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Hein Ehlers

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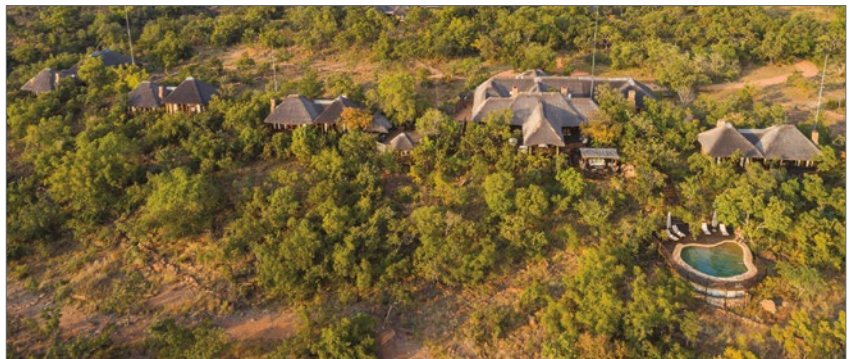
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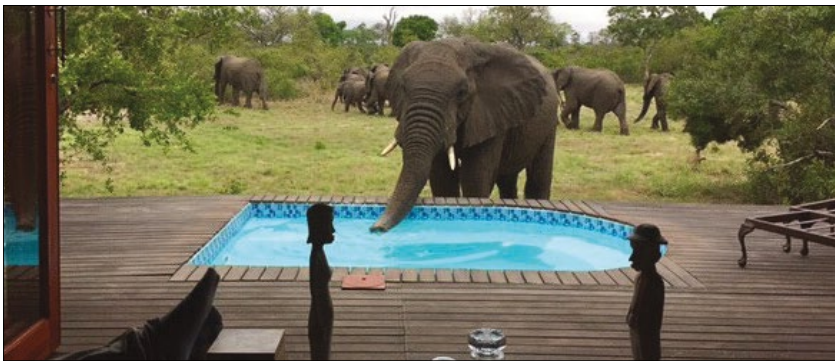
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Jacques Marais
founder of eCALA Life







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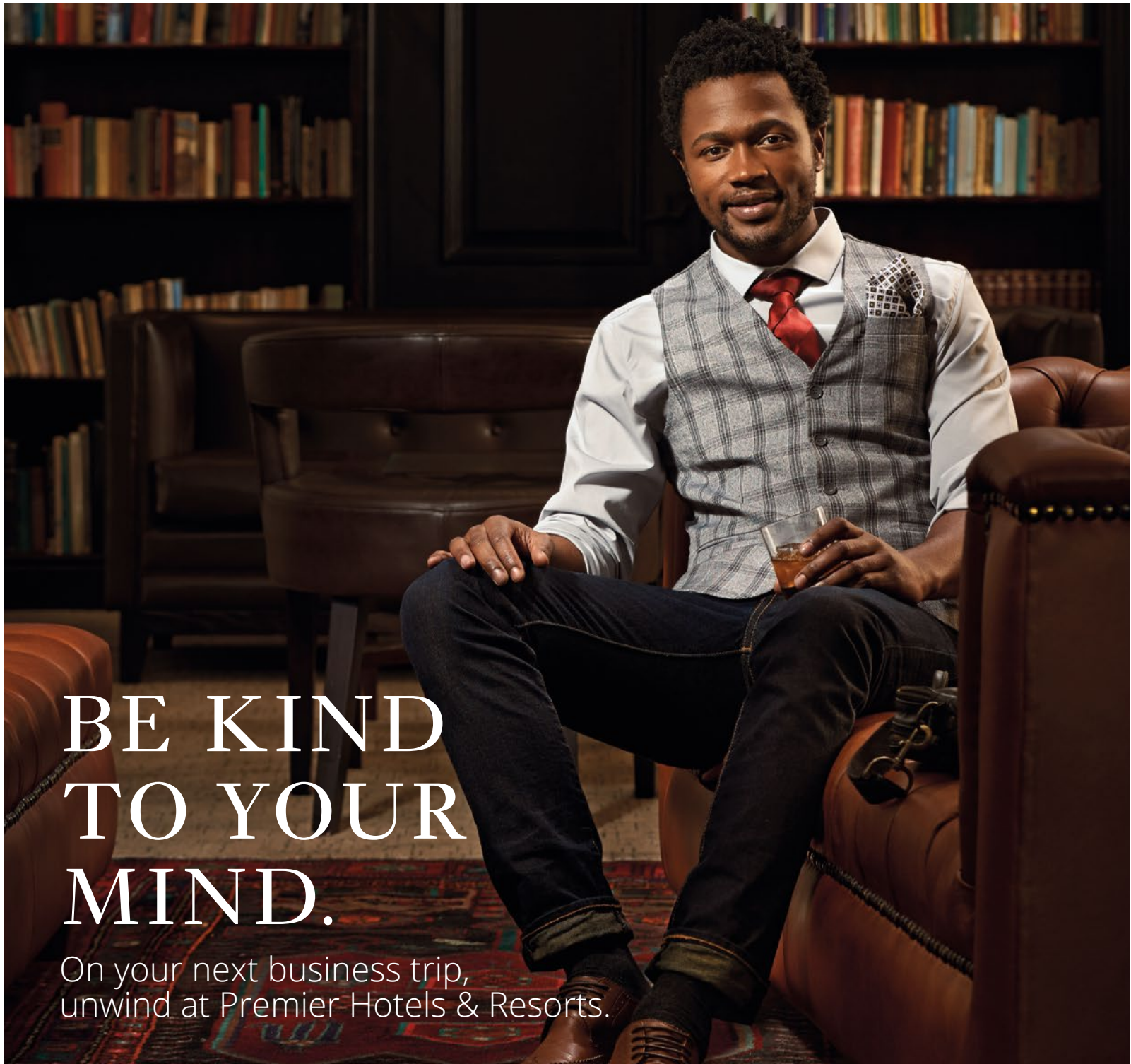
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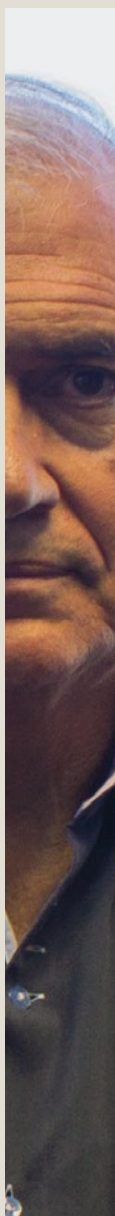
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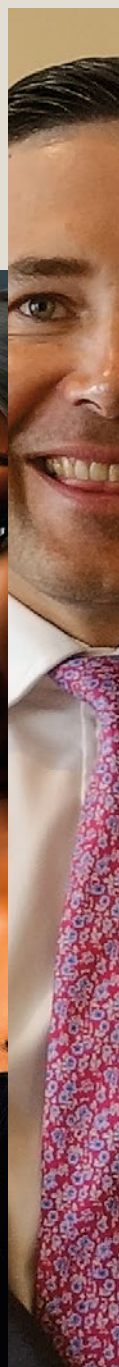
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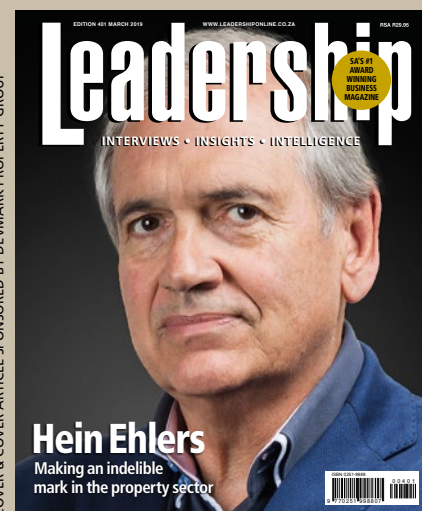
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Devmark Property Group has successfully carved its name as an industry leader under the leadership of the founder and CEO, Hein Ehlers.

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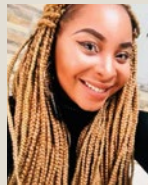
Robbie Stammers

Stammers was the Editor of Leadership for over 100 editions and won numerous awards across many titles, including Best Editor of the Year on no less than three occasions, Best Business Magazine of the Year with Leadershiplocally and Best Business Magazine of the Year internationally. He is also the founder of The Intrepid Explorer magazine, Cape Etc and he launched the award-winning local edition of the USA magazine, Fast Company.



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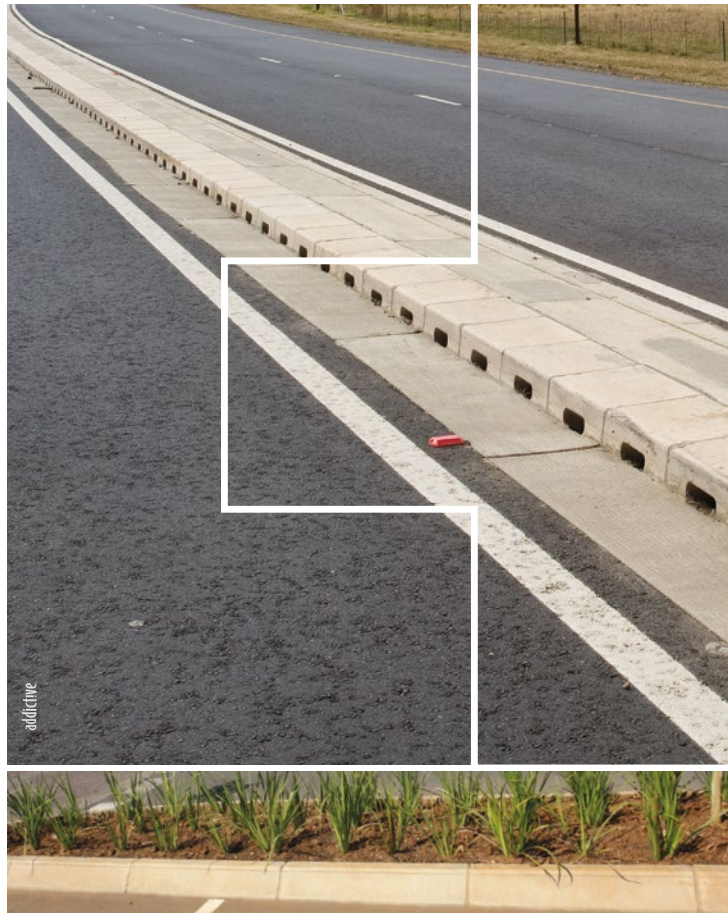
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The big issue

Illegal mining is a very serious challenge in South Africa. Illegal mining at closed gold mines and, in many cases, in disused portions of operating gold mines, has received much attention. But, more recently, we have seen a significant increase in illegal mining in other commodities.

Not only does illegal mining have a significant economic impact on current mining operations—both in terms of losses of product or productive resources and in terms of the costs of additional safety and security measures that run into millions of rands every month—but it seriously undermines mining prospects, it presents a whole range of negative social and financial impacts across the board. This includes the serious risk to the personal safety of illegal miners themselves, and to the volunteer rescuers who are inevitably called upon to rescue or recover illegal miners who have been trapped underground. Their activities also have a negative impact on the safety and health of miners at current operations. Illegal mining has often been the cause of underground fires, of damage to infrastructure, and miners and security personnel are frequently assaulted and threatened by illegal miners. There is, of course, a negative impact on the environment, such as through the use of mercury in gold mining. And, because illegal mining often brings with it a whole range of other activities, it has often had the consequence of introducing criminal elements into communities and increasing the levels of violence. Finally, it also creates losses for the fiscus through unpaid royalties and taxes.

The industry, through the Minerals Council and individual companies, works very closely with other stakeholders to address this serious challenge, including the Department of Mineral Resources and the South African Police Service (SAPS).

However, it is no easy task. SAPS does not always have the capacity to deal with the enormity of the challenge. Additionally, illegal mining is rarely a small-scale activity and is most often integrated into extensive and sophisticated criminal syndicates.

While there have been calls for the ‘legalisation’ of illegal mining, this is also not a simple answer. The issuing of small-scale mining licences to illegal miners in the Northern Cape, for instance, was a positive step towards contributing to local economic development, but it has also had unintended consequences.

The Minerals Council has called for greater clarity around the government’s regulatory framework for artisanal mining and has welcomed the DMR’s stated intention of creating a special SAPS division to deal with illegal mining. Collaboration between multiple impacted stakeholders is critical to effectively address these enormous challenges.

Foreword



ROGER BAXTER
CEO, Minerals Council

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Capturing the zeitgeist of the moment

German scholars have argued cohesively that each era has a unique spirit—a nature or climate that sets it apart from all other epochs. We live in an era of rapid technological advancements, artificial intelligence, digital economies and governments. The world is awash with information, integration and diminishing sovereign boundaries.

It is imperative to keep the finger on the pulse, mood and spirit of our era. Not to do so is to become outright irrelevant.

“No man can surpass his own time, for the spirit of his time is also his own spirit.” Hegel

The global economic dynamics will define the mood and spirit of the moment. The trade wars between the United States of America and China coupled with the Brexit saga and the faltering currencies in Turkey, Argentina, Brazil and South Africa have a significant impact in terms of shaping both the present and the future.

The warning signs regarding the soaring debt and the possibility of rising interest rates are flashing. The rising debt and interest rates are a toxic combination to be avoided, however, it looks as though that ship has already sailed. For South Africa with its low growth, high unemployment, rising poverty and inequality, this toxic combination must be mitigated at all costs.

The search for the zeitgeist of our time is possibly best captured by the warning of luminaries such as Stephen Hawking, “to warn of a turning point when humanity risks losing control of the technology it has created, generating problems rather than solutions”.

As we are shaped by our epoch, we also play our part in reshaping history. Sheldon Cooper, a fictional character in “The Big Bang Theory” sums it up when he exclaims, “Well, my existence is a continuum, so I’ve been what I am at each point in the implied time period.”

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The time is now

Not long ago, the country was in a state of semi-euphoria. The euphoria was dubbed Ramaphoria/Ramafever. President Cyril Ramaphosa's elevation to the Presidency was greeted with widespread joy, relief and hope. Hope for the future of the motherland and a newfound belief in the system.

Subsequently, anti-corruption teams have been set up and cases of misappropriation of funds seem to be getting more attention than they got in previous years. The Special Tribunal is the latest structure set up to enforce prosecution and asset recovery cases passed by the state's Special Investigating Unit. Corrupt activities at the highest levels of our society just might now have real consequences and prosecutions.

Though it is still too early to judge the effectiveness of the change of guard, what is undeniable is there has been a positive change and the markets seem to agree to a certain extent. After all, unlike mere mortals, numbers don't lie.

On 26 February, President Ramaphosa proclaimed 8 May as the date for the national and provincial elections. Electioneering and vote hunting is now in full swing as a vibrant democracy ups the ante. It will be an interesting time.

The most efficient engines are not always the loudest. The most efficient engines also operate under the most difficult conditions. This resilience separates the mediocre from the world-class. Finance Minister Tito Mboweni recently tabled his budget vote in the National Assembly. The core points focused on clamping down errant state-owned companies and reducing the public sector wage bill, which is swelling by the day. There will be resistance and perhaps even from within. However, as an efficient engine operates, we hope those tasked with turning the economy around will be able to ignore the noise around them (loud as it may be) and deliver on their mandates.

This edition of Leadership has a strong focus on mining. Illegal mining has cast a dark shadow on the country's landscape and the recent Gloria mine tragedy has turned the scrutiny and focus back to safety standards and lawlessness at some of the most productive mines in South Africa. Mining is a strong sector in the economy and the main focus should be ensuring productivity increases while law and order are maintained to avoid cases like this tragedy.

As we present this edition to you while entering into uncharted territory where electioneering will be at full tilt, let us not forget that the most efficient engine is not always the loudest. We will all be listening silently.

Editor's Note



A stylized, handwritten signature in black ink, likely belonging to Evans Manyonga.

EVANS MANYONGA
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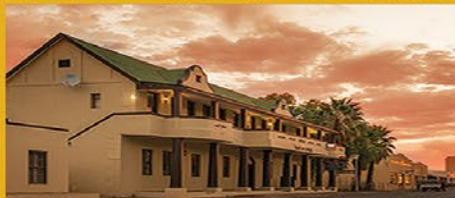
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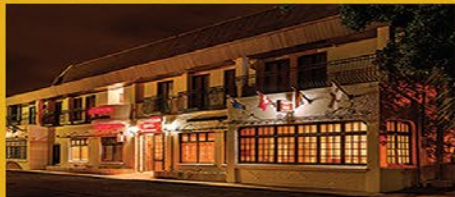
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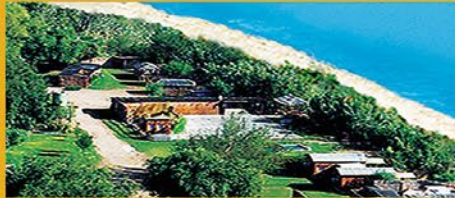
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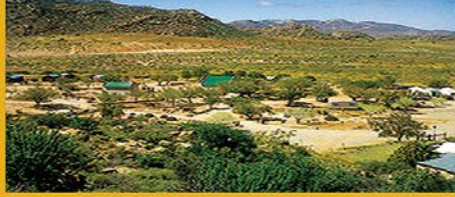
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Success with a purpose

Hein Ehlers has been at the helm of Devmark Property Group for 28 years and his keen sense for property development and investment has propelled Devmark to a leadership position in their niche

The period was just before 1994, uncertainty had gripped a nation fresh from bloody battles, civil unrest and the fight to permanently end Apartheid. Business leaders were as nervous as the ordinary man on the street. There was uncertainty and nervousness, hope in parts and despair in other parts. As is the norm, where there is chaos, there is an opportunity for the keen mind.

The beginning

“This was prior to 1994, so we had a good look at the market. Everybody was nervous and I said to the guys, ‘Let’s go flat out’, because I knew only two things could happen in South Africa at that time—it was either going to be a great success or we would have had a civil war. With all the knowledge I had of the people running the ANC at that time, I considered it would be a success. As far as I was concerned, it was not going to go the way that all the pessimists thought it would,” explains Hein Ehlers, the CEO of Devmark Property Group.

Ehlers started Devmark Property Group 28 years ago, initially calling it Devprop Projects. Prior to this, he engaged in the development business with the sole aim of developing retail shopping centres. He subsequently spent the first four years of his property development career focusing on developing retail centres in an informal fashion.

“I soon came to the realisation that, in order for this to be executed properly, I needed to be invested in it full time. Initially, I had a



partner in the business but in 1995, we went our separate ways. He carried on in the project management world and I stayed in the business of developing and marketing properties," Ehlers explains.

A new niche

After buying land for the development of a retail shopping centre in the southern suburbs during 1990, Ehlers was convinced to develop a retirement village. "I don't understand why and I still can't give you a definitive reason why I did it but we went on to do the development. As we were inexperienced in the development of retirement villages and there was very little market research available, we decided to conduct our own research amongst our buyers. That information was used to gradually build a

database of the type of people who were buying property in the retirement space. This was my first official big project in the residential market and our first retirement village development," he further notes.

Due to the nervousness that existed prior to the 1994 election, the company was able to secure packages of land at relatively low prices and at lenient payment terms, and this got the residential development rolling. They subsequently got involved in commercial developments.

"Our first big commercial development was a business park that we developed in Bellville with approximately 46 buildings in it. The one thing that I learnt specifically about the residential market earlier on was that the challenges were greater within that sector than on the

commercial side. The residential market is quite unstable and things can change overnight, what is good today is not so good tomorrow," he says.

Ehlers explains that residential developers' research is mostly based on trends and patterns. "It is very much a follow-me business, somebody hits the Atlantic seaboard and when they do well, everybody jumps on the bandwagon. Nobody ever checks how much stock is on the market, how much is being developed and whether there is a possible bubble developing, they just carry on like there is no tomorrow. In the residential market, there is always a tomorrow, it's more about anticipating where tomorrow is. Thus, we always do a thorough assessment of the market and try to find a niche. We identify it then we hit it as hard as we can, we say as little as possible about it



Ehlers argues that the residential market is very unstable and, therefore, one should always do enough due diligence before engaging

and we don't brag about it. We maximise our opportunity within the niche that we would have uncovered. Typically, the retirement development is a niche. We have been active in this market for 25 years and it is only now that the rest of the developers are all jumping onto the bandwagon because, all of a sudden, they realise this is an opportunity," he says.

Ehlers argues that the residential market is very volatile and, therefore, one should always do thorough market research before engaging.

"One evening, I was lying in a bath listening to soft music and reading a great business magazine, there was a five-page spread article and the writer was describing the way he saw what was going to happen in the residential market in America. That was before the economic crunch in the mid-2000s. I was immediately nervous because I realised that this was one thing that South Africa was not going to escape," he explains.

The following morning, Ehlers walked into the office and advised his team to pull out of all the residential deals they were involved in and could possibly pull out of.

"That was probably one of the best business decisions I have ever made. That tsunami went on to hit South Africa, not much later than it did America. Although this was a very tough business decision to take, we were fortunate that we had a number of projects that were already out of risk and we could quietly proceed to complete them.

"Today, we have a holding company, which is the Devmark Property Group. Under that, we have Devmark Residential Holdings with its own Managing Director. It controls all the residential developments of the group and also our construction business, which is Devmark Construction. We are not in the tender market and only construct our own developments.

"On the commercial side, we focused on building and developing offices and retail shopping centres. Devmark Property Investments is our holding company for the group's property portfolio. It is a reasonably sized portfolio with very low gearing. The people here keep asking me why we do not gear the portfolio and buy more property and I laugh and say, 'When I'm not there, you can buy and gear it, but not in my lifetime'," he explains.

This brief description of hard work, endurance and focus does not do justice to a man who has steered a company from the rocky slopes of the 90s to the present day. Due to exponential

growth and a solid reputation, the company is now involved in numerous projects.

"We have a great project underway in Malmesbury, where we are going to construct a mixed-use development consisting of a shopping centre, hospital and some auto-related retail. With a total gross lettable area of 35 000m². We are busy finishing off a shopping centre of approximately 30 000m² in Philippi. Our retail and commercial pipeline is currently approximately 146 000m². This includes our most exciting Galleria mixed-use development in Tyger Valley. We have also concluded an

the first of its kind in Cape Town. Within the development, we have gap rentals and gap-open market stock. We also have 416 social housing units. We are in the process of applying for further 90 units," Ehlers says.

In his words

Giving back

Leadership: why are you in that specific market?

There are two reasons. The first is, I felt it is my way of giving back something to South Africa. Social housing is a very difficult sector to get

"On the formal housing side, we are building 960 units in Bellville. It's a fully-integrated scheme and the first of its kind in Cape Town that is fully integrated."

agreement with Samaritan Health to develop a number of hospitals for them in South Africa," he explains.

Core markets

Devmark Residential Holdings has three core niches: affordable housing, retirement developments and as Ehlers explains, "pockets of excellence". The latter being unique opportunities in unique locations, like the residential component of the mixed-use development on the wine estate, D'Aria.

"Our presence in the affordable housing sector is based on the strong research we have conducted. We estimate a shortage of approximately two million units in this sector. We have a strong presence in the retirement market. Our market research shows that there are currently 960 000 white baby boomers in South Africa and they are all going to retire in the next 10 to 15 years. That in itself creates an opportunity because those are very substantial numbers.

"The database we have built has in excess of 3 000 buyers and potential buyers' details. With the completion of our current retirement developments, we would have completed in excess of 1 800 units. It is our strategy to build a further pipeline of 1 000 units, of which approximately 550 has already been secured. On the affordable housing side, we are building 960 units in Bellville. It's a fully-integrated scheme and

involved with and to fund and manage long term. Fortunately, we have a hardworking team who has pulled this together. This is something I believed I had to do, that is why I got involved in it. The second reason is, it creates a pipeline for our construction company. Ultimately, from a development perspective, we don't really make any money out of it.

Childhood

Can you tell us more about yourself as an individual?

I grew up in a very middle-income home. My father worked for the government all his life, he was exceptional, so much so, that he was only absent from work for one day during his 40 years of employment. I was awarded a bursary to go to university but it was not enough to cover my costs, so I had to work during the June, April, September and December holidays. I worked as a Waiter on the Trans Karoo—I was fortunate to do this every year and that's how I was actually able to fund my studies at the University of Stellenbosch. Interestingly, what I studied there is grossly diverse from where I am at the moment. I studied for a degree in social sciences, which has psychology and sociology as the main subjects. I probably decided to study something that was easy to afford me enough time to play rugby! I started my career as a Management Trainee at Colgate-Palmolive

in Boksburg. From there, I moved to Irvin and Johnson where, at the age of 28, I became one of the Group General Managers. I subsequently moved to Pepkor, and it was while I was employed there that I had the opportunity to learn more about property development and retail. In 1987, I acquired a retail business from Pepkor and went on my own. The business was grossly undercapitalised and was not a success, but definitely a great learning experience.

Transition into entrepreneurship

What gave you the zeal to go on your own? You were doing well in corporate, with a senior post. Why move from a comfortable position to the hot seat?

It is quite an interesting one. I did my MBA at the University of Stellenbosch and my thesis was about fast foods and institutional feeding in South Africa, and both of these were still in the infancy stage at that time. I did that for Johnson because they were looking at vertical integration, so I had to develop a whole business plan for them to move into fast food and institutional feeding. When I moved to Pepkor, I had all this knowledge from my thesis, and the one thing that really struck me was the profitability of the Spur organisation. So, I met with the CEO of Spur at that time and asked to buy a franchise. I subsequently bought the Brackenfell franchise, but there were no premises, and it took about

a year to get the premises. When we got to the premises, I had to pay R12 000—my contribution to get this business off the ground. This was in the mid-80s and was a reasonable amount of money. To my dismay, I could not borrow the money from the bank without the necessary security. It then struck me that I didn't have R12 000 in spite of the fact that I was a Senior Executive in the corporate environment. I was driving a nice car with a good salary, but I didn't have that kind of money. Obviously, today, the corporate world has changed massively and executives who perform can amass serious wealth. This motivated me more than anything else and I had to make a tough but brave decision, because I realised that if I didn't do it, I would not be able to do it at a later age. The worst thing that could happen to me was losing my house and starting over again.

