanent Secretary for the Ministry of Information and Communication in Kenya. This is helping to create ecosystems of innovation where companies can pool their resources towards a common goal: graduates who are innovative and entrepreneurial, as well as commercially savvy.

Kenya's largest mobile telecommunications company, Safaricom, has partnered with one of Kenya's most respected universities, Strathmore, to create an environment that supports innovation and teaches consumer insight and project viability. Safaricom also offers secondments to university lecturers, a two-way partnership that builds capacity and understanding on both sides.

Partnerships like these are also more cost-effective for many organisations than building training centres of their own. CEOs who hire just a few dozen employees a year must either train them on-the-job or partner with another organisation to build up the skills they need.

[Uganda in-depth]

85% of CEOs in Africa anticipate making changes to their talent management strategies this year, and 48% say it's getting more difficult to find the right people. We asked several of Uganda's top business leaders to comment on the talent challenges that they're facing. Their insights show that talent is at the top of the Africa CEO agenda for two very good reasons: it's scarce and it's valuable

Francis Kamulegeya, Country Senior Partner, PwC Uganda:

It's very important as employers that we grow our own talent. Someone new doesn't have the DNA of your organisation, they don't have the culture. What is it that your company is offering and what are your employees looking for?

Employees may be looking for money, or a career, or they might use your organisation as a stepping stone for their next move. Loyalty can't be taken for granted among employees. They don't work for brands. They work for people.

Lamin Manjang, Managing Director and CEO, Standard Chartered Bank Uganda:

A lack of leadership is where organisations are really struggling right now. What we need are the people or leaders who are able to anticipate what is on the horizon. It's not easy, but it's a very important element. How can you see opportunities that maybe others haven't seen, or threats that are not obvious at the periphery of your industry?

Ivan Kyayonka, Chairman and Managing Director, Shell Uganda:

Lack of skills is a very big problem that we face. It's really to do with the opportunities available to develop skills. Our industry uses very highly skilled people but what really counts is how long you've been in the industry, how many years you've spent looking for oil as a geophysicist, geologist, mining engineer or oil well engineer. You have to do it in the field.

Also, the oil industry is transient. There were people who were looking for oil. The next level is getting the oil out of the ground, safely and profitably. That is a new skill set. We will then need to refine it and turn it into a usable product. Then you need the people who sell it.

Philip Odera, Managing Director, Stanbic Bank Uganda:

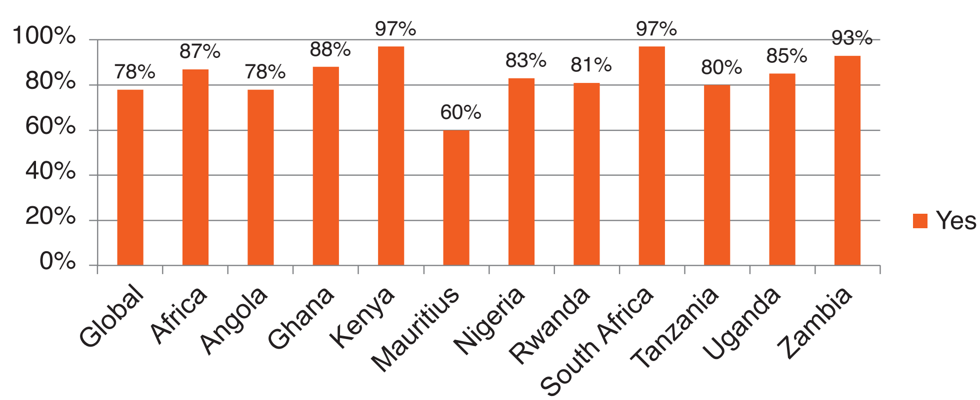
Managing and retaining talent is a challenge because it is not so widely available, it is up for grabs. If you're not creating an environment that is interesting, entertaining and meaningful — it's not just about how much you pay people, it's about creating an environment where they will thrive — if you don't have the capacity to create that kind of environment, you run the risk of losing that talent.

Over the last 24 months, we have probably doubled the number of banks in Uganda. It means an enormous amount of mobility takes place so it becomes a challenge to maintain consistency in the customer experience. You come in and your relationship manager has moved on to another place.

Joe Munene, General Manager, NTV Uganda:

I think Uganda is blessed with a fantastic resource in terms of youth. We need to unlock the value that is inherent in the youth population in this country. If we figure that out, and I think the key lies in the capacity to generate entrepreneurship, I think it is a major asset for the country.

Is your company making direct investments in workforce development in any of the markets where you do business?



Angola's booming oil sector is driving growth. Increasing exports and elevated global oil prices combine to make Angola one of the fastest-growing economies in the world. Jesus Aleman, Country Senior Partner for PwC Angola, weighs in on the technologies and talent that make a difference in such a fast-growing market

Angola's operating environment is challenging for CEOs, as the opportunities are not equally matched by a sufficient talent pool. It doesn't surprise me at all that technology, risk and talent are at the top of the CEO Agenda in Angola.

PwC Angola has had to think carefully about how we will maximise our potential for growth by investing in our people and building their capacity and providing the technologies that they need. Talent and technology are two of the most significant contributors to our bottom line. This is true not just for PwC, but for most other companies in Angola.

Double-digit growth means that growth strategies tend to be dynamic and responsive, rather than reflective as you would expect in countries experiencing a slow-down. We have to react fast to opportunities in the market, not so much because of competitive pressure — there's a lot of opportunity to go around — but because there is just so much opportunity around. For our part, PwC is investing in technologies to help our people do more from remote locations.

We don't want to be constrained by a cable or a power supply. And yet there are serious constraints with regard to basic infrastructure in Angola. So we are strategising around these constraints and finding innovative solutions to make sure that our people have the technologies, tools and skills that they need. Investing in our people and technology are two ways that we are growing our business over the short and medium-term.

On talent, economic growth means nothing if you don't have the people you need to make the most of it. We're lucky because PwC Angola is part of a regional and global network where we can source talent for short and long-term secondments.

Most of the larger companies in Angola are multinationals so they will have the same capacity. But flying people in for a few weeks or a year isn't a long-term solution. You have to focus on transferring skills and building capacity, as well as recruiting the best that the market has to offer.

One thing that often goes unsaid in Angola but that really needs to be addressed is the cultural divide between expats and Angolans. As the Country Senior Partner, it's my job to set the tone and I've tried to ensure that local and foreign talent mix freely and contribute on equal terms. It's hard when the talent pool locally is still coming up, but there's a message you can send from the top that means a lot. 'Building capacity' can sound a little condescending, even if more skills and experience is exactly what's needed.

CEOs in Africa are finding it particularly difficult to recruit and retain high-potential middle managers and senior management team members. Talent-related expenses are increasing as the marketplace places a premium on innovative talent. We asked Nicolaas Kruger, Group CEO of MMI Holdings, to comment on the high-level talent agenda

Managing high-potential talent

Recruiting and retaining high potential managers is indeed a challenge, in South Africa and the rest of Sub-Saharan Africa. Financial services companies require very specific and unique management skills, which makes recruitment and retention a challenge.

Three examples of areas where particularly skilled managers are required in an insurance company are Sales, Risk Management and Actuarial. Distribution and sales drive the growth of insurance companies. Increasing prudential regulatory requirements, for example Solvency Assessment Management (SAM) in South Africa, increases the need for actuarial managers and risk managers. Supply for these resources is already limited and similar regulatory developments in the UK and Europe have significantly increased the demand for risk managers and actuarial managers in that region. This further elevates the challenge of recruiting and retaining high potential risk managers and actuarial managers in Sub-Saharan Africa.

There are a number of talent management strategies that CEOs can employ to manage this challenge, which should be driven by a specific focus on strategic Human Resources. Talent management strategies should result in an attractive value proposition for managers. This includes aspects such as management development programmes, appropriate compensation and benefits, an attractive work environment, equity in job opportunities, career planning, enabling a work-life balance and a suitable company culture where managers can thrive.

Strategies to recruit and retain managers require a more specific focus on aspects such as leadership development and training, compensation for expatriates and career-planning.

Managing the cost of talent

Talent-related expenses should be viewed as an investment. Any business should aim to maximise its Return on Employee Investment, in the same way it aims to maximise Return on Equity. This implies a dual focus on maximising the value added by employees, and appropriately managing talent-related expenses. The elevation of talent management to a more strategic level has many benefits, of which better control of talent-related expenses is but one.

A key driver of talent-related expenses is often high staff turnover. The same strategies employed to attract and retain high potential managers can naturally be used to reduce general staff turnover. In other words, organisations should create an attractive value proposition for staff.

Inspiring innovation

If the right company culture is created together with skills development interventions, the level of innovation and the quality of work delivered by staff in general could increase materially. There are examples of companies that are very successful because they managed to vest a culture of innovation in which all employees are empowered to innovate, even if their innovations are small.

Nicolaas Kruger is the Group CEO of MMI Holdings, a South African-based financial services group listed on the Johannesburg Stock Exchange. The core businesses of MMI are long and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits.

[Rwanda in-depth]

CEOs are facing significant talent challenges in Africa, but they're meeting this challenge in innovative ways. We asked Jack Kayonga of Banque Rwandaise de Développement and Sanjeev Anand, Managing Director of Banque Commerciale du Rwanda, to tell us what they're doing to build capacity and whether the availability of talent influences their outlook for growth

Because there is such a scarcity of labour in the market, you find that salaries are higher than they should be, and career progression because of scarcity creates a risk for employers. Organisations need to make sure that the development and deployment of their people is commensurate with experience; we need to support the development of our talent more deliberately. Key resources also need to be willing to learn and grow at a pace that makes sense for the organisation, rather than jumping ship for a step up and another step up in terms of salary and responsibility.

