

Good morning ladies and a few gentlemen. I thank the leaders of Women in Management, Business and Public Service for inviting me to be a Keynote Speaker at this year's Annual Conference themed **“The New Economy ... Are you Plugged In?”**

## INTRODUCTION

In the past generation, there have been changes that have had a significant impact on the business World. This paper sets out how businesses in Nigeria can “plug in” by answering the following questions

1. What are these major changes?
2. What do these changes mean for businesses?
3. How can businesses in Nigeria exploit the opportunities and respond to the challenges these changes have created?

## THE MAJOR CHANGES

In my opinion, the revolution started with the advent of personal computers in the early 1980s. These devices later became transportable notebooks and they became more powerful over the years. Smartphones and tablets have been added to the devices we now use to communicate in a borderless World. In a similar group thirty years ago a few people in this room would have had HP2 calculators but no personal computers. Today, nearly everyone here has a personal computer.

The introduction of these devices has led to the creation of platforms through which this communication is enhanced. The most important amongst them is the Internet – “a global system of interconnected computer networks”. We also have social media that help us create, share and exchange information. Social media vehicles engage in collaborative projects, blogging, providing content, providing games and other activities. Some of the most popular brands are Wikipedia, Twitter, YouTube and Facebook. These platforms did not exist ten years ago but today most of us use one or more of them.

Wireless telephony has also had a massive impact in improving communication. Telephone numbers are now attached to the individual not to households, reach has been improved significantly and most importantly, the handheld device can be used for other activities. Before the advent of GSM phones in 2001, Nigeria had half a million land lines and about a hundred thousand mobile phones. Today, we have about 100 million lines.

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Our devices now use the Internet and telecoms to do banking transactions that hitherto were only possible by visiting our banks. This means that a person in Perth in Western Australia can visit the website of a company in Lagos, pay for a Report that she likes and download same from the cool comfort of her office while the Vendor in Lagos was asleep! In Nigeria, we now have debit cards, ATMs and Point-of-Sale machines to do our pay and receive transactions. Ten years ago, we were struggling with how we could implement these in our country.

The annual income of households in the World which economists called nominal GDP is also changing rapidly from country to country. In 1993, eight countries controlled 70% of the nominal GDP of the World – all from Europe and North America except Japan. Last year, the share of these countries had declined to 50%. During the same period, China moved from ninth place to second place.

In Nigeria, nominal GDP has grown from US\$ 30 billion in 1990 to US\$ 260 billion in 2012. However, average income per person increased only fivefold to US\$1,500. The reason for this less than proportionate increase is population explosion! In 1960, the population of Nigeria was 46 million while that of the UK was 52 million. In 2010, the UK had 62 million people while Nigeria had 158 million! Every year, Nigeria adds over 4 million people, roughly the population of Liberia, to hers.

During the past ten years, governments in most parts of the World spent more than they earned. In 2012, government deficits amounted to just under US\$ 3 trillion and cumulative government debts were about US\$ 30 trillion. In Europe, some governments could not meet their financial obligations as and when due and they had to seek financial support from other countries and the IMF. In a few instances, lenders to these countries incurred losses.

## WHAT THESE CHANGES MEANS FOR BUSINESSES

These changes have led to the development of very valuable companies and brands that either did not exist or were little known twenty years ago. Some of these are Apple, Google, Intel and Facebook. Some of these new products are the iPad, the iPod and the Samsung Galaxy 4 smartphone while new services include on-line stores like Amazon and eBay.

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The principal product that government created was the Euro and it is in trouble.

We now have companies that are richer than countries! For example, during 2012 Apple Inc. made sales of US\$ 156 billion and had a cash balance of \$120 billion at the end of the same year. If Apple Inc. had been a country it would have ranked 56<sup>th</sup> in between Romania and Vietnam in the list of richest countries. If it had been in sub-Saharan Africa it would have ranked 3<sup>rd</sup> between Nigeria and Angola.

In Nigeria companies are also richer than state governments! For example based on my estimates, the annual sales of MTN will exceed the revenues of the Lagos State Government (the richest state in Nigeria) in 2013. The annual sales of Nigerian Breweries Plc. of over ₦= 200 billion in 2012 exceeded the annual revenue of most states in Nigeria in that year. In Nigeria, the FGN's annual spending on capital projects is only about US\$ 7 billion. This is very small relative to the level of investment needed. The FGN, like other governments in the World, now seeks to implement large capital projects though Public Private Partnerships.