What happened after you received the money to open the franchise?

The Spur was eventually opened, I brought in a manager who later became a junior partner of mine. It was successful, financially and otherwise, and I sold it 15 years later. I was able to re-invest some of the profits that I made and eventually owned four Spurs. Then, in 1989, I developed my first convenient shopping centre and that is how I progressively got involved in the property industry.

What do you feel makes your company unique? You spoke about the social housing and affordable housing but what sets you apart today?

The most important factor is that we have a serious passion for solid market research. We are very careful and selective about what we do and invest in, specifically in the residential market. We have an ethos in the organisation, which was developed by the staff. We asked them what they would like to see as the ethos of the company, they had to identify four important points, and these were then developed into a company policy and company document. In addition, we have a relatively flat management structure and an exceptional open-door policy, so if anyone has a problem, they can escalate that problem to me at any time, despite their level in the organisation. Attention to detail is very important to me—this is a lesson I learnt in the retail business. I continuously tell the management that the main thing that distinguishes excellence and mediocrity is attention to detail.

You have mentioned your strong passion for business-related research. Do you have someone you task to conduct your research?

Sometimes, we use outside people, however, most of the research is done in-house by our marketing department. On the commercial and retail side, you have to use reputable research organisations.

Awards

Congratulations on the recent prestigious awards that you have won, the most recent one was you being recognised as the top CEO. Can you tell us more about the awards you have received?

The first award I got in the property industry was in 1998 from the Institute of Marketing Management. In 2015, I was given an award for excellence by Who's Who International. The following year, I was inducted into the Who's Who family. The International Association of Top Professionals gave me the award last year for top CEO. The International Association of Top Professionals is an international boutique networking organisation that hand-picks the world's finest, most prestigious top professionals from different industries. These top professionals are given an opportunity to collaborate, share their ideas, be keynote speakers and help influence others in their fields. This



Langebaan Manor interior



The Plett Manor clubhouse lounge

organisation is not a membership that anyone can join, you have to be asked by the president or be nominated by a distinguished honorary member after an interview. Awards are annually given to top professionals who excel in their respective fields. It covers the entire spectrum of business, as well as medical, research, legal and other disciplines. They have a panel who decides the final selection. The category that I was selected for was top CEO.

Why do you think you received that award?

That's a difficult one to answer, without sounding presumptuous. If I may use their words, it is for a professional who excels in his or her industry, in a nutshell.

Leadership style

What's your leadership style?

I believe in empowering people. I don't believe that age, gender or race are factors. I allow my executives to run their businesses and I intervene or interfere when I see that the ship is veering South when it's supposed to be sailing North. My leadership style is not that of constant interfering and checking, however, I do have my finger on the pulse and our excellent reporting systems keep me well-informed at all times.

What do you think about failure in your business? When it's an executive or a senior employee, how would you treat failure caused by poor decisions they may have made?

Failure is an inevitable part of business. If you don't fail, you are not doing anything. It is a risk you take when going into business, that you will experience failure from time to time. However, if you learn from your mistakes, failures will become less and less. I always say that, at the end of the day, it is how you react to failure that counts. I always say to the executives that it is not the failure that counts but how you fix it, and if you fix it well, you can reflect on it and admit that, although you were faced with a serious problem, you successfully turned it around.

Milestones

What are some of the personal milestones that you are particularly proud of?

We have gone through a lot of the business milestones that we have wanted to achieve. On a personal level, growing up in an Afrikaans house, our previous generation was raised in a strict environment and they were not at liberty to voice their opinions entirely. One of the milestones I set for myself, which I am proud of to date, is that I have raised a happy family. I have four children who are happy and well-adjusted,

this is the most rewarding achievement. On the business side, initially, when you start a business like this, you think it's all about making money. Then, as you progress and start making money, your concepts and ideas start to change. I want to build a legacy and, gradually, we are achieving it. You grow from a small company, then you become corporate and when you become corporate, you need the right management in place. That is how you create the foundation for longevity. At the end of the day, what counts more than anything else is the respect—people respect me and they respect the organisation. One of the cornerstones of our ethos is honesty and integrity.

You are involved in a number of township projects—you mentioned Philippi.

Which other projects are you involved in, if any? Additionally, what are your thoughts on the township sector?

The land in Philippi originally housed the Philippi Business Park. It was a very troublesome site—it was occupied by illegal business occupiers who refused to pay rent. Incidentally, I spent a lot of time there. What really fascinated me was that people in the townships live the same way we grew up—in the street. We grew up in the street, played cricket in the street, we got together in the street and that

is what you have in the townships. I honestly believe that the government, on all levels, is doing too little to rectify the social fabric that is missing—something that keeps the community together. I believe that the government should start relaxing some of the policies it has in order to facilitate development opportunities in the townships.

If you do developments in the township without involving the community, it will most likely be unsuccessful, but if you involve the community and get their input on what they want and would like to see, it becomes a different story. The other thing I realised is there is an enormous amount of informal business taking place. I think it is an obligation to help those people create a more semi-formal business and that is what we did at the shopping centre in Philippi. The local government is relying more on developers for bulk service contributions and they must allocate some of those contributions not to bulk services but to creating a better life for people in the townships. This will make a huge difference.

What are the bulk services?

Bulk services are your water supply, electricity supply, stormwater and sewage generation away from the site.

Empowerment

What is your policy in terms of gender and black economic empowerment?

It is well-known that the current policy has only benefited a small percentage of the black population. The empowerment policy should create empowerment on a much broader scale. For instance, a business like ourselves could employ five trainees who can be developed and trained and their skills honed in property development and construction at a cost to our company. If this principle is applied across all industries and businesses, it can, on a massive scale, create skilled employees who can be gainfully employed or who are even able to start their own businesses. We have applied this principle successfully in our business and have assisted people in creating their own businesses to work as sub-contractors to our construction company. It is very gratifying to see how their businesses have grown over the last 10 years. With regards to the gender issue, 30% of our staff on site on the technical side and supervision is female. We will progressively try to improve that.

What are the greatest challenges you have experienced along your journey?

First of all, finance. It is not easy to get property finance. Due to lending mistakes in the past

by the financial institutions and the non-performance of, especially, residential developers, it has become tough to raise property finance. Today, the banks will not finance the acquisition of land. If you operate as we do, running six to seven projects at a time, your investment in land becomes enormous and unsustainable—it just gets bigger and bigger because your projects become bigger as you grow. That is probably one of the biggest challenges. The other challenge is getting expertise and technically competent people as you grow. Self-motivation, when you are on top of the pile, is not always easy. You need to be able to motivate yourself, even during adverse circumstances.

You said something interesting about banks not financing land, why wouldn't they finance the land?

Take Philippi for instance. We were fortunate that we bought the land for a very reasonable price, so that was not a big issue. If you take any of our other developments, you end up paying somewhere between R30 and R40 million for rather large chunks of land, and the banks' policy in the past was you should provide enough pre-sales and put a reasonable deposit down on the land, then they will finance it. However, since the financial crunch in the



Today, the banks will not finance the acquisition of land

mid-2000s, they do not finance land, they will not give you a cent, you have to pay cash. That is an enormous barrier; I don't see how a young person can do that. If I had to start this business again, I wouldn't be able to do it. If you are a young guy and you are 35, you have no chance unless you get a partner who can finance it.

What are your key day-to-day responsibilities as the founder? Since you mentioned you have executives and CEOs in place, what is your main role and function?

One of my key roles is to continuously re-evaluate our strategy to ensure it is current

other people, not destroy them in the process. It is not that easy to ensure these principles are applied throughout the organisation. It is imperative that the people at the lowest level in the organisation embrace and apply it.

Wisdom

They say wisdom is the most valuable asset. Is there something that you have learnt within your considerably long career that you would have done differently at a younger age?

I worked for a man called Jim Williams, he was the Group MD of Irvin and Johnson and he came from IT&T International. He turned a poor-performing business around into a success

without thinking things through. It is imperative that you research properly before you decide to take the plunge. Secondly, you have to have a passion for what you do, you cannot be an entrepreneur if you are not passionate about what you do—you won't succeed. Another thing is, you have to be extremely realistic about your expectations, it takes a lifetime to develop real wealth. I always say to my kids if it was easy, everybody would have been wealthy. There are very few really wealthy people in the world and in South Africa, far less, relative to the entire population. It takes an extraordinary amount of dedication and hard work over a very long period of time before you become seriously wealthy. There is no instant gratification. Equally important is that you should plough your money back into your business—your pocket and the business pocket are two different pockets. People tend to get into an entrepreneurial business, they start making money and then they buy boats, jet skis and a holiday home. Rather pay yourself a salary and never use the company's money for your own personal benefit. Combining these two pockets is one of the biggest reasons why start-up entrepreneurs fail. They start making money, they see the money as their money and they spend it. Plough it back into your business and keep it in the reserve because there will be a rainy day when you are going to need it.

Family

You have four children, so, of course, you must have a very vibrant personal life and a very fulfilling professional life. How do you balance the two?

I have the capability of getting home at night and completely switching off thoughts of work, it is very important. I relax for about an hour before I retire to bed, then I start looking at my emails. I never ever put an out-of-office response on my mail. Even if I travel overseas, I don't. Mornings are my alone time. I get up in the morning, I exercise for about an hour and I then quietly read the newspapers to get a grasp of all the political and business news. Then, I read my emails so that I can work on them with my personal assistant when I get to work. Maybe my balance is not where it should be. I read a lot and I'm the only one of my peers from university who has not taken a sabbatical, all of them have taken sabbaticals. I don't take my problems home, I deal with them at work. ▲

Evans Manyonga

If you do developments in the township without involving the community, it will most likely be unsuccessful

and implemented. I am very involved in the financial aspects of the company. I consider myself to be a very creative individual, every single plan that goes out, I sign off. I want my stamp of approval on designs and all plans. Also, I manage the key executives and ensure they achieve their budgets and targets, and execute their responsibilities.

What is your ethos, besides what you have already mentioned? Do you have particular principles that define who you are? Naturally, you evolve as an individual, but you do have integral principles that determine how you conduct business?

This is something that evolves and develops over a period of time. I was speaking about it to a great friend of mine recently. If you start off in business when you are young, your inclination is to do something that will immediately improve your financial position instead of looking at the long term and the result of what you are trying to achieve. Most likely, the most responsible ethos of all is integrity and honesty. This is absolutely part of me. The moment you focus more on the money and not the consequence of accumulating it then you affect someone else. We have to do business in a sustainable way that allows us to grow with

story. When you work with somebody who is an incredible disciplinarian such as he was, you learn a lot of lessons, including the discipline of effective time management and how to successfully turn a poor-performing business around. In addition, the lessons learnt about cash flow were invaluable. Without cash, your business is dead. You can have the greatest plans but if you don't have money, you don't have a business. I also learnt that you must be brave sometimes, and adopt a little bit of the Warren Buffet 'you should be fearful when others are greedy and greedy when others are fearful' approach. This really applies to the real estate business. Entrepreneurship is being punted left, right and centre but it's not for everyone and it's also not as glamorous as it is made out to be. Sometimes, I feel as though the message that is put out there is that entrepreneurship is easy, and there is a misconception that you are your own boss when, in fact, you probably work three times harder than you would if you were working for someone else.

What advice would you give to our readers who are considering venturing into entrepreneurship?

Firstly, whatever you decide to go and do, do your research properly. People tend to leap

Eskom's seven deadly integrity sins

Has the lesson been learnt?

Eskom has yet again surged into the headlines and hyped the national angst with renewed load shedding, unbundling and the new business model happening at the same time. This calls for an in-depth look at what Eskom, in any shape or form, requires of its leadership going forward.

There are some key lessons to be learnt from scrutinising the report by the Portfolio

Committee on Public Enterprises into the governance, procurement and the financial sustainability of Eskom, dated 28 November 2018. It is a must-read for everyone in South Africa who wants to understand exactly what occurred at Eskom and should be mercilessly rooted out if Eskom and the national power problem are to see any light in a reiterated form.

The report details the findings of the inquiry by the Portfolio Committee, following widespread concern about the Eskom Board's

ability to provide effective leadership to the national electricity utility and inability to discharge its fiduciary responsibilities, including the flouting of governance rules, laws, codes and conventions.

Each and every issue raised by the inquiry—from the Tegeta and Trillian contracts to the serving of the interests of private firms and individuals, to the then CEO's resignation, pension saga, reinstatement and "early retirement", to the board and shareholder's



failure to uphold anything approximating good governance and financial accountability and sustainability—speaks of the complete lack of one word: integrity.

Integrity covers a range of core qualities, including honesty, trustworthiness, ability, commitment and professionalism. Frankly, the lack of—and disregard for—integrity by Eskom's leadership is damning and a word search for 'integrity' in the report has it coming up seven times, with carefully crafted words associated with it every time it is mentioned. The report references the King IV Code on several occasions and emphasises the paramount importance of integrity in governance. Unless integrity becomes the cornerstone of the new Eskom/s, we will plunge further into darkness.

No reinvention of the basics is required for Eskom going forward; instead, we require the diligent and non-negotiable application of them, and the never-to-repeat Eskomgate, which has knocked South Africa sideways. The report refers, inter alia, to irregular procurement, mismanagement and non-compliance with existing policies and the purging of highly qualified, experienced and skilled senior staff members in violation of human resource management policies and procedures. In some instances, these purged staff members were replaced, without due consideration for, or compliance with, established recruitment policies. That these were done with impunity and for as long as they did, defies belief.

The Portfolio Committee recommended that Parliament hand over this report, together with the documentation and the entire record of evidence collected in the course of its inquiry, to the Zondo Commission of Inquiry for further investigation.

One of the challenges with the word integrity is that it has been bandied about and overused on paper to the degree that it has lost its real-life impact. Which leads me to question how many people in positions of leadership, accountability and responsibility at all levels actually understand what this word means and live this ethos. The lack of integrity in so many sectors of South African business and society and globally is surfacing in a number of ways, including at Eskom and the Zondo Commission. It calls for a profound relook at integrity.

This is well-articulated in an article published in September 2018 in the African Journal of Public Affairs titled *Recovering Responsibility and Integrity in Public Service: A Focus*



Former Minister of Public Enterprises, Lynne Brown

on Fundamental Principles and Values of Governance.

It is authored by Professors Raymond Cox III and Peter Haruna, respectively from the University of Akron, Ohio, and Texas A&M International University, Texas, who are both Research Associates at the School of Public Management, Governance and Public Policy at the University of Johannesburg.

They explain that, especially in public service, the norms and values that support organisational integrity are social and cultural. First and foremost among these social and cultural values is the idea of professionalism.

Quoting Frédérique Six and Leo Huberts, Professors of Public Administration and Public Governance at Vrije Universiteit Amsterdam, who have authored books on world cities fighting corruption and safeguarding the integrity of governance, they explain that for organisational integrity to thrive, it is not simply enough to have good people making good decisions that reflect norms and values. It requires

the reinforcement of ethical frameworks at the macro- and micro-levels. It is through the expectation and actions of behaving with integrity, aptitude, responsibility and trustworthiness that a truly professional public service emerges.

As Six and Huberts emphasise, integrity is based on a "relevant set of moral values, norms and rules, not what I, personally, may hold as values and norms, not my personal interests".

Going back to the actual Eskom report, it is worth looking at all seven references to integrity to get the full picture of Eskom's failure to behave in anything approximating a professional public service.

The first reference to integrity in the Eskom report (pg.108) reads as follows, and addresses the role played by the former Minister of Public Enterprises, Lynne Brown, in Eskom's downward spiral:

"The damage to Eskom's integrity was made evident in its appointment of Mr

Khulani Qoma ("Mr Qoma"). He explained the motivation for his appointment to the

Committee: Consequent to Ms Thuli Madonsela's [...] State of Capture report, [the] Eskom Board, through Mrs Venete Klein, approached me to come in as reputation adviser and a spokesperson for the Board of Directors of Eskom...

However, Mr Qoma points to the actions of Minister Brown that prevented him from doing the job he was appointed to do. He referred, specifically, to the television interview in which Mr Koko [Matshelo Koko was the former acting CEO of Eskom at the time] denied having signed any prepayment to Optimum Mine: Notwithstanding the appearance on Carte Blanche, where he was caught out publicly lying, and other serious allegations of corruption, Minister Brown appointed Koko as acting GCE. Expectedly, media and commentators protested this reckless appointment. It was an irrational decision with a scarce demonstration of the requisite duty of care. The Minister was somewhat oblivious of the septic boil caused by the revelations of the State of Capture. Her appointment of Koko served to fast-track Eskom's reputational downward spiral."

The second reference to integrity in the Eskom report (pg. 116) reads as follows and addresses the then Minister Malusi Gigaba's failure to assess the integrity of Eskom's Board members.

"Minister Gigaba did not consider how his choice of Board appointees fared in their roles, notably Ms Mabude was removed by Minister Brown in 2017 and Mr Matjila both of whom were linked to the Gupta family businesses in the #Guptaleaks emails. Minister Gigaba also did not address how the integrity of Board members was assessed at appointment and during their tenure. The Minister also spoke to the constitution of Board subcommittees, given that the role of the BTC in the Board he appointed has been questioned, especially in relation to the Koeberg steam generators' procurement and TNA."

The third reference to integrity (pg. 119) cites the Committee's observations of ministerial mismanagement and questions the board's integrity and ability:

"Minister Gigaba's overhaul of the Eskom Board and appointment of one made up of almost entirely new members. It appears that Minister Gigaba's overhaul of the Eskom Board introduced patterns of instability. It is not apparent that the Board appointed by Minister Gigaba had been sufficiently vetted in terms of integrity, collective skills and experience to govern Eskom and execute their fiduciary responsibility."

The fourth reference to integrity (pg. 120) cites the Committee's observations of Minister Brown's responsibility and accountability, and once again questions the board's ability:

"It is not apparent that the successive Boards appointed by Minister Brown had been sufficiently vetted in terms of integrity, collective skills and experience to govern Eskom and execute their fiduciary responsibility. Minister Brown's oversight over the actions of the executive and non-executive directors was inadequate, leading to gross breaches in fiduciary duty and potentially illegal acts."



Matshelo Koko, the former acting CEO of Eskom



Former Minister Malusi Gigaba

In any public enterprise or corporate context, the first rule of good governance is that the leadership and/or directors of the company are people of integrity. And that's the point coming through loud and clear in the Eskom report: two key ministers did not vet the board on their integrity. The report raises a burning flag about the role of the two ministers in question, and this is why the people of South Africa have become cynical.

Back to the Eskom Report, and the fifth reference to integrity is on pg. 122. The Committee reports on the corruption and abuse of public resources for private interests and the failure of key, entrusted personnel to do their jobs:

“Evidence paints a disturbing picture of capture and repurposing of Eskom. The Committee heard evidence, which illustrated the extent to which public procurement processes at Eskom and the exercise of public

power had been used to serve the interests of private businesses and individuals. The abuse of public resources to benefit these private interests stands in direct contradiction to Eskom's constitutional obligation to ensure that its procurement processes are equitable, transparent, fair, competitive and cost-effective. The Eskom Board failed dismally in its responsibility to ensure that Eskom complied with the applicable laws and SCM processes. In addition, various Eskom Board members were conflicted in their dealings with some of the private businesses and may have acted unlawfully together with senior management to benefit a network that sought to achieve the capture of Eskom.

“Evidence was placed before the Committee that various Eskom directors and senior employees acted inconsistently with their responsibilities in terms of various legislation, including the PFMA. It appears that such

persons abused their positions and may have exploited confidential information for personal gain or to benefit other persons improperly. As set out above, key Eskom personnel failed to act with fidelity, honesty, integrity and in the best interests of Eskom. Various responsible persons, including Eskom Board members, failed to investigate allegations of corruption, improper conduct, or failure to comply with the supply chain management system and failed to take appropriate steps in relation to such allegations. Evidence before the Committee also showed how persons entrusted with key public powers acted inconsistently with their responsibilities.”

They go on to say:

“The corruption at Eskom has undoubtedly contributed to the substantial loss of public funds and in various instances resulted in severe job losses in some companies competing with the Gupta family-owned companies, hampered

transformation and may have caused environmental damage. Judging whether individuals [Leadership of Eskom Board and Executives] or entities have displayed ethical and effective leadership can be done with reference to the definition provided by King IV: Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. It involves the anticipation and prevention, or otherwise amelioration, of the negative consequences of the organisation's activities and outputs on the economy, society and the environment and the capitals that it uses and effects.

"Based on the evidence before the Committee, it is patently clear that individual and collective actions taken by the Board and executives at Eskom have allowed successive unusual or irregular procurement."

Then on pg. 133/4, the sixth reference to integrity addresses the entering into contracts with specific entities such as McKinsey, which contributed a guise of legitimacy and which is deeply problematic.

"The Committee refers to the 'Questionable awarding of Contracts': The Inquiry has revealed that the corruption of procurement processes at Eskom would not have been possible, if not for the guise of integrity and legitimacy that some erstwhile reputable entities afforded certain Eskom decisions. Such entities benefited greatly from the tainted contracts and enjoyed advantageous relationships with the implicated companies.

McKinsey's Partnership with Regiments & Trillian are then listed:

- McKinsey partnered with Regiments and Trillian under questionable circumstances;
- McKinsey employees worked alongside Trillian ahead of any completed due diligence, which was only undertaken in response to media reports (initiated by Dr David Fine);
- McKinsey authorised Eskom payments to Trillian despite having no contract with the company;
- McKinsey benefited from an unusual sole proprietor status for various financial and strategic matters;
- McKinsey was allowed to determine—with the programme Steerco—what fees it and Trillian would earn on an irregular, unjustifiable and unlawful risk-based remuneration model which had not been approved by Treasury;
- McKinsey was paid ~R 1 billion for a contract that should have never been actioned

as it seemingly never entered into force (a number of conditions were not met before the Conditions Precedent expired on 31 March 2016) and there is some question as to whether it was duly authorised;

- Numerous reports (Oliver Wyman, G9, Bowmans) raised questions over the value for money of the deals McKinsey was involved in—specifically, that McKinsey was allowed to charge fees in excess of market rates;
- McKinsey's role and the roles of its senior employees, Vikas Sagar, Alex Weiss and Lorenz Jungling are highly questionable, and warrant further investigation, including for potentially serious criminal conduct.

3.11.2 The Committee welcomes the payment to Eskom of the amount of R902million McKinsey earned for the contract, which was never approved by the Treasury. The commitment to pay back this amount was made by a representative of McKinsey in the Inquiry. The Committee also welcomes the confirmation of the payment of R99.5million in interest from McKinsey to Eskom."

Finally, onto the seventh reference on pg. 140/141, which poses a monumental challenge in the context of what we are trying to achieve in our country, is where policies and procedures are applied in bad faith.

The Committee reports on the following at Eskom:

"4.9 The loss of experienced leadership and staff with integrity.

4.9.1 The Board of Eskom must improve the entity's Human Resources management in order to attract and retain staff and managers who are capable and not prone to corruption and capture by private interests.

4.9.2 The Eskom executive management must reverse the culture whereby internal labour relations policies and procedures have been applied in bad faith to victimise or side-line long-standing, competent and/or law-abiding executives, senior staff and experts.

4.9.3 The Board must ensure that disciplinary measures are taken against professionals such as scientists and engineers who acted unethically, and who through their willful and/or grossly negligent actions, caused financial losses and reputational damage to Eskom."

For the Eskom Board to have allowed the situation to support the use of tactics designed to remove people or using company resources to have them evicted or sidelined without ever questioning why, culminates in the conclusion

as to how the lack of integrity led to things getting as bad as they have.

The only way to change the rot is to get rid of everyone who was involved in it and sweep clean because, as King points out, if you knew what was going on but you didn't raise any concerns or note them in the minutes, or resign, it demonstrates that you must have been complicit. It allowed powerful figures to hold the institution to ransom and it spread the cancer by short-circuiting processes.

On a more positive note, the report concludes with the Committee making some recommendations. There is no doubt that all stakeholders who have a vested interest in a strong and sustainable Eskom want to see swift movement on these.

The Committee recommended that "investigations currently underway at Eskom and/or undertaken by other institutions including all reports presented to management or the Board prior to final Board approval must be presented to the Portfolio Committee. This recommendation is based on the detailed findings that reveal the failure of successive Eskom Boards to fulfil their statutory responsibilities set out in the Companies Act 2009 and the Public Finance Management Act 1999, as well as failure to adhere to the King Code on Corporate Governance and other regulations".

The Committee recommended that the government "request the National Treasury to review and strengthen the regulations on procurement, pertaining to state-owned companies, particularly those with large procurement budgets such as Eskom".

The Committee said: "Criminal investigations into possible cases of fraud, corruption, and/or other unlawful conduct must be pursued by the South African Police Service, Directorate for Priority Crime Investigation (DPCI), Special Investigative Unit (SIU), National Prosecuting Authority (NPA) and other law enforcement agencies."

What has happened at Eskom poses a huge systemic risk to our country. All of us need to reflect on what integrity means and anyone being considered for a position needs to be comprehensively vetted on their integrity. There are urgent lessons that need to be learnt and it is a case, as Nelson Mandela said, of "never, never and never again". ▲

*Professor Owen Skae,
Director of Rhodes Business School*



SONA and the fading power of rhetoric

If the words one speaks too often fail to change one's reality, the power of even the most astute or inspirational speaker will soon fade

Rhetoric is important. Words can change the world. A parliament in its very etymology is a place for speech, or parley, where the people's representatives can do business together.