Bernice Kimacia, Country Senior Partner, PwC Rwanda

Jack Nkusi Kayonga is the CEO of Banque Rwandaise de Développement, the Government of Rwanda's investment arm financing the nation's development objectives with a focus on the economy's priority sectors.

How would you characterise talent constraints in Rwanda?

It's quite challenging but it's developing. It's challenging in terms of if you're looking for specialised skills, it's not that easy to get them but as someone who has been in the market for some time now, I can comfortably say that we're on the right track.

How are you building an innovative corporate culture to support talent?

We are trying to improve on innovation and we're coming up with different types of incentives for innovation and also recognising innovative ideas that are recommended by our staff. This approach impacts our retention, especially among the young.

What kinds of investments in workforce development have a real impact?

We are doing on-the-job training, we're sending people for attachments and we've started up mentorship programmes. And we're aligning ourselves to institutions that are doing the same like the Development Bank of South Africa and the African Development Bank and sending our people there on secondment.

The types of courses we send people to are no longer than one year and they're tied to the job. They have agreements with the institutions to insist they return. So retaining people after secondments is not really an issue we've faced.

How optimistic are you about growth prospects over the next 12 months and three years in Rwanda? Are there any risks on the horizon?

Absolutely I'm confident of growth. Most important is the macroeconomic environment, the outlook and the peace and security in the country. The impact of the international economy's downturn could definitely affect optimism.

Regional growth somewhat offsets concerns about the global economy, but if our global exports drop then this will have a significant impact on our economies. Regional trade will help but we can't live in isolation.

Sanjeev Anand was appointed Managing Director of Banque Commerciale du Rwanda Ltd in May 2009. Prior to joining BCR, he worked in various businesses globally and held a number of CEO and other senior appointments with Citibank across Asia, Africa and Europe. Among many other activities, he was engaged in the formation of the Lusaka and Uganda Stock Exchanges and the Capital Markets Authority in Uganda in 1996 and 2000.

Cultivating the talent within

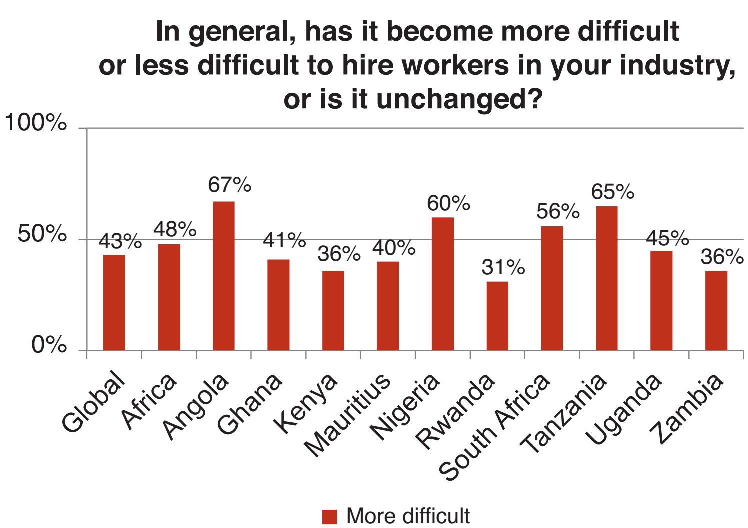
Most talent constraints arise as a result of Rwanda's relatively recent history of entry into regional and global markets. The relative lack of experience tends to make people more risk averse, which affects entrepreneurship. There is also lack of specialised skills in technical areas.

We try to overcome talent constraints by hiring and developing young people fresh from college and giving people more decision-making capability and requiring it of them. We also tend to develop and groom people from within for senior positions rather than placing reliance on expatriates only or hiring from outside. The majority of our senior management team are not only local Rwandese but people who have worked and evolved with BCR for a period of time.

Our middle-management team is much more empowered. I feel that if you give people responsibility, they eventually rise to the occasion. In the long-term, not only does this develop talent but it also improves organisational morale and helps with retention.

Training and secondment strategies

We train people and we also try to get them attachments with group and peer companies. We prefer to find opportunities for them to gain experience regionally in markets like Kenya or Uganda, where the talent pool is larger. There is sometimes a concern that our people won't come back, especially if we send them to a developed market. That is always a risk you have to take! We also invest in young talent, such as our interns. It's a costly approach, however, because you don't see a return on that investment for a long time. However, in the medium to long term these young candidates emerge as competent managers and the leaders of the future.



Talent and reputation

We're focused on differentiating ourselves as an attractive place to work. In general, banks need to do a better job of making our institutions more visible. At the moment, banks may not be the number one preference among employees. It's interesting that in the past two years most people who left BCR joined institutions other than banks!

Government jobs, particularly those that are donor-funded, are very attractive and they have a good reputation. There are many more opportunities for travel, conferences and exposure. There's a very strong sense of patriotism and making a difference and a strong sense of being part of developing the country. Many senior government officials are very young, very bright and government trains them and empowers them. And career growth in government is very positive. I sometimes feel the private sector should learn from the government.

In general, investing in talent gives you the biggest competitive advantage. I am proud that our staff turnover is the lowest in the industry! I feel the biggest strength of BCR is its work-force.

High-level talent

I sometimes feel that the Rwandese private sector needs better quality CEOs. CEOs are paid to run companies, grow them profitably and improve the value of their companies. That's their job. They can't keep complaining about the environment. CEOs have to be people with a positive attitude and optimistic about the future, otherwise they will take down the morale of the whole company with them.

In Mauritius, growth prospects have been badly affected by the global economy but CEOs still need good people to execute strategy and manage risks. In this excerpt, Deputy Chief Executive Ahmed Parkar of Star Knitwear Group (AP) and Mr Lakshmana (Kris) Lutchmenarraidoo (KL), Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd, discuss the talent environment in Mauritius.

What factors are influencing hiring decisions among CEOs in Mauritius over the next 12 months?

KL: The importance of keeping operating expenses as low as possible is one such factor; limited growth prospects in some sectors is another.

AP: Lack of profitability, lack of visibility, monetary policy that is unfavourable, economic crisis in our main markets and a lack of skilled labour locally.

What could government do to facilitate a skilled workforce?

AP: Creating a certification process for trainees in manufacturing skills across fields; contributing to more training courses to allow for reduced costs to operate and to [enable higher skills] among unskilled labour. Government can also encourage unemployed young people to train or improve their skills to get a fair paying job.

KL: By putting more emphasis on training workers for sectors where there is a scarcity of skills.

Uyi Akpata is a partner with PwC Nigeria and a specialist in the energy, utilities and mining sector.

CEOs in Africa's energy, utilities and mining (EUM) sector are focused on talent, much like CEOs elsewhere on the continent. The difference is that CEOs in the EUM sector are looking for talent with highly specialised skills. Experience is the real lynchpin when it comes to hiring talent in this sector; all the schooling in the world won't make up for real industry knowledge and field experience.

In our markets, deep levels of experience are hard to find. Talent expenses are rising and EUM CEOs are experiencing talent-related constraints with regard to product/service quality, growth (both domestic and overseas) and innovation. They're overcoming these challenges by hiring; 35% of EUM CEOs in Africa say that they will increase headcount by between 5-8% next year, although a majority also say that government immigration policies (including local content requirements) are an influential factor.

There's no question that the talent exists in our markets to grow the EUM sector. CEOs will find the people they need. But it takes time to build experience and for that, there's no substitute.

Ken Igbokwe is the Country Senior Partner for PwC Nigeria and an advisor to many multinational firms operating in West Africa.

Optimism, investment and risk awareness is a recipe for growth in Africa

In Africa, oil-producing countries that focus on building growth-oriented investment environments are home to more optimistic CEOs. Nigeria is a case in point; our CEOs are more confident of growth than CEOs anywhere else in Africa, according to PwC's CEO Survey. Their top two agenda items are risk and investment. This dichotomy is common across much of Africa and it doesn't surprise me at all.

That's because we're seeing tremendous growth in the non-oil sector and domestic demand for consumer products and services, construction and infrastructure. Telecoms are performing well alongside growth in wholesale and retail trade and hotels and restaurants. Growth projections of 7% per year or more are not unreasonable. If we can keep inflation under control, which seems likely, consumers will have increasingly more purchasing power. Our manufacturing sector is growing in lock-step and many companies are expanding regionally within ECOWAS and beyond. At the same time, we're seeing more investment interest in Nigeria among outside firms like Shoprite and Massmart.

Optimism about Nigeria's future and Africa's overall is linked to an anticipated increase in investment, but in order to attract investment, countries like ours need to make sure that the business operating environment is conducive to growth. We don't have the domestic savings to finance growth entirely on our own. Regulatory uncertainty is a risk, as are bribery and corruption. A partial reintroduction of fuel subsidies could contribute to a widening budget deficit and we need more regulatory certainty.

There are security risks, as we've seen with the rise of terrorist activities in certain parts of the country. Oil production is threatened by risks onshore and offshore, including increased piracy in the Gulf of Guinea. Our energy sector suffers from a lack of investment, with refinery capacity being the most glaring deficit. Yet there are concerted efforts to address these risks in the pipeline, and their outcome will influence a generation of Nigerians, both those in business and those in government.

When I look at the CEOs Survey results for Nigeria, I see a culture reflected that is focused on growth, optimistic about the future and aware of the risks we face. I share our CEOs' confidence in growth.

