Ghana CFO Report
Out of their comfort zones. CFOs rise to the challenge.
INTRODUCTION

The Deloitte CFO Survey for West Africa delivers insights gleaned from CFOs operating in Nigeria and Ghana.
Dear Reader

We are proud to present the Deloitte CFO Survey for West Africa, which delivers insights gleaned from CFOs operating in Nigeria and Ghana. This is the second time West African countries have taken part in the Sub-Saharan Africa CFO survey and we look forward to CFOs from additional countries providing their input into future surveys.

Alongside these insights are the collective views of CFOs in Southern and East Africa. In this report, Southern Africa comprises South Africa, Namibia, Botswana, Zimbabwe, Zambia, Mozambique and Malawi, while East African respondents hail from Kenya, Uganda, Tanzania and Ethiopia, and West African respondents from Nigeria and Ghana.

The survey offers a snapshot of the views, expectations and challenges of financial stewards as they negotiate global and local economic fluctuations. To this end, CFOs have been asked to give their views on:

• The economy and business climate
• Current and future operations
• Funding and cash flow
• Business strategies
• Domestic and political challenges
• The role of the CFO

Their feedback has provided us with an indication as to where they see themselves and their companies in the current economic milieu, and the strategies they have in place to deal with the variable market and grow their businesses.

At Deloitte we understand that the multiple roles CFOs are expected to play require a high degree of agility and we are proud to partner with many of the continent’s financial stewards through our CFO Programme. We trust the insights and information provided in this report will be a useful resource for our valued clients, and readers alike.

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CFOs in West African countries are more positive about their growth prospects than their Southern African counterparts.
What did West African CFOs tell us?

- CFOs in West African countries are more positive about their growth prospects over the next few years than their counterparts in Southern African countries, but a little less optimistic than East Africa CFOs.
- Currency volatility and overall exposure to currency devaluation are among top industry concerns.
- Terrorism and its impact on the economy is one of the top concerns for Nigerian CFOs.
- Ghanaian CFOs are concerned about margin deterioration due to cost input pressures.
- CFOs continue to spend more time in operator and steward roles than they do as catalysts or strategists.

What are they doing about it?

- CFOs are adopting an agile approach to dealing with economic volatility.
- Improving operational efficiency and optimising costs is a major strategic thrust for CFOs.
- Ghanaian CFOs are looking to sell non-core assets.
- CFOs in Nigeria are interested in growing customers, products and channels.
- The majority of CFOs will be spending their cash on improving current operations, while some want to retain cash for liquidity or repay debt.

Nature of the results

This survey as it relates to Ghana and Nigeria is a "pulse survey" intended to provide CFOs with information regarding CFO thinking in the two countries across a variety of topics. It is not, nor is it intended to be, scientific, including in its number of respondents, selection of respondents, or response rate. Accordingly, references to Ghana and Nigeria summarise findings for the two countries, but do not necessarily indicate economy-or industry-wide perceptions or trends. However, the regional data for the collective Southern, East and West African regions is scientific as minimum sample sizes were achieved.

Respondent profile

An overview of the respondent profile has been included on page 25 of the report.
This year’s survey reveals a significant sentiment gap between West and East Africa, and the economies in the southern part of the continent.
Agile strategies required for volatile times
Fears around a volatile global market – characterised by a possible US interest rate hike, the deepening slowdown of China’s economy and the Eurozone’s socio-economic afflictions – have compelled many CFOs to adopt an agile strategy to improving company performance and creating shareholder value.

Diverse growth outlook for Sub-Saharan countries
This year’s survey reveals a significant sentiment gap between West and East Africa, and the economies in the southern part of the continent. Overall, CFOs in West and East African countries are more positive about their growth outlook over the next few years than their Southern African counterparts.

While Ghanaian respondents estimate GDP growth of 4.1% in 2015, 5.1% in 2016 and 6.0% in 2017, Nigerian respondents are more optimistic, predicting GDP growth of 5.5% in 2015, 6.3% in 2016 and 6.7% in 2017.

Perhaps Nigeria’s largely peaceful election and subsequent transition to a new government contributed to the CFOs’ more positive outlook. However, the president had not appointed his ministers when the survey was conducted, which may have led to some uncertainty for CFOs.

