MANAGEMENT - 1992

JANUARY — AUGUST.
Balance-sheet traps for unwary investors

By ALEKSANDER PALCEC

Putco has followed a sage and conservative accounting policy since the controlling shareholder took over in 1971. Putco's statements imply that it is not a profitable concern.

The sum of all profits and losses for the past 20 years totals a modest $9 million. Against such a lamentable performance, shareholders have received cash dividends of more than $10 million in the past five years. In 1993 a special cash dividend of $10 million was distributed. In 1994, $5 million in property shares were issued, a move that was to be shared among shareholders.

The net asset value of the company, as reflected by the 1990 financial statements, is $100 million, or H53.8 per share. Because of the poor profit record, the share price has remained low.

Vested

The company is rich in assets in spite of its unimpressive profit record. The reason is that Putco depreciates its buses over five years, without accounting for the economic life of 20 years. It also made provisions to cope with the cost of new buses. The net effect is that large depreciation sums are charged every year against revenue.

There is an economic motive associated with Putco's accounting policy; the Government disperses generous bus subsidies. Putco's real asset value is almost certainly double the published net asset value.

Upward

questionable accounting policies are often used to account for purchased goodwill. The balance-sheet value of goodwill and other intangibles may be unrepresentative of the future earnings capacity of a business.

A company may decide not to reflect the value of long-term leases on its balance sheet.

An arbitrary classification of short- and long-term investments in marketable securities enables management to manipulate their carrying value reflected in the balance sheet.

Investors cannot accept at face value the contingent liabilities disclosed as footnotes to the balance sheet. A fair amount of judgment and management discretion is involved in their determination and valuation of contingent liabilities. The profit profile of a company may be understated by insufficient disclosure or non-recognition of contingent liabilities.

Management may improve a company’s financial state by window dressing the balance sheet – transactions done shortly before the end of the financial year and reversed early in the following financial period.

Investors should make adjustments to the published financial statements so that they reflect economic reality.

Bath

There are three major financial statements for every company. The investor should view them as an integrated set of data and not focus on any one. The income statements, the balance sheet and cash flow each present the company's financial position from a different perspective. The different perspectives interlock to give a generalised overview.

Almost every item in the income statement has the potential to mislead investors. In addition, management can manipulate reported earnings by using techniques such as income maximisation, income smoothing, or the “big bath” strategy.

Areas requiring special understanding are the timing of revenue recognition, the effect of inflation on the calculation of cost of goods sold through inventory and depreciation accounting, the problems involved in accounting for expenses flowing from employee benefit plans and from a wide variety of outlays which are not deductible as either current or long-term in nature, manipulation of the date of discontinued operations and the potential distorting effects of tax provisions.

Main areas of concern in considering a balance sheet are book versus market values of such assets as receivables inventories, capital facilities, profits and other liabilities. Investors in highly diversified companies should try to obtain additional information on the profitability, risk and growth of their significant divisions.
Desirable growth rates

MANAGERS plan for the future. Their performance, rewards and even survival depend on how well they plan and how effectively they implement those plans.

Managers are being evaluated continually. Shareholders evaluate the firm from a risk and return point of view—cash flows, investments, even dividends.

Customers evaluate the business's performance in terms of prices charged, quality, service and credit terms.

And the many other stakeholders appraise the firm from their own perspectives.

Stakeholders assess the adequacy of the firm's strategic and operating plans. A complete evaluation of the relationship between a number of variables:

Poison:

However, poor decision making and performance finally show up in the financial numbers.

The measures that analysts use to assess financial health have changed and become more sophisticated, with a transition from "pros" to "earnings a share" (EPS) to "return on investment" (ROI) and finally to "cash flow.

Generally, strategists and managers should be concerned with profitability and ROIs and will compare these with competitors and general industry performance.

We know that it is possible for a firm to report consistently high EPS growth and be not able to provide for internal cash needs, forcing borrowings to survive.

King

Rusfern, for example, reported EPS growth of 106%, 28% and 50% from 1988 to 1990. Gearing started to rise rapidly in the late 1980s, from 47% to 96% between 1988 and 1990.

Harry King said in his firm's annual review that "the year on year growth rate in excess of 50% was neither healthy nor sustainable."

We must then look beyond the profit and sales figures. Assess whether a firm can sustain its operations.

Calculating your sustainable growth rate

In my previous article I demonstrated how high growth (caused by real and/or inflationary growth) drains cash. I promised to provide a simple approach to assess your optimal growth rate.

Several variables affect your sustainable growth rate (SGR) and can be condensed into a formula that is more simple than it looks: Trust me!

$$SGR = \frac{D}{E} (E + P) + \text{Retention Rate}$$

Where: $SGR = \text{Sustainable growth rate}$
$$D = \text{Total interest-bearing debt}$$
$$E = \text{Total equity}$$
$$P = \text{Profit retention rate}$$

An example where we implement the formula will help. Assume a company which has a debt-equity policy of 1 to 1, a dividend policy of paying out 50% of profit after tax (ie, a dividend covered twice) is applying interest on debt at 10% and has a 45% tax rate.

Sales are R2.000 and the sales asset ratio is 2 times. If the operating profit is R300 or 15% of sales then the sustainable growth rate is 12.14% a year.

The calculation is:

$$SGR = 1 \times (1.5 \times 0.88) \times (1.5 + 0.5) \times 0.5 = 12.14\%$$

This firm will grow at 12.14% a year in assets, sales and profits. Any growth in assets and sales (if the sales to assets ratio stays constant)

Sustainable capital employed and sales growth rate.

Clearly, the firm was growing faster than the SGR because both sales and capital employed were rising much faster than the sustainable growth rate.

Management often believes that high growth is associated with high margins which assume that the company will be able to sustain growth. Unfortunately, research shows that the opposite tends to happen.

The PIMS database, which analyses thousands of businesses, shows that although the ROI required to generate sufficient cash goes up as growth increases—actual ROIs tend to fall.

The research findings show that high-growth firms do not produce enough cash.

Why? Well, in high growth markets they spend aggressively on marketing and price aggressively to gain market share, widen their distribution, broaden product lines, invest in more sophisticated systems, increase debt, and make other investments to build the business.

Questions

All of these reduce margins and returns and damage cash flow in the short term. Although all of this makes good strategic sense it may be dangerous from a financial point of view. Every manager should know exactly what his firm's sustainable growth rate is and how its strategic plans affects ability to finance and sustain those plans.

You should ask your team:

1. What is our market growth rate?
2. Can we maintain our market share at that rate of growth given our current performance?
3. What operating margins should we be earning to maintain our current debt-equity ratio?

Rusfern's growth rates

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<td>SGR</td>
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<td>Capital employed</td>
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- How realistic is our dividend policy?
- Which variable is key in determining our growth rate and how sensitive are we to competitive strategy and reaction?
- Are we vulnerable to financially strong competitors forcing us to concede market share by affecting our sustainable growth rate by aggressive pricing?

We have found companies that have used these concepts have been able to identify weaknesses in their competitors and themselves and thus has enabled them to develop realistic integrated plans that ensure long-term growth in both marketing and financial terms.

All stakeholders have benefited.

Professor Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the Pennsylvania Executive MBA in South Africa and is co-founder of Lund Andrews, the corporate financial consultants.

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Avoid controversy with integrated employment

ONLY 35% of companies believe it would be a wise move by a new government to impose a quota system compelling companies to employ blacks in administrative and management positions.

This is according to a recent survey conducted by the Quest Personnel Group, one of the country's largest recruitment consultancies.

The survey, which covers 750 companies, indicates that 75% of businesses nationwide believe a new government will initiate a “quota” system.

Of those only 41% claim to have an affirmative action programme in place, and of the total number of companies with an affirmative action programme, only 51% judge it to be of “moderate” success.

For the purpose of the survey, an affirmative action” is defined as a programme of action instituted by the management of an organisation to recruit, train, and nurture “black” employees in preference to “white” for certain targeted positions. Most of the respondents (71%) regard “Asians” and “coloureds” as “black”.

“An interesting aspect which became apparent during the nationwide survey was the number of companies which are using new terminology, such as “integrated employment”, to refer to affirmative action programmes,” says Quest Personnel executive chairman Roy Silver.

Silver says this is in line with the international trend to approach the issue in a less prescriptive way.

Reasons

The major reasons given for companies not instituting an affirmative action programme are that they “had not had the time” (29%), or their managers “did not believe in affirmative action” (24%).

Only 6% of the companies surveyed are concerned that such a programme will provoke a negative reaction from their present white staff.

“The issue of creating an environment in which a truly integrated workforce can perform optimally is one the human resources management will have to come to terms with very quickly,” says Silver.

He notes that in some areas Quest consultants are still experiencing difficulties with clients who don’t want to employ on an “equal opportunity” basis.

However, there are increasing requests by clients for candidates to fill positions targeted for affirmative action and it seems larger organisations are leading the way.

Quest is currently developing its own in-house skills to assist clients effectively.

“Our aim is ultimately to assist employers in understanding that affirmative action programmes in themselves will not enhance progress, nor ensure equal opportunities for employees and success for the corporation,” says Silver.

“In order to overcome many of the entrenched and crippling attitudes cultivated under apartheid, organisations will have to transform their cultures and not expect newcomers to have to adapt to the environment as it stands. It will not be a quick or easy task.”
Bottom line on social spending

If five words bunched together, social investment reporting would be a defunct form. It is seriously deficient as handout and figures.

How Toyota SA has stepped forward as one public company prepared, unpressed, to reveal the facts and figures.

The Toyota Foundation, alone spent R2.1-million rand on social investment last year and will spend another R2.6-million this year. The foundation, governed by a board of trustees headed by Prof AC Nkabinde, will have spent R8.83-million over the period 1991-1993.

In addition to the foundation spending, Toyota staff spent their own money on donations, bursaries and a housing scheme for employees, to give a total of R8.2-million for 1992 alone, with the amounts having been spent as previous years.

This kind of information differentiates the foundation's report from the bulk of the glossy, expensive, misspent reports on social investment that stream out of the corporate sector.

The report contains not only descriptions of the foundation's work and detailed information on its spending, but figures on Toyota SA's overall spending.

This includes spending on help for Toyota employees to secure proper housing, and a bursary scheme. Whether these are socially-speaking social investment is a matter of definition.

Even if they are excluded, Toyota spent another R1600 000 on donations, allocated by its foundation committee.

Donations and the foundation's spending came to R13 198 761 in 1992, representing 0.31 per cent of Toyota SA's turnover of R5 235-collion.

The international norm is to express social spending as a percentage of pre-tax income. Common figures for social spending in the US and the UK are one to two per cent.

Toyota's social spending, narrowly defined, amounted to a little over two per cent of operating income in 1992, though that was a departure year because of a 49-day strike by the National Union of Metalworkers of South Africa.

Throw in housing and bursaries and Toyota's spending comes out at six per cent of operating income.

Toyota, again annually, gives a detailed analysis of what goes where. A glance at the comprehensive table shows most money goes towards technical education, with the biggest amount of R1 066 000 going to the Kwa-
Mahlathini Technical Orientation Centre in 1992, and the second biggest amount, of R505 000, going to Toyota South Africa Primary School Project. The project will, according to the report, receive R500 000 this year.

Purchasing for foundation projects comes from annual contributions by Toyota SA and Toyota Motor Corporation Japan.

The report states: "The foundation has no other prime source of income aside from these grants and does not have the luxury of a large investment base from which it can derive income."

Budgeted spending for this and future years is also given.

The foundation says the report is already committed to finding enough money through to February 1994 and by then it will have devoted more than R2.5-million in 1993.

During the first five years of its existence Toyota has gone a lot further than many other firms in reporting on its social investment, though some, like Shell and Sanlam, have taken random examples, have reported their social spending figures to the Weekly Mail's Social Investment Award panel in past years.

Among major companies, BMW and Volkswagen have taken part in our survey.

A further step would have been to have an outside audit of the effectiveness of the company's social spending. However, since most of the money goes on education, this might be difficult since education is a long-term investment in the future.

Toyota deserves commendation for this report, showing the way in the rest of the corporate sector.

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THE WEEKLY MAIL, May 28 to June 3 1993
Impress Financiers with a Good Business Plan

Before implementing your business plan, make sure your finances are in order. A solid financial strategy will help you secure funding and attract investors. Consider the following key points:

1. **Revenue Projections**: Ensure your projections are realistic and based on market research. Use historical data and industry trends to support your figures.
2. **Expense Control**: Keep your expenses minimized. Identify non-essential expenses and cut costs where possible. Streamline operations to improve efficiency.
3. **Capital Structure**: Plan for the optimal capital structure. Consider the balance between debt and equity financing. Evaluate the costs and benefits of each option.
4. **Cash Flow Management**: Establish a cash flow forecast to ensure that you have sufficient liquidity to meet your obligations. Plan for seasonal variations and emergencies.
5. **Financial Reporting**: Keep accurate and timely financial records. Regularly review and update your financial statements to reflect changes in your business environment.

By addressing these areas, you can present a comprehensive and persuasive business plan that impresses financiers and increases your chances of securing funding.
'Half a million managers needed'

By Phil Molefe
Education Reporter

South Africa would need an estimated 500,000 managers in the economy by the year 2000, but unfortunately the country's universities and technikons could not meet this demand, Damelin College chief executive Johan Brummer said yesterday.

He said thousands of young men and women who matriculated last year had to face the fact that there were no jobs waiting for them and many of them could not gain entrance to tertiary institutions for further training.

He said Damelin's centre for business studies had decided to introduce two full-time courses for post-matriculants with a view to rectifying this problem.

The courses are a diploma in public relations and business communication, and a diploma in marketing and business management. The first of these courses is due to start next month in Johannesburg, Pretoria and Durban.

"Both courses are intended for school leavers, army leavers and others who want to prepare themselves for the business world, particularly those who could not gain entry into a university or technikon," said the principal of the school, Jennifer Shames.

The Speak English Academy, which assists teachers and pupils to develop their language skills, will resume lessons tomorrow at the University of the Witwatersrand.

The academy had been a tremendous success and educationists around the world, particularly in the US, were proposing to get involved with the project.

"The lessons, geared to improve English as the spoken word, are all very active and include music, dancing and class participation," said Mrs Shames.
France raises funds

The French government is to increase its financial support for management training in SA Funds for a joint management development programme, aimed at improving middle management skills among all races, would be increased, a French embassy spokesman said.
Leadership workshop in Cape 'just the start'

OWN CORRESPONDENT

BELLVILLE—Forty-six South African academics, and an official of the Development Bank of Southern Africa yesterday completed an intensive week-long workshop on leadership and public administration, designed and led by faculty members from the John F. Kennedy School of Government at Harvard University.

The workshop was held on the campus of the University of the Western Cape in Bellville, and underwritten primarily by the Social Responsibility Programme of Otis South Africa.

Support was also provided by Otis SA's parent company, United Technologies, and by the Ford Foundation, IBM and Harvard University.

Eighteen South African universities and technikons were represented.

Speaking at the graduation ceremony, Antonia Chaves—a director of United Technologies, adjunct lecturer at the Kennedy School and a member of the workshop faculty—said: "This has been an exciting seminar and, we hope, the start of a continuing collaboration, between the Kennedy School and the South African academic community."

"The transition to a new South Africa provides an enormous challenge for South African universities, and it's teachers of public administration and related fields, like the talented and dedicated people we have worked with here this week, "will have to mount an enormous effort to train and retrain the men and women who will work in government at all levels in the years ahead."

"There has been tremendous interest here in our working together to assist the South African academic community."

This workshop began on Sunday night and finished yesterday afternoon.

Workshop sessions focused on teaching techniques for successfully preparing people to work in the public and non-profit sectors in a post-apartheid society."

""
Good PR can help fly the company flag

A good public relations job on an undervalued company can boost its share price and the high PR fees are justified by the role communications plays in promoting a company's affairs.

Susans Mann's David Carte, a former editor of Business Times, says there are many examples of share prices climbing on the back of a good PR job.

Because many good performers are relatively unknown, it is critical they learn to fly their flag.

A large financial institution recently lost out on a deal with a state pension fund through being little known in Pretoria.

Companies should adopt the "reporter in the back yard" approach, allowing communications consultants to explore the company and present an analysis on what changes could be instituted in communication with shareholders and potential investors.

It is vital, says Carte, to get a company to open its doors, be accessible, confront its weaknesses and promote its strengths.
Unions now look to annual reports

COMMUNICATION with employees as a means of building a company from within, boosting morale and keeping staff in touch with developments (7)

Bastion Graphics MD Rodney Baston says 'Staff are often neglected and read about critical developments, like a company take-over in the media. They should at least be informed simultaneously with the Press (712)

Penrose sales and marketing manager George Joubert says communication can also be used for internal image building, a call for productivity and as a PR exercise

With technology and a little effort a publication can be issued within hours to keep staff informed of developments

Diagonal Street Communications MD Peter Wallington says employees need to know what social responsibility activities a company undertakes and understand issues such as productivity and competitiveness

Sassers Mann's David Curte says employees need to be reminded they are doing well out of a company. A report to employees, giving a breakdown of how much they earned compared to dividends paid to shareholders "can show people they get more out of capitalism than the capitalists and help disarm the nationalisation lobby".

A relatively new group looking at annual reports are trade unions, which have recognised the annual report as an easy entry into what the company is doing.
Clamming up in the bad times reduces credibility

GOOD investor relations can lower the cost of capital and good corporate communication can assist a company, says UK-based TWS director and investor relations consultant Richard Wagner.

Good communications can produce a more accurate share rating and make it easier for expansion by acquisition.

Wagner says while the top SA companies rank with the best in the world in corporate communication, most lag behind markets such as the US, Australia and England.

The biggest problem in corporate communications worldwide is the tendency to communicate when things are good, but clam up when they are bad.

This has the unfortunate effect of reducing the long-term credibility.

Every company should recognise they will have good and bad times.

It is critical, says Wagner, to share information with the co-owners and co-financiers of a company and work from the assumption that shareholders and banks are entitled to information and an outline of management objectives.

The test of company disclosure is whether the information is relevant, factual and timely.

"The traditional management belief in absolute confidentiality is nonsense," Wagner says.

Indecision

Uncertainty about a company or indecision about where it is headed make it difficult for investors to buy its shares or banks to lend it money.

Design houses and corporate communications consultants abroad are more geared than their local counterparts towards what should go into corporate communications.

While design is important, there is no use having magnificent packaging for an empty box.

Time and effort can determine what the corporate audience needs to know.

Design of the corporate identity and presentation of the annual report play a support role and serve as a backdrop for the content.

Financiers and investors are more concerned with the content, than the packaging and the design houses and consultants recognise the need for disclosure.

International investors looking to SA regard an environmentally aware image far down the list of priorities.

Investors need information about how a company is establishing itself to deal with a future SA - how many black managers are there, how many are in training, and if the company promotes the right culture to deal with an integrated society.

"If SA companies want international investors, they must have clear answers about what they have done to prepare themselves for the future," Wagner says.

They will also need to know how competitive the SA products are.
Our managers must adapt to change

BY JOE MOHLELA

There are new over 8 billion, and it is expected within a few years that there will be over 9 billion people on the face of the earth. In South Africa, the population is expected to reach 50 million by 2020. The current population of South Africa is about 54 million. The population is growing at a rate of about 1.5% per year. This growth is due to a decline in the death rate and an increase in the birth rate. The population is expected to reach 70 million by 2050.
Education in SA is an ‘investment for all’

"Many companies are still strategically under-investing in training and management potential because they see it as a cost rather than investment," says Dr Nick Binedell, director designate of the Wits Business School.

"If this erroneous view persists," challenges Dr Binedell, "it will spell ‘national disaster in terms of general human preparedness’.

"South Africa can only emerge successfully from its bubble of isolation if its people acquire the sophisticated skills needed in today’s rapidly changing business world."

"Continuing education can provide these skills," he says.

"There is no doubt that individuals and groups compete through the power of their ideas in action. It follows then that management and business knowledge is vital."

Dr Binedell does, however, see the beginning of some encouraging trends in attitudes towards education in South Africa.

"There is a trend to self-development. People realise that education has to apply to them personally if it is to be of real value," Dr Binedell says.

"They are also seeking knowledge which can be quickly and effectively applied in the workplace."

"So much of modern economy, commerce and markets are interrelated that a broader knowledge is becoming more valuable than specialisation," he said.

"The percentage of black people and of women enrolling for courses at the Wits Business School has increased, but numbers remain well below national demographic profiles, and below the standards set by leading countries we should be modelling on," Dr Binedell said.

"Real opportunity for society starts in enrichment of the individual. South Africans have to realise that the education of its people is an investment for all," he said.
Learn how to

save 25 pc.

of your day.

Professional people can spend up to 25 percent of their day reading, absorbing and sifting through information, according to Consolidated Training International (CTI) general manager Barry Katz.

This valuable time can be halved by improved reading and retention skills taught in CTI's learning methods course, Mr Katz says.

"The schooling system and tertiary education has never adequately addressed the issue of how to study or how to absorb and retain information," he said.

"This problem carries through into the workplace," Mr Katz said.

He says companies would maximise their training expenditure by ensuring trainees were effective learners.

The CTI course claims to teach people how to learn and read faster, retain that information and recall it at will.

The Learning Methods course covers advanced study techniques, retention and memory training, listening skills, analytical and lateral thinking.

Methods used in the training are particularly useful, says Mr Katz, in product training.
IMSA uses training to change corporate culture

In recognition of the urgency and importance of addressing South Africa's training backlog, a trust organisation, called Integrated Management South Africa, IMSA, has been formed by representatives of some of the country's leading companies.

IMSA's mission is to be "educators for planned change" and, through training at leadership level, hopes to encourage training right through the ranks and engender change in corporate culture. IMSA also operates its own management training — both customised and in the form of public courses through its operating subsidiary, Effective Executives.

Keith Edmeades, managing director of IMSA and Effective Executives, says goals include inspiring a personal work ethic among workers, to facilitate practical learning in the workplace, to promote a free-market economy.

As a non-profit trust, funds raised by IMSA's training and consulting activities are ploughed back into further training.

Among the public courses to be offered by IMSA through Effective Executives in 1992 are:
- Assertiveness Training (two days)
- How to handle people (one day)
- How to run a meeting (morning session)
- Industrial Supervision (three days)
- Management (three days)
- Practical Time Management (two days)
- Time Management for the Executive Secretary (one day)

Corporate Courses include:
- High Output Management
- Management Aggression for Leadership Effectiveness

Any of the public courses may be tailored for in-house application.

These are run at IMSA House in Midrand. To book contact IMSA at 005-1815.
Trainings budgets must increase
Management studies in South Africa can earn credits for a United States university business administration degree

Training company Executive Education is the SA study centre for Newport University in California and most of its courses earn credits towards the Newport Bachelor or Masters degree.

Executive Education managing director Rex Drew says there is a difference between traditional universities and statutory universities, the latter having annually monitored standards of education. "What this means is that standards stay consistently high. If anything, monitoring means more attention is paid to achieving good results."

The college is also a founder member of the Association of Private Colleges of Southern Africa — a body formed to monitor standards.

The company reports an increased demand for training despite the recession. Drew says that most full-time course students are company-sponsored while most part-time students pay for themselves.
Get computer-literate

Computers, supposed to free the workplace and management, can have the opposite effect in the hands of the non-computer-literate.

Yet where does the busy executive find time to learn a mix of basic computer skills?

One of the more flexible approaches to the problem is that offered by Computer Academy's special mixed 30-hour flexitime Business Computer Course offered in or out of normal business hours up until 9 pm on weekdays and 1 pm on Saturdays.

A variety of computer skills are selected by the student and the mix or time spent on each is open to choice up to the limit of 80 hours.

The usual time spent on a specific Computer Academy course is 32 hours.

Computer Academy group branch manager, Oren Rosenbaum, says: "Computer education draws every age group. Our students range from a 13-year-old to an 84-year-old, and everything in between. Industry can't operate without computers so no one can really afford not to comprehend basic computer usage skills."
Train blacks for top jobs - callers

By IKE MOTSAPI

BIG business should train and promote blacks to senior management positions if they hoped to correct the imbalances caused by apartheid, listeners to the Sowetan/Radio Metro Talkback show heard last night.

Dr Sylvia Moeno, who has written several articles on affirmative action, said this was a way of opening "up doors that have been previously closed to a section of our community by apartheid laws."

She said affirmative action was one of the ways of redistributing wealth to "politically disadvantaged" people.

Moeno said, however, that affirmative action would only succeed if there was a total transformation of the political situation in the country.

Suicidal

Lucky from Modderfontein said big business was dominated by white males in the country.

He added "This has to stop if affirmative action is to be a success."

David from Rosebank warned that it would be suicidal to "just appoint blacks to positions in senior management even when they did not have the skills and qualifications to handle the job."

Monty from Mantisburg said blacks had to be properly trained before being considered for senior management jobs.
High-calibre turnout for conference

FRANKEL Max Pollak Vanderocks's 15th annual investment conference, scheduled for February 18, features high-calibre guests and speakers drawn from local and overseas business and political arenas.

Besides the main all-day conference presentation, the arrangements span a full week and include day trips to leading companies in Johannesburg and Cape Town, as well as functions where the guests will be able to meet SA leaders and businessmen.

The conference starts on February 16, when the overseas guests arrive, and ends on February 21.

Overseas guests attending the event include Cohn Campbell of The Times in London, Michael Cook of S G Warburg Securities, Ray Davis of Smith New Court International, Richard Collier of N M Rothschild & Sons and BNP International Financial Services GM Graham Davies.

The conference week includes trips to Soweto, Rand Refinery, the JSE and a number of industrial and mining production facilities. Guests at banquets include President F W de Klerk, Cabinet members, ANC president Nelson Mandela and secretary general Cyril Ramaphosa.

Lead speakers are Finance Minister Barend du Plessis, Reserve Bank Governor Chris Stals and Steve Riley, a government relations consultant of Riley & Fox USA. Following the presentations, a number of panel discussions have been arranged.

The panels will be chaired by top businessman and investment analysts including Times Media MD Steve Mulholland, Union Bank of Switzerland gold analyst Andy Smith and Barlows vice-chairman Derek Cooper.

Business Day Reporter
Women aim to make themselves heard
Marketing 'overlooked'

Marketing has an important role in business and is often overlooked in framing overall strategy, says UK marketing academic and consultant David Walters.

"The Japanese know what selling is all about," he says. They could make seven alterations a day in store-layout to accommodate changes in clientele from early morning opening to late-night closure.

Former head of business economics at Wits, Russell Abrahms, sums up marketing as "the process of planning, and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives."

Businesses needed to communicate this marketing concept within their own organisations. Traditional marketing functions needed to be refocused, and corporate image needed to be constantly addressed.
Making it in a man's world

There is a new breed of South African woman - black and white - that is making it in a chauvinist environment.

These women are stepping on a few male egos as they climb the corporate ladder.

The Executive Women's Club of South Africa plans to highlight that some of the best business performers throughout the difficult economic conditions of the past 12 months have been women.

Speaking at the launch of the Businesswoman of the Year Award 1992, Professor Rona Erwel, of the University of Pretoria, disclosed statistics about women in business.

Some of the women who have reached the pinnacle of their careers and won the award are Soweto businesswoman Mrs Marina Maponya, Mrs Reeva Forman, owner of a cosmetic company, Mrs Jane Raphatly, editor of Cosmopolitan Magazine and Mrs Doreen Ndaba, executive member of FABOS.

She said: "Their performance will leave many males in doubt and show that this award has a vital role to play in the development of our country."

"The award, open to all races, publicly recognises and rewards exceptional business achievements of women."

Prejudiced

She said women have been prejudiced and research has shown that there is an increase of 40 percent of them who have entered the corporate world.

It was also a factor that women were misinterpreted and sexually discriminated against, according to a survey by the University of Cape Town.

Businesswoman can achieve outstanding success year after year and 40 percent of them already occupy senior positions.

Egos

"There is a revolution as most women are tripping on male egos as they go up the ladder in the corporate world. More are entering the fray," she said.

The current generation at universities was moving into the business - 45 percent females in the Bachelor of Commerce degree and male dominated careers such as engineering and law.

Winners

The executive of the award, which is already in its 13th year, is inviting women of all races in all fields of business or industry in Southern Africa to enter. The closing date is April 10 and the winners will be announced on August 26.
Banking with (and on) women

Almost 17 years after women in America started a women's bank, South African women are set to take a step in the same direction. A plan to start a women's bank was mentioned to Soweto Women by Mrs. Zanele Mthembu, wife of ANC international affairs director Thabo. Last year, Mthembu could not explain how the bank would work, who was involved and when it would be launched. She could only say that such a bank was planned. Today we publish the story of The First Woman's Bank of New York which opened in 1975.

They boasted the first 24-hour ATM

The truth is that we found that business is universal - bisexual, you might say.

The First Woman's Bank of New York

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Even executives need to look ahead

CONTRARY to what one might expect, many company executives ignore their own financial planning in favour of the responsibility for the corporate future.

This neglect is largely due to a shortage of time, but also because they are often no better skilled than anyone else at handling their personal affairs.

Many executives have limited free time between working, travelling and business entertaining to devote to their financial future. Many tend to shut it out, reasoning that they will tackle the issue when they have a moment.

Care

But the more they procrastinate, the worse it becomes.

Ideally, they should approach their own affairs with the same care and enthusiasm as their business commitments — but they don't. Some rely on their lawyers or accountants which is not always the best solution because they do not necessarily have the expertise in this exacting field of financial planning.

In addition, their corporate benefits are often structured for employees — such benefits may not be adaptable to executive needs.

These are the executives who plead poverty because their benefit structures are not tailored to their requirements. They might also follow the advice of partially informed friends or business associates which can be totally inappropriate for them.

Mr. Trevor Buckland, Old Mutual's manager corporate of executive consulting, says while he takes away a lot of the problems of planning, he still needs between 36 and 50 hours (including five with the executive) and the executive needs to produce documents such as share certificates, savings accounts, a will and beneficiary nominations.

Once the plan is running, the fine-tuning requires less time. He visits all his clients at least twice a year.

Benefits

Some executives show an initial reluctance to discuss their affairs but Mr. Buckland says this is usually short-lived. Once they see the benefits of the service and they are assured of confidentiality, they disclose all.

Mr. Buckland explains why financial advisers are so vital today:

"Tax legislation is more complicated, inflation is more serious and endemic and investment opportunities are wider and more varied," he says.
Black women outshine men in initiative

Black women were strong in initiative and highly determined compared to their male counterparts, according to Anglo American's Joop den Ouden.

The company's training branch, CTU, recently conducted several individual assessments on different levels of management potential in black women.

Mr. den Ouden said they found that black women were "more likely to make a deliberate, conscious effort to develop their management and leadership skills than black men."

"They are so determined to become part of today's business world and develop their potential that they are more involved in training courses."

However, he found black women were "still not as decisive as black men" when making final decisions. This could stem from the rural tradition that women had to be subservient. — Staff Reporter
Top executives buy into small business

SALES of small to medium-sized businesses had risen as former executives, forced by the recession to end their corporate careers, used their personal cash reserves to buy businesses and start life anew as entrepreneurs, business brokers said yesterday.

Dealmakers' director Mervyn Richter said this trend towards self-employment of executives who were retrenched or forced to take early retirement became especially noticeable last year.

"In normal circumstances these people would simply look for another high-paying corporate job. But with the prolonged recession and the severe shortage of top jobs, they have been forced to examine the option of buying their own business as a way of prolonging their career," he said.

 Consolidated Business Brokers broker Bernard Graham said there was an increasing number of enquiries from executives. "More people want to work for themselves than ever before," said Graham.

He said there were a great number of small to medium-sized businesses on the market, and prospective buyers would do well to be selective.

Richter said most of the new buyers — who comprised about 40% of Dealmakers' business — were looking for small to medium-sized manufacturing and wholesale distribution businesses.

These executive buyers often pooled money to buy businesses in syndicates.

"We have several buyers with amounts in excess of R10m to invest in companies indicating general confidence in the economy and the belief among entrepreneurs that the economy is due to turn upwards in the near future," Richter said.

Most businesses traded by Dealmakers ranged between R300 000 and R1.5m, though larger deals are not uncommon, he said.
1990. ThORA PANDY reports evidence of widespread spying on trade unions during the years of the Apartheid regime.

The leadership of the National Union of Teachers (NUT) and the Congress of South African Trade Unions (COSATU) have accused apartheid of spying on their organizations using a network of informers and agents.

The report highlights the extent of political surveillance and intimidation during the apartheid era, underscoring the challenges faced by trade unions in maintaining their autonomy and independence.

The NUT and COSATU have called for an end to such practices and have sought to strengthen their internal security measures to protect members and activists from similar forms of harassment.

This report serves as a reminder of the continued struggle for labor rights and the enduring impact of apartheid on the country's social fabric.

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Battle-axe seminar

Many women realise that they are extremely competent in their jobs, but are held back by an inability to deal assertively with tough issues.

To overcome this, the Women's Bureau is to hold a seminar on February 27 entitled, Negotiation and Assertiveness. It will be led by Kerry MacFarlane of Old Mutual's management development division.

Mrs MacFarlane has returned from a month's visit to America where she took part in the Harvard Negotiation Project and a seminar on gender negotiation issues.

The Women's Bureau is a non-profit organisation committed to the development and advancement of women.

The seminar will be held at the Braamfontein Hotel, Johannesburg. SI Times (Johannesburg) 23/2/92.
Raw deal in top jobs for black women

By Adrian Hersch

Companies are often quick to place black men in managerial positions, ignoring a larger pool of educated black women, says Ronel Erwee of the University of Pretoria Business School.

But she believes that trade union pressure in favour of affirmative action for blacks and women will change this.

Professor Erwee predicts that in the next five years there will be many more women managers – black and white. Central Statistical Services (CSS) figures show that black women comprise only 17% of all black managers.

But the figures also show far more black women than men classified as "high-level human resources" with a tertiary education.

This is part of the overall trend in which women of all races "have the odds stacked against them in business", says Professor Erwee.

She believes most companies have an effective "offensive policy" but obstacles remain.

Maternity

For example, many companies have a seniority system where an uninterrupted length of service is necessary for advancement.

"But maternity leave of three months is often regarded as a break in the career."

Another problem is that not enough women are given sponsorship for managerial training courses.

"Only about 10% of MBA students and 3% on management development programmes at business schools are women," says Professor Erwee.

The University of Pretoria Business School is the only one in SA offering a course specifically for women moving into senior positions.

Some changes are evident. Several "very male-oriented companies", including semi-former parastatals, are sending women on these courses.

Professor Erwee says that in the next five years more women will be in management.
SBDC introduces
new courses

THE Small Business Development Corporation is introducing new courses in its skills training programme to cater more fully for the needs of the small and medium enterprise sector in South Africa.

In addition to two courses introduced in 1985, one elementary course on basic business skills and one advanced course on starting a new small business, the SBDC’s training centres worldwide will be offering three courses aimed at improving the efficiency of established businesses.

**Relations**

The first of the new courses, “How to manage and improve your business” starts next week. The other two courses, one on retail management and the other on labour relations, start in the next few months.

SBDC’s senior general manager, Mr. Tom Kudara, said an urgent need for business training, focused on improving already established businesses, emerged from more than 1,000 public queries dealt with daily by the corporation’s 46 offices countrywide.

He said: “We decided to introduce a course on how to manage and improve a small business, which includes stock and debtors’ control, time management, costing and increasing sales and margins.”

Because there were a large number of clients in retailing, a management course was acquired to cater for their specific needs. The course on labour relations for SMEs was included as the corporation’s experience over the past 10 years had shown how crucial effective staff management was.

**Budgeting**

The retail management course consists of shop design and layout, purchasing and pricing, merchandising, managing your workers, retailing principles and basic budgeting and elementary bookkeeping.

The labour relations course introduces small business owners to issues such as discipline, dismissal and termination of contract procedures, group consultations, conducting of inquiries and dealing with grievances, trade unions and strikes.

“Apart from needs established through public inquiries, we get feedback from the 328 retail businesses people taking part in our Mentor Advisory Programme. The new courses cover those issues which SME entrepreneurs have found to be vital for the efficient running of their businesses.”

The two original courses - elementary Trident On-the-Job Business training and the advanced “How to start your own business” - are still very much in demand and will be offered more frequently than in the past.

Classes are presented after hours once or twice a week for periods varying from seven to 14 weeks at reasonable prices.

Inquiries can be directed to Limbro Park Training Centre in Johannesburg, telephone (011) 508-3755/6 or 608-4052 or from any of the SBDC’s six regional offices in all major cities.
Time-based training division is still group's shop...
Demystifying basic financial concepts

Chairman Stephen Dallamore says Mast feels strongly about offering financial training, as businesses geared for the future should be totally confident with all aspects of financial management. A problem in most companies is that people move through the ranks over the years and find themselves in middle management positions without any knowledge of basic financial management. Mast offers off-the-shelf and tailor-made programmes to address these problems and improve competence and efficiency in the workplace.

Some of its numerous courses include finance for non-financial managers, an introduction to budgeting, the use of working capital, discounted cashflows and how business works.

Dallamore says it is important to understand the make-up of profit and the benefit of cash in a business, and Mast's orientation is to put simple concepts into practice.

"Many sales and administration people do not understand the ramifications of discounts and margin on cost of sales."

"Our aim is to demystify these concepts," he says.

Finance training consultant Elmarie Maurin says the courses are aimed at non-financial people.

Most of the training is done at the companies, involving courses from one to two days up to 10 days.

Courses are often used by companies where people have come up through the ranks into a middle management position, she said.

Courses are initially basic and include understanding income statements, balance sheets and ratio analysis.

These are followed up by courses on topics such as basic budgeting, managing working capital and cost analysis.

Maurin says there are obvious synergies with Mast Video Training in that its material is often used in the various finance courses.

If companies are interested in financial training but indicate there is not enough time for the course, they are often referred to Lexpress, where employees can receive computer-based training.

Mast company MaST SA also holds open courses of a generic nature every month for two days.

Maurin says courses held in companies are tailor made.
'The Rolls Royce of management organisers'

OVER 18 000 South African businessmen base their daily, monthly and long-term time and management planning decisions on Time/Systems, a product Mast calls "the Rolls Royce of management organisers".

Time/Systems, which forms part of Mast Publications, is a planning tool and information server for the business manager.

It is a Danish product which has been on the market for about eight years, expanding its base rapidly and consistently both in SA and internationally, with well over 1-million users worldwide.

MD Glenn Hare says the majority of Time/Systems' clients are at director level or are professional.

The system, which sells from about R500 to R1 000 is aimed at improving time management, productivity and effectiveness in work and leisure activities.

It is divided into three categories management, a data diary and a planning section.

It is a loose-leaf system, so new data can be added and old information filed.

Not only does Time/System offer a yearly planner, but it has a range of stocks, including an archive box, an overview (which includes monthly plans), a daily plan, a personalised data bank and business card holders.

It provides computer paper to fit a standard printer and which will fold into the planner.

It also has a support faculty and stock can be obtained throughout the year. A time management training video can be bought to complement the system.

Hare says the rapid growth of the Time/System arises from a realisation that proper planning prevents poor performance.

The decision to merge Time/System with Universitas, originally based on synergies arising from Time/System's database, has also been beneficial in terms of the rationalisation of the two companies.

The databases of the two companies will also enable the group to move into database marketing.
Major expansion is a top priority for Mast

MAST Holdings chairman Stephen Dallamore intends to double the size of the group soon. Mast, which is involved in training, education and knowledge businesses, will look to doing this through an acquisition fitting in with its product strategy, says Dallamore.

Mast, whose subsidiaries include training company MaST SA, Mast Video Training (MVT), technology-based training company Lexpress Data, magazine subscription company Univeritas and time planning division Time Systems, is not purely involved in education and training, but rather in the knowledge business. This broadens its range of interest to include books and magazines.

Mast has cash resources of over R5m, so it is well poised to make a large acquisition. Dallamore says it is a cash rich business, with no borrowings and no debt, so it is poised to make a major acquisition in the knowledge area.

Whatever it buys, Mast is well placed in the areas of training and knowledge.

Financial director Richard McBride says Mast is in the right business, as training is a huge growth area in SA.

“We can offer hi-tech business solutions to schools’ training level or from basic literacy to top management, or from training at one’s own pace to mass training,” he says.

In many training situations, MaST SA will give stand-up training, which will often be followed by video support systems – rented or bought – through MVT or Lexpress Data.

In the case of its Time Systems division, time management training on video can be combined with the group’s time management system.

Many companies have begun to use Mast as a training arm, as opposed to traditional in-house training divisions.

This helped Mast to establish long-term relationships with clients where a training strategy is implemented over a number of years.

Strategic

Apart from training, Mast’s strategic move into knowledge business provides synergies between the group’s data bases in Time Systems, Univeritas and MVT.

While an acquisition is a priority for the group, McBride says Mast has also identified opportunities in Africa, where MVT is already represented in certain areas.

Although Mast is poised for growth into Africa, he says the local market is still largely untapped. Organisations need to allocate more funds to training, even in tight times.

“We have spent a lot of time, effort and money branding the Mast name. “We wish to be seen as a powerhouse of knowledge with the best product and people to spearhead the upgrading of people and their businesses.”

Other options open to the group include internal opportunities and the development of local products.

MVT is in the process of negotiating a series of local training videos which will feature Pieter Dirk Uys.

The trend towards screen-based training and education, further influenced by the fact that the skills shortage in SA can not be solved by traditional methods, is important for MVT and Lexpress Data.

Mast would also like to become more involved in exports and overseas expansion.

An important opportunity is joint ventures which could involve the export of Mast’s know-how.

Dallamore says Mast intends to distance itself from its competitors through its strong product base, its innovative approach and attention to the requirements of the now SA.
Business Day

SURVEY

Mest Holdings, a group involved in training, education and business knowledge, is poised to make an acquisition in the knowledge area.

While acquisition is a priority, this cash-rich group has also identified significant growth opportunities in Africa. MARCIA KLEIN reports.
Over 2000 titles for corporate market

MAST Video Training (MVT) is an example of the group's successful move into product-based businesses.

Previously Gallo Vision, MVT represents the major national and international producers of screen based training and is South Africa's largest distributor of training, education and information videos, says MD Clifford Bird. About 80% of MVT's market is corporate bodies, while less than 20% is educational.

It has over 2,000 titles, covering hundreds of topics, including customer relations, salesmanship, motivation, communication and basic business and technical skills.

MVT has branches in Cape Town, Port Elizabeth and Durban, and is represented in Bloemfontein, Windhoek and Gaborone.

Bird says MVT has exclusive distributorship in SA of training videos from the BBC, Video Arts (which include the John Cleese training videos), the US's Video Publishing (Tom Peters), Longman Training and Melrose Films.

MVT has a collection of top training material worldwide — mainly from the UK and US — but has recently sourced a lot from local training material in response to customers' needs.

Through a company called Eduskills, MVT produces videos for artisan training.

These include basic skills in welding, electricity, automotive maintenance, driving, bookkeeping and health and hygiene.
IDT opts for aggressive investment

"They were chosen for their expertise in managing short-term fixed interest security portfolios. They were also chosen because of their size and their financial soundness as institutions," Kitsoff says.

Management of the IDT's funds was either by the bank or by a specialist portfolio management division of the money market division of the institution.

Although there was uncertainty over the duration of the trust, it was assumed for the purpose of calculation that its management that, in the absence of an addition of the initial funds, the assets of the trust would be exhausted in about three to four years. The liabilities were estimated to have a likely duration of two years. To limit the exposure of the fund to adverse interest rate movements, a maximum duration of three years was set.

In terms of the investment guidelines, not more than 25% of the total funds under administration may be borrowed. The maximum maturity of the instruments that comprised the fund could not exceed three years. Not more than 10% of the fund could be invested in the Bank Holding Corporation of SA (shareholders' funds in excess of R500m) or its subsidiaries, with the maximum maturity of investments being limited to two years.

For financial institutions with shareholders' funds in excess of R100m such as NBS Holdings and Rand Merchant Bank, a limit of 2.5% of the fund was laid down and the maximum maturity of investments was one year. No limits were placed on investments in unit trusts and securities issued or guaranteed by the government, the Post Office, or the Land Bank. A limit of 30% of the fund was placed on investments issued or guaranteed by Transnet and the Land Bank SA Housing Trust. Development Bank and Umgum Water Board instruments were limited to 10% of the fund.

Guidelines were also laid down on the use of options. Kitsoff says the IDT has been pleased with the performance so far.
CUSTOMER SERVICE

Pointing fingers

Customer service is terrible in SA, as every customer knows. Now an exhaustive study on customer service helps explain why.

In the study, conducted by Ryvona-based marketing consultants BMI-Insight, 83% of companies surveyed rated local customer service as terrible or poor. But 79% of companies rated themselves as the service leader in their industry. With most companies pointing fingers at everyone else, service remains shoddy.

But the study, which looked at more than 250 organisations in 17 industries, ranging from banking to manufacturing, did turn up some bright spots.

One is that business is becoming increasingly aware that service and not price is the dominant factor in business, that "exceptional service will command premium prices."

And the study shows that business is looking at improving service as a way to increase market share. It estimates that some R4.9bn is spent on upgrading service each year.

That said, the study states soberly that SA has a long way to go in implementing service-improvement strategies. For example,

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BERNIE FANAROFF

S.A. should be converting technology

The inherent flaws in S.A.'s economic and

A review of the national economic policy

Bernie Fanaroff

(192)

(09 392)
New transport academy will improve black management

A NEW transport academy aimed primarily at training blacks for management and entrepreneurial opportunities in transport has been established in Newtown, Johannesburg. The National African Federated Transport Academy (Nafta) opened its doors this month at the National African Federated Transport Organisation (Nafta) College in Newtown. The academy, which will be run on a non-profit basis, offers Nafta members and the community at large a variety of multi-modal transport training programmes, both full-time and part-time.

Permanent employees are catered for with after-hours classes and there are semi-correspondence courses for those requiring limited tuition.

Taped audio and audio-visual courses will be available for students with a low level of literacy. These will be in English initially, with other languages following.

The courses cover four main areas at varying entry levels of advancement:

- Fundamental business processes and tasks;
- Business skills;
- Management development; and
- Strategic management.

SKILLS (172)

The courses are designed effectively to counter the lack of formal education among adult employees, entrepreneurs and prospective entrepreneurs, and are geared to provide a high level of usable, transferable knowledge and skills in the short-term.

Among the specific courses offered are:

- Diploma in Road Transport Management — three one-year courses designed for effective road transport management;
- Owner-driver course — a self-paced course at four levels providing the necessary skills to start a business or improve skills of employees;
- Passenger transport management — a short correspondence course to equip businessmen with business skills to operate a small-scale passenger transport undertaking;

By MAX BRAUN

- Personal development course — a four-level course for personal development in management skills and behaviour; and
- Road transport technical management — a two-year course to provide for effective management of technical functions in transport.

Other programmes and courses deal with security management and basic economic principles.

Full details can be obtained from Nafta (011) 492.1304, or the Research Unit for Transport Economy at RAU (011) 482.1677.

Nafta's acting principal, Natise Matsho, gives an example: "Prospective entrepreneurs can be equipped with basic business processes and tasks (level one), and then be provided with business skills (level two) in order to start their businesses."

Professor Wynand Pretorius, of the Research Unit for Transport Economy and Physical Distribution at RAU, has been appointed project manager of the academy. He has been involved in developing and managing road transport management training for the past 12 years.

The establishment of Nafta is seen as an important step in providing facilities and effective training for Nafta members and anyone already employed in, or interested to start, a career or business in the transport industry.
SMALL businesses can produce the right product at the right time and work hard at marketing it — but many have failed because they lack the vital skill of managing a labour force or dealing with trade unions.

This has led the Small Business Development Corporation (SBDC) in the Western Cape to present an in-depth course on "Labour relations for the small business" for entrepreneurs in need of basic labour relations training.

It will be held in the SBDC Small Business Centre at 60 Sir Lowry Road in Cape Town, every Tuesday and Thursday evening for five weeks, starting on March 17.

"A tremendous need for training in labour relations among small businesses has prompted us to present this course," said Adv Johan Naudé, senior manager at SBDC Western Cape.

The successful running of a business and the ability to manage a work force are closely related to knowledge and skills in dealing with aspects such as grievances, dismissals and trade union negotiations.

"The course is suitable for smaller businesses employing five persons, or medium-sized enterprises employing up to 100." He warned that the SBDC had encountered many examples of small businesses that had failed to make the grade merely because they had neglected to give sufficient attention to accepted labour practice, or the legal framework within which they had to operate as employers.

SBDC case studies indicate that the ability to manage a labour force effectively is a pre-requisite for a successful business. The studies show:

- A dismissal done incorrectly can paralyse a business when trade union action follows.
- A businessman insufficiently acquainted with the requirements of an Industrial Council agreement can find himself at the wrong end of a claim for wages and contributions due.
- A clear contract of employment may in many instances prevent misunderstandings between employer and employee.
- Cultivating a constructive relationship with employees and ensuring open channels of communication can only benefit a business.

The SBDC course will be conducted by experienced, professional teachers working in the field of small business development.

It aims to give delegates knowledge, skills and guidelines in discipline, dismissal and termination procedures, addressing employee problems, what to do and what not to do in strike situations, and preparing confidently for industrial relations negotiations.

The course is also designed to give an understanding of the concepts of fairness and relationship building, the inherent nature of conflict, why employees join trade unions, what role trade unions play, and the benefits of constructive agreement and collective bargaining.

It will include group discussions, case studies, role playing and video material based on actual incidents to supplement the course content.

Delegates who pass the examination at the end of the 10-session course get a certificate. The course fee of R600 includes a full training manual with notes. Payment terms are available.

Further details are available on (021) 462 1610.
Big business appeals to workers to vote Yes

BIG companies have dropped the tradition of keeping out of politics by appealing directly to their employees to vote Yes in the referendum.

This action is over and above the financial contributions many have made to the Private Sector Referendum Fund and the campaigns conducted by the National and Democratic parties.

Their reasons are summed up by an executive chairman who says: "Never before in our 100 years of existence have we been involved in party politics. But this referendum is a watershed. It is a crucial question at a crucial time."

First National Bank is asking employees to vote Yes. Toyota managing director Bert Westraiz says: "We have been told some uncertain terms by Japan that a No vote and a reversal to the past will lead to reimposition of trade restrictions in spite of our good relations with Toyota Japan. The restrictions would be more stringent than they were."

We are telling this to our staff by way of informal and group communications. At a meeting with our dealers we left them under no illusions about what the situation would be."

BMW says its staff will be told of the implications of a Yes and No vote.

A spokesman says, "Having just returned from Europe, I am in no doubt that even if the Right wing gave cast-iron assurances that apartheid would not be reintroduced, the perception abroad is that a No vote would lead to economic ruin for SA."

Critical

Southern Life says many business leaders believe the importance of every Yes vote should be made known to employees.

BP is spelling out the implications of a Yes and No vote to staff. It is explaining its support for the Yes vote, which is "critical to the future of the country."

BP will also ensure that employees are able to vote.

Several companies while apparently hoping for a Yes victory are more circumspect in their approach to staff.

Sasol's attitude is typical of such companies. It says: "We believe it our duty to our employees to give them an objective view of the possible economic implications of the return of sanctions."

"We will convey the opinions of an outside consultant through our internal video newsletter on the possible effects on the SA economy and on Sasol in particular."

Executives at Premier Group have been briefed to visit the group's 500 branches to discuss the matter and to explain what can happen if the reform process continues and what can be expected in the unlikely event of a No vote.

Barlow Rand chairman and the chairman of the group's main divisions have written to senior managers summarising the likely economic implications of the referendum result. Its managers have been asked to "do everything possible to encourage employees to vote, irrespective of their persuasion."

Murray & Roberts top management has addressed 500 managers.

Other companies approached by Business Times which support the Yes vote in varying degrees are Anglo American, Standard Bank, Caltex and Shell.

Gencor says it leaves decisions on political issues to its employees.

Wife

Several companies say they find questions about political matters embarrassing. One admits to contributing to the Private Sector Referendum Fund, but asks that this not be made public.

Another says it cannot afford to be seen to be supporting either side because its employees and customers "cover the entire political spectrum."

"It's like being asked if you have stopped beating your wife," says one managing director. "Whatever answer you give you are damned."

By CURT VON KEYSERLINGK

SUNDAY TIMES, Business Times
FROM time to time, John Ainley would turn and gaze out of his office window when listening to a colleague who had called in for a talk. He had no idea why he did it. Similarly, he had no idea of the adverse impact his window gazing was having. Until, that is, one of his colleagues told him.

The opportunity to make the small, but by no means insignificant, point arose as part of a radical scheme of upward appraisal— in which staff assess their managers—launched by WH Smith, the retailer, in late 1990.

It was, in fact, Ainley who was responsible as the company’s personnel manager for suggesting and implementing the programme. It now seems blindingly obvious to Ainley that this is an untapped source of information who knows the quality of a manager better than those who are managed.

WH Smith and BP Exploration have so far taken the plunge and several blue chip companies are actively considering similar schemes.

The prevailing attitude in many hierarchical companies is that only bosses are entitled to assess the performance of staff. That the staff should also have informed opinions about managers seems daring. That they should be asked to make formal assessments of their bosses might appear revolutionary.

Ainley has been approached by 500 companies about upward appraisal. “They share the fear that we had if you’re asking the staff what they think of your managers, you’re asking them what they think of your company. And I think you need to be a brave company to take that decision,” he said.

For Ainley, the assessments presented an obvious solution to a problem. In the light of demographic change and the need to retain experienced employees, the company wanted to reduce staff turnover. It also wanted to attract new people.

A survey of employees established that the attitude of individual managers was the most important factor determining whether staff left. WH Smith was a good place to work. Upward assessment was initially introduced on a voluntary basis but it was soon extended to a full survey of all 400 senior managers.

From the outset, managers were keenly aware that their jobs involved making tough decisions—not calculated to make them popular. And yet they were being judged by those who felt the effects of the decisions. What is more, coming under scrutiny in a survey which was conducted anonymously presented a golden opportunity to disaffected staff to air their grievances.

WH Smith devised its own survey, internally. It asked members of staff to rate 32 characteristics of their boss on the attributes of a good manager. They were also invited to place in order their choice of the top six qualities of a good manager.

“We found that the staff were very understanding of the fact that a manager’s job is not just to be a nice guy all the time,” says Ainley. The survey revealed positive messages about the managers’ skills in decision-making and running an efficient shop.

More question marks were raised over their abilities to deal with personal relations and to motivate individuals. “It certainly has made managers consider very carefully the way in which they relate to their staff.”

The company, in turn, has identified a basic need for what Ainley defines as interpersonal skills training: the ability to discuss personal difficulties, to talk openly and honestly at an early stage when problems arise, to make the most of individuals who might otherwise be written off—but who might instead be “turned around.”

The findings of the survey were relayed to the managers themselves, to their immediate bosses and to the MD—but not automatically to the staff who had taken part. It was left up to each manager to decide whether to follow through the survey with his or her own team, between 40% and 60% opting to do so.

Ainley reckons many more will do so when the next survey is carried out. Many of those who chose to discuss the findings apparently found it a valuable, barrier-breaking exercise. How else do you thrash out questions like the tricky business of window-gazing?

“IT can be a cleansing experience,” says Joyce Willard, senior consultant at Forum Europe, which advises companies examining upward appraisal schemes. Further, it could also be a hurtful one, unless well handled.

The type of exercise conducted at BP Exploration, advised by Forum, is devised to overcome that risk with a neutral facilitator. “It’s quite an early stage when performance problems arise, to make the most of individuals who might otherwise be written off—but who might instead be turned around.”

“Follow-up team meetings can become quite personal,” says Willard.

“Examples will get closer and closer to reality. But that’s the interesting thing. When a manager begins to hear those examples, usually they don’t cope personally. Rather it’s Oh, that I understand those? I wonder...”

Willard maintains that upward assessment providing this sort of feedback brings proven benefits to companies undertaking such exercises. And to the individual manager, being assessed?

“Overwhelmingly,” she says—Financial Times
More black graduates are moving into better paid jobs

By Derek Tomney

The median age of government employees (Gov) was 39. It was 33 for private-sector employees (Pvt) and 41 for the self-employed (SE).

This would seem to reflect that the public and private sectors only recently opened their doors to blacks and others.

But it holds the promise that median salaries for non-whites in the various occupations could appreciate considerably in real terms as they advance up the career ladder.

The incomes of non-white graduates run reasonably parallel with those of white graduates.

The biggest earners were the 49 medical specialists, with a median income of R140 000 and 25 percent earning above R177 600.

Then came chartered accountants, with an income of R100 000 and 25 percent earning more than R150 000.

Company directors were next, with a median income of R114 000 and 25 percent earning more than R140 000.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>No.</th>
<th>Employer</th>
<th>Median income</th>
<th>25 percent earn more than</th>
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<tbody>
<tr>
<td>Engineer, technician, architect, etc.</td>
<td>25</td>
<td>Gov</td>
<td>48 000</td>
<td>57 800</td>
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<td></td>
<td>79</td>
<td>Pvt</td>
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<td>15</td>
<td>SE</td>
<td>76 000</td>
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<tr>
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<td>20</td>
<td>Gov</td>
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<td>Pvt</td>
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<td>62 000</td>
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<td>Electronic engineer</td>
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<td>Gov</td>
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<td>Gov</td>
<td>86 400</td>
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<td>SE</td>
<td>140 000</td>
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<td>Dentist</td>
<td>10</td>
<td>Gov</td>
<td>69 000</td>
<td>78 100</td>
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</table>

The survey (see table) gives the median income of the various types of employment, which indicates that half those surveyed earn less than this figure and half earn more.
Blurring the line between home and office

MANAGERS who want to get the most out of their white-collar workforce will be as interested as they are when they see the latest from Frank Becker, a professor at Cornell University who studies the patterns of office work. The ability of companies to create new office space to create places like well-tended lounges, where employees can sit and work, is a good example.

Mr. Becker is one of a group of academics and consultants trying to make companies more productive by taking new office technology to a better understanding of how employees work. The forecasts of a decade ago — that computers would increase office productivity, reduce white-collar payrolls and help the remaining staff to work better — have proved too optimistic.

Mr. Becker, who unfortunately calls himself an "organizational ecologist," is trying to find out in a two-year study why the large sums of money spent on office automation have produced such disappointing results.

Even before completing the study, Mr. Becker has formed ideas about how the office of the future should look. Technology, he predicts, will prompt more workers to split their time between a central office, a computer-equipped home office and perhaps a satellite office in a suburban business park.

The few workers based at the central office will be more mobile, moving between different work stations as their tasks change, taking their mobile telephones with them. This will cut the amount of wasted office space, says Mr. Becker. It will also improve communications among employees by pushing them out of the tight and unchanging circle of people who sit nearby.

Mr. Becker predicts that the central office will become a place where workers from satellite and home-based offices meet to discuss ideas and to reaffirm their loyalty to fellow employees and to the company. This will require new thoughts about the layout of office buildings. Now, spaces for copying machines, coffee rooms, meetings and reception areas usually come second to the offices in which people spend most of the day working. Mr. Becker sees these common areas gradually becoming the heart of an office.

He even believes that many central offices will come to resemble a hotel lobby or somebody's home — a disturbing thought that, for people who work in the center of the office a range of the rigours of daily life.

Managers, says Mr. Becker, will also have to abandon their long-cherished notion that a productive employee is an employee that can be seen. Appearing on time and looking busy will soon become irrelevant. Technology and new patterns of office use will make it possible for managers to judge employees by what they do, not by how they spend their time.

This does not mean the end of the office, just its transformation into a central core.

Thomas Allen, a professor of management at the Massachusetts Institute of Technology, has studied communication patterns between people in the admittedly artificial environment of research laboratories. He sees long-distance conversations as necessary to informal communication and idea swapping.

THE ECONOMIST
Training and motivation are the keys to success

Keiser and Gandy sales and human resources director Debra Anne Myburgh says the training and motivation of staff are the most important factors in the company.

Attention to training finds its source in Keiser MD George Keiser, who comes from one of the world's top tourist destinations - Lucerne - in a country famous for its efficiency and standards of service.

Keiser seeks to apply Keiser's standards to all staff.

"Our staff is our company, as the travel industry is a service one, a people industry," says Myburgh.

"The quality and professionalism of our staff affect the service we provide.

Keiser's philosophy involves sending staff to courses to update them on local and international products, fares, routings and motivation.

One of Keiser's specialties is arranging tours.

The company has staff who speak up in various languages and are trained on the requirements for monitoring, organizing, negotiating and leading specialist corporate groups into and out of SA.

