

Newsletter

February 2025



Welcome to the February Edition of the Kreston Pedabo Newsletter!

In this issue, we will explore the latest trends and developments shaping the Power & Natural Resources (PNR) and Information Technology & Telecommunications (ITT) sectors, providing valuable insights to help you stay ahead.

Our featured article, **“Strategic Planning in Uncertain Times: How Businesses Can Stay Ahead in 2025,”** discusses how organisations can navigate uncertainty by embracing resilience and strategic foresight. It includes real world examples of adaptive planning and execution.

Let's get started!



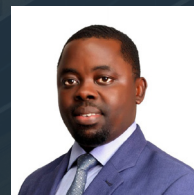
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Strategic Planning in Uncertain Times: How Businesses Can Stay Ahead in 2025

In an era of global instability, economic fluctuations, and rapid technological shifts, businesses must rethink their strategic planning approaches to remain competitive. The unpredictability of market trends, supply chain disruptions, and regulatory changes demand agility, foresight, and resilience. This article explores how businesses can navigate uncertain times with strategic foresight and highlights real-world case studies demonstrating adaptive strategy execution.

The Imperative of Strategic Adaptability

Strategic planning in uncertain times focuses less on rigid long-term plans and more on embracing flexibility and real-time decision-making. The expectation is not 200-page documents sitting on shelves, but rather intuitive launch pads that are timely enough to proffer relevant real-time solutions, and agile enough to be pivoted when market changes demand it. Companies must:

- Develop scenario-based strategies that anticipate multiple future possibilities.
- Enhance data-driven decision-making for proactive responses.
- Foster innovation and agility to pivot swiftly when necessary.
- Strengthen risk management frameworks to mitigate external shocks.

Case Study I: Safaricom's Digital Pivot in Kenya

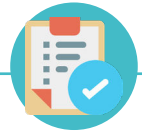
Problem Statement:

Safaricom, a leading telecom provider in Kenya, faced declining revenue from traditional voice and SMS services due to the rise of digital communication apps. Additionally, economic downturns and regulatory changes threatened market stability.

Strategic Response:



- ↪ **Digital Transformation:** The company expanded its mobile money platform, M-Pesa, beyond peer-to-peer transactions to include merchant payments, savings, and credit services.
- ↪ **Ecosystem Expansion:** Safaricom partnered with banks and fintech startups to integrate financial services into its network, allowing users to access credit and savings from their mobile devices.
- ↪ **Regulatory Engagement:** Engaged proactively with Kenyan regulators to shape favourable policies that supported financial inclusion through mobile money.



Outcome:

- ↳ M-Pesa grew into one of Africa's most successful fintech platforms, contributing over 40% of Safaricom's revenue.
- ↳ Safaricom's customer base expanded due to the convenience of integrated financial services.
- ↳ The company mitigated the impact of declining telecom revenues and reinforced its market leadership.

Case Study 2: Dangote Cement's Supply Chain Resilience

Problem Statement:

Dangote Cement, Africa's largest cement producer, faced significant operational challenges during the COVID-19 pandemic, including global supply chain disruptions, currency fluctuations, and a surge in production costs. These challenges affected production timelines, raw material availability, and logistics operations.



Response Strategy:

1

Local Sourcing Strategy:

Dangote Cement increased its reliance on locally sourced raw materials, reducing dependence on imported materials. By 2021, approximately 65% of raw materials were sourced locally, a significant increase from 45% pre-pandemic. This shift reduced logistics costs and minimised supply chain vulnerabilities.

2

Vertical Integration:

The company expanded its vertical integration by investing in its own transportation fleet and energy generation capabilities. Dangote Cement increased its fleet size by 40%, adding over 150 trucks to its logistics operations. Additionally, it ramped up its power generation capacity, with an increase of 20% in self-generated power, reducing reliance on the national grid and mitigating power supply uncertainties.