CEOs in South Africa tell us that they're finding it particularly difficult to recruit and retain high-potential middle managers and senior management team members. From your perspective, is this a challenge and, if so, what can CEOs do to manage this challenge?

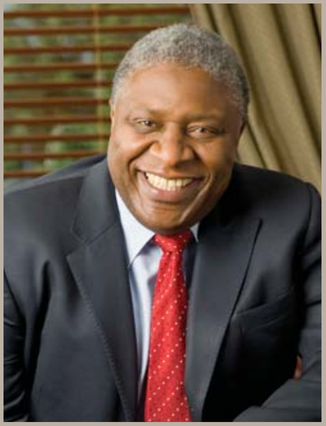
SN: It becomes a challenge if the host country insists on local recruitment/employment. This causes delays in securing work permits for expatriates. Family requirements, e.g. schooling and socialisation, can make it difficult to retain skills. CEOs can ensure that good relationship and communication channels are open between a company and the host country. The use of the Foreign Affairs Department is helpful.

What kinds of policies, people or skills sets do you think can help address challenges like talent-related expenses and talent constraints impacting innovation and/or quality standards?

SN: Other than the high cost of expatriates and finding a person/skill who is more adventurous, costs are manageable. Companies still have to compete with more developed economies on skills.

If you have a good technical and research and development division, quality standards and innovation can be advanced.

It is critical to ensure that your employees see and understand career paths. Future employment certainty and reward are critical.



Sipho Nkosi,
Chief Executive Officer,
Exxaro Resources Limited

There's always the risk of looking at our operating environment from the perspective of all the problems that we face but at the end of the day if we as the private sector work together to face our issues, I think we'll succeed. There are a lot of areas where it's taken a while to influence change. That's the nature of our people, that's where we've come from. But it's changing.

Leonard Mususa, Country Senior Partner, PwC Tanzania

The risk agenda

Risk is driving strategy change for CEOs in Africa, at the same time that they are focusing on growth. This relationship between risk and growth is not new, but the strategies for managing it are changing all the time

Main risks to doing business in Africa

CEOs in Africa are primarily concerned about economic and policy risks like uncertain or volatile economic growth, exchange rate volatility, inflation, bribery and corruption and over-regulation. Other threats like the availability of key skills, energy costs and an increasing tax burden are also worrisome from an operational standpoint. Additionally, over half of CEOs in Africa (53%) told us that the currency crisis in Europe has affected their companies financially.

To some extent, these threats are ones that CEOs have learned to live with. Dr Ceasar Mwangi, Managing Director of Sasini Limited in Kenya, wonders about the vast potential for agriculture and the tragic lack of infrastructure that prevents local produce from reaching the local people who want and need it. "We've got farms which can produce but we cannot get the produce out. And these are issues which somehow we've been saying, 'OK, we can live with them' but we need to do something about them."

Managing risk is one of many responsibilities for CEOs in Africa, but more than half of them (54%) wish that they had more time to spend on it. Eighty-one percent of CEOs anticipate changes to their approach to managing risk this year, perhaps because business risks have a complex and expensive impact on operations.

For example, 60% of CEOs in Kenya say that inadequate infrastructure is a threat to growth, but exchange rates and energy costs have affected the Ministry of Roads' ability to buy bitumen or diesel to build new roads, according to Eng Michael Kamau, Permanent Secretary of the Ministry of Roads in Kenya.

Economic uncertainty is a risk for 79% of CEOs in Africa and it's driving strategy change for 62%. CEOs like Nicolaas Kruger of MMI Holdings in South Africa told us that uncertainty impacts profitability but there are other, more indirect effects like lower business and consumer

Are these economic, business and global risks a threat to your company's growth?

Anne Eriksson is a partner with PwC Kenya and a risk assurance expert.

Managing risk in Africa

There are complex strategic, operational, information technology and regulatory risks facing organisations in Africa. So it's no surprise that risk management features prominently on the boardroom agenda in Africa or that companies like PwC are investing more than ever in building a strong culture of effective risk management.

Public and private organisations are investing more than ever in different lines of defence to manage Africa's complex risk environment. In our view, the first line of defence is management's processes and controls. The second should be various business oversight functions, principally risk management and compliance. Closely linked to the first two is the third line of defence: internal audit, where we're seeing rising boardroom expectations around skills and impact.

Business leaders and regulators have recognised that in order for internal audit to be effective in supporting organisational risk management efforts, the minimum standard of performance has to rise. In the ever-shifting African risk landscape, internal audit cannot simply react to events; instead, it must adopt a strategic mindset that is responsive to risks and helps to ready organisations for new threats and opportunities.

In response, a select number of leading internal audit functions in the region are 'raising the bar' by expanding the footprint of risks they cover and clearly communicating deeper insights. However, just 34% of CEOs in Africa say that a change in risk tolerance is driving strategy change, even though 81% say that risk features among their top three agenda items. Our survey and our experience in Africa tell us that strategic lines of defence against risk are still not informing policy at a high level for the majority of organisations.

To effectively manage risk, organisations must create a culture whereby stakeholders and internal audit teams hold robust dialogue around enterprise risks, share their objective perspectives and reach a common viewpoint on their roles around the most critical risks. These must then be communicated to management and non-executive directors on a timely basis.

confidence. Over time, this results in less activity overall—and lower profits. Diversifying services, targeted marketing and client retention strategies can help to mitigate this threat.

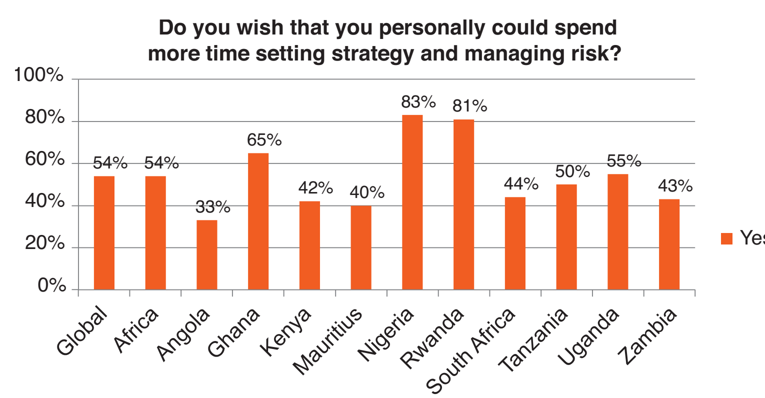
Inflation has been a significant risk over the last year, particularly in Uganda. Dino Bianchi, Managing Director of Toyota Uganda, has worked to adjust their customer focus so that the servicing and maintaining of vehicles is cheaper and more affordable. "We counteracted inflation this year by reducing our servicing costs by 25% to try and increase our value-add proposition," he says.

Many companies in Africa are expanding regionally and must comply with multiple tax regimes. Mitchell Elegbe of Interswitch in Nigeria says that transfer pricing has become a major issue for his company. He credits a PwC workshop with helping him to understand the issue and now, he says, "We are doing some work around looking for a more tax efficient way to do business."

Regional approaches to risk management

We asked CEOs to comment on managing risk in markets that are growing rapidly and they told us that creating business opportunities in new markets, as KenolKobil has done, is "not only for the sake of growth." Jacob Segman, Chief Executive Officer, says "it's also for the sake of balancing risk." KenolKobil can balance risks or cyclical business patterns in some markets against growth and opportunities elsewhere.

Operating in multiple markets also gives CEOs some much-needed perspective to manage challenges. Kitili Mbathi, Regional Managing



South Africa is often the first African country to implement international policies that could hinder the pursuit of growth opportunities. Tighter regulation of the financial services industry following the global crisis is an example of this. Other countries might feel less pressure to harmonise at the pace that South Africa is required to move due to its international commitments.

Nicolaas Kruger, Group CEO, MMI Holdings

Director of CfC Stanbic Holdings, fully acknowledges that banking is a business with heightened risk awareness. "Any time you are dealing with the movement of cash, you're dealing with risks," he says. His Eastern Africa region includes markets as far south as Zambia and Malawi, where he says the incidence of fraud is much higher than it is in Kenya.

Most CEOs seem to acknowledge that there's risk everywhere. Their main strategic approach is to stay a step ahead and continually change, as Jay Ireland, President and CEO for Africa for General Electric, says. "Whether it's violence, political or economic [threats], there is always some risk somewhere and you just have to deal with it."

Even so, some CEOs believe that strategies for managing risk must be developed locally, like Tony Mwai, Country General Manager for IBM. He wants the conversation to be about "the specific issues here in Nairobi and how to address them with local solutions" rather than bringing in technology solutions from London or New York and implementing them. There's a sense that the risks on the ground will not be adequately addressed with a one-size-fits-all solution imported from another market.

It's clear that a regional approach to risk management depends very much on need and capacity. Sola David-Borha, CEO of Stanbic IBTC Bank, proposes a head of risk that may be able to support several countries at the same time. This approach is aligned to the Standard Bank Group's regionalisation strategy overall, but it's also an acknowledgement of a key risk to growth: talent.

"Risk is an area where there are limited skills globally," she says. "To get a good head of risk anywhere in the world is difficult."

Bribery and corruption

Sixty-nine percent of CEOs in Africa say that bribery and corruption is a risk to growth. Many CEOs talk about corruption in terms of inefficiency, not crime. Corruption breeds within bureaucracies, and it's an outcome of poor governance structures. Sola David-Borha of Stanbic IBTC Bank PLC says that corruption is due to a lack of a competitive environment and transparency. "Corruption is an outcome," she says. "I believe that as we progress down the reform path, these issues should go away."