The staff, says Myburgh, are trained to offer expertise from the initial inquiry to the presentation, launch, ongoing management, departure and the tour through to the return, offering assistance with Keisers and promotional items.
Taking on business world

ABOUT 12 graduate students, armed with a unique MBA from the Information Business Training Trust (IBTT) will go about making their mark in the business world this week.

The qualification has become known as “the township MBA” as it meets the needs of informal sector entrepreneurs

The programme’s official name is One-Up Business Training. It is essentially user-friendly, bearing in mind that most trainees come from a severely disadvantaged background. Based on simple workbooks, it consists of eight modules covering the main aspects of informal sector business management.

This momentous day for the graduates has been facilitated by the Nedcor chairman’s fund, whose sponsorship of R20 000 has paid for the costs of their tuition.

Nedcor’s public affairs manager Mr Theo Coggin was on hand to present the cheque to Mr Tony Davenport, the IBTT executive trustee. "Perm, a division of Nedcor, will become involved on the fund’s behalf. With almost six million people unemployed, we need to make a concerted effort to educate the informal sector businessmen with basic skills.

The SBDC estimates that this sector accounts for 30 percent of South Africa’s gross national product (GNP)." Coggin said at the graduation ceremony.

He said, "The One-Up Business Training is not just a course. It covers the basic skills needed for basic numeracy and literacy in the South African context. "Calculator skills, costing, merchandising, managing cash flow, forms part of this month-long course — skills that are sadly lacking in areas like the spaza shops."

The course costs R300 for each student. The student’s fees are covered by sponsorship like that of Nedcor."
A package of skills to increase controls

In the present context, it seems more important than ever to have specialists in management, skills to manage and improve the company's financial structure. This was one of the factors which led to the creation of CIAL, a company recently formed to provide a comprehensive range of management services and financial support solutions.

CIAL Management Services Inc. offers a range of services which include comprehensive financial planning, management accounts, and financial restructuring. These services are designed to help companies manage their finances more effectively and efficiently.

The services offered by CIAL are aimed at providing a comprehensive range of solutions to meet the needs of different types of businesses. Whether it is a small family-owned business or a large multinational corporation, CIAL can provide the right solution to meet the specific needs of each business.

CIAL Management Services Inc. is committed to providing the highest level of service and support to its clients. We understand that every business is unique, and we strive to provide solutions that are tailored to meet the specific needs of each client.

CIAL Management Services Inc. is proud to offer a range of services designed to meet the needs of businesses of all sizes. Our team is dedicated to helping businesses succeed, and we look forward to serving you.

CIAL Management Services Inc.

Specialised in financial management solutions

For more information, please visit our website or contact us directly.
Experts to speak at conference

TOP speakers will address delegates at a conference on "Opportunities and responsibilities of South African business" to be held at the University of Cape Town from April 13 to 15 by AIE-SEC - the French anagram for the international association of students interested in economics and management.

The association has a membership of more than 70,000 in over 70 countries and helps students acquire skills and knowledge through management education and practical experience.

Subjects to be covered at the Cape Town conference include: South African business in the new political arena by Max Siuula of the ANC, The labour/capital trade off by Prof. Lombard of the Development Bank, AIDS and the economic implications by Dr. Malcolm Steinberg; Opportunities in the informal sector by Dr. Morley-Nkosi of Nafcoc, Market expansion into Africa by George Tickle of GTC Exports and Francine Bautzke of Safa, and a Western Cape case study by David Bridgman of Wesgro.

The topic "Why should business care about the environment?" will be discussed by Martin Rosen of Pick 'n Pay, Dr. John Ramondo of the University of Cape Town, Dr. Kelvin Komm, editor of Green and Gold, and others.

There will also be a debate on "The international business ethic - is it too late to catch up?"

Guest speaker at the formal dinner will be Raymond Ackerman, chairman of Pick 'n Pay.

Further details available on (021) 650 3519
I'll pat your back, you pat mine

It's not what you know, it's who you know - an old cliche that's stood many men in good stead for most of their working lives. Now women have climbed onto the networking bandwagon. LINDA SHAW discovers just what it means to wear an old school tie.

Another function, "We need to cultivate mentorships. Unfortunately there still exists among women what I call the Queen Bee syndrome. The queen sets up her hive, after many years of struggle, whereas anyone coming near her gets stung to death. We'd like women to understand the mutual value of helping each other out."

"When I started out, for instance, I tried to be a pseudo man, dressing in pin-striped suits, cutting my hair and making bad jokes. Now when I see younger women doing that, I point out that it's not necessary. I've been there myself, so I think I can offer real help."

An international businesswoman, South African Cyndi Kaplan - now resident in Australia - has written a book for aspirant female entrepreneurs. In 'There's a Lapstuck in My Briefcase, it's suggested that men are happy to help each other out and do mutual favours on a long-term payback basis. But women, says Cyndi, "are afraid to ask each other unless they can return the favour immediately. This is a very short-sighted view."

However, as Cyndi points out, women's networks operate very efficiently within the domestic arena. Lift clubs, book clubs and baby-sitting afternoons allow mothers rotated free time. "So it's not as though women don't know how to make use of each other in a win-win situation. They just need to apply the same principles to their business lives."

Setting up female networks is only part of the solution. The next step is to become accepted in the male arena.

Wendy Vorster says she was recently invited to join the Institute of Directors on the basis they claimed they 'needed more women to balance the numbers'.

"Here's where I have to rely on my own attitude, and retain my sense of humour I could reject the organisation on the basis that they're employing tokenism. Or I can look at what the club can do for me and how much I have to offer them."

CYNDI KAPLAN agrees: "Many women offer men mixed messages and become outraged at the outcome. Women wanting to make it to the top must be very clear about how they see themselves and how they want to be."

Since women are generally not offered the option of joining the guys on the golf course or meeting them in the pub, Cyndi suggests they find meeting avenues they're more comfortable with.

"Charities are wonderful places to meet top people. Nearly every captain of industry is involved in at least one organisation or meets someone in the pub. The other is the networking opportunities business seminars or occasions not related to either sex, but very specifically related to levels of interest."

Not all women agree. COM-
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<thead>
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<th>11.97</th>
<th>6.17</th>
<th>7.61</th>
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**Student numbers rise at new R40m campus**

CAPE TOWN — The new 40m Breakwater campus, which was opened yesterday by UCT chancellor Sir Harry Oppenheimer, has been hailed as an important step in the development of the School of Business and Economics. The campus was opened on the site of the old Breakwater building, which was razed last year to make way for the new structure. The campus was designed by South African architect Sir Hugh Casson, and was built by a local company, the Bell Group. The campus will accommodate about 1,200 students and is expected to increase the school's capacity to 4,000 students in the next five years.

Sir Harry Oppenheimer, who is also the chairman of the university's council, said the new campus is a symbol of the university's commitment to providing world-class education. He said the university was determined to attract the best students from across the country and the region.

The opening of the new campus comes at a time when the country is facing a significant challenge in terms of providing quality education to all South Africans. The government has announced a significant increase in funding for education, but many schools are still struggling to provide basic services to their students.

Sir Harry Oppenheimer said the university was committed to ensuring that all students, regardless of their background, had access to quality education. He said the university was also committed to providing scholarships to students from disadvantaged backgrounds.

The new campus is located on a site that was once a waterfront. The campus was designed to be environmentally friendly, with solar panels and rainwater harvesting systems.

The campus was opened with a ceremony attended by dignitaries from the government and the business community. The ceremony was followed by a tour of the new facilities.

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Starting a business: now the head-hunting
Harry O backs new business programme

(Cape Argus) 12/4/92

THE Associate in Management (AIM) programme launched by the University of Cape Town Graduate School of Business (GSB) deserved the support of the private business sector as it helped business people disadvantaged by apartheid.

This was said by Mr. Harry Oppenheimer, chancellor of UCT and former chairman of Anglo American Corporation, when he formally opened the new GSB Breakwater Campus on the Waterfront this week.

"The programme aims at rather younger members than does the Master of Business Administration (MBA) course, and takes into special account the needs and problems of those who have been disadvantaged by the restrictive apartheid-oriented policies of the past," he said.

"This is just the sort of initiative that is urgently needed to develop entrepreneurship in a broader way and to help the economy grow.

"It will contribute in an important and practical way to the gradual elimination of inequalities and injustices in our economy."
The down side of downsizing

Downsizing became a management buzzword in the 80s, when it was on everyone’s lips. Every firm hoping to present a cuddler image of the harsh business of cost-cutting by sacking people.

As companies have struggled to contain their labour costs in the face of recession, downsizing has come to be a catch-all term for plant closures, eliminating whole layers of management and even subcontracting large amounts of a firm’s operations.

Take General Motors. It is doing all of those things after losing $8.7 billion ($253.2 billion) in North America last year. That will mean closing 21 plants and cutting 74,000 jobs, nearly a fifth of GM’s American workforce.

A new survey by Right Associates raises doubts that all the cutting and slashing have achieved much. Of the 1,204 American companies it polled, three-quarters said they had downsized at some point during the past five years.

Of those, close to a third had handed out pink slips telling workers that they have been sacked to more than 500 employees. But three-quarters of the firms that had downsized said their financial performance had not improved.

Only 18 percent of the firms surveyed bothered to explain to workers how the cuts fitted into the firm’s future plans. Around 75 percent of those employees who survived the “sacks felt insecure. Raising productivity while morale slumps is not easy.”

The biggest snag with downsizing, however, may be that most companies have little idea why they are doing it. Fewer than half of Right’s sample saw their cuts as part of a more wide-ranging overhaul.

The Economist
Involvement at all levels is crucial

As international doors open for SA, management in this country will have to brace itself to play in a viciously competitive global market.

Quality, for many years a buzzword, has not received proper attention, says Synergy Consulting MD Roy Marcus.

"Over the past 40 years, one of the reasons for US manufacturing businesses losing their competitive edge has been the inability to focus management attention on the quality issue.

"Top management's failure to take charge of quality has been identified as one of the single most serious problems facing the US in recent years.

"Now US management is starting to take a much closer look at the quality revolution. They have realised, perhaps too late, that one of the reasons the Japanese have taken large chunks of the US's traditional markets has been because of the Japanese obsession with quality." He says one cannot pay lip service to quality. It is a core philosophy which moves from the highest echelons of management down to the lowest levels in an organisation.

"But the concept of negotiating with low levels within an organisation is foreign to many SA managers. Too many organisations are still obsessed with autocratic management styles. The companies we will recognise as part of the new SA in terms of improving bottom-line profits in spite of deteriorating economic conditions, are the ones which have realised the secret of success today, is the implementation of management processes which allow negotiations across all levels within organisations.

"The problem is not unique to SA, and while the US is starting to take note of the concept of worker empowerment, their European counterparts still have a long way to go. In many cases Europe lags a decade behind the US, and for the Europeans to become competitive, a similar move is needed.

"Looking at worker empowerment, Marcus says getting employees to support a quality programme can be hard at first.

"Managers who have been involved in autocratic management processes find it more difficult than the employees.

Commitment

"A common language must emanate from the CE downwards.

"The common thread is commitment to output which is easily measured, easily understood and which provides employees with an opportunity of being monitored against agreed performance criteria. Implicit in the process is the need to provide an adequate reward system.

"This ensures the person, on attaining his objectives, can recognise the benefits of working smarter, commitment to team spirit and being able to have his say in the management process."

Marcus says fundamental to successful implementation of a quality programme is the need for the quality revolution to start at the top. The process starts with the CE involving himself in negotiations with his senior executives.

"The negotiations centre around identifying the key outputs which make the business successful.

"In a recent survey on managing for quality, Business Week concluded that in most companies "there are quality efforts, but something is missing." Pronouncements from Executive Suite fall flat.

Sceptical workers pay little heed. Management resists and get caught up in deadlines and turf battles. Or a programme does catch on — then dies in a few years.’

"Managing for quality is not easy. It requires active, unswerving leadership from the CE, organisational change of the largest order — and time."
Firms in the black sector have to go an extra mile

By JOSHUA RABOROKO

Black managers are excluded and have never wielded power in the boardrooms of big businesses because of apartheid, the managing director of Asure Insurance Brokers, Mr Kehla Mthembu, said yesterday.

Addressing a conference of the Institute of Marketing Management on the theme "How to succeed in the black insurance market", Mthembu said apartheid had over the years dictated to the corporate world how to practice principles of equal opportunity.

He said there was a "glaring absence" of blacks in management structures and obvious exclusion from the boardrooms of most companies.

While big business pleased "the apartheid masters" by implementing vexatious laws, it also had a fair share in the economic exploitation of the black majority.

"This state of affairs has seriously disadvantaged a number of blacks in terms of acquiring skills and resources in order to get into business, especially the insurance market," he said.

An extra mile

He added that any company that would like to get into this market must of necessity accept that it was a development process. It must appreciate that running an extra mile was prescribed more than being voluntary.

"It's like going to Heaven. We all want to get there, but we do not want to die. So there is a price you have to pay," he added.

He urged companies to develop infrastructures that involved all sectors of the community. By so doing, he added, they might be ready to tackle the developing markets.

"Gone are the days of companies having a black marketing department manager, a white man, by virtue of him being able to speak Zulu becoming the black market guru.

"Let marketing be the cornerstone of the culture of the business, then that concern will reap good fruits," he said. "I need to stress that black people must be in all sections of the company, not just marketing."

Insurance companies operated in a hostile environment in the developing markets. This market, had over the years developed certain institutions which made it to survive apartheid.
Awards for Doing the Right Thing
Technology provides powerful new platform, says strategist

In the process, it had revolutionized the way vendors build their products and the way people think about them. The impact of this new platform can be seen in the way companies are now marketing their products. Where once a company might rely on traditional advertising, today they are using social media, blogs, and other online tools to reach their audience. This shift has led to a new era of marketing, where content is king and the web is the core of the strategy.

Tony Manning, "Revolutionized," Media & Marketing, April 25, 1992

New platform, says strategist

Consumers flex muscle
Black Management Forum announces new award plan

THE Western Cape branch of the Black Management Forum (BMF) has announced a corporate award scheme for companies "doing the right things for the right reasons."

It will be a pilot scheme for BMF branches countrywide, and companies will be assessed on a wide variety of factors conducive to black advancement including:

- The existence of an affirmative action programme
- Training and development programmes for blacks
- The scope for black promotion within the company
- Sensitivity to cultural norms and values which may not be similar to Western culture
- The existence of black directors with executive powers on the company's board, and the number of non-executive directors

Outside the workplace, the company will be assessed on the extent to which it adds its voice to broader issues, such as the recent referendum, and the degree to which it employs sub-contracting in recognition of black-managed enterprises.

"It will no longer be acceptable for companies to carry on business as though they are in London, Amsterdam or Hong Kong. They will have to be much more African related," said the chairman of the BMF Western Cape, Mr Humphrey Khorn.

"However, we are not so naive as to think that the lack of black advancement at corporate level can be readdressed immediately."
Pioneer ready to manage challenge

By Charmeela Bhagwat 28/4/92

Zulu Wells Ntuli (46), recently appointed first black president of the influential South African Institute of Management (SAIM), cannot wait to "tackle the challenges ahead".

A man with many achievements to his credit, he seems well equipped to lead South African management in these demanding times.

The first black to qualify from Unisa with a degree in business ad-

Zulu Wells Ntuli... has worked his way up the corporate ladder. ministration, Mr Ntuli has steadily worked himself up the corporate ladder.

In 1975 he received the Outstanding Young South African Award from Jaycees Durban and the USA Exchange Award from the US Information Service.

In 1981 Anglo Vaal sent him to do a Programme for Management Development Certificate at the US Harvard Business School. In 1987 he received the Presidential Award from the Institute of Personnel Management.

One of Mr Ntuli's objectives at the SAIM is to campaign for the creation of community colleges.

He is a director of Katlehong Industrial Properties and Jansen Pharmaceuticals and sits on a number of management boards. Mr Ntuli also sits on the US-SA Leadership Programme's regional council.
Human resource development has tended to focus on the tasks people perform too narrowly in the past, Ian Bellis, an expert in the field told the Sunday Star/Ernst and Young Business Personality of the Week banquet in Johannesburg last night.

He said "The effectiveness — therefore the range of skills in which anyone needs to be competent — is not just the technical performance of the task."

"It also lies in the skills to think about the job, the skills to interact with other people and their ability to be growing in relation to the entire context of the job."

This implied for many training departments a major rethink of how they defined what had to be learned and what needed to be trained.

"Many of the measuring instruments that were used in human resource development focussed too strongly on identifying weaknesses rather than the strengths that might enable an individual to make a unique contribution."

"The enormous diversity of South African people meant business would have to look hard at current practices to ensure that neither "measurement" of people nor the "remedies" offered them were so culturally biased that they produced nothing of consequence."

"The way we handle affirmative action will be a major issue in this regard."

He challenged executives to reflect deeply over what they were doing and why they were doing it, to give focus, drive, passion and innovation to human resource development and to give commitment to function strategically as well as at all service and operational levels."
WELLS NTULI

Never look back

In his dual position as director of Anglovaal’s community and industrial relations, Wells Ntuli has seen his job become more demanding on both fronts. “Industrial relations has become increasingly difficult because of the state of the economy,” he says, pointing out that at least one union is asking for 20% across-the-board pay rises “It’s not making life any easier.”

And, from the community, “we’re seeing an upswing in people wanting help. Three years ago, it was a nice thing to do. Now it’s an imperative.” The needs for housing, education and health care are critical. “We’re looking at the essentials.”

As the recently elected first black president of the corporate-financed Institute of Management, he is also an advocate for increased technical education and the upgrading of managers. “We need a lot more managers and they are not being developed fast enough. It’s a question of the education system and the fact that management training needs a lot of attention.”

Ntuli (46) has a calm, intense manner that would have served him well as an attorney — which is what his father, who retired as senior judicial officer in Transkei, had in mind for each of his five sons. His mother retired as head of nursing services in Transkei. His wife, Sheila, is also a nursing sister.

But, he says, his laid-back facade sometimes cracks. “These walls have heard some strange words from me.” he offers with a laugh, gesturing at the rather barren walls of his office in Anglovaal’s Johannesburg headquarters.

People presume that his job of locking horns with trade union bosses is exciting, but he says it is not that interesting. “It’s just hard work. There is no glamour and it can be stressful. There is a lot of homework to do.”

Zulu — as he is known at home — grew up in Maritzburg and attained a Unisa degree through Fort Hare. Though he has been fortunate in his career, it was not easy to get started.

“The way was not always clear and people tried to upset me. I never thought I would be in this position or even dreamed of reaching it.”

His first job was with the Xhosa Development Corp in Umtata. Then he worked in personnel for Alcar Aluminium in Maritzburg and Associated African Personnel Consultants in Durban before joining Anglovaal in 1978.

He can still hardly believe that the company sent him to Harvard 10 years ago to do the executive development programme. “They said ‘We’re going to pay for it and you’re going to make it.”

A father of three teenagers, Ntuli also feels the burden of being a role model to the young black people he talks to as part of his job.

His advice is that they should “recognize that they must be analytical about themselves and where they really fit in. And then they must never look back.”
The latest controversy was sparked by the decision to retrench eight senior managers, including five whites. A letter, demanding resignation, was not received by the company. It alleges:
- Mohanye is dictatorial;
- The victimization of employees is widespread;
- A witch-hunt of old employees has taken place;
- "The knowledge and ability within the company are cast aside in favour of Mohanye's family and friends;"
- Unfair labour practices exist; and
- The board of directors is misled.

Responding to the allegations, company spokesman Simon Mahlangu says the letter probably reflects the views of some executives affected by the restructuring, which, he asserts, is not geared to get rid of white management. Mahlangu says restructuring has been aimed solely at cutting costs and improving efficiency. "In the process, jobs have been eliminated."

He says the company's department of human resources, previously run by three executives - one controlling industrial relations, one personnel and another training - is now run by only one executive. But Mahlangu says other jobs were offered to the affected executives.

He stresses that black management also has come under the chopping axe. "In Pieterburg, two black middle-management positions were made redundant along with two white positions."

He says many of those who opted for severance packages were long-time employees who had trouble adapting from the old government bureaucracy to the new business culture.

Privatisation consultant Eugene van Rensburg, who is one of three white directors on the 11-member board, says it is inevitable that more whites than blacks would be affected by the changes. "NSB management was originally all white."

He says the restructuring was necessary. "The operation has been well managed through a difficult transition as well as an adverse market and economic climate."

Certainly the company's tight-fisted management appears to have paid off. NSB has performed well. It was privatised last July and in the next six months to December, turnover rose 24%, operating income 19% and earnings 23%.

The controversial letter claims the present success of the company is due to the work of the previous management, but Van Rensburg and others give Mohanye much of the credit. Mohanye, a board member of Philips, Yokor and Telkom and a member of the State President's Economic Advisory Committee, has just been honoured by the UK-based International Management Centres, a postgraduate business school.

One company director, Moss Leoka, says the allegations are an attempt to discredit NSB's management and must be ignored.
Negotiate terms of your lease with care

BEFORE you sign a lease, read it very carefully and consult your professional adviser. All terms are negotiable.

To a large extent, the lease you obtain will depend on the state of the property market at the time and on the negotiating strength of the parties involved.

In particular, can you negotiate:
- A lower initial rental?
- Reduced annual escalations?
- A rent-free period?
- Payment by the landlord for improvement or refurbishment?
- Payments by the landlord of any of the outgoings (for example, rates and taxes) associated with the property?

Weighing up conditions

Ensure that the lease clearly defines the extent of the premises being let.

The term of the lease is important. A long lease may reduce flexibility. A shorter lease with an option to renew might be preferable, although this depends on current economic conditions.

Find out who is responsible for insurance, property taxes and maintenance.

How do rent, rates and service charges (on a rand/sq m basis) and annual escalations and rent-review clauses compare with other premises?

You must expect to pay a deposit (normally, one month's rental) and you may be required to sign a personal guarantee (avoid this if possible).

Remember that a verbal lease, binding on both parties, is recognised in law. These should be avoided and all agreements should be in writing.

Does the lease permit an assignment or the sub-letting of premises? Many do not.

Remember, if the premises include living accommodation the tenants would normally be very difficult to remove.

You need to consider the tax implications of your choice of premises. Lease payments are normally fully deductible for tax purposes.

There is an annual allowance of 5 percent on the cost and improvements commenced on, or after, January 1, 1962.

Allowances only apply to buildings used in the process of manufacture but where the "non-manufacturing" content of the building is less than 10 percent measured by floor area, then allowances are given for the whole building. You need to be careful, therefore, about the allocation of space on your premises.

Next week: Buying an existing business
CONTINUING bitterness in the new South Africa could kill all incentive to work, says Japanese embassy official Mr Yasushi Naito.

Tokyo's political affairs officer in South Africa was speaking at the Black Management Forum (BMF) in Cape Town last week.

After World War II, Japan had managed to overcome bitterness and learn from its former enemy, the United States, he said.

Naito warned against a mentality that blamed all problems on the old "white apartheid regime". This would inhibit the absorption of knowledge and skills from those who had them.

A new South Africa would have to address the redistribution of opportunities, but there was a danger of bitterness dominating this.

"The expectation of the masses for instant redistribution of wealth kills not only productivity of the industries, but also the incentive of the labour force to become productive," he said.

Explaining his country's reconstruction from "a heap of rubble to forests of skyscrapers", Naito highlighted its strong educational base.

By the time the Meiji modernisation began in 1867, literacy in Japan was between 60 and 70 percent — higher than in South Africa now.

He described the prevalence of academic competitiveness in Japan, while also noting its negative features such as pressure on children.

This culture was linked to Confucianism which preached diligence and respect for authority.

Japanese management used these morals for its formula of lifetime employment in a single firm, seniority based on wages, community consciousness in the company, and decision-making by consensus.

"Employers and employees, managers and workers, co-operate in a system which emphasizes human relations and minimises conflict."

A joint consultation system had become a central labour-management practice in Japan, said Naito.
Market battles will rage in the new SA

Successful companies in a democratic South Africa will be those who are rooted in the fabric of the wider community, said Black Management Forum (BMF) chairperson Mr Humphrey Khoza last week.

Companies could find themselves in a raging battle to re-establish their market shares in a post-apartheid South Africa”, he told a BMF meeting in Cape Town.

“In the battle to regain competitiveness, businesses will have to look far beyond the need to manage financial assets wisely, but will have to recognise that competitiveness is inevitably linked to the ability and effectiveness of their black staff,” he said.

“Some business people seem to think that it is going to be business as usual. No ways — that is self-deceit.”

Khoza argued that companies wishing to prosper in a future South Africa would need to enhance the abilities and the contribution of their managers and workers to cope with the increasingly competitive environment.

There was an opportunity now to ensure an equitable redistribution of opportunity in the world of work.

“This is an opportunity to effectively balance the scales through the transfer of skills and knowledge from the privileged few to those who are in the majority in our businesses.

“This is no political rhetoric or threat but a business imperative,” Khoza said.

He asked companies to join forces with the BMF to put in place an infrastructure and a strategy to bring about the desired changes.

- Corporations have been placed under scrutiny by the Black Management Forum (BMF) in the Western Cape.

Last week’s BMF meeting announced a set of awards to be issued to companies meeting 11 criteria set out by the forum.

No brickbats will be issued, but bouquets are in the offing for firms that

- display sensitivity to non-Western cultures and values
- recognise the way different cultures can complement each other in the workplace
- have non-racial, non-sexist employment practices
- have dynamic training and development programmes
- have corporate cultures conducive to black advancement
- have affirmative action programmes that go beyond numbers games
- implement programmes that address black women and women in general
- that show the presence and impact of black executive directors
- have credible social responsibility programmes
- sub-contract to black businesses
- take a public stand on moral issues, even if this alienates certain markets.

Humphrey Khoza
LEADERS

By ZB MOLEFE

NEWLY-nominated South African Institute of Management (SAIM) president Zulu Wells Ntuli is a whirlwind that is about to blow into the heart of corporate SA. He makes no secret that the corporate career aspirations of a large segment of the South African population are his priority. The thrust of his attack is the country’s “non-open” education system “which has the effect of creating many significant cul-de-sacs.”

“I intend to devote my term of office to opening a public debate on this issue which will lead to public policy on an open education system for the country.”

His argument rests on the current education system which, according to him, places a ceiling on the aspirations of a large percentage of the South African population – black and white.

He bluntly describes the current system as something that “smacks of the restrictive policies of bantu education.”

Ntuli says in SA there is no route to university open to people who have graduated through diploma courses, technicons or with work experience, but countries like the UK and US award associate degrees from their universities.

“These associate degrees are recognised as accreditation to enter traditional formal universities for those who wish to take that educational route,” says Ntuli with missionary zeal.

He should know. Ntuli is one of the key figures that saw the establishment of the innovative St Enda’s Community College in Johannesburg’s Joubert Park in January. The college mirrors his ideas about tertiary education.

“For instance,” he continues, “we will offer a diploma in business administration. Now that diploma, by any account, is equal to a Bachelor of Commerce degree.

“But they won’t credit it as a degree, because they want to preserve the status quo.”

It all comes together Ntuli has paid his dues.

He is director of industrial and community relations at Anglovaal, one of the country’s major mining houses.

This 47-year-old Umsa graduate also comes through the ranks of the prestigious executive development programme at one of the United States’ top business schools, the Harvard School of Business.

Along the way in his rise through the corporate ranks he has won honours and recognition. He was awarded the 1975 Outstanding Young South African Award from the Durban Jaycees.

He is also a proud recipient of the Institute of Personnel Management’s Presidential Award for 1987.

His directorship in companies include the K gelechong Industrial Properties and Palabora Mining.

He also serves on the boards of influential bodies like the Urban Foundation, Seisa, Black Management Forum, the Rhodes Scholarships selection committee and Wits University’s Centre for Policy Studies.

Ntuli points out that in the past blacks have sat on the sidelines, for several reasons. In the past what he is doing now could have “created doubts about my credibility among blacks.”

“But the situation has now changed. I don’t have that hang-up anymore. We (blacks) sat on the sidelines because we felt inferior.

“We were made to feel inferior. We were trained for nothing else but to be drawers of water and hewers of wood,” he adds.

The Verwoerd echoes in the apartheid dream cannot be mistaken in what Ntuli is describing.

His next words sum up how he sees the road ahead for the SAIM president’s seat.

“We’ve got to run with the ball. That is the challenge.”
sectional title management

By Meg Wilson

Sectional title development company H Lewis Trafalgar has acquired management company Sectional Title Secretaries (STS)

This gives it an enlarged management division administering 265 bodies corporate in the PWV area, with about 5000 sectional title units worth more than R900 million

John Usher, formerly of STS, has been appointed director responsible for the division and says there is a dire need for professional property management to protect owners, residents and the buildings

He says he has seen many self-managed companies fall into an administrative shambles and take decisions in contravention of the Sectional Titles Act.

"In addition, there are some small property managers operating without a Fidelity Fund Certificate, which is required in terms of the Estate Agents' Act.

"Property administration works on tight margins and management companies must offer economies of scale and ensure good financial control.

"For example, the efficient issue of a clearance certificate needed for the transfer of a sectional title unit can avoid delays and consequent unnecessary occupational rent and interest costs for both buyer and seller."
Call to fund social upliftment

CAPE TOWN — The private sector could not rely on economic growth to achieve a redistribution of wealth in SA and would have to become strategically involved at the highest level in social upliftment projects, Independent Development Trust chairman Jan Steyn said yesterday.

He told the congress that to substantially reduce unemployment, the economy would have to grow at levels which were probably unattainable in the short term.

Political parties would be faced with a pressure of expectations from the discontented.

"We cannot expect the emergent political parties in SA to ignore these pressures," he said, adding political survival would oblige them to be seen to address these needs and to do so dramatically.

Steyn said it was essential that the private sector address the danger of excessive state intervention and high taxation not by simply pointing to the benefits of economic growth, but by prioritising appropriate initiatives.

He urged the corporate sector to give substantial support to post-matric and post-graduate management development programmes.

The private sector could also support technical and vocational training to create self-sufficiency in small-scale production to counteract the overemphasis on retailing activity in the informal sector.

The private sector could also support low-cost housing initiatives.

Shell International Western hemisphere and African regional coordinator Maarten van den Bergh said a clarification of the future economic environment for investment in SA was urgently required.

"By addressing this issue and by sending strong, consistent signals of good politics and good economics, the new SA could improve the climate for foreign and local investors," he said.

He said raising taxes, especially corporate taxes, could be a disincentive to investors.

Wits chamber to meet over demands

THE Central Witwatersrand Metropolitan Chamber will meet next week in spite of negotiations to overcome the conflict which has threatened to scuttle the forum.

Following the collapse last month of the Greater Soweto Principal Parties (GSPP) group, formed to sort out the rates and tariffs crisis in Soweto, all activities of the metropolitan chamber were suspended.

The Soweto Civic Association (SCA), whose withdrawal from the GSPP precipitated the local government crisis, demanded the resignation of all black councillors, greater involvement of the Johannesburg city council in the administration of Soweto's affairs and an end to township violence and the worker hostel system.

Chamber CEO Vic Mince said yesterday the forum would be meeting next week.

The Soweto rent boycott called for by the SCA, meanwhile, was gaining ground, TPA officials said. TPA figures indicate that 31.3% of Soweto residents paid rent in March this year — compared to 27% in December last year.
Prepare teams for Europe, firms told

CAPE TOWN — SA companies wishing to expand into Europe would have to alter and educate their management teams, Investec executive chairman Bas Kardol said at the SA Institute of Chartered Accountants' annual congress yesterday.

European nationals should be recruited extensively and domestic executives exposed to the issues and subtleties of Europe, Kardol said.

"In the case of Europe 1992, it will be in our interest to secure as much access as possible to the largest single market on earth. The onus is upon us as SA business people to familiarise ourselves with the rules of the European game."

Kardol said SA companies needed to develop lobbying ability or face the possibility of European rules which might hurt their ventures. They should position themselves to raise international capital and form joint ventures with visiting bankers and industrialists.

SA could not realistically expect too much "soft money" and would have to compete for European investment on hard commercial grounds.

"As the new Europe tries to organise itself more efficiently, it is becoming more inward looking. Intra-European trade is receiving more encouragement than trade with non-Europeans. Intra-European assistance, necessary to narrow the income gap between the rich north and the less affluent south, may crowd out the appetite for involvement in development regions like southern Africa," Kardol said.

About 57% of SA's classified exports to the industrialised world went to the EC while 59% of its imports came from the community. Between 1984 and 1990 the annual compound rate of growth of exports to Europe in constant dollar terms was 10.7%, substantially exceeding the 5.8% annual compound growth rate of total exports to the industrialised world.

Kardol said during sanctions a trend of export switching to Europe was evident and, except in the case of exports to Italy, very limited real gains had been achieved since 1987.

He said it was important to ensure that SA products met international standards.

"A sad legacy of the sanctions period is that South Africans have become used to trading through the back door. Many of our companies will have to develop knowledge of rules and standards set for products traded via normal channels."

Platform for change shaky

CAPE TOWN — The economic platform for the transformation of SA society was very shaky, and the success of the change was not guaranteed, Old Mutual chairman Mike Levett said yesterday.

The weak performance of the economy was shown by the fact that per capita GDP had been declining for more than a decade. Investment had dropped to unsatisfactory levels, unemployment was rising and the distribution of income was unequal.

It was unrealistic to expect an average annual GDP growth rate of more than 3% over the next four years and even at this "optimistic" level, living standards would remain stagnant. The real incomes of whites would continue to decline as wealth was redistributed to blacks.

Even the optimistic projections of SA's future economic growth were inconsistent with a successful transition which was rendered more improbable by the prevailing social violence, Levett said.

Education to enhance the capabilities of the population to earn higher incomes was a vital prerequisite for a successful transition, Levett stressed.

The other ingredient was a switch in economic policy to one which was outward-looking and manufacturing orientated to ensure a higher rate of economic growth.
Healthy office environments crucial to costs and productivity

South African companies must take a strategic approach to environmental management in the workplace as part of the country’s international economic rehabilitation.

Doing so could save them up to 40 percent on office overheads, as well as enhancing productivity and gaining a competitive edge in terms of service and cost of sales.

So says Ray Farrenkothen, MD of CentreCore Office Environments, a United States service company which helps companies raise the quality of administrative environments.

It offers products that optimise the use of office space and improve air quality, and which has set up operations in Cape Town.

Businessmen here are used to

Compiled and written by Frank Jeans and Meg Wilson

regulations governing conditions on the factory floor but are not as familiar with the extent to which white-collar working conditions have become a management concern worldwide.

"But Sick Building Syndrome (SBS) and its consequences are the corporate issues of the '90s — so much so that a recent European Community directive sets out minimum health and safety standards for workers using computer monitors."

It is widely known that eye irritation, respiratory problems, ear, nose and throat infections can all be traced to poor quality of office environment.

The dangers of passive smoking have also been recognised.

However, there are other problems less well known.

The energy efficiency of air conditioning is undoubted, but standard recirculation systems may aggravate health problems.

Chemicals used in the manufacture and cleaning of carpets and furniture, dust and pollen, germs and viruses are all efficiently spread to the entire workforce.

In addition, productivity is often reduced by the disturbance of artificial lighting, radiation from copiers and monitors, noise and other distractions.

However, says George Mitchell, president of CentreCore in the US, managers in South Africa are beginning to perceive the limitations of current arrangements, especially in high throughput areas such as customer services, accounting departments and telesales.

"The typical office layout wastes much expensive space and impedes rather than enhances teamwork. Modern techniques are also showing us the pitfalls of badly managed indoor air environments."

One product already attracting much attention in South Africa is Airflow 2000, an air conditioning system in which separate units at individual work stations provide "an umbrella of clean air" for each worker.

On the positive side, South Africa is entering the field of office environment management fairly late, and local managers can choose the most advanced solutions without having to go through a costly process of trial and error.

Mr Mitchell says his company's clients -- which include Total Oil, Saatchi & Saatchi, Hewlett Packard and the US Defence Force -- typically experience savings of up to 40 percent on office space.

"Our mission in South Africa is to alert business to the administrative pressures of the '90s and offer workable, measurable solutions."

M. S. Farrenkothen, MD of CentreCore Office Environments, a United States service company which helps companies raise the quality of administrative environments.
Expert advice needed in buying a firm

By now, you will have begun to appreciate the work involved in setting up your own business. One way of reducing this workload is to take over an existing business.

To a certain extent, though, this merely introduces new problems.

The major problem is, of course, what do you pay for an existing business?

Find out whether you are purchasing a limited company, close corporation (which have their own legal status), or a partnership or sole trader's business, in which the proprietors actually own the assets themselves (we have discussed legal types of businesses in an earlier article).

Here, we will examine the purchase of a business which is not a separate legal entity, and in the next article we will address buying a company or close corporation.

Professional advice is absolutely essential in buying a business. The valuation of a business is a complex issue and to attempt to negotiate a fair value without professional assistance could lead to considerable financial loss.

The two most difficult valuations are stock and goodwill (generally, the sellers of a business will retain the cash and pay off the liabilities themselves).

If you acquire the debtors, make sure that you obtain some sort of guarantee as to their value. There may be amounts due that are impossible to collect. Note that bad debts arising from debtors acquired are not normally tax-deductible.

Historically, there are several basic methods of valuing a business, but it is beyond the scope here to discuss them.

Launching a company: A series adapted from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat

If the business is successful, you will probably have to pay "goodwill" in effect, a payment for future profits that the business will generate.

Normally, goodwill calculations are based on the historical profit record. You must be aware of the way these profits are calculated before accepting a goodwill calculation and this will directly impact on the price you are paying.

For example, has an adequate amount for proprietors' salaries been taken into account and is the historical profit record sustainable in the future?

Also, are the sellers restrained from setting up a new business in competition with yours and taking away some valued customers?

The valuation of tangible assets should reflect their "value to the business". This is particularly true in the case of fixed assets. It is unlikely that the valuation of assets in the books of business actually reflects this, and the correct valuation of assets is always an important negotiating point.

From a taxation point of view, and in order to write up your own books, the amount you pay needs to be allocated to asset categories you intend acquiring stock, fixed assets, current assets, and intangible assets such as goodwill.

This is the most beneficial order for the assets to be split and help maximise taxation benefits.

For example, the cost of the stock is directly deductible from the first year's profit and tax allowances are given against the cost of fixed assets.

Although this order is the most beneficial for the purchaser, it is least beneficial for the vendor, which once again illustrates that valuation of assets is an important negotiating point.

Of course, the Receiver of Revenue will look carefully at the values applied to each type of asset, so any valuation needs to be commercially justifiable.

Before committing yourself to buying a business, find out as much as possible. To buy a one-man business, you must be sure the seller's contacts will transfer their loyalties to you.

Before completing your negotiations, you must retain an attorney experienced in commercial matters to draw up an agreement for the purchase of the business.

This agreement will spell out in detail what you are acquiring and the rights and duties of both the purchaser and vendor.

It is normal for the vendor to give certain "warranties", for example, a warranty that debtors will be realised for at least the sum paid for them.

Employees of a sole trader or partnership may have contracts of employment with that business and express permission must be given by the employees to transfer their contracts of employment.

Buying a limited company or close corporation.
The motor industry has been in difficulties for a number of years. Soaring new car prices, way above the inflation rate, have lost the support of the man in the street. Now its troubles seem likely to be intensified.

It appears that it is starting to alienate its last remaining market. According to Jon Cole of P-E Corporate Services, it is pricing itself out of the company car market.

Company cars will soon be provided only for a very privileged few, he says.

"AE companies have been extremely generous with company cars. But major increases in car prices, insurance premiums and maintenance costs are causing them to change their car policies."

Aggravated

The bottom line is that care costs have been escalating at 25 percent a year, which is way above the rate of salary increases.

Company administrators are finding that by providing a company car they are pushing their wage bills far higher than they want and, in some cases, can afford. This situation has been aggravated by the current recession.

"Many companies have already replaced company cars with car allowances and a lot more will follow suit."

He says company cars were feasible 10 years ago when inflation and interest rates were much lower, but are too big an expense in today's economic climate.

Many employers will take advantage of the recession to get rid of company cars so that they will not be part of remuneration packages when times improve.

However, much depends on just how scarce skilled workers are.

Only five years ago a newly graduated engineer would choose his employer according to the type of car he was offered.

Mr Cole admits, however, that if the skill shortage is severe enough, this situation could possibly return.

But he believes that generally, the time will come when company cars will be dished out only to the most senior executives and employees such as sales representatives who need vehicles for their work.

South Africa's generous company car policies were brought about by bad public transport and pre-1980 benefit taxation legislation, but are no longer viable.

The cost of acquiring and running company vehicles has outstripped salary increases and employee productivity in the past five years.

So it is not surprising that company cars are on the way out and car allowances are becoming increasingly popular.

This change happened recently at a major mining house. The company cars were withdrawn and all those entitled to a car were given a car allowance.

The result was that company parking slots which were once full of large European luxury cars started housing large numbers of Japanese medium-sized and small cars.

This is bad news for the motor industry as many recipients of car allowances will not only trade down but are likely to look after their cars better and keep them longer.

No wonder that the motor industry, according to its latest sales forecast, has seen hardly any growth in the number of cars bought in the near and medium future.

According to a report recently submitted to the Department of Trade and Industry it expects to sell only 201,000 cars this year which, while 4,000 more than last year, is some 8,000 less than in 1990.

Suffer

More serious, is that it expects the demand for new cars to grow by only 27,000 in the next three years to 228,000 by 1995, which indicates a high level of pessimism in the industry.

But others to suffer will be those to whom their company car was a status symbol, and who are unlikely to be able to match the current prevalence of their present cars with their car allowances.

Psychologists point out that in a country such as South Africa, where many people tend to judge another person's position in the community by the visible wealth they display, having to trade down could be a serious blow to the self-esteem not only to the employee but to his wife and family.

They recount the story of the schoolgirl who refused to let her father pick her up outside her school after he had been retrenched, had lost his company car and had to use the family run-about. The daughter insisted that he picked her up around the corner, away from the sight of her school mates.

But who knows, perhaps in the "New South Africa" where the emphasis could be on wealth re-distribution, the possession of a posh car might no longer be as desirable as it was in the past.
IN 1976 Pam Golding opened a small estate agent's office in Kenilworth, Cape Town. She had
one employee and, at the time, was married with three children.
Today, Pam Golding Properties has offices in London, a board
of directors, employs more than 400 people and is an international
company comprising residential, commercial, development and
rental divisions.

Pam Golding Properties has shown phenomenal growth.

Pam Golding was born at Un-
tata in Transkei. She had a "nor-
mal, happy childhood" and did
well at school. After completing her last two years at a boarding
school in Port Elizabeth, she
trained in English and psychology at the
University of Cape Town.

Her parents were not wealthy and, despite the fact that she had
earned a bursary from high
school, her university education
placed considerable financial
strain on the family.

After completing her bache-
lor's degree she started an MA in
psychology. However, money was
short and she was forced to leave
university to earn a living.

She was employed by the stu-
dent advisory bureau at the Un-
iversity of Natal in Maritzburg,
and this was where she became
interested in selling.

One day a representative for
The Treasure Casket children's
books walked into the office
where Pam was working. He had
an appointment to see her boss,
but tried to sell to her while he was
waiting.

"I quickly found out that selling
Treasure Casket books was rather
like selling encyclopaedias. It
involved cold canvassing and the
salesmen earned a set commis-
sion — usually about £1 per sale."

Until that morning she hadn't
given much thought to the idea of
selling, let alone selling on com-
misson, but she was fascinated
by the concept.

She realised that it was a hard
work, but also
saw that the system had a tre-
mendous advantage: it meant
that the amount of money earned
was directly related to the effort
put in and the success achieved.

Not long afterwards, she start-
ed selling The Treasure Casket
books herself. She was good at it.

So good, in fact, that a few
months later she was able to ask
the company for a transfer to
Cape Town.

"I had a simple and direct sales
strategy: I always went to the top,
to the head of the business. And
even though I was nervous, I still
managed to persuade people to
give me an appointment."

On one occasion she went to
Old Mutual and managed to get
an appointment with the chair-
man and sold him a set of books
for his grandchildren.

He was so impressed by her
approach that he gave her the
office in the building for six
weeks and ordered his staff to go
to her. Needless to say, it was the
most profitable month-and-a-half
she ever spent.

She used the money she earned
from Old Mutual to go to Eng-
land for four months. On her return to
South Africa, The Treasure Cask-
et sent her to Rhodesia (now
Zimbabwe) and asked her to pio-
near the selling of its product.

She was 21. However, selling
in Rhodesia was much more diffi-
cult because she didn't know
the people and she didn't have a car.

In the end, she gave up selling
for The Treasure Casket and
applied for a job with the govern-
ment.

"At that point in my life I had
no long-term goals. And remem-
ber, it wasn't fashionable then for
young women to have a career.

"Like most other young girls at
the time, I was simply filling in
time until I got married."

Pam later worked for Caltex in
the advertising department of its
sales promotion division in Cape
Town. There she met and mar-
ried her husband, Cecil. She was
24 at the time, and not long after-
wards they started a family.

They lived in Kenlworth in a
beautiful old house and it was a
time she describes as a "very su-
rreal period."

It was that house, she claims,
that first gave her the love she
has for restoring old property.

Pam and Cecil Golding had a
neighbour who was an estate
agent. He approached Pam and
asked her if she would pass on to
him the names of anyone she
knew who wanted to buy or sell a
house. In return for this service
he promised to pay her £10 com-
mision on each deal he made.

For a time she did just that.
Then the day came when she real-
sised she had both the buyer and
the seller.

So instead of passing on the
names, she concluded the deal
herself. It was at that point that
she realised she could treat the
idea of being an estate agent
more seriously.

She went to an attorney, asked
him to teach her the legal aspects
of the business, bought a broker's
license for £5 and set herself up
in the real estate business.

Initially, she worked from
home and the whole thing
was little more than a sideline.
She was first and foremost a wife
and mother, and being an estate
agent had to fit into her domestic
routine, not the other way around.

Nevertheless, by the time her
third child was born she was
earning a good income from the
business and was getting much
busier.

It was about this time that Syfrets
opened a new division —
Syfrets Real Estate — in Clare-
mont, and asked her to join. She
did, but on her own terms, and
subsequently spent five enjoyable
years as part of the Syfrets sales
team.

When Pam started Pam Gold-
ing Properties, she was deter-
minded not to borrow any money
and everything was paid out from
commission earned.

In the early days there were
many worrying moments like
paying the rent, salaries and
advertising but the more they sold,
the more they could advertise
Pam Golding would argue that
success in the business world de-
deps on providing quality ser-
vices, maintaining high standards
and employing ambitious people.

But several other factors have
contributed to her success and
she is convinced that one of the
most important factors has been
her personal involvement in the
company.

"I also believe that experience
can make the difference in the
practical side of real estate so I
never stop telling the people I
work with about my own ex-
periences over the years."

Pam remains convinced that
an estate agent can make a dif-
fERENCE in a sale and stresses
to her staff that professionalism
and integrity are essential from
the moment the phone rings.

These are qualities which she
believes are more important than
training.

Of course, personal involve-
ment and dedication can be hard
taskmasters. Twelve-hour work-
ing days have been the norm for
Pam Golding for as long as she
knows the business. But then per-
haps energy, enterprise and hard
work are destined to go hand in hand.

*Extracted from Business
Success in South Africa by Rob
Marsh and illustrated by Colin
Ddan (Struik)
A thesis too far

The head of the SA Housing Trust (SAHT)’s marketing division has for two years falsely claimed to have a doctorate from the University of Pretoria’s Business School. This week “Dr” Johan Raubenheimer admitted to the FM that he had put SAHT’s top management and staff under the “wrong impression” (The SAHT is funded by the State via interest-free loans).

In the January 1992 issue of the SAHT staff magazine, In House In Trust, an article states that Raubenheimer was awarded a doctorate in business administration from Tukkies in 1990 and that he is presently working on another doctorate at RAU.

The article describes Raubenheimer’s student career in National Party and campus politics and as coach of the university drum majorettes. He is now an executive member of the Junior Rappertys and a deacon at the Aasvoelkop NGK, the article states.

Tukkies business school assistant Alida van Zyl told the FM that Raubenheimer had not obtained a doctorate in business administration from Tukkies. But he does have an MBA from the university.

The in-house magazine editor, Henrie Crowther, said that Raubenheimer and the SAHT’s personnel department had supplied him with details of Raubenheimer’s personal and academic career. After he had written the article, both Raubenheimer and MD Walle Conradie checked the facts. No changes were made.

Raubenheimer’s immediate chief, GM Joon de Riddor, was taken aback when the FM told him that, according to the business records, Raubenheimer had not obtained a doctorate.

When the FM contacted Raubenheimer and told him that there is no record of his doctorate, he said that he had handed in his thesis and was waiting for the degree to be awarded to him at the end of the year. Only after he was questioned about the SAHT’s internal telephone list, which describes him as “Dr Raubenheimer,” and the fact that his colleagues had been under the impression during the past two years that he had a doctorate, did Raubenheimer acknowledge that he had “brought them under the wrong impression.”

Raubenheimer claimed that the business school’s Prof Koos de la Rey is his thesis supervisor. But de la Rey could not give the FM any details about Raubenheimer’s thesis when we spoke to him last week.

Conradie says when Raubenheimer was appointed in January 1990, he had an MBA and the necessary experience to be a senior manager in marketing. “About six months ago, it became generally known at the SAHT that he had obtained his doctorate,” says Conradie. But it was not checked as a doctorate would not have resulted in extra remuneration to Raubenheimer.

The FM understands that, when confronted on Tuesday morning by SAHT management, Raubenheimer admitted that he had falsely claimed a doctorate. Conradie says the SAHT will act against Raubenheimer in terms of the normal disciplinary rules of the company.

Eddie Beha
MEETINGS... MEETINGS...

Remember, last week we gave you a summary of the articles we have run this year on the role and problems of building organisation. This week we will begin to look in more detail at the actual skills you need to build your organisation. We will start off by looking at the issue of meetings.

So we will look at:
- what a meeting actually is
- an example of a bad meeting
- the purpose of meetings
- and finally how to plan meetings.

Next week we will look at how to plan and chair meetings.

What is a meeting?
All of us have sat in a meeting at some point in our lives. Perhaps we have even had to plan and run a meeting. But why are meetings so important? Why do we have meetings? Try and answer these questions before you read the rest of this week's article. Answer these questions in your group or write down your ideas if you are working alone.

Why do you go to meetings?

Why do you think meetings are important?
A meeting is an important tool in the hands of an organisation. We have meetings so that we can have collective and democratic decision making, planning and follow-up, accountability and other practices essential to running an organisation.

If meetings are used effectively then they can help an organisation to function in an accountable and efficient way. In this way organisations will grow and will achieve the needs of its membership.

Do you agree with the points being made in the two paragraphs you have just read? Why then do we often complain about bad meetings?

- The meeting starts late
- Other people arrive late
- There are no minutes
- There is no agenda so you don’t know exactly what the meeting is about
- People repeat each other and they don’t stick to the topic
- Someone else doesn’t speak at all
- The chairperson doesn’t know how to direct the meeting
- You leave the meeting feeling unhappy because you don’t know what action needs to be taken
- You don’t know what to prepare for the meeting
- You don’t know what you are going to do

The result of a bad meeting is that it can lead to:
- Lots more boring and frustrating meetings
- No practical work actually getting done
- The executive is unaccountable to the membership
- Individuals do not feel part of the organisation and don’t feel that it is meeting their needs and so they leave

The organisation could collapse.

Without organisations and meetings we cannot have democracy and real involvement of people. Until our organisations really involve people and are democratic they will not serve the people. What we are trying to achieve is democracy and accountability in our organisations.

This is not easy

But good meetings will take us some way down this road.

What then should we be aiming for in meetings?

The purpose of meetings
It is important that your organisation discusses the purpose of meetings generally. You also need to be clear on the purpose of each and every meeting you have.

List the purposes of the last three meetings you have been to:

You will probably realise the following points when you make your list or discuss ideas in your organisation.

* Meetings must not be too frequent or held simply for the sake of it
* There should be regular meetings with the possibility of calling emergency or irregular meetings when the need arises
* There should be decisions about the different types of meetings needed. For example, some meetings could be to discuss policy and others to discuss organisational or practical work. Wherever possible, the member must know what type of meeting they are going to and what the meeting is for. They must know the purpose of the meeting.

In this way it is also easier to ensure that meetings are generally shorter and people can decide when a larger meeting is necessary. It is possible to have other types of meetings. For example you might like to have an evaluation meeting where you look back at the last year and plan for the next year. This might take a series of long meetings.

Next week we will look at how to plan and chair a meeting. We will also look at the actual procedure of meetings. Sometimes this seems quite complicated and it makes people feel that they can’t contribute to meetings because they don’t know if they are talking about the right things at the right time so perhaps next week’s article will help sort that problem out.

This article was adapted from material written by the Education Resource and Information Project (E.R.I.P.)
European tax can be reclaimed

THELMA TUCH-GABAY

NEXT time you take a business trip to Europe, make sure you keep all your receipts — they could save your company thousands of rands.

Many companies are unaware that they can reclaim the value-added tax (VAT) charged on services used by their employees on business trips in Europe.

This includes money spent on accommodation, car rentals, meals, trade fairs, conferences, exhibitions, professional fees and training.

Businesses are entitled to a sizeable tax refund from European governments, says Meridian Reclaim Services director Ian Smith.

Meridian — a subsidiary of Krish Industries Ltd — recently set up an office in Johannesburg to help companies claim refunds.

The claims are sent to Meridian’s London office, which submits them to the European authorities. Refunds are usually issued within four to six months.

Companies interested in this service can contact Ian Smith at 788-1557.
COMMENTS made about a business also apply to the purchase of a company or close corporation (the difference between these types of organisations was described earlier in this series).

In particular, you must obtain professional advice and the necessary finance before you commit yourself to purchasing a company or close corporation.

The financial statements of a limited company are required by law to be audited.

This means that an independent expert has to examine the financial statements and much more reliance can therefore be placed on audited, as opposed to unaudited, financial statements.

This may make the valuation of the business easier, as the financial information on which it is based is more reliable.

The financial statements of a close corporation do not have to be audited, but must be reviewed by an accounting officer.

This provides some degree of comfort as to the accuracy of the figures in the financial statements.

Before committing yourself to buying a business, your accountant should examine the last three years’ audited financial statements as well as up-to-date management accounts and projections (if available) particularly as regards the valuations of assets, contingent liabilities, and the company’s tax position.

Remember that when you are buying a company or close corporation, you acquire everything that it owns and owes, including all liabilities, whether disclosed or undisclosed.

It may be preferable to acquire certain specified assets, rather than all the assets of the company. Your accountant will be able to advise you in specific instances.

Beware of people trying to sell a “tax loss” as an asset.

It is true that, in normal circumstances, tax losses can be set off against future income, but there are anti-avoidance provisions contained in the Income Tax Act.

Share transfer

A change in shareholding accompanied by even a relatively minor change in the nature of the business could cause the company to lose any tax loss benefit.

When a share in an existing company is transferred, stamp duty is payable on the fair market value of the consideration. This is generally payable by the purchaser.

Always make sure you have adequate finance (see later articles in this series) before committing yourself to the purchase. This applies to purchasing a business, a company or a close corporation.

Next week: Franchising and other opportunities.
Coping with change

When a person cannot absorb the volume of change, culture shock sets in. Sound strategic decisions can fail if those implementing and affected by them cannot deal with the stress it causes. And in SA now, change is probably the only constant.

"People resist change, we prefer to stay in a predictable environment," says Daryl Conner, president of US-based OD Resources, a consultancy in change-management.

In the US, Conner mostly advises organizations how to deal with mergers, acquisitions, takeovers and new technology. But he also deals with changes brought about by social and political forces. So there is much potential for his services in this country, which is why he has just taken his third trip here since last August.

Resistance to change can show in low productivity, absenteeism, substance abuse and even sabotage. Conner tells how to prepare for resistance to change rather than wasting effort on grand new strategies afterwards.

His belief that South Africans are coping well with change is based, he admits, only on exposure to senior officers and a sprinkling of middle ranks.

SA’s business community seems to have what he calls “unconscious competence” — an intuitive sense in dealing successfully with change. The problem, he explains, there is no guarantee that the next generation of decision-makers and implementers will be blessed with the same skills. While social leaders may “find the bridge across the many factions, is there the skills base to sustain the accord?”

Before his first visit to SA, Conner tested his system in the former Soviet Union where he had been asked to advise on the human ramifications of perestroika.

But, he says, in the Soviet Union, one huge, essentially economic paradigm was being changed — with social implications. In SA, “I’ve lost count of the number of paradigms. Every main foundation of society is being examined, if not re-ordered.”

People who respond well to change have a certain resilience, a pliable strength, that can be taught, says Conner. He maintains that this strength is the enduring benefit of what he teaches. Just as training people to handle one type of corporate change develops their ability to deal with later changes in the same environment, so people are able to use these same principles to cope with family stresses — which, after all, are also organizational problems.

Conner is impressed with the “holistic picture” he has seen in SA. The business community is giving much attention to resolving social as well as business issues, he says, and the high level of uncertainty could perhaps help people in the country to realize how complex the situation is and make them aware of how much work needs to be done.
How to Plan and Chair a Meeting

Why do you think it is important to plan for a meeting?

Planning a meeting is the responsibility of the Chairperson, the Secretary or the Executive, depending on the type of organisation. We will look more closely at functions of the executive structure of an organisation later on in the series.

Planning should include the following:

Minutes:
- Minutes of the previous meeting must be made available to members before the meeting, or read out at the beginning of the meeting.
- Minutes must be adopted at the beginning of the meeting. Everyone must agree that they are an accurate record of the last meeting. Members must be given the chance to add points or items to the minutes which have been left out.

Agendas:
- An agenda must be presented with the minutes. The agenda is a list of the most important issues for the members to discuss.
- The agenda is drawn up from the Matters Arising from the previous meeting and from the discussions of the Executive or Secretariat.
- Members can suggest additions to the agenda.
- An agenda should include a last item known as "General" or "Any Other Business" to allow members to raise short items not included on the agenda.
- An agenda should also include the item "Assessment of the Meeting" which can take five minutes at the end of the meeting. Members can talk about whether they think the meeting was worthwhile, and how they feel the meeting was chaired.
- Each item on the agenda must be introduced by someone. This member will either lead a discussion or present a report.

Discussion:
The member will lead the discussion on an issue and then make proposals to the meeting on a way forward. Members can then comment on and discuss the issue, as well as the proposal.
- Was it a task that was completed, what were the problems and what still needs to be done?
- Members should discuss the report and delegate responsibility to ensure that the task is completed.

Issues that need to be planned in our organisation:

Chairing Meetings:
Chairing a meeting is very important if we want the meeting to be effective. It is important to have an experienced chairperson for important meetings. It is also important, however, to teach people to chair meetings. It is an important skill for people to learn.

What are the responsibilities of the Chairperson?
The Chairperson must try to ensure that:
- Everyone who wants to speak is given a chance to speak.
- Speakers stick to the topic of discussion and do not raise other irrelevant matters.
- Speakers are as brief as possible.
- Discussion must start at the meeting. If the discussion is summarised, so that everyone knows what ideas and proposals are being made. However, at the same time the Chairperson must be careful not to repeat everything that has been said. This is a waste of time. If the chairperson thinks the members are unclear, he or she could ask whether members want a summary of what has been said or decided.
- There is agreement on what the decision is, and make sure that everyone understands what decision has been made.
- Someone must be given the task of carrying out the decision, and know it should be done and reported on.

Other responsibilities of the Chairperson include:
- Being alert to new things that might happen. For example, new members of the organisation should be welcomed and introduced themselves.
- Chairing a meeting rather than dividing it. It is always better if a meeting reaches consensus measures. Voting on important issues often causes more divisions in an organisation.
- Setting a cut-off time for the meeting - a time everyone agrees the meeting should end.
- Setting a time and venue for the next meeting.

Members: do your chairperson know about these responsibilities?
How can you help them to improve their skills in chairing meetings?
Give them this article to read, it could help make your meetings a lot better and more efficient.

Chairpersons: It is often difficult to chair a meeting.
Sometimes mistakes are made but no one says anything in the meeting about it. To fix this problem make sure that at the end of the meeting you ask for yourself as the chairperson to be assessed along with the meeting. Ask members to make a good point about your chairing, and one criticism of your chairing.

Next week we will look at meeting procedures, and procedural points most used in our meetings.

