MANAGEMENT
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BUSINESS DAY, Thursday, July 1 1993

BlDay 1/7/93

How to keep gold collars

COMPANIES must try harder to attract, develop and retain "gold collar" workers, according to a study.

Superior ability to manage talent provides a significant and sustainable competitive advantage, argue its authors Philip Sadler and Keith Milmer of Ashridge Management College. Drawing on case studies from organisations across seven countries, the report presents a strategy for getting the best out of people.

For example, companies are advised to:

☐ Provide a common sense of purpose or direction and a set of shared beliefs and values. Top managers want more from their organisations than pay, security and a chance to develop their skills. (172)

☐ Develop an appropriate organisational framework. Care must be taken not to stifle creative people, while at the same time ensuring management control.

☐ Understand your culture. Cohesive work teams, openness and trust, and encouragement of innovation and risk-taking will be features of a talent-nurturing culture.

☐ Identify long-term requirements for high-talent personnel. The report suggests too many companies adopt a short-term, financially driven approach.

☐ Develop recruitment and selection strategies.

☐ Manage for performance. Ensure that talented people know what is expected of them. Do not take motivation for granted.

☐ Evaluate your talent. The opinion survey is an indispensable tool. — Financial Times.

MANAGEMENT

Big push for black management

B/Day 11/7/93

(172) (176)

MZIWAKHE HLANGANI

THE training of aspirant black managers has become a hot issue in the property industry as the country moves towards democracy, players in the property market say.

"In fact, the SA Property Owners' Association is aiming at employment equity within five years," Sapoa vice-chairman Colin Steyn said at the recent launch of the organisation's education project.

Steyn said Sapoa had for many years focused resources on the education and training of largely white property managers, to the detriment of black advancement.

"Our objectives are to promote the industry among black South Africans, to initiate the introduction of black managers into all levels of business, and to provide training programmes and educate, in the main, black employees," he said.

Cautioning that there was no "quick fix", Steyn said there were many suitable black candidates. Sapoa would identify them and negotiate employment offers through its 800-member companies.

"We have had discussions with most of the major universities and other tertiary educational institutions to enlist their help, and many Sapoa members have indicated their support."

Old Mutual Properties investment manager Ian Watt said identifying interested and suitable candidates had in the past been "problematic", even though employment of black managers was not new to his group. The Sapoa project, however, would create a formal mechanism to find and promote black managers more easily.



© STEYN

"Although the initiative will help property companies in identifying job opportunities, individual property companies cannot rely solely on Sapoa to take the lead," said Watt.

Sanlam Properties spokesman Rian Hancke said his group supported affirmative action in the industry. "As a result of a backlog in the employment of people of colour, we are looking increasingly to these groups to fill vacancies," he said.

In addition to a number of bursaries provided to black students at tertiary education institutions, Sanlam Properties had made provision for five new positions to be filled by black management trainees this year, Hancke said.

Women business skills increasing

ST Times CBuss 4/7/93

By ADRIAN HERSCH

THE number of women entrepreneurs in South Africa is increasing — but the "vast reservoir" of potential women business-owners remains largely untapped.

Professor Ronel Erwee of the University of Pretoria Business School says women-owned businesses are "the fastest growing segment of the small business population in the US".

The total number of these businesses in the US increased to 4,4 million by 1987.

By 1987 40% of all new businesses in West Germany were started by women.

No comparable statistics for SA are available, but the Small Business Development Corporation (SBDC) says about 20% of their clients are women. (1992)

The small business units of banks and organisations involved in the training of entrepreneurs say the proportion of women clients is "steadily increasing".

Professor Erwee says many women in SA moving into entrepreneurship "still tend to choose traditionally female activities — mainly due to their current skill base and experience" (Bus SA)

Many prefer businesses such as general dealers, personal services, manufacturing clothes, crafts, retail, PRO/marketing, design/art, estate agencies and legal and financial services.

But she says there are major shifts in sectors in which women are now operating.

Established businesswomen are diversifying into new or related services and multiple ventures as well as imports and exports.

The level of sophistication in applications for loans is increasing. Business plans are clearer and financing is sought from major banks or institutions.

Some are moving from informal sector micro enterprises to larger informal outlets — such as flea markets.

Professor Erwee says many women enter the workforce by starting a business from home after their childbearing years.

