

## Kenya's Pampered CEOs

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When a Harvard trained 50-year-old executive—who sought anonymity for privacy purposes — landed the plum post of a chief executive of a Nairobi blue chip company, fresh from his stint as a senior manager at an American based lender, he was offered a salary of Sh5 million. But that was not all; the married executive with a young family of two was also offered round-the-clock security, access to a private jet for official trips, a personal chef, a personal trainer and an armoured luxury limousine.

Welcome to the envious perhaps outrageous world of executive privileges for a few elite Kenyan CEOs and senior executives.

For the average employee the pursuit of a “benefits package” resembles images of a huge cash compensation which may include salary, bonuses and stock options. Not for this group of highly paid pampered CEOs. Blue chip companies in Kenyan are pulling out all the stops to keep their top managers happy.

Company boards are making big bets with corporate executives, offering them luxurious privileges in their contracts to woo and retain them.

These include luxury holidays, wardrobe allowances, car and personal drivers, bodyguards, private club membership, housing, entertainment allowance, elite school fees benefits.

Some of the other perks the CEOs enjoy include flying on private jets or first class, entertainment and holiday allowances, country club and gym memberships, mortgages and worldwide medical covers which enables them to seek treatment abroad.

Other perks include reimbursement for taxes paid.

“Surprisingly it is not only the multinationals and big companies doing it. We recruit for top medium-sized firms and in the last couple of years they have started to offer perks to their senior executive staff with the main goal being to retain them and spur productivity,” says Perminus Wainaina, the managing partner of Kenyan recruitment agency Corporate Staffing Services.

The modern-day CEO of a blue chip firm is a different breed of a leader from what we have always known. The CEO's basic monthly pay ranges from \$8,000 (Sh825,840) to \$20,000 (Sh2.06 million) based on quality, skills and expertise, with add-ons in bonuses and mileage.

But to them, however, it is not always about the salary.

“If an executive is to focus all their energies on a company then they need some things taken care of as a minimum,” adds Mr Wainaina.

"This includes profit share/bonuses, club membership, housing (and specifically the neighbourhood, entertainment allowance, school fees, and an enhanced medical cover. Some also request for a risk and travel allowance."

He explains that for most chief executives, top of mind is the usual benefits that include medical, car, entertainment, education, housing and bonuses.

"We also have clients who sponsor their executive staff with a self-development course or programme of their choice once a year outside the country. Another is where executive staff become shareholders after serving for a given duration," he says.

This is not all as autonomy and flexibility in making decisions, right team on board and senior management, and innovation are some of the key factors that are increasingly shaping decision to occupy the C-suite of a large firm, executive recruiters say.

### Separate perks

**Farah Samanani**, the managing partner of Boyden East Africa, a subsidiary of the New York-headquartered global executive recruitment giant, says while CEOs still enjoy some of these privileges, most of them do not want them as separate perks in their contracts. Having them as a separate perks may mean forfeit some of them as they are renewed annually.

"What I notice that they have some higher preference to have some ability to be flexible around the pay package and so they might want to have more base pay and then decide how they want to allocate that as opposed to having a lot of perks as may have been the case in the case where you had air fares, club membership and all those things," Ms Samanani said in an interview.

The ability to choose how they want to spend from the (CEO) package usually drives at desire to have autonomy in making decisions, although they usually prefer to be consultative with their boards and management team."

Boyden East Africa has clients in demanding sectors such as banking, insurance and telecommunications.

The CEOs are also keen on some autonomy in making corporate decisions through a consultative process at board and senior managerial level. This way, a majority feel they are able to impact change in that will yield desired returns for shareholders as well as growing their wealth.

"This is a market where there's potential to do so much because it is not yet developed, and so you find that the CEOs want to get out there, leave a mark and say 'this is what I have done, this is how I have changed things, this is how I have rethought this business or sector',"

Ms Samanani said. And to achieve the desired outcome, the C-suite executives have keen interest on the team they work with in realising the corporate vision.

They are particularly keen on the composition of the board who are decision makers on the corporate policy and strategy, investors who look for funds and senior manager who run the business.

### Clear career path

Executive recruiters say the CEOs want to be surrounded with “right team” that shares in the vision for the company as this determines whether or not they will be successful in their career. Most of them do not usually influence who sits on the board, but look at its composition before deciding to occupy the C-suite.

“Recently we had a CEO who we were trying to convince to join a business that is not well known here (East Africa), has a very innovative model but not tested, and it is not clear it is going to be successful,” Ms Samanani explained.

“What convinced the person to join was a real high calibre, well experienced board. Once the person met all the board members, he felt this is actually somewhere ‘I can grow and learn and be successful’ because the board had a vision and he shared that vision.”

According to independent analyst Aly Khan Satchu, the hunt for talent has fuelled the rush to pamper senior executives.

Mr Satchu says companies realise CEOs can be the difference between success or failure for companies hence the craze for companies to outdo each other in offering privileges.

“A singular corporate leader can create outstanding and exponential value for a company’s shareholders. Just look at companies like Apple under Steve Jobs, Ali Baba under Jack Ma and more,” he says.

“So there is no problem paying up for CEO talent as long as the value is being created. Mr Collymore is a classic example of a CEO delivering exponential returns.”

Most of the CEOs are also keen to share in the fortunes they help create by buying into the company. Some of the top-notch CEOs in the country are known to own some stakes in the company they run. They include James Mwangi who control 5.52 per cent stake in Equity Holdings, Benson Wairegi (4.64 per cent in Britam), Gideon Muriuki (2.09 per cent in Co-op Bank as at 2013) and James Mworira (0.61 per cent in Centum).

Safaricom’s CEO Bob Collymore also owns 1.52 million shares. Besides Employee Stock Ownership Plan (ESOP), some CEOs also look for a clear career path opportunity after serving their term.

“When you are at the top of your game and your term ends, where do you go, what do you do next, is there a position that is part of a group level or is there an international component? That’s sometimes quite hard for a CEO and they want to know what has been provided,” Ms Samanani said.

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