Philip Odera, Managing Director of Stanbic Bank Uganda, echoes David-Borha's comments. The penalties are stiff for engaging in corruption, so Odera wonders why people continue to do it. As a society, we need to address the causes of corruption, he says. "If you get an efficient government system, you find that you are likely to reduce corruption." Bitange Ndemo agrees. "Internal efficiencies in government cut the costs and create a more productive environment for both labour and also in terms of resources," he says.

Many of the CEOs we spoke to believe that corruption is a symptom, as if the ailing patient that is government could eventually recover. But it's harder to grasp the long-term implications of corruption, even if the patient were cured.

Sixty-nine percent of CEOs in Africa say that bribery and corruption is a risk to growth

69%

Is it possible to reverse the cultural legacy of distrust bred by corruption? Or to ask the question another way, will greater efficiency among government institutions engender trust in them?

Our view is that we all have a role to play. We should hold people accountable for corruption, punish them and, most importantly, reinforce the understanding that the actions themselves are starkly wrong. That would help to build more trust in institutions, rather than relying on personalities or their responsibilities.

Government and elections risks

Whatever risks there are in Africa, trust the government to be involved. This is the dominant mentality among CEOs, and yet members of government themselves say that what's really lacking is a pervasive sense of personal responsibility. Kenya is a case in point. Bitange Ndemo of the Kenya Ministry of Information and Communication points to many innovative solutions that already exist to deal with the country's problems but "nobody has taken it as a personal responsibility. They are asking, 'What is government doing?'"

CEOs do believe that their governments are responsible for conducting peaceful, free and fair elections. We didn't survey CEOs on elections-related risks, but these risks come up all the time in conversation. In Kenya, where the outcome of the 2007 Presidential election caused a wave of violence across the country, many CEOs are following the next election very closely.

Kenyans voted to introduce a new Constitution in August 2010. Alphan Njeru, a Partner with PwC Kenya and a public sector expert, believes that a lot of progress has been made. Implementing the Constitution is a lengthy process and many chapters and articles require further legislation to give effect to their purpose and intent.

David Gatende, the Deputy CEO & Managing Director of Davis & Shirtliff, says that he thinks much more now about politics and its impact on the business. David & Shirtliff specialises in water and energy solutions. The company operates regionally in East Africa but is based in Kenya and David worries that "if things stop working in Kenya [our] whole model will be seriously compromised."

What factors are impacting profitability and what strategies can help to mitigate these threats? We asked Frikkie Cornelius of Primedia Africa about managing the risk agenda in South Africa and beyond

Frikkie Cornelius, Chief Executive Officer, Primedia Africa

What impact have these risks had on your industry sector?

Economic uncertainty

The current economic uncertainty is having an increasing negative impact on the advertising industry, with more companies cutting marketing budgets. This poses challenges for all businesses in every industry around the globe.

But with challenges come opportunities. With limited resources it is possible to achieve your long-term strategy if you reduce costs, make smarter strategic decisions and continue innovating new products and solutions.

Skills shortages

The demand for talent in Africa has surpassed supply. As a result of the increased demand for talent, the cost of talent has increased and it will continue to increase as long as there is a skill shortage. In our businesses in Africa we use a combination of local and expatriate workers to solve the skill shortage. When a new position becomes available we assess whether this position can be filled by a local; if not, we source candidates who have a knowledge of that African market. An on-the-ground understanding of the African market is vital to the health and success of our business. This strategy reduces the time required to understand the economic and political environment and move the business in the intended direction easier and faster than appointing a candidate with no prior understanding of the African market.

Exchange rate volatility

Exchange rate fluctuations remain a risk and there are a number of pitfalls one must be aware of. We strongly believe that exchange fluctuations can be viewed as a positive, specifically for the Africa environment. There are also a number of options securing protection against fluctuations but controlling future currency is something that no one can predict.

Why do you think that CEOs in South Africa are less optimistic about harmonised international policies compared to CEOs in Africa overall? Do you agree with this assessment?

Growth in intra-African investment shows increased confidence in the continent from Africans themselves. Africa holds a unique opportunity specifically on regional integration of the continent, coupled with opportunities such as infrastructure development that would create real growth. I strongly believe that "more focus should be given to the needs of the individual countries" instead of blanketing them together as one. It is important to understand that each country or market is unique and should be managed accordingly.

Very few CEOs in South Africa think that the global economy will soon improve. What do you think will happen to the global economy over the next year, and how will it impact South Africa?

US domestic risks have diminished and the growth momentum has picked up. Clients seem willing to spend and businesses are looking at innovative ideas. Economic fundamentals suggest that the dollar will continue sliding against most currencies, especially in emerging markets. My belief is that we should concentrate on the endless opportunities in the African continent.

[Nigeria in-depth]

Mitchell Elegbe, Managing Director and Chief Executive Officer, Interswitch Limited

Many CEOs in Africa are very confident of revenue growth, but also keenly aware of domestic and international risks to growth. How are CEOs like Mitchell Elegbe reconciling optimism with caution in a rapidly evolving environment?

Mitchell Elegbe is the Managing Director and Chief Executive Officer at Interswitch Limited, an integrated payment and transaction processing company that provides online, real-time transaction switching in Nigeria and Uganda. Interswitch's services allow businesses and individuals to access their funds across a variety of payment channels like ATMs, PoS terminals, mobile phones, kiosks, Web and bank branches.

Strategic growth

I agree with the general feeling that there is a lot of growth potential for Nigeria. There are issues that may hinder growth, but they do not take away the growth potential that is inherent. If one is able to understand the key drivers of the economy then it is easier to position any company for growth.

A company needs a long-term view of the market and change in the market is usually not that swift that would warrant an immediate change to strategy. I do not share the view that growth brings a fundamental shift in strategy.

Interswitch has a very simple strategic view. We understand the key drivers of the business and there is a clear plan for every driver. We use a simple matrix: existing opportunities, existing competencies we have as a company and how to exploit the opportunities that we see. Based on this we pick the top three and focus on them for the year.

There was a time I used to do strategy every year but I have come to realise that year-on-year nothing changes, I just spend a lot of money and end up having the same discussions. So what we do is a strategy with a three-year view in mind and it's reassessed every year.

I believe that the speed with which strategy is executed may change and a company can capitalise on some of the opportunities available. At Interswitch, the strategy is clear and doesn't change but the tactics can change so as to execute the strategy faster.

Cash-Less Lagos was introduced by the Central Bank of Nigeria in 2012 to reduce the amount of physical cash circulating in the economy and to encourage more electronic transactions.

The policy is intended to drive the development and modernisation of Nigeria's payment system, as well as to address some of the risks associated with cash-related crimes.

Managing risks to growth

There are risks that are predictable and can be designed into the business model; energy and power are some of those risks.

However, one needs to also be ready for unpredictable risks and make necessary investments to mitigate the risks. For us therefore the biggest risks are not the traditional risk of systems downtime from power but the regulator. In fairness to the regulator, the ultimate goal is to grow the economy; however, there are policies that may affect us either negatively or positively.

What we have seen recently is a return of fraudulent phishing sites asking cardholders to input account details. These mails have also incorporated the Cash-Less Lagos, so there is a risk there. Cash-Less Lagos is also a risk, but it has had a positive impact on one side because the business will grow.

At the same time it has introduced a different type of risk of desperate fraudsters. So to deal with that it is important to make the right infrastructural investments. Though no fraud attempt has been successful, these fraudsters will get more sophisticated. This means there is need to design and plan for sophistication.

Sola David-Borha, CEO, Stanbic IBTC Bank PLC

Which risks are CEOs in Africa most concerned about? CEOs like Sola David-Borha of Stanbic IBTC Bank PLC maintain a positive outlook on managing various risks impacting their businesses

How would you describe growth prospects for your company?

Despite the global recession, we have seen growth in Nigeria and this is without any major intervention from the government and it is largely in the non-oil sector. On the back of that, Stanbic IBTC Bank has been growing faster than the market, so that even during the banking reform crises, when many banks had to either stop lending or reduce lending, we were out there doing business.

Are there any risks associated with rapid growth? How do you manage them?

We have a very robust risk management framework. It is based on the Standard Bank Group's risk framework. Any time you grow in scale the risks increase. But we believe we have in place the mechanisms and policies that will help us to mitigate those risks. For instance, operations risk is important particularly when you start rolling out branches and doing mobile payments. A key area of growth for us is the small and medium scale sector where we have business banking products. Given the nature of that sector, you will have to ensure that there is a robust credit analysis around managing the risks there.

How concerned are you about the outlook for the global economy?

I think Europe is going to have a long, slow road to recovery. The debts sizes are huge and there is really no fundamental advantage among states like Spain or Greece to make them now more competitive in terms of them producing any goods or services.

Europe is still an important block, especially for Africa because there are long trading ties. In terms of investment flows, what we have seen for instance in the capital market is that many of the portfolio investors that were traditionally based in Europe who would come in to trade in this market have kind of disappeared.

America will recover faster. America is a much more market-driven economy so it will get on its feet much faster which is good in the sense that a strong America will help to drive demand in China and Southeast Asia. A strong China and a strong America hopefully will help to stem the recession tide.

Is access to talent a risk for your organisation?

It depends on the skill sets you are looking for. There are some particular skill sets that are very good quality in Nigeria that will compare globally. But there are other skill sets that are not available in Nigeria, partly due to the level of development of our financial sector. So that if you need somebody who has specialist skills in assessing market risk, foreign exchange risk and interest rate risk and creating the limits around that, there is a limited pool available. So what we have had to do is to hire abroad, like Nigerians in the Diaspora who have some of those skills sets.