And parliamentary business, or speech, has indeed transformed countries and our world, for good and ill. South Africa is no exception.

But as Aristotle famously noted in his work, *Rhetoric*, a speaker's use of logic and pathos in making their case and garnering support for their cause must always be embedded in the credibility (or ethos) of the speechmaker and his or her setting.

On Thursday, 7 February this year, President Cyril Ramaphosa, did indeed deliver a rousing and compelling State of the Nation Address (SONA). It was generally well-received, including by those whose actions indicate positive or negative market sentiment.

He began reflectively, noting the 25th anniversary of our new dispensation this year: "During the course of this year, we must and will reflect on the journey of the last 25 years.

As South Africans, we will have to ask ourselves whether we have realised the promise of our nation's birth.

"We must spend this year, the 25th anniversary of our freedom, asking ourselves whether we have built a society in which all South Africans equally and without exception enjoy their inalienable rights to life, dignity and liberty."

Yes, the President seemed to acknowledge, the past has not been easy. He went so far as to subtly critique the Zuma years as "a period of uncertainty and a loss of confidence and trust", and as a period that, hopefully, came to an end with the advent of his administration: "A year ago, we set out on a path of growth and renewal.

"We resolved to cure our country of the corrosive effects of corruption and to restore the integrity of our institutions."

Such words are bolder than they seem at first glance. We almost have a disavowal of the Zuma rhetoric of the "good story" of the ANC years. Perhaps not quite a mea culpa but still an acknowledgement at least that the ruling party has to be much better than it has been if

South Africa is to emerge from the shadows that are threatening our hopes of shared prosperity. In this regard, he even alluded to the famous words of John F. Kennedy at his inaugural speech, linking the call of ‘Thuma Mina’ to JFK’s call to service, stating that one year ago, “South Africans asked not what can be done for them, but what they could do for their country.”

A turning point?

However, is it true that a turning point has been achieved in the yet-to-be-written history of the future?

In the days following SONA, Ipsos released the results of a poll, which had gauged South Africa’s confidence in the economic stewardship

United States, as well as the fact that our load shedding troubles have already been priced in by the market.

As for hopes of an imminent growth environment, these have been stoked by Ramaphosa’s visible campaign to attract foreign investment and, thus, spur local investment too.

He touted his government’s achievements in this regard: “In 2017, we recorded an inflow of foreign direct investment amounting to R17 billion.

“Official data shows that just in the first three quarters of 2018, there was an inflow of R70 billion.

“This is a phenomenal achievement compared to the low level of investment in the previous

There is also a concern that the President, and our elected Parliament, simply may not have the capacity or power to demolish such barriers.

Such a concern leads to a quiet uneasiness, even on the part of those who admire our President’s efforts to drive the country forward, that the task ahead may simply be too overwhelming, even for a government that is actively working towards such goals.

Eskom: the spectre of state failure

One word sums up this anxiety: Eskom. Eskom represents corruption and the spectre of a consequently failed and powerless state.

Ramaphosa’s speech promised drastic intervention in the case of Eskom—an unbundling of the state-owned enterprise into three distinct entities. He also spoke of the decisive efforts at improving the corporate governance of all parastatals.

But only days later, the lights went out and South Africa heard the shocking news that Eskom, which is over R400 billion in debt, will cease to operate within months without further intervention.

Yet, at the same time, Ramaphosa had to do damage control with the unions concerned, assuring them that no jobs would be lost—even at an entity that has lost more money than the majority of our citizens could even begin to fathom.

It was left to Finance Minister Tito Mboweni to announce in his budget speech on 20 February that the state would be injecting R69 billion into the power utility, on certain conditions—the most notable being that Mboweni and the Minister of Public Enterprises, Pravin Gordhan, would soon appoint a Chief Reorganisation Officer for the SOE.

Reorganisation may be a euphemism for what is required at this most pivotal institution, and for South African economic development.

Ultimately, no rhetoric and no sense of public trust in any leader can ease the sense of anxiety on the public’s part at the thought of such an entity being so indebted, and so dysfunctional.

Thus, the question of whether the clarion call of ‘Thuma Mina’ will be remembered in the years to come will ultimately depend on Ramaphosa’s ability to do something beyond speech, something without much precedent.

Quite simply, he needs to turn an entire country around. ▲

Chris Waldburger

A minimum growth of 5% is required simply to begin solving the problem of an unemployment rate that’s creeping closer to 30%

of its government. Sixty per cent of the country believes the government is mismanaging the economy.

However, it must be noted that one year prior, 75% of South Africans, according to Ipsos, had levelled the charge of governmental negligence.

Unfortunately, the notion of a turning point in 2018 is not underscored by the hard economic data.

Statistics South Africa has declared that the economic growth of the gross domestic product (GDP) in 2018 was below 1%. Ramaphosa had declared his aim to be 3%.

But even 3% is not nearly enough. A minimum growth of 5% is required simply to begin solving the problem of an unemployment rate that’s creeping closer to 30%. Yet, the Reserve Bank and the Treasury have only forecasted growth of 0.7% for 2019.

Yes, the rand, bonds and stocks seem to be holding steady in the wake of SONA, and general rates of corporate debt are lower than their counterparts in developed nations, primed for investment and a growth environment.

However, a large part of that optimism is probably owing to the increased optimism of a trade agreement between China and the

years. As we speak, projects to the value of R187 billion are being implemented, and projects worth another R26 billion are in the pre-implementation phase.”

The problem of structural barriers to growth

Simply, the rhetoric of openly seeking such investment has boosted market sentiment. The impressive record of actually garnering such capital inflow is, of course, admirable and very positive.

Business Unity South Africa (Busa) applauded this pro-growth rhetoric.

“The speech is unequivocal in sketching SA’s national priorities and unambiguous about its policy direction, as well as setting the country on the course to become a dynamic future-oriented economy.

“We also appreciate the President’s establishment of a commission on the Fourth Industrial Revolution,” noted Sipho Pityana, Busa’s President.

However, no speech on its own can break down the barriers to growth and employment that have become entrenched in the South African economy.



Ramaphosa had to do damage control with the unions concerned, assuring them that no jobs would be lost—even at an entity that has lost more money than the majority of our citizens could even begin to fathom

A digitally connected world

Industry 4.0 is widely seen as the gateway to a world of opportunity and collectively describes the innovative technologies that integrate digital technologies and artificial intelligence (AI) in industries globally



South Africa stands on the threshold of opportunity, with enormous potential for accelerated social and economic transformation. Paramount for the nation will be the prioritisation of investment in information and communication technology to enable it to embrace the next wave of digitalisation in the form of the Internet of Things (IoT) and the Fourth Industrial Revolution.

IoT has already changed our world. In the future, anything that can be connected will be and every machine will be connected with the aim to improve lives and positively impact businesses. Global predictions vary, with the expectation of anything from 12 billion to 30 billion IoT devices being connected to the Internet by 2020.

South Africa is very rapidly entering into a dynamic technological era, and the increase in connected devices will benefit a wide range of industries and vertical sectors, including manufacturing, transportation, oil and gas, utilities, the government, healthcare, sports

and entertainment and education in terms of increased efficiency and reduced costs.

Digital transformation is generating a fierce debate among policymakers, economists and industry leaders about its societal impact. As digitalisation disrupts society ever more profoundly, the concern is growing about how it is affecting issues such as jobs, wages, inequality, health, resource efficiency and security.

An event tackling these debates is the Internet of Things Forum Africa, taking place on 26 to 27 March in Johannesburg. Abe Wakama, the CEO of the African Innovator Group, publishers of IT News Africa and African Innovator Magazine provides his insights. A speaker at the forum, his focus will be on how IoT is not only helping companies improve cost efficiencies, product quality and service levels, but driving completely new revenue streams and business models.

“With IoT, we now have the ability to measure, sense and see the exact condition of practically anything. People, systems and objects can communicate and interact with each other in

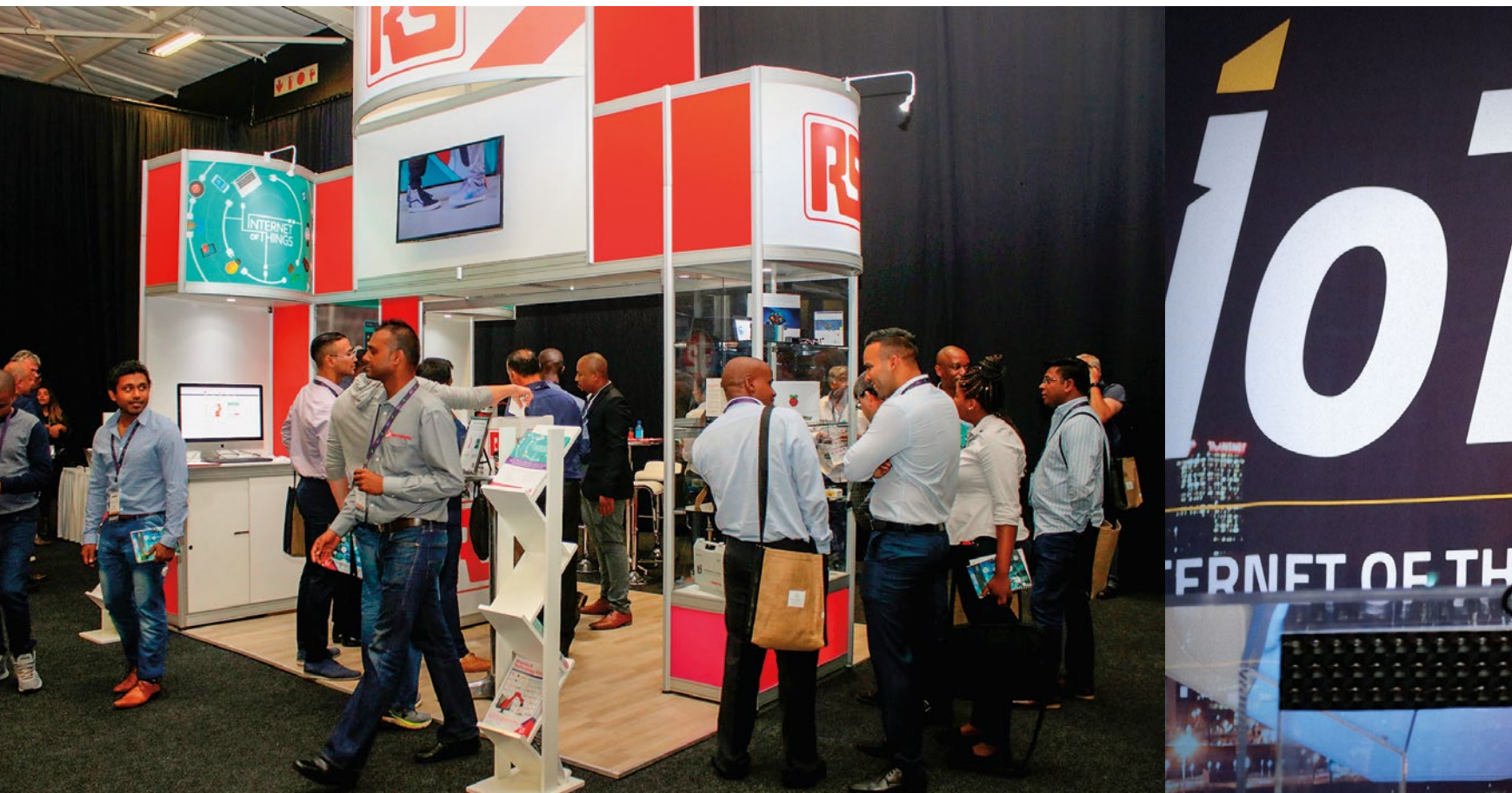
entirely new ways. There is no question: the Internet of Things is here and we cannot ignore it, however, there are major threats such as security and privacy,” he says.

Wakama explains that the goal of the forum is to bring together all the major players in the ecosystem to discuss the opportunities and challenges that IoT presents and, ultimately, encourage the adoption of this game-changing technology by public and private players.

“The forum will serve as host to a number of industry leaders. We are going to have a keynote presentation by Johanna Juselius from Helsinki Smart Region in Finland. Johanna is a Senior Adviser on the project and is set to give us some valuable insight into what they are doing to make not only the city but the whole region smart.

That’s one presentation not to be missed as I’m sure many African cities will learn a lot about how to improve service delivery with technology,” he says.

For Wakama the term “Internet of Things” means “possibilities”. “The ability to connect to



“things” and glean insights to improve the way we work, live and do business is mindblowing.

The Internet of Things has the potential to positively impact many of the challenges this continent faces—be it in healthcare, agriculture, energy, transportation or even monitoring water usage in Cape Town—the potential of IoT is truly limitless.

“I view this as an exciting and scary time with the Fourth Industrial Revolution phenomenon and the creation of new technologies, as we are all yet to fully understand how technology trends such as IoT, AI and robotics will impact all of us.

“Will these new technologies make some professions redundant, will AI and robotics cause unemployment, how do we prepare our children for the future? How will we know when we’re interacting with a machine or a human? With all this data floating about, what about security and privacy concerns? Should there be ethical standards or regulation for healthcare wearable devices, for instance? These are all questions that make the prospect of the Fourth

Industrial Revolution daunting and immensely exhilarating,” he explains.

Wakama says that IoT will have an impact on many key sectors but that the healthcare sector is one area that it will definitely transform exponentially. “From tracking bed occupancy

sensors placed in production systems, assembly lines and vehicles, for instance, to monitor the flow of operations remotely and improve product performance. With near real-time information gleaned from sensors and IoT systems, we can gain in-depth insights into the performance of

With IoT, we now have the ability to measure, sense and see the exact condition of practically anything.

in hospitals, remote health monitoring, tracking staff and patients...to pills containing microscopic sensors that can send signals to external devices—the possibilities are truly endless.

“In terms of its general benefits and opportunities across all sectors, the primary benefit of IoT is that it infuses efficiency and increases productivity. IoT now allows us, with the help of

systems and processes, allowing us to adapt and innovate quickly, or even anticipate potential problems and take action accordingly.

He further explains that IoT will impact how we live and interact with our environment. “Quality of life will definitely improve. With smart water meters, smart traffic signals that adjust to traffic volumes, energy-efficient





“The cost of connectivity could be an issue but the cost of sensors and analytics software, as well as all the other components, is not prohibitive for most small businesses”

buildings and smart city lighting that contributes to crime prevention, the social impact will be felt by all,” says Wakama.

Where he sees IoT having an impact on infrastructure growth is in the area of monitoring critical infrastructure, explaining that sensors can be built into road and bridge surfaces to measure temperature, humidity and corrosion—elements that negatively affect concrete structures. This data can then be transmitted to engineers for continuous monitoring and assessment, making such infrastructure “smart” in order to extend durability and, therefore, reduce maintenance, delays and potential hazards.

As new technologies and digitalisation are completely restructuring some sectors, an example being the finance industry, concerns have been raised about the cost of digitalisation and access—consequently, asking if those who are not able to finance big technologies will fall behind?

“From a cost point of view, like any new technology, it starts out expensive but will reduce in price over time.

“Having said that, the cost of connectivity could be an issue but the cost of sensors and analytics software, as well as all the other components, is not prohibitive for most small businesses. There are definitely low-cost options out there,” says Wakama.

With regard to what will happen in terms of jobs losses and skills as IoT makes devices and robots more intelligent, Wakama admits that this is indeed a big worry, particularly in Africa.

“However, I have faith in our ability as a species to adapt to change. As old professions, jobs and business models die, new ones will be created. The question is...are we preparing our children for the new work opportunities that AI and robotics will present?”

Wakama believes without a doubt that digital transformation is the only way forward,

as transforming the way we do business with technology is a must. “It reduces costs and increases efficiency.

“Any business that refuses to transform will be left behind by more agile digital businesses. The taxi operators vs Uber example readily comes to mind—it’s almost a cliché now but you don’t want to be “Ubered” out of business by your competitors. South Africa cannot afford not to invest in digital technologies,” he says.

There has been debate about whether South Africa is keeping up with digital transformation and innovation, with some saying that we are falling behind due to the lack of a clear digital vision and strategy to support digital transformation.

In order for South Africa to embrace the Internet of Everything (IoE), it must become fully digitised. Becoming digital requires an agile IT model and the ability to rethink core processes for the digital era. It will require disruptive thinking and working differently.

“South Africa is not where it should be in terms of technology adoption but what gives me comfort is the fact that, from President Ramaphosa’s SONA, it would seem that the government has woken up to the potential benefits of digital transformation.

“With the announcement of the Presidential Committee on the Fourth Industrial Revolution, there seems to be political will on the part of the government to get to grips with this phenomenon,” says Wakama.

The Presidential Committee has been appointed to ensure that South Africa effectively and with greater urgency, harnesses technological change in pursuit of inclusive growth and social development, and will serve as a national overarching advisory mechanism on digital transformation.

The commission will be comprised of eminent persons drawn from different sectors of society and will identify and recommend policies, strategies and plans that will position South

Africa as a globally competitive player within the digital revolution space.

Digital disruption has the potential to rapidly reshape South Africa and it is imperative that organisations drive their own digital business transformations or risk getting left behind.

Those that do will be pulled toward a ‘digital centre’ in which business models, offerings, and value chains are digitised, driving new revenue streams and substantive business outcomes.

At its core, country digitalisation is the process of planning and, ultimately, building a sophisticated and forward-thinking IT network ecosystem that will allow for greater connectivity, productivity and security to drive this positive impact. Digitalisation has the potential to create a sustainable and positive impact for every area of society in South Africa. ▲

Shannon Manuel

For more information about the conference visit IOTForumAfrica.com



“Any business that refuses to transform will be left behind by more agile digital businesses”

Honouring influential and innovative women in leadership

YPO (formerly Young Presidents' Organization) is the premier global leadership organisation for more than 27 000 young chief executives in over 130 countries. YPO member-run companies are diversified among industries and various types of businesses, employing more than 22 million people globally and generating US\$9 trillion in annual revenues.

Leadership sat with some of the women behind this organisation and received their individual perspectives on their respective journeys towards becoming the women they are today: passionate, strong and exceptionally successful in their industries.

Doctor Ola Brown

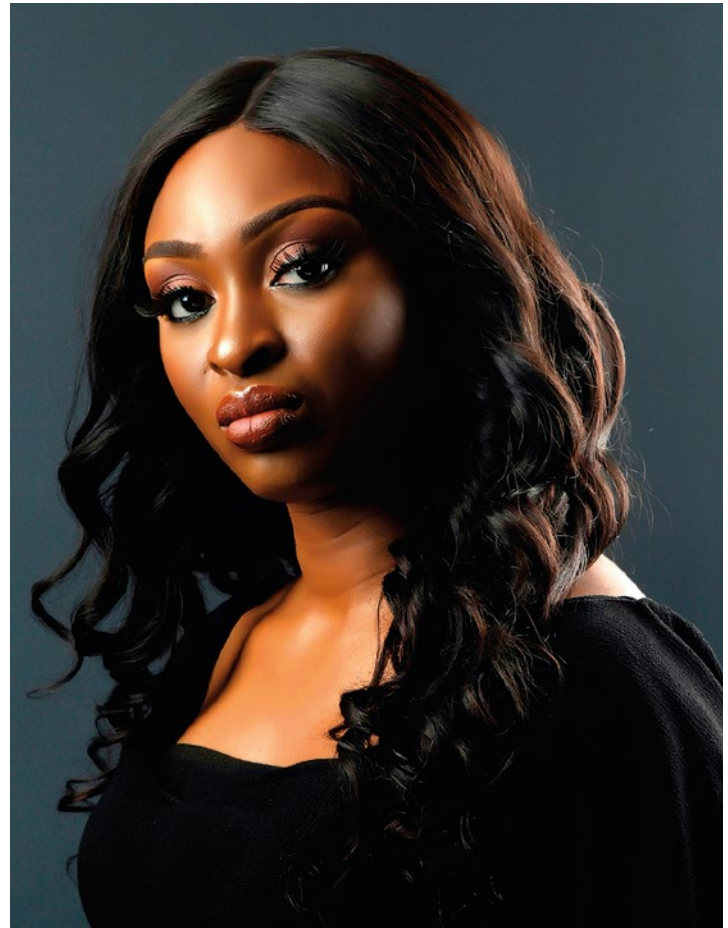
Dr Ola Brown explains how West Africa's first indigenous air ambulance service has shifted the medical paradigm and improved Nigeria's reputation of being the worst healthcare system in the world. Her passion for change, growth and success aided in her many achievements in the fields of medicine and entrepreneurship.

Please could you provide us with an overview of your background?

My background primarily started at an undergraduate level where I studied medicine. I then realised I had to study a lot of other things to become an effective entrepreneur. I subsequently studied for a certificate in accounting and economics. I've done a lot of self-study and, especially, in the areas of leadership and entrepreneurship.

Your achievements serve as a reminder to all young women to leap then lead within their desired profession, while allowing passion to ignite and reap the rewards. What triggered your passion for healthcare and entrepreneurship in Africa?

I think that my passion for healthcare and entrepreneurship have been largely triggered by the problem of healthcare in Africa, and especially in Nigeria. Nigeria has been ranked by the World Health Organization as one of the worst healthcare systems in the world. We have various issues ranging from a much smaller number of doctors and far fewer resources to dedicate to healthcare and the long distances between rural areas



or remote areas where a lot of accidents and emergencies happen. So, I think that these were some of the issues that triggered my passion for healthcare and thinking about entrepreneurship as a solution.

How has the evolution and establishment of 'West Africa's first indigenous air ambulance service: The flying Doctors Nigeria' impacted West Africa's healthcare system?

It has impacted West Africa's healthcare system in many ways. The one that's most important to me is that the air ambulance has reduced the cost of the healthcare system. So, we have six states in Nigeria and building a major tertiary, fully-equipped, fully-staffed hospital in every single state will cost us a lot of money. What air ambulances allow us to do is transport patients who have severe injuries or illnesses, to specific specialist centres without having to replicate them in every single state. So, the air ambulance has really helped to circumvent distance and the need to build more hospitals, and it makes the healthcare service cheaper.

I think the second big benefit of air ambulance services is that they increase the quality of healthcare. Most business people who know about economics and who are reading this would know a concept known as economies of scale.

And you get economies of scale in almost every single industry, but I think the most familiar example for people would be in the printing industry. So, you find out that we are printing 100 copies of something, 500 copies of something or 1 000 copies something. The price is almost the same because as you get increasing amounts, the cost per unit decreases and there is a relationship with economies of scale—these kinds of economies of scale exist in healthcare as well in large centres that perform a lot of procedures, and they actually benefit from economies of scale because the unit cost of each procedure gets cheaper and the procedures are performed to a higher quality.

Another way that air ambulances have impacted healthcare in West Africa is by decreasing the cost in terms of infrastructure building.

I would also like to highlight the unit cost of each procedure done at a hospital. So, it decreases the cost to patients as well, whilst increasing quality and, of course, allows doctors to specialise quite specifically in procedures

rather than having to do general procedures. Additionally, it allows them to take large volumes of the same type of patients and perfect their skills in those areas.

Can you briefly explain your role at YPO to us?

My role at YPO is as a member, a very active member of the Lagos Chapter. I am a member of a forum, we meet monthly, as most forums do, and I also attend external YPO events. I am very involved in the YPO community as part of a very big vibrant chapter.

You're an international speaker who has not only been nominated but won multiple awards, published two books and articles in the British Journal, New York Times and the Huffington Post. When you speak, to what do you attribute all that success, particularly as a woman in a male-dominated world?

I think that things are changing gradually and I think that women really do need to continue to be more assertive and continue to press for the progress that we want.

I attribute it to always trying to speak out and being assertive, I attribute it to being aware of factors working against me and trying to work doubly as hard, even though I feel that I shouldn't have to.

You are a leader in many rights. Congratulations on being honoured by the World Economic Forum' as a young global leader. What is your leadership style?

I think my leadership style would be described as collaborative. I like to talk to everybody and I like to understand what people are thinking. I like to understand their perspectives and ask a lot of questions, so I think I would describe my leadership style as very inquisitive and very collaborative.

What would you like to achieve in the near future?

I would like to achieve more global expansion across the continent. Very few African companies scale according to the McKinsey report called "Lions on the Move". And there are still no African companies in the Fortune 500. This is something you know as an African entrepreneur. Through either my investing and the companies I have invested in or my own company, I would like to try and change that.



Mary Bomela, CEO

A woman who reflects dynamic skills in finance, Mary Bomela has set the pace for women, proving that hard work and raising your hand leads you up the rails. The CEO who heads the Mineworkers Investment Company (MIC) talks finance, leading different boards and empowering women.

You held executive posts across different sectors such as resources, utilities and financial services. Can you tell us more about your background?

After I qualified as a Chartered Accountant, I worked as the Head of Corporate Services for Amatola Water in the Eastern Cape. The function included overseeing the finance, IT and supply chain functions. I then moved to De Beers where I worked as a Financial Manager

at one of their mines in the Northern Cape and as the Technical Assistant to the South African Managing Director at head office. This is the job I feel best prepared me for my current role. From there, I moved to the South African Institute of Chartered Accountants as the Executive for Corporate Services, heading up the finance, HR, IT, marketing and member services divisions.

How has your role at the Mineworkers Investment Company varied from your previous roles?

I moved from the financial management roles to the CEO role at the MIC. The main difference is that shift from heading divisions to actually heading the entire organisation. Secondly, we at the MIC invest in other businesses, building the organisation's balance sheet, whereas previously, I was involved in industries that manufacture products or provide services to others.

How do you balance your immediate job with serving on a number of boards of directors across different industries?

