

# Top female CEOs in the firing line

## SA's most powerful women battle to save face

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**P**RESIDENT JACOB Zuma threatened on Women's Day to penalise companies that do not appoint female bosses, but the three most powerful women on the JSE have little cause to celebrate his words.

The performance of Absa CEO Maria Ramos, Nonkululeko Nyembezi-Heita, head of ArcelorMittal SA (Amsa), and Cynthia Carroll, Anglo American boss, who have all featured on Forbes magazine's list of most powerful women in the world, is under scrutiny as their companies underperform their peers and the benchmark JSE All Share Index.

For the three, who are the most powerful women in business in the country, the race is on to restore their reputations.

Over the past three weeks, the embattled bosses have had a tough time convincing shareholders that market conditions, rather than leadership, are to blame for disappointing results.

Anglo reported a 40% drop in first-half earnings. Absa said its bad debts jumped 39%, dragging net income down 9%. Amsa suspended its interim dividend after reporting a second-quarter loss; it warned it might stay in the red in the third quarter as prices and domestic demand declined.

The market has been unsympathetic. The share price of Amsa, the continent's biggest steelmaker, is trading at 2005 levels, and halved in the past 16 months.

Anglo is down 12% this year on the JSE compared with a 6% decline in the mining index.

The share price of Absa, the country's biggest retail bank, fell 2.5% while there was a 22% increase in JSE-listed banking shares.

Since Carroll took over at Anglo in 2007, its share price has dropped 25%.

Since Nyembezi-Heita joined Amsa in 2008 its share price has fallen 76%, compared with a decline of 39% in benchmark steel prices since the market peak the same year.

Absa, which is 52.7% held by Barclays, gained 54% since Ramos joined in 2009, less than



■ Cynthia Carroll, Anglo American's CEO



■ Maria Ramos, CEO of Absa Group



■ Nonkululeko Nyembezi-Heita, CEO of ArcelorMittal SA

half the increase in the banking index over the same period.

Companies have been facing difficult market conditions and uncertainty since the start of the global financial crisis in 2008, but there were things management should be doing to improve performance, said one analyst, who spoke on condition of anonymity.

At Amsa, management should improve productivity, relations with government, which is unhappy about its pricing policies, and finalise a new iron-ore supply agreement with Kumba, he said.

"Steel is a highly cyclical business. It's going through a

that the departure of senior managers created a vacuum at Absa, but Ramos said executive management remained strong. She said she would address the company's underperformance by pursuing opportunities in Africa and leveraging off Barclays' infrastructure and customer base.

At Anglo, Carroll, the first non-South African and Anglo outsider to be appointed CEO, is addressing the poor performance of the platinum unit, which has been hit hard by rising costs and weak demand from carmakers in Europe, delays and cost overruns at its Minas Rio iron-ore project in

We're too quick to look for politically acceptable leaders. Your CEOs should come from within," Shapiro said.

"Maria is competent, and built a huge reputation for herself in Treasury and at Transnet, but I didn't believe she had the experience to run a bank as large as Absa.

"And I don't think Nku knew what she was getting into either. She came from financial services to run a steel mill. I would've looked for someone with dirty nails who knows how to open a beer bottle with their teeth," he said.

"I'm always cautious when you look outside for a leader. It causes massive disruptions within. I'm more comfortable with people who have been groomed through the ages and continue to maintain the culture and values of a company," Shapiro said.

Not everybody agrees, however. While experience in an industry was preferable, many companies would opt to bring in a strong leader with a fresh perspective, said Debbie Goodman-Bhyat, MD of Jack Hammer executive head-hunters.

"These are three incredibly competent, strong women who just happen to face challenges in their sectors," she said. "They are all strong leaders, they're smart, they're fighting and sticking it out."

*'We're too quick to look for politically acceptable leaders.*

*Your CEOs should come from within'*

tough downturn. However, the Amsa management team isn't coming across as very dynamic. It needs a much clearer strategy. One doesn't know, however, to what extent its hands are tied and London is calling the shots," he said. The local operation is 46.8% held by ArcelorMittal, which has a large office in London.

Amsa said it made progress on trimming costs and improving operational stability and was focusing on growing exports to sub-Saharan Africa, where demand was expected to grow about 5% a year.

There have been suggestions

Brazil and a dispute with state-owned Codelco over copper assets in Chile.

Turning the businesses around might have been easier if the CEOs had more experience in these sectors and with their companies specifically, said David Shapiro, fund manager at Sasfin Holdings.

All three CEOs were outside appointments, and only Carroll had previous experience in her sector.

"To be a banker or an expert in any field you need what Malcolm Gladwell defines in his book, *Outliers*, as 10 000 hours of practice or experience.

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