We see the same with derivative trading and derivative specialists. Because it is so relatively new, we just don't have people with enough strength and capacity to handle those areas so we look to Nigerians abroad that are operating in these areas with the skills to plug the gap. It's a problem that should reduce as the years go by as those skill sets are either transferred or we build up our local knowledge and capacity in those areas.

Sola David-Borha is the CEO of Stanbic IBTC Bank PLC. Previously, she was the Deputy CEO of Stanbic IBTC Bank PLC and Acting Managing Director, IBTC Chartered Bank Plc.

[Tanzania in-depth]

Specific domestic risks to growth can impact CEO confidence. PwC Tanzania hosted a discussion with many of the country's top business leaders to better understand the strategies that help CEOs in Africa to manage risks

In Tanzania, there are certain skills shortages. For example, in my business, we're a technology-type business, we're looking for engineering employees and we're looking for high-end technological knowledge.

Christopher Ford, Managing Director, Songas Limited

What are some of the main risks that CEOs are facing?

Leonard Mususa, Country Senior Partner, PwC Tanzania:
PwC's CEO Survey, conducted in November 2011 coincided with a difficult period. We had a situation where we had significant power issues, we had a Parliament devoting a lot of attention to looking at ways of providing electricity to the economy. We had a situation where inflation was running high; that was a problem across East Africa, but it was a problem particularly in Tanzania. We had power rationing, we didn't have enough power. Add to that the normal issues that we face. We have a shortage of talent, an old issue in Tanzania.

Ambassador Ami Mpungwe, Deputy Chairman, Richland Resources:
The business community and CEOs feel like they don't have control of the business environment because there is so much that is unpredictable, largely driven by populist politics. As a result and in addition to their professional capabilities, CEOs also have to be politicians!

Jayesh Shah, Managing Director, Sumaria Group Tanzania:
If you're catering for your local market, then all of us are in the same boat. My competitors have the same problems, they have to manage the same issues. So I am competing as to how efficient I am compared to any other company. If I'm in the export market it's a different situation. All of the problems in Tanzania become bigger; infrastructure becomes a bigger problem.

CEOs in Africa say that over-regulation is a threat to growth. What can CEOs do about it?

Lawrence Mafuru, Managing Director, National Bank of Commerce:
Sometimes you wonder if two regulatory bodies that are contradicting each other should be spending time resolving those contradictions. That's when it becomes a risk: you're not too sure at what stage a particular regulation will be applied and what the impact will be.

Leonard Mususa, PwC Tanzania:
I think there's also a question of trust. It seems to me that sometimes the regulators do not sufficiently trust the private sector because we as business people want to make proposals that are sensible, that can help the economy and our businesses. When you engage the regulators you sense a lack of trust and I think this is a legacy of our socialist past. For us to work together, we've got to build that trust. I don't think it's for want of trying.

What CEOs demand is not that everything that they put on the table they should get, but that some compromise should be reached so that regulation works for the growth of business

Ambassador Mpungwe:
What you see in Tanzania at the moment is that even the consultation between government and various industries only happens when there's some donor pressure—there's a conditionality, there must be some stakeholder participation and it's in the form of ticking the box. You're given one day's notice: 'We're having a meeting tomorrow with stakeholders'. There is little appreciation of the significant value that can be derived from deliberate, genuine and constructive consultations with the private sector. What CEOs demand is not that everything that they put on the table they should get, but that some compromise should be reached so that regulation works for the growth of business.

What approaches are helping to address the talent risk in Africa?

Christopher Ford, Managing Director, Songas Limited:
In Tanzania, there are certain skills shortages. For example, in my business, we're a technology-type business, we're looking for engineering employees and we're looking for high-end technological knowledge and that's not available in Tanzania in great breadth today. It therefore becomes the responsibility of the business to try to develop talent for itself.

Catherine Langreney, CEO, Lafarge Tanzania:
We take risks on people, that's what motivates people and we avoid our resources leaving us by moving them laterally to different roles and functions.

Lawrence Mafuru, National Bank of Commerce:
I think Catherine makes a point, it will take us as CEOs to define who we want on board and can we develop that person and make them productive.

James Cantamantu-Koomson, Managing Director, Ecobank Tanzania:
I employ some very good, young Tanzanians; very good, extremely good potential. It's not that the talent is not there, it's that we are not willing to expose people to the level of competition that will bring the best out of them.

Leonard Mususa, PwC Tanzania:
You can achieve a lot purely by developing local talent, allowing people from outside to work alongside local talent—that's one part. The other part is trying to influence the people who regulate labour to see it the way we're seeing it ourselves and not to give up because they're not responding fast enough.

[Mauritius in-depth]

Overall, confidence in growth is high among CEOs in Africa. Even so,our survey shows that some CEOs are cautious and with good reason. We asked two CEOs in Mauritius to share their thoughts on investment prospects and risks like exposure to the global economy

Deputy Chief Executive Ahmed Parkar joined Star Knitwear Group in 1987 as Production Director and grew this family business from 150 employees to 2700 employees in just eight years. The Group now exports Rs 1.0 billion (US$ 35 million) annually and has diversified into retail trade and electronics distribution.

What are the main opportunities for growing your business, and how confident are you?

Kris Lutchmenarraidoo (KL): New geographic markets, mostly in Africa. I'm very confident to at least reach 2011 figures in operational profits and rather confident over the next three years.

Ahmed Parkar (AP): Manufacturing based in Vietnam and Cambodia or Bangladesh can be interesting due to availability of labour and the cost structure being lower. Exporting our goods to India and China under our own competitive local brands could be very interesting to fill the gap between high/low end availability in both markets. New consumer confidence in these markets will lead to growth potential.

Revenue increase is quite sure over the next three years due to the regional markets demand and the resurgence of European and American markets in two years.

Why do you think some CEOs are more cautious about investing over the next 12 months?

KL: Because of the uncertainty prevailing in the global market. Cutting costs is a priority, and strategic alliances are aimed at future growth. [Strategically, we're] adopting a customer-centric approach and offering products based on customer demand. As an insurance company, we have to review our investment strategy in line with changing economic conditions, which affect our return on investment.

AP: [I think it's because of]low returns due to lack of competitive environment (high Rupee value), high cost increases in utilities, poor visibility in traditional markets, lack of funding at competitive rates and an unwillingness to add liability to their companies.

Are CEOs feeling more exposed to global economic challenges?

KL: Not necessarily; it depends on their line of business. [For instance,] we are exposed because of decreasing rates of interest and weakening currencies.

AP: We depend on overseas markets entirely for our products and so the global crisis affects demand and puts pressure on prices which directly affects visibility, the bottom line, compliance and investment.

How are you addressing these challenges?

AP: Strategically, the important thing is understanding the final customer in the chain in terms of trends, price range and regularity of purchase. This would affect the level of pricing, sophistication in product requirements and speed to market. The needs are fast lead time, very fashionable product (design and fabric) and smaller runs, and obviously price competitiveness.

KL: [We're] becoming more efficient and increasing productivity, whilst cutting down costs; review and close monitoring of investments and a shift to Fixed Income Securities as opposed to Foreign Equity.

Mr Lakshmana (Kris) Lutchmenarraidoo was appointed as Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd in January 2011 and to the Board in April 2011. He is also a director of La Prudence Leasing Finance Ltd, of The National Mutual Fund Ltd, of Associated Brokers Ltd and of Feber Associates Ltd (all subsidiaries of the The Mauritius Union Group).

Many CEOs in Mauritius are looking east to Asia and west to Africa to grow their companies. Regional expansion into emerging markets is helping to offset some of their exposure to Europe and the US, their historical export markets. André Bonieux, Country Senior Partner for PwC Mauritius, gives his perspective on the growth ambitions among companies in Mauritius and how they're influencing strategy at a challenging time

"The Mauritius economy is a very open economy. We import everything we consume and we export almost everything that we produce. Our export markets are mostly European and the US; the majority of our exports are in euros. Our tourism sector is also a significant foreign currency earner and it's very much a European market if you look at tourist arrivals.

That's why exposure to the euro has hurt a lot of businesses in Mauritius. There are two perspectives on this: the euro has depreciated against the Rupee so that every Euro worth of exports brings in fewer Rupees, and with the economic hard times, Europeans are buying less and travelling less. In response, CEOs in Mauritius are looking to new geographic markets. There's a real need to diversify the sourcing of their clients to include markets like India, China and other eastern markets.

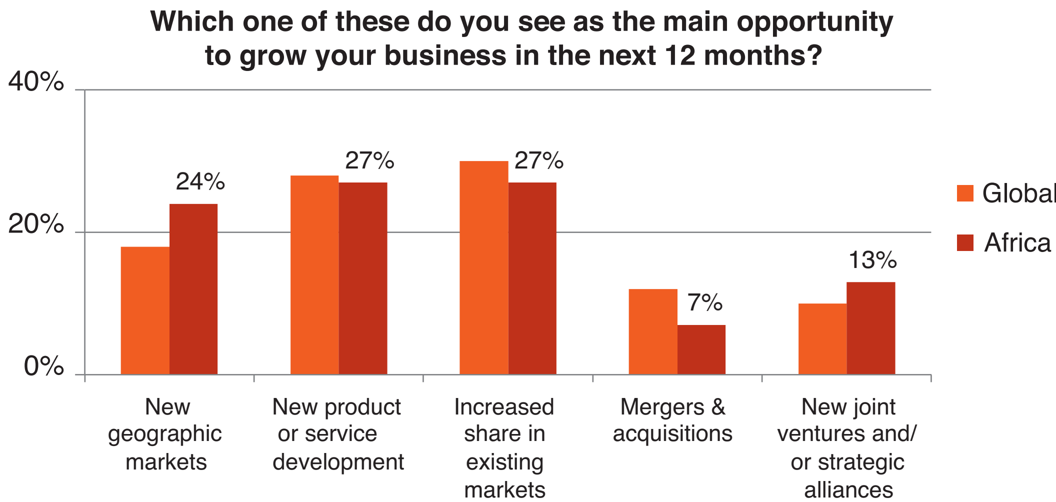
Our financial services sector has not been as exposed to the global crisis as local banks are funded locally from local savings. Our banks don't borrow abroad. That's why our banking sector has come out of the global crisis pretty much untouched.

