Pedersen & Partners

CAPE TOWN CEO ROUNDTABLE BREAKFAST - MARCH 2025

Key Takeaways of Cape Town CEO Roundtable Breakfast

Pedersen & Partners brought together top executives and industry leaders for the Cape Town CEO Roundtable Breakfast, facilitating discussions on scaling growth, retaining leadership talent, and navigating market challenges.

The conversation explored key insights into South Africa's evolving macroeconomic landscape, rising consumer confidence, and strategies for attracting and retaining top talent.

With a focus on long-term business planning and emerging market opportunities, the event fostered meaningful business networking among attendees. Below are the key takeaways.

Macroeconomic Environment

Despite ongoing global volatility and economic uncertainty, South Africa's outlook remains encouraging. Inflation is under control, interest rates are trending downward, and the cost of capital is becoming more accessible. Confidence is growing within the private equity and venture capital community, reflected in a steady rise in fundraising over the past six months. While private equity allocators continue to seek scalable, bankable transactions, the momentum in the market signals renewed opportunities for growth and investment.

Consumer Confidence

Highlighted was a positive consumer sentiment in South Africa, a welcome development. Consumer spend, particularly in retail, was at an all-time high over the last 5 years in 3rd and 4th quarter of 2024, this could be attributed to improved macroeconomic conditions as well as the impact of the newly formed Government of National Unity following the national elections. A highlight in this consumer spend was in the retail clothing industry.

Scaling for Growth

Challenges in scaling for growth were identified. Tepid growth in South Africa and the rest of the continent and has resulted in multinationals and capital allocators adopting a cautious stance in deploying capital for investment.

However in the mid-market and small enterprise space there are opportunities. This augurs well for entrepreneurship in South Africa if a supportive model could be adopted. Digital platforms offer a promising opportunity for such companies to scale their business, supported by big business.

On the other hand, there is a discernible shift and push of emerging market companies and brands into the South African market. The impact of the Chinese entrants in particular has become notable and is gaining momentum. This holds true for their foray into the rest of the African continent.

Although still offering relatively cheap products, Chinese companies are pivoting from being known as cheap manufacturers to value-added producers, especially in manufacturing. This reflects the level of their commitment to research and development. The same can be said for their recent innovation in AI which has taken the world by storm.

There are lessons to be learned for South African companies in developing home-grown solutions which can be exported to other markets. India also offers lessons in this regard.

Attracting and Retaining Leadership Talent

There is a shift in the mobility of talent towards South Africa. Over the last couple of years the country has seen a net outflow of senior skilled talent. South African talent is well known for its “can do attitude” and both western and emerging markets have been receptive to integrating this talent into their leadership pool. However since June 2024 there has been an inflow of such talent back into the country. The allure of being with family is a compelling factor cited by many as reason for their return. The positive effect of this trend is that this talent cohort comes back with an added global perspective and outlook which makes them competitive in the local market. They are also willing to settle for localised compensation. However retention of talent in general is still a challenge as the shortage of skills persists unabated.
The importance of hiring for attitude and based on potential is still paramount and critical in closing the gap. When it comes to critical specialised skills some companies have established their own academies, part of broader in-house upskilling programmes at a leadership level.

The recent relaxation of the visa regime has been positively received with most expatriate visas being approved in record time, reducing time to hire.

Overall, there is marked optimism within the South Africa business community despite global volatility and uncertainty.
There is a sense that the agenda of business can finally take hold in a more meaningful way with business being able to plan for long term investment as opposed to short-termism.

In summary, the **Cape Town CEO Roundtable Breakfast** highlighted key business challenges and strategies for sustainable growth. With renewed optimism in South Africa’s business landscape, the expectation is that 2025 will bring **increased investment opportunities** and **stronger leadership talent retention.**