A large part of my current role is serving on boards of our investee companies, providing strategic direction to the management teams. The board work is demanding because it requires a lot of preparation for one to be effective and efficient. I, therefore, schedule time for the board work in my diary and then my other daily functions in between. It's not always easy though, to find the balance, and I find myself having to put in more hours in the early morning before work or over the weekends. However, I try my level best not to allow work to interfere with my valuable family time over the weekends, which is why working over weekends is limited to board preparation, and that only happens a month every quarter.

Please tell us more about the structure and your role at YPO?

Presently, I look after the finance portfolio for the YPO Johannesburg Chapter, which entails coordinating the budget in line with our fee income and ensuring my fellow Exco members spend in accordance with the approved budgets when executing their functions. I work closely with the office administrators in terms of approving supplier payments, overseeing the monthly bookkeeping function and ensuring the organisation's annual financial statements are audited.

In 2017, the Businesswomen's Association of South Africa's leadership census reported that the results showed only 11.8% of the women accounted for CEO or chairperson positions. These statistics demonstrate the desperate need for equality and gender parity in executive posts. What do you think should be done to increase that number?

There are many talented women who are qualified to become CEOs and chairpersons because they possess the necessary skills, qualifications and experience. Firstly, we need men (who truly still run industry) to believe in women and develop them to take over these roles. Secondly, we need women to believe in themselves and raise their hand for the roles. Women need to be supported in their roles as mothers and wives because the roles we are talking about are demanding, and they find themselves having to choose between being a mother, wife and being a professional. Lastly, girls need to be encouraged from a young age to know that they are equally as capable as boys and that there is no role they cannot fulfil.

You have done exceptionally well thus far. What has been the highlight of your career?

There have been many highlights, as I have been extremely privileged to work with great leaders. David Noko, who was the then Managing Director of De Beers SA, provided my training ground for my current role. I got to see firsthand what it entails to run an organisation and the different facets of the business that a leader has to always take into consideration when making decisions. The privilege of working on boards with men who have built businesses from scratch such as Laurie Dippenaar, Paul Harris, Pat Gross and Chris Seabrooke, and successful women such as Dr Lulu Gwagwa among others, was incredible. The lessons learnt from people who have such wisdom cannot be learnt from textbooks.

What motivated you and inspired your success in your field?

I love the work that I do. I am very lucky as I am aware that not many people can say so. I am inspired the most by what we do with the money we make at the MIC. The MIC's profits are declared as a dividend to our shareholder MIT and then used to fund the tertiary education for children of members of the National Union

of Mineworkers, the children who may not have been able to afford to further their education, post high school. It makes everything we do all worth it.

What do you hope to achieve in the near future?

I still need to complete my PhD studies. Beyond that, I want to maintain a position that continually allows me to be able to give back to our communities and whatever I do should help aid in building the South African economy.



Natalie Jabangwe, CEO

She went from a 21-year-old girl who ran and developed the entire city of Atlanta's information technology security policies to the youngest CEO to run a mobile business in Africa. Jabangwe explains the importance of taking initiative. The CEO of EcoCash, Computer Engineer and fearless businesswoman gave us her perspective on how logic and relentless hard work bolted her career.

Please could you provide us with an overview of your background?

I'm an accidental Computer Engineer, my childhood dream was to become a Lawyer but

my mother encouraged me—in a sense, forced me—to study technology nearly 20 years ago. She was living in the UK at the time and had grasped the winds of tech and was convinced the world would be dynamically shaped by this advent.

My life was inevitably shaped by this decision. I went to university to study computer science and by the time I was in my second year, I had emerged as the top excelling female student, which earned me the Mayor of London's Leadership Exchange scholarship. This came with an opportunity to go from the UK to Spelman College in Atlanta, one of the best female African American institutions in the United States.

The scholarship was integrated with an internship in the Mayor of Atlanta's office, serving directly in Shirley Franklin's office—Atlanta's first female mayor. At the age of 21, I was responsible for developing the city of Atlanta's first information technology security policies.

What triggered your interest in IT engineering?

It grew on me. Retrospectively, I have realised that I wanted to study law because I was a person inspired by logic, facts, to a large extent creativity, and the opportunity to publicly present those. These are inherently the variables that make a great engineer. I simply channelled my passion to a new domain. It's funny, because Michelle Obama makes mention of a similar experience in her book *Becoming*. She later realised that her pursuit of a career in law was based on her love of logic, not necessarily "law", but the career. For the most part, our successes, in anything, are inherently driven by things we are passionate about.

Your proven track record of leadership and professional accomplishments led you to the YPO. How has being part of this network helped you?

My professional growth has been on steroids. I'm fortunate to be the youngest Chief Executive Officer to run a mobile money business in Africa, and second largest on the continent, in this domain. I'm blessed to have been nominated a 2018 under 40 top 100 Young Global Leader of the WEF and, recently, I became Advisor to the UN Secretary-General, Antonio Guterres, on his new global digital financing taskforce (<https://digitalfinancingtaskforce.org>).

With this level of accelerated personal development growth, it is inevitable that one needs a support structure that offers accountability, support, strategy, experience, confidentiality and balance to remain effective and successful. YPO has been all of that, young leaders need every grain of this!

By the age of 21, you were already responsible for something as big as developing Atlanta's first information technology security policies. How did this big achievement at such a young age play a role in who you are today?

It was the most defining opportunity in my career. I was mentored by Shirley Franklin, the first female and African American Mayor of Atlanta at the time, and the city's Chief Information Officer, Abe Kani, who were both very experienced individuals. They threw a whole city project at me and demanded that I run it, single-handedly. I delivered it, at a federal level, under their watch. From then on, I knew I could handle a big job, talk to big people and take on big tasks. The defining lesson there, for emerging young leaders, is that we need to identify willing sponsors from early on, who believe in us and are patient enough to hand-hold us.

Your brilliance led Econet Wireless to headhunt you to scale up their mobile money business, eco-cash. Leading such a large financial mobile service company takes great leadership skills. What is your leadership style?

Highly collaborative and almost structure-less, I believe in building high-performance entrepreneurial teams and empowering them. I lead by questioning the status quo and experimenting in order to answer our questions, until we hit the pivot point. I am driven, for the most part, by inspiration and vision. I'm not surprised that in 2017, EcoCash was the recipient of the Mobile World Congress Glomo Award, Best Mobile Payment Solution, globally.

What do you think needs to be done to encourage young women in Africa and across the globe to venture into IT engineering, a male-dominated world that can be very intimidating for women?

I encourage women in tech to get as much experience as possible and to rise through the ranks in the technology industry. To the extent possible, women should seek experience in

mainstream firms that range from telecommunications, banking and technology services to Millennial tech start-ups. Opportunities in tech have increased dynamically and are more diverse today than they were 10 years ago. With the advent of innovation hubs across Africa, these are budding support ecosystems that are available to nurture the prototyping or experimenting of innovative ideas, facilitate collaboration with other like-minded entrepreneurial teams, and provide exposure to venture capital networks.

Women in Africa's tech scene must leverage all these resources and hone their talents by solving for Africa's most pressing needs through technology innovation.

What has been the highlight of your career?

Having fun! Apart from relentless hard work and questioning the status quo, I have encouraged my team to have fun, while at it. The most vivid memory of my journey to date, in as much as it's been challenging, is that I've enjoyed every bit of it.

Last but not least, being a mom, too, and balancing a super-turbocharged career has been very fulfilling as opposed to being a hindrance or barrier.

Working for NCR Corporation London, a Fortune 500 company, you helped shape their digital financial services strategy across countries. What was the biggest lesson you learnt that you want to share with those who aspire to follow in your footsteps?

The biggest lesson for me, taken from a large, over 125-year-existing, corporate firm, is "take initiative". I was given the project to lead the digital mobile financial services strategy at NCR, after challenging Ben Gale, the then VP Western Europe, on our readiness for disruption in banking, given the rise in mobile. He was passionate about innovation, supported the challenge and sold it to HQ. I was given autonomy to lead and come up with a full strategy during my two-year Executive MBA at Imperial College London. Executive management, lead by the then COO, John Bruno, took it seriously and adopted some of the recommendations. The initiative paid off and made me sought-out by Econet. ▲

Tavonga Jacqueline Manyonga



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Healthy, Safe and Sustainable Workplaces

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NIOH collaborates with local and international institutions of higher learning to redress the legacy OEHS issues in South Africa and the African region in particular.

TEACHING & TRAINING

Teaching and training in many OEHS disciplines for professionals, practitioners and others are part of the key deliverables of the NIOH.

SERVICE DELIVERY

The NIOH provides OEHS services to its target population. These include advisory services on OEHS policy development, medical surveillance, HIV and TB workplace programmes, biological monitoring, prevention and hazard control, research protocol development and other areas. The advisory services are particularly useful for small and medium enterprises, but are available to large enterprises and government agencies as well. The NIOH conducts autopsies for deceased current and former mineworkers in terms of the Occupational Disease in Mines and Works Act (ODMWA), which provides compensation for occupational lung diseases. The NIOH houses the national occupational health library and provides information on request.

The Sustainable Development Goals (SDG's), which inform the development agenda until 2030 provide a golden opportunity for South Africa to find inclusive processes to help address, among others, the vexing challenge of our heavy burden of disease, which almost 9% of our GDP cannot adequately address. Countries have to report on the 17 goals through various key performance indicators and Stats South Africa will assist in this reporting process. This will provide us with the opportunity to build on the synergies of the goals on health, decent work, youth employment, gender equality and sustainable environments and economies.

WWW.NIOH.AC.ZA

For more information and to engage with NIOH Email us at: info@nioh.ac.za or call: Tel: 011 712 6400

The guide to Leadership in the mining industry in Southern Africa

Mining FOCUS SECTION



MINING FOCUS SECTION

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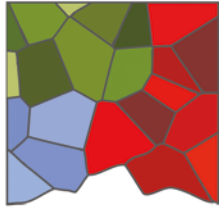
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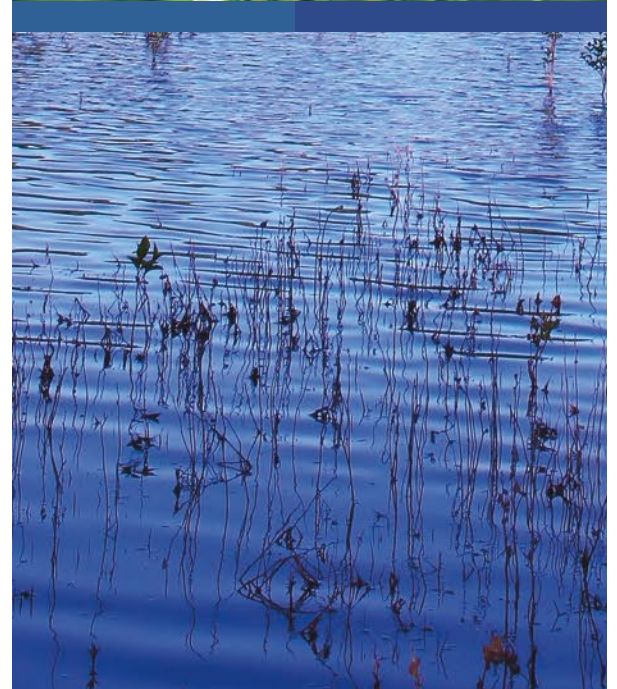
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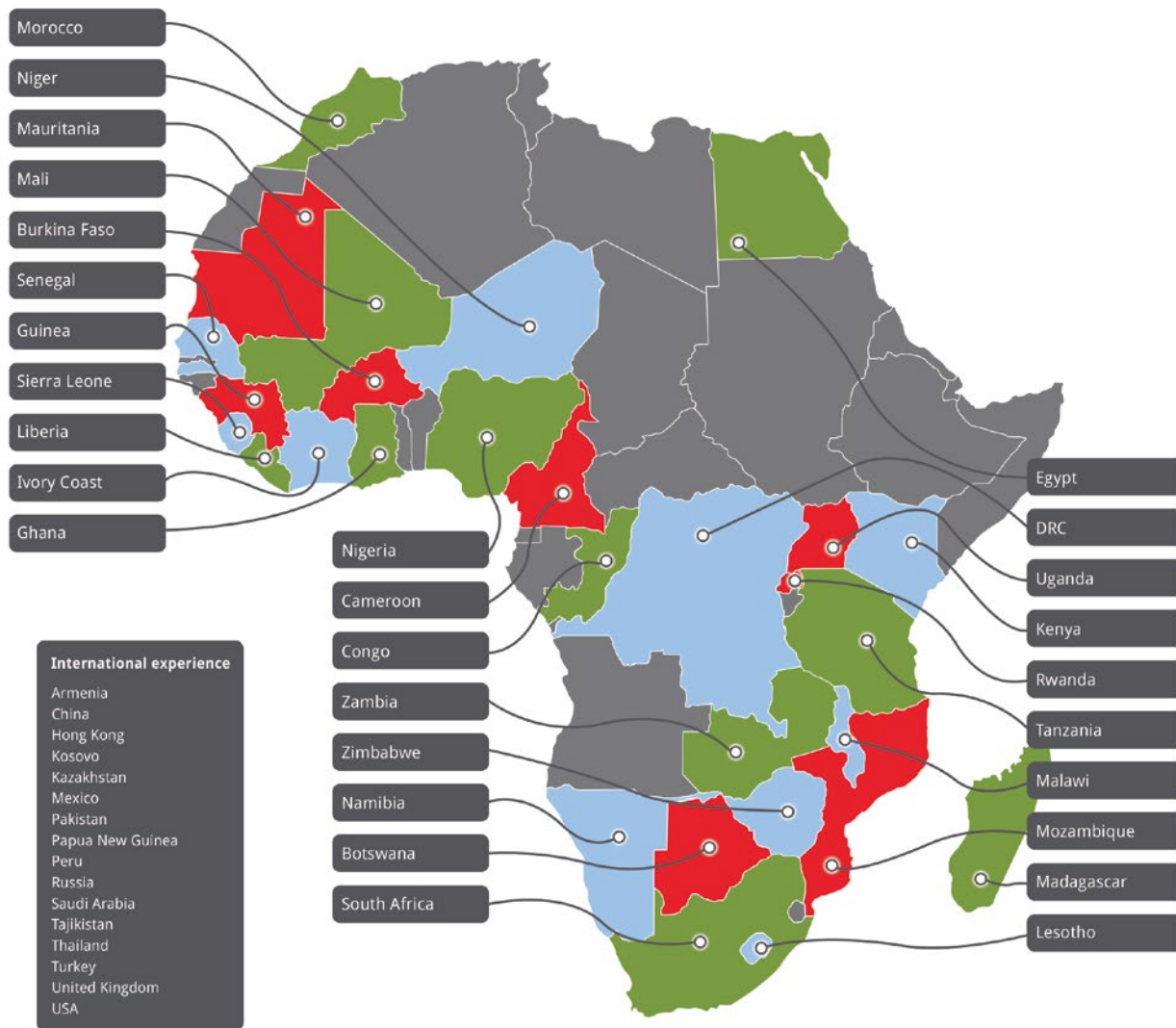
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The state of mining

South Africa's mining industry remains a critical component of the economy but it has faced a crisis of confidence from the local mining industry and civil society. However, all is not lost, as practical measures are being taken to build an economy that is underpinned by inclusive growth, competitiveness and transformation in critical areas of the productive sectors, of which mining is a vital part.





“The mapping programme will bring South Africa in line with progressive exploration and mining jurisdictions and it is our intent to secure a minimum of 5% of the global exploration budget within the next three to five years”

Mining plays a vital role in supporting the goals and aspirations of the National Development Plan (NDP), contributing approximately 7% to the Gross Domestic Product (GDP). Despite the economy having diversified over time, the mining industry remains a central part of the economy, with an indirect contribution of over 17% to the GDP. An estimated 50% to 60% of South African mines' purchases, i.e. consumables, capital goods and services, are currently being sourced from BEE suppliers.

The ANC, under the leadership of President Cyril Ramaphosa, has indicated its commitment to the NDP, stating that it foresees an economy that encourages investment, offers policy certainty and addresses barriers that inhibit growth and social inclusion.

Last year, the appointment of the Mineral Resources Minister, Gwede Mantashe, restored some optimism about the future of the South African mining industry. Creating an environment with adequate infrastructure, less policy and regulatory uncertainty and a skilled but flexible workforce should go a long way towards attracting investment.

In his opening address at the 2019 Investing in Africa Mining Indaba, Minister Mantashe

reassured about 7 000 delegates that South Africa was now open for mining business and ready to work with them in addressing the remaining impediments to investment.

He insisted the revision of the Mining Charter in September 2018 had cleared up uncertainties about mining policy and paved the way for new investment. The charter significantly improved the previous draft charter of June 2018 by recognising the 26% black economic empowerment ownership, which mining companies had already achieved, rather than obliging them to increase that level to 30% on existing mining rights.

He also noted that, in 2018, he had withdrawn the 2013 Mineral and Petroleum Resources Development Amendment Bill to separate oil and gas from the mining legislation. A draft Upstream Petroleum (Oil and Gas) Bill is in the process of being developed.

“This bill will provide certainty to the upstream petroleum industry and stimulate growth and development in this sector. Therefore, we can say with confidence that South Africa provides a conducive environment for investment and that we have a stable regulatory framework, which provides security of tenure for investors,” he stated.

“Additionally, to increase our competitiveness as a mining jurisdiction, the government is addressing the challenge of administered

prices—including those for electricity, rail and ports, as well as the infrastructure bottlenecks, which have been raised by investors as a constraint to doing business in South Africa. It is our view that administered prices can be used to stimulate the economy,” he added.

A key project, going forward, will be to revitalise exploration activities for which he has directed the Council for Geoscience to enhance its geological mapping knowledge, fast-track the identification of new mineral targets and to drill and quantify the size of these deposits.

“The mapping programme will bring South Africa in line with progressive exploration and mining jurisdictions and it is our intent to secure a minimum of 5% of the global exploration budget within the next three to five years. This will identify and affirm new mineralisation systems that are consistent with the new demand trajectory of mineral resources, such as battery minerals. Notwithstanding our long heritage of mining, we remain highly attractive for investment in the renewal of the mining sector that will discover world-class mineral deposits in the short term,” said Minister Mantashe.

2018 review

The 2018 financial year proved to be a challenging year for the South African mining industry. Globally, the financial performance of the mining industry improved considerably



from the previous year. That position was largely mirrored by South African bulk commodity producers with iron ore, coal, manganese and chrome performing well. Unfortunately, the aggregated South Africa mining industry, which is more exposed to precious metals, did not enjoy the same benefit from price increases.

South Africa's mining industry contributed R356 billion to the country's GDP in 2018, an increase on the R335-billion contribution in 2017, the Minerals Council South Africa's Facts and Figures 2018 Pocketbook shows.

The Minerals Council pointed out that the industry had, during 2018, contributed R93 billion to fixed investment and sold R475 billion in primary mineral sales. Furthermore, it paid R22 billion in taxes—a R3-billion, or 16%, increase from 2017—and R76-billion in royalties—a 31% increase from 2017.

During 2018, the mining industry paid employees R127.4-billion, compared to the R126 billion paid to employees in 2017, and contributed R21 billion to pay-as-you-earn tax on behalf of employees. The report indicated that the industry employed 453 543 people, resulting in around 1.4-million indirect jobs and, based on estimates, these employees supported around 4.5-million dependents.

During 2018, the mining industry's growth rate was greater than that of the national economy; however, the report did note that



the national growth rate of 1.2% was “disappointing”. A positive element highlighted was that employment in some sectors, including coal, iron ore, manganese and chrome had grown during the period.

“2018 can be described as a mixed bag of performance for South Africa’s mining industry, with bulk commodity prices continuing to rise during 2018 from the lows at the beginning of 2016, while precious metals continued to struggle,” says Michal Kotzé, PwC’s Africa Energy Utilities & Resources Leader.

“Cost-saving initiatives could not offset the impact of input cost inflation. The increased costs and production challenges meant a weakening in operating results. Together with the gold and platinum impairments, it meant that the industry recorded a loss for 2018,” he adds.

These are some of the key highlights from PwC’s 10th edition of SA Mine, a series of publications that highlights trends in the South African mining industry.

Regulatory environment

For the first time since 2012, capital expenditure grew as the completion of long-term platinum and gold projects continues, while older and inefficient shafts are being closed. While the new mining charter underlined the regulatory uncertainty, the appointment of a new Minister of Mineral Resources in February 2018 brought the hope of open dialogue and more certainty to the industry. Although the gazetted version of

the charter is likely to still receive some criticism, there was a concerted effort by industry and the government to move closer to each other. Environmental regulatory changes are also receiving much-deserved attention.

Market capitalisation

In 2018, the total market capitalisation of the 31 companies analysed in this report recovered to R482 billion (R420 billion in 2017). Although it is a R62-billion increase from the previous year, it is still below the June 2016 level of R560 billion. Of the companies analysed, gold and platinum group metals (PGMs) continue to dominate the share of market capitalisation but experienced declines of 4% and 5% respectively. Iron ore saw an increase of R40 billion from 2017 to 2018; increasing the commodity’s percentage share of capitalisation from 13% to 20%. The rest of the commodities remained stable.

Mineral production

Manganese, iron ore and chrome are the only commodities that showed real production growth over the last 15 years in South Africa. Coal production showed a marginal increase for the first time in three years. However, it has remained largely flat over the last 15 years. Gold continues its long-term decline. The ongoing low-price environment for platinum is likely to result in the further curtailment of supply in the absence of a reasonable price increase. The total revenue generated by the companies

analysed for the financial year-end, 30 June 2018, increased by 8% (R28 billion) from the previous year. Increased coal and manganese revenues mainly drove this. Coal grew its share of total South Africa mining revenue and leads at 29% of mining revenue for the year.

Financial snapshot

The increase was driven by good rand price increases for the commodity, with production marginally up. Platinum and gold reflected a lower percentage on the back of relatively weak prices and low production for the year. The rand strengthened in the second half of the year, resulting in an average decrease in prices received for gold, platinum and iron ore.

Despite various cost-saving initiatives, above inflation cost increases continue to put the industry under pressure with a decline in earnings before interest, tax, depreciation and amortization (EBITDA). Capital expenditure recovered from the lowest levels in 10 years to reflect a 19% increase. Operating expenses increased by 13%. Labour costs continue to be the biggest cost driver in the mining industry. The current year impairment doubled from the previous year mainly because of gold and platinum impairments. After last year’s net profit, this year’s companies are back in a loss-making position due to the higher impairments and lower EBITDA. The EBITDA margin of 22% is lower than the previous year’s 25%. Net interest expense increased by R2 billion from the prior year, mainly because of borrowings utilised for business combinations.

The mining companies had an aggregated tax expense of R9 billion, down from R10 billion on the previous year, but reflected increased tax payments of R18 billion, a 29% increase from the previous year.

Solvency ratios decreased slightly compared to the previous year as a result of the net loss realised due, in the main, to impairment provisions that were recognised. The aggregated liquidity position is also healthy and better for the global mining position. Unfortunately, this hides the challenges that are still experienced at an individual company level.

Value to mining investors in South Africa

The mining industry continues to add significant value to the country and its people. Stakeholders in the industry include employees and their families, unions, the government, shareholders, suppliers and customers. As reported in





Cost-saving initiatives could not offset the impact of input cost inflation

company value-added statements, employees still take the lion share of value added at 47%, followed by the government through direct taxes, as well as payroll and royalties, with 24%. Shareholders received an improved share on the back of improved dividends from bulk commodity producers.

Going forward

In his address at the Mining Indaba, President Ramaphosa assured delegates of the government's positioning of the mining industry as a key player in the future growth and development of our economy, with significant work being done to remove the uncertainty that has held back the development of the industry.

In addition to cementing the regulatory environment, there will be a focus on sectors affecting the mining industry.

"The energy, transport and water sectors—all of which are important for the mining industry—represent the bulk of the infrastructure investment spending plans that the government is planning for the years ahead," said Ramaphosa.

President Ramaphosa challenged mining companies to strive to achieve what he calls the "10 value-creating principles for a more modern, successful and productive mining industry":

- Companies should foster inclusive growth in the areas where they operate;
- Companies should partner with local governments to improve infrastructure, such as water and roads, in the areas where they operate;
- Companies need to see investment in the living conditions of their workers as more than a regulatory obligation;
- Companies should invest in education and training;
- Companies should partner with training colleges, contributing to the development of curricula and providing work experience for students;
- Companies should embrace beneficiation;
- Companies need to pay more attention to, and invest more in, the health and safety of workers;
- Companies need to provide internships and job experience opportunities for young

people—as well as provide business opportunities for SMMEs—because that is the only way to prepare our youth for the world of work and stimulate growth through the active participation of SMMEs;

- Companies must prioritise the development of young women, through proactive hiring policies, prioritised training, promotion and mentorship;
- Companies must have the courage to include their workers in the shareholding of the companies.

He also urged the industry to take advantage of the technological advances underpinning the Fourth Industrial Revolution.

Ramaphosa said, "I am encouraged by some of our mining houses that are already making use of technology—no longer for purposes of replacing people with machines—but fundamentally to improve efficiency, guarantee safety, produce a skilled workforce and, most importantly, preserve jobs." ▲

Shannon Manuel



UIGC bridges the scarce skills gap

UIGC Mining is a 100%-owned subsidiary of Univen Innovative Growth Company (UIGC), incorporated with a direct mandate to invest and operate sustainable mining and mineral beneficiation projects that will generate third-stream income to the shareholder



Through UIGC Mining, Univen will realise its objective which is to bridge the scarce skills gap within the previously disadvantaged masses in and around the SADC region.

Within the past 18 months, significant steps were taken to realise the above-mentioned objective through several investments and proposals to both existing and new mining operations, thus UIGC invested in a coal washing plant with a design capacity of 244 Mtpa.

Negotiations are at an advanced stage which will see UIGC invest in concrete aggregates production plant at one of the major platinum mines' waste rock dump, this project will warrant job creation and skills development for the local community, while significantly reducing the negative environmental impacts as well as costs related to mine rock dumps management and pollution control for the hosting company.