These changes have increased the reach of businesses particularly small businesses and individuals. For example, Malala Yousafzai (the Pakistani girl that was shot by the Taliban) is now an important voice in promoting Women's education. Hitherto, the markets of small and medium sized businesses tended to be limited to their localities. Now these businesses sell their products and services to or buy inputs from far and wide.

Competition now means that products and services need to be competitive internationally. It is also leading to creative destruction in some industries. For example, the newspaper industry is coming to terms with the fact that in the future most people will read newspapers from their smartphones and tablet devices.

Criminals have invaded the Internet and the payment systems. Terrorists want to use the payments systems to commit acts of terror. Both threaten the integrity of the international financial system. Accordingly, Nigeria must cooperate with the international community in these areas.

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The principal vehicle of cooperation is the Financial Action Task Force (FATF). Nigeria must cooperate with FATF and ensure that we are not listed amongst countries considered high risk areas for money laundering and financing of terrorism otherwise we could be shut out of the international financial system. Recent news from the FATF is positive acknowledging Nigeria's "significant progress in addressing the strategic AML/CFT deficiencies in action plans agreed with the FATF".

**HOW BUSINESSES IN NIGERIA CAN EXPLOIT OPPORTUNITIES  
AND RESPOND TO THE CHALLENGES**

You need to understand these changes and how they impact your businesses. In my opinion, you should review your businesses regularly in each of the following areas and see how you can employ these changes to create and capture value.

The areas are - business or businesses you want to focus do, your value proposition, your target customer segments, your customer focus, the channels you will employ to reach your customers, key partnerships you want to forge, human resources and other resources you need, key activities you need to engage in in order to deliver value to your customers, your revenue streams, your cost structure and competition & how you will differentiate your business.

The volume of information on-line and the speed and ease with which these can be accessed has made it easier to do business. This has closed gaps between countries and cultures making international co-operations easier. For example, some businesses in Nigeria regularly work with individuals and companies that are in India to improve the value they deliver to their customers and lower their costs.

You can build and promote businesses on-line. The knowledge of search engine marketing particularly behavioral marketing and search engine optimization ("the process of affecting the visibility of website or webpage in a search engine's unpaid search results") will assist your businesses target the customers you want to focus on.

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Learning on-line has never been easier. Researchers can find most of the information they require on-line. You and your employees can receive free training from the top universities in the World on [www.coursera.com](http://www.coursera.com). You can also purchase books and download them unto your tablets in a matter of minutes. You can learn best practices from top businesses in the World simply by downloading the information from the Internet.

The Internet and wireless telephony can enable you work remotely. This makes it easier to work flexible hours from remote locations.

You can also build new careers like developing apps, manufacturing accessories for tablets and smartphones, blogging and selling ads on-line. I understand that upon getting to the American Embassy in Lagos to obtain a visa, Linda Ekeji was asked for her profession. She promptly described herself as Nigeria's number one blogger at [www.lindaekeji.blogspot.com](http://www.lindaekeji.blogspot.com). They checked her out on the Internet and off she went with her visa.

We cannot but speak about Nollywood when talking about new growing industries. It was described as “the world's most productive English-language film industry employing a million Nigerians” by Time. The magazine also listed Omotola Jalade-Ekeinde, a Nollywood actress, signer and philanthropist popularly known as “OmoSexy” as one of the 100 most influential people in the World in 2013.

I am a self confessed cynic when it comes to the sincerity of the government with respect to developing Nigeria. However, I believe that the reforms being implemented in the electric power sector will result in significant improvements in that sector and create immense opportunities for businesses. This is because the operating model in this industry has changed! Large chunks of the industry have been sold to the private sector that now own majority stakes and manage these businesses. These businesses will need technicians, accountants, lawyers, bankers and other professionals creating opportunities for those who can plug in.

## CONCLUSION

Nigeria is a very large market with significant opportunities and challenges. Size matters, it may be wiser for businesses to exploit domestic opportunities before venturing into foreign markets. Culture matters therefore it may be better to partner with locals to enable you better understand the culture in foreign lands. Middlemen are being removed daily as businesses get unprecedented access to their customers. ICT is now CEO's business but technology is no substitute for human intelligence.

Thank you.

Bode Augusto  
5 November 2013