Overall, CFOs in West Africa predict GDP growth of 4.8% in 2015, 5.7% in 2016 and 6.4% in 2017, while East African respondents are somewhat more positive, predicting a regional economic expansion of 6% in 2015, 6.3% in 2016 and 6.5% in 2017.

Southern African respondents have a less optimistic outlook for their economies with an average expectation of 3.9% GDP growth for 2015, 4.1% for 2016 and 5% for 2017.

Key finding:
CFOs in West and East African countries are more positive about their growth prospects over the next few years than those in Southern African countries.

Figure 1: Expectation for GDP growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Southern Africa</th>
<th>West Africa</th>
<th>East Africa</th>
<th>Ghana</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.9</td>
<td>4.1</td>
<td>5.0</td>
<td>6.0</td>
<td>5.5</td>
</tr>
<tr>
<td>2016</td>
<td>4.1</td>
<td>5.1</td>
<td>6.3</td>
<td>6.0</td>
<td>6.4</td>
</tr>
<tr>
<td>2017</td>
<td>5.0</td>
<td>6.7</td>
<td>6.7</td>
<td>6.5</td>
<td>6.7</td>
</tr>
</tbody>
</table>
Short-term interest rate prospects
With Ghana continuing to face challenges such as a steep currency depreciation, worsening energy crisis and rising inflation and interest rates, 66% of Ghanaian respondents expect the interest rate to increase in 2016. While the 2017 elections in Ghana may be the cause of some anxiety for CFOs, 50% of them expect the interest rate to remain the same in 2017.

The interest rate in Nigeria reached a record high of 13% in 2014, continuing until November 2015 when it was cut by 200 basis points to 11% with a view to boosting growth in the face of high inflation. Some 66% of Nigerian CFOs predict an interest rate hike of 100 basis points or more in 2016, although 50% of respondents expect it to remain the same in 2017.

Southern Africa respondents are somewhat more divided in their predictions, with 42% expecting the rate to increase and 51% expecting it to remain unchanged for the rest of 2015. In East Africa, 54% of CFOs expect the interest rate to increase in 2016 and 50% expect it to increase in 2017.

Figure 2: Short-term interest rate prospects – Ghana and Nigeria
Figure 3: Short-term interest rate prospects – West Africa, East Africa and Southern Africa
Region-wide currency depreciation
The anticipated rate hike in the United States is placing pressure on currencies worldwide. This is reflected in the CFOs’ responses, which show they expected downward pressure on their currencies with a region-wide decrease of more than 8% in 2015.

In Nigeria, CFOs expected a currency depreciation of -8.5% in 2015 and another of -2.6% in 2016. They were, however, more optimistic about 2017, when they expect the Naira to appreciate 1.5% to the Dollar. Ghanaian respondents were much more subdued in their predictions, expecting a depreciation of -9.35 in 2015, -7.3% in 2016 and -5.5% in 2017.

While East and West Africa expected a more-than -8% depreciation against the US dollar in 2015, they were more positive about what they believe will happen in subsequent years, expecting their currency to remain relatively stable in 2016 and 2017. CFOs in the Southern African region expect a depreciation of -8.1% for 2015, -5.8% for 2016 and -4.1% for 2017.

CFOs in Nigeria expect the Naira to appreciate by 1.5% to the Dollar in 2017.
**Figure 5: US Dollar fluctuations - West Africa, East Africa and Southern Africa**

- **West Africa**
  - 2015: -8.9%
  - 2016: -4.9%
  - 2017: -1.8%

- **East Africa**
  - 2015: -8.2%
  - 2016: -2.2%
  - 2017: -2.3%

- **Southern Africa**
  - 2015: -8.1%
  - 2016: -5.8%
  - 2017: -4.1%

**Key finding:**
All regions expect their currencies to depreciate against the US Dollar over the next two years.
Currency volatility is by far the greatest concern for respondents in West Africa.
Currency volatility tops risk factors

Given the uncertain global economic milieu in which companies are currently operating, it is not surprising to note that currency volatility is by far the greatest concern for respondents in West Africa, with 87% of CFOs in Nigeria and 87% in Ghana listing it as the top risk to their businesses.

These fears around currency instability can probably be attributed to the commodities-based nature of the West African economies and their relative exposure to the economic fluctuations of the larger economies such as USA, China and key European markets.