Several textile manufacturing companies in Mauritius are looking to India, Bangladesh and Madagascar to diversify their base. In the tourism sector, there has been a trend to build hotels in Seychelles and the Maldives, again to diversify their markets.

Africa also features as a new geographic market with potential for growth of Mauritian companies. The financial sector is going to Africa, looking for places where their experience will be useful. Sugar manufacturers are investing in markets in Africa like Tanzania, Côte d'Ivoire, Mozambique and Zambia. CEOs in Mauritius are leveraging their expertise and expanding their operations to Africa's mainland. For multinationals using Mauritius as a regional financial centre, we've seen a lot of mining and trading companies structuring their Africa operations through Mauritius. That has helped to offset somewhat the reduced activity with India resulting from unresolved treaty issues.

Nevertheless, growth locally is down to 3.5% for 2012. Everybody is sitting tight and watching how things evolve in Europe and the US. So we're a little bit more cautious than our neighbours.

As an export-led economy, what matters most is our client relationships.



The strategy agenda

How are CEOs in Africa managing strategic priorities like regional growth, product and service innovation and internal restructuring? We tapped our network of clients and experts to find out how 'doing things differently' provides a competitive edge in Africa

In Africa, the risks are changing constantly and the growth opportunities are unprecedented. Our survey shows that there is no clear winner among the top three growth strategies for CEOs: expanding into new geographic markets, developing new products/services and increasing their company's market share in existing markets. Many CEOs focus on all three strategies simultaneously to grow their companies.

A total of 79% of CEOs in Africa plan to change their company strategies over the next 12 months. The reasons they give are very closely aligned to the threats they face: economic uncertainty, competition, risk, talent and the regulatory environment are all driving strategy change.

At the same time, priorities like technology investments, research and development and innovation capacity, organisational structures (including mergers and acquisitions) and capital investment decisions feature at the very top of their strategy agendas.

This interplay between growth, risk and strategy is clear in every market where we surveyed and interviewed CEOs. Lawrence Mafuru, Managing Director of the National Bank of Commerce, talks about the growth of Tanzania's banking sector. "There's no one bank that can tap this huge potential," he says. "What turns out to be the challenge is whether you can get your investment returns at a time when it's expensive to do everything." Mafuru points specifically to the threat posed by inflation, which is named as a risk to growth by 85% of CEOs in Tanzania and 71% in Africa overall.

One of the outcomes of this risk-and-reward operating environment is an increasing focus on innovation. CEOs shared with us dozens of examples of innovative products, services, risk and talent management approaches and growth strategies.

Bob Collymore, CEO of Safaricom in Kenya, makes the point that "innovation is not just about clever stuff—it's also about doing things differently." Francis Kamulegeya, Country Senior Partner for PwC Uganda, illustrates this point with a customer-centric business strategy focusing on relationships. His company partners with customers "not just for the short-term or the duration of the project but for the long term." This helps to differentiate PwC Uganda in the marketplace.

Doing things differently is not something that comes naturally to very many people, CEOs included. "You cannot wake up and say we need to be a more innovative company tomorrow," says Mitchell Elegbe, CEO of Interswitch in Nigeria. "It is something you must design from day one. The kind of people you get, your environment, your approach to management, your management style will create the innovation that you want." Complacency is the opposite of innovation and CEOs must foster a hunger for change in order to reap the benefits.

Competition can be a powerful influence on innovation, says Jayesh Shah, Managing Director of Sumaria Group Tanzania. Uthman Mayanja, a partner at PwC Uganda, agrees. He points to a recent trend towards miniaturisation in the retail space in Africa. Innovations like packaged goods and airtime in small quantities have allowed companies to compete in an environment of rising prices.

Consumers in Rwanda are moving towards the top end of the subsistence level in terms of spending. As poverty levels drop, as education improves and investments in education begin to reap a return, Rwandans are empowered to contribute to the economy by spending more on things like cell phones, bank accounts and electricity. The trend is positive, and subsistence spending is making life that much better, but perhaps consumers are not yet spending on wealth-creating activities and purchases.

Bernice Kimacia, Country Senior Partner, PwC Rwanda

Competition also requires companies to make innovative improvements to their operating models. Nearly three-quarters of CEOs in our survey say that they implemented a cost reduction strategy last year, but their focus this year is more evenly distributed between cutting costs, outsourcing and forming strategic alliances or joint ventures. CEOs attribute this shift to the challenges and opportunities associated with growing companies.

Many smaller, growing companies do not have the resources to attract top ICT talent, for example. Outsourcing is a strategy that can help to mitigate this risk while allowing CEOs to focus on their core business. Outsourcing can help companies implement an innovative strategy providing a competitive edge. At the same time, outsourcing companies are responding to demand by providing innovative solutions addressing business risks and growth.

Several CEOs in Africa talked about the role of government promoting innovation. In Rwanda, the government has created an environment where "it is a competitive imperative for banks to make step changes in innovation," observes Sanjeev Anand, Managing Director of Banque Commerciale du Rwanda Ltd. This partnership between the government and the financial services sector has really worked but he warns that "those who do not respond will be left behind."

CEOs consistently make the point that innovation must be commercially viable and customer-focused. And not all innovations will catch on right away. A call centre at Kenyatta National Hospital in Nairobi is meant to reduce the amount of time that patients queue to see a doctor. All the same, so far, people seem to prefer to queue. "They still want to go and see the doctor and ask about a headache. And the doctor writes, 'Go to the x-ray,'" laments Bitange Ndemo, Permanent Secretary of the Ministry of Information and Communication in Kenya.

At the end of the day, "strategy is what defines what forest you are in," says Sola David-Borha of Stanbic IBTC Bank. "If you're in the wrong forest, you can spend a lot of time and energy in a space where either you can't win or you can't compete effectively." David-Borha notes that it's particularly important to develop a strategy that employees understand and buy into.

"I spend increasingly more and more time on strategy and trying to get my team to think about where we want to get to and how we want to get there."

"Africa is there for the taking — for us"

Mike Macharia is the Group Chief Executive Officer of SevenSeas Technologies. His company provides business and technology solutions to clients in the financial, telecom, real estate, service and government sectors in many African markets. His regional experience has taught him "to look at the opportunity in Africa," rather than getting too caught up in any one particular market. "We need to realise that Africa is there for the taking — for us," he says.

Just one quarter of CEOs in our survey say that new geographic markets are the main opportunity to grow their businesses this year, and yet 59% wish they had more time to develop operations outside of their home market. Ninety percent expect their operations in Africa to grow this year. What does it take to expand operations regionally in Africa?

Primarily it takes the right kinds of people. They tend to be entrepreneurial, so companies wishing to expand need to build a corporate culture that supports that kind of mentality. For some companies, this means loosening the reigns and giving a new market start-up a grace period to adjust and become profitable.

Regional expansion also requires a healthy dose of realism. CEOs say that you've got to understand where you want to do business and why. In East Africa for example, positive economic growth means much higher demand for petroleum products. This is good news for CEOs like Jacob Segman of KenolKobil. But other CEOs are cautious about regional opportunities because they believe that they have not yet fully exploited the opportunities at home.

"Considering the great potential in Nigeria, should we really be using our resources in other markets where the returns might not be as huge?" asks Mitchell Elegbe of Interswitch. That's when a regional strategy becomes competitive. Each market in East Africa might be markedly smaller than Nigeria but taken as a whole, East Africa is a big economy with a lot of potential. So it's no secret why companies like Interswitch are growing their regional presence from hubs in Uganda or Kenya.

Yaw Nsarkoh, Managing Director of Unilever Kenya Ltd, warns that a regional strategy must be clearly aligned to best practice no matter where you operate. "In order to win and even dominate tomorrow, we must start to globalise our benchmarks and raise the expectations for ourselves," he says. "A false sense of progress," as he calls it, will not deter global or regional competitors.

Consumer insights are essential to an effective regional strategy, since demand and preferences vary so much by market. In Kenya and Mauritius, over 80% of CEOs say that customer demand is influencing company strategy. Shifts in consumer spending and behaviour are particularly worrisome among three quarters of the CEOs we surveyed in Rwanda and Nigeria. In every market in Africa, CEOs are asking themselves, "What are consumers thinking and doing?"

[Ghana in-depth]

How are CEOs modifying their strategies in response to unprecedented growth? In markets like Ghana, CEOs are focused on technology, research and development, innovation capacity and capital investments. Here, they share a few of their approaches

When three-quarters or more of CEOs are very confident of growth, as we found in our survey in Ghana, there's a sense that strategy can help capitalise on certain strengths or opportunities in the market. The fundamentals are in place, as we see in Ghana. It's a matter of making the most of them.

Strategies like improving organisational efficiency can have a real impact, as 88% of CEOs in Ghana attest. Spending more time with customers helps CEOs to evaluate new product or service development. Growing the leadership and talent pipeline and other value-adding activities like technology investments all support growth.