3

Expansion into Export Markets:

Dangote Cement strengthened its export presence in neighboring African countries, diversifying its market base to offset domestic market fluctuations. Exports accounted for 25% of the company's total cement sales in 2022, up from 15% in 2019. This expansion generated US\$300 million in foreign exchange earnings annually, enhancing its profitability and reducing reliance on the volatile domestic market.

Outcome:



- ↳ **Reduced Operational Costs:** The increased local sourcing strategy and vertical integration led to a 12% reduction in logistics and supply chain costs over two years. The transportation fleet expansion alone saved the company US\$50 million annually in outsourcing expenses.
- ↳ **Improved Production Efficiency:** Despite global supply chain disruptions, Dangote Cement improved its production efficiency by 18%, lowering downtime and maintaining high production levels.
- ↳ **Enhanced Profitability:** Exports contributed significantly to profitability, with a 40% increase in export revenues from 2019 to 2022. The company reported US\$2 billion in total revenue in 2022, with US\$300 million generated from export markets.
- ↳ **Strengthened Resilience:** These strategies bolstered Dangote Cement's resilience against future economic downturns, ensuring continued growth in the face of global uncertainties. The company's ability to source locally and manage logistics internally helped it mitigate risks from global supply chain disruptions and currency fluctuations.

Case Study 3: Amazon's Workforce Strategy in Uncertain Times

Problem Statement:

Amazon faced labour shortages and increasing wage pressures in key markets due to shifting workforce dynamics post-pandemic. These challenges affected its ability to maintain staffing levels and sustain its rapid order fulfillment capabilities.

Strategic Response:



1

Automation and AI Investment:

Dangote Cement increased its reliance on locally sourced raw materials, reducing Amazon invested significantly in warehouse automation and AI technology to reduce dependence on manual labour. By 2022, Amazon had increased its warehouse automation by 25%, incorporating over 200,000 robots across its fulfillment centers. This investment led to a 15% improvement in operational efficiency, reducing the reliance on manual labour for sorting, packing, and inventory management.

2

Flexible Workforce Models:

Amazon introduced hybrid work options and upskilling programmes aimed at retaining talent. As a result, employee retention in corporate roles improved by 30% in

2022, compared to the previous year. Additionally, the company launched its Amazon Upskilling Programme, which trained over 100,000 employees in new skills, helping workers transition to higher-value roles within the company.

3

Automation and AI Investment:

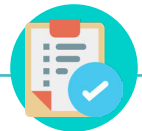
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4

Compensation Adjustments:

To attract and retain employees, Amazon raised wages and offered enhanced benefits. In 2021, the company increased its base pay for warehouse workers by US\$3 per hour, which resulted in a **10% increase in worker retention in high turnover roles**. Furthermore, Amazon introduced new benefits, including expanded healthcare options and childcare assistance, which led to a 5% improvement in employee satisfaction scores.

Outcome:



- ↳ **Improved Operational Efficiency:** Automation and AI investments enhanced operational efficiency by 15%, enabling Amazon to maintain its fast-paced order fulfillment despite labour shortages. These improvements reduced processing time per order by 12%.
- ↳ **Enhanced Employee Retention and Satisfaction:** The flexible workforce models, wage increases, and upskilling programmes led to a 30% improvement in employee retention rates, particularly in warehouse and fulfillment centre roles. Employee satisfaction also increased by 10%, as reported in internal surveys.
- ↳ **Strengthened Workforce Stability:** Through compensation adjustments and workforce flexibility, Amazon strengthened its workforce stability during a period of significant labour market volatility. Employee turnover decreased by 20% in 2022, reducing recruitment and training costs.
- ↳ **Sustained Fulfillment and Delivery Speed:** Despite challenges in the labour market, Amazon was able to maintain 95% of orders delivered within two days, reinforcing customer trust and satisfaction. The company's ability to continue its rapid delivery speed was crucial in maintaining its competitive edge in e-commerce.