Resources List
Do you want more information on planning and chairing meetings, and on building organisations? One of the organisations you can contact for advice and material is

The Human Awareness Programme
4th Floor Conly House
156 President Street
Johannesburg
2000
Their telephone number is (011) 337 8716
In the business plan, consider whether the business is a franchise and any agreement that the franchise is operating. If the franchise is operating at a good idea to consider. If you want to be in this case, here are the steps.

1. Consider the franchise opportunity.
2. Research its history and performance.
3. Analyze the financial statements.
4. Consult with experts and attorneys.
5. Visit the franchise.
6. Meet with the franchise owners.
7. Negotiate the terms of the agreement.
8. Obtain legal advice.
9. Decide whether to proceed.
10. Finalize the agreement.

Business opportunity:

There are different types of franchisors who want to develop. They do not have the funds to do so. They want to expand their business with the help of franchises. Consider whether the business is a franchise and any agreement that the franchise is operating at a good idea to consider. If you want to be in this case, here are the steps.

1. Research its history and performance.
2. Analyze the financial statements.
3. Consult with experts and attorneys.
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8. Decide whether to proceed.
9. Finalize the agreement.
10. Finalize your franchise agreement.

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9. Finalize the agreement.
10. Finalize your franchise agreement.
**Accord threat to top agenda**

**WILSON ZWANE**

The threatened withdrawal from the national peace accord by the ANC's PWV region and its allies will be high on the agenda at today's urgent meeting of the ANC national executive committee.

It is understood ANC NEC member Sydney Mufamadi will be in an ANC team in Pretoria to be formally briefed.

National peace commission spokesman Val Pauquet said the meeting — convened a month early because of escalating violence — would appeal to all regions to remain active and committed to the peace process and not to regard withdrawal from dispute resolution committees as a solution to problems.

The PWV regions of the ANC, SAPF, COSATU and the Congress of South African Trade Unions (COSATU) last week said they were considering pulling out because government and the security forces had signed the accord in bad faith.

**More executives lose jobs**

**KARIN FRANKEN**

Senior and middle management executives are feeling the draft as the recession takes its toll.

Placement industry sources confirmed yesterday that there had been an escalation in the retrenchment of top staff, adding that sectors most severely affected were banking, mining, engineering and retailing.

Career Transition International director Neil MacDonald said an inflow of applications and accompanying curriculum vitae had been experienced over the past year, as retrenched executives sought new jobs.

The number of layoffs at managerial level rose steeply last year with more companies approaching career consultants to help alleviate the problem of displaced managers.

MacDonald said companies had offered employees handsome retrenchment packages of six months' to a year's salaries, but decided to look for more viable solutions, one of which was finding them work.

"Companies are putting on a more humane face when it comes to releasing trusted, experienced staff for whom there is no place in the restructured company," Chart Outplacement Consultants MD Monty Wood said.

Chart Outplacement Consultants MD Monty Wood agreed that job applications from retrenched business executives had increased over the past six months.

Companies were increasingly recognising the need to run tight and well-structured enterprises.

"Competent management needs to look at efficiency and cost elements, especially in times of recession," Wood said.

Wood said even when the economy improved, companies would maintain "right-sized", tightly run operations.

Chart Consultants director Rod Mempop said UK companies were "delayering".

Company hierarchies were closing the gap between higher and lower ranked workers, a development helped by advances in technology.

Efficient computer database enabled top management to make decisions without having to consult middle management staff.

**Station upgrading hit by funds shortage**

**WILSON ZWANE**

The SA Rail Commuter Corporation (SARCC) project to upgrade nine Soweto railway stations has run into financial difficulties, it was disclosed yesterday.

The corporation announced in March this year it would pump R1.5m into the project aimed at improving the service.

SARCC MD Kobus Nel said the upgrading of Naledi, Inhlaxane, Dube, Phomolong, Pheliso, Mzimhlophe, Midway, Chawelo and Nancefield stations was part of a larger project to develop a number of stations on the Reef.

An SARCC spokesman said yesterday the project had become too expensive so the corporation had to reconsider it. It was due for completion next month.

He said the need to incorporate requirements from the community and the Goldstone commission of inquiry into public violence and intimidation in the planning of the project hit the budget.
The two faces of a costly strike
Affirmative action supported

M ost urban blacks support affirmative action in the employment field, according to a survey published by Market Research Africa this week.

The survey found two out of every three urban blacks were in favour of blacks being offered jobs rather than whites, even if black applicants were less qualified.

The findings are based on interviews with 2 000 urban black over the age of 16, representing over 7-million people.

The largest groups in favour of affirmative action employment policies were in sales (52%) and office workers (48%).

Next came students and skilled blue collar workers, 38% of whom felt blacks should be given a chance even if they had fewer qualifications, while 34% of unskilled blue collar workers were in favour of the concept.

Market Research Africa found that fewer people in professional and managerial positions believed employers should discriminate in favour of blacks when taking on or promoting staff. People whose home language was Sotho (51%) were also more likely to endorse the concept than those whose home language was Zulu (37%) or Xhosa (31%).

Market Research Africa chairman and MD Clive Corder said it was simply a matter of time before SA followed the US example of instituting an affirmative action programme to level the playing field as far as employment was concerned.

"However, it should be recognised that while this may please one sector of the community, it will upset another.

"Reverse discrimination could well have negative social and economic repercussions," said Corder.

Meanwhile, the results of a similar survey published by Market Research Africa last week revealed that two out of five urban blacks supported a programme of redistribution of wealth by law.

That survey showed that 36% of urban blacks in the Cape favoured redistribution while 37% in Transvaal, 31% in the Free State and 25% of those living in Natal supported the idea.

Curfew greets royal return

LESOTHO's deposed monarch King Moshoeshoe II returns to Lesotho this weekend from exile in London.

He was exiled in 1990 by Lesotho's military government and replaced by King Letsie III. Moshoeshoe is demanding the reinstatement of executive powers to the monarchy ahead of a general election this year.

Sapa-AFP reports that police imposed a nighttime curfew and set up roadblocks outside the capital ahead of his return, citing public safety as a reason for the measures.

Moshoeshoe is scheduled to fly into SA on Friday and to drive to the royal village in Lesotho on Saturday.
Investment product being tailored for stokvel members

STOKVELS and a major financial institution are edging closer to producing a new investment product for stokvel members.

And a number of investment companies in the US and Britain have signalled they would invest in the product, provided it yielded good returns and was "benefiting the people on the ground." 17/1/91

National Stokvel Association of SA (Nasasa) president Andrew Lukehe recently announced that his organisation planned to help alleviate the black housing crisis by diverting millions from banks to unit trusts, which would serve as collateral for home loans since banks were reluctant to lend money to township residents.

Lukehe said the arrangement would allow black savings to be ploughed back into black communities, rather than having the money lent to affluent whites.

The latest Markton survey of the informal financial sector indicates a 62.5% growth in the money collected by stokvels in urban areas.

In 1990, stokvels collected an estimated R84m a month compared with R52m in 1989. Membership also rose to 1.3 million from 880,000 in 1989.

Nasasa consultant and Transmusic Broker Services MD Stephen Japp said yesterday although some Nasasa members had invested in Syfrets-administered unit trusts, the services group was unable to produce "the type of product which Nasasa wants".

Nasasa had, therefore, entered into a joint venture with a major financial institution with a view to developing a "unit trust product tailored to meet the needs of the stokvel members".

Japp would not name the financial institution, but said it was anticipated that the unit trust product would be available within three months.

Lukehe said the recent De Lour Commission report on housing supported Nasasa's conviction that stokvels could play a role in meeting the black housing backlog.

"Affirmative quotas fail"

AFFIRMATIVE action programmes fail in SA because they are geared towards meeting recruitment quotas rather than developing the potential of blacks and women.

This is the view of human resources consultant Linda Human in a paper to be delivered at next month's fourth annual conference of the Institute of Personnel Management's (IPM's) human resources development division.

She says other reasons for the failure of affirmative action programmes are:

- □ That blacks and women are expected to function in a white male world which remains uncommitted to people development;
- □ A lack of commitment on the part of top management;
- □ It is time for managers to accept their responsibilities in relation to the disadvantaged... it is also time for blacks and women to accept responsibility for their own development," says Human.
Blacks push for jobs ahead of whites

Staff Reporter

Two out of every three urban blacks were in favour of blacks being given jobs over whites — even if the blacks were less qualified.

However, fewer people in professional and managerial positions were supportive of the idea that employers should discriminate in favour of blacks when taking on or promoting staff.

The survey found that black employees were most likely to feel that blacks should be given the chance of a position even if they have fewer qualifications, followed by students and blue-collar unskilled workers.

This was one of the findings of a Market Research Africa SocioMonitor survey released this week. The results were based on personal interviews with a representative sample of 2,000 urban blacks aged 16 or over.

Clive Corder has warned that reverse discrimination could have negative social and economic repercussions.
Institute to hone business skills

THE Small Business Development Corporation has launched a training institute to look into business and management skills in this sector.

The aim of the institute is to expand current business and management skills training facilities and opportunities aimed at potential and existing enterprises in the informal, semi-formal and formal sector of the community.

SBDC’s managing director Dr Ben Vosloo said, “There is a vast need for appropriate training for entrepreneurship and skills involved in creating and running a successful business. Such training has to be accessible, affordable and relevant to the needs of the community.”

Training

He emphasised the importance of such training being directed at all the appropriate stages of business creation.

“The institute will try to cover the whole spectrum from creating an awareness of self-employment as a career option to starting a business, running or maintaining a business and expanding a business,” said Vosloo.

The institute’s activities will comprise three key components: These are entrepreneurial development, business and management skills development and administrative skills development.

Entrepreneurial development will focus on harnessing motivation, developing creativity and problem-solving and negotiating skills.

The business and management skills development will include business planning, marketing, costing and pricing, accounting, cashflow analysis, operations management and human resource management.

‘Book-keeping, record keeping, office technology, basic legal requirements are some of the aspects which will be addressed under administrative skills development.

The institute presently offers five formal courses on how to start an own business, the one-up course for informal small business, how to manage and improve your own business, labour relations and retail management.

The institute will operate under the auspices of the Small Business Training and Education Foundation, which was established in 1991 by the SBDC as the founding donor.

The foundation has already received the support of many companies.

“We hope that donors will see investment in this institute as an opportunity to play a significant role in promoting the entrepreneurial activities and competency required in making South Africa a prosperous country,” Vosloo said.
Small business to get help in crucial labour relations field

SMALL and medium size businesses are losing money because they lack labour relations skills, says Mr John Naudé of the Western Cape region of the Small Business Development Corporation (SBDC).

He says the most apparent areas are badly motivated workforces, low productivity, time wasting from inadequate disciplinary and grievance procedures, and the resultant costly legal and other expenses in the event of disputes.

"Indications that unions have targeted small and medium businesses for membership drives have heightened the need for employers to improve their basic labour relations skills," says Mr Naudé.

"It is unfortunate that many businesses still do not appreciate that proper techniques can, for example, prevent industrial court litigation and contribute to an improved bottom line."

The SBDC has now developed a training course "Labour relations for the small business" which is suitable for businesses employing between five and 100 people.

The next course will be held on Mondays and Wednesdays each week, from 6pm to 9pm, running from June 8 to July 6.

It will be presented in the SBDC offices at 60 Sir Lowry Road, Cape Town.

Participants will receive a comprehensive course manual on registration and a certificate of achievement upon successful completion of the course.

Further details are obtainable on (021) 462 1910.
Top businesswomen

THE Executive Women's Club of Southern Africa today named its 1992 Businesswoman of the Year award candidates. They are Runes Travel MD Lilian Boyle, Escom national marketing strategy manager Marie Davison, Zilton SA executive director Margarett Macfarlane, Emmanuels Fersonnel CEO Litsa Roussos and First National Bank group credit assistant GM Irena Willman.
Alexander Proudfoot in SA

INTERNATIONAL management consultancy Alexander Proudfoot — based in Florida in the US — has entered the SA market with the acquisition of Quality Management Associates (QMA) for R18m.

Proudfoot CEO Tom Huka said the acquisition was a significant step in the group's international expansion programme.

Colin Bloom, MD of Alexander Proudfoot Company of SA, said QMA would be able to draw directly on the Proudfoot group's international expertise.

Proudfoot, which is listed on the London Stock Exchange, had a worldwide turnover in 1991 of R800m.
5 women named for top award

The Executive Women's Club of Southern Africa has made five nominations for its 1992 Businesswoman of the Year Award. They are Luan Boyle, managing director of Rennies Travel; Marie Davison, national marketing manager at Eskom; Margaret Macfarlane, executive director of Ziton SA; Lisa Roussos, chief executive officer of Eminuels Personnel; and Irena Willman, assistant group credit manager at First National Bank.

Judging

The nominees now go before an independent panel of judges, namely: Chris Liebenberg, chief executive of Nedcor Ltd; Val Mickleburgh, former executive director of and current consultant to Total SA; Richard Steyn, editor-in-chief of The Star; Dr Joho van Rooyen, manager of organisation development at the HSRC; and Christo Wiese, managing director of Pepkor.

The 13th Businesswoman of the Year award will be presented at a banquet at the Carlton Hotel on August 26.
Top post for Dr Ramphele

ANGLO American Corporation has appointed Dr Mamphele Ramphele as a non-executive director of the corporation.

Ramphele, presently deputy vice-chancellor of the University of Cape Town, has had a distinguished medical and public service career.

She is the recipient of honorary doctorates from South African and American universities as well as a number of research awards and has written widely on social issues.

Most notably she has researched the problem of poverty in South Africa and is the co-author with Francis Wilson of Uprooting Poverty: The South African Challenge.

Over the last year she has taken a leading role in the efforts of the corporation to define affordable and effective programmes of poverty alleviation which can be undertaken in South Africa within a framework of sound macro-economic policies.

This research work will form the basis of discussions with political parties.

Dr MAMPHELA RAMPHELE is now an Anglo director.

By JOSHUA RABOROKO
Executives must fall in step with the future

By John Spira

Perhaps it's because so many South African companies have been so long excluded from the world business arena that they've fallen behind in the global village race for the ultimate business strategy.

From the feedback I've been able to pick up on my rounds of the business community, I get the impression that much of South African management is too blinkered to assimilate the big picture and to translate percepacity into the right sort of action.

Let me give you an example. One of the country's more prominent consultants was recently asked for his input on a major strategy programme being put into place by South Africa's largest and (so it is perceived) most progressive corporations.

All of the top echelon were represented at the brainstorming occasion, which lasted a good three days.

At the final session, some seemingly focused guidelines for the future were revealed.

At first glance, they looked professional and thorough, researched, encompassing as they did (among others) strategies for gaining market share, for pricing products and for people hierarchy.

All present were impressed — except for my consultant friend, who punched huge holes in the presentation on the grounds that it failed to make any mention of the changed environment in which the corporation was bound to be operating in the years ahead.

Very little appreciation was exhibited of the need for a strategy to handle the future aspirations of labour, an altered tax structure, different patterns of income distribution and the like.

Nor was any cognisance accorded to a global climate in which protectionism was considered as a serious threat to existing international trading patterns — and how the company should go about making plans to cope with such an eventuality.

"They all failed to understand the dynamic of what was going on around them," said the consultant.

"They couldn't comprehend that tomorrow's world will be very different from today's and that they therefore needed to concentrate their future strategies on a myriad of plans designed to meet a myriad of different situations."

They're all back at their drawing boards, which is where all managers serious about surviving into the next century should be — using the tools of the future rather than those of the present and the past.
Managers don't step on toes of private sector

CISR advertisement
Changes needed in SA’s approach to technology

SA MUST modify its traditional approach to technology to achieve economic prosperity in a changing world environment, says CSIR president Brian Clark.

"Because of the political changes that have taken place in SA, local industry is being subjected to a much more competitive environment, both locally and overseas."

**Popular**

"We can no longer depend on the 'strategy of hope' approach to R&D management which was popular among large companies and research bodes in the 1960s. Here, bright people and money were combined in the hope they would produce new, successful products."

"Now, we must examine the nature of the changing technological environment, and find ways to provide solutions to specific problems."

Clark says international trends reflect rapid globalisation in all spheres of activity, a trend which would not have been possible without the pervasive effect of information technology and telecommunications.

Now, competition is growing fiercer as suppliers worldwide compete in terms of quality and price. "The role of raw materials is diminishing, because technology allows more to be produced for less raw material input."

"And the labour force is undergoing significant changes, with a nation's competitiveness being determined less by natural resources and more by its ability to generate and deploy new knowledge."

Worldwide trends in R&D reflect a move towards greater co-operation, between nations, and national research councils are becoming more important.

"The growing importance of 'strategically directed research' and multidisciplinary efforts create a need for centres to conduct high-tech research."

"And increasing market orientation and the desire for higher and quicker returns from investment in science require that research councils take note of market trends and perform a technology transfer function in support of industry."

These trends are being felt in SA, where the need to expand regional interaction is another priority. However, SA has a shortage of skilled manpower, hampering efforts to produce solutions to many of its problems.

**Valuable**

He says that globally and in SA, national research councils are being recognised as having valuable established infrastructure.

"Locally, they are sometimes seen as part of our colonial heritage, but they have a proven worth in establishing a critical mass of scientists and technologists for specific projects."

"They are an enabling mechanism for technology transfer and the ongoing development of SA," he says.
Property education a major contribution

ONE of Sapo's major contributions to the property industry is its advancement of property education.

It has continually sourced the market for its needs and adapted and expanded its courses to cater for this. Five courses are offered at present, says executive director Brian Kirchmann.

"The best known of the courses is the property development programme, which is now in its 17th year. It has released more than 1,000 participants into the industry," he says.

The programme is a joint venture between the University of Cape Town Graduate School of Business and Sapo, and is held in Cape Town over two weeks in July and August of each year.

It caters for 64 participants and covers the principles of finance, valuation and property law, negotiations, marketing and management.

Draws

Designed for executive management, the "live-in" course draws participants from all disciplines of the property industry.

The next bi-annual property executive programme will be run in September.

The course caters for about 40 participants, drawn mainly from senior executive positions.

Matters like the local political and economic climate and the international scenario are examined.

The course is designed to encourage group participation, Kirchmann says.

As a result of investigations by the industry among school leavers and the public, a three-year property course has been devised.

Starting in January 1983 and administered by Technikon RSA, the course intends to promote vocational training.

"This is the first time that a local Technikon is presenting formal tertiary education in real estate, and we hope that the course will eventually be developed so it can be presented by any university," he says.

A new basic property programme will be launched in October.

It will be an introduction to property, covering elementary economics, law, marketing, finance and a basic understanding of the industry.

The property introductory programme was run for the second time last month. It is designed to improve participants' basic knowledge of the many aspects of the industry.

Shopping centre management and development courses, planned for August this year, will be handled by Coen Coetze from the University of Pretoria. Each course will be limited to 25 participants, will be three days in duration and an examination will be written at the end.

The shopping management centre course participants will have to carry out a spot analysis of a shopping centre.

Background research of the viability of development on a possible site will also be required.

It is planned that both courses will have to be passed before acceptance is granted for a proposed two-year course.

"One of our aims is to continue to identify the educational needs of both the industry and the general public and to find ways of catering for these," Kirchmann says.

Industry has had to adapt to radical technological change

Building industry changes during the past 25 years have been revolutionary.

A gentleman's agreement is now defunct terminology and restrictive
Black advancement
seen as crucial to
corporate survival

With less than three percent of black managers in corporate South Africa and even less at supervisory to director level, organisations such as the National Black Management Forum are crucial to further black advancement.

This is the view of Lot Ntlou, executive chairman of the National Black Management Forum (BMF), who was speaking at the launch of the Edgars Black Management Forum (EBMF) in Johannesburg.

"The development of black managers is essential for the survival of companies today, and the advancement of black employees should form part of any company's strategic direction," said Mr Ntlou.

"In the past, many blacks were made managers for the wrong reasons. It is our challenge to change this and create a productive and stable workforce.

According to Sales House managing director, Ian Thompson, no sense is of greater concern to the company than the lack of its black employees in executive positions.

"We as a company are committed to advancing the potential of our employees regardless of colour. Proof of that is that 98 percent of the EBMF members are Sales House employees," said Mr Thompson.

"Edgars and Sales House may not have reached the goals set for employee advancement, but research has indicated steady growth in performance..."
How to become a top secretary

A GOOD secretary is a potent business weapon, says London's Daily Mail.

No matter what your trade, first impressions count most.

However good the idea, keen the salesman, or well-organised the workshop, all can be lost if that first phone call puts the customer off.

So choosing the right personal assistant should be a top priority for the small businessman.

It is not enough to rope in the wife or another relative on the grounds that they are available and cheap. It is better to employ a stranger who is both well trained and efficient. Even though this will cost more, it will pay surprising dividends in increased business, provided you know what you are looking for.

Astrid Simpson, 28, for the past 10 months personal assistant to a director at the British National Space Centre, offers positive advice for budding personal assistants.

"A large part of my work, demands a good telephone technique, dealing with a wide range of distinguished and well qualified people," she says. "They expect you to grasp their meaning quickly, and there is no problem with status provided you are prepared to be flexible.

"Perhaps the real secret of being an effective personal assistant is the ability to get on with people across the board, be prepared to work late and not begrudge the extra money it costs to dress fittingly."

Diana Smith has a law degree, is currently engaged as a senior secretary with the Department of Energy, and is on her 102nd "assignment" as a high-grade professional temp. She has worked both in private industry and up to ministerial level in the Civil Service.

"Ultimately, whether or not I get satisfaction from my work depends on the boss," she says. "When you work in the higher levels of the Civil Service, responsibility and initiative go without saying, though you must exercise both with due respect for the status of the people with, and for whom, you are working.

"Dress properly and work efficiently would be my two tips for a personal assistant aiming for the top. When a secretary has all the necessary qualities to be a top PA, she should be paid accordingly," she concludes.
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"Perhaps the real secret of being an effective personal assistant is the ability to get on with people across the board, be prepared to work late and not begrudge the extra money it costs to do so fittingly."
Chamber has a ray of hope

THE Southern Transvaal African Chamber of Commerce and Industries will hold its 22nd annual conference at the Jan Smuts Holiday Inn on Wednesday and Thursday this week.

The conference, whose theme is "Meeting the Business Challenges of the Future South Africa", will be addressed by representatives from various business organisations.

They include Mr Reuel Khoza, managing director of Co-ordinated Marketing and Management, Mr GJH Brey, deputy director general of Trade and Industry, Mr S Thlopane, manager of the CSIR's equal opportunities programme.

An ANC representative, who has not yet been named, will deliver a paper on the organisation's economic policy.

The conference takes place at a time when South Africa is beleaguered by continued violence, increased crime, rising unemployment, high inflation, a stuttering economic and a political impasse.

Resolutions taken at the conference will be forwarded to Nafcoc's annual conference to be held at Sun City next month.

Soutacoc president Mr Joe Hlongwane said a move by certain countries in the West and the East to relax sanctions was a ray of hope for the future.

"As a chamber of commerce, our main interest lies in business development. To this end, our conference theme is geared to tackle the issues that would address our business emancipation.

"We realise that the road ahead will continue to be rough and full of pitfalls but by working together politically and economically, we shall overcome," he said.
Companies challenged to create black managers

THE Black Management Forum, dissatisfied with its achievements since it was founded in 1976, has challenged corporations to help increase the number and quality of black managers.

Describing themselves as "capitalists without capital", forum directors told business executives at a dinner on Friday that they intended to work aggressively to achieve goals.

Immediate projects included the launching of a MBA course in association with London's City University, research into effective affirmative action, in association with Potchefstroom University's Business School, a programme with the Institute of Directors to develop black candi- dates for "corporate government", and the introduction of achievement awards for companies leading the way in black advancement.

Speakers stressed that they were against tokenism and did not want handouts.

Forum executive member Zarnam Jalal said merit had to be the basis of all advancement, but the development of the individual needed support systems.

Other projects announced were a management development fund and a programme on business values in association with the SA Institute of Business Ethics, and the establishment of student chapters.
NEWS IN BRIEF

Seven to train in US

SEVEN black SA professionals left for New York yesterday on a six-month financial and banking management development programme, sponsored by Chase Manhattan, the Chemical Bank, J Morgan and Co, the First Boston Corp and Citibank.
The 1991 annual report will urgently be tabled in Parliament.

South African Certification Council: reports
Mr R M BURROWS asked the Minister of National Education whether he has laid upon the table in Parliament reports of the South African Certification Council as required in terms of section 17(3) of the South African Certification Council Act, No 85 of 1986, for each of the years since the inception of the Council, if not, why not?

The MINISTER OF NATIONAL EDUCATION
Yes. The South African Certification Council was constituted with effect from 12 December 1986. However, the members of Council were only appointed during 1988, for a period of four years ending on 31 December 1991. According to section 17(2) of the South African Certification Council Act, 1986 (Act 85 of 1986), the Council must not later than three months after the end of each financial year submit to the Minister a report on its functions during that financial year, including an audited balance sheet and a statement of income and expenditure. To date, the South African Certification Council has submitted the following Annual Reports to the Minister of National Education whereon the reports were tabulated according to section 17(3) of the above-mentioned Act 1988/89, 1989/90 and 1990/91. Regarding the 1991/92 Annual Report it is expected that the report will be submitted towards the end of June 1992 which means that it will only be tabled during the next session of Parliament.

South African Council for Natural Scientists reports
Mr R M BURROWS asked the Minister of National Education whether he has laid upon the table in Parliament reports of the South African Council for Natural Scientists as required in terms of section 9(5) of the Natural Scientists' Act, No 85 of 1982, for each of the years since the inception of the Council, if not, why not?

The MINISTER OF NATIONAL EDUCATION

For every year since the inception of the South African Council for Natural Scientists a report was tabled in Parliament. However, a combined report covering 1987/88 and 1988/89 was tabled during the 1990 session of Parliament. The reason why a separate report for 1987/88 was not tabled during the 1989 session, was that the administrative problems the Council encountered as a result of —
(a) the relocation of the Council's administrative offices, and
(b) the serious illness of the Registrar of the Council who died during June 1989.

The MINISTER OF REGIONAL AND LAND AFFAIRS
The Minister of Regional and Land Affairs
Mr A E DE WET asked the Minister of Regional and Land Affairs what total amount was spent on industrial infrastructure in (a) Phuthaditjhaba, (b) Indeniwa and (c) Boshubelo in the 1990-91 financial year.

The MINISTER OF REGIONAL AND LAND AFFAIRS

(a) Phuthaditjhaba  

R 14 135

(b) Indeniwa  

R 12 080 459

(c) Boshubelo  

R 337 669

Requests by foreign journalists refused
Mr P G SOAL asked the Minister of Home Affairs whether any requests by foreign journalists or other members of the media to visit South Africa in 1991 were refused, if so, (a) how many, (b) what were the names of the individuals concerned and (c) which newspapers or organizations did they represent.

The MINISTER OF HOME AFFAIRS

(1) Whether any requests by foreign journalists or other members of the media to visit South Africa in 1991 were refused, if so, (a) how many, (b) what were the names of the individuals concerned and (c) which newspapers or organizations did they represent.

Work force participation of women
Miss M SMUTS asked the Minister of Home Affairs (a) what was the work force participation of women in the Republic during the latest specified 12-month period for which statistics are available, expressed both as a percentage of the total work force and in figures, and (b) what percentage of women in the work force were (i) Black, (ii) White, (iii) Coloured and (iv) Asian, how many (a) Black, (b) White, (c) Coloured and (d) Asian were women were, during the above period, employed in each of the following categories of employment, (i) medical, (ii) dental, (iii) pharmaceutical, (iv) legal, (v) engineering, (vi) accounting, (vii) management/administrative executive, (viii) school teacher, (ix) nurse/midwife, (x) librarian, (xi) Clerical and (xii) sales.

The MINISTER OF HOME AFFAIRS

(1) What was the work force participation of women in the Republic during the latest specified 12-month period for which statistics are available, expressed both as a percentage of the total work force and in figures, and (b) what percentage of women in the work force were (i) Black, (ii) White, (iii) Coloured and (iv) Asian, how many (a) Black, (b) White, (c) Coloured and (d) Asian were women were, during the above period, employed in each of the following categories of employment, (i) medical, (ii) dental, (iii) pharmaceutical, (iv) legal, (v) engineering, (vi) accounting, (vii) management/administrative executive, (viii) school teacher, (ix) nurse/midwife, (x) librarian, (xi) clerical and (xii) sales.

(2) What was the work force participation of women in the Republic during the latest specified 12-month period for which statistics are available, expressed both as a percentage of the total work force and in figures, and (b) what percentage of women in the work force were (i) Black, (ii) White, (iii) Coloured and (iv) Asian, how many (a) Black, (b) White, (c) Coloured and (d) Asian were women were, during the above period, employed in each of the following categories of employment, (i) medical, (ii) dental, (iii) pharmaceutical, (iv) legal, (v) engineering, (vi) accounting, (vii) management/administrative executive, (viii) school teacher, (ix) nurse/midwife, (x) librarian, (xi) clerical and (xii) sales.
The 1991 annual report will urgently be tabled in Parliament

South African Certification Council reports
327 Mr R M BURROWS asked the Minister of National Education

Whether he has laid upon the table in Parliament reports of the South African Certification Council as required in terms of section 17(3) of the South African Certification Council Act, No 85 of 1986, for each of the years since the inception of the Council, if not, why not?

The MINISTER OF NATIONAL EDUCATION

Yes

The South African Certification Council was constituted with effect from 12 December 1986. However, the members of Council were only appointed during 1988, for a period of four years ending on 31 December 1991. Accordingly, the reports of the Certification Council were tabled in Parliament as required in terms of section 17(3) of the South African Certification Council Act, No 85 of 1986, for each of the years since the inception of the Council, if not, why not?

Certification Council for Technikon Education reports
329 Mr K M ANDREW asked the Minister of National Education

Whether he has laid upon the table in Parliament reports of the Certification Council for Technikon Education as required in terms of section 16(3) of the Certification Council for Technikon Education Act, No 88 of 1986, for each of the years since the inception of the Council, if not, why not?

The MINISTER OF NATIONAL EDUCATION

Yes

The Certification Council for Technikon Education was constituted with effect from 12 December 1986. However, the members of Council were only appointed during 1988, for a period of four years ending on 31 December 1991. Accordingly, the reports of the Certification Council for Technikon Education were tabled in Parliament as required in terms of section 16(3) of the Certification Council for Technikon Education Act, No 88 of 1986, for each of the years since the inception of the Council, if not, why not?

Amount spent on industrial infrastructure
331 Mr A E DE WET asked the Minister of Regional and Land Affairs

What total amount was spent on industrial infrastructure in (a) Phuthaditjhaba, (b) Indступилwa and (c) Botshabelo in the 1990-91 financial year?

The MINISTER OF REGIONAL AND LAND AFFAIRS

(a) Phuthaditjhaba R 14 135
(b) Indступилwa R 120 800 459
(c) Botshabelo R 337 669

Requests by foreign journalists refused
333 Mr P G SOAL asked the Minister of Home Affairs

(1) Whether any requests by foreign journalists or other members of the foreign media to visit South Africa in 1991 were refused, if so, (a) how many, (b) what were the names of the individuals concerned and (c) which newspapers or organizations did they represent.
(2) whether he will furnish the reasons for refusing these requests, if not, why not, if so, what were the reasons in each case?

The MINISTER OF HOME AFFAIRS

(1) (a) The hon member is referred to my reply to his Question for written reply, No 231 on 20 May 1992
(b), (c) and (2) It is not considered expedient to disclose information of this nature, as an application for a visa is a personal matter between the applicant and the Department of Home Affairs.

Amount set aside for monitoring of media
334 Mr P G SOAL asked the Minister of Home Affairs

(a) What amount of the total amount allocated to his Department for the 1991-92 financial year has been set aside for the monitoring of the media and (b) how is this amount made up?

The MINISTER OF HOME AFFAIRS

With the withdrawal of the Media Emergency Regulations on 2 February 1990, monitoring of the media by the Department of Home Affairs was discontinued. No amounts have therefore been set aside for the monitoring of the media since then.

Work force participation of women
355 Miss M SMUTS asked the Minister of Home Affairs

(1) (a) What was the work force participation of women in the Republic during the latest specified 12-month period for which statistics are available, expressed both as a percentage of the total work force and in figures, and (b) what percentage of women in the work force were (i) Black, (ii) White, (iii) Coloured and (iv) Asian?
(2) how many (a) Black, (b) White, (c) Coloured and (d) Asian women were, during the above period, employed in each of the following categories of employment, viz (i) medical, (ii) dental, (iii) pharmaceutical, (iv) legal, (v) engineering, (vi) accounting, (vii) managerial/professional executive, (viii) school teacher, (ix) nurse/inferior, (x) librarian, (xi) clerical and (xii) sales.
(3) what percentage of (i) high level and (ii) middle-level manpower is female and (b) in respect of what date is this information furnished?
The MINISTER OF HOME AFFAIRS

(1) 33.3%  3 687 000 (14L)
(b)  65.4%
(i) 17.5%
(ii) 14.0%
(iii) 2.7%

(2) (a) (b) (c) (d)
(i) 152 3 059 67 407
(ii) 316 1 211 147 115
(iii) 73 2 438 61 185
(iv) 32 1 709 111 111
(v) 28 900 30 41
(vi) 256 26 432 947 844
(vii) 1 244 25 672 1 429 1 073
(viii) 80 676 42 321 22 922 6 183
(ix) 38 085 35 223 12 693 3 525
(x) 132 2 439 123 110
(xi) 28 253 344 104 56 313 25 591
(xii) 39 091 55 457 20 317 6 694

(3) (a) 6.7%
(b) 11.5%

(b) 29 March 1990

* Mid-year estimates as on 30 June 1990
** Manpower survey as on 29 March 1990—excludes Agricultural sector and Private households

Charges against persons withdrawn: Bruntville

338 Mr W U NEL asked the Minister of Law and Order

(1) Whether charges against persons who were arrested and disarmed at scenes of violence and multiple murders in Bruntville on or about 4 December 1991 were withdrawn owing to lack of evidence, if so,
(2) whether sufficient new evidence has since been found to enable the South African Police to bring fresh charges against those concerned, if not, what steps are being taken to collect such evidence, if so, when will charges be pressed,
(3) whether he will make a statement on the matter

The MINISTER OF LAW AND ORDER

(1) Yes

HOUSE OF ASSEMBLY

(2) No, the case is still under investigation.
New information is evaluated and investigated on a regular basis, but up to date no prima facie evidence could be found to enable the South African Police to bring fresh charges against those concerned.

(3) No

Amounts owing to the State

339 Mr H J BESTER asked the Minister of Law and Order

(1) Whether any amounts are currently owing to the State in respect of costs awarded to the State or any official in any unsuccessful court applications or any other civil actions brought by persons, or on behalf of persons, who were detained, banned or otherwise acted against in terms of the provisions of the Internal Security Act, No 74 of 1982, or any regulations promulgated in terms of section 3 and/or section 5A of the Public Safety Act, No 3 of 1953, if so, (a) what amounts and (b) in respect of what date is this information furnished,
(2) whether he intends to institute civil proceedings for the recovery of these amounts, if so, what are the relevant details

The MINISTER OF LAW AND ORDER

As the information required is not recorded and other departments are also involved, the question cannot be replied to within the period specified.

SAP: progress in solving of certain murder cases

342 Mr L FUCHS asked the Minister of Law and Order

Whether the South African Police have made any progress in solving the murders of certain persons, whose names have been furnished to the Police for the purpose of the Minister’s reply, which occurred during the period 1 November 1977 to 30 April 1992, if not, why not, if so, what progress

The MINISTER OF LAW AND ORDER

Yes

HOUSE OF ASSEMBLY

The MINISTER OF LAW AND ORDER

As a result of the extent and nature of the question it is not possible to reply within the prescribed time.

Social Relief Scheme for Farmers and Farmworkers

344 Mr J H MOMBERG asked the Minister of National Health

(1) (a) 1 April 1992,
(b) 31 May 1992
(i) R20 million
(ii) R2.5 million and
(c) specified information is not available,

(2) no, not as far as known,
(3) no, assistance is given to farmers in order to meet the needs of their farmworkers,
(4) (a) and (b) no, because the farmers apply for assistance for their farmworkers and the farmers’ financial circumstances are evaluated in order to qualify for assistance,
(5) (a) yes,
(b) yes,
(i) negotiating more representative composition within the existing structures,
(ii) according to needs,
(6) (a) (i) yes, the prominent church societies operating in each area,
(ii) yes, farmers’ associations, Women’s Agricultural Union, South African Agricultural Union,
(iii) banks, co-operatives, agricultural credit boards and welfare organizations,
(b) to promote community participation

Amounts granted in aid in terms of certain scheme/programme

345 Mr J H MOMBERG asked the Minister of National Health

(1) (a) What are the (i) minimum and (ii) maximum amounts granted in aid by her Department to recipients in terms of (a) Social Relief Scheme for Farmers and Farmworkers and (b) Nutrition Development Programme and (b) what factors are taken into account in calculating these amounts,
Centre boosts businesses

Soweto 19/6/92

By JOSHUA RABOROKO

The Sanlam Centre for Small Business Management was officially opened by the company's senior marketing manager, Mr Pet Craven, at the Technikon Northern Transvaal.

Sanlam is donating R15,000 to the centre for a period of five years. This year an additional R50,000 will be donated which makes a total of R125,000.

Craven said that the development of business skills for small business was "very important for the future of our country".

He said small and medium size enterprises provided employment for 24.5 percent of the economically active
In my view . . .
A daily commentary on current economic affairs by writers of The Star.

Businessmen suffer from 'quarteritis'

Quarteritis is a disease affecting most Western businessmen. It's a malady akin to myopia - one which focuses the sufferer's planning vision on the near term to the exclusion of any long-term perspective.

Thus the term 'quarteritis' - a preoccupation with results achievable in the next quarter rather than strategies founded on achieving success two to three years down the line.

Among South African businessmen the disease has become an epidemic, because the hazy political horizon has created the perception that circumstances beyond the quarter that lies ahead will be so changed that it isn't possible to formulate business plans today that will impact on the firm's long term future.

This is why investment in new plant and machinery has come to a standstill; why even replacement and refurbishment is deferred at all costs; why staffing is slashed at every possible opportunity; and why inventories are at levels lower than ever before.

Some form of medical help is clearly necessary, since sober reflection reveals that the perspective is severely distorted.

Any practitioner worth his salt will tell you that the cure for quarteritis is a treatment which drives home the realisation that the shape of the economy won't alter much in the years ahead - no matter how a future government is constituted.

Firstly, no nation can operate effectively without the rule of law.

Secondly, the free market system has been a winning formula for success throughout the world so much so that tomorrow's government will have no option but to adopt it.

Thirdly, it is being increasingly recognised that additional taxes simply cannot be squeezed out of the economy.

Finally, the pride gained by the majority as a result of achieving the equal status for which they've so long striven can but benefit a nation whose working ethic falls woefully short of the optimum.

The ultimate message? Make the effort to see the wood from the trees. If you don't succeed, seek treatment for your quarteritis.
Few women in top posts

CAPE TOWN — A third of SA's workforce were women and more than 65% of them were black. Home Affairs Minister Gope Louw said yesterday that there were 3,687,000 working women in 1990, but only 6.7% were in high-level and 11.5% in middle-level positions. Louw told Parliament on 24/6/92 that 55.4% of working women were black, 17.9% white, 14% coloured and 2.7% Asian.

Louw said 90,676 of the black working women were teachers, 38,085 nurses, 48,253 clerical staff and 39,981 sales workers. Among white women, 34,104 were clerical workers and the balance were sales staff, teachers and nurses.
Denel division Mexa tops in solving corporate problems

A DIVISION of Denel has become the leading company in the field of corporate problem solving.

Pretoria-based Mexa provides scientific solutions to problems taxing the minds of executives in about 100 of SA's top companies.

Meya, a division of Denel, the multi-faceted industrial giant which came into being on April 1, is more than just a management consultancy.

According to marketing manager Henk Koster, Mexa is "essentially in the solutions game, the scientific generation of solutions is our business," he says.

Its work is one example of how the former arms manufacturer and procurer is beating its swords into ploughshares.

Meya currently has a turnover of about R20m a year and its services are in demand from some of SA's top blue-chips in fields as diverse as paper making, forestry, office furniture, transport and the motor industry.

Most of the bigger parastatals are on its books as well as the SABC, SADF, Pretoria City Council, Nasen and Samcor.

Meya operates with a professional capacity of about 70 highly-trained people, each an expert in at least one field.

Academic

Allied to this is a countrywide network of academic experts, many of them based in Pretoria, with whom Mexa interfaces.

Although the state is its only shareholder, Mexa receives no subsidy.

"Our job is to provide insight into complex problems," says Koster.

"The client is obviously an expert in his own field, but we can do the number crunching for them and come up with a variety of options on how to optimise business results in the current economy everyone is hard-pressed".

Meya, says Koster, has the ability and resources to examine every aspect of the environment in which the manufacturer is working. It also boasts some unique occupational safety and industrial systems engineering capabilities.

Meya has developed a computer-based vehicle dispatching and tracking system providing security as well as economic advantages to the user. Real time vehicle positioning is obtained through the only SA-developed and manufactured satellite tracking system.

Meya also advises on the placing of facilities. While an urban planner may have a specific and expert input, Mexa analyses all the cross-effects.

But it also takes a holistic approach. Says Koster, "In short, what we provide is a one-stop creative problem-solving facility".
the children in the home, for mothers, but
perhaps, quantity and quality with
sparing, "quantity" above it. A child of
women, in their childhood, is a child
of women. Men are the children of
women. Mothers are the children of
women. And it is from women, in
women, that the children are born. In
women, children are born.

Until these children are there, in
women, in a home, they should be
spared. They should grow up in
women, in a home, and be spared.

When and why does the child
leave the home? When he is old enough
to leave the home.

When and why does the child
leave the home? When he is old enough
to leave the home.

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Workshops ‘will aid black advancement’

CONCERTED efforts should be made to usher more black graduates into top managerial positions, says a leading management consultant.

In an article to be published in People Dynamics, an Institute of Personnel Management publication, Zama Umlaw of Anderson Consulting says only 1.2% of SA’s managers are black.

With the scrapping of legislation which hampered the upward mobility of blacks in commerce and industry, it is expected that more black graduates will rise to managerial positions. However, this cannot be achieved without “the concerted efforts of commerce, industry and black graduates”.

Commerce and industry need to help prepare black graduates for managerial positions by, among other things, holding workshops or seminars at schools and universities on aspects of business.

Umlaw says these workshops and seminars will help eradicate the misconception, under which black graduates often labour, that academic qualifications alone will put them “in the higher echelons”.
Top speakers for Wits Winter school

By JOSHUA RABOROKO

TOP political and economic leaders will address delegates at a Winter school at the Wits Business School from today to Friday.

The Business Olympics, hosted by the Association of Students Interested in Economics and Management of South Africa, will be attended by students from universities and technikons to discuss the present social and economic changes facing the country.

Speakers include Dr Antonie Goldenhuyx, chairman of the Peace Secretariat, Dr Nick Bredell, director of Wits Business School, consultant Mr Enos Mabuza, Ms Lilian Boyle of Rennies Travel and Mr Marcel Golding, assistant general secretary of the National Union of Mineworkers.

AIESEC is the largest international, non-political, non-profit student-run organisation in the world and aims to create opportunities for exposure and interaction between young people of different cultures and nations.

To contribute to the changing South Africa, the organisation strives to develop students interested in economics and the management process to be aware and effective participants in the business environment.

This 15th annual winter school will cover labour relations, job creation, sustainable development, violence in South Africa and the South African and international business ethics.
Input wanted

PROGRAMMES to increase the upward mobility of blacks in organisations have generally failed — and SA's largest personnel management group is looking for fresh input to devise a strategy.

Input is sought not only from human resource managers, but from as wide a range as possible — including line managers and disadvantaged groups.

The Institute of Personnel Management (IPM) will run a series of workshops on black advancement until the end of the year.

Those interested may get in touch with Ivan Leth at (011) 433-1501 or Ruana Grechhlo at (011) 738-0604.

London gold
Ability to negotiate is vital for everyone

SUCCESS in management during the next decade will depend on SA's willingness to develop a new generation that is decisive, critical and self-motivated.

CTU training manager Don Wiggill says university and some other educational institutions fail to adequately equip students with life skills.

Graduates enter the business world unsure of how to cope with problem-solving, decision-making, stress management, communication, negotiating and other skills.

De Beers Diamond Service senior training manager John Gatherer recognises the importance of addressing the academic gulf resulting from disadvantaged education.

The company now sponsors selected commercial and technical students on a year's pre-university bridging programme and CTU has developed a business preparedness programme.

Wiggill and Gatherer have realised that a lack of life skills and social skills are not limited to matric and university graduates.

"Most aspirant managers in the corporate world struggle to cope with the work environment," says Wiggill.

"Thus over the past two years we have developed and refined BPP to assist in the success of future leaders."

Specialist

Life skills specialist Wiggill says CTU - the largest human resource institution of its kind in Africa - offers a three-day negotiation skills programme.

"People of all ages and positions need to have mastered the art of negotiation before they can get their own way."

However, too many view negotiation in awe, thinking it is a special skill. They don't realise they need negotiation every day of their lives," he says.
Effectiveness versus cost is key element

THE ability to justify the cost of training against effectiveness is one of the most common elements missing from many programmes, says Keyboard Productivity manager Eric Cowling.

"In SA — a country in great need of productivity improvement through effective training — this factor must be built in to ensure acceptability of the training programme."

Programmes which can be seen to work and can be measured to show return on investment are of great value to management.

With this in mind, the company has recently installed new software on its Keyssoft training programme which can be run and managed without frequent calls to consultants.

This enables management to measure progress achieved through keyboard training and to set specific goals through a system of reporting.

Keyboard Productivity provides training programmes for improving the performance of operators of PCs, word processors, computer typesetters and other hardware.

"After effective keyboard training, productivity increases of between 40%-60% can be expected, with an error reduction rate of 60%-90%."
Top executives need to know more about computer benefits

There is a crying need for top quality executive training in SA, but most generally available courses do not meet senior managers' specific needs, trainers say.

Sage Computing Training manager Jane Yeomans says executives have neither the time or inclination to attend scheduled training sessions.

Despite this attitude, she says they undoubtedly do need training in many varying fields.

"The only successful option is to provide highly relevant, to-the-point courses which cover exact business requirements in as short a time as possible," Yeomans said.

Education is essential, especially in the fast-moving computer arena.

"Many of today's executives are from the 'born before computers' era and there is an obvious need for them to understand the power and innovations of PCs, as well as the benefits that can be achieved in order to improve the company's performance."

Although the importance of computer training cannot be over-emphasised, the education process must be properly handled or it can be a waste of time and money.

However, Yeomans says formal education is only expensive if it is badly managed.

"Professional training is the only method of improving staff productivity and maximizing investment in computer equipment. Inadequately trained employees and executives can cause repercussions all the way through an organisation."

Sage Computing Education division provides specialised half-day training sessions tailored to meet the executive's needs.

She says top business people do not need to know which buttons to press, but require a general overview of the technology.

While they are not expected to be experts in the computer field, they must have a broad working knowledge.

Real Systems director Lorraine Cock says more executives are demanding to create their own PC application programs.

"Business users know they have the computing power and facilities at their fingertips — they just don't know how to harness it."

She says writing basic applications on LAN-based computers is actually far easier than many believe.
Future solution lies in nonformal sector

THE nonformal educational sector is the only solution for the extended educational needs of a new SA, says Human Sciences Research Council chief researcher Andries Drost.

"Employment opportunities are changing and the nonformal educational establishments will be providing the most applicable skills for the market place," Drost says.

"The formal tertiary sector cannot cope with the current educational demands from both a structural and a labour demand point of view. Limited facilities and the cost of formal education are making the formal sector prohibitive to a large percentage of the public."

Drost says SA is placing more reliance on nonformal tertiary establishments to cope with fluctuations in the working world.

The Association of Private Colleges of Southern Africa (APCSA) is a bona fide body for the nonformal educational sector. With about 100 members, it offers a range of courses.

APCSA chairman Harry Edmonds says the body is striving to maintain the highest standard of education and training throughout its member colleges.

On August 14, APCSA will stage a conference in Johannesburg focusing on future skills training, manpower development and funding. Drost will be among the speakers drawn from commerce, industry, government and the ANC.
Productivity-boosting sales course on offer

THE National Productivity Institute (NPI) is planning a bumper productivity-boosting sales training course to be presented in five cities this month.

Statistics show that, on average, sales people in SA spend only 27% of their time in front of clients, with some spending as little as 11%, says NPI marketing and sales manager James Cagney.

Thousands of people are expected to attend the course, which will be the largest organised gathering of its kind in SA, he says.

Organised in conjunction with the Self Development Foundation, the seminar kicked off yesterday in Cape Town, today it will be held in Port Elizabeth, in Durban on July 9, Johannesburg on July 13 and Bloemfontein on July 16.

The NPI has focused on sales productivity as an area that needs dramatic improvement.

Cagney expects the series of seminars to have a far-reaching effect on the economy since well over 100 000 people are employed in the sales field.

“Our problem is not so much the poor sales skills of sales people, but the ineffectiveness of sales management. Most come from the ranks of sales people, with little or no managerial training and told to get on with the job,” he says.
SA firms demanding more specific curricula

LIKE overseas companies, SA firms have become discriminating and are demanding more company-specific management courses—moving away from off-the-shelf programmes open to all-comers.

Local management courses supplied by university business schools, including MBA degrees, are thus being increasingly tailored towards corporate needs.

Executive courses, as opposed to degree programmes, are also assuming a progressively higher profile in management schools' budgets in order to meet local business conditions.

Partly contributing to lessening demand for old type, off-the-peg programmes, has been the impact of the recession on company expenditure, with a growing need for value-for-money courses.

So says University of Westville Durban business finance specialist Narendra Bhana.

Other sources say additional influence stems from a steady rise in professional in-house or contracted training teams employed by companies themselves.

Company difficulty in meeting the rising cost of MBAs is exacerbated by the executive student often being detached from his organisation for the normal 12-month period to attend full-time lectures.

"Although corporates are still enrolling MBA candidates in good numbers, they want company-related, more practical courses, not MBA programmes that are too general or provide too much theory,"

Changes

"Gone are the days when instruction was based heavily on case studies from Harvard, the London School of Economics and even multi-national conglomerates like IBM," says Bhana.

While local business schools have tended to follow their trendsetting counterparts overseas in recent years, some have instituted changes to meet local management conditions.

Westville is among those responding by structuring courses to "provides benefits that can be implemented immediately at company level."

Another is Durban-based Centre for Advanced Management Development (Candev), which searched the US and UK before opting for the sole SA distributorship agreement of a distance-learning MBA from Scotland's old Heriot-Watt University.

Camdev director Neil Stevenson says a criticism sometimes levelled at the MBA degree is that it is overly theoretical and not sufficiently relevant.

"Heriot-Watt has ensured that its distance-learning and modular degree is tailored for people in outlying areas and is highly practical, both in SA and in the UK."

Changes are also afoot to meet expected demands of a new SA where more blacks will be required to take up higher management posts, says Bhana.

Yet another trend among more business schools is for part-time courses based on after-hours classes.

"Here we have experienced an annual 35% increase in enrolment, particularly in the last two years," says Bhana.

Local and overseas company demand is also increasing for "Executive MBAs" (as opposed to the normal MBAs) which allow managers to return to the office for short periods.

The University of Stellenbosch's executive MBA is popular and the University of Westville plans to follow suit with a similar programme.

Executive MBAs entail fewer lectures and more problem-solving situations.

While local demand for all MBAs remains reasonably firm, some UK employers reportedly perceive the typical 28-year-old MBA as being trained for no position less than chief executive of a corporation.

Unemployment

They add that the MBA has become a staging post on the way to temporary unemployment amidst the recession in Europe.

However, most overseas educators pour scorn on this stereotype.

London Business School principal George Bam says growing acceptance of MBAs is evidenced by both the rising number of students and of employers willing to sponsor them.

But he concedes that some firms are reluctant to hire freshly-minted MBAs as the number of job offers has dropped by a quarter in the last two years.
British MBA to be marketed in SA by Camdev

A new option in management development introduced to SA in April is a distance-learning MBA programme, developed by a British university.

Centre for Advanced Management Development (Camdev) director Neill Stevenson believes this new MBA programme will make a valuable contribution to SA management.

SA's shortage of qualified managers is reaching alarming proportions, he says.

If steps are not taken to remedy the situation, the ratio of managers to managed is expected to increase from 1:40 now to 1:70 by 2009 when at least 100 000 new top managers will be required.

_**Limitations**_

“Our traditional education system cannot meet these needs. Local business schools have financial, human and infrastructural limitations which prevent them from producing enough graduates.”

Stevenson says Wits Business School, for example, produces just over 100 MBA graduates a year. The answer must lie in alternative educational options.

Camdev is marketing the innovative distance-learning MBA offered by Heriot-Watt University in Edinburgh, Scotland.

“It provides the highest standard of academic excellence, is internationally recognised and offers students value for money.”

He says that among the MBA degree’s unique features is that it caters for people in outlying areas with a flexible study duration of 18 months to seven years.

It is also open to anybody without regard to previous academic qualifications or a graduate management admission test.

“Thus because Heriot-Watt University recognises that executives with the intellect, ability and motivation to complete an MBA degree should be given the chance to do so, irrespective of whether or not they already have an undergraduate degree.”

However, a potential student without an honours degree must pass two of the seven compulsory courses before being registered for the MBA.

_**Options**_

There are MBA-type options available in SA from overseas institutions which are not universities. But unlike other countries such as the US where standards vary significantly — British post-graduate degrees are held in high esteem, he says.

Stevenson visited many excellent UK and US educational institutions before choosing this “very practical” degree.

He says Heriot-Watt is a traditional university that employs a system of outside examiners from other universities to ensure uniformly high standards.
Executive courses and staff training as a capital investment training should be seen
Emphasis placed on regional branches

An increasing emphasis is being placed on the CFA's regional associations and co-operation between them.

The institute now has nine regional associations, namely Pretoria, West Rand, East Rand, Free State, Natal, Border, Eastern Cape, south-eastern Cape, and western Cape.

The Lowveld and Natal Midlands regional committees are the newest additions and are working hard to generate enough interest among members to reach regional association status.

The western Transvaal, northern Transvaal, Vaal Triangle, and northern Natal areas are earmarked to have their own regional associations in the future.

The goals of the associations are firstly to promote contact among members in the regions so that they can discuss any problems they may be experiencing.

They also establish contact with the CFA's sponsoring bodies, which include SAICA, the CIS, and CIMA at the local level.

Contact

They make contact with bodies such as the local Receivers of Revenue.

Each regional association has a number of meetings each year, with the larger ones meeting monthly.

At these meetings, social interaction is important, but so is the members' input on any technical or other issues which may need to be reviewed by the CFA's Johannesburg national office.

The regional associations are also important for members' continuing education, seminars, workshops, and other activities in these areas.

Practising members always form the core of regional associations, because they benefit most from contact with fellow members in the areas.

An important task for the regional associations is promotion of the institute.

They also recruit new members to the CFA and discuss the institute with students.

Each year, the Free State organises a spring school, over a weekend, where experts cover topics such as tax and general accounting issues. This year's event will be the third.

The coastal associations were involved in an inter-regional workshop in Knysna this year.
New committees make an important contribution

As the CFA's resources increase, greater emphasis is being placed on looking after the extra demands being made by members. The institute's recently-established committees have made a number of important contributions.

The move is aimed at giving practising and non-practising members greater involvement in the bread and butter issues which affect the CFA.

The overall intention is to involve members from all regions to ensure a wider coverage than has been possible in the past.

CFA committees are established to spread workload and responsibility and operate as an extension of the national office and council.

Each committee has its own terms of reference, but these terms are limited to various authorities.

The promotion committee works on promoting the institute on both national and local levels.

This committee identifies promotional opportunities, looking for target audiences and obtaining sponsorships.

Strategy

It also identifies course presenters, and helps with practical arrangements at regional level.

The member services committee identifies areas in which member benefits and services are required, and investigates those prior to introducing them. It prepares guidelines for members.

The accounting standards and practices committee acts as an advisory body to members and to CFA's council.

It reviews and comments on proposed legislation, while also examining promulgated legislation and working on the practical aspects of implementation. This committee also liaises with tax authorities and other tax bodies, when necessary, and provides opinions and assistance to members.

It is expected to identify areas in which continuing education is required, and to consider alternatives for the presentation of courses in these areas, and issues documentation for members when needed.

The tax and trusts committee acts as an advisory body to members and to the CFA's council.

It is expected to identify areas for setting of standards and to recommend guidelines for maintaining them.

It also considers and comments on generally accepted accounting practice.

It also liaises with other bodies which deal with similar areas of interest.
Popular

Several recent reports have led to a wealth of information for participants. The reports are particular to the institutions that created them. According to a recent report, institutions like Communications College and Accounting College have been offering training. They offer courses in helping people understand the basics of their field.

Motored

Real and high-quality CVC accounting work is not supposed to be as difficult. A comfortable career atmosphere with a focus on quality gives people the confidence to do it. The emphasis on young people is a vital part of the country's economic objectives. The government is promoting the CVC field and encouraging young people to enter it, aiming to make the CVC field more attractive to young people.

With CONTINUING EDUCATION, the scope of work for members of the Institute of Commercial and Business Day, Wanamaker. July 8, 1992
Membership trends mirror changing SA

MEMBERSHIP patterns of the CFA mirror the changes taking place in SA.

Increasing numbers are black, indicating the swing towards formalising businesses previously operating in the informal sector.

The institute now has an estimated 100 black members, 340 coloureds and Indians, and the ratio of male to female members is 8.5:1.

Of the CFA's 1,100 students, 45% are black, and almost half are women.

CFA President John Lardner-Burke says: "In the past, we catered for people with various qualifications, wanting to belong to a registered body.

Important

"Now, we're seen as an important goal for many blacks — and women — who never aspired to the highest qualifications in the profession," he says.

There are 2,500 practising CFA members running their own businesses, and many are providing services in the informal sector, which is gradually moving to close corporations or higher status.

"The fact that more students are coming from the black community, indicates a greater awareness of accounting in this community, and the willingness among small black businesses to move towards keeping accounts and formalising their businesses in some way.

"These businesses relate to people who speak their own language, so the CFA's black members are playing a critical role in this important sector of the economy," he says.

"A problem we hope to address is that very few blacks participate on our committees and councils. Considering their important role in a future SA, it's important that this changes.

"Another problem is to obtain work stations for some of our black students, many black businesses aren't prepared to employ female trainees to do their bookkeeping, but also, some white-owned organisations aren't keen to employ young black students."
Relaxing rules will help boost CFA’s growth

Already the second largest accounting institute in SA after the SA Institute of Chartered Accountants, the CFA could become SA’s largest institute in the accounting field.

But this could depend on how far the authorities go towards relaxing certain company and accounting requirements, because this would stimulate the CFA’s future growth rate.

Feasible

CFA president John Lardner-Burke says that as government introduced close corporations with less stringent requirements, so it is feasible to expect more companies to utilise CFA members to assist in-house chartered accountants and other highly qualified financial managers.

Also, stockbrokers may require some legal status in future and CFAs could play a role.

"Another area could be incorporated partnerships, which may be tightened up in the future and require some formal bookkeeping."

Rules which currently relate to estates and their administration, and to trusts, could also be changed to allow CFA members to perform certain functions.

"We’ve already applied for some relaxation in the trust administration area and something could come of this in the future," he says.

We’ve seen that our qualification levels are higher than we originally anticipated, To ensure that we continue to perform our original functions, it’s possible that a new tier could be introduced below our current standards for membership," he says.

However, Lardner-Burke says it is a good sign that CFA’s want higher qualifications. "But we must be able to include those with basic skills for the market."

Membership of the CFA is important for many, as it allows them to sell their skills in the market," he says.

He points to the way Namibia has recognised the need for a lower tier of accounting personnel. "Now the CFA member in Namibia is set to become the ‘middle tier,’" he says.

Umbrella

As far as having so many different bodies for the profession is concerned, he points to the possibility of having a single umbrella body, a practice already working in countries like Tanzania.

"We believe tiers could well be created under the Public Accountants and Auditors Board."

"Specialisation in various fields could also be possible, whether in trusts, tax, or other areas. This would require practitioners to register as specialists."

At the end of the day, though, it is important that practitioners — no matter their level of qualification — can belong to an institute and fall under a single code of ethics and other controls.

