

# Wanted! A 'hard-as-nails' CEO for Pick n Pay

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To steer it through its turnaround strategy, Pick n Pay will need to find a hard-as-nails CEO who really understands the food retail industry, Nedcor Securities analyst Syd Vianello said on Wednesday, 8 February.

SA's second largest food retailer is on the prowl for a new head, following the resignation of CEO Nick Badminton on Wednesday.

"The biggest shock is that it comes so close to the year-end, however I don't believe it's a forerunner for bad news," Vianello told I-Net Bridge/BusinessLIVE.

Pick n Pay will announce its results for the year ended February, in April.

"I feel that I've now completed what I set out to do and looking ahead, it's an appropriate time for the board to select a new CEO," Badminton stated on Wednesday.

Though his departure might seem abrupt, market commentators' last year prophesised that the placement of Richard van Rensburg as deputy CEO - a position created from scratch - would spell the end for Badminton.

Pick n Pay said its search for a new CEO would include internal candidates and external candidates, both local and international.

According to Vianello, Badminton might not have been the most effective person, but he certainly put the company on the right track.

"He didn't come across as a dynamic person, but I really believe Nick did a helluva lot of good while he was there," Vianello commented.

The Cape Town based company has in recent years been losing market share to rivals like Shoprite (SHP) and Woolworths (WHL). A high cost base, outdated IT systems and labour issues have been among its litany of errors.

"All the things that went wrong [with Pick n Pay], started in the ten year period prior to Badminton's appointment as CEO but he was very much an integral part of the management team.

"On the one end he was indirectly a part of the things that went wrong and then he became in charge of fixing it up,"

Vianello pointed out.

Though the grocer has brought in the big guns with international retail expert Helmut Hoerz to head up its merchandising team, made strides with its expansion into Africa and finally closed the chapter on its disastrous Australian operations, analysts stress that the group has a lot of catching up to do, especially with the added pressure point of US giant Wal-Mart through its 51% stake in Massmart (MSM).

Hit by start-up costs of its shopper reward programme and investments in centralised distribution, Pick n Pay last October reported a 40% decline in first-half profit.

"We acknowledge them [the mistakes]... but it takes a while to change the model in which you operate," Badminton told I-Net Bridge/BusinessLIVE in October last year.

Chairman Gareth Ackerman who will now move to the position of executive chairman responsible for company strategy said that it was difficult enough for Badminton to transform a company the size and scale of Pick n Pay to the degree required.

"To run the business at the same time and right in the middle of what had been the most serious recession in decades - and with an international competitor coming in - was particularly tough," Ackerman said.

On Wednesday, Badminton said it was a good time for him to take a sabbatical to spend some quality time with his family and his bicycle.

Badminton, 50, joined Pick n Pay in 1979, and has served in a number of positions at the retailer.

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