In Ghana, there's a sense that the market has enough capacity and potential to accommodate the various players. So we don't see competitive threats influencing CEO strategy very much in our survey. Innovation is largely focused on existing products, services and business models—there's so much potential, and so much optimism, that companies are less concerned with innovation than they are with meeting demand. The true test will be whether the strategies that CEOs are deploying now will have the intended impact down the road. In large part, I think they will.

Felix Addo, Country Senior Partner, PwC Ghana

Our organisational strategy is driven globally and applied locally. At the global level, we recognise the importance of spending time with our customers and so we've recently opened a new office building in Accra where most of our customers have corporate offices. We're also investing in an ultra-modern complex in Kumasi, in Ghana's south central Ashanti region, that will include a training facility, an equipment servicing and rebuild section and warehousing as well as corporate offices. Both of these investments will contribute to the comfort and well-being of our employees and allow us to maintain our environmental and occupational health and safety best practices.

James Oosthuizen, Managing Director, Sandvik Mining and Construction Ghana Ltd

Our government, businesses, universities and other institutions are all becoming more competitive. But it is sometimes difficult to know what specific areas we need to focus on to drive efficiency and productivity. We need benchmarks for best practice to meet our objectives. Information about managing inventory and supply chains, systems and processes, governance, compliance and other areas will help us to become more competitive, as we work together to build a world-class business environment together with a world-class government. To transform our economy and our nation, we need to broaden our investment base to better meet the needs of our growing economy and grow and modernize the small and informal firms that dominate our private sector.

Hon. Dr. Joseph S. Annan, Deputy Minister, Ministry of Trade and Industry, Ghana

One of the things that we need to do to grow Ghana's insurance industry is to grow our skills capacity. That's why the National Insurance Commission helped to set up the Ghana Insurance College. The college focuses on advancing ethical insurance practice and professional competence and provides diploma courses. There's still a pressing need for actuaries, however. Sometimes the growth in a market isn't matched by the skills available. This makes it hard to take advantage of certain opportunities.

Nyamikeh Kyiamah, Commissioner of Insurance/ CEO, National Insurance Commission

A lot of the innovations that we would like to implement in the area of services and products are not really innovations in the real sense; some are established practices in other markets. But we have certain limitations in terms of skills. Definitely, building innovation capacity is at the top of my agenda because it helps you to take advantage of growth opportunities. I am very confident of growth going forward, mainly because of opportunities in the energy sector that will have a very positive effect on the rest of Ghana's economy, including the banking industry.

Olalekan Sanusi, Managing Director, Guaranty Trust Bank (Ghana) Limited

You can't expect growth without making significant investments. Ghana was able to develop its oil production very fast because of investments in leading-edge technologies. We're investing in a new corporate complex in Takoradi to support the opportunities we see here. We are also investing in people as well and recruiting the best that the market has to offer and complimenting their training and competencies but we're still finding that there's no substitute for experience within the existing framework.

Christian Ibeagha, OilField Service Manager, Ghana, Ivory Coast and the Remotes, Schlumberger Seaco Inc.

[Kenya in-depth]

The competitive environment is changing rapidly in Africa. CEOs based in Kenya talked to us about creating a culture of innovation, strategies to support growth and some of the broader trends impacting their companies and influencing their government

What could CEOs do differently to compete more effectively?

Mike Macharia, Group Chief Executive Officer, SevenSeas Technology:
I think what's lacking is putting together ecosystems of players who work together towards a common objective. I'll give you an example where I'm coming from with this: if today we aspire to create a technology-driven economy, in terms of a knowledge economy, we definitely need to see ourselves create a national innovation ecosystem. The first thing is to look at areas of culture and transformation.

Tony Mwai, Country General Manager, IBM:
I don't think it's a question of Kenyan companies not being able to go through that kind of transformation. For IBM what happened was that we had a near-death experience and I think that's what it will take for any company, in any part of the world that goes through a near-death experience, you have to introspect, you have to look at what is core to your business, look at what your values are as a company. What do you want to be?

Bob Collymore, Chief Executive Officer, Safaricom:
You know, the Ministry of Information and Communication can't do everything themselves and neither can SevenSeas do everything themselves. So what you have to do is you have to partner. We are not going to have the ability to do everything which is why we do partner with people like Mike [Macharia, Group Chief Executive Officer, SevenSeas Technology] and why we partner with people like Tony [Mwai, Country General Manager, IBM].

Dr Bitange Ndemo, Permanent Secretary, Ministry of Information and Communications:
[Mike] Macharia [of SevenSeas Technology] started by saying we actually need to look at the culture to develop the ecosystem. I want to answer that we are indeed developing that ecosystem. If you go to these smaller universities, we are beginning to develop, to work together, what they call in the Western world a triple helix, where you have the university, the government and the private sector working hand in hand.

Mike Macharia, SevenSeas Technology:
How do we ensure that the whole ecosystem is working? You talked about innovation and talent. We cannot innovate if we don't have resources.

Bob Collymore, Safaricom:
There is a myth that you need money to innovate. You don't actually need money to innovate.

David Gatende, Deputy CEO & Managing Director, Davis & Shirtliff:
When you look at companies like Toyota, companies like IBM and Safaricom have very good cultures for harnessing ideas and then encouraging the best ideas. You have to have it in the organisation so that the best ideas can come out to the front, up to the top with management support, with resource allocation.

Tony Mwai, IBM:
I think innovation will come from the masses. It's the collective think, the collective need to find solutions to common problems. I think that's where innovation is going to come from.

How is the competitive landscape changing for your business?

Jay Ireland, President and CEO-Africa, General Electric:
We are making a big push into Nigeria right now. If you're going to be there, you're going to be there a long time through good and bad. It's a real focus on where you think the growth is going to be and whether or not you have the risk tolerance to get that growth and then continue to invest.

Jacob Segman, Chief Executive Officer, KenolKobil:
In the retail business, nothing is easy because at the end of the day the ones who are really driving our strategies and growth and development and profitability are the customers, the consumers. We always have to be creative, very innovative even to the extent of anticipating the consumers' expectations.

Kitili Mbathi, Regional Managing Director, CfC Stanbic Holdings:
Africa has become a lot more attractive for some of the global players. I think when it comes to retail banking it's going to be a little difficult to get involved and really make an impact because we have demonstrated as a country an aptitude to really understand what the customers need and provide banking services which they need.

How is the government helping to create a culture of innovation and accountability?

Eng Michael Kamau, Permanent Secretary, Ministry of Roads:
In the Ministry of Roads, we've prepared a a 15-year strategic plan which we've shared with everybody. This is the road map. This is what we are going to do. The Minister goes to the public and sells it then the public can come and ask us, 'What have you done? What happened to your promise?'

Mugo Kibati, Director General, Vision 2030 Delivery Board:
I do think that the general notion of long-term planning is beginning to sink in. it could be that some people have stuff they need to do now which they know will come to fruition three, four years down the road and that is what is beginning to happen with Vision 2030, with longer-term thinking. The acceptance of the notion that yes, it's 18 years down the road but there's some stuff that we have to do today to get that right.

In order to be able to win and even dominate tomorrow, we must start to globalise benchmarks and raise the expectations for ourselves. Otherwise we will get a false sense of progress because you are coming from far back but tomorrow global competition will wipe you out.

Yaw Nsarkoh, Managing Director of Unilever Kenya Ltd

[Uganda in-depth]

Philip Odera is the Managing Director of Stanbic Bank Uganda, which is part of the Standard Bank Group. We asked Philip to share with us his thoughts on the strategies that help companies to become more competitive and his outlook on growth potential in Uganda

What factors do you think contribute to confidence in growth?

For Uganda and the region, I think growth will remain consistent. But some of us are not going to move at the same speed or at the same pace. I see a shift of emphasis from largely agriculture-driven economies to more extractive resource economies with oil, gas, minerals, gold etc. playing a more prominent role.

Those who will get it right will be the ones who say, 'Whatever we get out of these extractive resources, we need to make sure that our infrastructure is up to par, our health and education services are up to par and we need to make sure that our agriculture is able to step up.' That is the kind of balance that I would like to see.

How will extractive industries influence growth overall?

You're going to find so many spinoffs from extractive industries. For example, information technology and the development of that becomes a lot more pronounced and the service industry starts to grow significantly. Therefore we would try to see how we would participate in that as a bank and in the financial sector as a whole. I think we'll move to a different level of manufacturing, especially where it links back to agriculture in terms of agro-processing for example.

Without a doubt, what we see is that in many cases those opportunities in the oil and gas sector are too large for any single balance sheet. There is definitely going to be an opportunity for large syndications. That will become the norm. All of these banks that you see opening up in Uganda will have opportunities to participate; there will be enough to go around and that is what has attracted them to the country.

How are you remaining competitive in a fast-changing market?

We run a universal banking model. Essentially what that means is we are present in all market segments where banks operate and in each one, we are either the leader or we're in the top three. Now, what that means is that you have the advantage of size, so your ability to absorb shocks and sustain business is that much more accentuated. You end up with a much larger balance sheet so you can get the kinds of returns that make sense. Size has a lot to do with it but you can't rely on size alone because somebody else can grow or acquire to obtain the same sort of critical mass. So you return to talent and getting the right people in the door. That's probably what keeps us going and what will sustain us.

We are also investing heavily in technology that allows us to be more competitive for the future. It's not going to pay off today or tomorrow but in the long term it will position us very well.

Where our customers tend to do well, we do well; where they are battling we are affected similarly. But because our business is an amalgamation of all of Uganda's industries, we have a tendency to reflect the broader GDP rather than any specific sector.