Overcoming Strategic Challenges in 2025

While companies must adapt to uncertainties, common challenges include:



Leadership Buy-In and Charge: Strategy execution is a top-down activity



Inertia to Change: Resistance from leadership and employees can slow strategic pivots.



Resource Constraints: Limited financial and human resources may hinder implementation.



Regulatory Uncertainty: Constant policy changes can disrupt strategic execution.



A Roadmap for Effective Strategic Planning

1

Scenario Planning:

Develop flexible strategies based on multiple future scenarios.

For Example:

A company in the manufacturing industry could use scenario planning to prepare for various future situations such as supply chain disruptions, fluctuating material costs, or changing consumer demand. For instance, a company could develop three potential strategies: one for a global economic downturn, one for a major supply chain disruption, and one for increased demand in a particular market. This way, the company is better prepared to shift resources and strategies based on which scenario unfolds.

2

Agile Decision-Making:

Adopt real-time data analytics to respond swiftly to market changes.

For Example:

A retailer could implement a real-time inventory management system that tracks sales data across various locations. Using this data, the retailer can adjust their inventory and promotional strategies on the fly. For instance, if a particular product sees a spike in sales due to a viral social media trend, the retailer could quickly redirect inventory from other regions to meet demand and adjust marketing campaigns in real-time to capitalise on the trend.

3

Diversification Strategies:

Expand product lines, customer segments, or geographical reach to mitigate risks.

For Example:

A tech company that primarily sells consumer electronics could diversify by introducing new services such as cloud storage or subscription-based software. Additionally, expanding into emerging markets in Asia or Africa can help mitigate risks associated with reliance on a single geographic region. For instance, a company could open e-commerce operations in countries with fast-growing middle-class populations, spreading its revenue streams across regions.

4

Resilience Planning:

Build contingency frameworks to sustain business operations during crises.

For Example:

A global logistics company could develop a contingency plan that includes alternative shipping routes, a network of backup suppliers, and an emergency communication system for employees. During the COVID-19 pandemic, many companies in the logistics space shifted operations by relying on new distribution hubs and leveraging technology to continue serving customers when borders closed, or local lockdowns disrupted regular operations.

5

Continuous Learning:

Foster a culture of innovation and adaptability among employees.

For Example:

A financial services company could establish an innovation lab where employees are encouraged to experiment with new ideas, technologies, and business models. Employees could receive training in emerging technologies like blockchain or AI, allowing them to stay ahead of industry trends. Additionally, holding regular “hackathons” or ideation workshops encourages cross-functional teams to collaborate and find new solutions to business challenges. This helps the company stay adaptable to change, and employees are empowered to contribute to the company’s ongoing innovation.

Conclusion



The ability to navigate uncertainty will define the success of businesses in 2025. Companies like Safaricom, Dangote Cement, and Amazon demonstrate that with strategic foresight, adaptability, and resilience, businesses can thrive even in volatile environments. Strategic planning must shift from a rigid framework to a dynamic, iterative process that anticipates disruptions and seizes emerging opportunities.

Now, in 2025, businesses must begin preparing for an increasingly complex and unpredictable landscape. To stay ahead, companies should:

1. **Invest in scenario planning** – Develop multiple future scenarios and flexible strategies to ensure preparedness for various market shifts.
2. **Embrace technology and data analytics** – Leverage real-time data to make agile decisions, allowing your business to swiftly respond to changes and disruptions.
3. **Diversify revenue streams** – Expand product lines, enter new markets, and seek new customer segments to reduce dependency on a single source of income.
4. **Build a resilient organisation** – Create contingency plans that allow your business to continue operating through crises, ensuring you are ready for unforeseen events.
5. **Foster a culture of continuous learning** – Equip your team with the skills and mindset needed to adapt to new challenges and innovate for the future.

In doing all of the above, companies must realise that the heart of strategy; Where to Play and How To Win, are an inseparable pair to identifying a winning aspiration, and though the intent remains to always keep it simple and flexible, this pair must be adequately matched through every scenario.