Second on Nigeria’s list of risks is the threat of terrorism and its impact on the economy, while margin deterioration due to input cost pressures is the second most worrying risk for CFOs in Ghana.

In East Africa, currency volatility is by far the greatest concern, with 74% of respondents in East Africa singling it out as a significant risk factor. Following the upsurge in terrorist activity in Kenya in recent years, 68% of East African CFOs are understandably concerned about the threat of terrorism.

In Southern Africa, 49% of respondents mention the fragile state of global economic recovery as their top concern. This is understandable as many of the Southern African economies are also commodity-based. The ongoing electricity price increases, political landscape and currency volatility are also seen as key risks in Southern Africa.

Figure 6: Risk factors – Ghana and Nigeria

Key finding: Currency volatility is seen as the top risk factor for businesses in Ghana and Nigeria.

Ghana

<table>
<thead>
<tr>
<th>Risk Factor</th>
<th>Ghana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current volatility</td>
<td>87%</td>
</tr>
<tr>
<td>Margin deterioration due to input cost pressures</td>
<td>48%</td>
</tr>
<tr>
<td>Fragile state of the global economic recovery (EU debt crisis, Chinese asset price bubble etc.)</td>
<td>30%</td>
</tr>
<tr>
<td>Global unrest</td>
<td>29%</td>
</tr>
<tr>
<td>Weak demand for existing products</td>
<td>17%</td>
</tr>
</tbody>
</table>

Nigeria

<table>
<thead>
<tr>
<th>Risk Factor</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current volatility</td>
<td>87%</td>
</tr>
<tr>
<td>The threat of terrorism and impact on the economy</td>
<td>48%</td>
</tr>
<tr>
<td>Margin deterioration due to input cost pressures</td>
<td>52%</td>
</tr>
<tr>
<td>Margin deterioration due to lack of pricing flexibility</td>
<td>43%</td>
</tr>
<tr>
<td>Political landscape in South Africa</td>
<td>39%</td>
</tr>
</tbody>
</table>
Figure 7: Risk factors – East Africa
Key finding:
East African CFOs regard currency volatility as a top risk factor to their businesses.

- **Currency volatility**: 74% significant, 16% manageable, 11% insignificant
- **The threat of terrorism and impact on the economy**: 68% significant, 11% manageable, 21% insignificant
- **Impact of continuing electricity price increases**: 51% significant, 30% manageable, 19% insignificant
- **Margin deterioration due to input cost pressures**: 46% significant, 46% manageable, 8% insignificant
- **Fragile state of the global economic recovery (EU debt crisis, Chinese asset price bubble etc.)**: 43% significant, 32% manageable, 24% insignificant

Figure 8: Risk factors – Southern Africa
Key finding:
The fragile state of the global economic recovery is viewed as a significant risk to business by Southern African CFOs.

- **Fragile state of the global economic recovery (EU debt crisis, Chinese asset price bubble etc.)**: 49% significant, 16% manageable, 36% insignificant
- **Impact of continuing electricity price increases**: 46% significant, 24% manageable, 30% insignificant
- **Political landscape in your country**: 46% significant, 34% manageable, 20% insignificant
- **Currency volatility**: 45% significant, 38% manageable, 18% insignificant
- **Margin deterioration due to input cost pressures**: 44% significant, 47% manageable, 10% insignificant
Cash to improve current operations

Clearly, it is not business as usual for many corporates. Negotiating the current global and domestic landscape requires agility from CFOs, who need to find ways to maximise opportunities and minimise costs without compromising their businesses.

With the focus on improving operations for many CFOs this year, caution is the watchword. Higher risk undertakings such as investing in new businesses, new innovations or new products are lower on their list of priorities.

This year, CFOs in Southern and West Africa identified improving current operations as a top priority. With the re-basing of the Nigerian economy that has led to it being the largest in Africa, the country is suddenly on the board agendas of companies looking to tap into the 170m Nigerian consumer market. Increasingly, multinational corporations are showing an interest in penetrating this market, which makes improving operations to become more competitive a logical strategy.

In East Africa, the result differs slightly with investment in new capacity a top priority, although improving current operations is a close second.