Lardner-Burke says another matter under consideration is wider acceptance of subject credits for the various qualifications, so credits for a certain diploma or degree would be acceptable for others, preventing the current practice where it is necessary to redo what are basically similar subjects for the different qualifications in the profession.
Youthful image kept up for past decade

A PROFESSIONAL body with a youthful image is how CFA executive director Bill Shellard describes his institute.

And little has changed since the CFA was formed a decade ago.

While the accounting profession is often regarded as staid, the CFA has consciously kept its "youthful" image by monitoring its approach to issues and to members.

"This has been necessary because we've broken into a number of new fields," Shellard says. "One of these has been bringing blacks into the accounting profession," says Shellard.

The CFA's membership profile reflects the "old order" of SA, while the student profile shows the new SA, with about 45% being black.

"The market our members have chosen is the small to medium-sized business, believing that the future of the SA economy lies in the small business sector."

"But this is itself a challenge because one of the biggest adaptations facing the small black business is to gradually move into the formal sector and to get over the 'bogey' of having to pay taxes."

"The education process can't be handled by the CFA alone, but must be done in conjunction with other accounting bodies and organisations such as the SBDC."

For the future, he believes it is important that unification takes place in SA's accounting profession.

There has been talk of a possible tiered structure like that in Botswana, Lesotho and Swaziland.

A continuous drive is to ensure CFA members are permitted to provide services for which they are appropriately qualified, says Shellard.

"There is a significant amount of inhibiting legislation in SA and the Law Review Project and the Sunspray Group (funded by the Urban Foundation) are currently looking at regulation affecting the accounting profession.

"We're not looking at lowering standards, but if legislation changes are effected we would regulate our members so that only those who qualified academically and practically would be allowed to offer specific services."

The CFA is also looking at co-operating with bodies in neighboring countries. Namibia, for instance, sees the need for a large "technician" accountant level with practical backing to cope with the needs of a mixed First and Third World economy.

"One of our great concerns is the maintenance of standards and the enforcing of our disciplinary rules, especially in these hard economic times."

Another problem with the wider accounting profession is that anyone can offer accounting services without belonging to any professional body and there is no protection for clients.

"To help here, we're looking at launching another grade of membership. This would encompass, for example, those who have satisfied our first level, but while not being fully qualified, will also be subject to our code of conduct."

Looking back, Shellard says that the CFA has several organisations to thank for its successes.

"The Transvaal Institute of Chartered Accountants, for example, shared its offices with us for six years, while we had a loan from the Institute of Chartered Accountants and lots of support in our early years from Anglo American's chairman's fund and latterly from SAB."

Funding from corporate members has been used for training.
Education under the spotlight

THE Future of Accounting Education in SA (FAESA) project is sponsored by The Public Accountants and Auditors Board under the chairmanship of recently retired rector of Natal University Prof. P.J. Bonyes (172).

CFA executive director Bill Shellard says: "One of the major areas of concern is the lack of cross recognition of qualifications between the technical institutions and universities and other institutions."

"Many people must repeat core material they have already covered for a previous qualification. Also, there are inconsistencies now because one university may give one credit and another give seven credits for the same course."

The current system means a waste of man-hours on the part of the student, as well as stretching limited lecturing resources because it is necessary to re-lecture to students who are obliged to repeat courses.

Changes are on the cards, with the FAESA project aiming to cut down on overlapping and other problems."
Ties with other institutions on the cards

INCREASING involvement with other institutions and related industry bodies is on the cards for the CFA.

For example, the association has applied for representation on the Accounting Practices Board (APB).

The outcome should be known in September.

There is good reason for seeking representation on bodies such as the APB, because issues which are discussed are as pertinent to CFA members as they are to members of other accounting bodies.

Liaise

Already, says technical manager Lindy Jarvis, the CFA has several committees which liaise with government and other bodies.

"However, there is often duplicated work being done by other bodies, and this is seen as wasted effort," she says.

"It would make more sense for us to work together," says Jarvis.

"Then the CFA could concentrate on filling in any gaps that may exist and which are pertinent to its own members."

Since the beginning of this year, the CFA has started five committees.

- Accounting standards and practices.
- Tax and trusts.
- Membership services.
- Continuing education.
- Promotion

Jarvis says there was initially one committee for practising members which tried to handle all aspects. But this became difficult because there were no terms of reference, it was difficult to pinpoint the exact cut-off level for its authority and too few CFA members were involved.

This committee has now been dissolved and the new ones tailored to deal with and resolve problems.

The new committees include both practising and ordinary members so that the needs of all CFA's can be served.

"In essence, the committees are mainly advisory. They make recommendations to the council, which then makes final decisions."

Proactive

"At the moment, the technical committees are reactive, but in the future they intend to become proactive so that they can give comments, for example, on proposed legislation."

"It is hoped that the committees will spearhead the CFA's drive for representation on other bodies in the future."

The institute is also involved in the Sunnayde Group, which is a coalition of interested parties who support appropriate regulation for the accounting profession.

This focus team is looking at the informal business sector, which is keen to formalise operations in some ways but does not always see the need for accounting procedures and tax obligations.

There is a need for changes in legislation so that the profession can be opened up to others.

Much of the current legislation recognised CAs as the only ones qualified to perform certain functions.

This is because they are the only members of the accounting profession who can register with the Public Accountants and Auditors Board.

There is also a need for changes within the profession, for example its structuring and the examination of reporting requirements for various entities.

If change is brought about, it will be necessary for the professional institutes to decide on what qualifications are need for people to perform specific jobs.

"At the end of the day, however, the emphasis is on maintaining standards so the industry can provide clients with services at the necessary levels - and the right price," she says.
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"At the end of the day, however, the emphasis is on maintaining standards so the industry can provide clients with services at the necessary levels -- and at the right price," she says.
Body that represents the new generation.

THE CFA is an autonomous organisation for a "new generation" of accountants.

Membership requirements depend on people having satisfied two distinct requirements, both academic and practical, so membership is reserved for the following:
- People aged 23 and older who have a recognised academic qualification in the accounting field whether B Acc, B Com (Accounting), B Compt., or CTA, and have served either three years' Articles of Clerkship or a three-year supervised training period or have six years' practical experience.
- Members in good standing of any of the sponsoring bodies (CA, CIS, or CPA).
- Trances who qualify in the National Diplomia Accounting.
- People with other recognised diplomas which include the following subjects: Accounting, Taxation, Corporate Law and Auditing, in addition to experience.

Benefits of membership include:
- In the Close Corporations arena, CFA members enjoy recognition in terms of the Close Corporations Act No 39 of 1984 and are eligible for appointment as accounting officers to CCs.
- Regular journals;
- Medical aid fund and professional indemnity insurance at favourable rates;
- Technical assistance;
- Marketing of services on behalf of practising members;
- Representing members' interests to other organisations, and
- The CFA also serves its members by offering a professional home which sets standards, provides services, protects the status of practitioners and creates public awareness.

The CFA is committed to setting up and maintaining standards for these accountants who serve the needs of the small- and medium-sized business sectors.
Technikon diploma combines academic and practical work

Training is central to the CFA, with efforts focused on trying to draw all racial groups into the accounting profession.

Training manager Cheryl James says "To speed up the process, we decided against setting up our own training scheme or examination system, but identifying existing facilities which could provide the right academic qualifications."

"The technikons were ideal, and in 1983 the first pilot programme was launched at Wits Technikon with the support of some commercial, industrial and auditing firms. In 1984, the course was converted to national diploma status, with the first students qualifying in 1985."

"The National Accounting Diploma is the only technikon diploma in accounting where the student is required to complete both academic and practical components before qualifying."

"The academic course includes 14 subjects and the practical consists of three years of prescribed practical training controlled with a log book and monitoring visits. Here, we visit each student at their place of work at least once a year to assess the student in the presence of the supervisor."

Extensive

"The students don't only do training in the offices of accountants, but also work in commerce and industry, as well as in the public sector. The mining houses make extensive use of the CFA training programme for their financial and administration trainees."

Practical training covers all aspects from basic accounting to tax. James says the CFA is rightly seen as a first step up the rung of the ladder for students who cannot become CAs, for example, or students who do not have matric exemption.

More recently, the CFA has been seen as a viable career alternative in accounting, specialising in the small and medium business sectors. Importantly, once they qualify as CFA's, students get some credits and a remission of the training period for the CA qualification. For this reason, many see the CFA as the only means of entry into the profession.

"Let's face it, there is a massive dropout rate in the first year B Comm degree, and we provide an alternative for many of these students. Indeed, a rapidly growing proportion of our students are B Comm students who sign up to do the practical component of our course."

Also, she says many students realise they will not manage the full CA and do a general B Comm without accounting as a major, but want to belong to a professional body.

"The technikons now have greater autonomy and we currently appoint moderators to assess standards at participating technikons. Looking ahead, we are considering the option of setting our own entrance examinations because it is difficult to effectively maintain a standard across all 14 technikons."
Maintenance of standards ensured

THE object of any disciplinary measure is to maintain standards.

And because the CFA is not bound by the Public Accountants and Auditors Act, it takes it upon itself to ensure institute standards are maintained.

Technical manager Linda Jarvis says, “We do this through investigations and disciplinary measures.”

“It is up to members to ensure they abide by standards. However, they occasionally default because of ignorance and in these cases it is important to identify weaknesses and put them right.”

She says most complaints arise from problems of a technical nature. But there are also some complaints from members about their colleagues, whether about the way they advertise, or because they are not acquiring or releasing clients in a professional way.

“If a client is dissatisfied with the professional conduct of a member or unhappy with the fees that have been charged, or that he is charged for services which were not provided, we must have the complaint in writing so we have sufficient evidence.”

While we encourage our members to sort out their problems with their clients, it’s sometimes unavoidable that the institute becomes involved.

If the institute gets involved, the member is given an opportunity to reply and the matter is handed to an investigation committee, which may then refer it to the disciplinary committee.

Jarvis says the worst scenario is to strike members off the roll. But in most cases the member is warned.

“If we feel the institute could have helped, we may amend the by-laws or publish the case in our bulletin.”
A Business Times Feature

Happy wanderer
in search of peace

ONE of the architects — together with Albert Koopman — of participative management in SA is Cashbuild managing director Gerald Haumann.

A veteran of the 1968 student riots in Paris, his socialist idealism was shattered by a paradox — he saw a worker shot outside the Citroen factory.

Mr Haumann says “In 1968 I saw the harm that trade unions could do to their cause. I am still basically a socialist, but I resent the practical abuse of the system.

“Equal opportunities must be given to everyone by establishing an education system independent of government.

“If everyone has the opportunity to learn competitively and is employed according to his competence, you remove the need for redistribution.”

Style

“Redistributing wealth does not redistribute entrepreneurship which is the sustainable advantage which should be spread among all.”

He says participative management is the preferred style of management in Africa because it allows group participation in decisions. It is a system of empowering workers and promoting worker-management communication.

“Everyone must be allowed to flourish. One of the most important ways of doing this is through transfer of knowledge, giving more people access to opportunity. About 30% of our store managers are black and we are working to increase the figure to 75% by 1997.”

Cashbuild has a virtually blemish-free industrial relations record. Disputes with managers are generally resolved on the shopfloor long before any form of industrial action is contemplated. Workers have been known to fire managers in extreme situations.

After the 1968 student riots in Paris, Gerald packed his rucksack and started hitch-hiking to Australia. He got as far as Afghanistan, then a kind of psychedelic supermarket for the hippie drug culture.

“In the 1970s drifters were divided into two schools — those who rejected their system at home and found liberation or abandon in their hippie drug culture, and those who wanted to experience their physical and mental limits by adapting to new cultures.”

“The hippie stereotype dominated the road from Amsterdam to Darwin while the ‘experimentalists’ moved through Africa. I turned around and thumbed my way back to Beirut.”

For three years he strayed between Arabia and Africa, drifting down the Nile to Ethiopia, Djibouti, Somalia and Zaire, doing odd jobs along the way.

“I lived for short periods in most African countries,” says Mr Haumann. “Living on a shoe-string sharpens your senses. In one country you get thrown in jail for something which in another country is considered praiseworthy.”

“You live at close quarters with all kinds of people and this teaches you tolerance and understanding.”

These were qualities he later put to use in Cashbuild. Soon after arriving in SA in 1973 he took a job with a firm of builders and merchants. He learned the trade which was later to make Cashbuild the largest building materials cash-and-carry supplier in Africa.

In 1978 Metro launched a building materials cash-and-carry division and Albert Koopman and Gerald Haumann were given the task of putting it on the map.

Cashbuild’s earnings have grown at an average compound rate of 36% a year since inception, a record that is the envy of many other companies, although profits will be lower this year.

Mr Haumann’s sense of adventure is still as keen as ever. He plans to take Cashbuild into Africa, a task for which he is well qualified. His knowledge of Francophone Africa and the cash-and-carry business gives Cashbuild a head start over competitors.

“Poor”

“Our stores do well in under-developed regions where the distribution network is poor. We are ideally suited to African conditions where transport is generally difficult.”

“Our strength is in the fact that we offer you geographical convenience to builders and retailers.”

Africa’s history of corruption and stagnant economic growth is no deterrent. “You find people are better than the system that governs them. So you must allow the individual to prosper.”

GERALD HAUMANN. Opportunities for all.
Temps they are a-changin’ in S...
The fast track to ‘empowerment’

LONDON — If there is a single "human resources" issue which helps chief executives sleep soundly at night, it is the existence of a proven "fast-track" process for developing their high potential young people into the leaders of the future.

"Leadership development and succession is at the very heart of future corporate prosperity, hence the installation of fast-tracks by more and more companies. All now feel they must take young managers in their mid-20s and transform them, over the next 10 to 15 years, to dizzy "fast-tracking" into a high-powered elite.

Cloning

"Yet the way that these processes operate, and the values and behaviour patterns which they promote among today's star middle-managers and tomorrow's top dogs, are in direct conflict with the popular and potentially powerful concept of "empowerment"! Company bosses on both sides of the Atlantic are now rushing to install it (or at least espouse it), in spite of centralising pressures created by the recession.

But very few of them are biting the bullet by changing their fast-track processes to encourage the development of "empowering" behaviour in the company's central nervous system its star managers. Instead, today's leaders are still cloning themselves.

"This is the stark conclusion of unpublished research done over the past couple of years by the London Business School's Lynda Gratton. Much of her hard data is drawn from a study in 1991 of more than 10 high-flyers at a large European multinational. Gratton's results are impressive, because she gathered observations not just from high-flyers themselves, but from more than 1,000 subordinates, peers and bosses. The prime question she sought to answer was whether the high-flyers were much good at the various behaviours that "can be considered "empowering", and especially whether they gave much priority to many (or any) of them.

The answer in the majority of cases was a resounding "no".

For anyone who still needs a plain person's definition of empowerment, here goes.

"As organisations flatten their pyramids, ho-cut costs, accelerate decision-making and become altogether more flexible and competitive, they can no longer operate in time-honoured, hierarchical fashion. Instead of a series of levels which "command and control" the one immediately beneath them, power (and information) on many issues must be delegated, decentralised and diffused. Trust must be established between bosses, peers and subordinates (to use conventional language — or colleagues, in the new). Individual effort within narrow departmental boundaries must be replaced by cross-functional teams. Instead of information being withheld at each successive level in the hierarchy, it must become shared — or, at least, accessible — through informal "networking". All this implies fundamental changes in the way that leaders behave.

In assessing the "empowering charactersitics" (or otherwise) of the managers in her study, Gratton asked participants to write down what they saw as the person's strengths and weaknesses (these were described politely by Gratton as their "development needs"). The resulting descriptions were rich and varied.

The top four strengths to emerge were all individual, rather than team, ones: "energetic and hardworking" (for 73% of the high-flyers); "analytically able" (63%), "action-oriented" (61%), and "intelligent" (46%). Most other empowering behaviours, such as ability to engage in joint problem-solving, were cited as strengths for less than 30% of the high-flyers.

Abrasive

As for people's "development needs", the 100 individuals as a group were seen by two or more of the respondents — often including themselves — to be weak on half of the full 20 categories of empowerment, and not very strong on any. In particular, 42% were described as獅ieving too much of, and being impatient with, people with different abilities and needs; a recurrent phrase was "does not suffer fools gladly".

Depending upon the category, between 26% and 30% were described as abrasive, failing to share information and to keep communication open, unable to build teams, and failing to take others' views into account. Many were poor listeners.

The good news, apart from most people's perceptions of their own weaknesses, was that the group was not homogenous. A significant minority did behave in an empowering manner, and possessed strong individual skills. — Financial Times.
PEOPLE’S LIVES ‘Appointing women to top positions says enough about the company’

Purging sexism from boardroom

By Sizakele Koma

THE murmur spill through the blinds, lighting up the spacious north-facing office. In the centre of the room Nanta Kawa sits upright on a cushiony executive chair, dressed in an expensive black and white Chanel-style suit and looking every part the boss that she is.

Kawa is project manager of Co-ordinated Marketing, a black-owned business consultancy which she joined a year ago.

Some friends, she said, had warned her upon joining the company that she could be letting herself into a very chauvinistic environment.

Looking at this confident diminutive woman and listening to the articulate and sharp way she answers questions there is no doubt as to her intelligence. She could not be any boss’s pushover or any man’s sex object.

But there is no room for her to fight at Co-ordinated Marketing. Sexism does not exist in managing director Mr Kresa Khosa’s company and professional standards are very high, according to Kawa.

“There is mutual respect between men and women. I have never had a pass made at me. I’m always introduced as a colleague, never as a woman,” Kawa said.

Women are not expected to fetch and carry benefits are attributed to a person’s job and professional status, not his or her gender.

Kawa said she had grown by five years in the space of one year in terms of the responsibilities, experience and exposure she had been given at Co-ordinated Marketing.

Loura Matthews, a media manager with Herbuys, an advertising company, joined in February as media manager.

“The fact that they hired a woman for the position says something about them,” Matthews said.

She is almost certain, she said, that there would not be anything or anyone to stand in her way to achieve success.

“It is up to me what my ambitions are. The only thing that would stop me is my performance.”

These two women would be thought of as unique by Thupi Dlephu, Fabco’s promotions manager, and most others who have a host of complaints about their masters.

“I do not know of any woman who has grown in a black concern,” Dlephu said.

Our men still have doubts about our capabilities, even though we have proved that we are worth the job. I have never worked on a project from start to finish without a man’s interference. They have either had to make the proposal or approve it before I could go ahead,” Dlephu said.

Kawa said she always tries to fight to be heard but she was not prepared to give in to male pressure.

She alleged that

- One woman was replaced, without her knowledge, from her position by a man who would have otherwise been made redundant.

- Some qualified men earn more than their better qualified female colleagues.

- Meetings are treated like men’s clubs.

- There are 14 men and only two women in executive positions and both women do not have decision-making powers.

“I doubt if I will work in a black-owned company after my experience,” said Lerato Leou, her real name, who recently left her job in a black concern.

Suffered a lot of reverting. My boss never cared to consult with me when making decisions on issues that would eventually affect me. The whole company had no professionalism,” a close look into some of the companies showed that very few women had grown up higher than the level of secretary while in others like maternity benefits were not part of policy but just arrangements.

The African Bank which has been around for more than 10 years employs 204 men and 123 women. Of these there is only one woman in three accountants and 12 women supervisors. The rest are in clerical positions.

“Women’s success in both black and white concerns are dependent on how well they collectively lobby for themselves. We are the only financial institution which has appointed a (black) woman as a manager of one of our branches, Bisho,”

Louisa Matthews, media manager of Herbuys

African Bank’s chief executive

“We could make an ‘arrangement’ if a female employee had to go on maternity leave. I may fight a course or fight an issue, but I never fight being black or being a woman.”

Kehla Mthembu, managing director, Afuro

Nantu Kawa, project manager, Co-ordinated Marketing
Keeping up corporate image

Companies were finding it increasingly difficult to keep a positive corporate image, said McCann-Erickson chairman Tim Bester.

He said this was due to a growing awareness of the role of business in a range of emerging issues, including the environment, ethics, human and animal rights and work safety.

Companies operating in the fur, cosmetics, tobacco, cigarettes, drugs, mining industries and private nursing homes could easily find something happening which could affect their corporate image and lead to a reduction in sales.

But many of these companies, which sold consumer products or services, could not afford to keep a low profile.

This meant that they had to develop a positive image and build public awareness and trust.

Bester said that in the past, corporate image management had been concerned largely with informing and influencing the financial community and investors. But today consumers were becoming more and more important.

Research undertaken by McCann's parent company Interpublic Group in the US showed that consumers saw corporations as the cause of major problems faced by society.

These included environmental and animal abuse, inequality, and promotion of products harmful to health.

"Consumers now penalise or reward corporate behaviour through everyday shopping decisions," said Bester.

Interpublic chairman Philip Geer said this was not the response of the lunatic fringe, but a trend which would grow.

Bester said companies should be aware of the key issues by which they were being measured, and should act on their areas of vulnerability.

They should manage crisis situations and use advertising to promote their corporate image.
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Dale Carnegie helps people grow

Dale Carnegie’s Johannesburg franchise has increased its business over 400 percent in the past four years and it is expected to increase business further in 1992.

Franchise holder Kat de Beer started out by attending the Dale Carnegie course in 1981.

"After the course I wanted more and I was invited to assist the instructor. Later I became an instructor myself," he says.

At the time he was a marketing general manager for a major life assurance company instructing ways a hobby which he did in his spare time.

"It is very satisfying knowing that you have made a difference in people’s lives," he says.

Later, the owner of the franchise decided to leave the country and Mr de Beer was offered the opportunity of taking over.

"I had the money but it was a painful decision I had to give up a very senior position in commerce to take on the franchise," says Mr de Beer.

However, he did take the leap and has turned the business into an even more successful venture.

When he took over at the end of 1986 the franchise had 600 people attending courses each year. Last year 2007 people attended. Mr de Beer expects 2500 for 1992.

He says his wide network of contacts, developed during his years in the life assurance business, helped. But the main factor in the success of the enterprise was getting into practice the lessons he learned on the Dale Carnegie courses.

"I put into practice the principles I was teaching and it worked," says Mr de Beer.

The course was developed by Dale Carnegie in 1912 and it has been continually updated to meet the clients’ changing needs.

"It’s grown with the need. Our flagship in Johannesburg is the Executive Image Programme which grew out of just such need. No-one willingly projects a poor image. It happens accidentally, but good images are the result of specific, determined and continuous application.

"The most common fact of which executives are unaware is that the image others have of them is very often a result of the image they hold of themselves.

Kat de Beer . . . from instructor to franchise holder.

"The course shows people how to improve their self-image and, as a result, the view others have of them. This is done by constantly reinforcing and acknowledging the person’s positive points."

"More than 80% of the executives who attend this programme have been married more than once."

"It is not that they have problems with interpersonal relationships. They are too hard-pressed in the workplace, where there is one manager for every 47 workers, compared to Japan where there is one manager for every seven workers."

"Executives have a tremendously feeling of guilt because they are not spending more time with their families and the situation can only get worse.""We teach the importance of making time," says Mr de Beer.

Delegates are encouraged to look at the attributes which have made them successful. In addition, they look at areas of weakness and develop a programme for addressing those flaws.

This blueprint is used to continue the development begun during the course.

He says companies are identifying the need for the course. Often executives are promoted up through the corporate ranks, but many lack the necessary management skills.

"The course has a number of different modules from image to team building," says Mr de Beer.

His franchise leads every other in the world in sales of the Executive Image Programme. He believes this is due to a greater awareness in South Africa of being over-managed and under-led.

"We need leaders now, and those leaders need to project an image that will cause people to believe in them. They need to believe in themselves," he says.

Another popular and particularly useful course for South Africans is the Youth Programme.

"Caterpillar Africa and Total South Africa sponsor children to go on the course.

"This is part of their programme of putting back into the community what they have taken out of it."

There are also large numbers of parents who realise the necessity of equipping their children with the basic tools to make a success of their lives.

"Children from all walks of life and of every colour and creed attend the course which is run over five Saturdays."

"On the first day they all form groups based on their language or colour. By the end of the course they become unaware of colour. They walk away from here a united group of young people.

"The course concentrates on basic principles, confidence, self-image, the ability to communicate more effectively and to live with people with less worry and stress," says Mr de Beer.

He says companies should not send hopeless cases on the course. If they are bad they should not be in sales.

"Send us the top sales people and we will make them better. The course is run over 12 weeks as there are no quick fix sales courses that actually work. We expect visible progress from delegates by about the fifth or sixth week. Each week delegates practice the various techniques during the session and are expected to put the methods into practice, and their results are analysed during the following session."

The general Dale Carnegie course is aimed at all who want to develop. Mr de Beer says the only ones who won't benefit are those who think they know it all, and those who have no desire to move forward. For more details, phone (011) 331-6311.
A UNIQUE management course for shop stewards has been launched by Rhodes University's business administration department and Namakwaland.

According to Mr. Philip Court, course co-ordinator and senior lecturer in the business administration department, the success of this venture illustrated the need for education at lower levels of management.

Sowetan Correspondent,
Sapa and Bnnews.
Science policy indaba at Wits

By Anita Allen
Science Writer

Science and technology policies of the Government and the ANC will be analysed during an intensive week-long indaba held at the University of the Witwatersrand from July 27 - 31.

The course will highlight the important role that science and technology (S&T) can play in development by providing a critical comparative assessment of policies around the world.

In particular, visiting guest speaker Roy MacLeod, professor of history at the University of Sydney and a specialist in science policy research, will be presenting an appraisal of S&T policies in Australia — a country which, like South Africa, has large agricultural and mining sectors and a legacy of colonial-type policy structures and education.

Workshops

Other guest speakers will present seminar papers and take part in workshops aimed at formulating conceptual frameworks of development needs for southern Africa and the scope of S&T, and will examine policy options in a number of sectors which impact directly on development.

The indaba is the initiative of the departments of chemical and civil engineering at Wits, and it will be the first time that an educational workshop for S&T policymakers is held in South Africa, according to Dr Ana Grobcki, a senior Wits chemical engineering lecturer.

"Economists do not understand the importance of science and technology in development," says Dr Grobcki, who specialises in S&T policy formulation at a national level and is editor of "Towards a Technology Policy for SA".

She is also co-convenor of the course with Rob McCutcheon, professor of civil engineering and head of project and construction management at Wits. Professor McCutcheon has extensive experience in labour-intensive projects throughout southern Africa.

Speakers

The impressive list of speakers includes Dr Anton Eberhard, director of energy for development research at the University of Cape Town and leader of a major project on energy policy for the new South Africa, Dr Lynn Jackson, principal oceanographer in the pollution division at the Sea Fisheries Research Institute and co-ordinator of the Environment Monitoring Group, Dr Nick Segal, group consultant, strategy and public affairs, at JCI and former senior economist with the World Bank, and John Abbott, a consultant specialising in community participation programmes and development projects in rural and urban areas.

The course costs R2 000 for the week or R400 a day. Registration inquiries can be directed to Lesley Stephenson at (011) 716-6091.
WHEN Zimbabwe gained independence in 1980, a presidential directive was issued to speed up the employment of blacks in responsible positions in the civil service.

No such directive was issued for the private sector, which was expected to take its cue from government in the atmosphere of reconciliation then prevailing.

By the mid-eighties, however, allegations were increasing from ambitious young black professionals, who had the ear of government ministers and civil servants, that the private sector had not taken up black advancement in a meaningful way.

They said that where black advancement had taken place, it was usually in a limited number of areas such as personnel management and public relations, which effectively kept blacks out of any real decision-making positions.

In addition, the rush of appointments of black directors and top managers immediately after independence had slowed down to a trickle.

It was also alleged that where blacks were appointed to management positions, some of their responsibilities were transferred to white managers, which kept blacks out of critical areas of decision-making.

The private sector body for industry, the Confederation of Zimbabwe Industries (CZI), agreed to look into these allegations and find out why their members — the largest employers in the country — were so slow to implement change.

CZI found that black and white managers had completely different views on the issue, with black managers saying the allegations were all too true and the white managers saying they were not.

Black managers said black advancement usually took place at middle-management level, but no managerial training was provided for advanced managerial skills. They said this was because employers were afraid to upset outspoken white managers with deep-rooted prejudices.

They also suspected that black managers were paid less than white managers at the same level. This was because company policy on the recruitment and pay scales of managers was never spelled out in full.

A 1988 CZI survey of companies owned by white family groups found that companies said they did not want to admit strangers to top management, but this was only meant blacks, as they had been known to appoint whites from outside their families or even expatriates.

The white managers tended to have two different ways of responding to this issue. One was that it took years of practical experience before anyone could become a manager — and blacks had generally been denied this and now had to “catch up”.

The other was that “of course” black advancement was taking place, and the complaints were coming from blacks who were prejudiced against all white managers and wanted their jobs even if they were not qualified to take them.

They claimed the civil service had been able to show rapid progress in black advancement because of the early retirement packages for white civil servants, something the private sector could not afford to do.

As to what could be done to promote black advancement, all the managers agreed that greater sensitisation of top brass in the private sector was needed.

They did not think a presidential directive was needed for the private sector as this could be counter-productive when the country was trying to attract international investment for rebuilding after the war.

By the late eighties, the government was again making noises about what could be done to make white companies more sensitive to this issue — and the CZI commissioned another study.

This was conducted by a South African exile, Dr Bridget Strachan. She found dramatic changes at middle and junior management, but found that black advancement had been slower at senior management and “very slow” at top management.

Where black advancement had taken place, it had been because of a positive attitude by top management and good human resource development and training programmes. Where it had been slow, it had been due to the negative attitudes of top management in general and the management structure in particular.

“There is no doubt that the recession of the late eighties had meant that there was little economic growth and that little advancement of blacks could meaningfully take place,” said Strachan.

This is an important lesson for South Africa, where economic growth has been poor in recent years — and might not improve immediately under a new government, no matter what policies are adopted.

This time, the study was not kept under wraps “for members’ eyes only” and widespread publicity on its findings, which were more detailed than the previous one, started a major public debate.

But the government still held back from legislating against discrimination or making affirmative action mandatory.

This was largely due to the constitutional constraints imposed by the Lancaster House settlement, but also due to the lack of vision in labour relations, manpower and human resource development.

Trade unions, in particular, were not encouraged to negotiate with employers on this issue, mainly because what was initially a self-styled “socialist” government did not want the unions to be corrupted by capitalism — the state would lay down wage levels and work conditions.

This socialism had another effect — the state neglected to promote the small business sector and the development of entrepreneurial skills among blacks because it was more interested in co-operatives (which didn’t work).

As a result, blacks had little chance either in the formal or informal sectors to learn business skills and position themselves to move up the entrepreneurial ladder.
Call for a Joint Code Boardroom battles:
Zimbabwe's case

In black and white:

When Zimbabwe gained independence in 1980, a presidential decree was issued to speed up the employment of blacks in responsible positions in the civil service. No such decree was issued for the private sector, which was expected to take its cue from government policy.

The decree usually took place at mid-management level, but no managerial training was provided. They claimed the civil service had been able to throw rapid progress in black advancement because employees were allowed to take training courses.

They also suspected that black managers at the advanced management level were paid less than white managers at the same level. The research was never published in full.

The private sector had not taken up black advancement in the meaningful way. Private sector management was not usually in a position to offer opportunities for advancement at the managerial level.

They stated that where black advancement had taken place, it was usually in a limited number of positions.

In December 1984, the government established a ministerial committee to codify the policy and make it effective. The committee concluded that greater sensitisation of top managers in the private sector was needed and that a presidential decree was mandatory. Zimbabwe had become more independent since independence.
Mauritius has a training lesson for SA

THE Mauritius Government takes a percentage of every company's salary and wage bill. But companies can reclaim most of the levy if they spend money on training employees through approved courses.

The levy fund is administered by professional sitting on the Industrial and Vocational Training Board.

Stephen Dallamore of Mast (Management & Skills Training) expects a similar move in SA when an interim government is in charge.

Mast has opened an office on Mauritius to win a slice of the action.

Mr Dallamore says that even in developed countries there is a growing need for vocational training. In SA, a third of the 11-million-strong workforce has less education and 45% is functionally illiterate.

Among whites, 19% have had some vocational training, compared with less than 1% of blacks. Arts graduates make up 30% of the total and 90% of graduates are whites. Yet by the year 2000, half of SA's middle managers will be black. By that time, unless training takes off, the manager to worker ratio will be one to 50.

SA spent R3-billion in 1995 on training. Only a lack of funds prevents the figure from rising. The education curriculum does not provide the skills business needs.

Mr Dallamore makes a strong case for the necessity to train people.

Mast has four divisions of about equal size in terms of profit contribution. The divisions are Mast Training Consultants, Mast Video Training, Mast Publications and Lexpress Data.

There has been a marked change in the make-up of group profit. At listing, training chipped in two-thirds and protected a third. But even Mast suffers from a skills shortage that good people are hard to find and there are limits to changeable hours and rates.

"Training did not let us down in 1992. It was the best year ever and we have more than 200 corporate clients nationwide with 30 consultants. We train from the primary pupil to the chief executive," says Mr Dallamore.

Mast focuses on products because they are more manageable and give access to the mass market. Technology allows the broadcast of educational material — an important factor in a nation short of teachers.

Mast books sells and rents products. Products offer a much more stable and risk-free return and now earn 70% of Mast's money.

Mast has the lion's share of all the educational videos and is making some of its own. It hopes to market them abroad.

More than 10 000 customers use the videos. "SA is considered one of the world's top six markets for the promotion of videos," says Mr Dallamore.

A major joint venture for Mast Training Consultants is the teaching of black children at the most expensive schools when the median changes from mother tongue to English and which results in a large dropout rate.

Educational sponsorship has been politicised, but there is hope that the troubles can be overcome.

Mast received a shot in the arm when CNA bought a large stake in it from Datakor. At the same time, Mast bought Mast Video Training, formerly Gallo Vision, from CNA.

Universitas was later sold by CNA, becoming Mast Publications. It has 15 000 private and corporate subscribers and access to 70 000 publications.

The other part of Mast Publications is Time Systems, with 16 000 users of the management planning and calendar system in spite of competition from electronic gadgets.

Lexpress Data specialises in interactive video and communications techniques on a computer — the computer gives an instruction and the trainee learns through responses.

Mr Dallamore says: "We foresee big opportunities for literacy where 'star computer' technology covers the level of education of employees and their ability to learn. This training can be aimed at the correct level of individual understanding."

Group turnover is expected to top R26-million in the current year and the profit to exceed R4-million.
She no longer needs her
voices. They are a new breed of South African entrepreneurs who have shown they can

People's Lives
make it on their own despite the difficult economic times

master's voice

backyard of their homes. They contribute to the upgrading of the economy by creating employment for the jobless. These women have also proved that black economic empowerment is not only about black people participating in so-called small businesses but in macro-economic ventures.

Sizakele Kooma looks at some of the success stories.

Miriam Fatsanza, former television producer at Zambian Broadcasting Corporation, is a co-partner in a TV production company called Talent Consultations. Fatsanza and partner, Mr Thembela Hube, started the business in Zambia, in 1984. They branched to South Africa eight months ago. They wanted clients to include women's organisations and non-government organisations from all the South African and Southern African countries.

Ursula Johnson, founder of her company, Network International, in 1987, the public relations and promotions company employs nine full-time staff. Kolge's, Safecor, Pohlo and Foho are some of the people she has worked with.

Stunkie Vundla, started her business as a beauty parlour, hairdressing and sales representative and later as a bookshop owner, before she decided to set up her own promotions business, PTV Communications in a one-man show.

Rose Francis is an internationally renowned former model and runs a close corporation company called Rose Francis Communications. Her prominent history dates back to 1981 and her clientele includes the International Union of South Africa, the SABC and the HLA among others.

Angie Makweta, started AMU, a computer and secretarial training school in 1993. Today the training school employs two full-time and two part-time staff and has proven to include a placement and public relations sector.

Her clients include ZAMCON and the South African Fashion Designers Association.

Makweta, who holds a BA in English literature, had previously worked for IBM as a personal officer for 10 years and later at the Rand Daily Mail.

Makweta’s dream is to have one per cent of her contracts from big corporate clients.

Suzette Mafuna is among the first black women to set up a consultation, business and manage an expanding centre for black women’s development and public relations consultancy. Mafuna started the company four years ago after previously working at IBM, Revis and the NSL where she acquired experience in marketing and public relations.

Projects International employs up to 50 people in the promotions department and eight in business development and has associate offices in the United States of America and Britain.

The company’s clients include Mongesi Ngeza’s Committed Artists, Spinglake Collinery, South Afrikaans and Montsweu Tobacco, a multinational company with offices in Portugal.

Hope Otto and Associates is a market research company wholly owned by Hope Otto, a former teacher and journalist.

She launched the company in 1989 after 15 years of work in the marketing field. Otto employs a part-time staff of 12 people, and has handled assignments for companies like ICI, American Express, and Fleishman-Hillard.

Bridgette Motsepe is managing director of Projects International, a business development and public relations consultancy. Motsepe started the company four years ago after previously working at IBM, Revis and the NSL, where she acquired experience in marketing and public relations. Motsepe’s company employs 50 people in the promotions department and eight in business development and has associate offices in the United States of America and Britain.

The company’s clients include Mongesi Ngeza’s Committed Artists, Spinglake Collinery, East Africa Tobacco and Montsweu Tobacco, a multinational company with offices in Portugal.

Kanya and Zaan, among others.
Nafcoc executive plan finds favour

THEO RAWATS

A NUMEROUS of companies have approached Nafcoc about its programme for increased black participation in the corporate world, outgoing president Sam Motsuenyane said at Sun City yesterday.

Delivering his last presidential address after 24 years, Motsuenyane also said Nafcoc's plans to train board directors had already been set in motion.

Nafcoc's 10-year plan triggered a lot of corporate criticism at its unveiling last year in calling for

- 50% black representation on the boards of companies registered on the JSE,
- 40% black representation in the equity structures of such companies,
- 50% of the external subsidies of such companies should come from black-owned enterprises,
- 60% of the managing structures should comprise blacks.

Motsuenyane said the actual programme content and instruction modes for the training programme for board directors were being jointly developed by Prof Andy Andrews, head of Wits Graduation School of Business and director of the Graduate Institute of Management and Technology, and Prof Prakash Sethi, associate director of the Centre for Management at Baruch College, City University of New York.

"This programme will be on a par with the best such programmes in the US and UK, although it will be adapted to meet the unique legal and economic conditions of SA," Motsuenyane said.

"Once we start developing a cadre of qualified people, it will be hard for the companies to hide behind the excuse that high-calibre people for board membership are not available."
Women must play a role in business. An important role for women to play in bringing about political change. Boardrooms and not just as secretaries. Black women need to be trained to take their rightful places in business roles. 

By Josina Erobobo
Sunday, 20/1/92

Linda Zama at Nance

assisted commerce

and Industry

Assistant Commerce

women to secondary

positions have not

practices of relegating

that represent cultural

business, one notes

analyzes the role

When one

annual conference
Nafcoc pushes for blacks in top jobs

Once we start developing a cadre of qualified people, it would be hard for the companies to hide behind the excuse that high calibre people for board membership are not available," he said.

Motsenenyane also said that after the initial corporate criticism of the idea as "unrealistic, asking too much, advocating a quota system and wanting to promote unqualified people", a number of companies had started seeking Nafcoc's help in developing programmes to meet the criteria set forth in the plan.

The debate on violence ended with a resolution that UN special envoy Cyrus Vance would be asked to recommend to the UN to send a force to monitor violence.

A permanent structure would be established to meet with overseas personalities and brief them on the SA situation.

Nafcoc regions were also strongly advised to get fully involved in local civic structures that sought solutions to the violence, of which they were mostly prime targets.

With overseas markets opening up for all SA businessmen, the organisation set out to train blacks to be on par with the best in the world.
Grading the job

SOUTH AFRICAN trade unions are increasingly becoming interested in job evaluation and management may not be ready for this change of face, according to an Ernst and Young's In Touch newsletter.

This process — whereby employers evaluate employees for promotion, demotion or salary adjustments — has in the past been widely rejected by unions. Unions saw grading systems and job evaluation as management's means of maintaining employees' upward mobility. It was also perceived as a mean of undermining workers' collective bargaining power and dividing workers by stimulating completion among them.

Also, says In Touch, employers have in the past misused job grading to "deskill" job categories by removing the more skilled elements of jobs from the grade. Also, there is little understanding of job grading and unions confuse this with upgrading.

But unions have recently realised that they can use job evaluation to prevent victimisation and discrimination, reward workers for skills as well as boost wages.

Therefore, recommends In Touch, employers should begin educating workers about job evaluation and dispel negative perceptions about it.

"The challenge facing management today is that of how effective involvement and participation can be achieved, while at the same time maintaining the integrity of the system," Ernst and Young comments.
Management must change

PRIVATE enterprise in SA needed to undergo a revolution in management thinking and practice if it were to meet challenges of being a global competitor, CSIR president Brian Clark said.

Clark told the annual conference of the SA Institute of Industrial Engineers yesterday the management revolution should begin by placing a greater value on SA’s engineers who comprised less than 6% of SA’s student population.

Industry should also formulate outward industrialisation strategies such as getting to grips with product and process design required by an export-orientated competitor.

Clark said the workforce needed to be reconstituted and social value systems should enjoy higher priority. SA was headed toward higher productivity with higher unemployment in a hostile trade union and labour cost environment, automation, mechanisation and computerisation of production, manufacturing and engineering processes would be used to decrease reliance on labour.

Industry should contribute to reversing three trends perpetuating SA’s lack of skilled manpower. Adult illiteracy was of staggering proportions, the student population was racially skewed and there was a mismatch between the needs of the economy and the type of education being pursued by young people, he said.

Firms should also assign a higher priority to the technical details of technology procurement, development, application and management.
Firms reject 'black quotas'

MANAGEMENT quotas were not the answer for the new SA and would continue to be rejected by companies, a management development consultant told an affirmative action workshop in Vereeniging yesterday.

Gideon Malherbe of the Central Training Unit (CTU) said proposed legislation demanded that 30% of all executives throughout the country must be black within 10 years.

He said a recent study on affirmative action showed that 75% of businesses nationwide were "extremely" concerned about a new government imposing legislation which would demand that a certain number of management positions be "given" to blacks.

"SA firms will continue to reject 'black quotas' until the government and political parties consider the alternative, the Best Endeavour theory..."

"This concept agrees to a time limit for black advancement, but the crucial difference is that it measures the effects and decisions and the 'best endeavours' of each company over that time scale. It does not force a quota of blacks into the company at the end of the time limit," Malherbe said.
Hi Frank,

I'm glad we're finally getting started on the project. Our meeting yesterday went well, and I think we're on the right track. I wanted to touch base with you quickly to discuss the following:

1. **Folder Management**
   - We should start by organizing our files and creating a system for easy access.
   - I suggest using a cloud-based solution to ensure everything is backed up and accessible from anywhere.

2. **Project Timeline**
   - I've created a rough timeline, but I think we need to refine it to better fit our resources and deadlines.
   - Let's review it together to make sure everything is realistic.

3. **Meeting Agenda**
   - I've set up a recurring meeting every Friday to update each other on progress.
   - We should also schedule a weekly check-in to discuss any issues or roadblocks.

4. **Communication Plan**
   - We need a clear plan for communicating updates and decisions.
   - Consider setting up a dedicated channel for the team to share information.

Let's schedule a quick call to go over these points in detail. I'm looking forward to collaborating with you on this project.

Best,

[Your Name]
remains the same
but the philosophy
A change in style,
Incentive bonuses can produce good returns

Companies are taking a new look at organisational incentives in search of creative new approaches that meet the challenges of changing times, says Ernst & Young Corporate Advisory Services regional director David Thayser.

One or two companies Ernst & Young has looked at have produced sparkling results at a time when the performance of many other companies has left shareholders disappointed.

What distinguishes this handful of companies from the rest?

"Speaking volumes for the 'invisible hand' working towards the common good through the profit motive, the distinguishing feature of these companies has been a no-holds-barred approach to effective sharing of rewards — to the tune of as much as 100% of annual salary," Thayser says.

"The companies that are making it work are putting a lot of money on the line. But in the specific areas where such incentives have been implemented, it has effected nothing less than a complete turnaround from, in one case, a loss situation to healthy company profits," he adds.

Listed, long established companies are involved in all such cases.

The common thread in these companies was declining fortunes, prompting a management shake up and the appointment of a new chief executive who committed his organisation to the use of incentives to release more potential.

"The companies are now making real returns — in excess of their cost of capital — and the managers are being rewarded accordingly. For strategic reasons they prefer to share their good news anonymously," Thayser notes that the key to their approach has been a structured programme of incentives. This is important because many programmes currently in operation measure the wrong things, or fail to meet the most important criteria.

Creation

This is to reward only superior performance with the super rewards being tied to the creation of value in the company. Some broad principles for the formulation of organisational incentive schemes emerge from an analysis by Ernst & Young of test cases.

Firstly, the objectives of any scheme must be clear and the results must be measurable. If not, the scheme may end up unintentionally reinforcing mediocre performance and wasting effort and funds.

Secondly, incentive schemes appear to be more effective when they address a number of objectives by rewarding performance in different ways. At one level it may, for example, be appropriate to reward effort only, rather than results.

Thayser says there are times when economic conditions do not allow value to be created. But not to reward effort which makes the best of a bad situation might be counter motivational.

Thirdly, sight must not be lost of what is being rewarded by incentive schemes. Share incentive schemes, for example, tend to be aimed at the long term retention of staff, but might be most effective in creating a disincentive for staff to leave rather than rewarding specific superior performance.

But the key consideration, says Thayser, and the factor that leads to success, is whether rewards are being made in the areas that add the most value to the company.

Only in this way can the performance of management be brought into line with shareholder objectives to the benefit of both groups.

When it comes to measuring effectiveness, many schemes are driven by earnings per share (EPS), a measure clearly inadequate since it fails to take into account efficient use of capital employed.

Often earnings can be achieved only at the expense of an uneconomic investment in fixed and working capital.
Firm boasts vast pool of expertise at its fingertips

Ernst & Young’s Corporate Advisory Services (CAS) division, which is staffed by specialists who have access to a vast pool of professional expertise and extensive client networks, has 176 partners in southern Africa who are well connected with many non-client members of local business communities.

The vast network of business contacts has resulted in the production of an extensive database of potential merger and acquisition opportunities — both for sellers of businesses and parties looking to make acquisitions.

**Confidential**

The network provides clients with confidential communication between prospective buyers and sellers.

Moreover, for businesses seeking access to the international marketplace, Ernst & Young Global Mergers and Acquisitions Network provides SA firms with an entree to 500 offices in 100 countries.

This gives an unparalleled channel to international business contacts with considerable experience in initiating, structuring and implementing cross-border transactions.

Industry specialists in various spheres of business are able to ensure a client’s needs are evaluated by professionals who are an integral part of the local business community.

This service covers the full range of financial, tax and other regulatory requirements and an evaluation of merger and acquisition activity in the local market.

Ernst & Young differs from others in the financial services industry as it does not itself finance transactions on which it advises. Nor does it perform underwriting or similar functions.
Professions find openings

SERVICE companies are opening offices or establishing links in many African states. They are providing legal, accounting, travel and information services.

One such firm is attorney Hofmeyr van der Merwe. Partners Fiona Walker and Danie Erasmus say the firm is establishing informal links with professional people, such as those in law and accounting. It is also making contacts with central banks and tax departments of African nations.

Mr Erasmus says the firm has a large corporate client base. It offers legal and other services to SA companies wishing to do business in the rest of Africa.

Mrs Walker says: "We draw up documents, such as contracts, in SA and send them to the local people for them to fine tune. We draw on expertise from several different firms. They are also selected for their connections in both private and public sectors."

Hofmeyr van der Merwe has formed links with Botswana, Namibia, Zimbabwe and Kenya. High on the list for the future are Angola, Mozambique, Nigeria and Zambia.

Also in the legal field is the Lex Africa network established by attorney Werksman.

Quality

It includes firms in Kenya, Zimbabwe, Botswana, Namibia and Swaziland.

Partner Sean Larkin says: "This will ensure that our clients who have business interests extending into Africa will have immediate access to high-quality lawyers whom we know, work with and can recommend."

"The network is non-exclusive and any member can place a client's matters in the hands of the lawyer it believes is most appropriate, even a non-member."

Standard Bank Africa banking group chief executive, Manfred Schutte, says the bank has set itself the task of expanding its operations across SA's borders.

Standard has the Union Bank in Swaziland, the Union Bank of Botswana, the Standard Bank of Namibia and the Standard Bank of Bophuthatswana. It holds a minority stake in Banco Standard Totta in Mozambique and has a representative in Angola. It is negotiating to start operations in Madagascar. High on the list of priorities is establishing operations in Zambia, Kenya and Zimbabwe.

Mr Schutte says: "It is not that the banking services in these countries are inadequate. Many of them have established international banks. However, we see a large increase in regional trade and our existing clients will be the ones involved in it. We want to be in those countries to help them."

On the auditing front Ernst & Young member firms in Africa have established Ernst & Young Africa Group. Members co-operate in the provision of audit and consultancy services to clients throughout the continent.

Deloitte Pim Goldby Management Consultants Natal managing director Guy Harris says a recent meeting of all the Deloitte consulting offices in Africa agreed to co-operate in areas such as training and marketing.

Mr Harris says there was a strong emphasis on helping both public- and private-sector clients to exploit opportunities, counter threats and build on strengths.

"For any African enterprise to compete effectively in the global village, we have to provide world-class consulting solutions."
Saatchi Klerk quick off the mark

5/13/1998

ANOTHER service company which is expanding its interests in Africa is Advertising agency Saatchi & Saatchi Klerk & Barrett.

Chief executive Jurie Stryman says no marketer can afford to ignore Africa.

“There is a new kind of consumer in Africa — young, an average of about 17.5 years old, and looking for economic empowerment. The freedom fighters are gone.

“There are 650-million people in Africa and the figure is expected to double by 2005. There are problems — but also opportunities,” says Mr Stryman.

The young consumer is committed to education. The literacy rate in Africa was 26% in 1975. It is now 45% and increasing.

“The number of radio sets increased threefold from 1990 to 1998. "There is enormous potential in satellite television." His company decided to move into Africa in 1990.

More and more customers want service in Africa.

The company has links with Mozambique and strong ties with a firm in Zimbabwe. Saatchi has also tied up with firms in Ivory Coast, Nigeria, Ghana, Kenya, Namibia, Botswana and Zambia. It will be in the final negotiation stages with firms in Angola and Malawi.

“We have tied into existing firms because we were first in the field, we have had the opportunity to pick the best.

“This is the first time an African advertising agency network will be run from Africa — from our Johannesburg offices.”
NEW Times Media managing director David Kovarsky has much in common with predecessor Steve Mahl. It is not only their tall, lean, American business-school look — they both hate caffeine, dislike working behind a desk and are irritated by stubbornness.

But unlike Mr Mulholland, Mr Kovarsky does not often lose his temper — perhaps four times a year — and seldom phones his secretary after hours. Ten years ago he wouldn’t have dreamed about heading a newspaper group.

“I was somewhat of a slow starter and didn’t really believe in myself,” says the 44-year-old accountant.

That changed as he started succeeding, first as an auditor, then as the financial director of a clothing company and while holding similar senior positions with Litcor and Trade & Industry Acceptance Corporation.

His big break came in his mid-30s when he joined JCI as a senior manager in the corporate finance division. Within eight years he was at the helm of JCI’s Consolidated Metallurgical Industries and a director of some of SA’s top companies, including SA Breweries and Premier Group.

When he moves into his 10th floor Diagonal Street office next month he will not change Mr Mulholland’s distinctive art collection or his usual yellow furniture.

“I don’t want to give the impression that I am spending the company’s money,” he says.

Also unchanged will be TML’s relationship with JCI.

“I know there is a perception that as a JCI man the balance between the two group’s will change. But that is not the intention. I am breaking all links with JCI — resigning my board appointments — and will continue to run TML as an independent company.”

TML will look out for acquisition opportunities — provided they slot into the group’s focus of media and information vending.

Mr Kovarsky leaves CMI at a time when the group is still in the red because of dismal metal markets. In contrast, TML has shown strong growth, but could come under pressure because of the prolonged recession.

“I am big enough to realise that a company’s performance does not depend on one person. Despite the pressure on advertisement revenue, I believe TML is capable of matching last year’s profits.”

Mr Kovarsky’s experience of editors and journalists has been mostly through his job as CMI chairman and as a TML director.

As a man who believes “complacency is a sickness”, he admires questioning and confrontational minds — but to a point.

One of his most difficult tasks could be dealing with TML’s strong-willed editors who often resent management interference.

“Obviously they know more about the newspaper business than I do. I believe I can handle them in my own way.”

He has already some personal exposure to TML’s operating divisions, like the premium rate phone service Call-N-Call. He called an 087 sex line “just to see what it was all about. But I gave up after two minutes because the couple had only just started talking to each other. There was no way I was going to wait 16 minutes to find out what went on”.

Like Mr Mulholland, Mr Kovarsky professes to have an open-door policy.

“When I joined JCI, Gordon Waddell used to invite all new staff members to lunch. He would then ask them whether they were busy and whether they had any complaints. In those days JCI had awful doors that closed automatically. I mentioned this to Waddell. When I arrived at work the next day, the doors were out. His door has been open ever since.”

On the issue of unions Mr Kovarsky believes that his challenge will be to get workers on side.

“I think both management and workers in SA are going through a learning curve. It is essential that we improve productivity, but unions must become depoliticised.”

Mr Kovarsky remarried earlier this year. He met his new wife Ann Lament while she was working at JCI as a lawyer in the corporate finance department. Mr Kovarsky has two children from his previous marriage. Son Kevin, 18, is studying for a BComm at UCT and daughter Tanya, 16, is at King David Linksfield school.

As one would expect of a media boss Mr Kovarsky reads many newspapers and has a soft spot for the Independent and the Financial Times. At home, when he’s not reading mystery stories, he enjoys books on modern history and is currently battled to finish Milan Kundera’s Immortality.

“I am forcing myself to read right through. I’ve put too many of his books down without finishing.”

He keeps fit, likes movies and would appreciate it “if someone out there can explain Barton Fink to me”.

...
Another to leave

ANOTHER South African with mining connections has been appointed to a high managerial position abroad.

David Spence, chief executive officer of Castrol SA, will become regional director of Fosco International in Europe from October.


Fosco specializes in the production of metallurgical and construction chemicals and was acquired by Barmouth Castrol in a hostile bid in 1971 for £27 million.

Mr Spence will be based in Birmingham and will be responsible for European operations.

London gold
This innovative scheme benefits all employees

Companies play a crucial role in socio-economic upliftment. But, while a typical job package includes medical aid, housing and pension benefits, many employees — especially those at the lower end of the scale — don’t know how to use these schemes to improve their lifestyle.

PX, an arm of the Transnet giant, decided communication was the answer, and has embarked on a scheme to enlighten and educate their 16,000 employees.

Phase 1 of the communication exercise included posters which made use of the soccer team as a metaphor for co-operation and success through team effort.

Says Chief Executive of PX, Wicus Pretorius: “The first phase showed us how we could reach our goals by working together.”

The exciting follow-up phase will concentrate on “how to” information.

Video facilities will be set up at different PX centres, and employees will be able to select prepared programmes on the benefits on which he would like information — medical aid, pension or housing.

The videos will be screened in a choice of Zulu, Xhosa, Sotho, Tswana, English or Afrikaans.

These facilities, to be installed in PX mini-containers, should be operational by year-end.

The main focus will be the PX transit hubs of Johannesburg, Cape Town, Durban, Bloemfontein, Port Elizabeth and Kimberley.

Another growing need which the company became aware of is for creche facilities for working mothers.

PX, in consultation with Pemnet, is to establish creches in partnership with the workforce. The first of these creches goes into operation next month at Kazerne, in Johannesburg.

PX has undertaken to provide the physical infrastructure — the building, play area, equipment and materials — while the operation of the creches will be funded by staff contributions.

Wicus Pretorius commented “As an organisation we believe in the dignity of people. We believe in a hand-up rather than a hand-out. Only then does individual self-esteem grow to such an extent that workers feel empowered to seek their own upliftment — first as employees, then as role models inside their own communities.”
Affirmative action a priority in SA

Despite current lobbying by the ANC, Cosatu and other groups, black advancement programmes are not new to South Africa, says Mike Coppin, chief operating officer of Drake Personnel.

It is almost 20 years, he says, since many private companies first consciously adopted policies which were designed to produce black managers in industry.

Today, says Mr Coppin, all South African companies should address the issue of affirmative action, which is by definition, a set of procedures aimed at proactively addressing the imbalances of the past and championing the cause of black people in business.

The procedure is seen by some as the only way to overcome entrenched discriminatory obstacles that still stand in the way of disadvantaged groups achieving equality of employment.

Mr Coppin believes affirmative action should become one of the most important human resource priorities of 1992. It should be integrated into companies' general business practice and seen as part of a holistic approach to personnel management, he says.

However, he adds, with more than 90 percent of the top managerial positions in South Africa currently held by whites, the question to be asked is whether companies are ready to change.

Perhaps the resistance to affirmative action can be sourced to its confusion with social welfare programmes, or the liberal principle that everybody should have equality of opportunity in a non-discriminatory environment.

The racial issue naturally spearheaded the affirmative action lobby, but, Mr Coppin points out, the issue does not centre on black and white. It is imperative that gender discrimination be addressed, as well as the widespread exclusion of the disabled from the job market.

The responsibility for driving an affirmative action programme rests on the personnel manager, and in the present political climate, this job is not easy.

Management are often apathetic, says Mr Coppin, while entrenched prejudices on the shop floor persist, and the personnel manager is caught in the middle.

At one multinational, which implemented a policy of hiring first black men and women, then white women and finally white men, several staff members left when they realised the company was committed to an affirmative action programme.

Is there an alternative to affirmative action?

Mike Coppin believes there is not. But, he says, the emphasis should be on creating the opportunities through which black people can prepare themselves to occupy more senior positions.

Training and education within organisations will play key roles in achieving this goal.

However, Mr Coppin adds, it is most important that management base their final decisions on promotion, job creation and advancement largely on merit.

Without this, says affirmative action antagonists, standards will drop and productivity will suffer.
Grooming for the top

That twitchy feeling puts you ahead

This is the fifth in a series of six articles by Clive Simpkins, managing director, Communications Dynamics.

Nervousness, angst, butterflies, sheer terror. Call it what you will. If you are afflicted with it before presenting, negotiating or communicating it can be humiliating and destructive.

Paradoxically, it is the greatest asset to aid effective and energetic presenting.

As Goethe said: “Only stupidity is without anxiety.”

Symptoms

A racehorse so laid back that he munches grass in the starting stall will never win a race. Adrenalin must be flowing. To be winners both he and we must be “on edge”.

Speak to any athlete or stage performer worth his salt and he will tell you the “hyped” state — positively channelled — is crucial to success.

As observed by Cervantes in Don Quixote: “Fear is sharp-sighted and can see things underground, and much more in the skies.”

The physical symptoms of negative nervousness typically include a dry mouth, pounding pulse, excessive sweating, trembling limbs or voice, facial rigidity, stiffened gestures and mental blankness.

Ask anyone to describe how he would feel if he had won money at a casino and you are likely to hear of similar symptoms.

The temptation is to apply a “blanket” solution such as deep breathing, visualising, chanting mantras, tensing and relaxing muscles and allied voodoo to control nerves.

A technique will work only when it fits the individual’s specific preferred information processing method.

Example: Verbal affirmations like “every day in every way I get better and better” will do absolutely nothing for a person who is not auditory.

Auditory people tend to remember names and numbers and tunes very well, processing experiences in words, sounds and language inside their own heads.

Some people cannot — and never will be able to — visualise. They do not remember faces, colours, places or routes easily.

Asking an athlete or performer to “visualise” himself winning or bettering a time might be asking the impossible.

I had the pleasure of working with precisely this problem with javelin champion Tom Petranoff. He had been advised to visualise and couldn’t. I established that he was a words and sounds (auditory) person.

He is now happily making use of positive verbal affirmations.

A third category of people is the kinaesthetics. They are into feelings, emotions, sensations and “vibes”.

They will not remember your name or face, but they will never forget your handshake, the fragrance you were wearing, how they felt in your company or your “likeability”.

Of course, nobody processes information in just one way.

In my next article I will explore a simple technique for harnessing nervous energy.
Affirmative action needs commitment

Attempts to change white male dominance of top business leadership can backfire if not handled carefully. Tricky obstacles face firms committed to creating an environment where oppressed sections of the population enjoy equal opportunities to scale corporate hierarchies.