Professor Erwee says a number of business-owners come from the ranks of female "corporate high-flyers".

She says: "Women working in large companies, but in independent units are more likely to establish a small business than those in the 'large body' of the corporation."

These women tend to form consulting companies or specialist services companies.

NEWSMAKER

S/Times (B455)
4/7/93



Johann Rupert

FOR one so successful, so young, Johann Rupert has an unhurried approach to things. He is a man of infinite patience.

The 43-year-old scion of South Africa's most important Afrikaner business dynasty has a chess player's approach to financial strategy. He spends years constructing complex deals, such as the one to merge Rothmans, Dunhill and Cartier — all of which his family's Swiss company Richemont controls — and form two new quoted companies.

That took a mere 18 months. One of his other deals, to split his family's Rembrandt empire into SA and foreign assets by forming Richemont, of which he is managing director, took "three years of my life".

He talks often of the long, global view.

"The truest luxury we've got in the group is that of a stable shareholder structure that allows us to plan three or five or 10 years ahead.

"There is no way you can compete with people who have Confucian beliefs — be they in Japan or Taiwan or China — if you are bound by this chasing of earnings per share growth and share prices on a short-term basis."

Much of his philosophy comes from his father, the Afrikaner from outside Cape Town who bought a licence for Rothmans brands after the Second World War and built Rembrandt, SA's second-largest industrial group. Along the way he gained control of Rothmans itself and famous watchmaker Cartier.

To explain his approach to business, Johann Rupert cites his father's piece of German folk wisdom about the man on a bicycle: "When I'm peddling downhill, I'm crying because I know there must be an uphill somewhere on the other side."

Mr Rupert jnr says: "The current economic cycle was totally predictable. We certainly predicted it internally and structured ourselves accordingly."

Johann Rupert did not go into the family business until 1985. After reading economics and law at Stellenbosch University (where he was an avid cricketer) and doing his stint in the navy, he worked at a bank in New York for five years, first with Chase Manhattan and then Lazard Frères. In 1979 he took his investment banking experience home and, without his father's help, bought the then-bankrupt Rand Merchant Bank and sold it six years later for 10 times more than he had paid.

At Richemont, he was instrumental in diversifying from tobacco into luxury goods. The value of Cartier has risen by 37% a year since 1980.

"It is a well-managed company," he says of Cartier with typical understatement. "It is managed by great people who love what they're doing." He enjoys it as well and works closely with them, even sitting on the company's product committees — "for years they used me as an indication of what not to do. Whenever I liked something they knew it would not sell."

Of the future of luxury products in developing countries, such as China, he says: "I am looking forward to the emergence of 100-million-plus only-children because they are normally a little more spoiled than children with lots of siblings."

Cartier-owned Piaget has sold several £250 000 diamond-encrusted watches in China this year.

Although Mr Rupert is relaxed and easy going, he and his group are famous for their reticence. The Ruperts cherish their privacy because, in the words of a banker who knows Johann Rupert, "they are extremely rich, I suppose, and there is a secrecy that comes with that — or rather, an instinct for privacy that is dynastic."

"All that I can say is that it is overstated," says Mr Rupert of his fortune, and as he does so loses his customary smile. But with 10% of Richemont and an undisclosed stake in Rembrandt, he and his family are almost certainly billionaires in any currency.

He has long been politically active in SA and was one of the first leading Afrikaners publicly to criticise apartheid, when in his student days he got to know Black Consciousness leaders such as Steve Biko. He has inherited the mantle of liberal businessman from men like his father and Harry Oppenheimer.

"South Africa is one of the few countries on earth where the business community was to the left of the government."

Today, he is closely involved in SA's difficult transformation.

"I had dinner with Mr Mandela last Monday night. I think he is realistic about what we need to do in the future."

Very much like the thoughtful Mr Rupert.

Matthew Doull

Wrighton, Cohen top forum's list

ST Times [Buss] 4/7/93

ESKOM, Nampak and Upjohn are South Africa's most progressive companies, says the Black Management Forum (BMF).

The most progressive chief executives are Peter Wrighton of Premier and Leon Cohen of PG Bison.

BMF executive director Lot Ndlovu says: "It shows something about the business community that there aren't more of them. We are trying to create role models for other companies. Not nearly enough is being done for black advancement."

