Naspers: well-read in bouncing back from bad ventures

Naspers, Africa's largest media company, has proved successful in growing its footprint, particularly in emerging markets where other South African companies have struggled or failed t have an effect.

The secret of Naspers's success appears to be its vision, strategy, ability to bounce back and learn from i failures, and, most important, its focus on the internet-orientated business in emerging markets.

CEO Koos Bekker told *Business Day* this week that while Naspers intended to keep its existing print med operations in SA, China and Latin America, it would not be expanding its print media portfolio. Naspers is active in about 50 emerging markets.

Some attribute the company's success to Bekker's ability to foresee trends and to the entrepreneurial spir of Naspers's senior management.

Bekker believes Naspers does have an entrepreneurial bent but says a level of pig-headedness was required to have pursued internet investments as early as 1997.

“There have been failures: we lost US$80m on an internet provider in China …. But we try to limit the damage and use failures to understand what we did wrong. Then we fix it next time round. Some of our be successes came out of failures.”

In the case of the Chinese deal, Naspers placed western managers in key positions and then discovered they did not understand the Chinese culture and work ethic. Today, Naspers often buys minority stakes in profitable companies, leaving the day-to-day running to competent co-owners.

“We like to buy into companies with solid management who need money. We say give us a significant stal (above 20%) and you continue running it,” says Bekker.

“Naspers wants someone in charge with a vested interest, not a bureaucrat. Bureaucrats' aspirations are a bigger office, a more expensive car — while someone with skin in the game will look after the company's profits.”

Bekker says that last year the Naspers group considered about 200 deals and eventually closed 20; he expects the same number of deals to be concluded this financial year, depending on what is on offer.

“We look first at the country and how it's doing economically, then at the management team, then the natur of the business — will the model survive? — then only financials and price."

Antonie Roux, head of the internet division, says: “Most of the deals were small — add-ons to an existing business. Stand-alone deals, like the recent purchase of a 91% stake in Brazilian e-commerce group BuscaPe.com, take more guts and preparation.”

Bekker says the group continues to focus on media: first, because it is the business Naspers knows; and second, because he believes there is still room for growth — a future for print media. “An open society needs newspapers — they are best suited to in-depth analysis and robust debate. Neither TV nor internet these things very well."

For the year to June, Naspers's revenue was R26,7bn, up from R20,5bn a year earlier.

MIH Internet Division is the driver behind the emerging market internet expansion, and finding entrepreneu to lead the internet expansion was not easy, says Roux. "Management is about people. We needed entrepreneurs driving the show — and that is a rare breed."

Naspers's expansion into emerging markets made good strategic sense, particularly during a recession, according to Bekker, because it allows the group to buy into companies at a reasonable price.

"I am negative about the US for the next two years and Britain is a basket case," says Bekker.

"Youngsters going over to Britain for a gap year need to realise that they are seeing the past. They would better going to China, Russia, India or other developing countries to learn about the future."

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