Great strides are being taken for UIGC to make investments in coal and platinum mining within the home province of Limpopo, these will ensure the growth of UIGC into a global player in the mainstream mineral exploitation and beneficiation, thus providing a steady supply of essential minerals, as well as the mandate of making South Africa's mineral beneficiation sector more competitive on the local and international stage, hence we are open for investment and partnerships throughout the mining value chain..

Lastly UIGC mining aims to bring about a legacy and add-value to the shareholder through income injection towards provision of bursaries, work-integrated learning as well as employment for Univen students and graduates throughout its operations. With the incorporation of UIGC Mining, the University of Venda took a decisive step to move away from standing on the sidelines to being an active player in the mining sector. It is therefore without a doubt that mining will never be the same, a new breed is born and is mining like no other. ▲

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Creating shared value downstream

The lack of local beneficiation in South African mining has a direct impact on the economic development of South Africa and, if adopted appropriately, could add significant value in terms of sustainability within affected communities, says Gerick Mouton, Vice President and Executive Head: Capital Projects for Ivanplats



Gerick Mouton, vice president and executive head: Capital Projects for Ivanplats

Downstream value addition has the potential to contribute towards education, employment, enterprise and supplier development, local economic development and bulk infrastructure. To date, the downstream beneficiation debate has been mainly a broad socio-economic one.

Mouton, a mechanical engineer by profession, has extensive knowledge in strategic project development and executing capital projects in challenging social environments. He has completed various capital projects in Botswana, Ghana, Madagascar and the Democratic Republic of the Congo (DRC), and has over 20 years experience on the African continent.

In addition to his degree in engineering, Mouton recently completed his Masters in Philosophy, giving him a broader understanding of some of the social issues that have plagued mining companies and communities, who are often left in vulnerable situations during the life of the mine, and especially post closure. *Leadership* interviews Mouton about his views on mining in South Africa:

You often talk about the importance of collaboration when approaching new mines, how you change mindsets to look beyond the engineering aspect, into the social side of things?

It has been tough, but I must congratulate the team of engineers and designers we've had, especially those from DRA Global. Once

everybody had visited the mine site they realised and saw the importance of the social dynamics and I'm glad to say today that if you meet any of those, it doesn't matter if it's a mechanical engineer or electrical engineer they will tell you (if you talk Platreef projects) that they learnt something in terms of social upliftment during those studies, which is great.

When doing business in Africa, what is the biggest lesson you learnt?

Collaboration with government is vital, and as I said earlier they tend not to listen, the mining companies, but once you sit down and reach a compromise the collaboration can start and it will go a lot easier. There are always two sides –the mining companies and governments–so it is important to listen and understand what the company is there for, what they're going to do and what benefits they're going to bring to the local area and community and so forth. You need support to make sure you can get the mine up and running.

The Internet of Things is a big talking point at the moment, how much further can we automise in the future?

Our ore body lends itself to highly mechanised mining and we're going to use remote control machines underground, especially in our drills and so forth, so that's already part of our planning. You need a different operator, and the mindset to apply those methods, but that's in our favour, because we're developing the mine, and we're training those people. We're bringing those technologies to the table and we will make sure the people who are going to operate it will be trained accordingly, but that is the future. However, it conflicts with the fact that we're not going to employ so many people on the mine, so then you have to come up with a different strategy as to what to do about employment opportunities, indirect employment and so forth.

In terms of mine closure what are some of the innovative ways you look at for post-use?

Even though we're in development we're already looking at mine closure. We have a massive ore body so you can probably mine there for 100 years or longer. Our ore body, again because it's so thick and flat and we're mining it with a long-hole stoping mining method, when we back-fill it, we take the tailings and we add a binder and we put it into a stope. It equates to



about 60% of the tailings that would have gone to the TSF (Tailings Storage Facility) now going back underground. So during operations we already rehabilitate the mine in a certain sense. And the fact that we're underground obviously reduces the social environmental impact on top of surface, and the fact that we have the ore body 360 degrees around the shaft infrastructure means less waste. At the end of the day the ore body tells you what to do, and in our case we're obviously lucky that we have an ore body that we can actually maximise and optimise.

What are your key development points in Africa for the business?

Yes, our other projects in the DRC are ongoing, Kamoakakula on the copper side, and then you have Kipushi Zinc which will probably be a development point if everything goes well. We're refurbishing that mine as we speak. We've dewatered it and we're trying to get the mine into operation as soon as possible. If you look at the commodities that Ivanhoe has got, it's the three commodities that everybody needs so we're really blessed with all the commodities in the projects we do have.

Where are the key demands for platinum in the motor industry after 'Diesel Gate'?

The diesel saga obviously took a knock on the platinum side but it has recovered. People think diesel is ugly and dirty, but as long you apply the catalyst you shouldn't have any issues like that. Seventy five percent of the Platinum

Groups metals (PGM's) go towards catalysts. There's big talk about electric vehicles and so forth, in my opinion we are probably going to see a hybrid solution within the next 20 to 25 years before we go full electric. There will still be applications for PGM's and I'm not even touching on the jewellery side, which is about 30% of the ounces.

Platinum demand in Asia took a bit of knock in 2017/2018, are we likely to see an uptick from there in China?

Last year was a bit tough for the jewellery industry in China, the Platinum Guild International are doing massive work in terms of marketing in China. They're focusing on the tier 2 and tier 3 cities now, which are smaller cities, and to roll out jewellery marketing strategies in those cities.

Finally, water security is often a problem in remote, dry areas. How do you mitigate that risk?

We have more than enough water in the Congo but in South Africa the Platreef Project is a water scarce area so obviously we need to make sure that we have a bulk water source that won't dry up. We're in discussions with certain parties around that, and we've done a total optimisation study in terms of recoveries to maximise water recycling as part of the operation, so yes, it's going well. ▲

Greg Simpson

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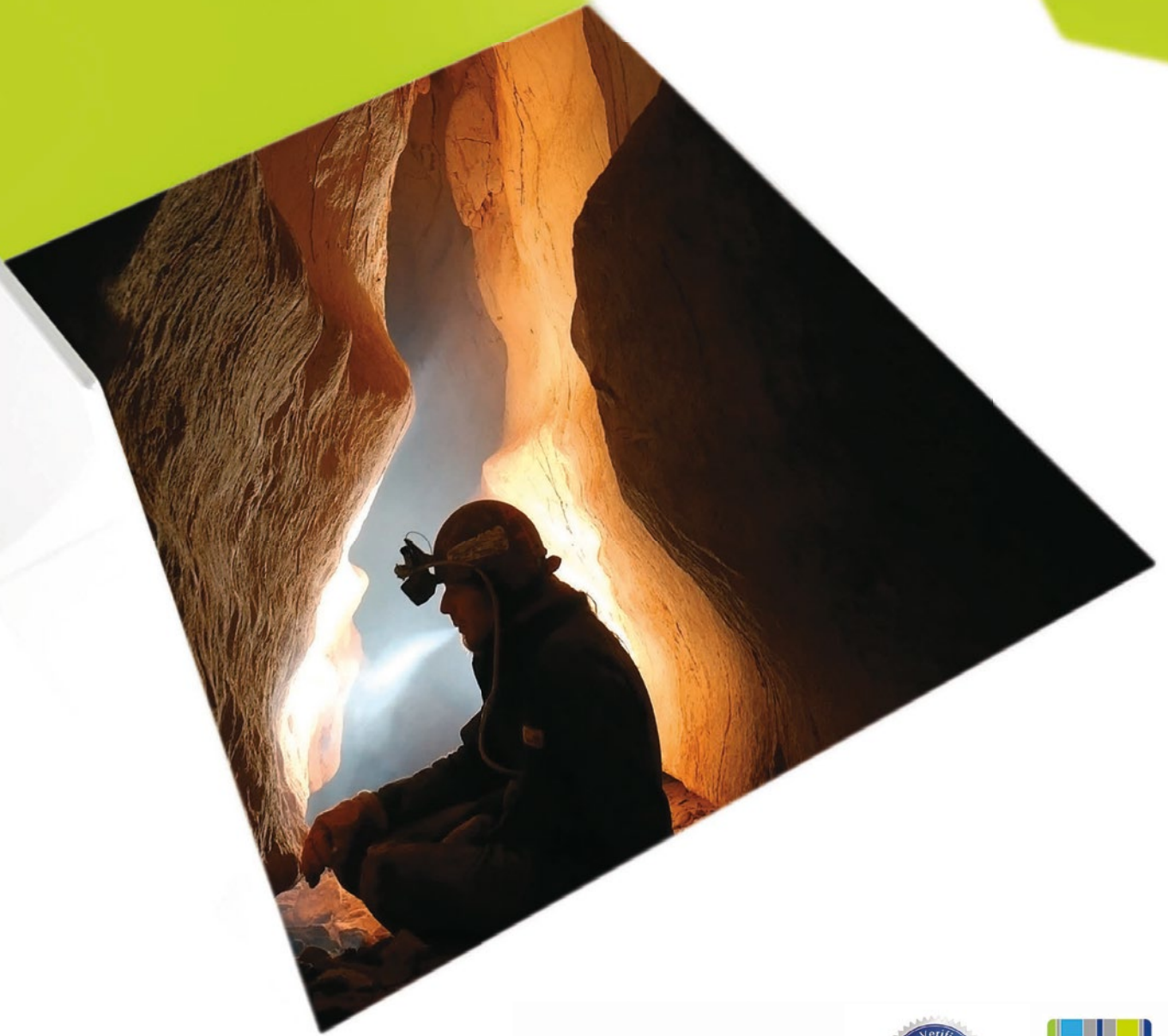
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Map your stakeholders to fully understand expectations and risk

The potential for conflict between South African mines and communities is on the rise, inflamed by job losses in the sector and deteriorating profitability that makes it more difficult for mines to meet stakeholder expectations

What is becoming increasingly vital is for mines to develop a deeper understanding of their stakeholders—especially mine-affected communities—and to take a proactive approach to building relationships and managing expectations.

It is clear from our work in stakeholder engagement that community expectations are often driven by legacy issues; these are mostly historical issues that have not been timeously resolved to the communities' satisfaction. Communities who have been re-settled, for instance, are often those with the most significant grievances, and these linger well into the life of the mine and even beyond.

The pace of staff turnover at mines—perhaps exacerbated by the prolonged economic downturn—can aggravate the impact of legacy issues, as companies' institutional memory is lost as a result. Often, there is a lack of proper record-keeping relating to a mine's engagements with stakeholders, especially regarding commitments made over the years; basic documents such as agendas and minutes of meetings may not be systematically kept, or grievances may not be properly captured and attended to. Similarly, there are gaps in information held by the communities, as opposed to information held by the mines; this often results in discrepancies in information



A focus group discussion with women in Mokopane was part of the proactive process of relationship-building

required to inform a common understanding of issues that arise through on-going engagement.

Stakeholder mapping

The background and context to community expectations and/or grievances may therefore not be familiar to key mine personnel who are responsible for sustaining their company's

social licence to operate. We have found that a valuable tool to introduce into this process is 'stakeholder mapping'. Ideally conducted at the start of a project, stakeholder mapping can also be applied at any time in the mine's life-cycle to address legacy issues.

This mapping process allows a mine to identify stakeholders in the community and

to understand their issues; this in turn better informs the decisions around who to engage with and the strategies that must be applied—and helps to resolve the issues more effectively. By creating the basis for identifying stakeholders—and the inter-connected relationships between them—it can plot pertinent issues on a historical timeline to identify patterns in stakeholder behaviour. This process further allows us to analyse the ‘stakeholder network’—in other words, the relationships between different stakeholders—which assists us in understanding the community power- and decision-making dynamics.

The end result is a stakeholder map, which is a visual representation of the respective stakeholders’ power, influence, expectations and key issues. This process also considers the vulnerability status of stakeholders, especially where this is exacerbated by mining-induced impacts.

The real challenge with legacy issues, if they are left unresolved, is that they often find their way into legislated stakeholder engagement processes—that is, those forums that mines are obliged to carry out in terms of laws such as the National Environmental Management Act (NEMA), the Minerals and Petroleum Resources Development Act (MPRDA) and the

National Water Act. Here, legacy issues can severely disrupt the consultation processes—mainly because stakeholders feel that formal communication between a mine and communities is only conducted when required for compliance purposes, or when the mine needs community consent.

Engagement is then perceived by stakeholders as a tick-box exercise, carried out by the mine in a manner that is one-sided, only benefitting the mine. Indeed, some mines may even try and adopt a tick-box approach to avoid having to address the difficult legacy issues from years ago. While the scope of engagement in the legislated process is usually limited to issues immediately relevant to a specific project and timeframe, the communities often want to discuss and resolve legacy issues in these forums. This happens mostly where there is no regular and effective platform for ongoing dialogue, which in our experience results in the needs and expectations of a community often being overlooked or misunderstood.

When stakeholder mapping is carried out thoroughly, it can create an enabling environment for constructive engagement and aid the building of long-term relationships. The aim of stakeholder mapping is twofold: to minimise the element of surprise in stakeholder behaviour,



Adel Malebana

Adel is a Senior Social Consultant in the Johannesburg office of SRK Consulting (SA). With over 18 years’ experience as a social and resettlement specialist, Adele has worked extensively in the mining sector in South Africa for clients such as Anglo American Platinum and Coal, Tamboti Platinum, and Atlatsa Resources, Modikwa Platinum and Aquarius Platinum. Adel was responsible for facilitating the Lonmin Community Development Forum, made up of four mines, three municipalities and one Traditional Authority in the North West Province on behalf of the International Finance Corporation (IFC) from 2008–2010. Recently she was involved in the stakeholder mapping exercise for three platinum mines in South Africa. She has also been exposed to international projects such as Sierra Rutile Limited in Sierra Leone, Tenke Fungurume Mining in the DRC, and PPC Songololo Cement Project.



Network analysis underway in Thabazimbi, helping understand community dynamics

thus reducing reputational risk to the mine and maintaining a social licence to operate; and to ensure that engagement is consistent, informed, relevant and responsive.

Engagement fatigue

Where community stakeholders are dissatisfied because they perceive a lack of response to legacy issues, ‘engagement fatigue’ can set in. This describes the perception that the mine’s legally required forums and meetings are simply arduous, time-consuming and unfruitful—and communities may become at best uncooperative and at worst highly disruptive.



A process of rural appraisal being conducted with a resettled community in Mpumalanga; communities like these often have significant grievances they want addressed

Engagement fatigue detracts enormously from the purpose of scheduled meetings, and further undermines efforts to create a relationship of trust and cooperation; instead, the meetings become platforms for conflicts and recriminations. Communities become frustrated by the lack of action on matters they consider central, and will ask the mine: “Why are you coming back to us? We have already explained what we want.”

It is not uncommon for community representatives to withhold the attendance register from these forums—as both symbolic and practical leverage to stall cooperation until they can meet with people further up the chain of

authority. This can create serious bottlenecks for mining operations, as South African mining and environmental legislation requires formal consultation over even small amendments in the agreements with stakeholders. If communities are no longer willing to participate in these engagements, then strategic developments in the operation could be delayed or de-railed.

In SRK's work with clients and stakeholders, we analyse the stakeholder issues and identify what current mechanisms are available for capturing and resolving these issues. This process is important in paving the way towards developing a more sustainable process of stakeholder engagement, where we can design a tailor-made

stakeholder engagement plan. This equips clients with a knowledge platform, assisting them in developing their own standardised practises, templates, guidelines and documents.

Mixed messages

Achieving this outcome requires a frank discussion about what stakeholders expect from the mine—and some agreement about how to clearly define and manage those expectations. This also gives the mine the opportunity to clarify its own position and key messages, so that these can be aligned across the whole company and communicated clearly at every forum.

The danger of mixed messages cannot be over-emphasised, as these travel rapidly through the network of stakeholders and can cause significant confusion and costly disruption to operations. Inconsistency in the mine's message also breaks down the hard-earned trust that has been built between parties. Mines therefore need robust systems that will effectively communicate this message, not only during the formal or legislated engagements but on an informal level during these meetings.

The onus is increasingly on mines to look beyond the letter of the law where Environmental Authorisations or other legislated processes require certain defined engagements. Rather, they need to be guided by the spirit of the law, applying international good practice in search of a longer-term and stronger relationship of trust with stakeholders. Using a tool like stakeholder mapping can create a foundation for a closer understanding between parties; the benefits of this more proactive process may be seen in less disruption and lower risk—both to mining operations and to corporate reputation. ▲

Adel Malebana, Senior Social Scientist, SRK Consulting

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In essence, the need for innovative solutions to address issues such as the growing burden of health disease and continued financial pressure on employers and employees alike, have never been more pronounced. Add to this South Africa's low projected economic growth

combined with a rise in the cost of healthcare which puts huge pressure on medical schemes to provide relevant benefits at affordable prices,

Sanlam's Everyday Healthcare™ product is a case in point of innovation

and the significant impact on business productivity becomes apparent.

Sanlam Everyday Healthcare™ is a case in point of innovation, presenting a reputable, affordable product that offers members a seamless and positive health experience. Amongst a proliferation of primary healthcare insurance solutions, it is fully aligned to legislative allowances, offering real cover for day-to-day private sector health benefits while also focusing on chronic disease and treatment thereof.

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For more information or a consultation, please contact Viveka Naidoo

Sanlam Corporate Gap and Primary Healthcare Specialist, Corporate Cluster

Email: viveka.naidoo@sanlam.co.za

Primary healthcare insurance offers access to primary healthcare networks with affordable treatment. Approved by the Council for Medical Schemes (CMS), these solutions can literally help to plug the gap for millions of South Africans in dire need of a healthcare insurance solution and research shows that employees in the target market for these healthcare insurance, place a far higher value on day-to-day primary medical services than on access to private hospitals



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Getting transformation back on track

Transformation in South African mining continues to slowly move in the right direction with some high profile mergers between established companies and emerging black-owned firms over the last three to five years

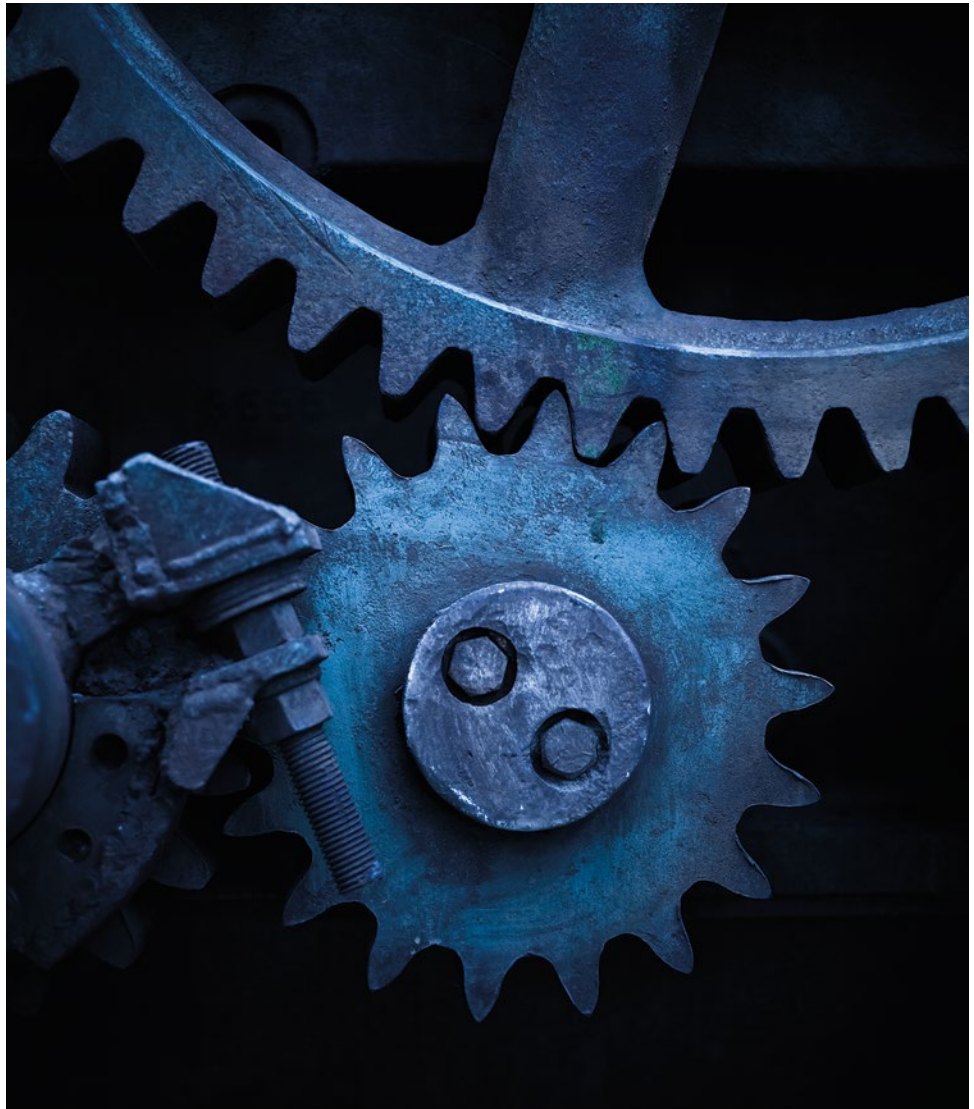
One of the leaders in this regard is Nombini Mehlomakulu whose company, Lwazi Capital, merged with highly respected Digby Wells Environmental in 2015, putting transformation words into action.

Mehlomakulu is currently the Non-Executive Director of Digby Wells Environmental and managing director for Lwazi Capital, the 30% BEE shareholder to Digby Wells Environmental. Prior to this the well travelled leader held the position of international manager: social performance for Anglo American.

Before that Mehlomakulu was the head of Investor Relations for the Sage Group, a financial services company, and completed her BA Honours in Political Science. Mining chats to Mehlomakulu:

In terms of transformation, are we on track with the more skilled, semi-skilled jobs available?

Transformation remains a challenge and in this country has happened on two levels, the lower levels and at the board and executive level, but we have left out that whole middle layer. That's where the real transformation is going to take place in terms of building long-term skills that will take over and run as industries. But we need a different type of transformation, which is not just in terms of skills in the company, we need to educate our kids earlier about these industries when they choose their subjects at school level and encourage them to choose this industry and this sector - the mining and mining services and support areas.



Do you think mining hasn't been advertised properly to students as a viable option?

They've only seen certain aspects of mining but not others.

A lot of young people know about engineering, they know about geology but they don't know about the other side of mining, for example, there are not enough metallurgists. We still need the engineers and support from the lawyers, environmentalists and social practitioners.

We don't have enough people in the hard sciences. I don't know if that is because of the barriers to entry associated with our schooling system, but yes, those things are going to change.

Access to finance for start-up companies is often a problem for the entrepreneurially minded graduates?

It's always been a challenge, either from the Development Finance Institution (DFI) themselves or from the commercial banks, but there are now contractors who are starting to fund the junior miners. But funding is a problem—in

order to get the juniors ready, you need to make that initial investment.

It might seem like a lot of money when you say for a certain permit you need R500 000, half a million is a lot of money when you don't have money. R500 million or half a billion is achievable if you've got support, so in order to be able to get to that stage you need to build up, you need to get the right permits and licenses and to get that it is expensive for junior miners, so we need to find ways and alternatives to fund those.

How has the transition gone since merging with Digby Wells?

Internally we've looked at it in various pillars. We know the buzzword is 51%, we cannot stay away from that, 51% BEE ownership, and we are looking at those initiatives. Secondly we've looked at our staff complement at both the executive level, middle management as well as entry level staff, so we've addressed it and I'm happy to say we are on target, there is not one area where we are slack.

In terms of supplier development we found that to be slightly challenging based

fundamentally on two reasons, we have worked with people for a long time and established relationships. Being able to find and get them to the right level of transformation because you need to work with them and get them to transform has not been easy.

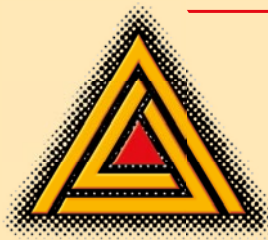
We've had some success in that area but in some areas you don't find a lot of BEE suppliers, for example in the drilling sector, so we've struggled.

In areas where we've been able to find empowered suppliers we have worked with them and encouraged our existing suppliers to be empowered. We've also done well in terms of social development, which is the last pillar of empowerment.

In terms of leadership and women in leadership in mining, are you seeing a shift in that?

Again it's an area where there's still some work to be done, but it is better than it was five years ago and we're hoping that in five years time it will look radically different. ▲

Staff reporter



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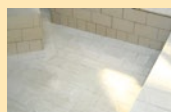
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Transparency is essential for African mining growth

Transparency is one of the major issues facing companies' and governments' operation in the mining space in Africa, but with some improvements being made in recent years, says Mining Indaba speaker, Dr Nicole Bieske, Head of Programme—Mining for Sustainable Development, Transparency International

Dr Nicole Bieske leads the Mining for Sustainable Development programme, and has over 14 years' experience in senior leadership roles in not-for-profits, both in international non-governmental organisations and at the grassroots.

At Oxfam, she managed policy, advocacy and campaigns teams within Australia and globally. Prior to her role at Oxfam Nicole was the CEO at Inner Melbourne Community Legal where she oversaw the provision of legal services

to vulnerable and marginalised community members through a range of legal outreach programs and community partnerships.

She has significant governance experience having served on both the Australian and global boards of Amnesty International since 2004, and has worked as a human rights consultant for the United Nations.

Has transparency improved in African Mining over the last 10 years?