BMF has instituted "the most progressive company of the year award" for those contributing most to black advancement in business.

Mr Ndlovu says: "The development and inclusion of black people in managerial positions in SA companies is a prerequisite for future corporate prosperity. But the number of black managers has hovered around the 3% mark for many years."

To be included in the short list for the award, a company must have more blacks in managerial positions than the national average. Anything below 5% will not do.

Equity-participation or profit-sharing schemes must be open to blacks, who must be allowed to take part in decision-making structures such as pension-fund committees and development and training programmes.

A company must be involved in community upliftment.

Eskom's electrification programme for 3-million homes in the next few years is SA's largest community upliftment project.

(Hb) (172)

Single

More than half the divisional managers at Nampak are black, says Mr Ndlovu.

Affirmative action quotas and targets will "without doubt" be legislated by a new government.

A National Affirmative Action Alliance was formed this year, pulling like-minded groups into a single alliance to prepare for legislation.

"The only thing in doubt is what teeth the new legislation will have," says Mr Ndlovu. "If the economy is reasonably strong we can expect strong legislation.

"My feeling is that if blacks occupy 30% of managerial positions within a given time frame, this is sufficient. Affirmative action is not a permanent solution and should be retired when it has achieved its objectives."

Companies will have to set affirmative action targets in much the same way as they budget for sales.

"But they should not be allowed to set themselves easy targets. This is where an outside body may have to get involved."

Mr Ndlovu says affirmative action is not incompatible with meritocracy.

"There is a certain cultural bias to merit. How you look, dress and behave are important criteria when it comes to employee selection."

BMF tied up with international head-hunting group TASA this week to set up an executive placement agency aimed at black advancement in business.

"The BMF as a black initiative is dedicated to a peaceful, non-racial workplace and is vigorously pursuing a policy of creating an awareness among blacks and corporations of the need to develop managerial leadership for a successful economy," says Mr Ndlovu.

By CIARAN RYAN

Bosses earn more as the company's profits increase

ST Times [Buss J 11/9/93

(172)

By CHERILYN IRETON

INSPIRING and keeping key executives is one of the trickiest tasks facing South African management.

Traditional incentive schemes, such as share purchases and options, have become obsolete in the past decade and are inadequate inspirational tools for senior management, says financial adviser Peter Curle, chief executive of issuing house Curle Securities.

Stake

"The introduction of perks tax on soft loans means there is a tax cost to the employee regardless of how well the company does. Employees are also taxed on profits arising from share-option scheme," he says.

Five years ago, Mr Curle devised a scheme for EL Bateman, linking management's personal fortunes to the company's profit growth.

Its top people were given



PETER CURLE

what Mr Curle calls a golden handcuff — a preference share scheme where they could, over time, accumulate a sizeable stake in the group's two main operating subsidiaries, provided profit kept on growing.

The results speak for themselves. In five years the group's bottom-line profit increased from R8,4-million to R24,1-million at the end of June 1992.

The executives now own nearly 20% of the subsidiaries and their share of profit rose from slightly more than R500 000 in 1989 to R6,3-million last year.

This success persuaded another listed company, Mast Holdings, to follow a similar route.

"The scheme applies only to senior management," says Mr Curle, "because it is risk oriented and imposes penalties if there is no growth."