For Nigerian respondents, improving current operations is at the top of the list of cash flow priorities, but the need to repay debt is also regarded as significant. Third on their radar is investing in new capacity. Ghanaian CFOs are cautious with many respondents concerned about retaining cash for liquidity and improving current operations. Repaying debt is also an important consideration for them.

Figure 9: Cash flow priorities – Nigeria and Ghana

### Ghana

<table>
<thead>
<tr>
<th>Retain for liquidity</th>
<th>Improve current operations</th>
<th>Repay debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>0%</td>
<td>52%</td>
<td>4%</td>
</tr>
<tr>
<td>17%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

- Top Priority
- Second Priority
- Third Priority

### Nigeria

<table>
<thead>
<tr>
<th>Improve current operations</th>
<th>Repay debt</th>
<th>Invest in new capacity (Capex)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>35%</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>30%</td>
<td>0%</td>
<td>13%</td>
</tr>
</tbody>
</table>

- Top Priority
- Second Priority
- Third Priority

Key finding: Improving current operations has become more important during the past year.
With the focus on improving operations for many CFOs this year, caution is the watchword.

**Figure 10: Cash flow priorities – West Africa, East Africa and Southern Africa**

**Key finding:**
The focus for CFOs in Southern and West Africa is on improving current operations, while east African CFOs are looking to invest in new capacity.

<table>
<thead>
<tr>
<th>Region</th>
<th>Improve current operations</th>
<th>Retain for liquidity</th>
<th>Repay debt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>West Africa</strong></td>
<td>24% 43% 20%</td>
<td>22% 9% 17%</td>
<td>17% 4% 13%</td>
</tr>
<tr>
<td><strong>East Africa</strong></td>
<td>37% 16% 11%</td>
<td>32% 39% 5%</td>
<td>13% 11% 5%</td>
</tr>
<tr>
<td><strong>Southern Africa</strong></td>
<td>27% 31% 10%</td>
<td>18% 13% 16%</td>
<td>15% 10% 9%</td>
</tr>
</tbody>
</table>

Top Priority | Second Priority | Third Priority

With the focus on improving operations for many CFOs this year, caution is the watchword.
**Capital is costly**
The cost of capital has increased significantly for all regions, probably in response to an increase in interest rates, banks being more conservative in their lending criteria and the growth in equity markets.

Funding is viewed as expensive by a hefty 83% of West African CFOs and 71% of East African CFOs. In Southern Africa, 60% of CFOs view the cost of capital as expensive.

Even though capital is costly, 53% of Southern African CFOs say it is readily available, while 64% of CFOs in East Africa believe funding is readily available. The picture changes for West Africa where 39% of respondents say it is available, but 44% say it is hard to get.

This more challenging scenario in West Africa, combined with the view that funding is expensive, is probably due to difficult operating and regulatory environments in Ghana and Nigeria, especially the latter, which is transitioning from an oil-dependent to a more diversified economy.

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**Figure 11: Cost of new funding/capital – Ghana and Nigeria**

- **Ghana**:
  - Expensive: 56%
  - Neutral: 30%
  - Cheap: 14%

- **Nigeria**:
  - Expensive: 72%
  - Neutral: 14%
  - Cheap: 14%

**Key finding:**
The cost of capital is regarded as expensive in Ghana and Nigeria.

**Figure 12: Cost of new funding/capital – West Africa, East Africa and Southern Africa**

- **West Africa**:
  - Expensive: 83%
  - Neutral: 15%
  - Cheap: 2%

- **East Africa**:
  - Expensive: 71%
  - Neutral: 21%
  - Cheap: 8%

- **Southern Africa**:
  - Expensive: 60%
  - Neutral: 26%
  - Cheap: 14%

**Key finding:**
CFOs in all regions view the cost of capital as expensive.
CFOs adapt their strategic approach

The main strategic thrust for West African CFOs is to increase their focus on the customer experience with the intention of acquiring and retaining customers.

This is because customer experience is an important issue for companies in Nigeria, especially banks, which need to retain their customers and offer them a differentiated experience. This is crucial in a country where the Gini coefficient is significant and the banked percentage relatively low, compelling banks to compete for the same pool of customers.

Next on the strategy list is improving operational efficiency and process optimisation, which is in line with efforts in all regions to respond to the more challenging global economic climate. Boosting investor confidence is third on West Africa’s list of key strategic thrusts. This can probably be attributed to concerns relating to in-country political factors, logistics, industry regulation and infrastructure. This speaks to the need for companies to tell positive stories, with a view to attracting investors and accessing capital at attractive rates.

