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NGS GLOBAL OFFICE SPOTLIGHT

NGS Global across the World: Spotlight on South Africa

An Interview with Terry Veitch, *Managing Partner*

As Africa's second largest economy, South Africa is a popular gateway to the Sub-Saharan region from a foreign direct investment perspective. We recently interviewed Terry Veitch, Managing Partner at NGS Global for Africa, for insights into this dynamic market.

April 2015

What are the brightest spots in the South African economy today?

South Africa is the fifth and most recent member of BRICS, which is made up of Brazil, China, India, Russia, and South Africa. These countries are characterized by rapidly growing economies and increasing international influence. Although South Africa's economy is one of the most developed in Africa, it does face its fair share of challenges—the most significant of which is its unstable energy supply. However, the roadblocks encountered in the South African economy generate commercial demands that create viable opportunities for both local and international companies.

Despite the fact that the South African economy, like many other emerging markets, is flat at present, there are pockets within the economy that show positive signs of growth. These areas include manufacturing, retail, automotive, tourism, agri-processing, chemicals, and parts of the broader information and communications technology (ICT) sector.

The media and telecommunications industries are developing rapidly and will likely remain very competitive for the foreseeable future. For example, Naspers is a dominant multinational player in the African media space that is headquartered in South Africa and boasts market-leading operations in all key emerging markets globally. Many international groups are now interested in entering the television, radio and the broader media and telecommunications space to tap into Africa's developing population of one billion people. Several of these companies use South Africa or other key regional hubs, such as Kenya (East Africa) and Nigeria (West Africa), as their entry point to greater Africa. Countries bordering these successful regions are now starting to reap commercial benefits as organizations further expand their presence in Africa.

As previously mentioned, a key issue facing South Africa is its energy supply; the country is currently experiencing power outages and rolling blackouts. Energy inefficiency has created the need for alternative energy sources, such as solar and wind power. There are alternative energy initiatives underway that have enticed several international companies in the sector to enter the South African market.

There is a lot of potential for the hospitality and tourism industry to grow and thrive in both South Africa and Africa at large. Many hospitality companies around the globe are focusing on Africa as the continent continues to develop its critically important middle class. Several international

hospitality companies have demonstrated their commitment to expanding into the Africa region. By way of example, Marriott International Inc. recently acquired a local South African group, Protea Hospitality Group, and in so doing became the largest hotel group in Africa. With the acquisition, Marriott now controls all of Protea's 116 hotel operations throughout the Sub-Saharan region.

There is also a strong focus on expanding retail operations in South Africa and beyond into Africa. For example, international fashion groups such as H&M, Zara and Cotton On have recently entered the South African fashion retail market. The influx of foreign-owned companies has posed a number of challenges to the local retail market, but ultimately benefits native consumers and forces local companies to be more globally competitive.

Which executive positions are in high demand?

C-level positions across most functional areas are always in high demand in South Africa, although it can be challenging to find candidates with broad enough executive leadership skills to fill those roles. Most companies face pressure to adopt a global mindset and consequently require the executives they hire to be true "global citizens" who understand the critical importance of globalization.

Top financial executives, particularly Chief Financial Officers (CFOs) and management roles one or two levels below that of the CFO, are also in high demand. Recruiting candidates for CFO positions has changed in recent years because most of today's clients require merger and acquisition (M&A)/corporate finance experience and skills, whereas in previous years qualifications were focused primarily on candidates' financial and strategic skills.

At NGS Global we are consistently approached by companies to find executive talent in South Africa and other key regional hubs of Africa, namely Kenya and Nigeria. Clients are generally very interested in hiring country managers and managing directors who have the proven market and business development skills necessary to lead, manage and expand business operations in the region.

Engineering and information technology (IT) skills are always in demand at all levels throughout most organizations, i.e. from Chief Information Officers (CIOs) to less senior management roles. Today's CIOs also need to have significant general management skills to complement their understanding of IT,

as opposed to only having hard IT or technical skills—which is what has been required in previous years.

What human capital challenges do your clients face when recruiting executives in South Africa?

One key challenge worth mentioning is that South Africa has faced a “brain drain” phenomenon for many years where top talent has emigrated from South Africa to the developed economies of the UK, United States, Canada, Australia and other English speaking countries offering alternative employment opportunities. For a variety of reasons, this trend has slowed down to a point where diaspora are now coming back to their native South Africa. Since the global crisis in 2008, approximately 359,000 South Africans have come back to their country of birth to raise their children and to enjoy the attractive lifestyle South Africa has to offer.¹ These returning executives who have cultivated invaluable first world skills whilst working abroad are typically welcomed back into executive and management positions in South Africa. Whilst the “brain drain” initially resulted in a loss of key executive talent, the South African government does not easily grant companies work permits for well-qualified expatriate professionals looking to work in South Africa.

An ongoing challenge for employers in South Africa is the requirement to comply with the Broad Based Black Economic Empowerment (BBBEE) Act, which incentivizes companies to hire candidates from backgrounds and racial groups that have been previously disadvantaged. Whilst the BBBEE initiative is critical to developing a culturally diverse workforce in South Africa, it does make it difficult for companies competing against other organizations for a specific candidate profile that is in relatively low supply and high demand.

Tell us about the NGS Global team in South Africa and its capabilities.

The team in South Africa has been together for the past 10 years and has over 40 years of collective experience. We have offices in both Cape Town and Johannesburg and conduct executive search assignments across the entire Sub-Saharan Africa region for local and international clients. We have

grown to understand the uniqueness of each of the key jurisdictions throughout Africa. Our hard-earned experience across a broad range of industries and all functional areas translates to a distinct benefit to our clients, as we are able to confidently source key executives across many sectors, and in so doing, offer our clients an expanded executive talent value proposition.

¹ Hedley, Nick, “Expertise flows back into SA as brain drain is reversed,” *Business Day Live*, January 2014: <http://www.bdlive.co.za/national/labour/2014/01/14/expertise-flows-back-into-sa-as-brain-drain-is-reversed>



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Terry Veitch is Managing Partner at NGS Global for the greater Africa region. With over 25 years of experience in the executive search industry, he conducts senior-level assignments across a wide variety of industries and functional areas, with an emphasis on financial services, information communications and technology (ICT), media, fashion retail, consumer goods, pharmaceutical and manufacturing sectors. Mr. Veitch has partnered with client companies throughout Africa, the Middle East, Europe, Asia and the United States.

Mr. Veitch was previously a managing partner in Africa at Alexander Hughes Executive Search, which acquired a boutique executive search firm he founded in 2002, Valinger Executive Search. Earlier in his career, Mr. Veitch founded another thriving executive search firm and sold it to a Johannesburg Stock Exchange (JSE) listed group.

Mr. Veitch graduated from the University of Cape Town in South Africa.

ABOUT NGS GLOBAL

With offices across the Americas, Europe, Africa and Asia, NGS Global provides the extensive resources of major global executive search firms along with high-touch service, accelerated completion cycles and superior candidate access made possible by a mid-sized platform without external shareholders. Through our commitment to industry expertise, cultural knowledge and partner-led search execution, we deliver exceptional value to our clients.

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