Transparency International has been tracking people's perception of corruption since 1995

in the Corruption Perceptions Index published annually. The index ranks 180 countries by their perceived levels of public sector corruption. No African country has ever made the top 20 least corrupt countries. However recently, Rwanda and Cabo Verde have improved, and long-term work in Cotes d'Ivoire and Senegal is steadily paying off. Meanwhile, over the past decade we have seen steadily growing focus on corruption in the mining sector. The Extractive Industry Transparency Initiative and Publish What You Pay were established in 2002 to promote transparency around natural resource management. The EITI now works in 51 countries and has established a global standard to promote accountable management of oil, gas and mineral resources.

More recently, the Natural Resource Governance Institute was established in 2013 to promote accountable and effective governance in the extractive industries. And of course, Transparency International joined these efforts when we launched the Mining for Sustainable Development Programme in 2016. There is clearly strong interest in more accountable and transparent mining operations, and stronger pressure on governments and companies to uphold better standards. Indeed last year, the African Union declared 'Winning the Fight against Corruption' to be the theme of its work in 2018. Tackling corruption is hard work and takes time, but there is absolutely no turning back—not when there are more and more people shining a spotlight on corruption and demanding change.





How have transparency initiatives improved the situation?

Transparency International's (TI's) Mining for Sustainable Development programme brings together sister organisations across 20 resource-rich countries to tackle corruption. African countries make up almost half of our network. Across the research and the advocacy and policy phase of the programme, our African partners have included organisations in the Democratic Republic of Congo, Ghana, Kenya, Madagascar, Mozambique, Niger, Sierra Leone, South Africa, Zambia and Zimbabwe.

More TI organisations in African countries are interested joining the programme. As I said, there is a lot of interest and energy in fighting corruption and people want to get on board – including government, business and the community.

Our African partners are shining a spotlight on the risks of corruption. They are looking

specifically at where and how corruption can occur when a company applies for the right to mine. They are sharing their research with people, government officials and companies, so everyone can better understand how the process works, and where we need to work together to make that process fairer. Our African partners have been energetically engaged in discussions with key players - national governments, mining companies and community groups to highlight the corruption risks and discuss strategies to improve the process.

What are the keys to Sustainable Development in mining globally?

Mining for Sustainable Development is a globally coordinated, but locally embedded programme that combines locally-led research and advocacy with global engagement. Our network across 20 countries also supports each other by sharing knowledge, skills,

resources and contacts, making our impact so much stronger. We are specifically looking at the very start of the value chain. By closing the loopholes and strengthening our process, we aim to stop corruption before ground is even broken. We believe that with strong, transparent and accountable foundations, we can set up a better mining process across the rest of the value-chain—a process that takes care of our environment and enables people to prosper fairly.

What steps can be undertaken by companies and governments to improve their performance in terms of transparency?

1. Commit to transparency. Governments should set clear, transparent and effective rules and criteria for mining approvals processes; and they should enable the public to access this information. Companies should be transparent about their operations, including their subsidiaries, joint venture partners and where they operate. They should also disclose their project rights and obligations, including contracts, licenses, and environmental and social impact and management plans.
2. Avoid conflicts of interest. Governments should implement mechanisms to reduce conflicts of interest—such as a Minister for Mining profiting personally from a mine, or a political party receiving donations from mining company. Companies can also support better political integrity by refusing to donate to political parties and by disclosing beneficial ownership – i.e. who ultimately benefits from a mining operation.
3. Do your due diligence. Governments should do their research on license applicants to know who their beneficial owners are and whether they are responsible companies—for example, companies that have not been involved in criminal activities, poor environmental performance or social harm. Companies can also go 'beyond compliance' where a country's licensing standards or disclosure requirements are lax and below best practice. Companies should always operate with integrity, taking care to minimise harm to the environment and local communities. ▲

Staff reporter

Impacts of Charter III on alluvial diamond industry

Lack of exploration, mine closures and job losses in rural areas are inevitable if Mining Charter III (MCIII) is applied to junior miners

MCIII heaps more pain on South Africa's alluvial diamond producers who already face enormous cost burdens and high risks. This previously productive and successful small or junior diamond mining industry consists of just 180 remaining entrepreneurial mining operators employing around 5000 people at an annual salary bill of R550million. It is the primary employer in remote rural areas in which alluvial diamond mining is conducted, and where existing unemployment levels are estimated to be as high as 80%.

The alluvial diamond mining industry has experienced steady decline since 2004 when the Mineral and Petroleum Resources Development Act (MPRDA) was implemented. At the time of the implementation of the MRDPA, there were 2000 diamond miners employing some 25 000 people. Today that figure has plummeted to 180 small mining operators and a massacre of employment numbers to around 5 000. Since 2013, there has also been a 61% decrease in prospecting right applications in the Northern Cape where the bulk of alluvial diamond mining takes place - largely the ambit of entrepreneurs, local private operators and farmers.

MCIII—which currently makes no distinction between the inherent structural and funding differences between Junior miners versus large publicly listed mining companies - will precipitate further drastic decline of South Africa's entrepreneurial miners and job losses in vulnerable rural communities. It's key failing is that MCIII fails to acknowledge that South Africa's mining sector is not a homogenous grouping of only large mining conglomerates but made up of players of all sizes from small, privately

funded operators and mid-sized operations (collectively referred to as Junior miners) to large multinational and publicly-owned operations.

Under the coordination of the South African Diamond Producers Organisation (SADPO), the alluvial diamond mining industry has attempted to highlight the diversity of the Junior sector and the challenges of the 'one size fits' all approach to minerals policy by regulators, to no avail. A special dispensation for small and Junior diamond miners in terms of the provisions of MCIII is critical to continued investment in the alluvial diamond industry and the long-term sustainability of South Africa's minerals sector.

MCIII overlooks the cost constraints and economic plight of Junior diamond operators, in an environment where all producers are price-takers and cannot cover the additional burden of costly BEE deals, more onerous compliance requirements, unrealistic procurement obligations, enterprise development and employment equity by simply raising selling prices. The requirements of MCIII and the recently tabled Implementation Guidelines (Dec 2018), aside from being impractical from a situational perspective, will further increase operating costs of mining operations, unsustainably so for Junior operations. The inevitable outcome will be the shutdown of operations and retrenchments in rural areas where there simply are no other prospects of decent employment.

The downstream impact will also be significant—diamond traders, cutting and polishing industries, jewellery manufacturing and retail sales into global markets will be severely impacted. The collapse of entrepreneurial businesses that have been shut out of the large mining industry will be disastrous. Upstream suppliers of good and services stand to lose some R2.1billion in turnover derived from alluvial diamond mining activities.

Mineral discoveries that are 'small' or 'mid-tier' are exploited by Junior miners, whereas bigger deposits requiring large capital expenditure are typically built and mined through joint ventures between junior and senior companies or sold to Senior companies.

This synergy between Junior and Senior companies is well documented worldwide and benefits the entire minerals sector. A further reality is that ore bodies are finite thus we need synergy between junior explorers who make discoveries to replace old and depleted assets mined by the Senior mining operators, thereby ensuring the long term sustainability of the minerals sector.

While alluvial diamonds are the highest risk commodity to mine globally, the industry also has the lowest cost-entry relative to other minerals for small and Junior miners. It currently produces around 300 000 carats per year valued at R4.2billion, with foreign exchange earnings from production estimated at R3.2billion. The alluvial diamond industry stands ready to be a driver of transformation and an incubator of black-owned and operated entrepreneurial mining businesses—but only if MCIII policy makers recognise the fatal pitfalls of applying a 'one-size fits all' approach designed for a handful of large publicly-owned companies.

There is an urgent need for consultation between Government and the Junior mining industry to agree on amendments to MCIII that will enhance and promote transformation and empowerment in the industry, and at the same time ensure that the Junior sector is able to survive and continue to play the vital role in SA's broader minerals industry. ▲

*Gert van Niekerk,
Chairman of the South African Diamond
Producer's Organisation (SADPO)*

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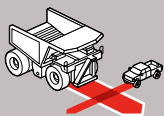
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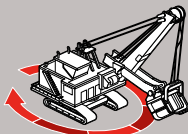
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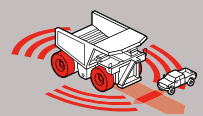
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MMUSI MAIMANE, the leader of the Democratic Alliance, said in his 2019 manifesto at the Rand Stadium:

“The ANC betrayed our struggle for a braai pack, some beers and a handbag while millions do not have clean water to drink. Those in the ANC are drinking the finest champagne.”

JABU MABUZA, Eskom Chair, after a series of power cuts rocking the nation, told the Commission:

“What we are now having is not the problem we had at the time, maybe we should have foreseen it.”

MONDLI GUNGUBELE, Deputy Finance Minister and Public Investment Corporation Chair, responded to an email circulated by what he referred to as a ‘whistle-blower’, saying:

“I am confident that I have done nothing wrong.”

TITO MBOWENI, The Minister of Finance, told reporters, ahead of his 2019 budget speech, that:

“I don’t want to influence the central bank or the Governor (Lesetja Kganyago). In fact, I feel like he writes to me too often. I am fine with what I have to do.”

JULIUS MALEMA, the Economic Freedom Fighters leader, commented during the President’s State of the Nation Address:

“If you (Ramaphosa) continue with indecisiveness of natural resources, the oil and gas will be a curse to our nation like it is in other African countries. We demand all oil and gas discoveries must be nationalised, oil and gas must be declared a national asset.”

“
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JEFF RADEBE, Energy Minister, responded to speculation that the IPP procurement programmes bidding process was questionable:

“The tender process and the awarding of contracts are fair, open and transparent and the security around the evaluation process mitigates the risks of corruption and interference.”

NATASHA MAZZONE, Democratic Alliance MP, said during her Eskom crisis debate speech:

“The time has come for South Africans to take back their power. The date is 9 May 2019, the President is no longer Mr Cyril Ramaphosa, the country has freed itself from the hostage taker and the country has its power back. The date is 10 May 2019 and the President is Mr Mmusi Maimane.”

PRESIDENT CYRIL RAMAPHOSA had to defend his struggle credentials and concluded his 30 minutes on the National Assembly podium by saying to his audience:

“But I’m one of you.”

PRAVIN GORDHAN, Public Enterprises Minister, has made it clear that the government will hold those responsible for Eskom’s failures to account, saying:

“Some people might soon find themselves in orange uniforms.”

MMUSI MAIMANE, the leader of the Democratic Alliance, said at rooftop location in Hyde Park:

“My own faith has stopped being this nice faith. It is a stronger conviction that is less churchy, it is now more a conviction about South Africa.”

ROBERT GABRIEL MUGABE, the Former President of Zimbabwe, said in a speech at his 95th birthday celebration in Harare that:

“Some people think that being a leader means killing people and beating people, but that is not the way. Even the fallen heroes would not approve of that.”

MMUSI MAIMANE, Democratic Alliance leader, responding to a caller on Radio 702 and addressing the land question:

“Why do we think the removal of compensation will mean the appropriate restitution of that land? It does not do that. Voters recognise that actually, they want their rights to be protected. If you say it must simply be expropriation without compensation and give political people the right to decide, you will end up with a Venezuela on your hands.”

Leadership

FOCUS



Leadership

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The legacy of community, family values and upliftment

When Giuseppe Plumari sat down with his friend and partner, Douw Steyn, to create the concept of Steyn City, they had a grand vision, a plan to change the concept of gated living in South Africa



Plumari is now the CEO of one of the most unique developments in the country—a lifestyle resort that combines the finest in green spaces and a multitude of residential options for the discerning investor.

And it was a dream built on the foundation of reintroducing a sense of community to the family sphere, creating a space where families can not only live, but enjoy their surroundings and grow in a safe, friendly space.

Lifestyle environment

“This is the country of Douw Steyn’s birth. He has been a very successful entrepreneur here and overseas and he has decided to believe in the future of this country and invest in it,” Plumari explains.

“He wanted to do so not only in an upmarket, safe environment, but also a lifestyle environment. If you look at the big cities today, the sense of community living has disappeared because you live between four walls and then get in your car, take the kids to school and wave to your neighbours.

“That’s what we have tried to do away with here, we’ve brought in the pathways. The idea is that if you want to go for a run, you go out your backdoor onto the promenade and there, you bump into your neighbours and you get to know them. You don’t have to worry about the traffic. The kids use the same pathways and go to school and on the pathway, they’re going to meet other kids. They will be able to go to school safely, whether by bicycle or by walking. Likewise, if you live on the estate like I do, and you work here, you bump into a lot of people a lot of the time. It’s really to reinstate a sense of community living and to promote that lifestyle,” he says.

Steyn City was not created to simply develop something special within its borders, the development was also designed to uplift the surrounding neighbourhoods as well through job opportunities and other possibilities.

“If you look at the infrastructure that we have developed, we’ve tried to bring in as many activities that we can think of—from soccer fields to outdoor gyms. We have about 10 outdoor gyms. We have many parks where the children can play. We have stables and a new indoor aquatic



STEYN CITY

PARKLAND RESIDENCE

centre. That, from a lifestyle perspective, makes it easy for people to be active and meet their neighbours.

Creating jobs

“Our biggest achievement is that, living so close to our neighbours at Diepsloot, we have created thousands of jobs. We have created over 13 000 jobs to date, and that is extremely important for that community. It is not so much the job, but the fact that you can walk to work, thus saving a big percentage of your salary that would have been spent on transport.

“More importantly is the amount of time these people have to spend travelling. Two to three hours each way, they can easily lose four to six hours on travel a day. Here, they save those hours, which, I’m sure, will impact tremendously on their family lifestyle. They can invest that time in their children. That is the way we have impacted on our communities.

“Additionally, we’ve invested billions into bulk infrastructure and private-public partnerships with government. Outside of our obligations, we’ve upgraded William Nicol Drive and Cedar Road. We’ve upgraded sewerage and water reservoirs that benefit the greater community. We are still committed to developing even more. Part of the growth and development that you’ve seen in Fourways is due to the investment we have made in bulk infrastructure.

“I think the greater community in this area has profited tremendously. We really believe in the future of the country, and we have chosen to hold hands and look to the future. You can see by what we have achieved, that the way forward for the country is to hold hands and move forward. We can’t keep on looking over our shoulders and backwards,” Plumari explains.

Challenges and delivering up front

Building and managing a development of this size hasn’t been an easy endeavour, however, and there have been many challenges.

“We started the development in trying economic times—we had the economic financial market collapse. But in spite of that, we have done rather well,” Plumari says.

What sets Steyn City apart from other estates in Gauteng is its ability to deliver what is promised up front, rather than through vague future promises.

“We have done well because of our determination and belief in the future of this country. How many people would have done what we have done and put their money where their mouths are? We have delivered to all the potential investors up front. Investors see the value in a community living and lifestyle estate, and they see the security aspect as well. They can see all that up front, they can come here and look at it, they can see it won’t be just another empty promise. We have done what we promised to do and there is still more to come, this is just the beginning,” Plumari explains.

“Potential investors can take comfort in the amounts we keep investing in the lifestyle resort. In these economic times, we have proven the value of the properties here. Since we first launched, we have steadily been going up in value,” he says.

And Plumari doesn’t believe anyone else will be able to create a development of Steyn City’s magnitude any time soon. This, he feels, strengthens the investors’ belief in the development.

“What we have done is invested in all the infrastructure up front. The residents don’t come and buy and in three years we put in a clubhouse—we’ve already done it. The economic state of affairs in the country, the politics and the dysfunctional municipalities have presented challenges but our perseverance and belief have overcome that red tape and here we are today.

“The key lessons are to remain focused and to be committed. Don’t listen to the critics, rather, listen to your heart and what you believe in. Be bold and remain optimistic, believe in the future of this country. I think President Cyril Ramaphosa and his team are working very hard. I believe they will succeed and, hopefully, we will get back to the high road,” he elaborates.

Hands-on management

Plumari’s passion for his project is boundless, so much so, that he lives on the grounds with his wife, Sharon, of 42 years, while his children Leigh, Daniela and Dino, their spouses and children are all within walking distance on the estate. Plumari can often be seen walking the grounds, checking that every minute detail is met.

“I see myself as a member of the team. I am out there every day on my motorbike, I interact

with everybody and I am very hands-on in terms of designing the concept. I think the people who work with me see that and, hopefully, they take some inspiration from that, that it is important to own your job.

Above all else, it is important to be passionate, so that you can be motivated and love what you are doing,” he says.

When talking about his inspiration and role model, Plumari looks no further than the former State President, Nelson Mandela.

“I think my biggest role model was Nelson Mandela. The reason for that was his ability to forgive—after being incarcerated for such a long time, he came out and forgave. Essentially, he recognised the value of looking forward and believing in the good side of people. He didn’t dwell in the past, he looked forward and I think that is what we are missing dearly now,” he says.

Plumari also describes Warren Buffett as being an inspiration due to being successful and achieving so much in his life, yet always remaining humble and giving away his wealth.

“He makes a difference across the world and his objective has been to give away his funds. Those two individuals are the people who inspire me the most,” he says.

Balancing work and play

Plumari finds the Steyn City environment the perfect place to keep his life balanced, especially owing to no commute time and an abundance of green spaces, which keep him in touch with nature.

“I’m a hard-working person and I think a lot of us hard-working people in the world know you have to balance it with a bit of exercise, meditation and peace of mind. I think living the lifestyle in this parkland residence as I do makes it easy for me. That is the beautiful thing about living in Steyn City, I manage to exercise almost every morning. I get up early and get on my bicycle, I go for a walk, I do some birding and play some golf. Not having to be in the traffic and staying on the estate gives me that time that I can dedicate to clearing my mind and soul a little bit. That is how I cope,” he says.

Plumari isn’t just the Steyn City CEO, he is the heartbeat of the unique city and his passion fuels and drives Steyn City to be what it is today. ▲



“CMC has the largest Pan-African network with 78 POPS alone across 50 countries—keep in mind, there are only 54 countries in Africa”

A leader in network performance

CMC Networks provides and enables connectivity and solutions across the entire African continent and Middle East region

Marisa Trisolino, the CEO, shares how the company has established itself as a world-class telecommunications behemoth and managed to stay current in a very competitive industry.

What are the values that the company is built on and how do you ensure they are incorporated into every project?

Integrity. No matter the scale of the project—internal, external, customer-facing or not—it is dealt with the underlying thread of integrity. Once this value is baked into any organisation, it drives productivity, job satisfaction, collaboration amongst the internal business units and trust with our customers and shareholders. I am a strong advocate for delivering a high work ethic. If you can't pass the red face test well then there is a fundamental issue. The CMC team probably has one of the highest work ethics I have encountered.

What does being a global telecommunications carrier entail?

CMC's wholesale customers or VNOs are located in various locations globally. And, naturally, with each remote location comes a different operating culture, language(s), mannerisms, and political nuances—thus, we, like every other telco, need to ensure we deliver a global solution with local know-how and understanding of the respective market at hand, and quickly. When our customer asks for a solution in Mali vs one in the United Kingdom, for example, CMC needs to ensure ease of doing business and speed to market. The complexity of any solution needs to be removed, regardless of the location, and CMC does this remarkably well.

A key and unique selling proposition is that CMC Networks is a carrier-neutral vendor, which does not participate in the enterprise telecommunications space.

Why is this important?

CMC is not here to challenge the top tier virtual network operators. On the contrary, we are here to provide a winning solution to support our VNOs.

By removing ourselves from the enterprise space, we are also removing any form of channel conflict. CMC is one of a handful of operators that holds this operating model and probably the only one in Africa, if I am not mistaken. As a result, CMC is seen as a “go-to partner” instead of a competitor in the market space.

Since its establishment in 1989, what has CMC's evolutionary journey been over the years? How has the company changed/improved?

CMC Networks has grown from strength to strength. Consider that almost 30 years ago, this was a one-man show, and now look at the scale and network capabilities we hold today. CMC has the largest Pan-African network with 78 POPS alone across 50 countries—keep in mind, there are only 54 countries in Africa.

We have a further 14 POPS in the Middle East, so in total, an excess of 100 POPS across the various continents. CMC continues to grow and continue our journey in unleashing our full potential.

February 2017 ushered in one of the company's most important milestones to date. Can you tell us about it?

This was a considerable milestone indeed. Almost two years ago, the Carlyle Group became

a majority shareholder. With the backing of one of the largest and most reputable equity investors globally, it compounded CMC's standing in the marketplace.

How do you ensure that CMC stays current and competitive in a very dynamic industry?

It's very simple: CMC listens to what our customers need and we move fast. In parallel, we stay abreast of the ever-changing landscape. The increasing requirements of the various flavours of IP and SDN/SD-WAN solutions have been the hype in North America, Europe and AsiaPac for a good two years now. In Africa and the Middle East, you feel the ripple effects of these trends creating a shift in the customer requirement from a secure and predictable Layer 2 and MPLS service to a variation of IP solutions along with SDN.

And as I said, CMC is a very agile company and as a result, we can be boastful today, with an impressive basket of Internet offers, MPLS and Layer 2 products. Our customer has the choice and flexibility to create their own SD-WAN service along with the best-in-class supporting SLAs.

What industry insights can you give us regarding the local and global telecommunications sphere?

One can be a local or global player—at the end of the day, all telcos are all faced with the same challenges.

No matter if you are a top tier 1 operator or a local player in the Cote d'Ivoire, we all need to work around wayleaves, cost concerns, competition, political landscapes and keeping the customer happy.

What impact has the Fourth Industrial Revolution had on CMC and the industry as a whole?

Tech companies have grand ambitions of leapfrogging, which is skipping past older technologies that were never implemented, straight to the newest. Artificial intelligence (AI), cloud computing, M2M and blockchain are all part of this revolution. The African continent has embraced this and, naturally, so has CMC. We have assisted private cloud developers and local ISPs to deploy cloud services in the countries they operate in, resulting in uplifting economies and connecting the unconnected. CMC is at the forefront of the latest technology deployments across Africa and we will continue to challenge ourselves to maintain this position.

The vision of CMC is to be the underlying one-stop connectivity partner of choice. Can you elaborate?

Historically, the carrier customers CMC supports have, by their own admission, made two fundamental mistakes in supporting their end-customers' (MNCs) connectivity needs. Going to multiple vendors to guarantee diversity and monitoring each link independently, simply do not achieve the end customers SLA requirements.

At CMC, we focus on site (not link) availability; we are able to offer 99.99% site availability across Africa by being vendor agnostic and having access to multiple vendors, mediums and technologies, notably our SD-WAN enabled core enabled by 128 Technology and Kontron's Symkloud platform. We do not believe there is another provider that can offer this value and hence "Our Vision. Your Future" will be aligned with this desire to be the one-stop partner of choice.

How do you keep up with innovation as it progresses and incorporate it into already outlined products to meet customer demands?

Any and every customer demands the best quality, lowest latency and cost, and rightfully so. In hand with the data usage skyrocketing globally comes high bandwidth costs. CMC had to revamp our strategy to accommodate this change. As a result, we established a unique SD-WAN solution that addresses the unique challenges of the MEA market. For this purpose, CMC partnered with 128 Technology and Redvine. Together, we have developed a unique solution that makes use of any

tunnelling, resulting in a bandwidth saving of 30% to 40%, compared to other SD-WAN products. This, together with the unique features 128 Technology developed to improve the reliability and quality of choppy Internet links, allows CMC to address the challenges of the MEA market, with lower cost and better quality.

The technology we deployed in our network, together with the wide coverage of CMC's network is unmatched in terms of quality, price and speed of deployment. CMC has a vast number of products and solutions that we keep redefining to ensure we deliver on the most recent technologies. Take a look at the CMC website: www.cmcnetworks.net

What are the main challenges you face as a telecommunications provider?

Allow me to address this question specifically to the African and Middle Eastern market. Many major coastal cities are connected via undersea cables. Remote cities, factories and other facilities etc., require Internet connectivity and these suffer from high-cost and low-quality lines. Multiple factors are to blame here; regulated markets in many countries continue to keep IPLC costs high or monopolised and secondly, distances remain huge between locations in MEA. This drives the extensive use of high-latency and low-bandwidth links like satellite and 3G networks. These unique challenges, due to latency or the lack of regional hubs or routes, are inhibiting cloud adoption. But, in the same breath, CMC tackled these unique challenges in MEA with the rollout of our SD-WAN.

What separates CMC Networks from other companies in the industry?

I can confidently say there is no remote site, hard-to-reach location or complex solution that CMC cannot develop, implement or deliver. And, as you know, we are speaking of the most complex geographies globally. Just the mere size of the African continent alone poses a challenge. Not many operators can say they provide network coverage across 50 out of the 54 countries. In fact, no single operator in Africa can, apart from CMC.

On top of an amazing network that we manage, we have an amazing team here at CMC. We have a strong overriding can-do attitude that delights our wholesale customers daily and, secondly, we deliver on speed to market. We have phenomenal cycle time deliveries on new installs—and, yes, there are the anomalies where we are faced with force majeure, natural

disasters, but this is partly why CMC is successful—we have long-standing relationships with our 200 plus vendors alone in Africa. So, within a very short time, we have a solution at hand no matter what the issue entails.

Please could you provide us with your educational and career background? What inspired you to get into this line of work?

This coming July, it will be one year since I joined CMC Networks. The wholesale telecom industry is one which I am quite familiar with. Prior to CMC, I held and enjoyed a variety of roles at AT&T over a period of 21 years, which, in hindsight, was preparation for the role I am in today. AT&T is a great company to have worked for, and I am equally fortunate now—CMC Networks is a fantastic fast-paced company, energised by a dynamic team of employees—I am incredibly fortunate to be a part of this.

As the CEO, naturally, you are involved in every aspect of the company—what fuels your passion for what you do, and what is the most challenging aspect of your job?

I am passionate about seeing people succeed. The success of CMC's customers and CMC employees is important to me.

There is nothing more magical than seeing it all come together, ensuring our customer has the ability to win a large tender, increase market share, or see talent within CMC develop, grow and succeed.

How does your leadership style help to motivate your staff and what have been your secrets for driving the growth of the company?