Improving investor confidence is the primary strategic priority for Southern African CFOs this year. Improving operational efficiency and an increased focus on customer experience are also on the list of strategic priorities for these CFOs. Growth is a core theme, with greater focus on growing channels and increasing revenue growth from emerging markets.

In East Africa, the results look slightly different, with growing brand equity in top spot, as opposed to the previous year’s focus on improving operational efficiency. This result talks to the region’s growth story and positive market outlook. In addition, as South African and other new entrants try to establish themselves in the market, building a brand is probably foremost in their minds as they come to terms with competing with local brands. The same applies to customer experience as they try to build relationships with new customers. Interestingly, research and development is also high on the agenda, perhaps because processes and systems are in the developmental stage for some industries in the region. This would also explain why improving operational efficiency still remains high on the list.

Figure 13: Strategic approach – Ghana and Nigeria

<table>
<thead>
<tr>
<th>Ghana</th>
<th>Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sell non-core assets</strong></td>
<td>100%</td>
</tr>
<tr>
<td><strong>Improve operational efficiency and process optimisation</strong></td>
<td>91%</td>
</tr>
<tr>
<td><strong>Increase focus on growing customers/channels/products</strong></td>
<td>91%</td>
</tr>
<tr>
<td><strong>Improve investor confidence</strong></td>
<td>88%</td>
</tr>
<tr>
<td><strong>Increase focus on revenue growth from emerging markets/Africa</strong></td>
<td>87%</td>
</tr>
</tbody>
</table>

Key finding:
Strategically, Ghanaian respondents are looking to sell non-core assets while Nigerian CFOs are more interested in growing customers, channels and products.
### Figure 14: Strategic approach – East Africa

**Key finding:**
East African CFOs are strongly focused on growing brand equity.

<table>
<thead>
<tr>
<th>Area</th>
<th>Currently following</th>
<th>Likely to adopt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on growing brand equity</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>Reduce operating costs/rationalise operations</td>
<td>89%</td>
<td>11%</td>
</tr>
<tr>
<td>Investment in research and development</td>
<td>88%</td>
<td>12%</td>
</tr>
<tr>
<td>Improve operational efficiency and process optimisation</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>Increase focus on customer experience (customer acquisition and retention)</td>
<td>84%</td>
<td>16%</td>
</tr>
</tbody>
</table>

### Figure 15: Strategic approach – Southern Africa

**Key finding:**
While improving investor confidence and enhancing operational efficiency are important for Southern African respondents, growth also has a strong focus.

<table>
<thead>
<tr>
<th>Area</th>
<th>Currently following</th>
<th>Likely to adopt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve investor confidence</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>Improve operational efficiency and process optimisation</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Increase focus on revenue growth from developed markets</td>
<td>89%</td>
<td>11%</td>
</tr>
<tr>
<td>Increase focus on customer experience (customer acquisition and retention)</td>
<td>87%</td>
<td>13%</td>
</tr>
<tr>
<td>Reduce operating costs/rationalise operations</td>
<td>86%</td>
<td>14%</td>
</tr>
</tbody>
</table>
Harnessing big data

In this year’s survey, CFOs were asked to rate big data and analytics as an enabler. CFOs in all regions rated it in the upper 70 percentiles with 76.1% for East Africa, 76.7% for West Africa and 78.6% for Southern Africa. When rating their current analytics capability within the finance function, their scores were lower, with West Africa rating it at 66.7%, East Africa at 67.6% and Southern Africa 63.2%.

The lower scores probably signify that work needs to be done to ensure that management teams have the right information at their fingertips to enable them to fully apply their minds to the issues at hand and take the correct decisions. Despite significant progress over the past few years, getting this process perfected is a challenge.
THE ALLURE OF HIGHER GROWTH AFRICAN COUNTRIES AS INVESTMENT DESTINATIONS

CFOs cited growth as their main reason for investing in Sub-Saharan Africa.
An overwhelming 84% of Southern African, 71% of East African and 75% of West African CFOs cited growth as their main reason for investing in Sub-Saharan Africa in the Deloitte 2015 CFO Survey.