Businesses can position themselves to not only survive, but thrive in the evolving landscape of 2025 and beyond, by careful consideration of the above. The time to act is now—prepare for uncertainty, embrace change, and unlock new opportunities for growth.

You can check out our previous article: “**10 Practical Tips to Develop your 2025 Sustainability Strategy and the Benefits to your Bottomline**” by clicking [here](#).

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January News Round Up

Introduction

January 2025 witnessed significant developments across Nigeria's Power, Oil & Gas, and ICT sectors. In the oil and gas sector, the NMDPRA reported a significant increase in CNG conversions, driven by the Presidential CNG initiative, and issued gas distribution licenses to enhance the gas network. The Dangote refinery and eight local refineries are projected to process 770,500 barrels per day in the first half of 2025. The 2025 budget implementation will heavily rely on oil output, given the current growth in production statistics. In the power sector, electricity challenges persisted, with the national grid collapsing for the 13th time in 13 months, prompting urgent action. Following the Mission 300 Africa Energy Summit in Dar es Salaam, Tanzania, the Federal Government of Nigeria unveiled a US\$23 billion plan to address the power crisis. In the ICT sector, Nigeria's First Lady inaugurated an ICT community centre in Ilorin, aligning with Tinubu's Renewed Hope Agenda.

Power & Natural Resources (PNR) Sector News

Power

FG Unveils US\$23bn Plan to Fix Nigeria's Power Crisis

After the Mission 300 Africa Energy Summit in Dar es Salaam, Tanzania, the Federal Government of Nigeria introduced a bold US\$23.2 billion energy access program to revolutionise the nation's energy sector and bridge the electricity gap. The program, with US\$15.5 billion funded by the private sector, aims to:

- » Increase electricity access from 4% to 9% annually
- » Boost access to clean cooking solutions from 22% to 25% annually

- » Expand renewable energy's share in the power generation mix from 22% to 50%
- » Mobilise US\$15.5 billion in private investment for last-mile electrification

The funds are expected to be used to expand power generation, strengthen transmission and distribution networks, and integrate distributed renewable energy solutions.

Delta Assembly Passes Electricity Power Sector Bill

On January 11, 2025, Nigeria's national grid experienced its first collapse of the year, following 12 collapses in 2024. This incident caused a nationwide blackout, with power generation dropping from 2,111.01 megawatts at 2 pm to 390.20 MW by 3 pm. Energy experts believe the grid remains vulnerable due to the government's inability to repair a crucial transmission line in northern Nigeria, which has been compromised by persistent insecurity. The Minister for Power highlighted the impact of the

damaged Shiroro-Kaduna-Mando line, out of service since a vandalism incident in October 2024. This failure has placed immense pressure on the grid, leading to frequent collapses. The government said it is focused on reducing the frequency of these collapses and ensuring quick restoration times, with collaboration from the National Security Adviser's office to address vandalism, a significant challenge in the power sector.

Key takeaways:

1. Nigeria's CNG conversion rate increased by 2500%, driven by the Presidential CNG initiative, with 186 new conversion centres established.
2. The issuance of Gas Distribution Licenses aims to enhance domestic gas utilisation and drive economic growth.
3. Dangote Refinery attributed the rise in PMS prices to increasing crude oil prices, ensuring transparency and quality.
4. The 2025 budget's success depends on oil output, with current production showing promising growth.
5. Nigeria's First Lady inaugurated a Community ICT Centre in Ilorin, promoting digital literacy and women's empowerment as part of the Renewed Hope Initiative.
6. The Federal Government launched a US\$23.2 billion energy access program to increase electricity access, boost clean cooking solutions, expand renewable energy, and mobilise private investment.
7. The national grid experienced its first collapse of 2025, highlighting the need for urgent infrastructure repairs and security measures.