In terms of strategy, how would you like to spend your time every day?

The people side is important. You have no chance of achieving your strategic objectives if you don't have the right calibre of people. The only way you're going to be able to determine whether you have the right calibre of people is if you spend time with them. You really have to make a deliberate effort and it might mean restructuring how you operate so that you have the capacity to stay in touch.

When I look at my typical day, a lot of regulatory issues and external stakeholder issues take more and more of my time. And if I could structure it in a different way, I would prefer those issues to take less time and instead I would like to invest more time in our people internally and our customers externally.

As CEO of Absa Group as well as Barclays Africa and with operations in many Sub-Saharan Africa markets, we asked Maria Ramos to comment on the overall operating market — and the real-world strategies that work on the ground

We need greater stability in financial markets. On the back of that, we need to create jobs, and that, taken together, will generate greater confidence. It's the lack of confidence that I see as one of the greatest risks at the moment.

It makes all the sense in the world to operate in a much more joined-up, integrated way and take advantage of an increasingly integrated client base across Africa. And that's what we're doing.

Africa is becoming more and more competitive. In some parts competition is coming from non-traditional sources, including the cell phone companies. So, everything we do is about innovation in order to meet the needs of our clients and customers.

Strategy is dynamic. It's not something you look at once or twice a year. We live and operate in markets and in an environment that's continually changing — and what we've all had to live through in the last two or three years is a very real reminder of that.

Trade with Africa has increased significantly and importantly, intra-Africa trade has also increased. We are seeing the pattern of exports change more and more into the emerging market economies. If I look at our own client base, both in South Africa and in the other African economies that we operate in, and if I look at the global clients that we interact with in the Barclays Group, the question we get asked all the time is, 'Can you help us do business in Africa?'

Maria Ramos is the CEO of Absa Group Limited as well as Barclays Africa. Absa is a subsidiary of Barclays Bank PLC and is listed on the JSE. It is one of South Africa's largest financial services groups. The Group's business is conducted primarily in South Africa but it also operates in Mozambique and Tanzania and has bancassurance operations in Botswana. Barclays Africa, wholly-owned by Barclays PLC, has operations in ten countries. The combined operations serve over 14 million customers across the continent offering a complete range of retail, business, corporate and investment banking, insurance and wealth management products and services.

Jekwu Ozoemene, Managing Director and CEO, Access Bank (Zambia) Limited

Talent and innovation are closely linked for many CEOs, and creating a culture that supports both is critical to success. We know that CEOs in Africa value innovation, but cultivating the talent to commercialise innovations in a fast-evolving environment is difficult. We asked Jekwu Ozoemene, Managing Director and CEO of Access Bank (Zambia) Limited, to share his thoughts on growth, innovation and talent challenges in Zambia and beyond

Jekwu Ozoemene is the Managing Director and CEO of Access Bank (Zambia) Limited. Previously, he served as Assistant General Manager and Group Head of Access Bank Plc's Commercial Banking Division in Port Harcourt, Nigeria.

What factors do you think should inspire confidence in Zambia and the region?

There are extremely strong prospects for growth in this market, but there are certain things that need to be put in place to catalyse this growth. Zambia is a land-locked country so a lot of production that takes place in Zambia goes to feed neighbouring countries. Zambia can be perceived to be somewhat of a Silicon Valley equivalent in the manufacturing sector. You realise that most of the corporates in Zambia, most of their products, feed markets outside of Zambia. Why? Because you have a political landscape here that is much more stable than most neighbouring countries, the requisite infrastructure is in place, power is also in place.

Growth will be premised on these neighbouring environments. You have the Katanga region [of the Democratic Republic of Congo] bordering Zambia that has a population that is more than Zambia's. So if you just take a walk there, you see trucks laden with goods from Zambia every day. So you can imagine what the potential will be.

I also think existing markets have not been saturated. That's not to say you won't see expansion into new markets but there's a need especially in my sector to do more business.

How is the financial services sector evolving in response to growth?

In the next three to four years, we'll probably witness a lot of project finance. That is a skill that is not available in the market. I realise most of the time when people are dealing with big projects, some financial institutions fly in people who are perceived to be experts, from South Africa, from Europe, etc. You will regularly begin to see that requirement in this market.

In terms of growth areas, I think it's agriculture, I think it's manufacturing. On the risk assess side, there's a heavy reliance on retail finance but you don't have a corresponding savings culture today so even the aggregated savings deposits in the market cannot ultimately support the quantum of retail financing that's required.

How does talent influence a company's capacity to innovate?

I think that the banking industry doesn't have the requisite skills to drive innovation. You realise that there is a significant skill deficit in the market which also means that there is a premium for available skills which results in a situation where people who do not have the right skills and capacity are taking up responsibilities that they truly can't handle.

We may actually be heading towards a crisis because the more people who are taking up sensitive positions without broad spectrum experience, by the time the crunch comes they will not have the capacity to address problems. And the problems will definitely arise, based on what we've seen in other markets.

Stephen Saad is Group Chief Executive Officer of Aspen Pharmacare Holdings Ltd in South Africa. We asked him to comment on the strategies that allow him to manage exposure to global risks as well as growth opportunities in Africa

What kinds of strategies are helping CEOs to manage their company's exposure to the global economic crisis?

We are driving economies of scale and focusing on investing in those markets that can deliver growth. It seems to work for us as many others are not investing and sitting on the fence.

What kinds of opportunities do you see in emerging markets in Sub-Saharan Africa?

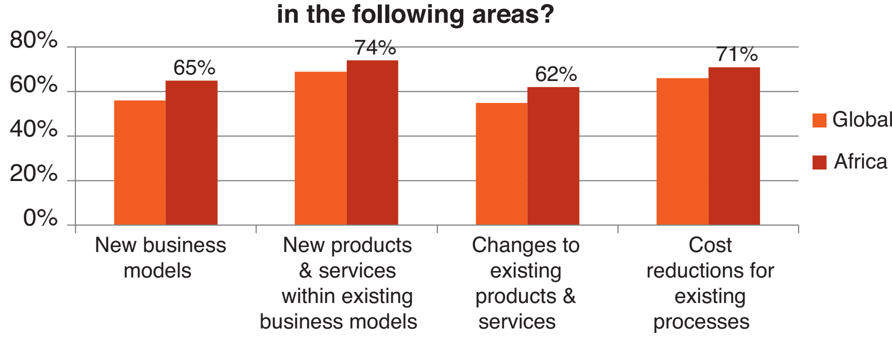
The opportunities for us are not inorganic but rather to build on the strong organic volumes we are seeing. They might be the strongest percentage increases when compared with any of our other regions.

CEOs in South Africa seem to be shifting away from a focus on cost reductions and towards new strategic alliances/joint ventures. Do you see this happening in your industry and why do you think this shift is occurring?

We look at both. I would think the former has finite profit impact whereas the latter should drive sales and may sustain strategic growth.

We are not changing strategies. We continue to invest and believe in an African growth story

To what degree are you changing the emphasis of your company's overall innovation portfolio in the following areas?



Research methodology

The Africa Business Agenda is based on a survey of 201 CEOs in Angola, Ghana, Kenya, Mauritius, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia. The survey is the same as PwC's 15th annual Global CEO Survey of 1,258 CEOs worldwide. Due to the relative size of our markets, the Global CEO Survey includes 30 surveys with CEOs in Nigeria and South Africa only. Our Africa CEO Survey of 201 CEOs was conducted at the same time and in more markets, from October to December 2011.

In the publication, 'Africa' results refer to our 201 surveys in Africa whereas 'Global' results refer to our 1,258 surveys globally. The number of CEOs surveyed in each market in Africa is based on each market's relative size and most of the surveys were conducted face to face.

To better illustrate the CEO agenda in Africa we also conducted in-depth interviews and panel discussions from January to June 2012 with over 70 CEOs in Africa, many of whom have regional roles. Their insights cover a wide range of topics, from prospects for growth to evolving industry and market dynamics as well as risks and priorities over the short and medium-term. They are quoted widely in the report.

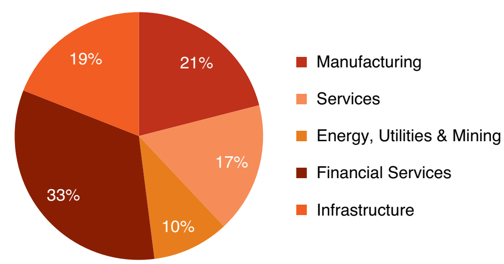
Our extensive network of experts and specialists provided additional input into the analysis of the survey. PwC senior partners from all ten markets contributed their perspectives. The views they express are their own and not necessarily those of the firm.

The Project Leader, Philip Kinisu, and the Editor, Emily Ansell, would like to thank all of our contributors as well as PwC's Marketing, Communications and Business Development team in Africa for their support.

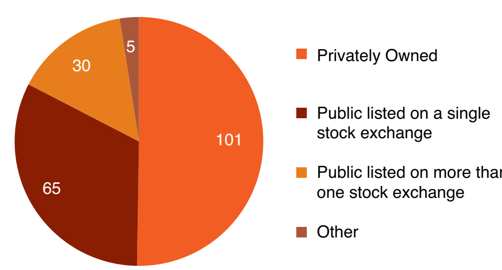
Surveys conducted by market

Angola	9
Ghana	17
Kenya	33
Mauritius	10
Nigeria	30
Rwanda	16
South Africa	32
Tanzania	20
Uganda	20
Zambia	14

Survey respondents by industry



Survey respondents by type of ownership



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