Some 89% of Ghanaian respondents point to growth as their main reason for investing in other parts of Africa, while the remaining 11% say a directive from a parent company is the reason. Only 43% of companies surveyed recently invested in other regions of Africa and, of these, 30% invested in East Africa.

Likewise, in Nigeria, 57% of CFOs cited growth opportunities as their reason for investing in other regions and 29% as a result of a directive from a parent company. Only 48% of the Nigerian companies surveyed recently invested in other countries. Of these, 22% invested in other countries in West Africa and minimally in East, Southern and Central Africa. This has changed significantly from the previous survey, which showed that West African companies preferred investing in Southern Africa after investing in other West African countries.

Companies face various operating challenges when investing in countries other than their home base. For Nigerian CFOs, a shortage of skills and in-country political factors top their list when considering investment in East Africa. Concerns relating to other West African countries include a shortage of skills, regulation, economic stability and in-country political factors. The greatest challenges to investing in Central Africa and Southern Africa include regulation, economic instability and infrastructure.

Ghanaian CFOs view a shortage of skills as the top challenge when it comes to operating in countries other than their home base in West and East Africa. In Central and Southern Africa, they are most concerned about infrastructure, in-country political factors and skills shortages.

Southern African CFOs most prefer Southern Africa and East Africa as regions for business expansion. Those looking to invest in Southern Africa identified Zambia, Mozambique and Namibia as the three most attractive countries for expansion. In East Africa, the most desirable countries for expansion are Kenya, Tanzania and Uganda, the region’s top three performing markets, which are seen as a gateway into the eastern part of Africa.

In West Africa, the two most popular investment destinations for Southern African companies are Nigeria and Ghana with some interest in Cote d’Ivoire. Nigeria and Ghana both encourage investment and Nigeria’s 170m population means penetration into its market can result in strong growth, especially for telecoms and retail. Southern African CFOs identified logistics, regulation, economic stability, in-country political factors and infrastructure as their most pressing challenges when operating in West Africa.
For East and West African CFOs, currency volatility, access to capital and a shortage of skills are amongst the top challenges when investing in countries other than their home base.

The currency volatility challenge is not surprising given the Nigerian Naira declined by 17.2% at the interbank market in 2014 and another 7.5% between January and August 2015. Notably, Nigeria operates an unofficial, parallel currency system, which may be a better indication of the true value of the Naira as the official rate is pegged and managed. The official rate is approximately US$1 to N200, while the unofficial rate is about US$1 to N250.

In addition, oil prices continue to fluctuate and the country’s import bill remains relatively high. The Ghanaian Cedi has also experienced turbulence over the past few years with a 48% depreciation in 2014 and another 23% depreciation in the year to August 2015.

Infrastructure, particularly as it relates to power and transportation, remains a challenge in Nigeria with issues around the supply of electricity and over-reliance on road transportation. In addition, the build-up to the 2015 presidential and gubernatorial elections may have added yet another layer of uncertainty to the operating environment in Nigeria.

CFOs within each region have a generally more positive view of their performance in countries outside of their home country. This might be a reflection of being realistic about what to expect in their home regions as they have a better understanding of the market and may not have set their expectations too high.

**Figure 18: West Africa operating challenges**

<table>
<thead>
<tr>
<th>Key finding:</th>
<th>Currency volatility, access to capital, skills shortages, economic stability and in-country political factors are viewed as the most pressing challenges when investing in West Africa.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Currency volatility</strong></td>
</tr>
<tr>
<td>West Africa’s view on West Africa</td>
<td>15%</td>
</tr>
<tr>
<td>East Africa’s view in West Africa</td>
<td>15%</td>
</tr>
<tr>
<td>Southern Africa’s view on West Africa</td>
<td>15%</td>
</tr>
</tbody>
</table>
CFOs in all regions are feeling stretched when it comes to their workloads and the meeting of CEO and board demands.
CFOs in all regions are feeling stretched when it comes to their workloads and the meeting of CEO and board demands. Pressures as a result of poor company performance and strategic ambiguity also keep them up at night, as do insufficiently skilled support staff, changing regulatory requirements and excessive administrative work.

This has been a recurring theme in the Deloitte survey since it was first conducted eight years ago. There seems to be scant relief for the CFOs, who have multiple roles to play, from leading their finance teams and providing quality metrics to the board, to giving insight on how to create value and providing strategic direction.

