

Chapter 10

Diamonds Are Not for Forever: Talent Development at De Beers

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ABSTRACT

This article seeks to understand how a family enterprise was structured and positioned and grew into a successful global mining house. The focus is on how talent was managed drawing ontology from the mining industry founded in 1873 in South Africa by British and Dutch colonists. The founding families are those of Deidrick and Johannes De Beer, Alfred Beit, Cecil Rhodes, Nathaniel Rothschild and Ernest Oppenheimer. The De Beer brothers sold out to Cecil Rhodes and his partners and the business was amalgamated later with Anglo American Corporation. The business arrangement continued for four generations under the direction of the Oppenheimer family who were apprenticed by excellent craftsmen in the diamond trade, and educated in finance economics and law from Europe's best business schools, and a conducive segregated political environment which ended in a US Supreme Court judgment in 2012. However, the Oppenheimers nurtured the mining house to a successful international mining business that employs more than 20 000 people around the world today.

INTRODUCTION

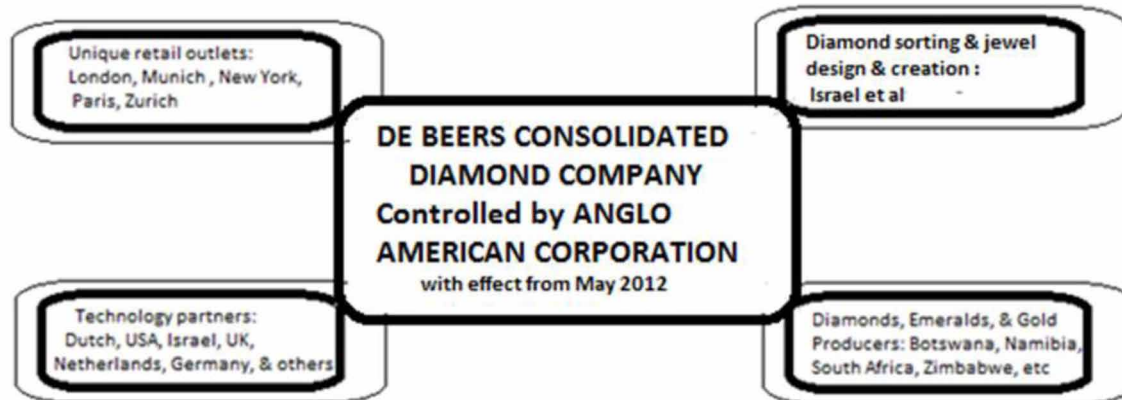
The objective of this article is to provide an overview of how talent in family owned enterprise was boosted to succeed in the early stages of company formation. Results from a review of selected literature indicate that talent management is critical in driving and sustaining the competitive advantage. The Oppenheimer family has grown for four generations of what was a local excavating enterprise to an international mining house with a network of retail outlets in major cities as well as a defined clientele (see Figure 1).

The names De Beers, Cecil Rhodes, Alfred Beit, Charles Rudd, Nathaniel Mayer Rothschild, are synonymous with the mining industry and colonization of Africa. In Southern Africa, the De Beers Company and Anglo American Corporation are entrenched in the economies of Botswana, South Africa, Namibia, Zambia, and Zimbabwe. Their interest is in several other countries including Australia, Brazil, Israel, and North and South America (Cowell, 2000). Up to the ruling of the Supreme Court (2012),

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Figure 1. The US Supreme Court antitrust ruling in May 2012 compelled Anglo American Corporation to take charge



the De Beers Corporation controlled at least 90% of the world's diamond market. The questions asked to progress the discussion are: What were the political and economic factors leading to the creation of an environment conducive to business development? What is the nature and description of talent in a family owned enterprise? In addition, how can it be enhanced?

The literature reviews a carefully selected literature on southern African history and biographies of four Oppenheimer generations to understand how they developed and implemented the strategy to advance the De Beers Company. The analyses also examine how the two De Beer brothers sold their company to Cecil Rhodes and his partners and illustrate how the Oppenheimer family took over when Rhodes and Beit had passed on in 1902 and 1906 respectively (Rubinstein, 2001). The discussion includes how the concept of segregation was hatched in the Boer Republics and British Cape Colony in the early state formation of South Africa. The dialogue continues until the decision of the Supreme Court (2012) to dissolve the company's monopolistic arrangements that enriched the oligarchy and its De Beers leadership for many years long after Cecil Rhodes Alfred Beit, Ernest and Harry Oppenheimer had passed on.

A Remarkable Beginning

The history of the De Beers Company begins with the two brothers Deidrick and Johannes De Beers who founded the company when diamonds had been discovered on their farm in Northern Cape in 1873. It caused commotion when many people moved in to purchase possible diamond claims. The discovery made it possible to develop a capitalist society in southern Africa. The European colonists and settlers built commercial enterprises based on mining and agriculture. The De Beer brothers sold their stake to Cecil John Rhodes and Barney Barnato an Italian financier leading to the formation of De Beers Consolidated Mines in 1888. In Chilvers (1939), Barney Barnato financed Cecil Rhodes and became a partner in the De Beers Company. Rhodes later bought Barnato out and became the sole owner of a very promising diamond mining operation in South Africa during that period in time.

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