Oil and Gas

NUPRC Engages Stakeholders on Section 94 of The PIA, Outlines Strategic Mandates

At the Petroleum Industry Forum, the Chief Executive of the NMDPRA announced a 2500% increase in Nigeria's conversion to Compressed Natural Gas (CNG) in 2024, driven by the Presidential CNG initiative (PCNGi) which established 186 conversion centres. The NMDPRA plans to continue collaborating with the PCNGi to deploy CNG infrastructure in major cities and develop Nigeria Gas Vehicles (NGV). The number of NGVs has increased to an estimated 30,000 to 50,000. The Authority will also work

with SON and NITT to ensure safe and sustainable CNG mobility.

However, challenges such as poor collaboration for open/third-party access to facilities and lack of cooperation from some operators remain. The PCNGi has urged Nigerians to use only government-certified conversion centres for safety.

Nigeria Issues First Set of Gas Distribution Licenses (GDL) to Improve Interconnected Gas Network

In line with the Federal Government's clean energy initiative, the NMDPRA issued Gas Distribution Licenses (GDL) to improve domestic gas utilisation. These licenses grant exclusive rights to establish, construct, and operate gas distribution networks in designated zones. Ten eligible awardees, including NNPC Gas

Marketing Company and Shell Nigeria Gas Limited, were selected from over 30 applications. The NMDPRA will monitor tariffs and standards to ensure compliance with the PIA provisions and Gas Distribution Regulation 2023. Increased access to gas for domestic and industrial use is expected to drive nationwide economic growth.

Dangote Petrol Price Hike Due to Rising Prices of Crude Oil

The management of Dangote Refinery attributed the increase in the ex-depot price of Premium Motor Spirit (PMS) to rising crude oil prices, with Brent crude reaching US\$81 per barrel. They assured Nigerians of their commitment to offering the best value with guaranteed

quality. Partners, including Ardova, Heyden, and MRS, explained that the product will be offered at ₦970 per litre, with logistics costs absorbed to ensure a uniform price across all 36 states.



2025 Budget Implementation Dependent on Oil Output

Nigeria is hopeful that revenue from crude oil sales will support the 2025 budget, given the current increase in oil production. The Minister of State for Petroleum confirmed that the 2025 budget's oil projection of 2.06 million barrels per day is achievable. OPEC reported that Nigeria's production, including condensates, rose by 11% from 1.3 million barrels in October to 1.4 million in November 2024. Current production is 1.8 million barrels

per day, according to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). The NUPRC also noted that Nigeria's crude oil production reached 1.5 million barrels per day in December 2024. The country is addressing issues like oil theft, low investment, sabotage, and poor infrastructure.

Nigerian Refineries Set to Process 770,500 Barrels Per Day in First Half of 2025

From January to June 2025, Dangote Petroleum Refinery and other domestic refineries are projected to process 770,500 barrels of oil equivalent per day (bpd). The Federal Government aims to upscale production capacity to ensure a continuous crude supply, targeting over two

million bpd. Dangote Refinery will receive 550,000 bpd, Warri Refinery 75,000 bpd, Port Harcourt Refinery 60,000 bpd, and Kaduna Refinery 66,000 bpd. This totals 23.8 million barrels per month and approximately 143 million barrels over six months.



Information Technology & Telecommunications (ITT) Sector News

Nigeria's First Lady Inaugurates ICT Community Centre in Ilorin

President Bola Tinubu's push for economic diversification through digitalisation, as part of his Renewed Hope Agenda, made significant progress in the North Central region with the inauguration of a Community ICT Centre by Nigeria's First Lady, Oluremi Tinubu, in Ilorin, Kwara State. This event, which kicked off her three-day visit to the State, marks a key milestone in the collaboration between the Renewed Hope Initiative and the National Information Technology Development Agency (NITDA).

This partnership had previously established the first ICT Community Centre in Bauchi State last year. The First Lady highlighted the administration's commitment to empowering women and promoting digital literacy for national prosperity. The centre, equipped with advanced digital tools, offers smart, interactive, and personalised learning experiences. Two more ICT Community Centres in Benue and Oyo States are set to be inaugurated next.

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