Speaking at a symposium on "Affirmative Action and Black Advancement" organized by the Cape Town Chamber of Commerce, Ms Linda Human of the Stellenbosch Business School spelled out possible ways for businesses to give women a fairer deal in the workplace.

It is not enough, said Human, for employers to hire women and feel satisfied that their company escaped the "sexist firm" label. Addressing male bias went beyond filling quotas to employ a percentage of women.

"Affirmative action programmes often fail because they are seen in terms of filling quotas in recruitment rather than in terms of the development of the individual within the organization after recruitment," Human said.

"Well meaning as they may be, quotas in recruitment can easily do more harm than good. If positive discrimination means promoting inferior women over men, the company will suffer."

Human suggested that a "strongest people development system" within an organization was vital where individual training programmes were mapped out to unleash the full potential of employees.

Even this would be futile, Human argued, unless management addressed their prejudiced thinking.

"An important, and possibly the most crucial, practical reason why affirmative action programmes fail is that top management is often not committed to them."

"In some instances, top management seems to want to appear to be making changes while returning the status quo. In other instances, commitment is sorely tested by the predominance of other strategic objectives, particularly in times of economic downturn," Human said.

Businesses were more often forced to adopt affirmative action schemes than an inherent determination to ensure equal access to boardroom power.

"In the absence of legislative pressure governing the employment and development of women, it is difficult to be anything but pessimistic about programmes to combat gender inequality," Human said.

She called for a complete change of approach to the minds of management. Instead of thinking about "employees as lazy, demotivated individuals who will shirk work at every opportunity", Human would like to see firms "think of employees as people who are motivated, who want to grow and develop, who want to take on responsibility and do a good job."

According to Human, the "people-centred approach" would be a big step in taking affirmative action seriously — and to a less cosmetic conclusion.

Quentin Wilson
Special rate for course

FOR ANY executive or marketing manager, training in marketing is an asset that will help him or her to understand the needs of the customer.

JCR Education is running a full-time lecture course for matriculants and young people who do not have practical experience. For people already in employment, evening lectures, covering the whole curriculum, are also available.

The course runs over three-and-half years and covers 12 subjects. Lectures are given at the Castle Mews Collegiate in Newmarket Street, close Cape Town railway and bus stations.

If you register before October 1, you can obtain 1992 fee rates for 1993. Textbooks are included in the fee structure.

For further information contact the principal, Mr John Clucas, at 45-2734 or 438-1387 (A/H).
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For further information contact the principal, Mr. John Lucas, at 45-2734 or 438-1387 (A/F).
We must change the future*

Patterns of economic control, ownership and management produced by the apartheid system will remain unchanged in a non-racial, non-sexist and democratic South Africa.

Professor WL Nkulu, of the Independent Development Trust, told a Cape Town Chamber of Commerce seminar on affirmative action something had to be done to change social relations and provide blacks with access to resources to overcome economic marginalisation.

"Meaningful implementation of affirmative action requires a national commitment to a policy of effective equal opportunity, and measures aimed at facilitating and supporting the participation of previously disadvantaged groups," he said.

Nkulu said South Africa was in a transition from apartheid to a non-racial, non-sexist democracy, and as a result there was talk about affirmative action — but without a coherent policy.

It would be futile if the only aim of affirmative action was to compensate for the wrongs of the past.

"The past is gone and cannot be retrieved. It is the present and the future we can change," he observed.

"It must be aimed at making the future better, for this generation and for future generations as well." Blacks constituted 85 percent of the country's population, and unless they were enabled to contribute meaningfully to economic development, South Africa's economic potential would not be realised.

"It is therefore imperative that steps be taken not only to create equal opportunities but also to enable blacks and women to make their fair contribution to economic prosperity," Nkulu said.

"Equal opportunity is no longer an issue — the real challenge is to change the behaviour of people.

Nkulu added that South Africans had been conditioned by apartheid over many decades to see people not as individuals but as members of different racial groups, ingraining racism in the minds and hearts of many.

This history and its legacy militated against blacks at the workplace and in the corridors of power in government and elsewhere.

The key to overcoming this problem was the removal of all forms of discrimination, formal and informal, and all obstacles to equality of opportunity.

But, Nkulu added, blacks should be afforded support to enable them to attain a higher level of technological and managerial capacity.

"All the efforts would be futile if they are not able to access positions of leadership and decision-making," he said.

Lucas Mati
Onus on the MD

MANAGING directors will be made personally responsible for general export incentive scheme (GEIS) claims as the Government clamps down on fraud and malpractice.

From October, each GEIS claim will have to be accompanied by a personal declaration by the managing director or chief executive. All claims will have to be accompanied by documents substantiating the exports, in particular, a "bill of export and declaration in regard to foreign exchange proceeds."

Claimants will have to submit more accurate information on imported inputs. Cession of GEIS claims to another person will be subject to more stringent control.

GEIS audit guidelines have also been revised.
Flexible staffing makes sense

In the current business climate where companies are looking to reduce costs and improve efficiency, flexible staffing solutions have become increasingly popular. These solutions allow companies to adapt their workforce to meet changing business needs without the need to hire permanent employees.

Flexible staffing solutions can include temporary, contract, or outsourcing arrangements. They offer several benefits, such as cost savings, increased flexibility, and access to specialized skills and expertise.

For instance, companies can use temporary staffing to fill gaps in their workforce during peak periods or when permanent employees are on leave. Contract staffing allows companies to hire specialized talent for specific projects or tasks, while outsourcing can be used to offload non-core activities. Flexible staffing solutions also provide companies with the ability to scale their workforce up or down quickly in response to changes in market demand.

Flexible staffing can be particularly useful for small and medium-sized businesses that may not have the resources to hire permanent employees. It allows them to access the expertise they need without the long-term commitment. Additionally, flexible staffing can be a way for companies to test new markets or projects without committing to long-term investments.

In conclusion, flexible staffing is a valuable tool that can help companies improve their efficiency and adapt to changing business needs. By leveraging flexible staffing solutions, companies can gain a competitive edge and achieve their business goals.
Protect your assets

Your first step is to talk to an insurance firm.

ARE you a successful entrepreneur? Then you probably have little time to think about protecting your business. But if you don't take care, it can disappear overnight.

Out of every rand they make, successful people put so many cents into assurances and investments.

Let's have a look at what you need and how to make up a portfolio of assurances and investments. Your first step is to get in touch with an insurance company which has provided a range of plans. There are plans that:

- Protect your business against the disability or death of one of its partners.
- Protect your employees and build up cash for them.
- Let you get your hands on your money very quickly in an emergency.
- Protect your family if you get sick or die.
- Help you save towards a goal.
- Keep your money out of reach so it is there for you when you decide to stop working.

ASSURANCE TO KEEPS YOUR BUSINESS SAFE
If you have business partners, have you thought what would happen if any of you were disabled or died?

Get a plan that protects the business. It pays out a tax-free cash lump sum if you or a partner is disabled or dies. Moreover, the cover can be changed to stay in line with your needs as the business grows.

EMPLOYEE BENEFIT PROGRAMMES KEEPS STAFF LOYAL

These days, if you employ people you must ensure they get their rights. They need membership of either a retirement plan or a provident fund so that they will have an income when they retire.

Several insurance companies offer excellent employee-benefit programs that are tax deductible for the employer. Remember, employees are assets. If you provide good benefits they will continue to work for you and become even more valuable.

Deferred compensation assurance also adds to your turnover. It allows you to invest up to one rand in ten of an employee's wages. When the employee retires, the investment is paid to you to give tax benefits too.

Deferred compensation attracts good people to work for you and stop them from moving to another job.

This is a revised version of an article by Paul Clipsham, Group Communications and Development Executive at Fedlife.
Fiery businesswoman honoured

By Monica Oosterbrook

Courage, vision and sheer energy went towards the phenomenal success of 1992 Businesswoman of the Year, Margerett Macfarlane.

Crowned Queen of Business at a ceremony in Johannesburg on Wednesday night, the Ziton executive director said she was delighted and surprised to win against four other top South African businesswomen.

Starting working life as a hairdresser, she now owns the only South African company to manufacture and export fire detection equipment.

Mrs Macfarlane said the business started as a home industry 23 years ago. Forging ahead despite obstacles, Ziton now employs 150 people, exported as far as China and had a turnover of about R15 million a year.

Ziton at present holds nearly 70 percent of the South African market for installation of fire detection equipment.

Mrs Macfarlane has been involved in lifting the technical quality of Ziton's work to international standards, expanding and putting the company into export markets in the face of sanctions barriers and negative political pressure.

With little education and no business knowledge, it was a case of learning by experience.

After a strike in 1987, she strongly believes happy workers are vital to a healthy business.

Mrs Macfarlane said, "The worst problem women face in the business world is themselves and their lack of confidence. It doesn't matter if the seller is male or female. What counts is that the product is good." She is at present expanding the export business to France, Germany and the US. Not content with having 2 percent of the world market, she intends to have captured at least 10 percent by the end of next year.
MANAGEMENT 1992

SEPT. - DEC
Managers not coping, says expert

ADRIAN HARDLAND

SA BUSINESSMEN tended to hide behind the weak economy and political uncertainty to explain their poor performance, management expert John Temperley said yesterday.

Temperley, GM of Tasa International's recently established Management Audit Division, said SA managers were ill prepared to face current circumstances, due to a lack of expertise and experience.

"This does not bode well for the entry of SA companies into the international market, never mind the impact rapid local change will have on the way companies are managed."

Temperley said managers often relied on simplistic or technique-driven solutions which would not equip organisations for survival.

"SA organisations face a unique array of concurrent challenges, entry into international markets, overcoming the legacy of apartheid, the development of black managers, and poor overall performance."

He suggested a thorough and objective assessment of companies' current positions, and the framing of possible solutions and strategies for success.
Early signs of a failing company

The business press has been full of reports of declining profits, margins and share prices. Many firms are in difficulty.

Debt arrears and reports of record numbers of liquidations have been made.

It seems that we are in for an even tougher rate as the economy continues to decline and economists talk of depression and not recession.

Investors should tread carefully in times like these. I am often asked how I know when a firm is in trouble. I warn corporate failure can be predicted with surprising accuracy.

In the mid-1970s a colleague and I did some fairly basic research and found that one single ratio captures corporate vulnerability. This is the ratio of cash flow to total debt.

Key

Cash flow represents annual funds from operations after tax, interest, any non-cash items and working capital. Total debt includes all liabilities.

Exhibit 1: Percentage of correctly classified “failed” firms over time

<table>
<thead>
<tr>
<th>Year Prior to failure</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Correctly classified</td>
<td>90</td>
<td>82</td>
<td>75</td>
<td>76</td>
<td>78</td>
</tr>
</tbody>
</table>

The ratio captures several key relationships. It reflects the ability of the company to repay its outstanding liabilities without additional external financing.

For example, a company with a ratio of 0.25 would be able to repay all debt in four years. Obviously, the ratio reflects a pessimistic view of the financial position because it includes current liabilities.

Our early research, which I expanded later with several studies, was concerned with the big “failures” of the time – Glen Amil, Van Ackerberg, Lawson’s and others.

We were able to show that this simple, yet powerful ratio was able to predict failure with 90% accuracy one year before failure.

Many would agree that an investor or banker needs an earlier signal. Well, the ratio did pretty well even five years before actual failure. The table shows the percentage of correctly classified firms over time.

We wanted to test the ratio and found an interesting pattern of decline when the CF/ID ratio of the failed firms was compared with a sample of so-called “blue chips.” The blue chips averaged a ratio of about 19% over the five years whereas the failed firms’ average ratio was found to deteriorate from 11% five years before failure to negative one year before collapse. The graph illustrates this trend.

But this was in the 1970s and a long time ago. So I do believe that if the ratio falls below 10% the potential for failure increases significantly and the company should be monitored closely.

A recent case is an interesting example of the power of the ratio. In the three years before Ruskarn’s difficulties, the ratio was negative in each year -9.9%, -3.1% and -22.7% respectively.

Early action to halt a deteriorating ratio is essential and management should probe carefully to establish the reasons for decline. If the ratio is poor, three types of corrective action may help:

- Tighten the firm and improve the cash flow by showing growth and reducing low margin product lines that do not generate sufficient cash and absorb management time.
- Focus on working capital management, concentrating on stock and debtors and reducing current debt.
- Avoid all new gearing and improve the capital structure by reducing debt exposure.

Of course, caution should be exercised. No single ratio which is itself open to “creative” accounting is infallible. To believe this is simply naive.

Go back to the basics: Cash flow has always been, and will always be critical – especially in times of recession. Declining cash flow and rising debt will kill you every time. Ignore cash flow and debt at your peril! Professor Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the Henley Executive MBA in South Africa and is co-founder of Land- Andrews, strategic financial consultants.

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Andy Andrews
ON BUSINESS

Cash flow/total debt ratio for failed vs non failed companies

The results show a decline in the ratio for the failed group whereas the solvent group remains fairly steady at about 18%.
Job gets tougher and hours longer as market shrinks

THE business of recruitment consulting, while it can be highly rewarding, is fraught with challenges and tensions to the point where early retirement is more the rule than the exception.

“At face value it may seem like a relatively easy way to make a lot of money - overheads are low, placements can be very lucrative and to most people the work itself seems easy,” says a Sandton-based consultant.

“However, it is not all milk and honey. There is a lot of negotiating, there is an awful lot of hard work, selling, and, at the end of the day, there is no end of the day - it is a 24-hour job.”

The fact is that you don’t see as many older recruitment consultants around - the job is just too stressful,” says a Braamfontein-based consultant.

Hectic

In the financial recruitment market in particular, the job can be hectic. Sometimes a client will give several agents a brief to recruit a member of staff, with payment by results only. You’re then in a race and you’ve got to try and get a candidate registered with that company under your name.”

Says Cozens Personnel MD Ladrash Cozens, a relative “old timer” in the business. “At the end of the day, we are dealing with people, and with the tremendous skills shortage and depressed market and we are having trouble finding the right people for the right job.”

And yet Cozens is considered one of the survivors, having been around since 1976 - the SA “Gold Rush” of the recruitment industry.

“When we first came into the market I was placing upwards of 30 clients monthly. Now it is down to about 10 to 12 for the really good consultants.”

Temporary

Cozens' success rates are extremely high. Her service is also across the board, although her main thrust is towards temporary staff. “It certainly makes sense to use temporary staff - particularly when the company is under pressure.”

“A very large part of our market is in supplying teams to handle one particular problem for a client,” she says. “For instance, during the mass action one of our clients had a problem with getting his frozen chickens packaged. So one of our teams went in and packed their chickens - no problem.”

She stresses however that it is the agency’s very strict policy not to supply workers in lieu of other workers. “We will not ever cross that line.”
4 top South Africans hold thumbs

By Stan Hlophe

Professor Wimpe de Klerk will be the guest speaker at the prestigious Four Outstanding Young South Africans (Foysa) finals at a banquet in Johannesburg on Thursday.

Political analyst Professor de Klerk will underline the importance of Foysa in the new South Africa.

Organised by the Junior Chamber of Commerce, Foysa annually pays tribute to men and women on the brink of achievement and making an impact on the country as a whole.

The event has become one of the most important on South Africa's social and business calendars.


Tickets for Foysa '92 are available at R5 a head. Contact Noedene ISAACS at (011) 624-2399 or Vanessa Courtney at (011) 497-2264.
Sowetan Business Conference
Sunday September 13 to Tuesday September 15

Women take the driver's seat

FAIRER SEX Women have come a long way in the business environment:

"Women in Business" is a topic of increased significance as more women become active in the workplace.

Dr Gail Mlakota, communications manager at Eskom, will discuss the "leadership role of women in business."

"Women have come a long way, given the barriers facing the fairer sex in the business environment."

"However, if we are to achieve our full potential, and we have the potential to achieve more, then the perception of women in the workplace and the attitude towards women must change," Mlakota said.

Mrs Mokgadi Thabala, a businesswoman and manager of the Elm Care Group, will talk about the transition of rural women into an economically active role.

The group originally started as a health-based rural women's organisation. However, with the current recession strangling the country, very little money was finding its way back to the rural areas and the focus of the group changed.

Rural women were encouraged to become self-sufficient and embarked on income producing projects such as market gardening, sewing and building.

"Initially, we battled to get our small businesses up and running and relied on fund raising and donations for set-up costs. Today we have 8 000 members. The business community must not forget that the bulk of black women live in the rural areas," Thabala said.

Other speakers include Mr Peter Wrighton of Premier Milling, Mr Jabu Mahe, Mr Gaby Magomola, Professor Jakes Gerwel, Dr Sam Motsuenyane and Nafoc chairman Mr Archie Ncube.

The conference will look at entrepreneurial development in the black areas.

If you have not yet registered, do so without delay. The conference is sponsored by the Development Bank of Southern Africa and organised by Sowetan.

For more details phone (011) 678-2415.
People's Lives

Alexandra woman heads Afrikaner organisation • Helping township kids

Black woman is leader of Kontak

By Sizakele Kooma

Early in 1976, when a plan to reject the use of Afrikaans in schools was brewing, an incident in Alexandra stirred one woman into embracing the policies of an Afrikaner woman's organisation.

Pauline Mkalip was moved when women from Kontak rallied round the Save Alexandra Party and helped them lobby for the reprieve of the township.

Today, 16 years later, she is national president of Kontak, the first black woman to be elected to the seat.

"As far back as 1976 Kontak had insight into the situation in the country. They saw the need to learn how people of other races lived and they established contact with them," Mkalip said.

"Their gesture towards the residents of Alexandra made me identify with their mission immediately."

"In Kontak I saw an opportunity to go into areas that were previously unexplored. I believe it would not have helped me much to stay in my own backyard with my own people."

"This lovable bulk of a woman seems content with her choice of organisation. Words of praise for it pour out of her mouth; not for the benefit of the interview but out of sincerity."

From her cushy office at the Development Bank of Southern Africa, where she works as a people participation specialist, she says the experience of working with women across the colour line has helped her demystify the myth about the Afrikaner.

"I discovered that Afrikaner women are as human as everybody else and they have just as much goodwill."

She said the organisation's main aim, which was to improve relations among people of different cultures, had worked successfully with Kennekaan, an interracial leadership training project for youth which the organisation launched in 1977 in conjunction with the Union of Jewish Women.

With all the work the organisation has already done it would seem as if there is little left for this Alexandra mother of two, a son aged 24 and daughter of 21, to do during her term of office.

But not so.

Her thrust will be on women's development and gender issues, she said.

"Most women do not know their rights as human beings or even as partners in a marriage. I hope to urge for widespread education on such issues and other related ones for our members in the branches."

Her only challenge, she said, was to create a balance between her work and her community involvement.

She serves on a committee for the mentally handicapped and a nursery school. She also assists with the youth group of her church.
State funds ‘insufficient to cover education costs’

KATHRYN STRACHAN

Speaking at the launch of the SA Institute for Distance Education, Marais said that even by introducing compulsory schooling for nine years — which might be possible provided there was positive economic growth and higher pupil teacher ratios — the needs of millions outside the formal education system, and those adults who had never attended school, would not be addressed.

People had expectations that their living standards would increase, but, given the economic prospects, there was doubt as to whether such expectations could be met, he said.

Marais said alternatives would have to be found, and initiatives such as the institute had a major role to play in promoting educational innovation in SA.

Lack of business ethics a worrying issue

CHARLIE PÄTZLIC

SA BUSINESS was losing its sense of ethics, Johannesberg Chamber of Commerce and Industry president Stuart Morris said yesterday.

“The lack of honest dealing in some business practices is becoming a matter of concern,” he said. Lax controls and questionable social morality had given rise to bribery, corruption and consumer abuses.

“Obviously a business has the obligation to make a profit. The question is whether those profits should be made dishonestly,” Morris called for prosecution of those found guilty of business malpractice.

Long-term investments would dry up because of decay, inefficiency, rising costs, reduced state revenue and higher taxation.
TECHNOLOGY

Electronics for speeding up training and learning

SIGNIFICANT benefits are accruing from technology-based training (TBT), and this form of training and education has a special role to play in developing human resources in SA.

At this week's Institute of Personnel Management/TBT special interest group conference organised by Strategic Business Services, visiting US TBT specialist Gloria Gery of Gery & Associates said computers were being used to accelerate learning and job performance.

Research showed that up to 75% of medium-sized and large US companies were using TBT in some way, with training on software application packages being the major use.

"Companies are seeing the time taken to learn reduced by 30% to 50%, and knowledge retention improves by about 25%," she said.

Organisations like IBM, Bell and Allstate are using interpersonal simulators comprising video cameras, microphones and computers to train staff.

"Users respond to various questions, choose answers, and do role playing which is recorded by the system so it can be analysed by the student."

Gery said an emerging trend was towards electronic performance support systems (EPSS) which integrated information from sources such as manuals or training programmes.
Managers Stated

Many don't know what they're doing — Naidoo

[Image and text]
More professionals join jobless ranks

PROFESSIONALS were joining the ranks of the unemployed in a steady flow, and were having difficulty in finding jobs in a shrinking market, economists said yesterday.

Sack economist Keith Lockwood said although there appeared to be a glut of professionals looking for jobs, this was an indication of the depth of the recession rather than an excess of skilled people.

"It is important we do not lose these people as we can very quickly develop a shortfall which could constrain economic growth," he said.

He was concerned that highly skilled management and technical staff could be forced to emigrate because they could not find work or the type of jobs and pay commensurate with their qualifications.

Professionals were better equipped to deal with unemployment, as they understood the structure of business, and also had access to finance, enabling them to start their own enterprises, he said.

Small Business Development Corporation (SBDC) assistant GM Davey Craig said a constant flow of applicants had been received, including many from "really capable people" with skills ranging from computers to banking.

Although the SBDC was granting loans at a rate of R25m a month, the quality of applicants could justify the doubling of this figure if the funds were available.

"There should be more financial support," he said, adding the country could only hope to grow economically if it cultivated entrepreneurial abilities like those being made available.

"The sad part is we have to turn so many viable business propositions away for lack of funds," he said.

Professional Assignment Group MD Penny Ferrow said a "steady stream of people" had been trickling into the job market since last year.

Demand for skilled people still existed, but clients were extremely particular in what they were looking for.

Twice the number of candidates applied for any vacant post than a year ago.

A significant development was the temporary placement of people with experience in large corporations, in smaller businesses on a rotational basis.

Ferrow said retrained, highly qualified personnel such as financial directors would work on an assignment basis for two or three small or medium businesses each month, providing the level of direction not usually available outside major industry players.

This system was common overseas during recessions.

However, professional "headhunter" Chris van Tonder, of Consthill, said despite the usual negative aspects of widespread corporate contraction, in present circumstances, they were "overdue".

"Many companies have grown thick around the middle, and are now shedding the most unproductive, least qualified and inexperienced personnel," he said.

Companies were becoming more discerning in the type of people they hired, and were shedding "deadwood" accumulated over years.

The most unfortunate aspect of this process was the effect on graduates with minimal experience, and many would have to wait, until the economy turned before finding jobs in their fields, Van Tonder said.
Mutual Funds for Women: The Critics

In this article, we discuss the shortcomings of mutual funds for women. Women investors often face unique challenges when it comes to choosing the right mutual funds for their portfolios. This article explores some of the reasons why mutual funds may not be the best choice for women investors.

Mutual funds are investment vehicles that pool money from many investors to purchase a diversified portfolio of stocks, bonds, or other securities. They are managed by professional fund managers who make investment decisions on behalf of the shareholders. Mutual funds offer several advantages, including diversification, professional management, and liquid assets, which make them attractive to many investors.

However, mutual funds may not be the best choice for women investors due to several reasons. The article highlights some of the challenges that women investors face when it comes to mutual funds, such as limited investment options, lack of information, and investment biases. Women investors may also face gender stereotypes and biases that may affect their investment decisions.

The article emphasizes the importance of understanding the investment options available to women investors and the need for more research and education on the topic. Women investors should seek professional advice and make informed investment decisions to achieve their financial goals.

In summary, mutual funds are a popular investment vehicle, but women investors should be aware of the challenges they may face and seek professional advice to make informed investment decisions. The article provides a comprehensive overview of the challenges and offers some insights into how women investors can overcome them.
Computers tackle the candidate

WITH employee productivity an essential component in the success of most companies, pinpointing potential employee's software-skill levels quickly and accurately is vital.

This is the view of Drake International's Delia McCabe, who believes that a key ingredient of effective staff selection is skills testing. "If companies could tell in advance if a potential candidate was proficient in the particular software it uses, many non-productive hours spent in on-the-job training would be saved.

"Costly specialized training could be obviated and more employees would hit the ground running when it comes to integrating with the organisation's procedures and systems," says McCabe.

Traditional software skills assessments relied heavily on personal judgement and subjective evaluations. "Today companies are turning to more sophisticated computer technology to tackle the problem."

At Drake we have introduced the Kryterion Skills Certification Program designed to identify a candidate's level of competency in a range of popular software: word processing, database and spreadsheet packages.

"In the past, companies hiring typists would demand a demonstration of the applicant's skills, speed and accuracy before she was hired. It follows that the only way to judge computer proficiency is through practical demonstration - a skills test. Otherwise how can a company be sure the candidate will perform at the level required?"

McCabe says using the certification programme promotes effective staff selection where the person is matched to the right job, and provides a solid base for performance reviews or promotion assessment.

"There are distinct advantages for staff. It facilitates greater use of current skills and is an opportunity for improvement and advancement," she says.

The computer skills assessment program should not be the sole basis for selection. "However, without systems like these, the hiring process would revert back to being one of 'trial and error,'" she says.
Black women must curb township wars

By Joshua Raboroko

Black women had to play a part in stopping the violence which threatened the survival of their businesses, Institutional Programme Manager of the Development Bank of Southern Africa Mrs Salu Dike Hlongwane said this week.

Speaking on “Women in Business” during the three-day Soweto and Development Bank of Southern Africa Business Entrepreneurial Development Conference at the Eskom Training College, Hlongwane said black businesswomen were the most vulnerable in a climate of violence.

“Some discriminatory regulations and practices that hindered businesses run by black women to enable them to make a contribution to the South African economy.

She said development finance institutions need to reorientate their support programme strategies to relate directly to enterprises managed by black women.

Management training

“These institutions and big male-dominated businesses should adopt women in their networking structures to assist them in developing entrepreneurial skills and management training,” she said.

Black women were no longer seeking jobs in areas traditionally viewed as women-oriented but were moving into all areas. About 70 percent of small businesses were owned and managed by black women, she said, adding: “They are now climbing the ladder in the corporate world and making a significant impact.”

Women become entrepreneurs because of economic necessity, challenges of having to combine family life with careers and the urge to develop themselves, she said.

Intra-organisational manager of Eskom Dr Gaul Mlokotsi said black women achieved success outside the parameters of the corporate world in South Africa.

“Even though we have seen how women were relegated to the peripheries of Codesa, they have been successful in business and other spheres,” she said.

“The struggle of women for recognition has just begun. We have to redefine our roles so never again will we languish in the shadow of the menfolk as far as our liberation, inclusive of business, politics, engineering, health and art,” she said.

Businesswoman Mrs Mokgudi Tlakula, who also works on several projects in the Northern Transvaal, said more than 8 000 rural women had proved themselves to be “the greatest entrepreneurs in the area.”

They were involved in a variety of businesses – selling vegetables, clothing, clay pots and cane furniture. They were also involved in the manufacture of products like candles, bricks – even building homes.

Their gripes were the lack of capital, self-confidence, infrastructure, and training and education.
The work must go on

DESPITE violence, recession and drought, the IDT’s assault on poverty has secured strong gains in the past 12 months, but the Trust is extending its mandate and will continue its work for as long as there is work to be done.

In his second annual review of the IDT’s activities, chairman Jan Steyn says that although the Trust’s original mandate was for three years, his best estimate is that it is impossible for a short-term organisation — even one endowed with goodwill — to wage war on poverty successfully.

Development, says Steyn, requires longer-term strategies and sustained involvement. The IDT has accordingly developed plans to ensure that it can play this role together with its partners.

These plans involve using the funds at its disposal to unlock additional funding from other sources — the private sector and the state in particular, and tapping into the old development budgets of Stopwatch for fresh governments and international development agencies.

By the end of its second year of operations, the IDT has allocated funds to about 360 projects nationwide in education, housing, health, community development and job creation.

The amount allocated has already outstripped by almost R100 million the taxpayers’ original grant of R2 billion in 1989. Of this, 870 million has already been disbursed to projects — a sum equivalent to that earned by the IDT in the money markets where interest on its funds has accrued at an average rate of 18 percent per annum.

But the IDT cannot get by on interest payments alone. Steyn expects that the funds now at its disposal will have been spent on its present commitments within three to five years.

And as communications director Jolyon Nuttall points out, R2 billion although a substantial amount, is small in comparison with the massive amounts required for development funding in South Africa’s history, and not large enough to make a permanent impact on the poverty crisis.

Moreover, says Nuttall, the work of the IDT and its partners in the field has led to the emergence of important new and replaceable models for development — creating, in a short space of time, a treasure house of collaborative IDT experience and expertise.

Nevertheless, substantial new funding will have to be found, says Nuttall, to ensure that these models can be replicated on a scale large enough to make a

[Turn to page 2]
Why the IDT’s special role must be preserved

ONLY a few years ago the word “development” was scarcely a part of South Africa’s political vocabulary; it even had apartheid connotations. Now it is regarded as essential to our transition to democracy, writes JOLYN NUTTALL, communications director of the IDT.

Development is not just about economic growth. It’s about building the capacity to mobilize resources and improve the quality of life on a long-term basis.

Governments, because of their resources, have a pivotal role to play in funding development but their programmes often fall short of the target. Experts agree that while the state must set the framework for development, it is civil society that must drive the process. That is recognized in South Africa, borne out by the major role NGOs play here.

The IDT’s establishment in 1990 was part of a bold series of initiatives to do things differently in South Africa after 42 years of apartheid. In the process, it was hoped that development, with the emphasis on redressing historical imbalances, would gain some much-needed legitimacy. Two years later the IDT has shown itself to have an ongoing role to play in this country’s transition.

The trustees focused on housing, education, health, and rural and community development — where enormous backlogs had accumulated mainly because the government had fallen behind in the provision of basic essential services. Job creation was added subsequently.

In education, for example, the shortage of classrooms, based on free compulsory education for eight years, was put at 90,000. To reduce this backlog, the IDT committed R500 million for a national school-building programme.

The government’s former policy on housing and residential rights for black people led to a shortage of about 1.2 million housing units. So more than a third of the founding capital, R750 million, was allocated to a capital subsidy scheme to provide 100,000 serviced sites for breadwinners earning less than R7,000 a month.

Primary health care, including the provision of clean drinking water and adequate sanitation, is very inadequate, and major funding has been directed to redress this.

Community involvement was made mandatory for support to any project, and the IDT has used its funds wherever possible to strengthen the work of existing NGOs.

Two years later, the benefits are emerging. The consultative process is establishing development models in all IDT spheres of action — models that can be widely replicated in the knowledge that they really work.

Today many visitors to the IDT, including those from overseas, want to embark on projects to assist the poor. Our standard response is “Come and join us.” Experience has shown that better results flow from partnerships than from going it alone.

IDT chairman Jan Steyn has compiled guidelines for institutions and agencies searching for developmental partnerships. He says:

- Concentrate funding in a fairly small number of focus areas.
- Become knowledgeable of all other actors in your chosen fields and involve yourself with them.
- Respect the wishes of people to wrestle with their own problems and, regard your role as supportive and interactive, and
- Argue for the widest possible participation by groups in all the projects in which you are investing.

In but a short time, the IDT has built up a considerable head of steam in stimulating, with others, new approaches to development.

Abroad, a watching world is aware of our needs, and international agencies have the capacity, the experience and the will to assist.

But the challenge is primarily South Africa’s. Further substantial funding must be found in order to ensure that the models that have been honed can be replicated on a scale sufficiently large to impact meaningfully on the plight of the poor.
Ignorance ‘could lead to technology crisis’

SA managers are technologically illiterate and they are dragging the country into a technology crisis, warns leading intellectual property lawyer Lawrence Reyburn. SA spent more than R300m on importing ideas in 1990 — up from R50m in 1978 — while the income generated by the sale of SA ideas abroad had remained at about R10m since 1975, Reserve Bank statistics show.

The figures indicate that there is a rapidly growing royalties, copyrights and patents deficit.

“We are not in the mainstream of the fast-moving high-tech world and we are falling behind in the level of our technological development,” Reyburn said.

Unless SA can extricate itself from this rut it risks slipping back into third rate status without even the revenue to buy high-tech products from more advanced countries, he said.

Reyburn criticized managers for not being receptive enough to technological developments and not seeing the problems that ensued from this.

CSIR President Brian Clark said that “in technological terms we are a developing country”.

SA invested only 0.6% of its GDP in research and development compared with between 2% and 3% for most developing countries, he said.

Wits lecturer Anla Grobicki pointed out, however, that on the international league table of patents SA ranked seventh, placing the country ahead of Korea, Sweden and Switzerland.

“The problem is not inventing things; it is commercialising what we have invented,” she says.
Alleviating plight of casualties of recession

By Stephen Eranston

More and more companies are restructuring, merging or offloading in South Africa’s deepest economic recession for decades.

In their wake they are leaving increasing numbers of redundancies of highly skilled management and technical staff to find new jobs and carve out careers in a shrinking market.

But it's not only the recession that's to blame, says Barrie Jack, a director of outplacement consultants Career Transition International.

"The phenomenon is also part of a fundamental change in the way in which organisations are in general being restructured," he says.

"In addition, many organisations are shedding their peripheral activities and embarking on a route back to core business.

"As companies slim down, many take the opportunity to contract out functions previously managed in-house, resulting in better cost controls as services are only used when necessary."

Mr Jack forecasts that the trend will gather pace, even when the recession is past.

"More and more organisations will have fewer layers of management, together with less in-house support functions," he says.

"Merger and acquisition activity in the post-recessionary era will also result in retrenchment and redundancies as merged organisations slim down to maximise structural and cost savings made possible by their coming together."

Mr Jack says Career Transition International is working with a number of major organisations in South Africa and abroad on counselling casualties of the recession.

"Outplacement is not placement; it involves coaching those being released to rebuild their dignity and self-worth, together with training them in skills needed to start them in new careers."

It includes the coaching of managers charged with the stressful responsibility of handling the termination interviews so as to ensure the least amount of damage to both those being asked to leave, and those who survive.

Executive career development, together with rebuilding and revitalising organisations after significant restructuring, is a difficult process to manage.

Research has shown that the morale of the survivors of any restructuring is usually very low, as a result of lack of confidence both in themselves and the company.

Trust and open communication are among the first casualties of a retrenchment programme when key people among the survivors seek to relocate themselves away from what they perceive to be a threatening environment, says Mr Jack."
Bosses embrace ‘empowerment’

At first sight, the proposition looks paradoxical, even dangerously absurd that, at the very time when the survival of countless companies is threatened by the worst recession since the 1930s, top executives should be decentralising authority and “empowering” their employees.

In difficult times in the past, and especially during recessions, most executives have done precisely the opposite. They have slashed spending by reinforcing their own power and that of the centre, taking back some of the authority which in better times they had delegated down the organisation.

Yet, in one form or another, “empowerment” is what consultants and business academicians persist in advising companies to introduce.

Some managers are frightened by the idea, they think it will reduce their authority and render decision-making slow or risky. But in the US, companies like PepsiCo, Xerox, General Electric and Ford have embraced “empowerment” or the very similar principles of “high involvement”.

In Europe, new practitioners range from BHS, the British retailing group, to Switzerland’s Ciba-Geigy. A few years ago Ciba-Geigy began using the term “directed autonomy”, which management found less threatening. But now it frequently feels obliged to use it to convey what it says is a more far-reaching process and set of attitudes, in which management’s role is not just to provide direction, but also autonomy and support.

Empowerment may be a ghastly word, but interest in the concept in Europe, particularly the UK, is soaring.

This is demonstrated by a recent surge in consultancy work on and around the subject. A number of consultancies have suffered sliding revenues since the start of the recession, but at Kinsey Lord, a specialist firm which sees empowerment as a centrepiece of its work on organisational change, business has boomed and revenue has shot up by a third.

Gemini is a much larger consultancy which specialises in both strategy and organisational change but to which empowerment is equally central. Its revenues also grew by a third last year “Harnessing the drive, ingenuity and power of people is central to what we do,” says Gemini European senior vice-president for marketing, Peter Beilby.

The trend towards greater decentralisation, involvement and authority in many companies — though not always to a degree which merits the grand term “empowerment” — is confirmed by two accountability-based consultants. KPMG partner David Bishop says that in the UK the recession is causing centralisation only in companies which are in extremis.

Coopers and Lybrand Commerce and Industry consulting head Vic Luck agrees that some companies are pulling financial authorisation back to the centre and that a second, small group is “taking a step backwards” by cutting total quality programmes because they are not giving immediate results. But a third group of companies is continuing with decentralisation, he says. At the same time, they are cutting expenditure, frequently by giving staff their head in cost reduction programmes.

An example of this was within British Airways. Alongside a total quality programme introduced with the help of outside consultants, management’s targets for expenditure cuts were exceeded when maintenance staff were let loose on the problem — they produced savings of £24m against the target of £25m.

BA chief engineer John Perkins says, “I don’t mind admitting I was a Rambo-style manager — I have changed my own style because I have seen that it is just not the most successful way.”

His approach contrasts markedly with standard airline management. Most airline campaigns to create greater “customer care” tend to empower employees less than they programme them to act in a particular way.

That is the approach practised by US airlines such as Delta and American. But it is also why passengers tend to be cynical about staff retraining programmes which provide a superficial gloss of empowerment, yet which do not allow them even to provide the occasional hungry passenger with a second bag of peanuts.

This is just the very tip of an iceberg of confusion, anxiety and, for some people, excitement which surrounds the concept of empowerment. — Financial Times
PRIVATE enterprise has long been recognised as a key factor in the development process in Africa.

Owners of capital innovate and assume risks. They employ hundreds of people and manage large labour forces. They open up markets.

They find new combinations of materials and products. They imitate change and facilitate adjustment in dynamic economies.

Yet, private business ownership has been played down in many African countries over the past 30 years. In part this has occurred because indigenous entrepreneurs were presumed to be scarce and foreign businesses were distrusted.

During the visit to South Africa, Harare-based manager of Africa Project Development Facility (APDF) Mr Omar Issa put it aptly: "We have demonstrated that African entrepreneurs are plentiful!"

Earlier, the belief was that African men/women were confined to the informal sector. In a short period of time, APDF has confirmed the existence of small and medium-sized businesses that are owned by Africans.

Sowetan and Development Bank of Southern Africa last week presented a three-day summit that focused on Business and Entrepreneurial Development in Africa.

Participants were African entrepreneurs, commercial and development finance bankers, international finance and development agencies, representatives of the APDF, chambers of commerce.

The conference focused on how indigenous African entrepreneurs could work together to promote/cultivate the spirit of competitive business across the continent.

APDF general manager Mr Alexander Kupershagk said as soon as a political settlement was reached in South Africa, "we will enter with the aim to help business people!"

After his visit to some of Soweto's entrepreneurs, he said there was a great potential for businesses to create jobs and wealth.

"This shows that Africans are genuine entrepreneurs. The success of many businesses depends directly upon the climate of support for vigorous small businesses.

"APDF, by assisting African entrepreneurs in taking advantage of new opportunities, contributes substantially to the creation of a nurturing business environment and the new jobs that are an important consequence."

The conference outlined the problems encountered by African entrepreneurs in obtaining debt and equity financing.

This problem was appropriately put by SBDC general manager Mr Jo Schwenke when he said "In South Africa we have a dilemma that many businesses cannot grow, while those same businesses would do moderately well if financed with equity."

To solve this problem, he said, it was proposed that the Government each year for five years grant R2 billion, which would be invested into properly constituted development venture capital funds.

The role and importance of promoting more African women entrepreneurs were highlighted by women who have a long tradition of commercial activity in the African private sector.

Businesswoman Mrs Mokgadi Tlakula said women grew more than half the food produced in the world. Yet governments and aid programmes tended to exploit their labour without supporting it, maintaining it, or enhancing it.

She said black women could not hold the land, married women were not legally capable of entering contracts without the consent of their husbands.

For example, she said, rural black women in the Northern Transvaal had carved a niche in making candles, making clothes, producing food, making sweets, vaselime, bricks, building latrines and houses, baking cakes, bread, selling liquor and achar.

Eventually, she added, they would capture some of the business and make it their own. The only thing was that competition was unfair.

She urged the Government and industrialists to consider giving contracts to women.

The conference felt a massive affirmative action must be embarked upon by the corporate world business.

Premier Group chief executive Mr Peter Wrightson said many companies had affirmative action on their agenda.
Dignity and earning a living, twin pillars of development

Human dignity and the power to earn a living — these are the twin pillars of development, says Professor Wiseman Nkuhlu, newly appointed executive vice-chairman of the IDT.

For him, therefore, the two most important tasks on which development should concentrate are: community access to essential services, for example clean water, sanitation and primary health care — these, he says, are "essential to human dignity and development," and enabling poor people to engage in income-generating activities.

His job includes supervising the two IDT directorates whose activities are focused on those tasks, namely Health, Rural and Community Development, headed by Professor Len Karlsson, and Job Creation, under Professor Len Koneni.

Wiseman Lamkile Nkuhlu, 48, was born in Cala, Transkei. In the 1960s, as a 19-year-old matric student at Alice, he was arrested for membership of a banned organisation and jailed for two years.

After his release he worked at the Lorraine Gold Mine in the Free State. His superiors realised he was an intelligent young man and wished to promote him to the position of clerk in the kitchen stores. But Wiseman was black, and the designation "clerk" was reserved for whites. They called him, instead, "mabalanana" — "one who can write". It was prophetic.

Nkuhlu completed his matric at Lorraine, studying in secret at a technical school. He went on to study at the University of Stellenbosch, obtaining a degree in economics in 1977.

During this period he focused increasingly on economic policy and strategy for developing countries, and on developing initiatives to promote black economic activity.

Today he counts among his many commitments posts as deputy chairman of the Development Bank of Southern Africa, and president of the Black Management Forum — both accepted this year. Clearly, Nkuhlu could have chosen among several top jobs and the IDT considered itself lucky to have him.

For Nkuhlu, however, the IDT has the advantage of being a small organisation where, he says, he can "do strategic planning at the most sophisticated level and yet be in touch with communities" in implementing policy at ground level.

"More important, the IDT has the kind of resources and approach to development that is compatible with my own philosophy — its focus on non-government organisations, communities and empowerment. It deliberately emphasises institution building — through support for community participation and the empowerment of organisations directed by members of the disadvantaged sector.”

Development, says Nkuhlu, "is a process which gives disadvantaged people better control over their lives. It must also unite people, this gives it a better chance of sustainability. We have done this successfully, with the ANC, the PAC, the IFP and other groups joining in community trusts to take responsibility for developing local initiatives."

Development initiatives such as the IDTs are often beset by the tension between speedily delivering "products" — schools, homes, jobs, facilities — and allowing time for proper, sometimes arduous, consultation with the communities involved.

Nkuhlu believes the IDT has demonstrated its commitment to proper consultative processes — especially in housing and education, where it has spent considerable sums of money simply on bringing players together to discuss issues and formulate strategies.

Nkuhlu is a leading adviser to several major economic research groups but remains politically non-aligned, believing party political involvement would only encumber his development work.

But it is also his experience that politics and government, while important in support of development, have their limitations when it comes to getting the job done. He has written. "It is high time political leaders and intellectuals accept that they know very little about what motivates individual communities to initiate and sustain a process of socio-economic development..."

"The simple truth is that it is the individual and individual communities which cause development, not governments"
SUPERVISORS are traditionally the most under-utilised resource in local industry, according to Mr Clive Acton, managing director of Clive Acton Associates.

Acton said this at the historic awards ceremony of the first 46 graduates of the Supervisory Development Programme held at the Wanderers Club last week.

The SDP is a joint training venture between the Steel and Engineering Industries Federation of South Africa, trade unions and the CAA.

The year-long training programme is aimed at supervisors, charge-hands and foremen and comprises a series of workshops, projects and assignments.

These are all work-related and focus on teaching supervisor skills.
Confidence – key to success

By MONWABISI NOMADOLO

WHEN Joe Seoloane was a Mamelodi lad earning peanuts as a caddy and garden boy, he knew the big time was waiting for him, and he was right.

So, when he was 33, it came as no surprise when he was appointed branch manager of Woolworths in Springs and became the first black member of the Springs Chamber of Commerce executive committee.

Joe started preparing early, and worked on developing a positive attitude to life. Success in doing this, he knew, was the key to making his dreams a reality.

But Joe does not take all the credit for himself.

“My father,” he says, “has always inspired me, and I have great respect for him. He didn’t have a lot of money, but he managed to give all his children the best possible education – a lifetime heritage for all of us.

“Even when I was a kid, he treated me as an adult and taught me to respect all people, no matter who they were and what colour they were.

“We all know that there is an imbalance between black and white managers, but I have no intention of becoming a token black. I know I have the skills to do the job properly, and I have prepared for a long time to take all the responsibility that comes my way.

“The interests of business and the economy come first – things do not happen by accident – it takes hard work and planning.”

A Turffontein Bachelor of Commerce graduate, Seoloane matriculated in 1979 at Mamelodi High School. In 1983 he joined Unilever as a trainee cost accountant.

He was transferred to Boksburg in 1987 as a cost accountant, and in 1990 joined Woolworths Jeppe branch as a trainee manager. Since then he has served the company as a textile manager in Alberton and a store manager in Witbank.

Now he is on the board of trustees of the Daveyton-based Education Enrichment Project.

For the past two years Seoloane has been the national president of the Men’s Fellowship in his church – the International Assemblies of God.

He married in 1986, and he and his wife have two young children.
Meeting the human resources challenge

Keeping afloat is a big enough challenge in today's economic climate, but De Villiers and Associates is a human resources group that has structured itself to take full advantage of the changing corporate world.

The Personnel Industry is faced with a recession, retrenchments, a growing unskilled market, a highly skilled unemployed market and clients who are consolidating and re-thinking their human resource budgets.

Popular media reports leave the impression that the job market is extremely tight and there is a widely held view that corporate SA has adopted a philosophy of cutting costs among highly paid employees, where they have the greatest immediate impact on the bottom line.

The climate generated by these influences has produced a flood of highly trained and skilled individuals onto the job market. This highly fluid scenario presents unique challenges in the human resources sector.

One human resources group that has proved it is flexible and has the depth of resources to meet today's challenges is De Villiers and Associates.

Founded by Mr Jan de Villiers in 1957, De Villiers and Associates soon established a solid reputation and in the subsequent years the group has grown and evolved into a comprehensively structured organisation.

Today it has defined specialised divisions serving different sectors of the economy. These divisions include:

- De Villiers and Associates Executive Assignments.
- De Villiers and Associates Computer Division.
- DVA: Execsec, headed by Brian du Plessis.
- Special Services for all Technical and Industrial Assignments.
- De Villiers and Associates Engineering Division.
- De Villiers and Associates Medical Appointments.
- De Villiers and Associates Legal Assignments.
- The Pempower Group of Companies.
- Carlton Personnel.
- Femtemp
- Sandown Staff Selection.

The strength of this structure, says De Villiers and Associates general manager, Thomas van der Linde, is that it addresses the need for a human resources consultancy across the board rather than performing merely as a generalist personnel agency.

"There is an increasing demand from clients for integrated, tailor-made services addressing the full spectrum of human resources, including psychological services, specific training skills, advertising services, industrial relations, legal counselling services and temporary recruitment services." In the training sector for example, the group has developed a professional computer school to assist in upgrading computer skills using the very latest equipment and highly qualified training officers.

The same may be said of the group's secretarial college which is directed by highly qualified specialists.

As for the Contracting Services Division, contracting staff are recruited for short or long-term assignments in the financial, engineering, draughting, technical, commercial and marketing fields and the group has developed an exceptionally talented "pool" of skills in this context, says Mr van der Linde.

Another example of group services is the temporary staffing operation Femtemp, established in 1968. It is a leading temporary recruitment operation offering emergency recruitment services.

Conversely there is still demand for top quality permanent staff and the group is well geared in this respect, notably in terms of the success story of Carlton Personnel Placements which has been operational in the Carlton Centre establishing an enviable reputation under the management of Linda Hill.

In keeping with its integrated services philosophy, the group's support services for its various divisions mesh ideally, to offer a complete human resources service under one roof.

De Villiers and Associates would welcome inquiries about its services by telephoning (011) 331 7233 or fax (011) 331 8210 or Carlton Personnel (011) 331 7171 or fax (011) 331 7176.
"My task is to create a climate of enthusiasm and appropriate direction, allowing people scope to get on with what they do best within the objectives of the company," says Robert Herbertson, Samcor’s recently appointed group managing director.

Although Mr. Herbertson is a relative newcomer to the industry and the company, his broad experience in general management and lack of preconceived ideas about the motor industry equip him admirably to bring a fresh dimension to management thinking.

He is also well placed to assess the strengths and weaknesses of the management team.

"Samcor’s current management team has been tempered by fire," says Mr. Herbertson. It had to cope with the problems of a depressed market as well as face the difficulties inherent in a merger — not to mention coming to terms with the different cultures of Ford and Mazda.

Mr. Herbertson says: "All these challenges have added fibre to them as individuals and as a team."

"There is still room for improved teamwork. Recognition of shortcomings does exist and the commitment to improvement and to the team as a whole is strong indeed."

"The combination of experience in difficult times and the resilience of the individuals in the company means we have a team which I can rely on 100 percent." Mr. Herbertson is a graduate of Oxford and the Harvard Business School programme for management development, and as such is more than adequately equipped to make his mark at Samcor.

He has some forthright views about the motor industry.

Robert Herbertson ... creating a climate of enthusiasm.

Samcor’s new group MD
Robert Herbertson’s lack of preconceived ideas brings a new dimension to management thinking.

With depressed sales and difficult trading conditions in the new car market, all parties involved are forced to operate on low turnover.

Mr. Herbertson says: "There is little we can do in the short term to improve the economy of the country or industry figures."

"What we can do is make sure we run our business well. We have to concentrate on the basics and make sure we maintain and protect a sufficient share of the market."

"In the longer term we face much uncertainty. We believe the best thing we can do is remain as flexible as possible." Mr. Herbertson says that one of Samcor’s strengths is that it enjoys a relationship with three major car manufacturers—Ford, Mazda and Mitsubishi.

It will have a wide choice of models to choose from. This choice lends itself to the economics of the future as well as the economic and political situation in SA.

He says that although Samcor’s relationship with international manufacturers is sound, it is clouded by sanctions.

He is optimistic SA will achieve political normality in the foreseeable future and that present constraints will disappear. Samcor management is obsessed with good quality — in both the product and service areas.

Mr. Herbertson would like to see Ford remain a strong contender in the market in which it is represented, with some niche models added to the range.

He says the new Fords next year will give Samcor an opportunity of improving the quality of the product. This is largely because the Japanese designers have made the quest for high quality a science.

"In the manufacturing area, this approach has resulted in easier methods of putting cars together and less opportunity for error and inconsistencies," Mr. Herbertson says that managing labour relations is part of the management process. Good management leads to good product and good service.

"Samcor is doing a good job when it comes to managing labour relations in terms of liaison with shop stewards, understanding what the labour force wants and in negotiating satisfactory resolutions to issues that constantly crop up."

"Annual wage negotiations tended to be fairly confrontational in the last few years, this year was no exception."

"In this respect questions have been raised as to the viability of the central bargaining forum."

"I believe the situation would have been just as confrontational if manufacturers had negotiated on their own. We should try to get more in line with the way the Japanese handle their labour relations."

Samcor would welcome any inquiries about any aspect of its services. Telephone (021) 831121.
Tackling manager shortage

500,000 may be needed within next eight years:

AN initiative to tackle South Africa's critical shortage of business managers at middle and senior level has been announced in Johannesburg.

The South African Institute of Chartered Secretaries and Administrators has established the Chartered Institute of Business Management (CIBM).

CIBM will educate students in the four pillars of business management: Legal, Accounting, Interpretive and Management, based on the Chartered Institute of Secretaries (CIS).

Reliable estimates suggest that if South Africa meets its economic targets, almost 500,000 additional business managers will be required in all spheres of enterprise in the next eight years.

CIS and CIBM chief executive Mr. Anie Babbable said "By making studies and qualifications more accessible, we hope to stimulate greater popularity for business education."

The major advantage of CIBM was that students would be entitled to register for membership at various levels after passing modules of four subjects, without having to wait years to complete the entire course.
Plan to boost development has many aspects

AS THE single largest shareholder of the Small Business Development Corporation, the Sanlam group of companies is at the forefront of small business development.

Sanlam senior manager public relations Leon Keele says: “We are fully aware of the critical importance of the small business sector in paving the way towards economic recovery.”

The thrust of the group’s corporate social responsibility programmes in relation to small business development is concentrated in two areas – the promotion of the concept of entrepreneurship and the advancement of this ideal through training.

In addition to Sanlam’s annual corporate membership of the South African Free Market Foundation, it also supports a project which provides lectures on economics to black high school pupils.

Sanlam makes annual donations to the khulukwini Trust aimed at assisting with the advancement of less privileged people in KwaZulu.

The group contributes each year to a project run by the South Africa Foundation for Entrepreneurship Development, which assists unemployed, unemployable people to develop into self-sufficient workers through self-employment training programmes.

Sanlam supports the Valley Trust in its efforts to provide medical, agricultural, technical, economic and educational advancement for black people in Natal and KwaZulu.

The Sanlam Centre for Small Business Management is situated at the Northern Transvaal Technikon and is used for management training.

Sanlam’s contribution to the informal Business Training Trust is used to provide basic management training for entrepreneurs and the course has become known as the “Township MBA.”

In addition to a co-operative venture with the Africa Businesswomen’s Development Forum, Sanlam is launching a regular fair-market in Khayelitsha.
SA women have increasingly important role to play

THE key role of entrepreneurial activity as a factor of production within the economy is often underestimated.

This is the view of Small Business Development Corporation managing director Ben Vosloo. He points out that no production is possible without the four essential resources of raw materials, labour, capital, and entrepreneurship.

"Each has an important role to play in the production of goods and services. However, the entrepreneur plays the vital role in that the other three factors of production are not self-mobilising. It is the entrepreneur who mobilises the production factors, who gets the economic production machine running."

Given the need for entrepreneurs, the question arises as to where they will come from.

The recession has forced many retrenched employees to consider the option of self-employment. The lack of jobs and the bleak outlook for job creation has caused the Small Business Development Corporation to push self-employment as an option amongst schoolchildren. And South Africa is seeing the emergence of an active black business community.

However, there is another section which could provide additional entrepreneurs.

University of Pretoria Graduate School of Management's Professor Ronel Erwee points out that women in the Europe and the United States are in the grip of entrepreneurial fever.

"By 1987 40 percent of all new businesses in West Germany were being started by women."

"The percentage of women entrepreneurs with more than 10 employees rose from 16 percent to 25 percent between 1982 and 1984 in France."

"Women-owned business is the fastest growing segment of the small business population in the US and by 1987 the total of women-owned businesses had risen to 4.4 million," says Professor Erwee.

There are no comparable figures available for the proportion of South African businesses owned by women. But Professor Erwee notes that the Small Business Development Corporation states that 20 percent of its clients are women.

The corporation has found its female clients to be good risks as they pay back loans and have a low bad-debt ratio.

Women with parents, relatives or friends who are business owners are more likely to establish a small business than those without such contacts.

Ben Vosloo...don't underestimate the importance of entrepreneurship.
Lending money, and a hand

One of the main problems facing budding entrepreneurs engaged in starting their own businesses is a lack of knowledge. This is one of the reasons for Standard Bank's creation of its Small Business Development and Advisory Department (SBDAD).

Starting out with the motto "We don’t only lend money, we lend a hand", its specific purpose is to assist new ventures with both finance and training.

The department assists new and existing small businesses through a regional network of small business-development managers. The purpose is to provide loans to businesses which do not qualify for loans under the bank’s usual lending criteria, but show the potential to grow and succeed.

When the department is considering whether to finance a venture, emphasis is placed on the business’s demonstrated viability, management expertise, the amount of capital which the owner has personally invested in the business and any supporting security which may be available.

The department’s small-business development managers are trained to provide financial assistance to new ventures. Their object is to develop and secure banking relationships with small businesses that have growth potential — this work is carried out in co-operation with the respective branch managers.

The small business development managers are also there to advise on the type and amount of finance which the small business requires and to assist with the preparation of applications.
Controls are there to protect the entrepreneur

The entry of new entrepreneurs into the market in South Africa must be encouraged to promote a vibrant economy, but there are difficulties.

First National Bank small business unit senior general manager Ali Moksha says that though small businesses are to be encouraged and in fact, are fast becoming a force in the market place, those seeking financial assistance still need to meet certain criteria when applying for a loan from a bank.

The fact that many applicants have little or no financial track record is not necessarily a deterrent, but other parameters certainly apply.

Contribution

Says Mr Moksha: "Normal collateral and guarantees are not very common."

What we do consider very important is the viability of the proposed business and what contribution the individual is prepared to make towards the venture.

We examine the qualifications of the applicant and whether they apply to the type of business he wants to run.

We also want to know if he is prepared to make the sort of sacrifices in time and energy that are necessary from anyone who goes into a new business venture.

"All this information should be contained in a business plan that the applicant will have drawn up before he approaches us."

He says the bank also considers the proposed location of the business and the demand for the product or service at that site.

This is particularly important, bearing in mind the competitive nature of small businesses, especially when there are a number of similar services competing for the same customers.

"We would decline a request for assistance, even if the applicant fulfilled all the criteria, if we saw that the competition was strong and that the players in that market place already were equipped to counter any new entrant," says Mr Moksha.

Reaction to criticism that the bank was sometimes too inflexible in considering applications for further credit, he says, is not the prudence in lending criteria which inhibits the development of small businesses. He points out that many small businesses fail because of poor management rather than a lack of funds.

"Lending additional money is not the answer."

"The Small Business Unit tries to find the cause of the failure and assist in solving the problem."

We place considerable emphasis on business education and offer practical advice on survival for small businesses in difficulties as well as information on support services and training that are available to the aspirant small business entrepreneur.

"We do not want our small businesses to fail and our people will help the businessman with every tool available to make his enterprise a success," says Mr Moksha.

He says the seemingly inexhaustible wall of bureaucracy that potential entrepreneurs complain about is in fact a safeguard.

"We do the informal sector and entrepreneurs a disservice by lowering our standards and making borrowing too easy.

"This would lead to more businesses failing and getting themselves into debt, and reek our financial ability to help the next man in the queue."

"We seek to promote a culture of successful entrepreneurship amongst South Africans so that they will see self-employment as a viable career prospect, not just something to do until the job market improves."

Wealth

"Small business is a major important generator of wealth and forms the cornerstone of a successful economy."

"It is Obviously in everyone's interest, not least the bank's, that people with the courage and foresight to start small businesses should be encouraged to do so," says Mr Moksha.

"First National Bank and auditing firm Deloitte Price Goldby have recently published a set of books called "Basic Bookkeeping" which fulfills the urgent need for a simple and easy-to-follow workbook on how to perform the basic bookkeeping tasks needed in a small business."

The series of books aims to educate clients as well as entrepreneurs on the principles of bookkeeping and aims to eliminate the mystique that surrounds bookkeeping work. The series also includes "How to Create REAL Wealth" which discusses the possibilities of creating wealth through entrepreneurial activity. The series is available at major bookstores.

Creating wealth through entrepreneurial activity other forms of activity are said to simply transfer wealth from one place to another. One of the major priorities in Africa is to create a clear-cut small-business development policy. Taxation is another issue. Small businesses generally pay a higher rate than the larger firms.
Franchising has higher success rate

ONE method of starting a business, which generally has a greater chance of success, is to buy a franchise.

Such businesses usually have a considerably higher success rate than other start-ups.

NedEnterprise, which provides financial services to small and medium-sized businesses, prefers to finance franchises ahead of any other type of start-up enterprise.

According to NedEnterprise general manager, Neville Edwards, start-up businesses based on franchises have an estimated failure rate of less than one percent, whereas the failure rate of small businesses which are not franchises, is over 50 percent.

Says Mr Edwards, "Franchising provides a feasible means of realising the dream of owning one's own business, which is why we concentrate on this area and encourage entrepreneurs to look into franchising opportunities."

Good franchising schemes provide entrepreneurs with a proven system and all the technical and management expertise to succeed. This includes training, accounting and management controls, product expertise, a well-known trademark and support from the franchisor.

