

SAM OKWULEHIE

Chairman and CEO of LATC

Nikolaus Lang, Global Leader for the Global Advantage practice, Managing Director and Senior Partner of Boston Consulting Group

Sam, you and I have been working together for quite some time. You lead an investment firm that invests across Africa in retail, agriculture, and logistics. You have a great deal of personal experience in logistics, and I remember our virtual chats during the pandemic on ensuring logistics in Africa during COVID-19. When I identified six critical dimensions of business action at the beginning of this session, supply chain resilience was one of them, so I very much look forward to your statement.

Sam Okwulehie

Thank you very much and I am glad to be here.

Geopolitical/Trade leadership

I would like to focus on the lessons that businesses have learned from global activities from a geopolitical perspective. For far too long, businesses, especially businesses from the West African sub-continent, have been spectators on geopolitical activities. Referring to the pandemic, when the impact started to hit every part of the world, we realized, as businesses, that we had the responsibility to make sure that there was a clear focus on geopolitics.

Key questions today are:

- What lessons have businesses learned from all the headwinds faced over the past couple of years, from the pandemic to global supply chain chaos, to the Russia-Ukraine crisis, the energy crisis, inflation, etc.?
- What should businesses do to ensure that, at least from a very strategic perspective, they are able to build resilience into their supply chain infrastructure.

Answering these questions is very important as we have now seen, first-hand, the kind of havoc that geopolitical activities in different parts of the world can have on economies where we are present or where we do business. One example is Sri Lanka, which, when affected by the Russia-Ukraine war and global hyperinflation, could not draw a line between the food crisis they would face or the energy crisis stemming from the unavailability of imported fuels. The same was the case in Africa, especially from a food perspective, where the war only seemed to affect other parts of the world until the price of baguettes started to rise in many parts of Africa, as did the price of basic food items as well as fertilizers. Only then did businesses and political leaderships start to understand that the world is indeed in a global village which could have both very positive and negative implications and consequences.



Another question to ask then is, what lessons have businesses learned and how do we start to ensure we build a resilient supply chain infrastructure to protect our businesses from these kinds of headwinds, not knowing which? Referencing initial presentations, everybody, obviously, wants a “Back to the Future” scenario. However, the last time I looked at the crystal ball, Donald Trump won the election in the United States. The second time I looked, Saudi Arabia beat Argentina in the World Cup. Therefore, we cannot rely on past approaches to predictions. Maybe we should start to prepare for the worst as we do not know what tomorrow may bring.

How do we start to do that? From a personal perspective from some of our businesses, for example, one of the first things that is important to do is to understand that geopolitics is a thing that affects businesses. Therefore, it is about how businesses react. Many years ago, the title of Chief Technology Officer was introduced to businesses, and this sparked a lot of debate. Today, it is in full adoption, and it is, perhaps, interesting that businesses are starting to ensure that they have competences, such as Chief Trade Officers, to handle trade and trade relations or geopolitical activities. A lot of work has been done around this by Nicky and the BCG team, to help us learn from the past and forecast, a little, into the future given the geopolitical map of the world, ensuring we are not only able to build resilience but also foster responsiveness to the activities that arise from geopolitical tensions.

Speed to Action

When the pandemic happened, a lot of people sat back a bit to try and understand what was going to happen and if the world is going to shut down for a few weeks. A few weeks became a few months and things got worse and worse and businesses started to realize that they had to get up and do something. Speed to action is now critical for businesses to ensure as situations evolve, businesses evolve along with them.

Localization (near markets)

A look at the impact of the supply chain chaos from China, for example, (thankfully the Chinese government recently lifted the restrictions), underscores the need for localization. It is necessary to ensure that the supply chain is brought as much closer to home as possible. This may, initially, sound impossible, but one must consider the impact that COVID had on the supply chain of businesses that depended on materials or manufacturing from China or the Russia-Ukraine war on businesses that depended on materials supply from those regions of the world. Consequently, localization has become something that must be taken seriously, finding closer markets for raw materials or even markets for finished products, so that businesses do not find themselves caught unaware with similar events as they may occur increasingly.

Monolithic vs Polycentric Structure

Businesses have very much relied, for a long time, on this very monolithic structure where decisions are made from the center or some particular geography, such as a head office. Perhaps it is time for a more polycentric structure where businesses breakdown their activities, especially for people who are in multi-business industries or multi-sectors. There is a need for businesses to start to understand the impacts of geopolitics and how to ensure that



they are increasingly able to respond to challenges as they occur closer to the geographies where they are located instead of relying on a headquarters somewhere that could be seven or eight hours away, where responsiveness is not as effective as it should be.

Digital Acceleration

Of course, there is the ever-present question of technology and digital acceleration. That is extremely important, especially from my part of the world. In Nigeria today, the outburst of Fintechs has been phenomenal and people, until recently, did not realize the impact technology would have on their lives or the impact that it would have in helping to solve very basic social issues. For example, in a lot of countries in Africa during the pandemic, schools were closed, of course, and this was when, as parents, we realized the importance of teachers. I have a seven- and a four-year-old at home and you can imagine trying to shepherd them around. You find that technology in education, started to help ensure that children were kept engaged and busy, and these were technologies that people did not think about prior to the pandemic. The same is similar in healthcare. The issue of digital acceleration cannot be overemphasized in trying to respond the geopolitical impact of activities in the world, especially in building a resilient supply chain.

Sustainability

This is a topic that has also become crucial, and it is evident in different global activities. Therefore, ignoring it is at our own peril. I think it was the United Nations Secretary General who talked about climate suicide if we do nothing about it. It is important to ensure that we build sustainability into our planning.

In effect, for me the general summary is making sure that from everything that is happening around the world from a geopolitical perspective, we are able to embed this in our decision-making. More especially, that we should make sure that we keep our supply chain infrastructure as resilient as possible in the face of these challenges.

Nikolaus Lang

Thank you very much, Sam. Having worked in logistics for the past 20 to 30 years, you have shown how to keep supply chains and logistics working in some of Africa's most challenging environments. It is great to have your perspective here as well.