There are a few things that come to mind, apart from a high work ethic. Transparent communication, accountability and equipping the teams are all equally important.

To keep up with the market trends and the needs of the customer, change is required, which goes without saying. The sooner the teams come to understand the "why" behind the required change, the sooner they will understand how to embrace and accelerate the actions. Clear communication, in this case, is more than essential, and ensuring each employee understands their value, and how their specific role fits in and contributes to the bigger picture.

This drives accountability. And when the team feels the energy and where we as a company need to get to, that's when the magic happens. ▲

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Quicker, better and faster

Investment banking: the importance of tailored financial solutions, the role of financial intermediaries and raising capital via special purpose acquisition companies (SPACs)



South Africa's first black stockbroker, Garuda Capital's CEO, Rajen Pillay, is an insightful, knowledgeable and well-informed man. The energetic leader takes us on his exciting journey—from studying chemistry at the University of Cambridge in the United Kingdom to the days when the JSE was an old boys' club, to modern ways of doing business in today's competitive global political and economic climate.

The Verulam-born Pillay, who comes from a pioneering industrialist family, started Garuda Capital after his stockbroking days when he first realised that there was a large gap in the South African investment banking market.

"The big five banks monopolised and dominated the financial scene. Yet, in Europe, the

United States and Asia, there are many boutique companies, which specialise in this field and act as intermediaries between projects and the various funders and financial investors. That is not prevalent in South Africa at all. The issue with this kind of dominance is that it generally offers a standardised product, which is not individually tailored to clients' needs. And that was the main reason for the formation of a boutique company like Garuda Capital.

"The second reason for starting this business is that we operate between various banks, the auditing companies and the legal companies, which means we are able to draw in clients from a whole spectrum of the economy and we are able to tailor-make solutions to assist them. We know where there are 'pools of liquidity'. We understand who would have the cash for investments and surplus funds, we understand their appetite and we match them with our clients—domestically and internationally. Thus, we are quite uniquely positioned. Because we are client-centric, our speed is much better. Our people could be in London, New York or Hong Kong—three financial centres, within five days—enhancing our speed to market on behalf of clients. These are major benefits of boutique operations (compared to large organisations)," says Pillay.

Today, Garuda Capital is a top financial intermediary firm and has been instrumental in developing sustainable projects by providing project development and financial services, market assessments, transaction structuring, country entry strategy, local debt financing and the structuring of local BEE shareholdings.

"We generally focus on capital raise more than R100 million. Our services also include, among others, distress funding, raising of LCs for international trade and securing performance bonds for projects. Garuda Capital has also significantly assisted clients with tax optimisation advice and products (including S12J). We offer clients SARS-approved projects, which can save them up to 45% on their tax bills," he says.

Some of the company's large mandates include work in various sectors: at hospitals, large dam projects and in large construction and mining projects. Taking a closer look at Garuda Capital and its extensive network of international investors, fund managers and investment banks, Pillay says the company's core strength is to deliver solutions for difficult and complex problems.

"A business looking for funding, for instance, would approach the banks. And the different banks will ask that business identical or similar questions. It is virtually guaranteed that if one of the banks declines the transaction, other banks will as well. This is a major problem with financing in South Africa. It is also the major reason why small businesses are not taking off—worsening job creation, reducing consumer spending and depressing economic activity.

"When industrialists are turned down by the banks, they come to us and we look at their documentation. We restructure their documentation, reposition the slant of the presentation and often present it to the same bank, which originally turned them down. And we get it approved.

The banks, generally, are being too standardised and rigid in their approach. Garuda Capital looks at clients individually. We isolate their main problems and match them to the requirements of financial institutions. When we present the revised documentation to the bank, banking officials see a complete set of information; they see the problems and risks which they initially saw, but we also provide them with solutions as to how to mitigate those risks. We are not just financial intermediaries, we are information intermediaries, which is an important but misunderstood role," Pillay explains.

No stranger to raking in international awards (among others, the GOPIO Malaysia International Excellence Award for Finance and the GOPIO US award at Times Square, New York), our humble interviewee's forte and passion flow from doing his Master's Degree in Corporate Finance at the



groups into the mainstream economy. But the government and the corporates are not realising it, essentially, because so little work has been done on it," he says.

According to Pillay, the monopoly by big banks, stringent lending conditions and inadequate security cover or assets from previously marginalised communities, are major reasons why SMMEs struggle. Considering that SMMEs should play such a major role in our economy, he says this is a serious problem, which needs to be addressed.

"We have not come up with the right solution to address this. We have not unlocked the economy for these small companies. Invariably, entrepreneurs might have great ideas but because of the monopolistic nature of our economy—the lack of access to capital—they cannot break through.

"Media reports about corruption have affected the current economic climate and international investor confidence but notwithstanding that, our business is 55-60% international based. Despite several South African scandals, there is still a very significant

interest in the country. Yes, there is a lot of negativity but, primarily, the investment interest is really coming out of India and China. These economies have a lot of liquidity and in their race for global resources, South Africa, being the most developed economy in Africa, is the first choice," Pillay explains.

Pillay's concerns for the future of the financial industry in South Africa is that there "seems to be a split in terms of ethics and corporate governance". He says there have been large cracks and refers to some of the issues at Eskom, PRASA and a number of other state-owned entities.

"Luckily, our financial sector is really well-regulated. The JSE, for example, was rated in the top three global exchanges for about five years in terms of corporate governance and adherence to rules and regulations. Our financial sector really is very solid and very well run. People do get a lot of comfort from that. Therefore, the global rankings in the financial sector are actually very good.

"As for public and governmental sectors, one cannot say the same—and that is highly unfortunate. It all boils down to effective leadership. The difference between a good leader and a great leader is that a great leader will, after a period of time, reflect on what he/she has done, what has been promised and what has been achieved. Being able to do that kind of introspection makes for a great leader. Unfortunately, we have not seen much of that in recent times, at any level, in South Africa," Pillay concludes. ▲

University of Liverpool. The research dissertation focussed on capital raising on the JSE, in particular, via SPACs. This dissertation is the first and only formal academic study of SPACs in South Africa to date.

A SPAC is a publicly-traded buyout company that raises collective investment funds for the purpose of completing an acquisition of an existing private company.

Pillay believes that SPACs could be the answer to issues around SMMEs and passionately explains: "It is industry-leading, cutting-edge stuff. If people can just understand the SPAC concept clearly, it will provide solutions to these issues. Especially since the traditional method of raising capital is very rigid with stringent rules, regulations and legal requirements. Collectively, this inhibits capital raising and capital formation.

"SPACs are much more 'open' and fluid. This will suit SMME development and get disenfranchised

More about SPACs...

SPACs have been very successful in the United States, the United Kingdom, Europe, Malaysia and Korea for quite a while, but it was only introduced onto the JSE in 2013.

Globally, it has been a very significant source of corporate finance and a very significant source of capital for projects.

The money raised through the initial public offer (IPO) of a SPAC is put into a trust, where it is held until the SPAC identifies a merger or acquisition opportunity to pursue.

The idea of the SPAC is to "back the jockey". This puts resources into the hands of competent management and management teams, rather than investing into "mature assets" with established track records (as is required for a JSE listing).

The individuals who form a SPAC are typically people who are confident that their business reputations or experiences will enable them to identify a profitable acquisition opportunity and complete a transaction that will ultimately result in the formation of a publicly traded company. Source: www.investopedia.com

Cracking the code to IT success

BBD, an independent custom software development company, has over 30 years of technical and developer experience in the banking, insurance, telecommunications and public sectors

With over 700 employees and offices in Johannesburg, Pretoria, Cape Town, London, Bulgaria and India, BBD has built a solid reputation as the preferred provider for custom software development and application design solutions.

“Established in 1984, we have made a name for ourselves in the market with our track record for the successful delivery of effective business solutions, world-class software engineering skills and in-depth business domain knowledge. We partner with our clients to build a combined intelligence, through the analysis, design and development of sustainable technology solutions. And, by leveraging our in-depth and practical business knowledge, we strive to ensure real business value is gained from our technology solutions,” says BBD’s CEO, Peter Searle.

“We were first established as a custom software development company and that has remained our primary focus. But, since those early days, the software world has seen exponential change, and this has allowed us to grow in multiple different technologies. Our focus remains on delivering business solutions for clients that truly add value,” he adds.

When it comes to software development, Searle says it’s important to remember that while software is developed to meet a specific business need, it is often not mutually exclusive of existing packaged solutions.

“Often, a business solution will utilise a combination of packaged services, custom software and legacy applications. What makes BBD unique is that our approach is multi-dimensional, where we look at what is already available and relevant to the client and build up a solution from that. It could sometimes be that the developed or customised portion of the



Peter Searle, CEO

software is as little as 10% of the total working solution,” he explains.

And, while there may have been a number of significant innovations in the software space, Searle feels these may not always be relevant to a particular business’ need.

“It can be that optimising an existing process is the best approach—I still think that it is preferable to be better than anyone else at doing something that everyone does. But, of course, there are innovations that cannot be ignored, and the cloud is a good example of that.

“We offer technology that is appropriate to a client’s business needs. To achieve this, we often work hand-in-hand with the business and technology strategists in a business. The actual technology that we use changes all the time and, today, cloud technologies from across the major cloud providers are a big part of our skills base.” According to Searle, the technologies stemming from the emergence of the Fourth Industrial Revolution have come together to create a kind of super tech, with artificial intelligence (AI), the Internet of Things (IoT), virtual reality and robotics blending together to have a massive influence on the way we manufacture goods and live our lives.

“This is having a noticeable social impact and we in South Africa need to ensure our people have the skills to join the Fourth Industrial Revolution. We need to make sure that we stay relevant as a country and keep our skills in line with the ongoing changes occurring around us. I think it will be a challenge to bring our people up to speed but as a tech company, it is also easy for us to help make this change on a more social level,” Searle says.

“To this end, we often look out for young guys and girls with an interest in our field, especially girls, as the number of female coders in the industry is still noticeably low. Our future leaders have embraced technology from the start, recognising the Fourth Industrial Revolution as their future,” he adds.

BBD also supports a number of graduate learners through WeThinkCode_ (WTC), a revolutionary tech-based learning institution dedicated to eliminating South Africa’s IT skills gap.

“Partnering with WeThinkCode_ provides BBD with access to a pool of IT resources not

previously available. These students are able to step into graduate level positions at BBD and thrive. We have also formed a partnership with GirlCode to empower women in technology, while showcasing the many exciting IT careers available.”

Searle also believes that it’s important for the South African youth to understand that there are many different careers wrapped in the term ‘software developer’. Students don’t necessarily have to be a master maths wizard to programme, and it is often those with a creative flair and strong language ability who make the best programmers.

“The role of a software developer has also changed in terms of the tools and the number of technologies that a developer now needs to understand and work with. Technologies arrive at a blinding speed and a good developer needs to know which of these will add value. I definitely think that it’s become more of a challenge to be a top tech developer as continual learning and innovation in development technologies is a basic requirement.

“While software development is our core offering and we look at specific business verticals where we have business knowledge depth as well, including banking and insurance, we do also do a fair bit of technology consulting. Through other BBD Group companies, we also offer an ERP solution called Fusion; we provide Wi-Fi services to shopping centres and specialist robotic process automation (RPA) services and specialist data consulting with a focus on predictive analytics,” he explains.

It may be more difficult to be an expert today as some roles are quite narrow. BBD’s typical full-ball developer welcomes this challenge to stay current by using appropriate technology while still focusing on researching new technologies and sharing that knowledge across the company.

“Looking to the future, I believe that BBD will continue to be an expert in software development and the building of business solutions. I also expect that via organic growth and through some acquisition, we will continue to expand our range of technology services offered. And, while we will continue to remain rooted in South Africa and its people, we have also started to

expand into other geographies, and I expect this to continue,” he says.

One of their biggest successes, according to Searle, is being a South African company that employs a large number of young South Africans every year. Not only has working with organisations like WTC allowed them to provide opportunities for a significant number of young people to become software developers and embark on a really great career, but their move to become a 51% black-owned Level 2 B-BBEE business is also what makes BBD a true South African business.

“This has helped us to ensure we give value-add back to the country that has given us a such a strong base to grow from. These strong values have also ensured we can turn back and feel proud of all of the projects we’ve been involved in,” he says.

Searle started his career as a Cobol programmer after doing a course at Van Zyl and Pritchard (VZAP), and while he has completed a few industry qualifications supported by some training, he says he learnt mostly from others in the industry.

“I really enjoy the creative side of software development and I think my leadership style flows from this. I recognise the value and strength of people and aim to create an environment that allows people to deliver. Software development has a strong creative side, and I think it’s quite a creative job. It’s always been my passion to create solutions, even if it is on the more commercial side, which is still technically business. This can, however, be a challenge when working alongside a large corporate type where you need to execute a solution when you were not part of the original idea. It can be equally difficult working with a smaller client where you are creatively challenged to deliver a solution quickly and on a much smaller budget.

“At the end of the day, I believe that every South African business has an opportunity to help grow this country and focus on the positive of what it means to live in an incredible country like South Africa, so let’s do just that. Software development is a massive opportunity for us to make our people relevant and get them working in one of the country’s fastest growing sectors,” Searle concludes. ▲

A world-class investment partner

It may have been desperation that drove Marno Nel and Regardt Scheepers to form VEA Group in order to make ends meet, but the business has grown from a wood-chopping partnership to one of the fastest-growing equity investment firms in the country. And they're not done yet.

The origins of the group were literally for survival, as Nel, Managing Director of Vea Group explains, but it gave them a basis from which to grow and with sound business acumen and a drive to succeed, they crafted something amazing out of their own misfortune.

"It started out of desperation. Regardt and I were both in the property industry and with the bust in property in 2008, I personally lost my business, my home....everything, and he was in a similar situation," Nel explains.

"I was sitting at home one day, and I got a call from him saying we needed to do something to generate some cash. The previous week, my brother phoned me and, because of my situation, asked if I wanted to cut wood on his farm and sell it as firewood. I knew it was the only option so we decided to do it.

"We borrowed R20 000 from my parents, we borrowed an old bakkie from his parents and we gathered a team, we bought some machines and went to the farm. We cut the wood ourselves, we packed and stacked it ourselves, staying on the farm for days at a time. We ate bully beef and toast that we bought on credit at the farm tuck shop, because we didn't have any money for anything except operations. We got a transporter and went back to the city and started to sell the wood to garages and individuals. That went on for a year. After that, we got into the model for charging farmers to deforest their farms, where we had previously done it for free," he says.

Grass cutting

"We started de-bushing farms and it went a bit better. Then, we had a lucky break with one of our connections and got a contract to cut grass on the roads for government institutions. That



Marno Nel and Regardt Scheepers

led to us growing in that space and becoming a road maintenance and construction company, and it subsequently led to other construction and maintenance contracts. That was up to six years ago. From that start, we became the biggest road maintenance company in the country.

"Four years ago, we needed to make a decision. We decided we couldn't just be reliant on government institutions and we needed to diversify. We needed various income streams because it is always a risk to work for one client. We branched out into other industries and invested in various companies. We have quality

earnings through various income streams and, currently, we are doing in excess of R1.5-billion in the group, and this is all in a 10-year space. Back then I got out my last can of tuna and had to share it with my Jack Russell so both of us can have a meal—so it was quite a modest beginning and with the people we brought in, we had some good growth in the company and are heading to where we want to be," Nel says.

What makes VEA Group unique is its investment strategy, which is mainly self-financed. They finance all the investments through internal cash flows, which they generate through

the group companies. They have very little debt and no outside equity investments as partners, all their cash flow is generated internally.

"I think this is an advantage to any company we are involved in, because there is no pressure to repay senior or mezzanine debt," Nel explains.

"We can structure a deal according to the company's growth path. So, if we know the company will only generate earnings in five years, but we see potential, then we can put in the cash, and there will be no repayments in the interim period. Other private equity firms borrow money when they invest, so they are constantly under pressure to get earnings from their investments. We have an advantage there to structure a deal that suits us and the companies we invest in," he adds.

Any industry

The VEA Group operates in any industry. The company needs to have strong cash flows, good management, good quality of earnings, good margins and a good return on equity. The industries it currently operates in are logistics, construction, mining, food, retail and manufacturing, however, they look at any industry, it simply depends on the abovementioned factors.

"In terms of the valuation of the business, to value a private business is very complex—you have to get your risk-free rate, your risk-equity premium, your growth rate and discounted free cash flows in the business, and all that becomes very onerous if you try to do that meticulously. Thus, we look at the business, we look at the brand, we look at the market share the brand has, the management in there and what potential that market has to grow. We try to keep it simple.

"In a turnaround situation, apart from the capital we bring in, we contribute a very strong group culture—a culture of press on, of achieving our goals and of determination—that we try to drive into the companies. It is very similar to 3G Capital who took over Anheuser-Busch and invested in Burger King and Kraft Heinz. They have certain initiatives they drive into a company and its culture time and time again. That is similar to our approach. We decide on the initiatives and then we press them vigorously.

"We have a very strong culture of performance. We inject capital and we recapitalise the company in terms of working capital or expansion. We personally get involved in the industry and find out how the industry

works. We get to know the clients and learn about which new clients we need to make that company grow. We use our experience from the previous investments, either by bringing down fixed costs, increasing GP, cutting expenses or injecting a sense of urgency. We use certain key performer items, implement and force them into everything we do. That has worked for us in the past and we feel that will work for us in the future," Nel enthuses.

Examples of growth

Nel cites two recent examples of the company's success—Veatel, a telecommunications business, and TraVEA, a warehousing and logistics business.

"We bought the company (Veatel), previously known as Metallux, about a year-and-a-half ago, the company was producing R30 million in revenue with an average margin. We brought in outside people with skills who had extensive expertise in the industry.

"We recapitalised the company, brought down costs and outsourced a lot of the construction functions. Regardt took charge of the business and acquired various new clients. This year, that company will do close to R700 million and we have added various points to the company's operating margin.

"The second example is TraVEA, previously known as Alpha and Omega International, which we also bought into. The current jockeys still operate that business with us. We bought that company with a revenue of around R60 million a year and we brought in our culture, cost-cutting, our initiatives of urgency and, currently, that business should do in excess of R200 million this year," he explains.

Employing the best people

Nel has a modest background but a drive that ensures success. His current role includes capital allocation, culture implementation and the strategic direction of the business and his long-term vision is to grow VEA into the biggest diversified investment company in the world resembling a mix between Berkshire Hathaway, 3G Capital and Bidvest.

"Our aim is to list the company within five years but the primary aim is not to raise capital for ourselves or the business, our primary aim with a listing will be to give some sort of equity to all the people who helped us grow the company, to all the different owners and

managers. We try to achieve a strong culture of meritocracy.

"We employ the best people and people who share our vision and culture. We also part ways yearly with people who aren't performing because we need to have only top people in the business. It is all about our culture in terms of performance and dedication. It is all about meritocracy where we give them responsibility and ownership and we reward them with many times their salaries if they do well," he explains.

Scheepers, on the other hand, comes from a property and finance background.

"The fact that we were both independent from a young age and both have strong entrepreneurial skills helped us face anything we had to take on," he says regarding his role as Operational Director.

Achieving targets

"My role entails the management of the different entities and the physical day-to-day management thereof. That includes production, legalities, statutory, new businesses and, naturally, meeting the monthly target. We are quite strict in terms of that and the annual targets we need to achieve as a group. That is my main focus. Additionally, I also focus on constantly getting new products on the market with new marketing strategies.

"Our biggest imperative is to get the right people for the job. We choose the best people, hand-picked for their different skill sets, and make it work within their specific divisions. I think we have a very good finance department backing us up and, importantly, excellent client relations.

"From a client satisfaction point of view, our product or service quality in the various companies is second to none, and achieving our targets for VEA Group is absolutely my number one priority. VEA is in our blood, it's the one thing we essentially eat, sleep and live.

"I firmly believe in this quote: 'Good leaders must communicate the vision clearly, creatively and continually. However, the vision doesn't come alive until the leader models it.'" Scheepers says.

And with drive and commitment being their key focus, VEA is set to continue to grow as one of the leaders in driving diversified investment in South Africa and abroad. ▲

www.veagroup.co.za

A passion for what is possible

Since its inception 19 years ago, The Sunflower Fund has been driven by the vision that no one should die because there is no match. It is this vision, which gives individuals diagnosed with life-threatening blood diseases the hope that they will find their life-saving donor.

Blood diseases are no respecter of age, gender, religion, political affiliation or leadership status. Some blood diseases are hereditary whilst others can occur at any time without an obvious reason. In South Africa—in fact, Africa as a whole—there is still a very low number of patients getting to transplant in comparison with other countries.

Based on currently available statistics, Africa accounts for less than 5% of the global transplant figures, whereas Europe accounts for 46%, North America, 27% and Asia, 22%. While many people become daunted or even disheartened by the comparative statistics, the team at The Sunflower Fund believes that the success observed by global peers in the transplant community is the necessary proof needed to solidify the fact that beating blood diseases by getting more patients to transplant is a vision worth pursuing.

When the organisation opened its doors in 2000, there were only approximately 1 000 registered (bone marrow) blood stem cell donors in South Africa. Today, having grown the South African registry to more than 74 000 committed donors, The Sunflower Fund has taken on the formidable task of spearheading the growth of a registry for Africa.

Partnerships and collaboration

There is a quote by Harry Truman that says: “It is amazing what you can accomplish when you do not care who gets the credit.” Those words have become a mantra within The Sunflower Fund’s offices since Alana James took the reigns as CEO in 2015. The organisation was built on a firm foundation of partnerships, but it is the insights as well as the support received from partners, doctors, patients and other role players in the global registry network that led the growth journey, which she began pioneering a year ago.

For patients with debilitating blood diseases, such as leukaemia or sickle cell disease, stem cell transplants are often the only realistic chance for a cure. The tissue selection relies on the careful matching of a donor’s immunological profile with that of a patient’s to increase transplant success and the avoidance of unwanted side effects.

According to the 2015 revision of the UN World Population Prospects’ key findings, Africa’s share of the global population is projected to grow to 25% in 2050. Research shows that the genetic ‘distances’ between African populations are greater than those observed between European populations. This genetic diversity in African populations poses practical challenges to the transplantation medical community to find human



leukocyte antigen (HLA) matched unrelated donors for patients in need of lifesaving stem cell transplants.

When it comes to matching HLA types, a patient’s ethnic background is important when it comes to the possibility of finding a match. This is because HLA markers used in matching are inherited. Some ethnic groups have more complex tissue types than others. Therefore, a person’s best chance of finding a donor may be with someone of the same ethnic background.

Using state-of-the-art molecular techniques, today, this process can be guided in a precise manner, akin to using high-resolution photography in search of a person’s biological twin. While success rates are in the upper quartiles in other parts of the world, they remain dire in Africa for at least two reasons: One, stem cell typing isn’t routinely done at high resolution and, two, the number of donors registered on existing registries is low.

As an immediate step to overcome this challenge, The Sunflower Fund entered into a partnership with the Centre for Proteomic and Genomic



The Sunflower Fund

Hope begins with you

Research (CPGR) to make best-in-class stem-cell typing solutions available on the African continent. Additionally, through a partnership with Lancet Laboratories, they are able to make this high-end solution available immediately across South Africa and in 15 African countries.

With these measures in place, a natural next step was to form an alliance of organisations committed to recruiting donors of African descent. In November 2017, the Stem Cell Registry Alliance (SCRA) was formed. The alliance is a joint initiative of registries and organisations from the United Kingdom, the Caribbean and Africa that aim to recruit 100 000 donors of African descent by 2030.

The Sunflower Fund also embarked on an application to the World Marrow Donor Association (WMDA) to become a registry for Africa, which was approved in March 2018.

In January 2019, a new partnership was established with the Moore Foundation in Ghana to bring about greater collaboration and increase the impact in the lives of patients whom they serve.

The partnership will see The Sunflower Fund supporting the Moore Foundation through creating education and awareness about the need for (bone marrow) blood stem cell donors and well as jointly fundraising for the recruitment of donors and growing a patient support fund, which can be extended to Ghanaian patients and their families.

All Ghanaian donors will be tested at 11 loci and will be uploaded to The Sunflower Fund's Stem Cell Registry.

Hope begins with you

An article published in December 2017 on the site Africa.com, listing the Top 40 Africans Under 40 Making it in Africa shows a clear indication of a generation of leaders being birthed across the continent who are establishing their influence at a young age in business and the government.

The ideal age category for donors to be recruited from is between 18 to 45 years of age. The fight against blood diseases and the need for stem cell donors is a topic that deserves attention amongst business leaders, not just as a CSI intervention, but as an act of leadership to demonstrate to people that you can make a difference without it being a burden on your time.

Many people use the excuse of having a busy life in order to delay the decision to become a blood stem cell donor. Therefore, there is a space for young, bold and courageous leaders to step in and show that, first and foremost, leadership is about serving others and that they are willing to fulfil this civic duty.

It's possible

The Sunflower Fund has set itself a target of recruiting 10 000 donors per annum as well as having committed itself to the joint vision of the SCRA.

"We simply don't just recruit donors and maintain a registry database. We are in a constant fight against blood diseases. This fight is to give many individuals locally, across the continent and the world the hope of a cure from diseases that threaten their lives. These diseases impact not just one individual life, but the lives of the friends, family members, colleagues or classmates connected to them. We exist to help in the fight against these diseases," says James.

The organisation actively engages corporate South Africa to raise funds for the DNA tissue-typing test, which costs them R3 100 per donor that they recruit.



The leader at the helm

For the past 3-and-a-half years, Alana James has brought a curiosity and fortitude to The Sunflower Fund, which has underpinned their efforts to change the statistics and ensure more patients make it to transplant.

She lives by her personal mission statement: "I want to make an impact on the world around me. Through nurturing and growing leaders, as well as strategically supporting organisations, I aim to increase their impact for measurable change."