Says Mr Edwards, "Due to these aspects of franchising, banks are better able to assess the risk of a business venture and are assured of the ongoing support of the franchisor during the start-up years."

"In addition, the provision of monthly management accounts and regular interaction between the franchisor and the franchisee enables a bank to keep track of its client's progress and assist wherever necessary."

Mr Edwards says NedEnterprise is approached regularly by potential investors who intend becoming the leading franchise financier.

He is compiling a list of approved franchisees with which the bank will do business on an ongoing basis with franchisees who qualify in terms of criteria set by both the franchisor and the bank.
'Education isn't top priority'

ANY future increase in social spending as a means of redistribution should not focus on education, despite the skills shortage and the legacy of apartheid education, argues Professor

Van der Berg. A report to the Stellenbosch Economic Project's occasional paper that it takes a long time before the benefits of education are felt. Also, there may be capacity constraints on expanding education at the required rate (such as shortages of teachers and a deficient educational administration).

Any pay better dividends to increase expenditure on housing, special employment programmes and perhaps nutritional interventions (for example special feeding programmes), if the administration of this appears feasible.

"Expansion of the public sector may have beneficial short-term impacts in that it raises the social benefits of the few programmes that reaches the rural poor, but against this should be noted that such expenditure is mainly consumption."
The rapid rise of women in business

A n entrepreneurial "fervor" has taken hold of women and they are emerging as business owners worldwide.

According to Professor Rosel Lawrence of the Graduate School of Management at the University of Pretoria, there has been a rapid increase in numbers of women business owners in Europe and the United States. There are no firm statistics available on what is happening in South Africa, but according to 1985 estimates about 70 percent of small businesses owned by blacks were run by women.

The growth of women business owners is also reflected in competitions run by magazines - the Small Businesswoman Award drew 420 entries while the Business Starters award drew 1,500 entries over three years.

The Small Business Development Corporation (SBDC) reports that 20 percent, or 3,600, of their clients are women. The number of women entrepreneurs varies from region to region and they operate in different sectors.

"The SBDC has realised that women have low-risk investments as they pay back loans on time and have a low bad debt ratio," said Ernie.

"The small business units of banks and organisations involved in the training of entrepreneurs report that the proportion of women clients is increasing rapidly."

This trend can be attributed to several developments during the eighties.

The Women's Bureau started a project in 1985 to stimulate and stimulate women's interest in business. Seminars were held nationwide on "Women Businesses" and about 2,000 people attended. A congress on job creation was held to encourage women to become involved in business. By 1988 the first network of women entrepreneurs, the National Association of Women Business Owners (NAVWO), was launched by Ernie.

The organization is affiliated to the World Association of Women Entrepreneurs, an international network of 23,000 members in 30 countries.

Ernie said there were four main types of women in business:

Corporate high-flyers: Women who work for independent enterprises in large companies who are more likely to establish a small business than those working in the main body of a corporation.

They tend to find that "glass ceilings" prevent their promotion beyond middle management levels. Their frustration and a conviction that they have built up marketable skills prompt them to form a consulting company or specialist service.

Women from an entrepreneurial family or environment: Women with parents, relatives or friends in business are more likely to establish a small business than those without such contacts.

Re-entry women: Many women re-enter the workforce by starting a business from home after their childcare years. Their increased opportunities and greater independence have led to a growing number of women starting businesses. This trend is growing stronger and Women's Entrepreneur magazine was launched to cater for this market.

Women's actual entry into business is also affected by several strong traditions in our society. These include:

Career choice: Business is not a traditional career choice for women because they have grown up without any role models in the area. But now women business owners have become the new role models, and this has had an effect on career choices. Young girls are, for example, becoming more interested in the junior administrators' programmes offered by the Centre for Developing Business at the University of the Witwatersrand.

Type of company: Women go into business, some still tend to choose traditionally "feminine" activities because of the skills base and experience. Many women prefer businesses such as general dealers, retail stores, clothing manufacturing, crafts, retail, PR/O marketing, personnel or business services, transport, design, estate agencies or legal and financial services.

Major shifts in the types of companies or sections in which women operate are now emerging.

- Some are moving from the informal sector micro enterprises to large established entities such as the mail in cases of home industries.
- The level of sophistication of applications for loans to start a business is increasing among emerging business owners. Business plans are clearer and financing is sought from major banks or associations.
- Some women are moving from selling in shopping centers to small shops or smaller extents to actually owning shops or renting in larger shopping centers.
- Established businesswomen are developing into new or related services and multiple ventures.
- The number of consultancy firms offering specialized services is increasing.
- There is a growing awareness about the value of exporting.

Training:
The most successful sources of high-level staff are women, white and black, who are interested in business. As more women study economics and management sciences at universities, a bigger number of potential women business owners is being created.

But women have not realized the potential of the market. For example, US Aid wanted to invest in training programmes for entrepreneurs if 50 percent of the trainees were women and struggled to find anyone who could understand that there must be women in emerging programmes.

Financial acuteness:
The SBDC (and the government) indicate that the bad debt ratio among women business owners is lower than among male business owners. This is because women tend to use more of their own funds when they start and, they save more. Their companies are smaller than those of men. They are involved in areas where the risk is lower and they tend to grow at a slower pace.

Ernie believes that the value of women business owners should not be overlooked and that they should be encouraged at every level. The future depends on it.

Lynda Lowson
black women in business

By Juana Williams

Improving the skills and success-rate of black businesswomen is the main aim of the African Businesswomen's Development Forum (ABDF).

Started under the auspices of Fabcos, the forum is run by Khayelitsha businesswomen Ms Joy Masi and Ms Tami Toba.

"The forum is still in its infancy," said Tobie, the secretary. "We are incorporating all businesswomen—hawkers, dressmakers, taverners, shebeen owners, and hairdressers."

Its aims include:

- Creating more work for black businesswomen.
- Getting more black women involved in business.
- Getting the informal and formal business sectors to work together more closely.

"We encourage black women to take business courses given by the Small Business Development Corporation (SBDC) and Triple Trust," said Tobie.

The official launch of the forum is on October 3, with a flea market at Nonququela station at site B in Khayelitsha starting at 8 am.

Sanlam has sponsored 30 tables at the flea market.

Fabcos has also been involved in the planned launch of the Informal Business Development Trust. This will be registered as a Section 21 Trust and will help the informal businesses gain access to affordable trading/manufacturing space.

Fabcos national vice president Mr Sam Tumubide is heading a major drive to unite all separate business organisations in the Western Cape into a single representative body.

The idea of this "Consultative Business Forum" has already been mooted among most local organisations.
Black Management Forum —
getting blacks into business

South 3/10- 11/10/92

The Black Management Forum (BMF) was launched by a group of black managers to explore prospects of establishing a body to facilitate black entry into and effective participation in business management leadership.

The political upheavals of 1976 and 1977 led to the organisation going through a lull until 1978 when the initiative was resuscitated.

On February 26, 1981, the BMF was formally accorded the status of an Association incorporated under section 21 of the Companies Act, (Act 61, of 1973).

From 1986 onwards the BMF embarked on a vigorous drive aimed at establishing branches outside Johannesburg. It now boasts 11 full branches and 3 student chapters.

The activities of the BMF over the years succeeded in creating awareness in the corporate world of the need to develop managerial leadership also among black people and those activities helped to lend credibility to the management profession in certain quarters of the black community and among black students at tertiary education institutions.

The awareness created by the BMF for the development and inclusion of black people into high-level occupations did not bear the desired results. The number of black people in managerial positions in the country has hovered around three percent for many years.

The BMF has resolved directly and actively to enter the field of human resource development and organisational development as it affects black people.

As a black initiative dedicated to a non-racial workplace it seeks to take advantage of its background in entering into effective strategic alliances with companies.

What is the Black Management Forum?

It is an independent and non-governmental black initiative dedicated to placing black managers on an equal footing with managers from other backgrounds and environments and thereby cultivate attitudes, beliefs, motivations and competencies in both black and white managers and business leaders which will be conducive to the growth of the economy.

Mission Statement

The BMF stands for the development and empowerment of managerial leadership among black people within the work environment, and the creation of a workplace that reflects the demographics and the values of the wider community.

Strategic Objectives

1. To train and develop black people to be effective business and management leaders.
2. To ensure appropriate recruitment, selection and advancement of black people into business organisations.
3. To provide career guidance, services and facilities to members, including students.
4. To facilitate the process of the indigenisation of business.
5. To promote awareness of the importance of managerial leadership for economic advancement and empowerment.
6. To encourage members to play an active role in the broader South African community.
7. To create a dynamic and effective platform for the exchange of management and business information, views and experience.
8. To become an effective voice for the needs, aspirations and views of members.
9. To uphold and enhance the highest professional standards and principles in business and managerial leadership.
10. To develop and implement programmes for the monitoring of organisational performance on the normalisation process in the context of the mission of the Forum.

Key Principles

1. The optimum utilisation of the country's human resources.
2. Equal opportunity, self-development and advancement.
3. Establishment of conditions and structures for strong economic growth.
4. A just non-racial democracy for South Africa as one nation.
5. An Africa-centred management and leadership perspective which takes South Africa as a point of departure in relating to the global political economy.

Driving Values

Competence
1. A competent and capable management cadre
2. Ubuntu
3. A responsive and caring attitude
4. Unorthodox
5. A different and creative management style
6. Integrity
7. Honest and ethical standards, respecting the environment.

Service and Benefits

Individual members, including students, are prepared to play an effective management and leadership role in corporations and in the community. Corporations and employers are assisted in finding the most appropriate ways of harmonising with the community and in identifying, developing and advancing people irrespective of colour or background for business strategic survival and success.

Membership

Membership of the Forum is open to all black or white, who aspire to be managers, who practice management or who teach or train in management. Corporations and institutions are actively encouraged to be members of the Forum.
Guide to beating the recession

One of the biggest headaches facing businesses of all shapes and sizes is coping with the seemingly never-ending recession.

The founder and chief executive of the Progro Consultancy Group, Mr. John Hendricks, says businesses need to recognize that there will always be economic or business cycles, with good and bad times, upswings and recessions. This means you have to plan your business to cope with both situations.

For example, a marginal business that just survives in boom times will surely fall in the doom times — so how do you ensure you have a recession-proof business?

Hendricks says most battling businesses blame the recession for their struggling business.

"But what's really happening is that the economy is reflecting the quality of collective business performance. The question is 'Are you part of the problem or part of the solution?'

"The solution does not lie in miracles or areas outside one's control. It lies in basic business common sense.

Hendricks has developed a seven-point action plan to help businesses deal with the recession:

1. Focus on your core business:
   Concentrate on the areas you know best and develop unique features and benefits. Get your whole organization fully committed to your core business.

2. Start a customer care service:
   Look after existing clients and customers. Don't neglect captured business at the expense of new customers. Get "close to your customers", especially with after-sales contact. Improve your communication programme with existing clients.

3. Get a commitment from all your employees:
   Encourage staff to put an extra bit of effort into everything they do. This will be seen in customer service, productivity and quality of performance. But it starts with inspired leadership — an example at the top that filters through the organisation. Give the team a firm goal, such as service for survival and success.

4. Control your information:
   You need to know daily, as well as monthly, how your business is performing in all key result areas.
   You need to have an overview or "bird's-eye" view of your business in these areas:
   • Am I getting richer or poorer?
   • Am I making profits or losses?
   • Is my working capital improving or deteriorating?

Once you have achieved that, you need to have a "management's-eye" view of the following:
   • What products/services/divisions are contributing to profits?
   • How is my actual performance against budget?
   • Which assets are under-performing or are idle?
   • Which employees are ineffective and not achieving output targets?

5. Control your costs:
   Every cost centre and cost element needs to be evaluated in terms of its contribution to profits. It is easier to reduce overheads than to increase prices or sales in recessionary times. Be ruthless about unnecessary waste and wasted costs. Fight for better trade prices, trade discounts and cash discounts.

6. Control your cash.
Many young pupils are forced to leave school before they actually realise the full potential within.

Reports by Elias Maluleke

BLACKS must start training now and take over the challenging business management roles in the new SA.

The SA Institute of Chartered Secretaries and Administrators (CIS), has launched an initiative to tackle the "critical" shortage of business managers at middle and senior level.

CIS chief executive Alan Barrable said reliable estimates suggest that if SA met its economic targets, almost 500,000 additional business managers would be required in all spheres of enterprise within the next eight years.

"By making studies and qualifications more accessible, we hope to stimulate greater popularity for business education."

Barrable, who is also the chief executive of the recently launched Chartered Institute of Business Management (CIBM), said the major objective was to improve awareness of the opportunities inherent in business careers.

The CIBM will educate students in the four pillars of business management - legal, accounting, interpretive and management.

Barrable said the major advantage was that students of CIBM would be entitled to register for membership at various levels after passing the four module subjects, without having to wait years to complete the entire course.

Students who achieve Fellowship of CIBM qualify to apply for the internationally recognised Fellowship of the CIS.

He pointed out that many young achievers were forced to leave school before realising their full potential.

CIS was also expanding its bursary programme through its Business Administrators Educational Foundation (Mentor). The bursary fund is donated by SA business and members of the institute.

Those with genuine need and the potential to succeed may apply for funding by contacting Barrable at (011) 403-2900.
New brain-drain fears increasing

TOP executives are looking for jobs abroad because of uncertainty about the political future and concern over declining educational standards. There are fears that four years of anti-immigration will be reversed by a brain drain commencing at the end of 1987.TOP executive receptors are looking for jobs abroad because of uncertainty about the political future and concern over declining educational standards. There are fears that four years of anti-immigration will be reversed by a brain drain commencing at the end of 1987.

A spokesman for the National Australian Association of Personal Recruitment agencies has told The Age that "There are strong incentives for people who are looking for work in Australia to consider the rest of the world. We have a good market in Europe and there are good prospects in the US and Canada."

Favourites

Australia is a popular destination for businesses because of the strong political and economic stability. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy.

Generations

The brain-drain phenomenon is not limited to specific industries or age groups. It is a concern across the board, affecting all levels of education and training. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy.

Backlash

Dr Woodburn says: "Many people who went to Australia in the late 1960s became disillusioned with the country and returned home. It is important to note that many Australians also left for political and economic reasons. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy.

Immigration peaked at 137,000 in 1966, after which it fell slowly to 40,000 in 1980. Extrapolating figures for the last four months of 1981 suggests emigration of about 20,000. But the figures do not reflect the collapse of most areas since the Belzberg and Chisholm Report. Many emigrants are leaving to seek employment in countries such as Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy.

Most consultants expect the foreign job market to pick up in 1982 as the domestic economy recovers and government spending increases. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy. The preferred destinations are Canada, the US, Europe and New Zealand. Favourable factors include the availability of skilled and experienced workers, the high level of education and training, and the strong economy.
Small business talks to US

SUN CITY — The SA small business fraternity, meeting in Sun City, was linked by satellite to the US yesterday.

US Small Business Administration (SBA) national programme manager John Bedrus fielded questions from panels of the Small Business Unity Workshop.

Chairmen of the four different conference workshops were Keith Foster, CEO of the construction training agency and Sunnyside group (deregulation) chairman, Dick Robb of Barlow Rand and chairman of the Matchmaker services (sub-contracting/matchmaking), Wilhe Conrad of Volkskas and Trust Bank (financing), and Business Challenge (marketing) CE Phil Khumalo.

Bedrus said his organisation had the same problem when it came to training small business people.

Most of them would say that all they needed was finance, they did not need training, they said.

"We fight the same battle in the US and 90%–85% of the failures in business are due to lack of management training." he advised SA to step up marketing of planning programmes.

However, the US had lower interest rates than SA, so there was no need to make concessions for budding businesses.

Another advantage when it came to starting a small business development programme was that the US had a good resource environment.

"We did not have to fight like you have to for your base," said Bedrus.

He advised SA to train the small rural and urban communities to go for exports.

There was no point in people being trained to sell to the same communities, he said, because there was hardly any money in those communities.

Black businessmen told to build capital

SUN CITY — The ANC urged black businessmen to think of building up capital instead of trying to ape whites with palatial houses and expensive cars, the organisation's trade and industry policy co-ordinator Tito Mbouwem said at the weekend.

He was addressing the Small Business Unity Workshop conference, organised for the annual Small Business Week and hosted by Potchefstroom University's Small Business Advisory Bureau.

Mbouwem urged government and parastatals to allocate contracts for undertakings such as the supply of stationery and computers. "This would go a long way towards promoting the development of small businesses. The black businessman grows on contracts," he said.

However, he asked: "Are black businessmen ready to take up the task? Are they taking advantage of these packages or just squandering the resources?"

"There is a pattern among blacks. We have been excluded for many years from the good things in life. To equal whites, we build big houses and buy expensive German cars."

"That money which we could get from the SBDC or the banks could be used to build capital. We should pool our financial resources to buy shares," he said.

"Why can't we learn from Afrikaners who put all their money into Volkskas, their insurance into Sanlam and their buying power into Unawinkee?"

Nedcor raises R2m for drought relief

NERDCOR Bank has managed to raise nearly R2m through its drought relief efforts. The Harvest, despite the poor economic climate.

Launched by Nedcor in July, The Harvest has seen individuals, as well as corporations, pool their resources in an attempt to help SA's millions of drought victims.

Nedcor Bank public affairs GM Theo Coggin said the bank hoped to attract the attention of corporate investors during its final month of the drive.

"The Harvest is the perfect conduit for corporations which have earmarked funds for drought relief," he said.

Nedcor had the ability to channel funds directly to relief efforts without deducting administrative fees, a common practice.

Coggin said many corporations had already donated funds to The Harvest, including Murray & Roberts, LFA Construction, Highveld Steel and Vanadium and CG Smith Foods.

Nedcor's objective with The Harvest had been to support a sustainable and stabilising relief effort, he said.

In addition to the corporate funds raised, Nedcor had been donating 10c for each ATM transaction, amounting to R350 000 a month off the company's bottom line.

The credit card division had pledged 15c for every R500 spent, while Nedcor employees had been asked to donate up to 3% of their annual bonus, Coggin said.
Nedcor Bank College opens

NEDCOR Bank yesterday officially opened its R2.5m Nedcor Bank College, offering employees a holistic banking education.

The college will start with a pilot group of 60 students, initially on a "floating" campus, using rented training facilities.

The curriculum offered at the college covers professional, life, utilisation and management skills (PUM) and includes study skills, self-image development, systems thinking, social interaction skills, marketing and decision-management. The course will interlink theory and practice.

It will also offer a number of basic core studies for the educationally or socially disadvantaged. These will include literacy, computer skills, assertiveness training and leadership development.

Most of the courses are registered with the Manpower Department, Damlin and the Institute of Bankers and thus students will receive recognised certificates.

The group believes the college will make a contribution to the social reconstruction and normalisation of SA and that it will keep both the organisation and its personnel at the forefront of innovative thinking and creative competition.

"Our business logic and strategic planning indicate that to survive and remain competitive in our changing markets, we need to develop our future management now. "Both from a business and socio-political point of view this urgently requires us to develop the skills of all racial groups in a non-discriminatory context," a statement says.

Candidates for the college will be selected through a combination of recommendations from management, personnel consultants and themselves. Students will have a strong say in their curriculum."
Report warns of sexual harassment costs

SEXUAL harassment at work can be costly for companies by forcing valuable staff members to leave and by reducing productivity, morale and motivation, claims an article in this month's edition of People Dynamics.

Writing in the Institute of Personnel Management's journal, authors Trudie Prekel and Jennifer Wilkinson said a strong need existed for companies to develop sexual harassment policies.

A recent survey conducted among members of the Institute of Personnel Management (IPM) and the Institute of Directors (IOD), indicated only 6.5% of companies had formal policies on sexual harassment.

In an attempt to resolve the problem, the IPM, IOD, the Women's Bureau of SA and the ANC Women's League were formulating guidelines on how to deal with the problem, Prekel and Wilkinson said. These guidelines were expected to be available by next month.

Prekel and Wilkinson described sexual harassment at the workplace as unwelcome or unwanted attention of a sexual nature from someone at work, which "causes discomfort, humiliation, offence or distress".
Firms facing smoking law

EMPLOYERS may have to introduce company smoking policies soon to avoid prosecution under pending legislation banning smoking in public places, says a study of the issue.

Writing in this month's edition of the Institute of Personnel Management's People Dynamic, Wits Business School student Camilla Southey said increased environmental awareness and the growing assertiveness of non-smokers made smoking at workplaces a delicate issue.

She said non-smokers were becoming increasingly aware of their right to work in smoke-free areas and were demanding a ban on smoking at work places.

"In order to ensure a healthy and efficient working environment, employers should ensure that the needs and wishes of both the non-smokers and smokers are treated fairly," Southey argued.

Employers might have to move fast to introduce smoking policies in the near future or risk falling foul of pending legislation.

Southey said the Tobacco Products Control Bill gave power to the Health Minister to ban smoking in "any indoor place area which is open to the public or part of the public". It was likely to be passed into law early next year.

Employers, however, should not unilaterally decide on smoking policies, she said.

"Before embarking upon a smoking policy, an employer should investigate the attitudes of all employees towards smoking at a workplace. A policy should never be imposed on employees but should be discussed thoroughly and agreed upon by everyone who will live and work with it," she said.

Consensus on a policy would help reduce hostility and tension between non-smokers and smokers.

Once the smoking policy had been agreed upon, sufficient time should be allowed for employees to become accustomed to the "new rules".

"A possible way of doing this is to implement a progressive policy. This involves increasing the limitation of smoking over a specified period of time.

"It is also a good idea to give employees time between the decision on the policy and implementation so that they can begin to prepare themselves.

"Once the policy has been implemented, time should be allowed for a trial period of not more than six months" before being reviewed."
Mast Holdings earnings up 8%

EDUCATION and training group Mast Holdings has reported an 8% increase in attributable earnings to R501 000 for the half year to end-August.

Chairman Stephen Dallamore said the group's product-based businesses — which included Mast Video Training, Lexpress Data and Mast Publications — had continued to perform strongly, achieving or exceeding their budgets.

"Mast Training Consultants had maintained market share, but had been affected by cutbacks in training budgets due to the poor economic climate."

Turnover was up 16% to R11 4m (R9.8m), but pre-tax profits advanced by 3% to R841 000 (R815 000). The tax rate dropped to 23.3% (31.7c) a share.

Dallamore said the acquisition of CNA Gallo's former Academic division, which was effective on September 1, had further strengthened Mast's niche market in knowledge, education and training products.

The new division, which included Campus Books, Logan Bookshops and Westdene Roadbooksch, was expected to double Mast's turnover and asset base. Academic was settling down under Mast management and had exceeded budget in its first full month.

Dallamore expected satisfactory results for the full year and said Mast Publications and Lexpress data traditionally had a stronger second half.
Award recognises service excellence

Alongside its annual conference in 1980, APSO pioneered a competition for the personnel service industry, an award for a personnel consultant who provided service excellence to his or her clients.

That first year, there were 27 entries. However, the research carried out by an independent research company to decide the winner indicated there should be two competitions. The qualities that make a good consultant in the permanent placement industry are not the same as those needed by a consultant to succeed in the temporary staff contracting industry.

So, in 1989, the competition was expanded to recognise temporary staff consultants as well. That year, the number of entries increased to 48.

The winners were Hilton Davis of Achievers Personnel (permanent) and Leanne Fischer of Quest Personnel (temporary).

This year's competition, which remains the only competition in the personnel service industry worldwide, attracted 71 entries.

The judges of this year's competition have on their panel a number of international experts as the APSO conference plays host to the International Confederation of Personnel Service Associations (IPSA) Annual Congress.

The panel of judges consists of Pauline Audsley, IPSA's Australian president, Leonard Allen, executive director of the Federation of Employment and Recruitment Services (UK) and secretary-general of the Confederation Internationale des Entreprises de Travail Temporaire (CIST); Dan Smith, executive director of the Institute of Personnel Management (Southern Africa) and Rob McGregor of The Star, which is a major sponsor of this year's competition.
Agency shows its Steyn power in tough times

Sandra Steyn joined the personnel industry for the challenge it presented and because the industry offered opportunities. There seemed to be less sexual discrimination and more chances for the advancement of women in the industry, she said.

When Steyn had reached what seemed to be a ceiling in the computer industry, having been a systems analyst for six years, it would have taken the next 30 years to even stand a chance of getting on to the board, she said.

Ten years later Steyn is managing director and owner of Great Personnel, having worked her way up the ranks of the business.

Steyn said the present recession had affected the personnel industry as much as it has the rest of the SA economy.

"A good indication of the severity of the recession on the personnel industry is the sharp drop in the number of jobs advertised in only two or three pages of classified advertisements for employment vacancies in the local press. Recently, the number of jobs advertised was only two or three pages of the market, has shrunk considerably," she said.

Business in the personnel industry at the moment consists of a big pool of job applicants on the one hand and a small employment market on the other.

"However, creditable personnel agencies that have built up a sound client base over a period of years are still able to operate profitably."
Watching over the industry

The Association of Personnel Service Organisations of South Africa (APSO) was formed in August 1972 out of the Registry Offices, which had been in existence for about 10 years.

By 1976 personnel services in SA had undergone tremendous growth and diversification and it had become apparent that there was a need for a more representative body to safeguard all sections of the personnel service industry.

At the time representations were being made to both the Riels and Wieland commissions, which were in hearing over labor legislation, to ban employment

There are at present seven sections within APSO:
- Personnel selection consultants
- Personnel selection management staff
- Temporary staff contractors
- Search
- Computer and electronic staff
- Student and permanent placement
- Industrial and technical staff
Conference brings world to SA

The programme of this year’s annual conference of the Association of Personnel Service Organisations of South Africa (APSO) is probably one of the most interesting for many years, as we have the added attraction of international delegates, not only attending but forming an integral part of the conference programme.

This year, instead of having to travel overseas for a conference of such quality, we are bringing it to South Africa.

Having experienced many international conferences, I can assure every member that they will learn something invaluable from this exposure to international practice methods.

This is an opportunity that not only the owners of companies but also their consulting staff should not miss.

The programme has been specifically geared to managers on the one day and consultants on the next, and this will be an invaluable opportunity to assess international trends, both on a formal and social basis.

The panel discussions will ensure that any questions you may have will be answered by the “experts”.

We also have an outstanding quality of local speakers to complement an exciting programme of extremely relevant topics over the two full days.

It is conferences such as this that will give delegates the vision and motivation to succeed through the difficult times we are currently experiencing. It will put you ahead of your competition if you attend, or leave you behind if you don’t.

APSO president John Dawkin
Exporter groups given international help

THE establishment of a single, nonracial national employer organisation in SA will be discussed today when a joint Nafoc-Fabcos-Saccola working party meets an International Employers' Organisation (IOE) delegation.

A four-member IOE delegation has been trying to help these three major employer organisations achieve unity as a basis for readmission to the international organisation.

The IOE delegates, who return home at the weekend, are from employer organisations in Kenya, Ireland, Holland and Norway.

While Saccola represents a coalition of the vast majority of white business organisations, Nafoc and Fabcos together embrace all major black business organisations.

A new representative employer organisation would be the first genuinely nonracial employer organisation in SA.
Try to say it with comics

Comic strips usually amuse and entertain, but, as more and more life assurance schemes are finding out in South Africa today, they can also educate.

Employee benefits are a complex issue at the best of times, but during negotiations between workers and employers, workers are often at a disadvantage because they do not know enough about insurance, pensions and other benefits.

To help them, Old Mutual has pioneered easy-to-read comic strips to explain these complex issues to workers.

At least two are already in circulation. One has been produced for its employee benefits division and the other for its institutional clients.

They graphically explain the differences between, for example, pension funds and provident funds, why these are needed in today's society and what is done with the money in the fund to ensure that it grows and/or is used to back social programmes.

Explaining the move, Old Mutual's general manager in charge of employee benefits, Mr Garth Griffin, said negotiations about employee benefits were usually highly emotional, with rhetoric and a lack of realism predominating.

"When participants better understand the issues and each other's viewpoints, it is possible to move quickly towards realistic resolutions — for the benefit of all," said Griffin. — LYNDIA LOXTON
Policy probe planned

THE NEED to urgently identify coherent policies to promote small business at all levels dominated this year's Small Business Week conference at Sun City.

Instead of speeches, the conference was organised into two days of intensive workshops dealing with training, marketing, deregulation, subcontracting and financing.

On Monday, the United States Information Service organised an hour-long satellite link-up with the national programme manager of the Small Business Association in Washington, Mr John Bebbs. Participants in the workshops raised the main issues and Bebbs gave details on how these had been dealt with in the United States.

The 200 delegates decided that a steering committee should be established to formulate a policy framework for small businesses, which would be put to all political parties.

The Small Business Development Corporation/Southern Small Business Week runs until October 10.
"Women must compete in all spheres of life" by Joshua Raboroko

Women urged to be active in political, social and economic spheres. Women's voices are equally important and they want to be politically liberated.

Patience Phashe, a business entrepreneur, emphasized the need for women to compete in all spheres of life. She noted that regardless of their size, businesses started by black women were increasingly having a significant impact on the South African economy. She highlighted the lack of opportunities for women in certain sectors and the need for them to empower themselves.

She was concerned about the number of black women in management positions and argued that women's voices are equally important and they want to be politically liberated.

It was important that black women should take up ownership of property and become small and medium scale business entrepreneurs to compete in all spheres of life.

By Joshua Raboroko

South Africa's black women need to play a greater role in the economy.
Woman named for top NSB job

Company throws discrimination out and appoints former social worker:

By Joe Mdhele

THE National Sorghum Breweries this week proved that it did not discriminate on the basis of sex by appointing Mrs Simnah Ramakhula as group public affairs manager.

Ramakhula, who joined the company in April, trained as a social worker and is a graduate of the University of the North.

In another development, NBS appointed Mr Don Manaka as group general manager distribution, transport and loss control.

Manaka, a former journalist, joined NSB 18 months ago as general manager of a Pretoria plant.

Ramakhula, before branching out into social work, was a teacher for many years in Swaziland before enrolling for a social work degree at the University of the North in 1979.

She was previously employed as national co-ordinator by the South African Black Social Workers, and she was co-ordinator of the South African Institute for Medical Research in the AIDS education programme division.
Honours for Sam Motsuenyane

By Joshua Raboroko

Mr Sam Motsuenyane will be honoured for his role as an entrepreneur and leader at a function at the Johannesburg Sun Hotel on Sunday at 10 am.

The occasion, organised by Business Challenge, will focus on his experiences in black business.

Motsuenyane’s leadership and courage in the dark days of apartheid was a guiding light for business people from the underprivileged communities.

He is one of the founder members of Nafoce which he led for 28 years. He retired at the chamber’s annual conference in Sun City in July this year.

He is presently writing a book on black business and serves on the board of many companies. He was honoured at the Business and Entrepreneurial Development Conference organised by Sowetan and sponsored by the Development Bank of Southern Africa.
UNIVERSITY of Cape Town deputy vice-chancellor Dr Mamphela Ramphele has been awarded the Woman of Achievement Award by the Cape Town branch of the Woman's Bureau of South Africa.

Ramphele is the first woman deputy vice-chancellor ever appointed to UCT and has distinguished herself in community health and social anthropology. She has been prominent in mission hospital work and managing black community programmes in the Eastern Cape. The Women of Achievement Award is a floating trophy presented each year to a Western Cape woman who is outstanding in her chosen field. The trophy will be presented to Ramphele at a banquet on November 10.
OFFICIAL: SA under-performs

SOUTH AFRICA has emerged as one of the main under-performers of the latest World Competitiveness Report.

The report ranks 37 industrialised and newly-industrialised nations.

South Africa, which is included in the annual study for the first time, is ranked eight of 14 developing economies, narrowly ahead of Venezuela.

Singapore, Taiwan, Hong Kong, Malaysia, Korea, Thailand and Mexico were found to have more conducive environments to promote global

and domestic competitiveness.

The report is a joint annual project by the World Economic Forum and IMD, a Lausanne-based management development school.

The ranking looks at eight key variables:

- Domestic economic strength;
- Internationalisation;
- Government;
- Finance;
- Infrastructure;
- Management;
- Science and technology;
- People.

SA achieves relatively high rankings on only two of these criteria. It is ranked fourth in finance, the performance of capital markets and the quality of financial services.

P dismal

SA gets the second-highest developing country ranking in science and technology.

But SA’s performance on several of the other criteria is dismal. SA is ranked 12th in terms of the strength of its domestic economy, just ahead of 14th-ranked Hungary, now reforming after years of socialist rule.

SA is 10th on participation in international trade and investment flows and 10th on the extent to which government policies are conducive to competitiveness. It is last (16th), after Pakistan, on the people measure, which describes the availability and qualifications of human resources.

“Countries need to spread their competence, skills and educational basis among the population,” the report says.

Some points of SA’s excellence are identified by the report. South African managers consider themselves the most willing to delegate, cooperation between universities and companies is only behind that of Singapore, and SA, Singapore and Malaysia come out tops in the protection of intellectual property.

Japan is the industrialised world’s most competitive nation, with Germany holding second position. The US slips from second to fifth. Switzerland holds third spot, with last year’s top performer, Denmark, moving from eighth to fourth.

The report says Denmark’s improved rating comes from the confidence Danish executives have in their economy. This is supported by the underlying economic data, which shows that the domestic economy climbed from 11th to 8th place among industrialised countries.

Urgent

Competition Board chairman Dr Pierre Brooks says the report shows that there is an urgent need for the reappraisal of the competitive environment in SA.

“It is clear there are deficiencies in the system which need to be remedied as a matter of urgency. A comprehensive reappraisal of the situation is necessary.”
Productivity in ANC spotlight

WILSON ZWANE

NO PROGRAMME aimed at increasing productivity would succeed unless the entire economic system was legitimised, ANC NEC member Saki Macozoma said yesterday.

Addressing the 38th annual convention of the Institute of Personnel Management in Sun City, Macozoma said labour should not be blamed exclusively for the ill of the country's economy.

He said various factors had an impact on the "productivity dynamic".

These included the perception S/A's economic system was illegitimate because it excluded blacks, and the poor education system which "fails to inculcate basic tenets that would help in increasing productivity".

Macozoma said the country's political crisis was characterised by:
- A lack of political legitimacy;
- Mistrust of security forces and the judicial system (by blacks);
- A climate of repression and intolerance;
- Escalating exploitation of ethnic and regional divisions, and
- The collapse of local authorities.

Stress a danger to black managers

SUN CITY — The small pool of black managers would shrink in the next five years should advancement programmes not take into account stress-related disorders, Bristol-Myers-Squibb director Ben Allmann said yesterday.

Speaking at the 38th annual convention of the Institute of Personnel Management, Allmann said corporates had to extend their thinking beyond the workplace, or about 68% of black managers would suffer from performance-impainging stress-related disorders within the next two years.

He said his predictions were based on the results of a three-year collaborative national management stress research project he conducted among managers from 18 major companies.

The project showed that black managers found their homes and community environments twice as stressful as their work.

Black managers recorded lower remuneration, less praise and more criticism, discrimination and cultural gaps as contributory to stress.

Police 'threatened Boipatong witness'

TWO policemen threatened a witness of the Goldstone commission of inquiry into the June 17 Boipatong massacre when they visited his home, the inquiry heard in Vereeniging yesterday.

ANC counsel Karel Tip told the commission, which resumed sitting yesterday after a two-month recess, that the witness had said policemen visited his Boipatong home on Wednesday last week.

The witness was not home so the policemen had left a threatening message with his wife, Tip said.

SAP counsel Flip Hattigah told the commission the police had no idea the man was to be called as a witness.

He said policemen had visited the Boipatong area on Wednesday night to make certain observations, but said they had not entered any premises.

The commission was also told that an analysis of the erased police tapes relevant to the investigation would not be available next week.

Judge Richard Goldstoll said the British government, to whom the tape had been submitted for analysis, would provide the commission with the relevant information — Sapa.
ANC plans protests against KwaZulu

NATAL is on the boil following the deaths of more than 40 people in the past week.

The ANC's three Natal branches are planning a day of protest action against KwaZulu police stations and government offices.

ANC Natal Midlands spokesman Reggie Hadebe said yesterday the day of action was part of a build-up to a march on Ulundi.

A committee has been established to plan the campaign and set an exact date for the day of action and a march on Ulundi.

"The date is not crucial. What is crucial is that the campaign must get off the ground. There is no question of head office trying to postpone the march indefinitely as has been suggested," Hadebe said.

He said no plans had been made to meet Inkatha leaders, but the matter was being discussed at national and regional levels within the ANC. A meeting with President P. W. de Klerk was also being discussed, he said.

Hadebe said the focus of violence was being systematically shifted back to Natal because Inkatha was coming under greater public pressure in the region.

He said Inkatha had stepped up the military training of its members in preparation for a major assault on the ANC in the province.

The Human Rights Commission recently reported that 125 people died in violence in Natal during September.

Sapa reports six people were wounded when a group of gunmen opened fire with pistols and AK47 rifles at commuters disembarking from a train at the Elandstetten station in Germiston on Tuesday morning.

In a report yesterday, Witwatersrand police spokesman W/O Andy Peake said a policeman returned fire when he was shot at, but it was unknown if any of the attackers, who fled the scene on foot, were wounded.

The injured passengers were admitted to the Willem Croyden Hospital in Germiston.

The motive for the attack was unknown and no arrests had been made, said Peake.

Productivity is based on labour's trust, says ANC

LABOUR and management had to enter into a more trusting relationship in order to minimise trade-offs between a living wage and productivity growth, ANC economist Tito Mboweni said yesterday.

Addressing the 36th annual convention of the Institute of Personnel Management (IPM) in Sun City, Mboweni said there was "a growing room" for cooperation between management and labour.

Mboweni said if organised workers were well informed about the possibility of wage growth eroding their companies' competitiveness, they would be more prepared to "co-ordinate their wage demands with increases in productivity".

"This entails a totally new and trusting approach to the relationship between capital and labour. Management will have to alter its secretive stance and provide unions with detailed information about a company's economic position," Mboweni said.

He added that pressure on trade unions to identify with the goals of national development "will be considerable under a democratic government".
Govt funding needed to address unemployment

THE state should put R2bn into development venture capital funds every second year for 10 years as part of a solution to SA’s massive unemployment problem, Small Business Development Corporation (SBDC) senior GM Jo Schwenke said yesterday.

Speaking at the Institute of Personnel Management’s annual conference at Sun City, he said the funds would seek out developmental opportunities that were viable, sustainable, and preferably owned by black South Africans.

A fund manager would manage the fund, seek out investments, help establish the investee and remain involved until the investee was self-sufficient and profitable.

Schwenke said this initiative could generate up to 30 000 or more new formal businesses with jobs for up to 2-million people.

He said about 44% of SA’s population was either unemployed or underemployed. In addition, studies by Sasol and the SBDC had shown that less than 5% of school leavers and less than 10% of matriculants could be expected to find work in the formal economy.

He said it was “frightening” that 46% of unemployed blacks were aged between 20 and 30.

Competition for a fairly stagnant number of formal employment opportunities would increase, he said, and lack of efficient schooling and dedication from pupils would leave unemployment or informal employment as their only alternative.

Schwenke said there was not one solution, and SA needed supportive government policies, specific job creation programmes, a “big push by big business” to create projects, exports and foreign exchange.

He said the state had to create an environment of law and order, followed by a fiscal and monetary policy which encouraged investment.

In the short term, big business should not retrench but retrain.

He said that the efforts of the state and small, medium and big businesses should be co-ordinated into a single medium-term strategy, with the driving force being the promotion of entrepreneurship.
For Mike, the sky is the limit

By Joshua Raboroko

THE manager of the Soweto branch of Metropolitan Life, Mr Mike Mthombeni, says the corporate world must commit itself to an aggressive affirmative action programme.

Mthombeni, who holds a Bachelor of Commerce degree from the University of South Africa, joins hundreds of prominent South Africans who have been calling for change in the workplace.

"The corporate world will have to change its structures to suit the peoples of this country," he said.

Born in Nqutu, Natal, he joined Metropolitan in 1971 as a policy salesman. Through hard work he steadily climbed the ladder of success.

His hard work was rewarded in 1981 when he was promoted to branch manager.

He heads a staff of 32, a job he dearly loves and works hard at.

Perseverance, enthusiasm and the search for greater knowledge has always been his motto.

He says South Africa has a big shortage of black managers.

He says the country would need more than 100,000 new managers before the end of the century.

"I refuse to accept the myth that black managers are not available. Companies should seriously look at the issue of increasing the number of their black managers by training existing staff.

"Education and training are also vital for the development of our country," he said."

Mthombeni calls for aggressive affirmative action.
Making the Most For

Those Being Retrenched

How companies can help employees overcome the trauma of losing a job

Business
No slump in salaries for executives

SOUTH AFRICAN executives have rated themselves much higher than workers in the pay scale, despite the harsh economic conditions prevailing in the country. The survey also reveals that over 90% of executives received raises over the six-month period.

The survey found that executives, on average, received increases of R6 to R10,000, with monthly raises. When you consider the high cost of living in South Africa, the raises are substantial.

The survey also showed that the increase was based on inflation, with pay increases of 14% percent. The survey further showed that 28% of the raises were paid in bonus, perks, and other options.

Another factor that explains the high raises is the high cost of living in the country. The survey found that executives in the country are often paid more than their counterparts in other countries.

Andrew Key and A. Osborn found that average union offers of 3% were relatively low.

Most of the increases were in the food and drink industry, as well as in the mining industry, where the mining industry was in a recession. Union support was also linked to profit and productivity. In many cases, employers proposed wage increases in response to profit increases.

So much so that the country's stable inflation rate is attributable to the country's stable inflation rate.

A significant feature of the Institute of Directors' survey was that the survey was conducted in two stages. The two stages are summarised below, with more details forthcoming in a supplement to be published in the coming months.

He also pointed out that the survey did not include executive salaries, which were considered more stable.

He said that despite the high salaries, executives would be putting pressure on the fingers of a talented surgeon.
Engen: investing in education for change

ENGEN places a high priority on investing in education to promote change and development in South Africa. According to its social investment co-ordinator, Dr Des Roberts, the investment takes several forms and is aimed at both supporting education and encouraging other companies to become involved in this form of social investment.

This is particularly noticeable in the Engen Education Programme, which aims to provide extra tuition in maths, science and English to pupils from Std 6 to 10 for 20 Saturdays a year.

Of the more than 500 pupils who attend these extra classes, about 13 percent are children of employees at the Engen head office in Cape Town and refinery in Durban. The rest have been selected from local community schools such as Stellenbosch Magaw and Die Crossroads in Cape Town, or come from other companies who pay for children of their employees to attend the Engen classes.

"In Cape Town, there are now 167 students from 20 different schools and 20 different companies attending these classes," says Roberts.

"It makes sense for other companies to pick-up the slack on the basic courses and tutors we provide, making use of University of Cape Town facilities, rather than trying to start their own programmes."

Engen has also started a programme in Worcester and has advised companies in other parts of the country on how to set up similar programmes.

The main rationale for the programme was the fact that research by Roberts had shown while there was an over-supply of black, coloured and Indian matriculants, few had studied maths or science and many had trouble with spoken and written English. Those who did study maths or science were hampered by a lack of laboratory equipment with which to conduct experiments and books such as textbooks.

The three subjects were seen as being vital to enabling black students to secure training and employment opportunities as a result of rapidly changing technologies — and to meet South Africa’s future labour needs.

During their Saturday sessions, which last from 9am to 1pm, students are given intensive tuition, provided with study notes to make up for the lack of textbooks at their schools and can use laboratory equipment at UCT or the University of Natal to carry out experiments.

"From next year, we hope to take the programme to areas such as Crossroads as well, where we could provide a resource centre with all the necessary equipment and offer classes for more students," said Roberts.

Not surprisingly, there is a great deal of demand for the classes and Engen cannot take on all the students selected by communities. As a result, any student who fails to attend classes for three weeks in a row is automatically disqualified and another is taken on.

A winter school is also organised for the matriculants in the programme. This lasts a week and its focus is on making and doing, teaching the students about finance, economics, geography, English and computer science.

Students are encouraged to do part-time studies related to their work, with Engen paying all their fees. If they pass their courses, the fees are written off as grants — but if they fail, they have to pay the money back.

Bursaries

The Engen bursary scheme was started in 1985 and this year supports nearly 80 students countrywide at a cost of about R16 000 each (depending on where they are doing their studies).

The bursaries are granted for either commerce/computer science-related degrees by the Engen marketing division, or for chemical, mechanical and electrical engineering degrees by the Engen refinery.

Students supported by Engen are expected to work for the company once they graduate, but are not tied down for any set period. This is because they have so far been quite happy to stay on with Engen. If a student wants to study further in another discipline once the degree supported by Engen has been completed, the bursary can be written off as a grant.

In the few cases where Engen cannot place graduates, the disciplines they have studied enable them to easily find jobs.

A measuring programme was introduced last year to help students develop time management, study methods and effective study skills. This has improved the pass rate of the bursary holders.

ENGROS FOUNDATION

With a budget of more than R10-million a year, this foundation is funded by Engen but operates independently under its own board. About 30 percent of its annual budget is spent on education projects around the country, with the rest going to community and entrepreneurial development programmes.

This makes the foundation one of the biggest funders in the education field and projects supported include the South African Association for Early Childhood Education, Learn and Teach, READ, Teacher Opportunity Programmes, Careers Research and Information Centre and a wide range of community-based education projects.

The foundation believes that transformation in South Africa will be best achieved through an holistic approach to development. It therefore aims to integrate the services of its education, entrepreneurial development and community development units, and will launch a similar approach in communities with which it co-operates. All projects and programmes are undertaken in close consultation with communities.
Developing business skills

The winning company with one of their adverts

Research shows the following common misconceptions among employees and students alike:

- If a company needs money, the managing director writes out a cheque and the government sends the cash.
- All the money received from customers is profit.
- The cost of running a business is minimal (many do not even realize that it costs money to run a business).
- Companies do not pay tax.
- Deductions from pay cheques are used to pay for company cars.
- The relationship between performance and expenses, wages, income, overheads, raw materials, costs, the product and the customer are not realized or understood.
- Nor are the consequences of low productivity, poor customer service, competition, rejections, absenteeism, over-time, wage increases or strikes.
- The basic facts about marketing, banks, loans, loan repayments, collateral, income tax, company tax, shareholders and profit and loss.

Business Sense therefore aims to introduce employees and school pupils to the basics of business in a very straightforward, simple but exciting way without trying to promote any -isms.

Dyana managing director Mr Keith Benington was using the programme to introduce employees to the basics of business.

"True learning for employees or students should be learner-driven, measurable, competency-based, competitive and fun." When the 21 students arrived at Eingen Court last Saturday to attend the course, they were split up into separate teams Care was taken to ensure that each team was made up of students from different schools and ideas and make them more complicated. We pride ourselves on taking complicated ideas and making them simple - and fun."
Fed sure's open culture pays off

SA Federation of Business and Professional Women

Business Day

Survey

With 6% to conclude

Making improvements for their women

Gender and race issues

Workplace trends to expect in 2016
DURBAN — Organised business put its weight behind a federal political solution here yesterday.

Chambers of commerce from across the country unanimously endorsed the Durban Chamber of Commerce's proposal for federalism at the Sacob convention here yesterday.

A spokesman for the Durban Chamber said a federal system was the only viable option for a stable and prosperous SA.

"A unitary system has not served the country well in the past, centralised power is unhealthy and will be easily abused," he said.

The chamber proposed a form of federalism where regional powers were constitutionally entrenched and could only be amended by a specific constitutional mechanism, such as a two-thirds majority.

Declines made at a local level would be more efficient and effective and would be closer to the people being governed. There would also be better utilisation of resources at a regional level.

Constitutional Development Deputy Minister Tertius Delport endorsed the motion. He said both vertical and horizontal distribution would inspire confidence.

He added government wanted to see multi-party negotiations back on track because they were the only route to developing a new constitution.

The government was ready to start drafting a new constitution which would be structured on national, regional and local levels.

Finance Department director-general Gerhard Crouser also endorsed the Durban Chamber of Commerce motion. He said the crux of the problem had been the centralised system of financing.

Crouser added someone would have to oversee and facilitate the redistribution of resources and there would have to be some form of redistribution to poorer regions.

The Durban Chamber proposed a two-tier system of financing. A central government structure would disburse funds nationally to the less privileged sectors of the community. But regions would have to have a reasonable degree of financial independence.

The Pretoria Chamber of Commerce called for the implementation of a foreign trade policy and implementation of the major elements of the IDC report on modifying protection policy. This motion was also unanimously accepted by delegates.

A spokesman for the Pretoria Chamber said there was insufficient co-ordination within trade policy and the current reliability of export incentives could be doubted.

Long-term export success was going to depend on the availability of internationally competitive products and the stimulation of a broad-based export culture.

Trade and Industry director-general Stefaan Naude said industrial and trade policy would have to be managed very carefully and cautiously because there was a limit to the pain a country could take.

TPA looks to incorporate private land into reserves

Gavin de Vena

THE TPA was examining the viability of incorporating tracts of private land into provincial reserves, Transvaal Administrator Danie Hough said at the opening of the Wild Expo 92 in Pretoria yesterday.

Provincial conservation authorities already administered 11% of the Transvaal, of which 17% was under private management. There were 450 nature reserves, 1,000 game farms and seven conservancies already in private hands, he said.

Hough said that while it was important to harness the private sector's capital and expertise, there was a need to coordinate and manpower restrictions demanded a new approach with the state as facilitator.

He saw ecotourism playing an increasingly important role in drawing overseas visitors to SA.

Overseas and local hunters paid more than R500m each year to shoot game, while other tourists brought in an additional R30m to see animals in their natural habitat.

Protection of natural resources against exploitation had to be guarded against, said Hough.

GERALD REILLY reports from Pretoria that more than R1bn was invested in SA's wildlife ranching industry. Agriculture Minister Kram van Niekerk said yesterday.

Opening an international wildlife symposium at the CSIR, he said the industry earned more than R350m a year from hunting, live sales and tourism.

It served about 80,000 local hunters and included 400 professional hunting guides who looked after more than 4,000 foreign hunters a year.

The hunters were a vital tourism component, spending up to four times as much as the average tourist, who spent about R4,906 a visit excluding airfares.

Forex earnings exceeded R1,2bn and were on a par with agriculture's foreign earnings.

It also paid for roughly 34% of manufactured goods, gold and mining, and contributed 2% towards GDP.

New KLM flight to Cape Town

Stephane Botha

KLM Royal Dutch Airlines' plans to expand its market share of air travel and cargo to and from SA will be launched today with its inaugural flight to Cape Town.

Gulf Air will also start flying twice a week from Abu Dhabi to Johannesburg, beginning in December.

For the first time today, the airline would offer fares reduced by 50%. Gulf Air vice-president marketing Mangal Chauhan said at a news conference yesterday.

KLM was planning an additional weekly flight for 1994 and in the medium to long term expected to operate a daily service, KLM president Pieter Boshuizer said yesterday.

Gulf Air expected to announce a third weekly flight by March next year, said Al Sheik.

At this stage, no reciprocal service would be operated by SAA, he said, adding that no joint venture existed between the two airlines.

Angolan talks 'making good progress'

Luanda — Talks on arranging a reconciliation summit between Angolan President Jose Eduardo dos Santos and UNITA leader Jonas Savimbi were making good progress, officials said yesterday.

Deputy Foreign Minister Venancio de Moraes said that in four days of talks with senior officials of Savimbi's Unita movement, the two sides of power even if he lost the second round of the presidential election.

UNITA lost UN-supervised presidential and parliamentary elections on September 29 and 30 that were supposed to set the seal on a peace agreement ending 16 years of civil war.

Diplomats say Savimbi is demanding guarantees of power in a government. Silva said since the elections the capital had been swept by a wave of politically motivated crime which his forces had been unable to control. Da Silva told journalists police had arrested 135 people during the last three weeks for carrying arms ranging from pistols to GPMG mortars.

Even in normal times the crackle of gunfire associated with banditry echoes through Luanda at night.
of Business and Professional Women

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Five years ago, maternity leave

"Five years ago, maternity leave

The group also employs a

Fedsure also has a study

Children of employees also benefit

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□ The retirement age for

But a great deal more

□ The most senior woman

□ Women did not qualify

woman returning to work

□ Disability payments

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"Winning the Gold Award," Krige believes,

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The group assisted in bringing out two women

of Fedsure's best, from left: Colette Bannett (nominated for the CE's Award 1992), Brendra David, Joan Smith (winner 1999), Lynda Breest (winner 1997), Robyn Bloom (winner 1999) and Marthe Lane.

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Keen Judgement

A voice uniting women

Gender myths don't evolve

What counts - judges

Recent progress is

Olivetti bridges 8000

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SA Federation of Business and Professional Women

Last year's win gave us a boost — Southern

WINNING the Gold Award in 1991 has done a great deal to enhance the image of the company in the eyes of the Southern Life employees, the purchasing public and prospective female employees, MD Jan Calitz says.

"But while it has been wonderful to receive official recognition for our achievements in the sphere of female advancement, it has also made us ultra aware of our enormous responsibilities as an employer of significant numbers of disadvantaged employees from other groupings in the SA workplace."

Calitz says the award has given the group a "huge incentive" not only to maintain the positive growth climate Southern has created for women, but also to devise new ways of empowering the full spectrum of the group's staff, "enabling them to realise their true potential."

His sentiments are echoed by Southern's women staff.

Deputy GM Brenda Doyle says Southern is a large organisation with a "small-company ethos".

She says she has never encountered any form of discrimination against women. "People are respected for their contribution to the company and encouraged to attain their maximum potential."

Assistant GM Jenny Carter says whatever opportunities arise in the organisation are open to women.

"If I have the ability and enthusiasm to do something, I am confident that it will be taken seriously."

She says that while there is still the continuing challenge of confronting "in-grained male prejudices" on the part of some male colleagues, she does not allow their attitude to deter her. As discrimination is against the organisation's basic philosophy.

Working for a company like Southern not only makes it easier for women to have careers, but also encourages them to do so, says assistant GM Maureen Rawlins.

She says that the top managements' openness and ability to listen has removed any obstacles for career-minded women.

Senior manager Margaret Stevenson says the fact that she is a woman has never entered the picture at Southern.

"As Southerners we are in the unique and extremely fortunate position of being able to do whatever it takes for us to realise our personal aspirations and career ambitions in a corporate atmosphere that offers us freedom and flexibility as well as the necessary nurturing."

Winning the Gold Award has been an affirmation of the values of equality and will spur the company on to greater achievements, says senior manager Jennifer Press.

She says that given the history of discrimination against women in the workplace, Southern compares very favourably with other financial institutions.

Senior manager Trish Acton says that over the years she has seen the firm move away from an outdated paternalistic attitude towards female staff to a climate of empowerment.

"Today, as a woman at Southern, one has the right to aspire to any position in the company, knowing that one will be judged solely on merit and performance.~

Award raises awareness of responsibilities — Calitz
Transmed has high ideals

TRANSMED, the medical aid scheme and pharmacy unit of Transnet, is striving towards providing equal opportunities for its employees — at home, at work and in SA generally.

Human resources senior manager Paul Lood says Transmed is a caring organisation towards its colleagues and clients at the 57 pharmacies it operates countrywide. Transmed employs almost 600 people; 54% are women.

Lood says management has been addressing critical issues such as equal opportunities, stress management, housing, social and economic issues and ethnic languages.

"Training is regarded as one of our key successes," says Lood.

Employees are afforded equal opportunities as far as internal and external training is concerned. He says employees are also encouraged to further their studies.

Currently 42 members of Transmed's personnel are studying after hours, with the support of bursaries from the company.

Benefits

Transmed's maternity leave benefits are 84 days on one-third of normal salary, with the rest to be claimed from UIF.

A further 14 weeks' leave may be granted, with the proviso that the individual can get her job back. Paternity leave is still under discussion with the labour unions.

Femnet, a community-oriented women's organisation, was established in September 1990 to support women employees and wives of male employees.

Among Transmed's objectives are improvement of the quality of life of employees and their families, and to become instrumental in promoting the wellbeing of the Transnet community as well as that of society at large.
Pick 'n Pay sets its sights on Gold again

PICK 'n Pay, a past winner of the Gold Award, is hoping to win again in its 25th year.

The chain store considers its people to be its greatest asset, something chief judge Philip Bacchioni has picked out as being one of the qualities which gives the group a good chance.

Employees who satisfy the conditions laid down are entitled to apply for a housing loan at an interest rate of 4%.

"Pick 'n Pay each year also hands out about R$50,000 in non-repayable company bursaries to further the education of employees and their children." The group has also followed up on another one of Bacchioni's yardsticks for the award — promotion of women.

The percentage of women at the senior or supervisory level has increased to 32% this year from 24% last year.

There are also two women who are members of the board of directors — Raymond Ackerman's wife Wendy and human resources GM Linda Saacks.

Media liaison and corporate environmental affairs officer Anne Seba says the acceptance of women in senior management positions is growing in the ranks of male management.

"Testimony to this is the fact that at the annual Executive of the Year awards ceremony held in May, 79% of the awards went to women."

Seba adds that women have overturned a previously stereotyped male-dominated world by occupying positions such as fresh-produce buyer, systems analyst and store manager.

"The position of chief butcher is also held by women at both the Wonderpark hypermarket and the Secunda supermarket."

The marketing and communications department is staffed entirely by women, who produce such publications as Consumer's Watch, Talk about and Enviro Facts.

Pick 'n Pay won the Gold Award in 1996 in recognition of its outstanding par-

cular agreement, which came into effect in August 1989 and replaced the maternity leave policy.

Seba says the agreement entitles women to 11 months' leave, nine of which are paid.

"When both parents are employed by the company, they may share the leave," she says.

An additional benefit is the right to return to work and receive the same wage and status as before they left.

Any increases that may have been awarded during their absence are added to their salaries.

Flexible working hours are also permitted for women in several regions of the country.
Stress victims

Black managers are more likely to develop disorders, survey finds.

By Mokgadi Pela

BLACK managers are more likely to develop stress-related disorders than their counterparts from other races, according to the findings of a new survey.

The study, which started three years ago and was headed by Dr Ben Allman, medical director of a top pharmaceutical company, indicates that black managers find their home and community environments twice as stressful as their places of work. Their counterparts rated their workplace and community environment as having the same impact.

"The research has confirmed that not only are the causes of stress different for managers from various races but blacks experience them more frequently than their counterparts from other races," Allman added.

The project included questionnaires to 1,301 managers in 13 major companies. Valuable inputs were received from business schools, psychologists, foreign consulting firms and the American Institute of Stress.
Sexism 'no issue' at Oxford

Oxford University Press (OUP) has a woman majority in all its job categories and believes that few companies would be able to rival them.

MD Kate McCallum says hard work is rewarded regardless of gender, creed or race and says it is a tribute to the company that after the toughest financial year, both appointments to senior management were women.

A survey conducted by the UCT Business School found that 37% of the staff felt that racism and sexism were not issues that the company needed to address.

Priority

Nevertheless, the appointment of black women in the company was an issue that management felt was a priority. Blacks make up 49% of the staff complement of 66.

McCallum says OUP benefits women in that it allows flexible working hours and staff may also work from home. Ex-staff, many with children, are also employed as freelancers.

Maternity leave is granted at two months on half pay. While maternity leave is unpaid, the company has decided to improve upon this.

McCallum is the founder of Women in Publishing (WIP) and staff are encouraged to take part in its activities. WIP organizes networking among women in the industry by facilitating in the acquisition of business-related and publishing skills.

OUP is not a commercial company. It is a branch of the UK's OUP, which is in turn an extension of the University of Oxford.

Since the organisation is non-racial, non-sexist and non-discriminatory, OUP is sensitive to the role language, text and art play in forming people's perceptions, through ensuring stereotypes are not perpetuated in the books produced.
FOCUS

Making affirmative action work

THE problem with the concept of affirmative action is that it is interpreted to mean whatever its proponents or opponents wish it to. This can cause confusion in the minds of many employers and employees who are genuinely looking for guidelines to apply in the workplace.

In addition, a range of seemingly synonymous terms such as black advancement, social responsibility, economic empowerment, positive upliftment and equal opportunity are being bandied about — all with their own social, economic and political nuances yet totally justified in the eyes of their respective advocates.

It may well be that the heterogeneous nature of the debate reflects the complexities involved. On the other hand, a wide array of terms and titles have done much to confuse the real issues. Affirmative action ideally should be a means to an end and a temporary measure designed to facilitate the process of creating equal access to work through the eradication of racism and sexism.