Increasingly, CEOs expect their CFOs to partner with them in shaping the company’s strategy while boards have various regulatory, risk management and compliance expectations of them. Unfortunately, the 2015 survey continues to show that CFOs in Southern, West and East Africa spend more time in operator and steward roles than acting as catalysts or strategists.

**Figure 19: Time allocation – Southern Africa**

**Figure 20: Time allocation – East and West Africa**

**Key finding:**
CFOs throughout all the regions are spending more time in steward and operator roles than as catalysts and strategists.
One of the primary reasons for this could be their lack of success in recruiting and retaining talented support staff. Insights gained from discussions with numerous CFOs and over 500 Deloitte CFO Transition Lab sessions also suggest that CFOs need to earn their seat at the strategy table by knowing the business, generating valuable strategic ideas and delivering excellent finance and accounting processes.

In addition, they need to have an effective finance team in place and must choose a strategy orientation that is most suitable to the company and the level of permission granted by the CEO.

Over the next 12 months, CFOs in West Africa will have to focus on the optimisation of their capital and funding structures. Southern African CFOs expect to spend much of their time on performance optimisation and, not surprisingly, the most pressing issue on the radar for East African CFOs is growth.

Given the volatility of the current economic climate, CFOs are unlikely to take risks. Their time will be tied up in keeping processes tight, optimising costs and making their organisations more efficient. In difficult times, a focused strategy and tight cost controls are key to assisting the organisation survive and even prosper where others might fail.

**CFO roles (The “Four Faces”)**

- **Steward** – time spent overseeing accounting, control, risk management and asset preservation; ensuring company compliance with financial reporting and control requirements, ensuring information quality and control rationalisation.

- **Operator** – time spent focused on the finance function’s efficiency and service levels/effectiveness, balancing cost and service levels in delivering services; defining and evolving finance’s operating model, managing issues of talent and resources.

- **Catalyst** – time spent working as an agent for organisational change; establishing a business value mindset, aligning groups to evaluate and execute strategies; aiding other decision-makers (business unit heads etc.), establishing accountability for results.

- **Strategist** – time spent working as a driver of strategy; defining the future of the company (toward better business performance and shareholder value); providing a financial perspective on innovation and profitable growth, improving risk-awareness, strategic decision-making and performance management integration, translating the expectations of the capital markets into internal business imperatives.
RESPONDENT PROFILE
Average years of experience as a CFO

Ghana 6.8 years
Nigeria 7.4 years
West Africa 7.1 years
Southern Africa 9.5 years
### Industries

<table>
<thead>
<tr>
<th>Business Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and securities</td>
<td>20%</td>
</tr>
<tr>
<td>Technology, media and telecommunications</td>
<td>15%</td>
</tr>
<tr>
<td>Transportation and logistics</td>
<td>11%</td>
</tr>
<tr>
<td>Consumer-producing goods</td>
<td>11%</td>
</tr>
<tr>
<td>Construction</td>
<td>11%</td>
</tr>
<tr>
<td>Investment management</td>
<td>11%</td>
</tr>
<tr>
<td>Retail, wholesale and distribution</td>
<td>9%</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>9%</td>
</tr>
<tr>
<td>Automotive</td>
<td>9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>6%</td>
</tr>
<tr>
<td>Shipping and ports</td>
<td>6%</td>
</tr>
<tr>
<td>Forestry, paper and packaging</td>
<td>6%</td>
</tr>
<tr>
<td>Insurance</td>
<td>6%</td>
</tr>
<tr>
<td>Real estate</td>
<td>6%</td>
</tr>
<tr>
<td>Mining</td>
<td>3%</td>
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<tr>
<td>Public entity</td>
<td>3%</td>
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<tr>
<td>Education</td>
<td>3%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3%</td>
</tr>
<tr>
<td>Tourism, Hospitality and Leisure</td>
<td>3%</td>
</tr>
<tr>
<td>Industrial products and services</td>
<td>3%</td>
</tr>
<tr>
<td>Power</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Business category

- **15%**: Country operation with significant international footprint
- **30%**: Purely country operation
- **15%**: Country operation with limited foreign operations
- **40%**: Country operation part of a global company
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