James is a passionate leader and a creative systems thinker committed to the brands, organisations and teams she leads or has led. Over the last 15 years, she has developed a strong international network.

Through her active engagement in development work across Africa, James has a strong understanding of socio-economic development, sustainability, social impact and brand communications, which transcend language, culture, religion and geography, while still being sensitive to both political and cultural diplomacy.

She currently holds many leadership positions including Brownies & Downies' Chairperson, Chairperson: Northlink TVET College Council, an Arab African Business Women's Forum Board Member, a Cancer Alliance Exco member and a Strategic Advisor to various NGOs and SMMEs. She also previously served as the Non-Executive Director on the Board of the Cape Chamber of Commerce and Industry, a Board Member of Radio Pulpit and a Strategic Committee Member for Leading Women of Africa.

About The Sunflower Fund

The Sunflower Fund is a donor recruitment centre and stem cell registry that is part of a global network and which is dedicated to creating awareness about blood diseases and stem cell donation, recruiting blood stem cell donors and maintaining a registry of committed donors.

The Sunflower Fund pays for the cost of the tissue-type testing. This is fundamental to saving the lives of South Africans who need a stem cell transplant. The chance of finding a matching donor is 1 in 100 000—and as ethnic origin plays a significant role in the search for a donor, South Africa's rainbow nation is at a distinct disadvantage, requiring a large pool of prospective donors. ▲

To partner with The Sunflower Fund, contact Alana James on 021 701 0661 or alana@sunflowerfund.org.







The indelible image

Voyage to the Planet of Frozen Strawberries. A strawberry dipped in liquid nitrogen for a few minutes, shot at and caught on a high speed camera.

PHOTO: Colorful High Speed Photographs/ Getty Images

Room with a view

Hyundai's fourth-generation Santa Fe has arrived in South Africa with a new, premium design, advanced technology, more space and with comfort features that make it worthy of the model's flagship status in the brand's local vehicle range

The new model represents the cornerstone of the SUV heritage that Hyundai has built up over the years. It also provides one of the best-in-class safety packages, remarkable roominess and innovative comfort features that enhance the customer's daily life.

The design of the model connects with the new SUV-family look. It displays a modern and elegant appearance complemented by eye-catching composite light and the cascading grille, Hyundai's SUV-family identity. The exterior design is characterised by a powerful wide stance and an athletic, bold look. Its refined lines reinforce the car's status at the top of Hyundai's SUV line-up.

The new-generation Santa Fe features an advanced four-wheel drive system in the Elite derivative with an enhanced torque application, depending on the wheel grip and the speed of the vehicle, called HTRAC. Hyundai's next-generation all-wheel-drive technology controls the torque distribution and braking power of the front and rear wheels variably. It supports drivers in all kinds of driving situations, whether on slippery roads or in regular road conditions, and enhances the stability in cornering.

The power for the drivetrain comes from the proven 2.2-litre CRDi engine that delivers 142 kW maximum power and 440 Nm maximum torque. Linked to the newly developed 8-speed automatic gearbox, which is engineered with a transversal layout, it delivers enhanced fuel efficiency of 3 to 4%. The fuel consumption is extremely impressive and very economical.

This Hyundai also boasts one of the best-in-class safety packages and industry-first safety features. The innovative Rear Occupant Alert (in the Elite derivative) monitors the rear seats to detect passengers and alerts the driver when leaving the car. The Elite also comes with an Electronic Child Safety Lock, which impressed me, considering I have a 3-year-old daughter who loves to play with the door handles!

The Rear Cross-Traffic Collision-Avoidance Assist—a standard feature in the Executive and Elite derivatives—is a Hyundai first too. When reversing out of areas with low visibility, the



system not only warns the driver if vehicles approach from the rear side—it also applies the brakes automatically. The Executive and Elite also boast a blind spot detection system.

The Safety Exit Assist, also standard in the Executive and Elite derivatives, prevents accidents when vehicles approach from behind by temporarily locking the doors before being opened, so that passengers will exit the car safely.

All derivatives have an anti-lock braking system (ABS); electronic stability program (ESP); downhill brake control (DBC) and hill start assist control (HAC).

Around the interior of the Santa Fe, a total of six airbags are installed

(two front airbags, two side airbags and two curtain airbags from the first to the second row, protecting both the driver and passengers). As a potential 7-seater family SUV, this is a major buying factor in my opinion.

The display audio offers customers accessible connectivity with the 7-inch high-resolution colour LCD touchscreen to connect their smartphones to via Apple CarPlay or Android Auto. Passengers can also use the navigation applications of their smartphone, which are displayed on the touch screen. The system recognises the passenger's voice, allowing them to dictate messages or to make phone calls. The display audio also features an integrated rear-view camera with dynamic guidelines. This, I loved, as there is a techno geek in all of us.

The new Santa Fe increases comfort on short and long trips for passengers in the second and third row—even for adults. In the second row, leg room is increased by 38mm and the

seat is 18mm higher. The new one-touch walk into the third row eases passenger access to these seats. Headroom in the third row has been improved by 22mm. Standard luggage capacity is increased by 31 litres to 547 litres behind the second row of seats, and can be extended to 1 625 litres with both the third and second row of seats folded down. So, this vehicle has plenty of room and plenty of space for the entire family.

All derivatives have cruise control and leather seats, with electrical adjustment for the Executive's driver seat, and for both driver and passenger seats in the Elite. The Premium derivative's seat is adjusted manually. Climate control is standard across the range. In Sport mode, it improved acceleration, with up to 50% torque distributed to the rear wheels but it will increase your fuel consumption a lot. In slippery conditions, the system automatically distributes power to all four wheels automatically, which is impressive.

All in all, the Hyundai Santa Fe is a great family car with loads of room and loads of torque, with amazingly low fuel consumption.

Pricing

The prices of the new Santa Fe range are:

- Santa Fe R 2.2 Premium automatic – R599 900
- Santa Fe R 2.2 Executive automatic – R659 900
- Santa Fe R 2.2 Elite automatic – R749 900

All prices include Hyundai Automotive SA's 7-year/200 000km manufacturer's warranty (consisting of the standard 5-year/150 000km warranty plus the additional 2-year/50 000km drivetrain warranty extension).

An additional part of the package is a 5-year/90 000km service plan, and roadside assistance for 5 years or 150 000km. ▲

Robbie Stammers



The future starts today

Preparing South Africa's #NextGen leaders



Increasing threats from cybercrime, the potential for reputational damage from social media and the looming danger of serious job losses from robotics/artificial intelligence (AI) are all technological challenges affecting many well-established businesses. Equally challenging are shifting attitudes to social, political, economic and environmental issues that affect values, the way people lead their lives and the way they conduct relationships.

The international family office, Stonehage Fleming, says this rapid rate of change—mainly due to technological innovation and changes in sentiment between the generations—has contributed to a shift in the dynamics of wealthy families and their legacies, especially the leadership dynamic. Accordingly, Johan van Zyl, the CEO of Stonehage Fleming in South Africa, urges wealthy South African families to reappraise the traditional approaches to preparing the #NextGen for leadership.

One of the best foundations for effective leadership is the consent of those being led, in this context, the wider family. When all family members understand the family objectives, governance, structures and reporting, it helps the family, across generations, to focus on shared beliefs and the values that define their legacy. Ultimately, this leads to more successful wealth transfer and growth, which can have a positive effect on society.

Increasingly, families try to involve as many members as possible in agreeing with the broad family strategy, including the purpose of their wealth. This promotes responsible ownership and boosts engagement, reducing the likelihood of disputes arising from widely differing expectations.

Furthermore, the rise of digital identity has highlighted a greater need for the alignment of family members' public and private profiles, which may no longer be looked at in isolation, but which may play an equally important role in terms of communicating a family's 'brand' to society.

Defining and selecting leadership roles

The process of choosing leaders for a family has evolved considerably over time. In the past, the eldest son was often expected to

assume the leadership of the family, whereas, in today's society, leadership is not necessarily a birthright.

In the current complex environment, there may be several different forms of leadership required, such as running the family business or estate, managing direct investments, managing family wealth and philanthropy. The rise of digital assets has also led to the creation of new roles, such as the digital estate trustee, who deals with all electronic administration, digital assets and accounts.

Most families with business interests (including family estates) need leaders who can keep pace with the modern world and are able to adapt to a fast-changing environment. This means more broad-based preparation than in the past. Technology brings with it many new opportunities and challenges within financial services.

The counterweight is that there is a greater need for family leadership responsibilities to be shared with others who have both the knowledge and stature to debate the key areas of risk and ensure the interests of all family members are properly protected. Having an experienced confidant to help think through ideas and handle challenging relationships can be invaluable.

However good the preparation, the transition of leadership from one generation to the next can be difficult and sometimes protracted, which can cause lasting damage to family wealth and relationships. Retiring leaders often find it difficult to let go, while incoming leaders have deferred to their elders for so long, they find it awkward to do otherwise.

The likelihood of friction can be reduced by a well-planned transition with a clear route map, providing support to both generations in adapting to the new relationship. This is a very good example of where experienced advisers can play a valuable role.

Van Zyl concluded: "Most importantly, the younger generation needs to become involved at an earlier age. There are families who seek to protect their children from the implications of substantial wealth, so they can grow up and develop as relatively 'normal' people but with modern media and transparency, this is becoming increasingly difficult. This, therefore, calls for a more proactive approach in engaging the next generation." ▲



JOHAN VAN ZYL

Van Zyl is a Partner of the Stonehage Fleming Group and Chief Executive Officer of Stonehage Fleming in South Africa. In addition to his duties of managing the South African business, he serves as an adviser to a number of ultra-high-net-worth South African families and acts as an independent trustee to several family and charitable trusts. Prior to joining the Group in 2010, Van Zyl was an Investment Manager at Fleming Family & Partners in London. He is a CFA Charterholder and holds a Bachelor of Engineering (Industrial Electronics) degree from the University of Stellenbosch.

Getting your start-up past the two-year mark

The importance of risk management for small businesses and entrepreneurs

We all know that starting a business is a risky business. According to Standard Bank, about 50% of all start-up businesses in South Africa fail within 24 months. By the 10-year mark, the number of successful start-ups dwindles to 9%. Why is this number so low?

Forbes reports that 90% of start-ups don't fail due to the competitive environment; they 'self-destruct' as a result of their own poor decision-making. Even the few start-ups that do succeed are likely to encounter several potentially destructive experiences during their lifespan—the difference is how they deal with these potential problems.

So, how do successful start-ups survive and thrive? Although there's no 'magic formula' for a start-up's success, being proactive and prepared for any eventuality and having effective risk management strategies in place from the start is a step in the right direction. Conversely, failing to manage risks may prevent start-ups from achieving their objectives and ultimately leads to an increased need for risk-based 'fire-fighting', the loss of a competitive advantage or even closure. Despite its importance, strategic risk management is too often overlooked by small business managers—some feel that it is a domain reserved for larger, more established businesses, but this couldn't be further from the truth.

Particularly as we enter the Fourth Industrial Revolution, the uncertainty, velocity and vast scope of this new era poses serious risks—and creates significant opportunities—for businesses of today. In an age of innovation, disruptive start-ups have the potential to overshadow well-established companies that are no longer able



to dominate in terms of quality, speed or price. To remain relevant and competitive, businesses of all sizes need to be agile and willing to constantly reinvent how they operate; otherwise, they are going to be left behind before they even start.

In these uncertain times, there's one thing we can be sure of: effective risk management, in combination with a well-planned Governance, Risk and Compliance (GRC) framework, has become an increasingly critical tool for the majority of organisations operating in the digital era.

What is GRC?

Governance, Risk and Compliance is a collection of capabilities that integrate the governance, management and assurance of performance, risk, and compliance activities. Together, these capabilities enable an organisation to reliably

achieve its objectives, act with integrity and address uncertainty in instances of unexpected events or non-compliance.

Thus, GRC shouldn't be viewed as a burden on the business but as a necessary process that supports and improves it.

Consequently, neglecting to manage GRC can be catastrophic for small, medium and micro-sized enterprises (SMMEs) and start-ups. As a simple example, an accident could occur on a building site managed by a newly-formed construction company. If the construction company is sued as a result of the accident and is unable to pay legal costs, the company may go out of business. However, if the company is prepared for potential risks and has implemented proper GRC management, there will be a plan in place to ensure that incidents such as these will be less likely—if at all—to cripple the business. In essence, foreseeing potential failure allows a

company to adequately prepare for it, if not eliminate the risk entirely.

Size doesn't matter

The scale of compliance and governance isn't necessarily dictated by company size, and small businesses are often subject to the same guiding principles and legislation as much larger companies. This means that, despite having fewer resources, SMMEs need to ensure that they demonstrate the same level of compliance as a larger, more established business in the same industry.

One may even argue that start-ups and SMMEs have an even greater need for effective GRC strategies than established companies do. With a lack of defined processes, loyal client bases, resources and cash flow, start-ups are often in more vulnerable positions than their experienced counterparts.

The tenuous nature of the start-up can also be linked to its relative ability to deal with risk. Not only are start-ups riskier by nature than established businesses, but they are also generally not as well-equipped to deal with potential issues and disruptions. For example, a large corporation may have the available capital to mitigate the consequences of a problem that arises, whereas a small business or start-up may be forced out of business in a similar situation. Despite being less vulnerable to risk than smaller businesses and start-ups, the irony is that it is larger corporates that generally have the resources to allocate entire teams or individuals to GRC practices within the organisation.

So, how do start-ups increase their chances of finding themselves in the positive 50th percentile that does survive into year three of business?

Successful start-ups tend to be those that are proactive about implementing GRC, foreseeing and managing potential issues before they become serious problems. This proactive approach increases their chances of survival in numerous ways—they set up systems to deal with failure and problems, prepare to adapt in a dynamic world, comply with the necessary legislation and regulations, and present a more prepared and proactive proposition to potential investors.

Using risk as an advantage

By its very nature, enterprise is the undertaking of risk for reward. Although the concept of risk can seem detrimental, entrepreneurs need to

change their perspectives of risk and view it as an opportunity. If handled efficiently, risk is an asset that creates a platform for a start-up to expand to new heights and exceed expectations. For this reason, an organisation should never construct a strategy around avoiding enterprise risk, but rather develop a concise strategy to manage it well.

Start right to scale up

If you start a small business with the hopes of expansion but you haven't laid a proper foundation in terms of risk and compliance, you'll be faced with an array of challenges associated with operating on legacy processes as you scale up. If you start with a strong base, however, it's much easier to transition into an effective GRC model when you expand.

Six steps to set your start-up for success

1. Do your research to gain an understanding of what GRC is and how it affects your specific industry.
2. Understand and document the different risk types (market risk, credit risk, operational risk, reputational risk etc.) that affect your business.
3. Identify, rank and quantify your business' specific risks.
4. Define the compliance parameters within your industry and context.
5. Decide on a strategy and framework of how you will go about implementing GRC.
6. Set up seamless GRC systems.

In order to simplify this, as a starting point, take note of the various risks that distract you from your core business. You can do this by starting this list with the risks associated directly with your business objectives. For those risks that you find are not originating from actions clearly linked to the core business focus, the maintaining of those actions should be reconsidered based on the value they actually add to your organisation.

To successfully achieve any risk management activity, it is critical that the right people have access to the right information, at the right time.

With effective GRC strategies in place, you can ensure that your start-up is adequately prepared for potential events that could arise, is aware of how to mitigate these issues, is able to prevent problems from occurring and can maintain business continuity through times of political and economic instability. ▲

ALEX ROBERTS



Alex Roberts is the Regional Director – Sales & Operations at Cura Software Solutions

Leadership and change management

An infinite echo

I simply love the English language and its sayings such as: “There is no such thing as a free lunch,” and “You can’t have your cake and eat it.” And the one we have all possibly used in a leadership context: “Too many chiefs and not enough Indians,” when expressing our frustration about the evasive person who actually needs to get the job done. I *do* believe that we get it *very* wrong. Rather, our challenge should be to create many little chief Indians.

Leadership is not about a title. First and foremost, you are leading yourself and then you should aspire to lead others by example.

Leadership is all about being explosive, infectious and starting an echo and a resonance that continue and continue.

Leadership is about embracing change. Allow change to be your C4, your explosive edge!

C4 stands for:

- Change
- Challenge
- Conquer
- Confidence

Decide to change. Many people challenge me on this concept and I always explain that it is like a breaker switch that only you can flip. Only *you* can keep it switched on, the power to change is in your hands.

My mentor always said that power is something you take and for a very long period of time, I lived by this credo. Only much later, I learnt that power is something *you* have. *You*, however, need to put this power to continual and productive use.

Challenge yourself to push through the barriers of your own comfort zones and conquer this changing space with confidence. Our



greatest rewards are lying just beyond the barriers of comfort—those unknown territories, those no man's land zones.

Muster up the faith and courage to conquer these zones in order to be blessed with new life-changing experiences.

Do it consistently, every day and every millisecond of the day.

Change—what is it really?

Don't overthink, be open for change. Challenge perceptions and those barriers past experiences have put in place. Change your thinking—your wrong thinking. Get back to a level of productive thinking, thinking that energises, grips your heart and want to make you *run*.

Change your priorities, ask yourself, "What I am doing? Are my priorities creating change in me, my neighbour, my country, the world?"

Change the results. We expect much but the returns are disappointing. Is this not a serious point of calibration?

Where to start: it starts with one—you. Challenge and push yourself outside of the current image you hold of yourself.

More "explosive" C words

Calibration

Here vs there: where am I and where do I need to be? The power to change lies in a few short words, words with weight and depth, words that require some hard work now... and continuously.

- Forgiveness. We can't change the past but we *can* choose to change the future. The golden key is forgiveness.
- Judgement. If we choose to change the future, we must not judge and hold people hostage to judgements, otherwise, they can't be better, they can't change—you hold the key.
- Believing you are the best. Inferiority and insecurity are those abrasive conditions that eat away at this image of you being the best, keeping you from achieving the result that you need to. You hold the key... unlock the door!
- Love all, yes, even your enemies. Don't hold them captive. You be the change for them, release them and bless them.

- Be at peace. So often, we waste productive time and energy on wanting to change other people's reactions and minds, and being upset about their behaviour. We pay little attention to the fact that we can't change them but we can forgive them, we can release them from judgment. Why? Because you are better than that, *you* are the best. Another English saying is, "You can lead a horse to the water, but you cannot make it drink." Be sure to do your part though!
- Serving others. I tried explaining this to my kids with yet another saying, "Do unto others as you would have them do unto you." If you think this is a challenge for kids, wait until you present this topic to adults. We need to be kind first. We need to show changed behaviour first, before we can receive it. Talk about a paradox.

Now, you are ready for Collaboration.

Be the change in a group, starting with where the group is calibrating from, and then determine the synergistic destination of the journey by collaborating. Collaboration means no restriction on the number of words used. Communicate constantly—hard communication, soft communication, one-on-one, communication via emails/memos, communication via CRMs, etc. When the road to the synergistic destination becomes congested, use your words.

And, finally, Celebration!

Let's celebrate the leaders, those without the titles, who are creating infinite echos throughout business groups and in all functional areas that will reverberate across South Africa, but which will not be limited by country borders.

Now, I'm calling on all *infinite echo* leaders who are accountable for driving impact, to be the leaders responsible for giving direction, to act, to become entrenched in creating, maintaining and enhancing infinite echos of change in South Africa, starting from within in your own environment and area of core focus. Be non-threatening, seek collaboration and journey to the heart of the envisioned destination you seek to conquer. ▲

SUSAN VAN ASWEGEN



Susan van Aswegen is a Qualified Professional Accountant (SA) and spent 17 years in an accounting and audit practice environment, handling multifaceted engagements across various industries. She headed up the BEE department verifying entities on the Codes of Good Practice and the various sector codes.

During this time, she was responsible for the skills development of 100+ article clerks, managing their development needs and development plans and conducting extensive training on various subject matters, both soft skills and technical skills.

She was responsible for the practice management reporting to FASSET, SAICA and SAIPA on learnership registrations, learner progress, accredited training centre requirements and mentoring staff extensively on career planning, leading to them achieving their qualifications.

She has spent the last five-and-a-half years integrating business and professional experiences to find meaningful business alliances and solutions to manage outcomes for growing businesses using BEE as the point of entry. She continued to train business owners and staff on various topics to create awareness of the challenges and then to educate them on how to address these in their environments.

Would you share your reputation score?

The reputation management conundrum

The average corporate reputation score of last year's reputation research studies conducted by Reputation Matters, a proudly African reputation research company, was 78.4%, a 2.2% decline from 2017 (80.6%). This score is based on 10 reputation studies conducted amongst internal and external stakeholder groups across different industries in South Africa during the course of 2018, compared to nine studies in 2017.

However, before we start patting ourselves on the back that the average corporate reputation score for 2018 is a distinction, we do appreciate that the sample of ten is most certainly not representative of all businesses in South Africa. It does, however, highlight the conundrum that many who work within the reputation management space are faced with; not everyone wants their reputation measured or managed.

Decision-makers of reputation studies either believe that things are so dire within the organisation that there would first need to be drastic changes before investing in a reputation research study or, on the other side of the spectrum, they believe that their reputation is perfect.

We have definitely seen an increase in corporate South Africa taking an interest in their reputations. Unfortunately, those who really need to, aren't. We are definitely of the opinion that it should become common practice for organisations to know and share their reputation scores.

Reputation research will assist business owners and CEOs, who believe that things aren't as pristine as it should be in their organisations, with exactly what to prioritise and to focus on. The data helps form a base to work from, especially when recovering from a crisis situation.



For those on the other side of the spectrum with a spotless reputation, the results will provide bragging rights based on scientific research, and will also help the business to be proactive and navigate any uncertainty that could result in a crisis scenario, which could catapult them quite quickly into the disaster zone.

The year that was, 2018

Reputation Matters' robust measurement tool, the Repudometer®, measures 10 dimensions of an organisation that statistically works out what your organisation's reputation is. A reputation is not just about clever marketing and public relations, it is taking a serious look inside the organisation first before engaging in any type of communication with stakeholders.

The main reason for the decline in the research results from 2017 to 2018 is related to the purpose of the business. There was a substantial drop of 3.4% around this aspect.

Stakeholders require a lot more information in terms of an organisation's purpose, both in terms of their strategic intent, for example, where the organisation is going and how they are going to get there, as well as corporate governance practices. It is equally important to align the business' strategic intent to purpose-driven activities. In other words, making sustainable social contributions; people want to know that the companies they are supporting are socially responsible. Stakeholders also want a lot more transparency when it comes to understanding which companies and individuals the business are aligned with.

2019, the year to be proud of your reputation

Companies will need to be a lot more transparent about their reputation scores. Understanding your reputation and pain points will help you to build your business so that people will want to be associated with you and conduct business with you. It will help with making better business decisions.

We believe that sharing Repudometer® scores should and will become part of due diligence processes in the future. The Institute of Directors in Southern Africa (IoDSA), is already doing this; they annually measure their reputations and share their results with all their members. Areas performing well within the organisation are celebrated and the challenges are highlighted with the action points shared.

Ps to proactively manage your corporate reputation this year:

Purpose

Ask yourself: what is the main purpose of the business and is it still relevant? Do your stakeholders know what you are offering? Do a quick test and ask a few of your key stakeholders to verbalise in 8 words what it is that they think your organisation does—this will help you to ascertain whether you are on track.

Principles

Can you fluently answer what your business' values are and whether it is entrenched in your organisation? Ethics, reputation and values are all interlinked.

Organisations need to operate from an ethical, stakeholder-inclusive perspective and influence not only the sector in which they operate, but the larger environment. This also includes who you align yourself with; do your alliances make business sense and are you partnered with like-minded organisations that have similar values?

Partnerships

An incredibly important aspect this year is to focus on stakeholder value. What value do you provide your stakeholders and how does this affect their wellbeing? S

takeholder relationships, both internally and externally, should be maintained equally and fairly by organisations. The research also confirms the importance of having updated stakeholder databases in order to effectively communicate with your audience.

Leaders will be under even more scrutiny and society's magnifying glass this year. Leaders need to be focussed on purpose-driven leadership; they should be the voice of the organisation and build principled partnerships, both internally and externally. What better way to show their success than by sharing their reputation scores?

To find out how your reputation measures up and how to become a business that people want to do business with, visit www.reputationmatters.co.za email: research@reputationmatters.co.za or call +27 21 790 0208. Reputation Matters is also on Facebook www.facebook.com/yourreputationmatters and Twitter @ReputationIsKey.

REGINE LE ROUX



Regine le Roux is the Managing Director and founder of Reputation Matters. She holds an M.Com degree in Communication Management from the University of Pretoria. She is a corporate reputation specialist and handpicks and manages several teams that conduct reputation research studies and implements business communication strategies. Regine is the author of: Reputation Matters, Building blocks to becoming the business people want to do business with. Regine is the Chairperson for the Western Cape Public Relations Institute of Southern Africa (PRISA) Committee, and on the Board of the Rotary Club of Newlands, responsible for Public Image, and chairs Rotary International's Public Image for District 9350. Over weekends you will find her donning her pink skort for the Hout Bay Harriers.

“How do we
support Namibia’s
solar ambitions?”



“With pioneering
local funding solutions.”

Alten Hardap solar photovoltaic plant construction
project, Namibia

Sole lender, underwriter and co-mandated lead arranger
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In a first-ever guarantee collaboration with development finance institution Société de Promotion et de Participation pour la Coopération Economique S.A. (Proparco), Standard Bank has assembled an innovative local funding structure for the construction of a ZAR 950 million 45-megawatt solar photovoltaic plant in Namibia. We are proud to have structured a deal that not only holds the potential to deepen Africa’s domestic capital markets but will also contribute towards Namibia’s vision to become a self-sufficient solar power generator.

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