If we agree that the final destination of the affirmative action debate is the overall development of the country’s greatest resource — its human resources — then we have a common point of departure from which a meaningful exchange of thought and counter-thought can emerge. However, underpinning this argument, it was most heartening that speakers at the symposium were not in favour of what one presenter called “now-it’s-our-turnism”. It was clearly not in the interests of SA to apply reverse apartheid, with all its concomitant advantages and disadvantages for different groups, but rather to develop an ethic of nation building which would include and benefit all communities.

In the meantime, however, how do you level the playing field? It’s one thing getting it right constitutionally and giving political franchise to all adults, but how do you redress the decades of inferior education and resultant under-representation in commerce and industry? Many believe the developmental aspects of affirmative action programmes are long overdue, and should be actively incorporated in company objectives, strategic plans and mission statements.

Unfortunately, in the past many companies gave lip service in company statements to equal access for all, without taking practical steps to ensure that justice was seen to be done. Ways in which an affirmative action strategy can be approached could include a clear and unequivocal commitment to affirmative action and a directive by management, with the support of the chief executive officer, to pursue affirmative action at all levels of the organisation. Without support from the top, programmes are stillborn and become no more than an externally imposed list of “Sullivan principles” that irritate more than motivate.

In this light, recruitment and selection policies must reflect a more realistic demographic mix of race and gender in the workplace.

It is often at the point of entry that marginalised groups are discounted and demoralised. Of the final list of candidates for a vacancy in the company, all of whom are “acceptable” should it always be the “best one” who gets the job, or should the overall needs of the company and required demographic mix not be paramount in making such a decision?

Assuming that the black/female applicant eventually gets beyond the doors of the personnel recruitment department, it is incumbent on the employer to treat that employee in a way that no or little selective criteria are applied in his/her advancement in the organisation. However, the assessment and appraisal of the encumbent black/female must be accompanied by the same assessment and appraisal of the immediate superior in terms of contributing to the success/failure of the subordinate.

In other words, assist the superior to “grow managers” and become a mentor to the inexperienced black/female.

This approach will ensure that the self-fulfilling prophecy of many superior blacks/females “won’t make it” is actively countered.

It also behoves organisations to embark on career development and succession training programmes at all levels and not only in the traditionally “liberal areas”, such as human resources, public relations and training. An overriding principle should apply at all times that encourages a culture of participation and inclusive decision making, so as to give “ownership” to policies and practices that have to be implemented by blacks/females.

The challenge of business is to find ways to facilitate a process of normalisation in the workplace and still retain its competitiveness in the open market, by developing our vast human resources for a prosperous future SA.

Adams is an official of the Cape Town Chamber of Commerce.
INDEPENDENCE in almost every sphere of operation was the key to the success of the commercialisation of Eskom’s Central Maintenance Services into Rotek Industries, group CE Bruno Penzhorn said yesterday.

Speaking at the Project New Generation Economy conference in Midrand, Penzhorn said the strongest impetus for improved performance was achieved with the restructuring of the organisation into four operating divisions.

"To provide better measurement and control, and above all to promote ownership, all operations were given full autonomy with a unit manager in charge. Overlaps of responsibility were removed wherever possible to take away excuses for non-performance."

He said the commercialisation process was broken down into three stages: loss reduction, profit improvement and optimisation for long-term survival with new product lines, export orders and technology agreements with overseas companies.

"Performance targets of the organisation were shifted from technical to commercial excellence. "It was also made clear from the outset that we would have to move from a security-related remuneration package with many entrenched fringe benefits to a performance-related system of pay."

Penzhorn suggested three strategies to facilitate easy transition to a commercialised business: First, flat and uncomplicated management structures should be created to allow for immediate and effective communication with employees and trade unions.

Entrepreneurship should be developed to "unleash the dormant energy of the workforce" and to allow freedom of action as well as autonomy and accountability.

He said the umbrella of total unit control was in each case pushed down as low as possible into the organisation.

"Our managers, at all levels, took the bait and started enjoying the process. I firmly believe that our recovery is the sum total of these newly created initiatives and mercenary trends of our individual entrepreneurs."

As motivation of the workforce was the responsibility of top management, an open display of confidence in the company by leadership and the setting of simple targets were needed.

"Finding the "correct democratic structures for co-determination at the workplace" in close consultation with employees was suggested.

"This concides with the needs experienced by all organisations today to address the high expectations of things to come in the future SA, as seen by all population groups in our country."

Training programmes, worker empowerment and possibly equity participation for all employees was seen as crucial in realising the full potential of the workforce.

However, he said a "hard lesson we learnt in the commercialisation process was that, in spite of all our efforts, unit managers were unable to raise their gross margins to such levels that progress could be made on loss reduction towards true profit performance."

This necessitated a process of "right-sizing" so as to survive, he said.
‘People involvement essential in mergers’

HILARY GUSB

PARTICIPATIVE management and broad employee involvement was the key to success in a merger, Samcor chairman Spencer Sterling said yesterday.

Speaking on Samcor’s merger experience at the Project New Generation Economy conference in Midrand, Sterling said: “Provided sufficient synergy and opportunity exists for a real rationalisation and complementarity of facilities, products and labour, and provided human issues are clearly recognised and carefully managed, a merger can be very rewarding.”

Sterling warned, however, that few mergers were successful and most were plagued with problems.

It was dangerous to underestimate the complexities of computer systems activity, and key systems personnel should be involved in the merger plans.

So as to prevent any market speculation and rumour when planning a merger between two highly visible, consumer orientated companies, a multi-media public relations effort was required to disseminate information on the merger’s development,

Sterling said.

“The problem common to all mergers, however, is people-related. At all established companies have their own individual culture, a merger represents a traumatic culture shock to all involved in it.”

Existing corporate cultures would have to be relinquished and a new corporate identity and culture established. Participation by employees in formulating an action plan was suggested.

“As the attrition rate in a merger was inevitably high, staff should be convinced of the security of their tenure.” “People are the key to the relative success or failure of a merger, and their active participation is crucial,” he said.
Research spending does not always pay

DAVID SAWER

companies and industries differ in the success with which the hardware to marketing and production does more to improve efficiency.

One explanation of the pattern of UK industry's expenditure on R & D over the years could be that the results of its high expenditure in the '60s proved commercially disappointing, and that the UK increased its expenditure in the '70s when competition intensified.

Economists are tempted to use any available figures when comparing the economic performance of nations, even if the figures are not truly relevant. R & D statistics are among the less relevant data. The most interesting questions are why

provide a starting point for analysis, not the answers themselves.

It is depressing, given the limited significance of R & D expenditure, that the US Democratic Party, along with the UK's Labour, places so much emphasis on tax incentives to encourage more spending on R&D.

A company's expenditure on innovative activity, including R & D, is largely determined by the technical opportunities for such activity in its industry and by the intensity of the competition it faces. Tax relief will reduce the cost of R & D, but this reduction is unlikely to increase significantly the expected return.

The UK government is trying to encourage firms to spend more on R & D by promoting the publication of research expenditure by individual companies. But the government's efforts to make companies more conscious of their R & D expenditure are likely to cause companies to place more of their activities in this category, which is what the US tax credit appears to have done. This government intervention may therefore make everyone happy without changing anything but the work of the accountants.

If any government wants to improve the performance of its national industries, it should recognise that improvement will depend on getting more output from the available inputs, not on increasing the quantity of the inputs, whether R & D, investment or employment.

Performance is a matter of how firms are managed, which governments cannot directly influence. The most relevant role for government is to improve the quality of the labour input through its influence on the educational system, and to maintain a stable macro-economic climate.

Attempts to increase the quantity of R & D demonstrate politicians' failure to analyse the problem and their desire to be seen to be doing something. — Financial Times.

Sawer is an economic consultant.
Companies urged to help workers

Private companies and the government were this week urged to intensify their efforts to educate adults if they were committed to lifting the country out of the economic recession.

Of the 15 million strong workforce, about nine million are illiterate. One out of every three women was also illiterate, according to Paulette Bethlehem of the Continuing Education Project (CEP).

CEP is presently helping companies to set up education programmes for their workers at all levels up to matric.

Bethlehem warned prospective candidates that there were many schemes on the market which promised good results but were inadequate. "We are very concerned about this since adult learners were subjected to courses which were not educationally sound," Bethlehem said. She said: "When adults are taught, they need courses which are adult orientated because they are experienced and responsible people.

Now is the time to be involved in education because we have a downturn in the economy. This is our opportunity to improve the education level so that when we have an economic upswing, we would be ready to meet the challenges."
STUDENT leaders for Cape

STUDENTS from 74 countries are expected at a meeting in Cape Town of the International Association of Students Interested in Management and Commerce (Aiesec).

The association has 75,000 members around the world.

The delegates are presidents of the Aiesec in their countries.

South Africa was selected to host the meeting on the strength of its recently adopted reform policies.

The publicity officer for the international presidents meeting, Ms Tania Pendar, said the delegates were "a group of globally-minded, highly-skilled business students."

"The meeting brings together some of the world's top student leaders and opinion formers who may constitute valuable future business contacts."

On the agenda are a conference and two study tours, one in the southern Transvaal and the other in the Western Cape.
Regional Air decides
to show its true colours

A once "invisible" airline has been making its mark in the southern African region since it began operating under its own name in January.

Regional Air, which previously operated in the colours of airlines from Transkei, Ciskei and Botswana, as well as in other low-profile charter services, has now obtained rights to serve five destinations from Johannesburg. Two of the services will be international.

Regional Air MD Leigh Thompson said at the weekend scheduled flights to Pietermaritzburg and Phalaborwa, in association with Letaba Airways, would start today.

The move follows the acquisition two months ago of a 50% share by Regional in Letaba Airways, which has served the Lowveld area for the past 20 years. A 28-seat DG3 airliner will be used on the route.

Last week, Regional started flying the first direct route from Johannesburg to Kariba in Zimbabwe.

On December 1 it will introduce a direct flight to Livingstone in Zambia. Livingstone, 8km from the Victoria Falls, was an excellent tourist destination, said Thompson.

Thousands of people have flown on Regional Air planes without ever having heard of the airline.

"We never marked our aircraft, and had no identification in seat pockets or anywhere in the plane. We took on the identification of whoever we were flying for."

With the deregulation of SA's aviation policies, Regional decided it might as well assume a public identity, said Thompson.

Keeping to the airline's policy of not going into direct competition with SAA, Regional Air was looking at expanding only on routes not serviced by the national carrier.

"We do not need wars. It is difficult enough to make a profit without national carriers cutting fares to eliminate competition," he said.

The only route being operated in direct competition with another airline was Johannesburg/Umata, which is also served by Transkei Airways.

Thompson believed enough business existed domestically to accommodate all the airlines operating in SA.

Regional Air has five shareholders, but no big corporation to back the airline financially, he said.

However, the airline was financially sound and fully owned most of the aircraft it operated, Thompson said. "We are getting stronger daily, and are very careful in how we conduct our business."

The sooner the better for affirmative action

COMPANIES introducing affirmative action programmes now would be in an advantageous position if legislation enforcing the concept was introduced by a new government, RAU economist Roelf Botha said at the weekend.

Addressing an affirmative action workshop convened by the National Economic Initiative (NEI) in Johannesburg, Botha said companies needed to start identifying management potential among black employees and develop this into a force that would contribute to the overall growth of the economy.

The NEI is a two-year-old Durban-based organisation with 72 corporate and 100 small firm members which facilitates affirmative action.

Saying economic inequality was a serious threat to future stability and prosperity, Botha added: "The time has come when business leaders can no longer stand aloof from the aspirations of people who have been an integral part of business, but who have been subjected to an inferior status."

Affirmative action programmes were not limited to the workplace, but also covered areas such as housing and small business, he said.

NEI executive director Lionel Grewan said the initiative would assist companies in affirmative action programmes by co-ordinating and activating advancement programmes at the workplace.

Its business linkages committee would facilitate ties between big business and small entrepreneurs, in relationships that would be beneficial to both.

The housing committee would identify obstacles to creating a market for black home-owners and investigate policies with which these could be overcome.
Business is speaking 'with too many voices' \[\text{GERALD REILLY}\]

PRETORIA - The need to rationalise and consolidate the large number of organisations representing business in SA had become imperative, Johannesburg Chamber of Commerce and Industry (JCCI) president Stuart Morris said last week.

Speaking at a JCCI business breakfast, Morris said business was currently represented nationally by at least 10 major bodies and a host of minor ones.

This was confusing for business, government and the public as well as for visiting trade missions, he said.

Morris said business was speaking with too many voices instead of with one strong voice.

Given the changes taking place in SA, together with growing financial pressures and the scarcity of human and other resources, it was obvious that continued support for all these organisations was neither justified nor feasible.

Morris said employers had to focus their attention and funds on fewer organisations. Duplication of effort in local chambers had to be eliminated and scarce resources consolidated.

A common game plan was needed to work towards an agreed national strategy that promoted business and the economy.

Morris said given the diversity of SA society there was still a need for more than one body representing business, but the time had surely arrived for rationalisation of existing nationally representative bodies.

Current structures serving business at national, regional and local levels needed to be critically examined to rationalise scarce resources by mergers where sufficient common interest could be identified.

Marketing by phone

GAVIN DU VENAGE

The much-maligned telesales remained a good marketing technique despite the abuse heaped upon it, said New Products Library researcher Derek Jermyn.

He said that when telemarketing was professionally planned and used by skilled and motivated operators, the concept of a business retaining close contact with its customers around the country was essentially a good one.

"A highly trained telemarketer is as important to a company as a well paid representative, and also doubles up as an image builder," Jermyn said.

Some companies which made telemarketing a dedicated unit had had incredible success.

A good example was Frank & Hirsch, said Jermyn, who was himself involved in setting up the company's own telemarketing division.

Frank & Hirsch was the first to hire students from Access College, an institution that trains disabled people to operate in the workplace. Today six graduates account for 28% of the company's turnover.

RAINBOW CHICKEN LIMITED

Results for the six months ended 30 September 1992

CONSOLIDATED INCOME STATEMENT

\[\text{Balance sheet}\]

Capital expenditure for the period amounted to R35.4m (R37m - 1991), the major project being the Rustenburg...
Economy needs broader ownership base

For COTW to succeed, it is essential that the ownership base of the country is broadened to include a wider section of the population. This would enable the economy to work towards a more inclusive and equitable distribution of wealth and opportunities.

An efficient and effective economy requires a stable political environment and a supportive regulatory framework. The government must strive to create an environment that is conducive to business growth and development.

The economy must also be able to attract foreign investment and technology to facilitate growth and innovation. This can be achieved through policies that create a conducive business environment and offer incentives for foreign investment.

In conclusion, a successful economy requires a broad ownership base, a stable political environment, and an efficient regulatory framework. These factors, when combined, can lead to sustained economic growth and development.
Focus on image of advertising industry

THE advertising industry's image was the main topic of discussion at the recent AA World Advertising Congress in Barcelona.

Markor's Nick Green, who presented a paper with Hunt Lascars TBWA MD Reg Lascars, said one of the highlights was a paper on the interface between editorial and advertising by the editor of Die Welt, who said the industry should go all out to correct the image problem of advertising.

At the congress, an international campaign was launched to raise awareness of advertising as a dynamic force. The campaign, which has been debated to include developed and less developed markets, was launched in Newsworld in September.

Green said that until now no one had championed advertising's cause sufficiently. He hoped the campaign could be seen in SA shortly, with the basic strategy adapted for the local market.

Unilever chairman Michael Perry said marketing was a "million metre hurdle", but no company's future was assured without excellence in marketing, branding and advertising. He said there was a need for international strategies with local executions.

There was also concern at the conference about the lack of emphasis on the importance of marketing. Most companies' main assets were in their brands, and until these were included in the balance sheets, this could remain a real problem.

Green said he and Lascars spoke about Africa, where 12% of the world's population produced only 2% of world GDP and was exposed to about 2% of its advertising.
Sinclair upbeat about Actsa

THE Association of Corporate Treasurers of Southern Africa (Actsa) was well positioned to ensure SA’s financial system worked efficiently, outgoing chairman and Amalgamated Retail financial director Bruce Sinclair said in Johannesburg yesterday.

“During the year several key objectives were met. A treasury management course was established at Unisa. We have been in the forefront of new ideas, such as why companies should be allowed to buy their own shares,” he said.

The new Actsa chairman is Gemtin treasury GM Marius Ferrara
SA urged to gear up for affirmative action schemes

SOUTH Africans had to learn from the experiences of the rest of Africa if they wanted to become internationally recognised leaders in business enterprise, past Institute of Personnel Management (IPM) president Tony Frost said this week.

Frost told the IPM congress on organisational change and renewal at Midrand on Wednesday that one area in which South Africans could learn much from Africa was affirmative action.

"There is a great resistance to the whole notion of affirmative action in SA. South Africans have been talking about this issue for 30 years and at the end of 1989 less than 4% of the total number of technical, professional and managerial positions were filled by people other than white. This is not good enough and South Africans are in for a rude awakening."

Everybody suffered in African states where affirmative action was suddenly thrust upon commercial and governmental organisations. "The organisations suffered because they suddenly had people at senior levels doing jobs which they had no experience to handle and individuals suffered because they were thrust into jobs they were unable to handle effectively."

To avoid the same mistakes SA should not wait for affirmative action to be legislated. "The way to go is to develop the experience base of the entire organisation as quickly as possible and to pump in the skills that are required — at all levels — as fast as possible."

However, beneficiaries of affirmative action plans should be involved in their implementation to ensure their relevance.

Wits University’s project for the study of violence director Tony Vogelman told the congress reconciliation programmes were needed to reduce suspicion, resentment and violence within and between communities.
**Warning over Soweto’s cost to Joburg**

ADRIAN HADLAN

The simple amalgamation of Johannesburg and Soweto would threaten Johannesburg's economic viability, management committee chairman Ian Davidson said at the weekend.

"A quick-fix approach to amalgamation would lead to punitive rates and tariffs increases, forcing commerce and industry to relocate," he said.

"It is imperative that the Witwatersrand region continues to be financially viable if SA is to attain its economic and social goals in an era of reconstruction and nation-building," Davidson said.

In Johannesburg's audit financial report for 1991/92, Davidson called for a "fair and realistic" tax base for Witwatersrand, together with financial aid from government.

City treasurer Willie Sebert said the council was "hard pressed to balance (its) budget without passing on untenable rates and tariff increases to our residents. It is therefore unthoughtful that we should have to shoulder the burden of additional expenditure in neighbouring authorities without some financial commitment from provincial or national government.

Wilson Zwane

The Transport Department has decided to operate the Reef from Friday as part of a new strategy to protect commuters.

Since 1990, more than 600 people have been killed in train-related accidents, and another 2,000 more injured.

A police liaison officer, Col Temo Hlongwana, said on Friday that the company had hired a consultant to help with the introduction of a new service.

The strategy, which would be implemented after the festive season, was met with cautious approval by the ANC.

"The ANC PWV Region and its allies are in a process of the proposals in preparation for a meeting with the corporation and police on November 27," the ANC said in a statement.

More police for trains

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Call to act now on education

The Institute of Personnel Management says that a national education forum should be established as soon as possible.

In its report, A National Human Resource Strategy, the institute says SA should not wait for a new political dispensation before it reforms its education system. To get reform going, a national education forum — including representatives of business, education, labour, employers, provinces, political parties and other educational institutions — should be formed.

Such a forum would provide a basis for a multiparty national education and development council, which would propose long-term measures to be implemented.

The institute proposes that subsidization of educational institutions be replaced by a national loan scheme which would encourage students to follow technical and scientific routes rather than pure academic studies.

The institute also advocates greater interaction between universities, technikons, technical colleges and other higher education institutions. "A single-stream system should be introduced to allow students to move horizontally. This will enable a technical college student to further his education at a technikon or university level without being penalised for the years already spent in another educational institution."

A national education forum would have to be established to set minimum standards and monitor implementation of the single-stream system.
Nkuhlu likely to succeed Horwood at bank

IDT executive vice-chairman Prof Wess
man Nkuhlu is expected to replace Owen Horwood as chairman of the Development Bank’s board when Horwood retires at the end of the year.

Horwood yesterday announced his retirement as chairman of the board, but said he would remain bank president and chairman of its council of governors, posi
tions he had held since 1983.

Nkuhlu, a former Transkei University rector, is deputy chairman of the bank and is national president of the Black Management Forum. He is also convenor of the Rockefeller Foundation-backed development committee which aims to raise foreign finance for development.
Let's forget the past, pleads FW

The past, a prisoner of the struggle and the mistakes of the past, State President FW de Klerk said last night.

Responding to the recent spate of scandals, De Klerk told a function in Sandton to mark this year’s State President’s Awards for Export Achievement that he would “completely root out malpractices and maladministration.”

He conceded that in the past, crimes had been committed “on all sides” and that this “exceeded the bounds of moral justifiability.”

The Government was serious about taking “strong remedial action in this sphere,” he said “We are cutting deeply.”

Vowing that “good government, now and in the future” was the “highest priority,” De Klerk said South Africa’s prospects looked bright in spite of the rush of scandals in recent weeks.

He said all the National Party Government’s actions since 1989 had been directed at creating a better South Africa.

“We are succeeding,” he said, “and dare not be forced off course by new shocks about old things.”

“I am continuing, and, for that, I ask your support,” he told the businessmen.

Revealing that he felt personal “shock and deep unhappiness” about recent exposures of maladministration, De Klerk said “reorganisation and restructuring on the one hand, and disciplinary measures and where possible prosecutions on the other (would ensure that) good government prevails in every respect, also in this field.”

He said he had “the full support of the Government and the top structure of the security forces”, but musted “What I dare not allow is that essential activities which have to continue in the national interest, are jeopardised or paralysed by over-hasty action.”

The president referred specifically to corruption scandals following the reports of the Van der Hoever, Pickard, Parsons and De Meyer reports, as well as “disclosures and allegations of serious malpractices in the field of security and intelligence.”

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Prof Nkuhlu to take over IDT's reins

Black economist to succeed Mr Justice Jan Steyn

By Mzimkulu Malunga

PROFESSOR Wiseman Nkuhlu, a leading black economist, has been appointed chief executive of the Independent Development Trust.

He will also succeed former Minister of Finance Dr Owen Horwood as chairman of the Development Bank’s board at the end of the year.

Nkuhlu, who is president of the Black Management Forum, will resume his new position when current chairman, Mr Justice Jan Steyn, steps down.

He is one of the most respected economists in Africa and has written several papers on development issues.

The 48-year-old chartered accountant has turned down offers from big international financial institutions such as the World Bank and the International Monetary Fund.

Nkuhlu is a former rector of the University of Transkei and serves on a number of boards in the private sector.
The Black Management Forum will convene a workshop in Johannesburg at the weekend to lay the foundation for a national affirmative action forum.

More than 15 organisations, including the ANC, Cosatu, the PAC, Idasa, the Institute of Personnel Management, the Institute of Directors, Nafis, Sasoc and the Urban Foundation have been invited to the workshop.

The Forum research and projects manager Loyiso Mabhane said yesterday that the objective of the workshop was to discuss the structure and funding of the proposed forum.

His organisation wanted the forum set up by the end of the year.

He said the need for "a strong and well-organised body for the advancement of blacks and women to senior (managerial) positions" was evident, given the reluctance of many companies to implement affirmative action programmes.

The proposed forum would research affirmative action plans and lobby for legislation which would provide "the necessary structural framework for affirmative action programmes", Mabhane said.

The forum has, with Business & Marketing Intelligence, begun a major study intended to produce a blueprint for the implementation of affirmative action.

The results of the study — funded by 15 companies including Eskom, Nedbank and Shell — were expected to be released in the new year.

Sources said the study was in the form of in-depth interviews with more than 300 people, including human resources managers, line managers, black managers, women managers and representatives of organisations from across the political spectrum.
No saying to be found in inadequate training
Nkuhlu tipped for top Development Bank job

Nkuhlu has turned down several job offers from the International Monetary Fund and the World Bank, the last of these being chairman of the Africa Capacity Building Institute. An advocate of affirmative action, Nkuhlu feels strongly about "progressive" whites running development programmes that mainly affect blacks and has voiced his concern about the possibility of labour and business — whose interests he describes as "close" — developing a pact that will affect everyone else. He also advocates a land and graduate taxes.

Born in Transkei-48 years ago Nkuhlu graduated from Fort Hare University and went on to obtain a master's degree in finance and international business at New York University. He became the country's first black Chartered Accountant after completing a degree from the University of Cape Town in 1976. Nkuhlu also has among his credentials being expelled from Lovedale High School and serving a year on Robben Island.

After serving eight years as Unita's principal he was last year appointed to his present position. Last year he was elected president of the Black Management Forum.

Although regarded as an Africanist, Nkuhlu is a key economic adviser to the African National Congress. He qualifies this by saying that he prefers to "plough his energy and ideas to whoever can deliver the goods" and not on ideological grounds. One of his current projects is a feasibility study on a multi-party project to raise development funds under the auspices of the Rockefeller Foundation.

In black business and political circles Nkuhlu is seen as the best candidate for heading the finance ministry because of his skills and lack of ideological attachment, hence his turn down of several top offers.
Right on, Wrighton!

Peter Wrighton’s revolution at the giant Premier Group started with a book he bought while waiting in an airport three years ago. It was written by his former chief. As to Morris and says Wrighton, “it explained the Japanese concept and how he had introduced shared values and common beliefs into his company.”

“Training and trust,” “affirmative action” and other Norman buzzwords were heard in Premier’s boardrooms and staff canteens. Today’s joint-employer-union committees run the company’s provident fund, buy social investment programmes and even share the spoils of success with workers.

“We hope to see our workers represented in our boardrooms,” adds Wrighton. The company has seen joint-employer-management come to Germany to study equity participation. He also believes that all executive teams should reflect the core values.

Premier plans to take it a step further by introducing “equality participation” or employee share ownership schemes for workers.

“If you’re going to do any of these schemes, you have to pay more than just lip service,” says the Premier chief.

Payroll manager up service, says Wrighton, Premier is making a $6-million allocation to social investment. “We get back more from the community than we put in,” he says. Wrighton also believes that “running off the back of the boots” is as much an accolade for a progressive organisation, says Wrighton.

The theme of the BIMF conference was “Eurocentrist versus Africancentrist management” and Wrighton believes he got the prize because he is an Africancentrist. He is proud of his contributions to the company and is committed to the future.

“The company is not only a profit-making gesture,” says Wrighton, “it is also a way of life.”

He says that the company is making a $6-million investment in its employees. “We get back more from the community than we put in,” he adds. Wrighton also believes that “running off the back of the boots” is as much an accolade for a progressive organisation, says Wrighton.

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Joint control was established over social investment, housing, safety, education, management, job creation, drought relief, school feeding schemes and the company’s provident fund.

According to Wrighton, there has been a huge improvement in the standard of living of the workers. He also attributes this to the company’s efforts to improve the quality of life of its employees.

The Joint Education Trust (JET) has been established by some of the country’s major companies, trade unions, political communities and educational organisations. Its aim is to provide long-term fundamental change in the quality of South African education and its relationship to the world of work.

The Trust’s current strategy is to enhance the capacity of existing literacy organisations and encourage the development of regional support organisations that can be capable of supporting local activity and forming a regional infrastructure for the expansion of literacy provision.

The Trust has therefore undertaken as an initial step the commissioning of research into adult basic education needs and provision in each of the nine existing development regions of South Africa (including Western Cape, Northern Cape, Eastern Cape, including Border and Transkei, Natal including Zululand, Orange Free State, PWV, Western Transvaal, Eastern Transvaal and Northern Transvaal).

Appropriate institutions, initiatives, groupings and organisations are invited to submit proposals to the Trust for the research. Proposals should reach the Joint Education Trust by 15 February 1993.

The commissioned research institutions will be expected within six months to prepare a comprehensive report for the Trust that:

- provides data (suitably analysed and presented) on
  - the literacy and basic education levels in the region
  - the scale type and quality of literacy provision in the region including the degree of learners’ progress
  - the literacy needs of the region and the resources (infrastructural, organisational and materials currently deployed to address issues of literacy and adult basic education)
  - analyses the potential of the current resource base to have its capacity increased to support advocacy, infrastructure, curriculum and materials development, teacher training and AIE leadership and management training.

As a second step the Trust wishes to solicit proposals from regionally based Institutions, initiatives, groupings, and agencies for the establishment of regional support and training centres/activities.

Such centres would, for a specific period (three years) be required to support the regional infrastructure for the following adult literacy and basic education activities:

- Advocacy
- Provision
- Curriculum development
- Course and materials development
- Teacher training
- Adult basic education leadership and management training
- Co-operation, collaboration and co-ordination

Agencies are invited to submit proposals to the Trust for regional support initiatives (in the above nine development regions. Proposals should reach the Trust by 15 February 1993.

Agencies may tender for the research and the regional support components together or separately.

Further documentation is available on request from Joint Education Trust, PO Box 1198, Johannesburg 2000.

Enquiries 011 403-5500
A new concept of business management in South Africa is required which will take into account the traditions and culture of the African participants in commerce and industry.

This was one of the ideas to emerge at the Black Management Forum’s 1992 national conference held at the University of the Western Cape last week.

Delivering the keynote address, the managing director of Co-ordinated Marketing, Mr Reuel Khoza, said merely copying Western management styles would not release the full potential of all South Africans.

These Western management styles tended to focus on power relations rather than consensus. They led to conflicts between bosses and workers, individualism and insensitive competition at all levels.

It was no wonder the economy was performing badly, as the way it was being run ignored all the deep-seated needs and aspirations of the majority of workers.

Khoza said he favoured the “community concept”, which was based on the traditional African concept of ubuntu. This meant supportiveness, co-operation and solidarity.

The community concept was opposed to individualism and competitiveness just as much as it was to collectivism, where the individual was depersonalised at the expense of the social unit.

The concept sees the business organisation as a community to which individuals belong, not just because they have a legal contract to work there, but because they want to.

“This community is built on close interpersonal relationships and group interactions held together by a feeling of security and harmony on the part of all its members. The members submit themselves and their hopes and plans to this community.”

“Thus sort of business was “humanistic and humane” at every level.

But it had its rules and regulations which, although strict, were seen as necessary to promote the values and objectives of the community. They were fair and reasonable and clearly understood by all members and were not aimed at preserving the power of one group over another.

There also had to be a free flow of information about what was happening in the business.

“One cannot cultivate a community spirit by withholding information and trying to manipulate facts,” said Khoza.

These aspects had several implications for the way businesses would be run.

“The community concept provides a sound basis for team learning and would help eliminate Euro-centric blind spots occasioned by a pre-occupation with individual excellence which often degenerates into reckless individualism within South African corporations.”

It would also develop a greater sense of oneness in businesses, helping to change the traditional relationship between management and workers from one of conflict to one of consensus building.

The community as a whole would also benefit in that corporate social responsibility programmes would be more “natural” and directed towards the real needs of society without expecting any return.

— Lynda Loxton

PAC secretary general Mr Benny Alexander, agreed with this view, saying that it was high time that white managers started listening to what their black workers said and debated issues with them before management planned its business strategies.

He was concerned about the lack of blacks in top management positions, except as “human resources” experts. He said more should be done to encourage students to study management, the sciences and technology at university rather than concentrating on the service industries they were forced into by apartheid.

Earlier, the president of the Black Management Forum, Professor Wiseman Nkuhlu, said that unless South Africa did more to develop its own policy analysts and managers, the economy would never meet the challenges of the future.

Its continued reliance on outside policy analysts meant that external policy agendas could be foisted on unwilling leaders, resulting in unnecessary economic paralysis, which would hurt everyone.

Equally, the economy could not continue to rely on the country’s few white managers at a time when the country’s huge development needs would have to be tackled efficiently and effectively.
Multi-skilling lifts productivity 45%

By ADRIAN HERSCH

PRODUCTIVITY has increased by as much as 45% in some companies where multi-skilling has been introduced.

This is one of the findings of a survey of 46 large companies in South Africa.

But companies also report several drawbacks.

The research was conducted by Theo Veldsman, a consultant at Anglo American’s Central Training Unit (CTU).

The survey shows that many companies implement multi-skilling at shopfloor level (38%), followed by supervisory (32%), and middle-management level (13%).

Dr Veldsman says the response is “fairly representative of the larger companies that have implemented multi-skilling”.

Warning

Reasons for the benefits obtained are “more efficient and effective operation” (31%), a reduction in costs (17%), and improved productivity (14%).

But Dr Veldsman warns that although multi-skilling can offer much in the short term, it should be coupled with adult education programmes if medium — and long-term benefits are to be gained.

“A worker has to have a certain level of education to enter a job grade demanding certain complexities of skill.

“Once a worker has been multi-skilled to a maximum level in a grade, it often happens that he is unable to advance because he does not have the education to enter the next grade.”

Fortunately, adult education programmes are increasingly being used by businesses.

National Training Board acting chairman Ray Eberlein says it is possible that these adult education programmes could be “recognized by issuing nationally acceptable certificates”.

Dr Veldsman’s survey shows that the most common form of multi-skilling adopted is operators doing different tasks in their own discipline (28.7%).

This is followed by artisans across disciplines — doing maintenance and working in production as well (21.8%) — supervisors across disciplines (18.9%), operators across disciplines (18.8%), management across disciplines (16.8%) and artisans across trades (8.1%).

There have been instances where trade unions have rejected multi-skilling. But several Cosatu unions have agreed to its implementation.

Dr Veldsman says “Although in some cases there is a problem of job security, the alternative can be that the company will go under”.

Overload

“When implemented correctly, multi-skilling provides for growth and progression among the members which the unions are keen to see”.

Some drawbacks mentioned by the companies that implemented multi-skilling are: it is difficult to assess a suitable level of pay, concern about employee “work overload”, a high level of supervision is needed to maintain standards, the problem of getting the right balance between specialists and generalists.

Employers are also concerned that multi-skilling does not appear to foster job creation — a problem which SA desperately needs to resolve.”
A step up the ladder for human resources

By ADRIAN HERSCH

GENMIN intends to ensure 50,000 of its workers become "functionally" literate in the next seven years.

The programme underlines the important role human resource departments are assuming in general business strategy.

Human resource practitioners are spending less time "putting out fires" in labour relations and are becoming more involved in relationship building exercises.

Genmin human resources senior manager Bryan Philips says there has been a "shift from the reactive mode" to a policy of medium- and long-term development which involves a continuum of growth among all employees.

"There are several levels of literacy training.

If Genmin's plan is successful, all of its employees will be "functionally" literate by the end of 1993. This is the second level of literacy and includes basic computation and English.

Mr Philips stresses that the human resources department is involved in ensuring that all employees "from those on the lowest grade to executives" are provided with opportunities for further learning.

Poodeep manpower general manager Ivon Latti says the more effort a company puts into matters of an "integrative" nature, such as social investment, so the disputes in labour relations — sometimes about trivial matters — tend to diminish.

Mr Latti says "For example, in our discussions with unions about housing projects a lot of trust has been built up; joint decision making on an issue like this has meant that we have progressed to know and respect one another.

Ride

"There have been fewer labour relations incidents on the shopfloor requiring nasty 'reactive' responses."

Mr Latti says building of trust has made for a better climate in wage negotiations.

But he warns "Obviously, in pay talks each side has to do the best for its constituency. One should never expect an easy ride in wage negotiations. The prospect of industrial action as a last resort is always there."

"But at least where there is trust, a lot of unnecessary haggling is avoided and chances of settlement are enhanced."

Pick 'n Pay personnel director Rene de Wet agrees that the "fire-fighting" stage appears to be over for several companies.

"We are moving beyond that and into relationship building, concentrating on matters such as good service in stores.

"We have held many cross-cultural workshops involving middle management and union shop stewards. Fairly good results have been achieved."

Another important development is that the company is even training union representatives. The issues include disciplinary and grievance procedures. It is a breakthrough when you consider that there was a certain degree of suspicion in the past.

Mr de Wet says the human resources department "is deeply involved in goal setting" for affirmative action.

"We have 145 stores and 85% of managers are white males. We expect that in the year 2000 there will be 200 stores and about 40% of managers will not be white males."

"There are expansion opportunities for all. It does not mean that opportunities for white males will be blocked."

Mr de Wet says that although several of those selected will come from outside, such as matriculants who will be trained, Pick 'n Pay is embarking on training lower-level employees for promotion.

These workers will take longer to train, because they do not have higher education. But with the right training, support and monitoring we expect some of them to be managers and assistant managers in about four of five years."

Mr Latti says it is crucial that affirmative action be implemented.

"It can't be done immediately because of the state of the economy — there is little scope for promotion at present. But planning for the medium- and long-term has begun."

Salaries

Richard Fruitt, director of consultants and placement agency Barry Whyte Associates, says the important role of the human resource practitioner has at last come of age.

"They are becoming part of the executive management team, and even on the board, on an increasing scale."

Mr Fruitt says salaries of senior human resource practitioners have improved with their enhanced status. But their pay has not increased relatively to those of other professionals.

"The significant increases have occurred when the practitioner is part of the executive team — he is being paid accordingly."

"But that's now changing and they are no longer just regarded as clerks. They are an integral part of the executive, responsible for an organization's human resources."

"They are the people who manage the careers of the company's employees."

"It's a significant and important role. They have to understand the company's strategy and bring that into play."

"It's a crucial role in the company's thinking and strategy. The role has increased in importance and has become more crucial."

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RECENT research indicates that there is a grounds movement within large corporations to share profits with workers. It has reached the stage where it is not so much a question of whether profits will be shared or not but how they will be divided up.

Research leads us to predict that the form of profit sharing known as gainsharing will be widely accepted and adopted as the standard practice in SA within five years.

Gainsharing is a system whereby a portion of the gains in productivity are shared between the shareholders and the workforce. It is meaningful and effective in way of approaching the problems of wealth distribution and standards of living.

The most frequent reason advanced for not implementing gainsharing was the argument that the workers cannot in fact influence profits. Therefore, gainsharing would really be like a lottery. With hindsight, this argument has to be discarded — the failure to share is led to worker alienation which has adversely affected profits during the past decade — on a grand scale.

The real problem has been the difficulty of managing large corporations has experienced in clearly conceptualising the nature of the partnership between the enterprise's important stakeholders.

A conventional conundrum is that an employee is entitled to average pay for average performance. This is the foundation for remuneration gradings. Systems that are defined in terms of acceptable physical standards, as in standard terms and conditions of employment.

The extremely important corollary is that the employer should not ask for more than average performance without offering additional pay. The employer should not expect above average performance — he is not entitled to it.

A real argument against this view is that "we pay more than the industry average and therefore we expect more." This is wrong as well. The real reason these employers are paying more than the industry average is to attract employees and to show job turnover, and to experience fewer pay strikes.

This principle was vividly highlighted in an interview we conducted recently with a shop steward employed by a large manufacturer. When asked why the trade union was opposed to a campaign introduced by the company to enhance productivity, he replied: "This is not always true. The work for most people in the factory is by its nature hard work — both physically and mentally. What we resent is that you are employed to do a certain job at a certain speed. It seems unfair to have to work harder or faster without getting additional remuneration. Alternatively, the work must be regulated so that it provides regular work for the same number of employees."

This simple answer is so complete, and so obviously correct, that it seems to place the blame for the problems of the last few decades fairly and squarely on the management of the larger corporations. This is implicit in the statement is the call for fairness and equity, which cannot be refused.

There are basically two ways of conceptualising the economic partnership. First there is the Western approach, typified by US interest structures, which closely resemble the shareholders. The shareholders are regarded as one of the stakeholders. The role of management is conceptualised in "agency theory", which argues that management is "empowered" by the board of directors, who are the agents of the shareholders. The powers derived by management include the powers to staff, and to negotiate levels of remuneration.

In the same way, management, which probably enjoys its own, separate incentive scheme, negotiates contracts of gainsharing with the worker group. It does not have to gain the approval of the board of directors, because, by definition, it is only the "gains" (in other words, the extra profits) that are being shared.

If management is challenged on this, it would point out that it is a "win-win" arrangement. Either both partners will gain, or neither will — in either case, neither partner loses.

The second approach is the Eastern one — for example Japan's. Here, essentially, there are only two stakeholders, the shareholders, and the workforce comprising management and workers at all levels. That this is the case can be clearly seen in the way in which profits are shared.

As in the West, remuneration is negotiated with trade union representatives. By and large, wages are fixed at a minimum level. However, once or twice during the year, or even three or four times, double, triple or quadruple salary cheques are paid out, dependent on profits earned by the employer during the period since the last distribution of profits occurred. In other words, it is a distribution similar to the distribution of a dividend to shareholders, but in a direct sharing of profits.

Can this be criticised as being a mere handout? Doubtful. For one thing, it would make employees very amenable to discussing how profits could be maintained at the same high level, if not improved, so that dividends could be earned.

This approach to incentive pay is very rare in SA.

Which approach will be adopted in SA? The intrinsic appeal of the Eastern approach is its simplicity and the way in which it encourages teamwork. It seems to satisfy all of the potential problems — including the problems of how to measure production bonuses, and who should participate in the profit-sharing and who should not.

Yet, there are advantages in the Western approach too — since management incentive schemes focus more directly on performance factors that can be influenced by the managers concerned. Separate incentive schemes are devised for separate groups of employees, each with a different focus. There is an obvious answer to the dichotomy but it does not matter as long as there is a partnership.

Nevertheless, given logistical problems in SA, the Eastern approach appears to be a far more satisfactory solution, and far easier to implement in the short term.

Is there another way in which profits can be shared?

Share participation is often looked upon as an alternative to profit-sharing. But this approach is fundamentally wrong. It confuses the roles of the different stakeholder groups. Share participation involves a buying and selling of shares. It has nothing to do with profit-sharing services. It is only where share participation is on a substantial scale, as in a closed held private company, that it is likely to influence employees, behaviour.

Unless the economic partnership is correctly conceptualised, and brought in as part of the mission statement, meaningful profit-sharing may not be justified. Management is simply not entitled to divert profits from the shareholder group without justifiable reason.

Invariably, where the economic partnership has not been articulated, profit-sharing is still small, and even insignificant. Small, say 5% of annual remuneration, which hardly affects the employee's performance. What is needed is a true profit-sharing scheme, which may pay out 30% or 40% of annual remuneration, funded entirely by an increase in profits.

Deon Thomson is a partner of E.C. Corporate Services.
MARKETERS like to think their audience is far more sophisticated than it is, says Marknor chairman Nick Green.

Spelling out guidelines for Third World marketing, Green said that within a few years the average South African would be black, 15 years old, fairly unsophisticated and talking "a kind of English".

"On the other hand," said Green, "we marketers and advertisers will be 40-plus, more sophisticated and perhaps a little out of touch with what is happening, unless we remember a few key points."

The first of 12 elements Green laid down concerned brand value. The less sophisticated an audience, he said, the greater the value of a name.

Brands had become a language — for instance, in some markets there was no such thing as vodka — it was Smirnoff.

Then came the exploitation of aspirations. Ads showing blacks and whites mixing in up-market situations touched on something many hankered for.

As an example, Peter Stuyvesant, the best selling cigarette in the middle socio-economic groups, used exotic travel destinations in its advertising.

Green also advised

☐ Use simple language, and avoid word-play. English is a common language of communication, but not everybody's mother tongue.
☐ Visuals and pictures can overcome nuances and language difficulties.
☐ Use role model endorsement. "You do not need long copy or explanations. The associations and visual elements do it all for you if you use Brenda Fassie as a spokesman."
☐ Use sport sponsorship. Research has shown that sport is high on the list of SA priorities.
☐ Use music, which is a powerful common interest in the youth.

Gavin Du Venage

Companies 'secretive'

SA's only corporate investment publication, CSI Letter, was gaining ground in the business community, editor Myra Alpensor said last week.

"We companies were too secretive about our social investment programmes, and the CSI Letter had been started, in part, to create a forum for information sharing," said Alpensor.

The fourth issue of this bi-monthly Innes Labour Brief publication appeared earlier this month, looking at issues such as the basics of social investment policies and some of the latest activities of various companies.

Alpensor worked for a research foundation in New York and co-authored a book on corporate social investment before moving to SA and the Innes Labour Brief last year.

SA companies could both learn from and contribute to the international CSI experience, Alpensor said. As the country was once again on the investment map, it was important for local business to make their contributions known.
Seiff is looking for R1bn turnover soon
LINDA ENSBY

CAPE TOWN — Seiff Organisations Holdings has increased its total turnover by between 50% 50% to about R1.8bn in the six months to end-August and, provided the political situation stabilised in the period until its year-end, would generate turnover of more than R1bn, chairman Lawrence Seiff said yesterday.

Residential sales were just under R400m.

Seiff said the group had performed well, despite the difficult market, benefiting from its diversification and aggressive marketing programmes. The diversification programme was aimed at establishing a presence in all spheres of property and related financial services.

The financial services division, Seiff Trust, contributed 37.5% to group profits. Seiff Slot Projects 37.5% and Seiff Residential 30%. Despite an increase of more than 50% in the value of sales, Seiff Slot Projects, established two years ago, is the development arm of the group involved with the design, building and marketing of its own developments Seiff said its performance had been surprising. Seiff Residential, which acts as the division's marketing arm, saw sales of more than R5bn during the coming months.

Residential sales in the Transvaal had overtaken those in the Cape, but Seiff said this was to be expected because of the larger market and agent complement in the Transvaal. The Cape employed 150 agents and the Transvaal 100.

Seiff Commercial Properties had had to operate in the most difficult sector of the property market and its contribution to profits was still relatively minor. However, Seiff said, recent sales and major letter contracts would improve its performance.

The group's move into Natal would take place early in the new year.

Seiff Mergers & Acquisitions would benefit next year from its recently acquired stake in Hotel Broking Services.

Redesigning yields direct returns in productivity

CORPORATE clients are becoming increasingly aware of the financial advantages of improving their immediate work environment, says SA Design Society president Des Laubscher.

"It has been proved that an enhanced work environment increases the productivity of staff. Thus the money spent on revamping space has a direct return in improved staff performance. While the recession has affected the amount of money businesses are prepared to spend on this, many are now re-evaluating their buildings and how they can make these more cost effective, rather than building new premises," he says.

Laubscher says South Africans are inclined to accept whatever they are told at face value. "It is essential that we become more discerning, as many things can be changed to suit the client's requirements without much expense," he says.

A much wider product base is now available and local designers have access to global suppliers. This in turn has made them more aware of international trends and has encouraged them to become less inflexible. Laubscher says an example of this is Nedbank's banking malls.

"The company has taken its corporate image and colours and used these as the focal point of its malls, where everything is designed with this in mind — even down to the pen holders," he says.

Formal open-plan offices have become less popular and have been replaced by cellular open-plan designs, as the trend is for buildings to be as energy efficient as possible.

In the past, few designers were involved in projects from the outset, which meant they designed from the outside in.

"What is happening now is that the end users are being considered and the interior designer is called in at the start of the project.

"This allows him to use the environment as best as possible — for instance, by harnessing natural light to save energy and minimising heating and cooling costs," says Laubscher.

The society has nearly 300 members, encompassing graphic, interior and product designers. However, this represents only a small percentage of the industry.

"We have adopted the international code of conduct and will start looking at the establishment of fee structures next year, as well as benefits such as medical aid," he says.

Capital boost fails to stem Zevenwacht losses

CAPE TOWN — Despite significant injections of capital and attention to long term debt, the Zevenwacht Wine Estate — one of the largest in the country — incurred losses in excess of R3.8m in the 12 months to 30 June 1992.

The company and its two wholly owned subsidiaries produces red and white wines in the Stellenbosch district. To restore its position, directors have resolved to offer new shares to existing shareholders to enlarge the capital base and reduce interest-bearing debt.

Zevenwacht chairman Harold Johnson said sales of the estate's wines had been adversely affected by the poor economic climate.

No dividends on the ordinary shares were declared and no dividend was proposed.

Johnson said he did not anticipate a "quick turnaround in Zevenwacht's fortunes", but added that everything feasible was being done to ensure the long-term future of the farm.

Three new dams had been built, new vineyards were being established and wine-tasting facilities were being improved. The estate was also receiving favourable reaction from the export market.
It's time for a switch in attitude

Remember those least-paid, least-skilled and almost-forgotten co-workers whom you only know as harsh voices on the other end of the line, or as faceless inconspicuous. Well they are not Telephone executives are the company's most valuable staff, says Sandhurst Communications consultant Renette Grove. She is out to convince the business world that switchboard operators deserve respect. For the past two years Grove has hosted a Telephone Executive Week in recognition of those at the company's coal face - the switchboard.

They do not sit and push buttons, she says, but they manage communications in the company. "They are the voice, the face and image of the company to an outsider." They are telephone executives because their job involves taking diplomatic decisions with every incoming and outgoing call and making it possible for other employees to do their jobs smoothly and effectively, she says.

Almost 70 percent of contact with clients is done over the telephone, therefore, managers should start seeing people at the switchboard as their most valuable asset.

Over the years, people working switchboards have been treated like "poor relations" by other employees. Most of the time, they are the last to know what is happening in the company.

Grove argues that they should be the first, because outsiders will telephone the company and ask the first person who answers about the new project or promotion venture.

A wrong tone of voice when answering the call can cause others to feel the same. So can a rude sign or a slight sign of being annoyed, hurried or bored.

Some companies see the switchboard as a place to keep the unproductive and denoted.

Managers must start investing money and training their telephone executives to boost morale, motivate them and make them feel they are part of the company.

All extensions users must understand that the person at the switchboard has feelings and is under pressure and stress, trying to be nice to rude callers can cause unhappiness and facilitate outgoing calls.

Simple things, such as reporting if you are going out, will help ease the pressure.

Managers should not just send their staff to learn correct telephone manners but also attend courses.

She says managers can spend time with the most performing training stuff but, if they still pick up the telephone and holler "hello" into the receiver, staff will follow suit because "monkey see monkey do."

Putting up a good front... Johannesburg telephone executives Shireen Davids (right) and Mary-Anne Stewart both make it a point to project their company's image every time they pick up the receiver. Picture, Peter Mogashn

Always have a smile in your voice

Renette Grove gives these tips to becoming a successful telephone executive.

- Give your company's name clearly and professionally — it's free advertising. The caller wastes time by having to ask, "What company is this?"
- Keep calls short without being rude to the caller. If you can't help the caller, hang up and get back to the caller. If you can't help the caller, hang up and get back to the caller.
- Try to get callers to leave messages rather than hold them up on the phone. If the caller is phoning too many calls can cause confusion. Instead of making excuses, don't say I haven't cut you off I am an electronic board. Rather say, "Thank you for calling back. We can put you through to..."
- Never say, "I can't put you through to Mr Smith, he's out."
- When answering a "big friend," tell the caller, "Hold on for a second..."
- Do not use buttons as reasons to cut off callers in mid-sentence.
- Never interrupt a call. The person on the other end may think you are eavesdropping.

- Put a smile on your face and your voice will "smile."
- Don't use slang words such as "okay" Use "certainly" instead.
- Make listening noises, such as "I see," "I understand," to show callers you have their attention.
- A switchboard noise is not a gossip area. Do not repeat anything you overhear.
- Use callers' names as often as possible and avoid terms such as "dear, sweetie, lady, sir or madam.
- Do not take abuse from callers personally. They complaint for a reason.
Court ruling sides with company directors

By Leigh Hassall

Directors of companies trading while technically insolvent will in many instances no longer be held personally responsible for the company's debts.

An Appeal Court decision made last week overruled an earlier controversial ruling by Mr Justice Stegman in the Carbon Developments case.

Mr Justice Stegman held that a subordination agreement was not a valid contract and that, by allowing trade to continue, the directors were trading recklessly and could be held personally responsible for the company's debts.

A subordination agreement is a contract between the company and a substantial creditor (usually the shareholder) in which the creditor agrees not to accept payment for the amount owing to him until the other creditors have been paid.

It is common practice in small and medium-sized companies to structure the shareholder's investment in terms of a small equity base and a much more substantial loan account.

If the company's assets exceed its liabilities — meaning that it is 'prima facie' insolvent — the shareholder can enable the company to continue trading if he subordinates his loan account.

Technical partner at Ernst & Young, Garth Coppin, says "In overruling the earlier judgment, the court has recognised what has been happening in the business world for many years."
Mobile courts to be expanded

LLOYD COETZEE

THE introduction of mobile courts to prosecute traffic offenders during the December holidays proved successful last year and the Justice Department was considering an expansion of the service.

The department announced yesterday that two mobile courts would be introduced in Nylstroom and Richard's Bay this month, and courts along four main highways — the N1, N2, N3 and N4 — would be placed on standby to operate after hours.

"The pilot project was a huge success (last December) and we are looking at expanding it," Justice Department spokesman Werner Kroll said, adding that a third mobile court was being used in unrest areas.

A department statement said the new concept of adjudication had lowered the holiday death toll.

The measures' benefits included relieving a holidaymaker who preferred not to pay an admission of guilt fine from having to travel back to court later.

Affirmative action alliance woos major organisations

WILSON ZWANE

THE Black Management Forum is frantically trying to get two major organisations to join a newly established alliance on affirmative action.

The alliance was established in Johannesburg on Saturday at a workshop convened by the Black Management Forum.

Its objective is to co-ordinate efforts intended to advance blacks and women to senior (managerial) positions.

Black Management Forum executive director Lot Ndllovu said his organisation and other organisations represented at the workshop were trying to get at least two major organisations to join the alliance.

He would not name the organisations, but it is understood they are the PAC and trade union federation Cosatu, which were not represented at the workshop.

Ndllovu said a committee had been elected at the workshop, to get the organisations "on board".

Black Management Forum research and projects manager Loyiso Mbabane said the need for "a strong and well-organised body for the advancement of blacks and women to senior (managerial) positions" was evident given the reluctance of many companies to implement affirmative action programmes.

Mbabane said the alliance would research affirmative action plans and lobby for the enactment of appropriate legislation providing "the necessary structural framework for affirmative action programmes." Mbabane said.

Meanwhile, the Black Management Forum and the Business and Marketing Intelligence have embarked on a study aimed at producing a blueprint for the implementation of affirmative action.

Results of the study, which is funded by 13 companies including Eskom, Nedbank and Shell, are expected to be released in the new year.

According to sources, the study focuses on in-depth interviews with more than 800 people.

The interviewees include human resources managers, line managers, black managers, female managers and representatives of organisations from across the political spectrum.

Hawkers to sell items sourced from China

THEO RAWANA

BLACK hawkers in Johannesburg would be selling wares sourced directly from China after an agreement with the Chinese Business Association, the African Council for Hawkers and Informal Business (Achib) said yesterday.

Achib president Lawrence Mavudula said as a result of talks between the organisations after black hawkers had threatened to chase away the Chinese, an agreement was reached to allow blacks access to Chinese sources of supply for jewellery, ornaments, scarves and other items.

Mavudula said the accord, reached yesterday with former Chinese consul-general and Chinese Industries in SA chairman C C Kan, would be formalised next Friday, after Achib had viewed samples of the items made available for its members.

He said the hawkers hoped to be trading in the new items before Christmas.

"This will enable our members to trade at the same level as the Chinese. For the first time our members will be able to sell watches with a guarantee — at R15 each," he added. He said that the council was negotiating for premises in Johannesburg to serve as a warehouse for the Chinese items. Achib would then allow the Chinese — "but only those who are already trading" — to sell on Johannesburg pavements. Mavudula said.

Kan could not be reached for comment yesterday.
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Disgruntled managers mobilise into union

MANAGERS in the retail industry, and at Checkers-Shoprite in particular, had organised themselves into a trade union to stop themselves from being used as "cheap labour", a Retail Managers' Association spokesman said yesterday.

He said managers had formed the association because they were worse off than ordinary workers.

The association, with branches in the Cape, Transvaal and Natal, is organised among mainly Checkers-Shoprite managers and has several hundred members.

The spokesman claimed that since the merger of Checkers and Shoprite early this year, managers had been victimised, retrenched and demoted. He said four branch managers had been demoted for joining the managers' association, most of its committee members had been demoted, transferred or retrenched and others had been told to "leave the organisation - or else."

He said managers' conditions of service had been changed unilaterally. New managers were no longer given company cars, petrol cards had been withdrawn, "kick-back" on store purchases had been reduced from 15% to 10%, an allowance for Saturday afternoon work had been withdrawn and managers were no longer given alternate Friday afternoons off in return for working the previous weekend, and the extra week's leave had been withdrawn, as had bonuses for improving targets.

The spokesman said managers were demoralised and many would even consider joining the SA Commercial, Catering and Allied Workers' Union.

Checkers-Shoprite had not responded by last night.
Franchising has become one of the fastest growing generators of economic activity in the US, where a third of all retail sales are now said to take place through franchise outlets.

In SA, franchising is still in its infancy. An estimated 6% of all retail sales are currently conducted through franchise operations. Lately, however, there has been more interest in franchising with the SA Franchise Association reporting an average of 30 calls a day from people interested in moving into franchising. This is one of the reasons the US Aid-funded Black Integrated Commercial Support Network (BICSN), together with the International Franchise Association, is organizing its first-ever franchising conference in SA at the Carlton Hotel in Johannesburg on December 8 and 9.

The FM is hosting the conference and Deloitte & Touche, NedEnterprise and Webber Wentzel are sponsors. Delegates will be able to attend workshops held by about 15 major US franchisors on their franchise systems.

BICSN is hoping that black businessmen will be among the major beneficiaries. Says BICSN’s Olivia van Meile Kamp: “We believe franchising is a potent method of developing new enterprises.”

Inquiries can be directed to BICSN PO Box 1936, Randburg 2125, or telephone (011) 789-3141 Fax (011) 789-3438. The fee per delegate is R990.
IMPROVING sales and profit growth are the usual financial goals of the small-business entrepreneur, yet the livelihood of the business, cash, often gets less attention than it deserves.

One of the common causes of small-business failures is the entrepreneur's lack of financial expertise.

A fundamental financial tool seldom used by the small business is budgeting and, in particular, cash-flow budgeting.

A budget is a financial plan for the business, detailing expected levels of income and expenditure. Budgets are usually prepared at monthly intervals and should ideally cover a period of three to five years.

Yardstick

A major advantage of the budgeting process is that it forces the entrepreneur to spend some time assessing what his financial goals are and, importantly, to plan how to get there.

Another common cause of business failure is lack of detailed planning. An advantage of the monthly budget is that it provides a yardstick whereby the entrepreneur can measure his performance. This comparison of actual to budgeted performance is an extremely useful control measure as it allows differences to be investigated and corrective action taken.

The budget could also act as a motivating tool for the entrepreneur "Going it alone" in a small business can be a lonely venture and a monthly budgeted turnover could act as an incentive.

The extent of budgeting is determined by the size and complexity of the business. Larger companies might have a detailed budget for each major division as well as for different accounting areas such as raw materials and sales. However, the small business will suffice with a monthly income statement, cash flow budget and year-end balance sheet.

The current recession is causing many small businesses to experience cash flow shortages. A monthly cash budget should therefore be regarded as a necessity by the entrepreneur. This budget is different from an income statement in that it is based on the expected cash inflows and outflows on a monthly basis. It ignores non-cash expenses such as depreciation and caters for the fact that all debtors do not pay in 30 days.

The easiest way to prepare a cash-flow budget is to convert the monthly income statement budget into cash amounts which are then taken to the period in which they are to be paid or received.

The prime advantage of a cash-flow budget is that it provides advance warning of a cash-negative month and allows action to be taken. The entrepreneur's bank is far more likely to grant temporary loan facilities on the basis of a timely request, supported by a well-planned cash budget than on a last-minute cry for help.

A cash-flow budget will also reduce the likelihood of the business exceeding its overdraft limit and possibly incurring a much higher interest rate than that charged for the overdraft limit.

The budget allows for efficient cash management. A month-end cash surplus can be put to work in a higher interest-earning account instead of sitting in a low-interest current account.

Harry Ruben, partner of Ernst & Young's Business Services Group, provides a number of pointers on the cash budget. "It is common practice for bankers to require a cash-flow statement and it is also common practice for the entrepreneur to submit an overly optimistic statement. A fair better relationship with your banker will develop if you lay your cash budget is realistic."

Expenses

Ruben points out that many small-business entrepreneurs forget to budget for their individual provisional tax payments. This can result in the business being hit with an abnormally large cash requirement two or even three times a year. Ruben suggests that a monthly amount be put aside for the tax charges.

"December and January should be regarded as "expense months" for most businesses. Not only will year-end bonuses have to be paid out but these months are traditionally quiet months," he adds.

Budgeting is a useful tool for the entrepreneur. However, it must be used on a regular basis and not filed away "for future reference."
Secret boardroom

Prickly task of firing a top gun

IN TIMES of deep recession, companies are taking a close look at management, and if they aren’t delivering, they are axed — sometimes with a fight.

packages

"Parties enter into negotiation and a frequent condition of successful settlement is that both sides observe absolute confidentiality. It isn’t possible to give exact numbers. If I had to speculate, I would say not more than one in 10 cases comes to court. Nor is it possible to estimate the size of severance packages, other than to say they can be substantial.

