

5 pointers for rethinking South Africa

By Rowan Gibson

1. If you don't have the talent, buy it

Look, we all know that South Africa has a massive skills shortage. So what are we going to do about it? The standard answer is the most obvious one: invest in education. Trouble is, South Africa needs the talent now, not in 10 or 20 years – which is the time it will logically take to nurture the next generation of home-grown scientists, investment bankers, engineers, technicians and politicians (and who knows if that new talent will even stay in the country?).

I'm not arguing against investments in education. On the contrary, I'd argue that it's high time for the government to replace noble rhetoric with serious money and commitment, both at a grassroots level and at universities and business schools. In the meantime, there are heartening examples like C.I.T.A – Taddy Belcher's college in downtown Johannesburg – that serves thousands of kids mostly from the townships. Human skills and knowledge are clearly the basis for twenty-first century competition, and those investments in learning will definitely pay off – over the long term. It's just that the country's skills shortage is acute, and it needs medicine right now, not in 2018 or 2028.

My solution for the short-term is this: buy your talent on the global market. To use an analogy from the world of sports, you don't have to be born in Manchester (or even in Britain) to play football for Manchester United. Today's leading teams buy the best talent wherever they can find it. Companies are no different. How long would it have taken a company like Google to grow its own talent? If Larry Page and Sergey Brin had waited to do that, they would still be in a Menlo Park garage running a tiny little software company with nothing but big ideas. The reality is that Google has grown by aggressively recruiting some of the best geeks the world has to offer – not just from Silicon Valley but from all around the globe. There's a lesson in this for South Africa if it wants to plug the acute gap in skills that is currently stunting the country's growth.

2. Reverse the brain drain

There's very little point in developing home-grown human capital if that capital then jumps on the next plane out of the country. I'm always struck by the number of highly educated and extremely capable South Africans I meet in other English speaking countries – the UK, Canada, Australia, New Zealand and the USA. By all accounts, there are 70,000 South Africans working in London alone! Just think what would happen if all that excellent brainpower could be put to work for the land these people were born in.

Reversing South Africa's brain drain means, on the one hand, addressing why so many young, educated people want to leave the country in the first place, and giving them more reason to stay. On the other hand, I'd venture that it also means trying to get some of these people, who are currently living abroad, back to South Africa – bringing with them the considerable knowledge and experience they must have developed while working in other countries.

When I was in Kuala Lumpur not too long ago, Malaysia's Science and Technology minister told me over lunch that his country is doing something pragmatic about its own brain drain situation. The government there has made a comprehensive list of all ex-patriots that hold a PhD, and they are now making a systematic effort to entice these scientists back to Malaysia. That's what the "Homecoming Revolution" – a non-profit organization sponsored by First National Bank – has been trying to do for South Africa, which is a whole lot better than just throwing our arms up in the air and lamenting the fact that these talented people are leaving in droves.

3. Look beyond science

There's a tendency in business, and even more so in government, to think that innovation is almost exclusively synonymous with technological R&D. So if you take South Africa's ten-year plan, what you read is that the country's prospects for improved competitiveness and economic growth rely to a huge degree on developing innovation prowess in science and technology – that's basically what the national system of innovation (NSI) is set up to enable. Now, these initiatives are all well and good, but I believe they are somewhat misguided, for two reasons.

First, every industrial economy on earth today is pursuing a dominant position in the same set of brainpower industries – nanotech, biotech, pharmaceuticals and so forth. Some countries have an incredible head start in these fields, which means they are already several technology generations ahead, and they may also be lucky enough to have one or more regional industry clusters right on their doorstep, which gives them easy access to skills and other resources. How can South Africa compete in an industrial environment where it doesn't have these kinds of advantages? Not by running the same broad, technological race as everybody else – which I believe will ultimately be a loser's game – but by narrowly focusing on a few niches (technological or otherwise) where the country can lead the world. The wine industry, for example, is not exactly about big science (it's more about climate and natural resource endowment) but it's a field that South Africa has mastered on the world stage and where it has continually been an innovator.

Second, the idea that innovation is solely about big science and big R&D budgets is an outdated paradigm. The fact is that many of today's most successful innovations are *business model* innovations, not technological innovations – they are ways of doing business that break from industry norms by serving unmet or unsatisfied customer groups, providing new or different benefits, or delivering value in an unconventional fashion. A good example would be the new breed of low cost airlines, where the price of a flight ticket can be as much as 10 times cheaper than conventional players. This is not an innovation that required massive government investments in science and technology, or the setting up of an industry cluster. All it required was for someone to challenge deeply entrenched orthodoxies in the airline business and to start redesigning the whole thing from the customer backward.

When you look beyond science, you realize that there are similar opportunities for radical innovation in industry after industry, if you are willing to be contrarian, to harness nascent trends, to think up new combinations of existing competencies and assets, and to address customer needs that are currently going unmet. There is literally nothing to stop South African companies, big or small, from grabbing those opportunities.

4. Nurture the entrepreneurs

I would argue that economies are not reinvented and rejuvenated from the top down, through big government investment programs, but rather from the bottom up by courageous entrepreneurs. How did Silicon Valley become the world's dominant high-tech capital, and a key driver of US economic growth? Did the politicians in Washington wake up one day and decide that the country's future was hinged on building a scientific industry cluster in California? No. The real fathers of Silicon Valley were entrepreneurs like Hewlett and Packard, Noyce and Moore, Jobs and Wozniak. They were tinkerers, risk-takers, opportunists. The phenomenon we now call Silicon Valley could only happen because the United States is so nurturing – so supportive – to entrepreneurs.

What South Africa should be asking itself is “Are we creating an environment that is truly supportive to entrepreneurs – whatever their skin colour? Or does our bureaucracy continually get in the way?” For example, how difficult is it for someone with an interesting business idea (regardless of their background) to get the funding for a start-up? How difficult is it for the average citizen to register a company? Are we giving entrepreneurs incentives and making their lives easier (as Margaret Thatcher famously did in the UK back in the 1980s), or do they still have to fight their way through miles of red-tape and legislation? And, to my last point, do we only take innovators seriously if they work in science labs, or are we open to innovators whose big idea is simply an unconventional new business model? In short, when it comes to bottom-up innovation from entrepreneurs, are we slowing things down or speeding things up?

5. Party on the pavement

This may sound like a strange pointer from a business strategist, but I believe that South Africa needs to develop a new sense of shared purpose and unity – and parties on the pavement (like the recent world cup rugby celebrations) can be a big psychological help. Where apartheid was about maintaining deep social divisions, South Africans today need more opportunities to coalesce around common national goals and to celebrate common achievements.

Despite the recent discussions about whether the Springboks team is representative of the demographics of the country, sport can be a great unifier. I witnessed firsthand the positive impact of the 2006 FIFA World Cup on Germany. This is a country that has deep Freudian struggles with the idea of national identity due to its uncomfortable past, but suddenly Germans of all description were out on the streets making friends with their fellow citizens (and visitors from 31 countries), all of them happily waving little flags and drinking beer in the summer sun for weeks on end. Amazing. This, despite the fact that Germany didn't even win!

Despite some of the controversies surrounding the 2010 FIFA World Cup, I do believe it offers the country a fabulous opportunity to get together and engender common feelings of "South Africanness". The timing certainly couldn't be better. I hope it helps to build a community, even if only temporarily, with a shared vision and shared aspirations. In fact, I believe that if you can create that shared sense of purpose in South Africa over the next ten or twenty years, you can achieve anything.