Success in Africa: CEO Insights from a Continent on the Rise by Jonathan Berman

Review by Brian Doe

Success in Africa: CEO Insights from a Continent on the Rise by Jonathan Berman is a newly published book which interviews the CEOs of some of Africa's largest companies, as well as a couple American CEOs doing substantial business on the continent to paint a picture of the prospects for globally competitive business on the continent and the need to replace stereotypical portrayals of Africa with new ones based on rapid growth and change.

The book is so overwhelmingly positive in tone that it can get a bit too sweet and short on the downfalls of business in Africa- but it is interesting to hear high level African leaders knock down the myth or perception that big business (i.e. globally competitive) doesn't exist on the continent, and high level African leadership doesn't exist. The book is also effective at recounting the modern development story through the experiences of companies doing much of the heavy lifting installing major communications, engineering and banking infrastructure in Africa.

Some of the CEOs represented in the book include ***Ghanaian Sam Jonah running South African mining company AngloGold Ashanti***, ***Tony Elumelu running Nigerian United Bank of Africa***, ***Funke Opeke running Nigerian IT cable company Main One Cable Company***, ***Vimal Shah the Kenyan CEO of Bidco edible oils and other African leaders leading African or foreign firms in Africa***. American CEOs include ***GE CEO Jeff Immelt***, ***Tim solo the former CEO of American generator manufacturer Cummins Inc.***

The theme is Africa as the frontier and one that is experiencing a boom of future opportunity for companies willing to make an investment. Some of my favorite points:

1) ***Africapitalism-*** African CEOs more successfully integrate long-term investments/relationships and poverty reduction objectives into their business plans- the idea of social wealth as a buffer to political and other risks of doing business is the origin of this. One CEO called it Afrocapitalism in which successful private sector actors commit to long-term investments and naturally integrate social benefits into the business plan;
2) ***Sitting Where you do Business***- African leaders place a high importance on being constantly involved in all levels of their business, forging relationships with those they do business with and sitting where their business takes place. The Chinese do the same- one CEO describes a Chinese cell phone manufacturer he met whose office was right in the middle of Luthuli Avenue market in Nairobi where phones and other electronics are sold. American, European, Japanese businesses create pockets of isolation where they work and live from in African cities which is the death knell of succeeding in a frontier type market. The idea of getting your hands dirty and creating the social ties to your marketplace. One quote from a CEO-"I always tell my people I am not a mushroom. A mushroom, you keep in the dark and you feed it dung. I'm not one of those. So in all my businesses, I know as much as my managing directors. Sometimes more, because I talk directly to the ordinary guy and don't liaise through bureaucrats."

3) ***Build what you Need***- A successful company in Africa builds what it needs- the idea of the extended enterprise that if you want to succeed and tap the unmet frontier market you have to be able to build any missing infrastructure on the way to doing business. An executive operating a manufacturing plant has to know about the water supply, the power supply, the situation of those he'll employ, where people will live, who will provide security, etc. Operating in the U.S. it's a given- power, water, security- but in Africa somewhere there will be a gap (maybe all of it!). Mo Ibrahim, the Sudanese founder of Celtel phone service, says this can be a huge benefit in the long-term (again the importance of long-term investments) as those that build their own infrastructure around their business will be able to profit from those that will come later and need those logistics- but that takes a leap of faith to invest in that future potential.
4) ***Investing Based on the Future Not the Past***- One key difference in working with the Chinese versus Americans or Europeans is that the Chinese will invest based on future potential for success (they will even build infrastructure based on future potential output) whereas American and European companies are stuck in a more risk-averse mindset of only investing based on past demand/performance that will guarantee a return in the future. Africa doesn't have that kind of historical resume in business but the Chinese are prepared to take on a level of uncertainty to tap the potential of the African market. Again the Chinese also win because they manage uncertainty well, get their hands dirty, demonstrate resilience when something goes wrong and localize their business model to every context.
5) ***Americans in Africa and Vice Versa***- The last section of the book discusses American engagement in African business, starting with the quote that the positive perception of the U.S. is higher in Africa than for any other foreign group even though the percentage of trade from America is only about 12% and much further behind Europe and certainly other players.

   On the one hand U.S. companies are very bad at doing business in Africa- they refuse to localize to countries they work in, they don't make long-term commitments or build relationships, and they have an overtly paternalistic/condescending attitude when collaborating with African business leaders, etc.

   On the other hand most top African leaders have been educated in elite American universities and hold a high admiration for American values, anti-colonial history, and culture. But CEOs describe graduates having almost no opportunity to work for a company in the U.S. before leaving and U.S. businesses that approach Africa generally to hire local African managers that have no connection or direct knowledge of the HQ company culture of the business they represent- they've never worked there and may have never even visited. All huge setbacks to American business practices.

   American CEOs successful in Africa describe the difficulty of American businesses to get their hands dirty and tailor to a market that in the present moment seems small and difficult. GE CEO Jeff Immelt's final quote is :"What makes companies like ours competitive is that we have to go to every corner of the world and sing for our dinner. I find the challenges of Africa to be immensely personally exciting, as I think others in GE do. It makes us humble and challenges the company to transform again…It makes us faster, it makes us more entrepreneurial." The author is optimistic that the American business sector is going to reinvent itself to better tackle emerging markets. It remains to be seen.

The author closes with the statement that though many in the U.S. think of Africa as old, Africa is a new place in almost every way. Its governments are young, its people are young. Its economies are young and growing rapidly (6 of 10 of the countries with the fastest GDP growth rate 2001-10 are African and 7 of 10 expected to be 2011-15 according to one Ernst and Young study). It is time to replace our old image of Africa with a new one and investors have certainly not missed the opportunity if they want it to tap the future possibility of doing business in Africa.