In scenarios sketched out by Jammy, some South African companies are facing recession by critically examining poor or non-performance in all areas — including management.

Jammy points out "SA has traditionally favoured hierarchical structures and top-down systems of control. But times are changing. We are witnessing the end of isolation. Greater contact with global markets has opened a few eyes to what can be achieved by simpler, more responsive units.

"This new insight, coupled with the challenges of a continuing recession, has accelerated corporate re-evaluation. One symptom is executive dismissal. It is rarely dismissal for misconduct or dishonesty, rather, dismissal for inadequate performance. Alternatively, rationalisation may prove a whole ter or division.

"Pity appears to be a dangerous age. It is frequently a time of managerial complacency when, in the context of re-employing.

Contractual

The relief petitioned for is generally reinstatement. But this is only tenable redress in the case of a sense executive. The dismissal and subsequent action will have soured relationships to such an extent that financial compensation is the de facto goal.

Nor is there any statutory obligation on a company to come up with a severance package for the dismissed employee. Statutory provisions exist in English law, but not in SA. Here, contractual obligation is the key.

Jammy adds: "At the moment, attention seems to be focused on dismissal and the severance package, with attorneys being consulted by companies or affected individuals at the exit stage. But the spotlight may soon fall on the entry point — the employment contract that will be negotiated by the prospective executive with his potential employer.

"Currently, the stress laid, in law, on contractual obligation would lead me to advise an incoming executive to ensure that the issue of severance entitlement is adequately addressed in the contract of employment. "It may also be in the company’s interest to include such provisions. Clarity would be established from word go, the recruit’s mind would be at rest and a lot of wrangling at a later stage could be avoided."
ANC debate on business

SENIOR management from private companies sparred with the ANC on Friday over the organisation’s movement towards anti-trust legislation.

Opening the ANC’s workshop on the issue, ANC president Nelson Mandela said anti-trust policies would help create competition in the economy.

He also believed such strategies would help address the distorted patterns of ownership that arose out of apartheid government and had contributed to the conglomerates’ stranglehold.

However, private sector officials suggested anti-trust laws would decrease the country’s international competitiveness and domestic investment ability.

Adviser to Anglo American Corporation chairman Michael Spicer said high inflation, interest rates and exchange controls created a “perilous investment climate”.

However, the big companies had access to large amounts of capital at lower costs and ensured good returns on investment and were therefore crucial for the good of the country, he said.

ANC MK advisor Dennis Davis said it was difficult for smaller companies not within the conglomerate stable to gain access to investment funds. — Sapa.
WHITE-COLLAR crime has become corporate South Africa's nightmare.

Fraud, embezzlement, and bribery by trusted staff members have blunted almost every company — although many ex-employees choose not to report the incidents to the police.

The potential losses from such cases under police investigation on the Winewaters front exceed R1.8-billion, says Commercial Crime Unit commander Colonel Louis Steynheuwel.

That figure excludes petty and syndicated fraud.

The police say they hear about only a fraction of crimes committed by white-collar workers.

Not only do they hear about crimes, but they are becoming more complicated as a result of mistrust of computer software, machine processes, and the availability of tools for illegal activity, says Col. Enrich Steynheuwel.

ETHIC

There are many reasons why companies do not report fraud. Loyalty to long-standing staff members, fear of public exposure, and a belief that the business leaders would handle such cases appropriately.

David Lamson, founder of the Institute of Business Ethics, says the crime companies are facing is a mere precursor of what the world is going through.

"The root of the problem is the lack of a national ethic. We need to have an autocratic ethic. And while I am not suggesting such a thing occurred, there was a clear understanding of what was right and what was wrong in terms of such ethic. Since the start of the 20th century, people have been struggling to find out what the country believes in.

"The moral vacuum that has resulted from the move from autocracy to democracy needs to be viewed from all levels.

"But it won't help for companies — or for that matter — to sit down and write a mission statement. This will be no use because there is no sense of commitment. The employees need commitment from the workforce and, more importantly, in the work environment.

"Ensuring that the values of the company are maintained is the challenge for companies, and it is a challenge for the whole country.

"In many cases, the perpetrator does not act because it is not in his interest, because the company has become a dehumanized concept. This removes the feeling of loyalty from his crimes.

"Braun has bred the ethical dilemma by rewarding individual performance without showing adequate recognition for the values of integrity.

"It is difficult to reward someone for not stealing. I believe that promotion must be character based as well as performance based.

Colonel Steynheuwel says fraud is probably the easiest crime in which to avoid prosecution.
SunBop gambles on a Lost City jackpot

By CHERILYN IRETON

SUN International (Bophuthatswana) shareholders are no strangers to high-risk hotel development.

The success of speculative projects is one of the main reasons why the company is again being recognised as one of the JSE's top performers.

This year SunBop is 10th in the Business Times Top 100 with a five-year average return to shareholders at 26%.

It seems fitting that this year's recognition comes as the Sun International marketing machine is in top gear for the opening of the R800-million Lost City development.

It is likely that the festivities and media hype that go with the opening will overshadow the daring of SunBop's newest project.

The gates to the Lost City are opening amid Southern Africa's longest post-war recession and as is seen from SunBop's latest results — earnings up 8% to R216-million in the year to June - the group is not recession-proof.

It has also proven vulnerable to the threat of changes in South African gambling laws.

SCEPTICS

Despite these odds, which could include the likely reincorporation of the homeland in South Africa, SunBop has pressed ahead with the development of one of the most ambitious and remarkable resorts in the world.

Although the resort will handle a large number of day trippers, the total cost of the project runs to about R22-million a room. This compares with about R125,000 for a City Lodge development and about R400,000 for a three- or four-star hotel.

SunBop questions the comparison which does not highlight the additional attractions of the Lost City.

Even so, sceptics question Sol Kerzner's ability to draw enough day visitors to ensure the Lost City's success. But the hotel boss is confident of doubling the number of paying visitors to the Pilanesberg resort within a year of its opening — regardless of the homeland's future status.

Mr Kerzner's ability to gamble on big projects, and make them work has become his hallmark. But his success with SunBop, and particularly at Sun City, should not be separated from the generous tax write-offs granted to hoteliers by the Bophuthatswana Government.

In the case of the Lost City, 129% of building costs will be written off against earnings in the next five years. The total bill for the development, building costs easily exceed R800-million.

SunBop joint managing director Ken Rosevear concedes that SunBop would not have been able to afford to embark on ambitious projects like Sun City, the Cascades, the Carousel and now the Lost City if the Bophuthatswana Government had not provided the security of tax incentives.

SUNBOP

Share price
5000
3000
1500
1000
600
400

public outcry to come with when you get caught with your fingers in the honey pot

Source: I-Net

gratefully received will be one that, you have hit the guilt button. Next you run a referendum to see if the tax moves. SunBop's financial history shows that its tax rate moved from nil in 1986 to a maximum of 34% in 1990.
DIVERSE INTERESTS SEEK A SANE CENTRE

By PIERRE DU TOIT

When South Africa's Top 100 companies look at the future, they see no common ground for them or anyone else. They, too, look for solutions at the economic and political levels, and administrators fiddle and frown.

But the thing that characterises them without exception is that they can pursue the future in the face of the present — that they can have the faith that gives the drive and success even while the moment looks desperate.

In the nation’s tax life, as everywhere else, the moment looks desperate indeed. The State is overspending haphazardly, the pressure on the taxpayer can be felt in a new agreement from legislator and administrator alike, and out in the streets the language of tax revolt, that classic definition of revolution, has become common-place yet real.

The immediate future also looks bristle — politically the demands and expectations of angry and deprived generations are intimidating and the need of 10 million people living below the minimum living level (Vosman — a government commission) is awesome. And unless we plunge into the suicidal whirlpool of doctrinaire socialism, all that stands between that infinite need and finite resources is the besieged tax system.

But the Top 100 are at the top because they can look, not past, but through the blood and dust and grief and fear of now and see a remarkable process taking place. A little out of the mainstream of evolution, yet today deeply in contact with realities that surround them, diverse interests are working to a sane centre.

An Albie Sachs can confess at an investment conference that Maputo has cured him of "shoes for the masses" socialism; Derek Key can say in Washington that, in spite of some things that still bother him, ANC economic policy is workable.

Common ground is developing. In that common ground, the tax system will be vital. But here, too, those who look beyond the obvious are quietly confident.

There is a great need for a balanced perception — if the productivity of wealth believes that they are reasonably harnessed, they will leave or stop producing and the people will starve; if the people believe that their needs are not at least partially met, they will stop the producers in their tracks with anarchy.

What is again remarkable when one looks behind the hysteria of the headlines, is the degree to which both sides of the producer-bene

SURVIVAL

In short, it will see very little that will not be recognisable from today’s perspective.

But the top 100 in any group are, not in Top 100 companies, because they think faith and courage can do it alone; even thoughts and concepts, no matter how astute, do not make money. Only actions do.

There are two things even the Top 100 must do.

First, they must regard tax as a merely another cost. Girded with their own absolute legality, they must plan their taxes, manage their taxes, and ultimately reduce them within the law, with a combination of sober aggression, sound strategy, uncompromising expertise and the sustained energy warranted by the fact that it is a cost representing much more than 50% of their hard-earned profits. On this depends their survival.

Second, they must jealously guard their right to do so, for so that lies the difference between the prosperity of the rule of law and the destruction of anarchy or despotism. The strong ones, those at the top, must never waver in their defence, on their own behalf and on behalf of everyone else, of the law as the sole arbiter between the State and citizen, corporate and individual, in tax and in all else.

That defence must be against all comers; this government, an interim government and a new government. For on this depends the survival of the nation, also the New nation.

Pierre du Toit is senior tax partner, Arthur Anderson & Associates.
Quick-fix for job creation

By CHERILYN IRETÖN

Huge investment in human capital is needed if South Africa is to prosper.

That is the message from a two-year project which has resulted in a proposed national human resources strategy.

The strategy was developed by the Institute of Personnel Management (IPM) after it examined the socio-political and economic factors affecting SA’s human resource potential.

IPM project leader Wilhelm Crous says South Africans face a critical choice either to slide deeper into an economic morass and face greater unemployment or to make a concerted effort to upgrade skills and provide hope for the future.

Mr Crous calls for a quick-fix to deal with job creation and unemployment problems now rather than waiting for a new economic or negotiated political dispensation.

"If unemployment is not addressed as a matter of urgency, it is possible that the social fabric could disintegrate to such an extent that no new political dispensation will succeed," he says in the report.

The report, entitled HR2000, calls for a national job creation accord. Although this will have huge funding implications, the cost of not acting will vastly exceed that of taking action now.

Drive

Critical to the success of the strategy is sustainable long-term economic growth. For this reason it should be export oriented. should stress the small business and informal sector and encourage development of entrepreneurial skills.

Increased productivity and lower inflation must be promoted and value-added products encouraged, says the report.

The IPM says the high population growth rate must be dealt with through education and counselling and urbanisation should be encouraged.

As a short-term strategy, the economy must be spurred into action through social investment and an export drive.

Human capital must also be upgraded. The IPM calls for a community-based job and skills creation programme. The programme should be highly labour intensive and should stress skills development.

At the same time the small business and informal sector – the greatest potential for job creation – should be expanded and upgraded.

The IPM suggests a voluntary national community service programme as an alternative to military conscription.

This programme would, in conjunction with the community, provide services like teaching and building of houses for rural areas and townships.

The IPM identifies other crucial priorities as being the need to tackle social backlogs and eliminate racial skewness in employment patterns.

Social investment in electrification, housing and education must happen quickly in spite of fears that it will fuel inflation.

"The risk should be taken, because the cost to society of not acting will be far higher than the cost of acting and a higher inflation rate,"

A small-farmer development programme must be developed and implemented.

Such a system would by its nature be highly labour intensive, would enable self sufficiency and help to upgrade and develop rural areas.
Preparing the path to profitability

Retired company executives are quitting their garden door chairs and bowling greens to volunteer to put their talent and experience back into use to guide a new generation of entrepreneurs into the business world, reports MICHAEL CHESTER.

Despite the fact that the number of retired people is growing, a recent survey showed that only a small percentage of them are interested in returning to work. Those who are, however, are bringing a wealth of experience and skills to the table.

The elderly are also a valuable resource for businesses, as they can provide valuable guidance and mentorship to younger workers. This not only benefits the business, but also enables the retirees to stay connected and engaged in the community.

The key to tapping into this potential resource is to create a welcoming environment for retirees, and to offer them meaningful opportunities to contribute.

In conclusion, the world of work is changing, and the role of retirees is becoming increasingly important. By embracing this opportunity, businesses can benefit from the wealth of experience and knowledge that retirees bring to the table.

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BRIEFING

The Star Monday December 7 1993

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A TASK force to provide guideline recommendations on corporate governance is to be established under the auspices of the Institute of Directors in Southern Africa (IOD).

The move follows a spate of business failures, declining ethical standards and the urgent need to improve accountability in the public and private sectors.

IOD executive director Richard Wilkinson said in a statement the IOD would play a leading role in formulating a "code of best practice" designed to achieve high standards of corporate behaviour.

Wilkinson said the IOD had held preliminary discussions with the SA Institute of Chartered Accountants, the SA Institute of Business Ethics, the Association of Law Societies of SA, the JSE and Saco.

They were all supportive of the project and other like-minded organisations and prominent individuals would be invited to take part in the venture. Quoting from the Advisory Board of the UK National Association of Corporate Directors, he said corporate governance ensured all long-term strategic objectives and plans were established and proper management structures were in place to achieve them, while maintaining the corporation's integrity, reputation and responsibility to its various constituencies.

The task force — to be chaired by Frame Group chairman Mervyn King — would try to find a balance between the free spirit of entrepreneurship and the constraints of effective accountability.

"This goes to the heart of companies," and SA's, competitive position, and it is in the interest of commerce, industry, and government that some code of practice be established without delay," said IOD chairman Pieter Kieser.

Kieser said the IOD had held preliminary discussions with the SA Institute of Chartered Accountants, the SA Institute of Business Ethics, the Association of Law Societies, and the JSE and Saco.

The task force committee would be asked to make recommendations regarding the responsibilities of executive and non-executive directors to review and report on performance to shareholders, the frequency, clarity and form of such information, the appointment of audit committees, the principal role of auditors and their responsibilities; the links between shareholders, the board of directors and the auditors, and measures to ensure the future of the code.
Less work for officials

MORE EFFICIENT First meeting last week allocated duties to all members:

The Greater Soweto Chamber of Commerce and Industry is to decentralise its decision-making body to lessen the workload on the executive committee.

"We feel that this gesture will make the executive committee much more efficient with all its members having a specific task to fulfill," said the GSCCI's new president, Sam Noge.

After its first meeting last week, the organisation's nine-person executive divided itself into three sub-committees to implement next year's programme of action.

The first sub-committee will look into management issues, the second has been charged with strengthening the chamber's projects while the third will be in charge of public relations.

Vice-president Wilfred Mokosane heads the management sub-committee.

Promote image of chamber

General secretary John Ngwenya will lead the projects committee with committee member, Makana Tshabalala, spearheading the public relations section.

"The projects sub-committee will be consulting with the membership on the ground to establish suitable programmes to meet their needs while the public relations has to promote image of the chamber and liaise with our sponsors," said Noge.

"The management committee will look into the functions of the executive as well chamber's staff needs."

A special office is to be opened early next year to cater for members' interests.

Noge said the "incubation" office was being established with the financial assistance of retail giant, Metro.

Metro would also sponsor 12 seminars for members to be held in 1993.

The main objective of the seminars was to train the organisation's members in strategic planning and competitiveness, he said.
Integration is this decade's goal

INFORMATION Technology (IT) alone does not lead to competitive advantage. Rather, if IT is not fundamentally changing how companies run, it is not doing its job.

This is a key theme in the new Andersen Consulting book, Trends in Information Technology.

The goal of successful companies in the '90s is business integration. Strategy, people, operations and technology must work together.

The book says organisations are drowning in information, yet are thirsting for the data they really want and need. "The success stories of this decade will be written by those who learn to manage the information deluge.

It has also become vital to deliver the right information quickly, and to find faster ways to make products and serve customers. This places extra burdens on operations, and will lead to different strategies and technologies that create more flexible and responsive organisations.

With globalization a key component in the '90s, and intensified competition, the authors say companies will need to provide consistent levels of high-quality products and services.

The book says five key technologies and methodologies will shape businesses in the '90s.

- Multimedia and the advanced computer interface will see more graphical user interfaces and other enhancements to make it easier for people to access the electronic world, and to use the full potential of systems. An increasing number of senses will become involved in the interface, and the methods by which users relate to systems will increase.
- Co-operative processing brings a new processing environment where the main focus shifts from the mainframe to workstations. People have more control over more information, and the systems provide flexibility so that business processes can be re-engineered.
- With telecommunications and interorganizational networks, there will be more data, usage and value sent over networks, and the book advises telecommunications planners to carefully monitor rapid developments in fibre and digital transmission techniques - as well as connectivity standards across the globe.
- With about 30% of the typical organisation's IT budget allocated to maintaining existing systems, the fourth technology to watch is object-orientated systems development.
- The problems of maintenance, of code re-usability and system flexibility are being addressed by this new method of systems development.

Object-orientated systems development allows the system to become a software model of the business, and the system is in this way shielded from the effects of change, and:

- There is computer-aided software engineering (CASE) which has become an increasingly attractive method of enhancing productivity during systems development. By providing an entire development environment for building systems, CASE allows systems developers to spend time on solving business problems, and less time on details of administration and co-ordination.
Auditor's role unenviable

ADRIAN DADD

These facts have crowded the auditing profession for decades, and it is extremely difficult to lay down objective and unambiguous auditing standards as to how the future should be evaluated or how management's evidence should be assessed. No solution has been forthcoming in SA or, for that matter, internationally.

Ultimately, the decision regarding the going concern concept is a matter of professional judgment. Different auditors could use different evaluation techniques and come to different conclusions. This lack of uniformity and highly subjective approach could lead to confusion on the part of users of financial statements. In addition, events which auditors could not reasonably have foreseen could rapidly overturn the view which they formed when they signed the auditor's report.

The auditor's report cannot and should not be viewed as a guarantee of the entity's ability to continue trading. In a free market economy investors take business risks and should not blame auditors for poor investment decisions, although auditing standards are designed to diminish the possibility of an unexpected failure by ensuring all relevant and material information is available in the financial statements.

There is a school of thought which believes that auditors should specifically address and report on the prospects of an entity and its future profitability. To satisfy this need, substantial additional work would be required from the auditor, at a significant additional cost to the entity.

If auditors expand their reporting responsibilities to cover the business condition of entities, rather than merely the financial position, a key expectation of the users of financial statements could be addressed. In view of the difficulties discussed, unless there are substantial changes to auditors' legal exposure and unless the users' expectations are feasible, it is highly unlikely that auditors' reports will ever present the information regarding the future which users of financial statements seek.

Dadd is SA Institute of Chartered Accountants auditing director.
Annabel Gordon laments the lack of a user-friendly service culture in South African businesses.

‘Don’t call us, Mr Paying Client – we’re at lunch’

It is so sad — when the Mazawu does come one of these days, he is going to have an impossible time of it with South African commerce and industry. Everyone who still has a job, will be in meetings or out of town, so one will return calls.

It is not surprising we have a recession. No one is getting anything done because the unim- ploved are fruitlessly trying to get jobs from uncarping people who never get back to them while the rest are overworked and firefighting crises on a daily basis. No one actually runs a business intelligently.

But they have time to complain one thing is for sure, business is losing. Sure business is bad — if there is no trade, there is no profit. But no one is permitted to talk to the boss, the boss can’t expect to be in touch with or know, when there is a deal in the market place. His secretary knows even less, that is why she is the secretary and not the boss.

Try telephoning for service in any of the service industries — it will take several persistent calls and eventually, no one will keep his appointment. Hasn’t it happened to you?

Tourism, we are told repeatedly, will help kick-start the economy. So I stood up to be counted and formulated an incentive for tourists to visit this country, which would serve airlines or tour operators brilliantly. Not only is it great public relations, but it is self-liquidating and pell-mell.

But not one top man in the tourism industry can be reached — all are shielded by harassed secretaries screening their calls. Certain secretaries can speak any proposition — you can hear the message, “some dumpy dame on the phone says she has some screwball idea etc.”

Receptionists too, have this invidious habit of taking a message, but it dies right there. Callers foolishly believe there will be a return call, it is after all only polite, but patience has run long since departed the SA business scene.

Top travel executives apparently are never in to callers and never return calls. They are forever at conventions, or elsewhere, or in a meeting, or at lunch or even abroad. Yet there is total panic to fill airline seats because the competition is so great there are more airline seats than bums to fill them (pardon the expression, but it is airline jargon).

Let us take an example of how tourism malfunctions in South Africa. Imagine there are 500 of God’s own angels who have had a terrible time trying to control the violence in SA and now want to fly to Germany.

They call several travel agents, no one responds. They call me in desperation. I recommend they talk to one of the top ladies in travel — from experience, that, although as busy as the men, ladies have better manners. Sure enough, she calls back within the hour. Bravo! But she is on route to a convention so suggests they phone the airlines direct.

Angels always go to the top. But the managing director of the airline with a direct flight is in a meeting. When he comes out of it, he goes into another. Then he is out for lunch. He came back late and left early.

“Who is it, what is it about?” bleats the inquisitor, unfairly burdened with the discourtesy of screening calls. She carries on concentrating on her typing. Phone dangling on her shoulder. Quick thinking needed here — pass it to PR. The PR passes it to the Tourist Office. The Tourist Office passes it back to PR. Much later, the tea lady passes it as an amusing story. To the MD. The MD habitually never returns calls. There is a recession on, you know.

He has to vie with 30 other airlines to fill seats, no time to take calls. It is a crisis. He is having heavy meetings to discuss how best to attract business.

The angels are finding the whole business scene tiresome. A sample request for 500 seats first class, cash, during a recession, is proving to be unexpectedly devilish. They fax the airline’s head office in its home country and a perceptive executive, sensing a great business, immediately faxes back deal with our local office.

In a state of deep depression the angels ask “How are we to get past the inquisitive secretaries?” Not one South African understands that a client’s time is more precious than that of their MD.

“Phone up and say your managing director wishes to speak to their managing director,” I suggest.

They tried. “But who wants him, what is it about?” came the offensive chant. “He is so busy he can’t talk to just anyone, you know.”
Not long ago a US-sponsored business conference in SA would have been out of the question. But not an eyebrow was raised as more than a dozen US franchisors marketed their companies to would-be entrepreneurs this week at a conference underwritten by the US government.

"The economic actors cannot stand by and wait," for the political process to unfold, US ambassador Princeton Lyman told the 200plus delegates at Johannesburg's Carlton Hotel for Africa's first international conference on franchising. It was co-sponsored by Webber Wentzel, Deloitte & Touche, Ned-Enterprise and the FMI.

The event was organised by the Washington-based International Franchise Association — an umbrella group for the 355 American franchisors with 35 000 outlets in 60 countries — in conjunction with the Black Integrated Commercial Support Network. The network, which was established in June and is based in Randburg, is funded by the US Agency for International Development.

"Over the expected five-year life of this project, we seek to put together 250 business deals that will see black-owned enterprises flourish in the mainstream economy, train 500 new entrepreneurs and undertake a range of additional activities that strengthen the role of black business people," says network CEO Leyland Hazelwood.

"Internationally, franchising is the success story of the Nineties and we believe it is poised to take off in SA," Hazelwood says.

Franchising in SA has a long way to go to catch up with the US, where more than one-third of all retail sales are through franchise operations. Here, that figure is estimated to be just 6%.

International Franchise Association president Bill Cherkastry predicts rapid growth in the market. "There's a sophisticated population, a lot of money and a lot of pent-up demand." He adds that he can "predict with certainty" that the big-name American retail franchisors, such as McDonald's, will begin setting up shop in SA as soon as an interim government is in place.

Cherkastry says the franchisors are here to do business whether the money comes from blacks or whites, though finding black franchisees would be nice. The American government, he adds, subsidised the R990 fee for the two-day event for some black delegates.

He adds that the participating franchisors are those he would call "emerging businesses." It might cost US$300 000 to buy a McDonald's franchise but about $2 000 to establish a Jans-Kung janitorial service. Other participants included:

- Mail Boxes Etc — founded in 1980 in California, the listed company has 1 800 centres around the world that provide postal, business and communications services.
- Futurekids, Inc — a private company based in Los Angeles, row the world's largest chain of children's computer schools, providing instruction in 1 000 locations in the US, Canada, Japan, Australia and Indonesia.
- Citizens Against Crime — based in Texas, the company gives seminars on crime prevention and sells products such as tear gas, reflectors for disabled cars and warning stickers, and
- Kwik-Kopy — a copying and duplicating service based in Houston, which already has 13 outlets in SA.

The conference was the first major event for the Black Integrated Commercial Support Network, which has been operating "in a low-key way because we don't want to raise expectations," according to Hazelwood. He says the network's primary role is to assist in identifying, training and advising entrepreneurs, especially those with the "fire-in-the-belly" quality.

"Fire is one thing but funding is another. The network is establishing an equity capital fund with money from private sources here and abroad. Hazelwood predicts that the fund may grow to R100m, though commitments right now are tentative. He says donors will remain uncommitted until there is an interim government and more stability. "If they put in $1m, they want to be sure their money isn't blown away. More than enabling environment, SA needs an inviting environment. The feeling is that it is not yet inviting enough."

Anglo plan to help the poor

Anglo has responded positively to the ANC challenge to present alternatives to nationalisation, reports REG RUMNEY

THE Anglo American Corporation has come up with some sensible ideas for tackling poverty in South Africa.

The proposals are contained in a draft document, put together by several people at Anglo, and published in summary form in the latest issue of Optimax, Anglo’s corporate journal.

The document was clearly a response to the African National Congress challenge to business to present alternatives to nationalisation. But Optimax remarks that political groupings approached did not take up the invitation to debate the ideas proposed.

Understandably, the proposals fall within the business community’s free-market ideology. Anglo stresses at the outset: “Economic growth is the only meaningful way to reduce poverty over time.” The authors quote a World Bank study to show that a “market-friendly approach” by government to poverty alleviation is a pre-requisite for economic success. They remind that unsustainable social spending and over-extension of the tax base is a common cause of growth collapse and increased poverty. And they strongly if not blindly support the growth of the informal sector.

Anglo, however, has also compiled an array of programmes which could form part of a short-term anti-poverty strategy, crucially ensuring access to water and job brigades to soak up unemployment.

The authors have even drawn up a rough budget of the annual cost of some such anti-poverty strategies. This gives a cost of around R12-billion and isn’t immediately possible — it would probably double the Budget deficit. Trade-offs will be necessary, though higher growth of five percent a year or more makes more possible.

In the course of identifying short-term interventions the report takes a close look at poverty in South Africa, making some useful observations and liberally quoting younger, less conservative economists like Peter Moll and Nicoli Nattrass as well as the World Bank and establishment thinkers.

Above all, the authors note the really
due poverty in South Africa is rural. And they say the need to address absolute poverty in South Africa is unquestionably more urgent than putting right relative poverty.

Growth, it shows, using an Urban Foundation study, will automatically lead to a narrowing of South Africa’s income gap.

For example, a 2.5 percent growth in gross domestic product between 1991 and 1995 will mean real per capita incomes for blacks, coloureds and Asians will be 15 percent higher in 1995 than they were in 1985. By contrast, white per capita incomes will have fallen by 9 percent.

But this conceals wealth movements within race groups. So inequality within such groups could increase while equality between race groups falls.

In the Philippines an improving proportion of income going to the poorest 40 percent of the population between 1961 and 1971 had the fact that the share going to the poorest 20 percent fell drastically.

The poorest of the poor — the people without access to housing, basic healthcare, adequate nutrition or clean water — cannot afford to wait for the kind of gradual adjustment in the economy brought about by a steadily climbing growth rate, say the authors.

These people will also be hardest hit, they add, by a restructuring of the economy aimed at an immediate reduction of income and wealth inequalities between racial groups. The expense of addressing the problem of poverty per se.

Noting that 12-million South Africans, mostly in rural areas, don’t have access to an adequate supply of clean water, they cite research to show basic water and sanitation could be provided with R11-billion capital cost plus R600-million recurring costs a year. They suggest a number of specific actions, such as greater use of underground water by urban communities to allow water from central dams to be re-routed to dry areas.

Examining the increasingly popular idea of job brigades, the authors warn against the short-term political benefits of using them for grand public works programmes. They should be used to create assets from which the poor will draw particular benefit, such as erosion control in the homelands. And they could be used to reinforce other components of an anti-poverty strategy including water supply and construction of basic health care and educational facilities.

“Where possible, job brigades should be run along more than simple ‘make-work’ lines, but this need not always be the case. Indeed, the World Bank (1990) and others recommend job brigades essentially as welfare programmes where the objective is simply to get income to poor families by setting wages low enough to be unattractive to the non-poor.”

The authors warn against large-scale job creation projects: talk of employing a million or more people at wage rates comparable with those in the formal sector, they say, would cost too much, consuming around R9-billion in 1990 prices, or four percent of gross domestic product a year. They may also compete with existing formal sector employment, possibly limiting current job opportunities.

Source: Optimax
New facet
to NBS
3am
operation
12/14/99

The NBS group has set up a financial services and risk management company — an operation independent of the lending institution. Trading is expected to begin in February.

The company, still to be named, is aimed at "contributing to a broader base in the NBS funding requirements".

John Gafney, group managing director of NBS, says "This new investment will provide a further diversification of earnings and growth that will contribute to performance of the group."

Managing director of the new company is Bill Schother. Executive directors are Dave Barber and Theuns Lategan.
Small firms given hope for future

Gun battles at the corner cafe, declining sales at squeezed profit margins and the stress of the on-off political scenario all contribute to the seemingly pervasive air of pessimism among small business entrepreneurs today.

However, all good things come to those who think and act positively and the business arena is no different.

Chartered accountants Kapel Puntum recently hosted a presentation aimed specifically at enterprising companies in an attempt to reduce the confusion and pessimism which is impacting on growth-oriented businesses.

The focus was on providing entrepreneurs with new ideas and perspectives for developing their business strategies for 1993. Expert speakers gave their views on the political scenario, the economic environment, operating a business in times of uncertainty and the psychology of managing uncertainty.

Professor Robert Scharf of the department of political studies at the University of Cape Town outlined the political changes since 1990.

Violence

Encouragingly, he said, tremendous progress had been made on the political front without it always being realised. Viewed in perspective, he added, several of the stumbling blocks or "irreconcilable differences" which existed between the Government and the ANC appeared to have been resolved.

The negative factors affecting the reform process included the economic decline, the legacy of the past, weaknesses of both the white and black political parties, as well as the ongoing violence.

However, the existence of a real balance of power in South Africa was a definite positive factor for surviving the 1992 period.

Scharf added that on the one hand the ANC had the power of the vote in numbers, but the whites had the power of expertise and control of the State and democracy. South Africa also had in its favour a strong civil society which was supported by a solid business community.

Dr Mike Brown, economist and investment consultant at stockbrokers First Namibia Botswana, offered his predictions on the 1993 economy. He said that in view of the massive budget deficit, the VAT rate was likely to go up by 2 percent.

On a more positive note, he forecast that interest rates would decline by a further two percentage points.

Total domestic sales had already shown a marked decrease and was currently running at an annualised month-to-month basis of 10 percent.

Brown said the export sector would be one of 1993's building blocks. In 1992, exports comprised 35 percent of gross domestic product. He added that export activity would rise, despite an increase in protectionism in the non-American countries.

The lack of reliable information on which to base decisions resulted in a sense of loss of control and helplessness in the business executive. Thus was the message of Dr Merle Friedman, clinical psychologist and senior lecturer in the department of psychology at the University of the Witwatersrand.

She advised entrepreneurs to move away from a defensive approach and look for the inherent opportunities which existed in the South African market place.

Ways to achieve this resilient approach included eliminating preoccupation with disaster, developing psychological resilience through effective stress management and social support, building resilience within one's business, for example, with a flatter management structure.

Market share

Nic Frangos, group chairman and chief executive of listed electronics group Datakor, gave advice on how the entrepreneur should be managing his business in these times of uncertainty.

He said the entrepreneur should be using this time to focus on his own business issues.

He added the current climate was ideal to increase market share by repositioning business units to benefit from the inherent opportunities in the market.

Frangos stressed the importance of adapting to the continually changing environment. He advised entrepreneurs to develop a step-by-step strategic planning model to analyse their businesses' present position, where they would like to be and plans on how to get there.
Diversity is our strength

not have had enough shock therapy, says legendary industrialist

TAKING STOCK OF S.A. Country can get its act together, but it may
"TURNOVER is vanity, profit is sanity" is the philosophy now adhered to by Grant Andrews, executive chairman of the office furniture company that bears his name.

His business, established 16 years ago, grew from rags to riches, back to rags, and is now slowly recovering after undergoing traumatic cutbacks this year.

"When we listed on the JSE in 1987 we succumbed to the temptation to grow too quickly and away from our core business," reflects Mr Andrews.

"We had a big board, cash in the bank and, unfortunately, it was burning a hole in our pocket.

"What we should have done was retool our factory and improve core operations or let it in the bank instead of spending all of it and more on 16 other businesses."

GA Holdings was delisted earlier this year after a rescue package offered by the Fedlife Capital Fund required that Mr Andrews himself regained control of the company - it encourages accountability.

Minorities were offered ESC - attractive issue the circumstances. It was touch and go whether the business would survive. Several competitors have gone under in this lengthy recession.

The revamped management team at Grant Andrews has closed or sold all the businesses it got into over the last few years.

"We were into everything, from retailing to school furniture. When we took back control of the company we succumbed to temptation.

By JULIE WALKER

had been acting as lawyers, merchant bankers and accountants instead of focusing on the business of selling quality office furniture."

Grant Andrews has been downsized from the R110-million turnover to less than R200-million over the past nine months.

"We were into everything, from retailing to school furniture. When we took back control of the company we succumbed to temptation.

Grant Andrews has been downsized from the R110-million turnover yet R20-million in losses at the end of the last nine months. Sales of R20-million have made small but growing profits.

Winning the E3000 worth-a-year contract for Anglo America's head office was a plus for the group, which concentrates on the upper end of the corporate market.

Other orders have come from Rio Tinto, extensions to Absa's head office, Deloitte Touche, Bank City, Lost City, Gericke, the Financial Services Board, Guinness Breweries and Nova Nordisk.

"We are back doing what we know, talking to the customer and keeping our eyes on the business. The recession is not over, the improvement has been because we fixed the business."

His biggest regret has been having to retrench staff.

"I'm a people person, a salesman. It was not easy for me."

"But it's all behind us now. Without the loyalty and support of our customers, suppliers and bankers, management and staff we could never have made it."

"We are targeting our contracts and have a success rate of better than 8 in 10. Never again will we chase turnover for the sake of it."

The launch of SAB's "vanilla bond" has paved the way for future issues in flavours to suit all tastes.
SOUTH AFRICAN annual reports remain world class but provide too little information on company prospects and capital expansion programmes.

This is the conclusion of the Institute of Chartered Secretaries and Administrators (CIS) in announcing the results of the 1992 Annual Report Competition.

This year's winners in their respective categories are Rand Mines, First National Bank, SA Breweries, York Timber, Anglo-Alpha and Southern Life.

Rand Mines won a special award for coming first in the mining category five years in a row.

CIS chief executive — and chairman of the competition's panel of judges — Alan Barrable says there was an overall improvement in the quality of annual reports this year.

Target

The lack of detail concerning long- and short-term prospects, however, was disappointing.

"While we accept that the future is always a moving target, we felt that shareholders and analysts deserved more detail about budgets and forecasts."

He says it is disturbing that few companies provide inflation-adjusted accounting in a high inflation environment.

Companies also failed to provide much detail on capex programmes, but there was an improvement in information on industrial relations, social involvement and environmental activities.

From next year there will be a special award for environmental reporting.

The competition aims to stimulate responsible and clear annual reporting on a par with that practised overseas.

Entries are received from most leading companies listed on the JSE. They are judged on content, presentation and the quality and quantity of information.
Skills shortage best overcome by improving Black training

By Stephen Cranston

Severe skills shortages at senior and middle management level will be the most important challenge facing the insurance broking industry in the next 25 years, says Mike Hofmeyr, managing director of FFV Insurance Brokers.

“Our industry will be competing with insurers and reinsurers in a shrinking labour pool for the people with the best skills,” he says.

In the top seven life companies, black managers represent 27 percent of black staff, while white managers represent 28.1 percent of white staff.

“In South Africa unequal and inadequate education, the brain drain of the 80s which dealt the insurance industry a severe blow, and very low immigration figures have combined to create these skills shortages, as well as an education shortage at entry level.”

“We face a desperate shortage of managerial, engineering and technological skills,” he says.

Technology in the insurance industry represents an ideal opportunity to cut down on unnecessary duplication of activity between insurers and intermediaries.

“With greater trust and goodwill between the two parties the shortage will not exist 20 years from now,” Electronic Data Interchange will

Cosmetic situations, such as firms owned by whites but fronted by blacks, will be exposed for what they are and lose credibility with the public.

“There are predictions that more than 20 percent of the clerical labour force will be black by 1995 and at senior level, predictions are that companies in the insurance industry will have in the region of 10 percent black executives by then.

“Insurance companies are spending between two and three percent of their income on training — and this figure will have to double within the next four years.

“We may see organisational structures change quite dramatically as the skills shortage deepens, since most organisations which follow popular management wisdom based on divisionalised structures and decentralised authority, will have to move to functional structures with more centralised control and better use of skills over a wider front.”
Detecting corporate fraud

"directors responsible for fraud control"

Gavin Du Vémage

The detection of corporate fraud rested "squarely with the directors of the company," Johannesburg Chamber of Commerce and Industry President Stuart Morris said in the organisation's latest newsletter.

He said white-collar fraud had increased by more than 700% in value over the past five years, even though incidents were up by 66%.

"Management is involved in only 28% of the incidents of fraud discovered, but the value involved in fraud by management is an alarming 78% of the total."

The purpose of annual statutory audits was to express an opinion on a company's financial statements, and external auditors should not be relied upon to detect fraud. Most fraud cases involved collusion among employees, falsification and forgery of company documents, and managers overriding or abusing their power.

Morris listed 10 symptoms of fraud in an organisation:

- A dominant CEO or manager who frequently circumvented established systems of controls.
- Employees who lived beyond their means, or who suddenly underwent a drastic change for the better without any obvious reason.
- Key employees who were protective of their work, did not take holidays and worked excessive overtime.
- Poor segregation of duties between employees, enabling controls to be compromised.
- Loose accounting.
- Dependence on one key person to run control systems, particularly when there were complications.
- An environment where the markets offered fraudulent opportunities, such as kickbacks or bribes.
- Schemes in which management compensation was strongly linked to results, or where employees focused mainly on short-term results instead of longer-term strategy.
- Complex group structures or joint ventures, and
- Employees with a combination of factors, such as greed, the opportunity to obtain resources illegally and the expectation they would get away with it.

Morris said basic preventive measures included a corporate code of conduct, effective internal controls, thorough reference checks and management teams more involved in running every aspect of the company.
Companies opt for car allowances

The escalation in vehicle prices has forced many firms to opt for car allowances rather than supplying company cars, a recent survey by International Compensation Management consultants (IC) indicates.

The survey of 172 SA companies found that only 31% provided company cars compared with more than 50% in 1990.

IC director Dave Dickens said the trend was likely to continue as firms tidied their balance sheets of unproductive assets and contained costs.

"Given that new car prices have escalated at approximately 20% per annum compounded over the past five years, the cost of providing company cars represents an ever-increasing proportion of payroll costs," Dickens said.

The survey found that company cars made up 25%-40% of remuneration packages.

"If we assume that new car prices will continue to escalate at similar rates, the cheapest new car on the market will cost R100 000 in 10 years time," he said.

Dickens said a car allowance scheme incorporated into a total remuneration package gave employers a better chance of containing costs than a company car scheme linked to a particular benchmark vehicle.

It also relieved employers of disposal problems, and removed the status element conferred by company cars on employees.

The employee benefited through freedom of choice and stood to acquire a tax-free asset at the end of the day, Dickens said.

Commenting on the possible effects on the car market, Dickens said a trend to downgrade was expected.

"This could occur partly through a move to leasing vehicles which will have a major impact on the luxury market, and partly through the employee's need to utilise all possible sources of income during recessionary times."

Before the introduction of fringe benefits taxation in 1985, company cars accounted for virtually 100% of the transport assistance provided by employers.

By 1988 the figure had dropped to 70%, Dickens said.
MANAGEMENT STYLES DO IMPACT ON PROFITABILITY

TOUGH economic times, political unrest and the challenge to compete globally has placed tremendous stress on senior executives.

However, considering the very high costs involved in recruiting, training and developing staff, companies cannot afford to lose quality employees due to poor management styles. Yet more and more employees are citing this as the reason for leaving their jobs.

As companies downsize, so the role of the line manager has changed. Companies have decentralised authority and empowered managers to build winning teams and to be accountable for the entire running of departments.

But the most sophisticated strategising is worthless unless it is coupled with skills training to equip managers to cope adequately with their new-found responsibilities.

**Compassion**

It is in this area that many South African companies are sadly lacking. Especially when we know that the workforce of the future will be multi-cultural and diverse.

Managers will require new attitudes, new skills and a change of mind set to motivate and understand the needs of their human resources in order to obtain maximum efficiency and productivity.

Traditional autocratic management styles found in large hierarchical companies are no longer effective in the flatter structure of flexible responsive companies of the '90s. To guide employees through disorientation and change, managers must have a genuine care and compassion for the workforce. People of all levels need to be treated with respect and dignity. Effective managers will have to realise that leadership is a human activity.

**Shape**

But the enforcement of management change is only as strong as the support of the CEO, who needs to demonstrate his total commitment to such a programme.

Tony Manning emphasises the need for leadership qualities in management. He says: “Leaders foster change, while managers maintain the work. Leaders create the future, while managers sustain the present.”

Managers are people who make ordinary people do extraordinary things in the face of adversity. To this end, managers will shape the destination of their workforce, their companies, their industries and the country as a whole.

Litza Roussos is Emmanuels Personnel Group's chief executive officer.
under scams shock

Business world reels

A crackdown on white-collar crime looks poised to expose yet another wave of fraud suspects. New guidelines have been prepared to alert businesses executive to danger zones, writes MICHAEL CHESTER.

The business world has suffered yet a major scam, with loss of R. billion. The Office for Serious Economic Offences, set up by the Ministry of Justice, has reported a recent rise in fraud cases. The表面 has been an increase in the past five years, with the value of fraud rising by 25% annually.

Management is the main target of fraud, with the frauds committed by managers accounting for as much as 50% of total fraud cases. Management has blamed the external auditor for accidents and incidents.

JCCI president Stuart Morris has been involved in 25% of the frauds detected. He himself is a specialist in fraud detection, and has more than 20 years experience in the field.

The Office for Serious Economic Offences is the main body that investigates frauds. It has made a personal contribution to the prevention of frauds by setting up a network of companies to follow up on suspicious transactions.

The first prerequisite, he believes, is that company directors are increasing on a regular basis.

Office reports have been compiled and presented to the company directors in a concise and attractive way, showing the risk of the highest value and other frauds.
IBM calls two executives out of retirement

NEW YORK — In a startling sign that its current management team is not strong enough to handle a mounting crisis, IBM is bringing back two retired executives to help embattled chairman John Akers run the computer giant, the Wall Street Journal reported yesterday.

The company's business has deteriorated and its stock has plunged to 11-year lows. Several people close to IBM suggested Akers could be trying to shore up his support with the board by enlisting two popular former vice-chairmen, Paul Russo and Kaspar Cassan.

An IBM spokesman said it was Akers's idea to call on Russo and Cassan, both widely described as having a superb command of the computer industry. The spokesman denied the board had installed the two men, or was in any other way undercutting Akers's authority.

IBM officials said Akers sent a memo to about 100 top managers on Friday announcing that the veteran executives would return as his "counselors and advisers," starting on January 1. "Our work will benefit from their insight and seasoned judgment," Akers wrote in the three-sentence memo — AP-DJ.
Businessmen 'can learn from laws of the jungle'

WHAT could a pride of lions possibly teach a group of astute businessmen? A great deal, says wildlife expert and lecturer Ian Thomas.

Thomas has travelled throughout SA, Europe and the US, for the past four years, giving seminars on teamwork and efficiency to a variety of companies. After years working in the bush, he began to see correlations between lions on a hunt and businessmen in the workplace, which encouraged him to design a business presentation highlighting the analogies between business teams and lions.

Thomas says many problems in the workplace arise because employees do not regard teamwork as an advantage. Instead, employees often compete destructively in order to advance within a company.

"Lions form teams in order to gain advantage. When people join a company they do not see they are joining a team which will work to their advantage." Thomas said people ought to focus on goals and incentives, following the example of lion behavior.

He said incentive was built around the premise "if you kill, you eat", though he admitted this aspect should be modified for business purposes.

Thomas encourages companies to emulate the social structure found within a pride of lions where powerful individuals benefit from belonging to a group of equally powerful individuals. However, the efficiency of a team depends on its members. Much as weak cubs are left to starve and die, so managers should be careful to choose employees who are capable of performing at a certain level, Thomas said.

Though harsh, Thomas maintains only the successful survive, be it in the African bush or the business jungle.
Nafcoc sets goals for black business

Up to 60% of all managerial positions in JSE-listed companies should be held by black businessmen by the year 2000, says former National African Federated Chamber of Commerce (Nafcoc) president Sam Motsuenyane.

Quoted in the recent Portfolio of Black Business in SA 1993, Motsuenyane said the aim was part of a four-point plan adopted by Nafcoc to improve black participation in SA business.

The other three aims identified by Nafcoc were 30% black representation on the boards of all companies listed on the JSE, a 40% black holding of the equity of all JSE companies, and JSE companies sourcing 50% of all external needs from black entrepreneurs by 2000, Motsuenyane said.

"We realise that this will mean a complete reorientation of development strategies. But we would like the performance of the large corporations to be judged against those targets," he added.

Motsuenyane, Nafcoc president from 1988 until his retirement this year, said large white-controlled companies should try to emulate the Japanese by contracting out as much of their needs as possible to small black businesses.

Nafcoc

This would prevent big companies getting even bigger and outmanoeuvrrew small companies in the market place, he said.

"The organisation's target is that, by the end of the century, 50% of the discretionary needs of large companies should be contracted out to small ones."

Although blacks needed to get a greater slice of big business, black business remained eminently suited to exploiting the huge growth potential in the small business sector, both formal and informal.

Portfolio publisher Willie Ramphele said:

"Black business is on the brink of unprecedented growth," he said.

Bax Nomvete, executive director of the Africa Institute for Policy Analysis and Economic Integration, said the marginalisation of SA's largest development resource — "the latent intellectual capacity and ingenuity of the black population" — was a major obstacle to generating sustainable economic growth and maintaining social, political and economic stability.
AIDS epidemic 'at crisis level'

KATHRYN STRACHAN

THE AIDS epidemic had reached crisis proportions in SA, but health authorities in the province had failed to respond effectively, a Baragwanath Hospital doctor said recently.

Prof Alan Fleming told the Township AIDS Project that SA was seven years behind other African countries in the spread of the epidemic, but he added that health authorities had wasted the "golden period of grace".

Fleeming said more than 4% of women in antenatal clinics were HIV positive and the epidemic had only reached the stage where figures would increase dramatically.

The only effective response to the AIDS epidemic locally had been the national surveillance programme and the screening of blood.

"Important measures which were not presently in place included AIDS information and education centres in schools, and a national strategy for health care delivery," he said.

This was essential because the predicted number of sick would be overwhelming the health care system.

Fleeming said the government had established its AIDS training and information centres only in local hospitals where they would serve almost exclusively the white population.

"The highest priority should have been given to an AIDS educational programme in primary and secondary schools," he said.

Budget problems behind jail releases

RAY HARTLEY

BUDGETARY difficulties had prompted the government to announce the early release of 7 000 prisoners during the first six months of 1993, Correctional Services spokesman LKOLBERT Slabbert said yesterday.

Correctional Services Minister Adrian Vlok announced yesterday that the prisoners would be released at a rate of about 1 000 a month.

Slabbert said the prisoners would be drawn exclusively from those whose release had already been approved by the Prisons Release Board.

He did not elaborate on the extent of the department's budgetary difficulties, but said the freeing of the 7 000 prisoners would not "solve the problem on its own".

Other mechanisms had to be developed to deal with the overcrowding of prisons, which would, according to the department's figures, still hold 19 000 prisoners too many.

Sapa reports Vlok will consult police before finally authorising the releases.

Prisoners already selected for release would be given their freedom a few months earlier to ease the overcrowding.

"I want to make it clear that this process of additional releases will definitely not be implemented during the remainder of this year."

"We foresee that it could be applied during the first half of 1993," he said.

Vlok said the question of imprisoned university students addressed.

There were 2 656 convicted juveniles between the ages of 14 and 18 years in prison, and 9 815 between the ages of 19 and 22 years, he said.

Meanwhile, government and the ANC are expected to meet today to draft the final list of political prisoners who will be released by Sunday in terms of agreements they have reached.

A short list of 48 prisoners, 10 of whom had been convicted by Vlok, had been drawn up for discussion at the meeting.

ANC legal department official Matthew Phosa said yesterday.

He said speculation that motivation for the release had exposed the 10 disputed prisoners and there were "other" unknown names that could still be added to the list.

The release of the 48 would bring the total of ANC-aligned prisoners released this year to 339, with 141 being released prior to the September summit on violence and 190 as a result of the record of undertaking agreement signed at the summit.

Phosa said.

Originaly, the ANC submitted a list of 230 political prisoners for release.

Slabbert said a process of identifying further political prisoners with other political parties would begin in weeks,

SA told to do more for health

THERAPY spending of 6% of GNP on health care in SA was a great achievement, but considering that SA's GNP was about seven times higher than China's or those of some Latin American countries, SA's still being spent on health care was far less than 80% of those of two countries, a health expert said yesterday.

Speaking at a conference of the National Association of Pharmaceutical Wholesalers in Johannesburg yesterday, the head of the School of Pharmacy Peter Eagles saidSA's lower life expectancy could be attributed to the lack of health care resources in the country.

It was also an urgent need for more information on factors such as access to sanitation and water supplies, and the standards of rapid urbanisation that allow the emergence of massive peri-urban settlements.

It had also been. noted that the emergence of a new health threat in the last few decades, simple malnutrition, was not an annual economic growth of about 10%.

"The future that is inevitable, impossible to avoid, impossible to escape," he said.

France to host management trainees

THE French government would host six South Africans on a two-week visit to France, French cultural attaché Georges Leroy said yesterday.

The six are top participants in the French government's joint management development programme, which it co-sponsors with the Paris School of Business and the European School of Management.

Since the programme was launched in 1985, French financial involvement has risen to 35%, and this year eight additional bursaries were given to participants from non-profit organisations such as Operation Birger.

Participants from SA companies study towards a diploma which leading French business schools, including the Paris School of Business and the European School of Management, endorse and award.

KATHRYN STRACHAN

ANC acts against rogue elements

ADRIAN MACKIN

INDIVIDUALS claiming to be members of the ANC in the Vaal Triangle had ignored the policies and the purposes of the organisation and were involved in violence, rapes, killings, harassment and extortion, it was announced yesterday.

At a news conference in Vereeniging, regional leaders of the ANC, Cosatu and the SAPC, and civic representatives, said a code of conduct to end all unauthorised action had been developed by the end of the month.

A monitoring committee was created to end conflict between organisations in the region, facilitation reconciliation and drew up a binding code of conduct.

An ANC PWV region statement said rogue members had "found their way into legitimate community structures such as the self-defence units", where they had caused havoc, chaos and destruction.

This situation had been exploited by "criminal elements", the statement said.

"We distance ourselves from all operations illicit and illegal走出去 against members of the community by elements who claim membership of the ANC, SAPC and Cosatu," the statement said.

GAVIN DU VENAGE
NATION BUILDING

Top company puts its cards on the table with this policy plan for the future

THAT'S Liberty Life for you ...

The Liberty Life Foundation, a non-profit entity associated with Liberty Life, has launched a new campaign called "Life Force, Pumping money into education and housing is part of the deal."

Education Trust, a programme which combines "fellowship" schooling with real production and rural development.

We are deeply concerned about the situation in the Education Trust, a programme which combines "fellowship" schooling with real production and rural development.

The Finance Minister, M&mdash;Donald Gordon, and the University of Pretoria's Centre for Development of the University of Pretoria's Centre for Development.

Despite their differences these programmes share a common interest in the development and provide essential tools for the cross-fertilisation of ideas with which the reliance on hand-outs becomes a danger and other problems.

The destruction and death in the Horn of Africa will be worse this year than ever before. There are always problems with famine.

Interpersonal responses in that context would undoubtedly be different from the previous interventions which are part of a comprehensive policy approach.

Despite our concerns with implementing developmentally sound policies the development of communities whose circumstances have reaffirmed our ongoing support for Operation Hunger and organisations as African Children's Feeding Scheme and African Self-Help.

We encourage Operation Hunger to raise an extra R1 million to help the 1,937 million people who are now food-deficit.

This need for a "concrete" intervention adds a new urgency to the development of all rural areas.

Liberat: society

A wide range of Non-Governmental Organisations (NGOs) has been active over the last two decades.

These organisations have begun to develop new strategies, despite the uncertainties regarding the formalisation of a political framework within which their policies and projects are determined.

Furthermore internationally there has been a shift in recent years towards an increasing number of NGOs and development.

The refocus, in part, the weakening of many third world governments, but it also reflects a shift in the direction of development to one which is "bottom-up" rather than "top-down."

To facilitate the strengthening of the NGO sector, the government supports organisations including the Development and the Education, Training and Advancement Centre (EAC), which are geared specifically to promote the organisational capacity of NGOs.

Programmes such as these include training and support for grass-roots organisations through the Wits Business School, the Natal-based Centre for Low-income Housing Development (CLHUD) and the Training and Advancement Centre (EAC) which are geared specifically to promote the organisational capacity of NGOs.

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Big business urged to give blacks a chance

NATIONAL Sorghum Breweries chairman Mohale Mahanyele yesterday urged big business to ensure the growth of the SA economy by giving special attention to the development of black business.

Addressing the SA Association of Business Management AGM in Johannesburg, Mahanyele also called on government to have a policy giving tax incentives to companies and opportunities to small businesses.

"Business is part and parcel of society, and as such, is also responsible for the state of the nation. Business leaders must cease to blame political leaders for seemingly unrealistic economic solutions, when they themselves have failed to eliminate poverty," he said.

Urging companies to step up the process of promoting blacks into top managerial positions, Mahanyele said: "The saddest thing about SA is that there are millions of willing and capable blacks who are still denied opportunities."

The company had shown what could be done to boost the SA economy by scoring success after success with an entirely black executive and staff, he said.

Big business could promote the development of small business through skills training, education, subcon- tracting, and sourcing supplies from small companies, he said.
It should, of course, occasion no surprise to those who think about such matters that one consequence of prolonged recession has been to end the narrowing of black/white income differentials that was such a characteristic of the economy in the Seventies and Eighties. But as there are clearly many people who don’t think about such matters, it’s worth pondering this latest finding by FE Consulting.

The fact is that SA is short of managerial and other skills, and has a surplus of unskilled labour. It may be deplorable but it’s also a fact that most managerial skills are provided by whites, while most blacks are relatively unskilled.

Any recession will affect those whose talents are in oversupply more than those whose talents are scarce. Now, our ability to do anything about worldwide recession is limited, but the added disruption of stayaways, mass action and so on is a matter of choice.

Those responsible for the decision to undertake such disruption must realise that the argument, that the main sufferers are — at least in the short run — not the white oppressors but their own, already underprivileged constituency, is no mere capitalist time-serving claptap, but a plain statement of the truth.

It may be that the price is worth paying, for the ultimate achievement of a just society. But it’s a consequence that, in all fairness, they should ensure their followers are aware of, too, before they’re asked to make the sacrifice.
success, said Maree in a statement made after last week's meeting of the 20-member council.

McRae's appointment has been extended until March 1994, "when he will retire," according to the statement, which added that he has agreed to the extension. McRae's successor has not been named. Maree, in his statement, said "succession is receiving the council's attention and a decision will be made in due course." A spokesman added that McRae "will help identify his successor."

The normal retirement age for Eskom's top executives is 60. McRae, who has been with Eskom since 1947 and became CE in 1985, is 63. Maree, who has chaired the council since 1985, is 68.

The council came under fire from the ANC, Cosatu, and the SA National Civic Organisation (Sanco) after reports (Business & Technology, October 30) that McRae would attempt to oust McRae at the November 5 council meeting. The meetings are not open to the public.

"We regard Eskom as a national asset of extreme importance whose future cannot be decided in secret meetings," said the alliance in a press statement. "The changes rumoured in a report in the FM would be viewed as a setback for the electrification initiatives currently being undertaken by Eskom. The ANC, Cosatu and Sanco are united in their demand to be fully consulted in the debate around Eskom's future."

Moses Mayekiso, president of the civic organisation, says the alliance has been negotiating the restructuring of the council to include representatives of unions and civic associations. He believes that McRae "understands the negotiations and where we have to go. We made progress with McRae — that must not be disturbed."

"There will be no disruptions in the process of negotiations with the unions," says Eskom spokesman Bongani Khumalo. "McRae will continue to guide Eskom in these discussions."

Ten labour unions represent 70% of Eskom's 44,000 employees. The government-controlled utility supplies 95% of SA's electricity.

One union official says the issue of union representation on the council — which is dominated by mainstream business and government officials — is a source of tension between McRae and Maree. The official, who is involved in labour negotiations with the utility, believes that McRae favours union representation while Maree opposes it.

Khumalo says Maree does not oppose union representation. Khumalo, however, could not say that Maree supports the idea of trade unions on the council. "The council is the highest body in Eskom and all that happens with the unions happens with the knowledge of the council, chaired by Maree."

McRae, for his part, said in the statement, "I am pleased that I will continue to participate in the planning of Eskom's ongoing success."
Managers ‘out of touch’

A JAPANESE productivity expert has slammed South African managers who coast to work in 15 minutes in a company car — and then punish black employees for being late after spending two hours commuting from the townships.

Speaking at a breakfast in Cape Town organised by the National Productivity Institute, Professor Anatole Gosh, Tokyo University lecturer and member of the board of the Japanese Productivity Centre, said South African managers were often sadly out of touch with their employees.

Professor Gosh is spending six months in South Africa.

Company cars for management are unheard of in Japan. So are expenses-paid “study trips” for directors (and their wives).

“Why send a director who is close to retirement on a study trip to Switzerland for two weeks? That man will never pass on what he learns.

“This would not happen in Japan”, said Professor Gosh.

Company cars for management are unheard of in Japan. So are expenses-paid “study trips” for directors (and their wives). The SA executive “perks” trend is slammed by an expert.

Education funding in South Africa needed to be channelled downwards.

Professor Gosh said visitors to Japan would not find service-sector employees chewing gum or keeping customers waiting while they made personal telephone calls. “South Africa has got very slack in this respect”, he said.

“Everyone who has access to a phone uses it for private calls. Then when a worker steals a spanner, managers call the police.”

He said South African companies were often run by the wrong people. “The top man at a hi-tech company in Japan is usually someone with a technical background. The second-in-command is almost invariably the chief human resources person, because in Japanese companies the workforce is seen as a company’s main asset.”

Japanese companies are never run by accountants or lawyers, because they are conservative.

He had also noticed that South African managers spent too much time on routine tasks. “They should be concentrating on things which only managers can do and delegating the rest.” Delegation is a way of educating people”, he said.

A good manager should never punish subordinates for mistakes or failures — “otherwise they will never try anything new”.

Managers should be promoted on the basis of how many people they had helped to promote. They need not be experts, but they should be role models for subordinates, said Professor Gosh.

“and they should be concerned with the workers’ well-being.”

“The final product depends on the quality of the people at the lowest level.”

Workers in Japan had a guaranteed job for life when they joined a company, he said. Most had five-month profit-sharing bonuses. 10 percent of working time was spent on training and at retirement the average worker was granted a severance pay of 30 million yen (about R722 000), plus a pension of roughly R6 000 a month.
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Unions put work

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