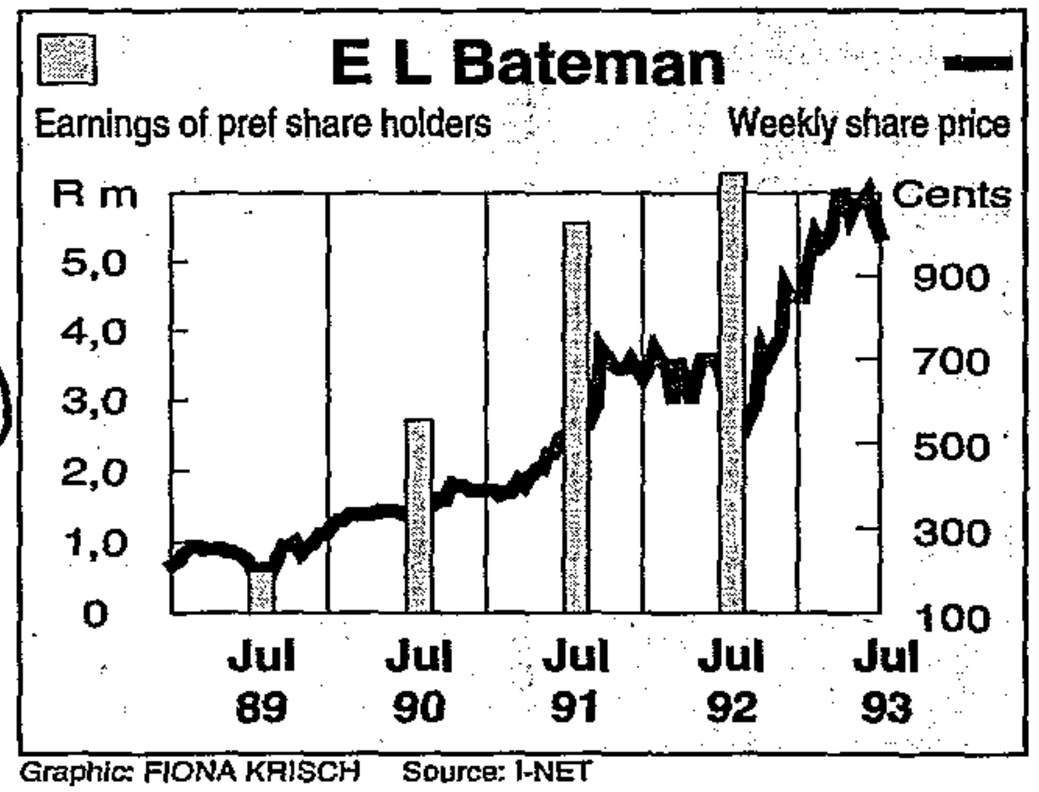
He describes it as a management buy-in and says it builds a strong partnership between management and the controlling shareholders.

"Management gets participating convertible preference shares which pay a dividend linked to the growth of the company. Simply, the better the company does, the better the participants do.

"The benefits are huge compared with a traditional scheme," says Mr Curle.

In many traditional schemes employees make money simply because the share price rises.

However, Mr Curle warns that most incentives tie up company funds — soft-loan schemes, for instance — dilute earnings and have a negative cash implication for thosing taking part.



Graphic: FIONA KRISCH Source: I-NET

Both EL Bateman and Mast executives had to find their own money to buy the preference shares. These are issued over five to 10 years, based on objective evaluations by auditors and merchant bankers.

Generous

The shares, which convert into ordinary stock after a specified time, pay dividends only if the company's bottom line grows. If the company stands still or suffers a decline in profit, the shareholder loses out.

"It is ideally suited to companies that are highly dependent on the skills of key people. It is generous enough to stop high staff turnover.

"To achieve full payout the executives must beat minimum hurdles over a specified time of service."

Mr Curle says increasing importance has been attached to share-incentive mechanisms because:

- Capital profits are more effective than income-based incentives, arising from the higher level of personal tax.
- Senior executives are more aware of the possiblity of ownership in the business as a result of the recent growth of management buy-outs.
- Progressive companies realise they need to find ways to attract and retain top management.

Mr Curle says: "The wealth-creating impact of these schemes is great and the incentive effect is exceptional.

"At the same time, ordinary shareholders are protected because, unlike traditional schemes, there is no dilution unless the executives achieve growth."

Thebe denies insolvency reports

BIDEC 12/7/93

LLOYD COUTTS

THEBE Investment Corporation, widely regarded as the ANC's investment arm, has denied reports that three of its companies are insolvent, claiming instead that some of its subsidiaries are profitable while others are about to break even.

Thebe issued the statement on Friday after a report in a weekly newspaper that the corporation had lost R1,45m in the 11 months to January this year through "gross mismanagement of resources".

The Weekly Mail said documents leaked to it showed three Thebe subsidiaries — Movement Marketing Enterprises (MME), which markets ANC memorabilia, Thebe Trading, an import/export company, and Dakawa Properties, owner of the building which houses ANC headquarters in Plein Street, Johannesburg — were insolvent.

The report said Thebe itself had had no revenue since its establishment last year, and its only source of income was R8m in capital investment from shareholders.

Thebe said the financial information given to the Weekly Mail was "both incorrect and misleading" (T16)(172)

It said it had either an investment in — or was actively participating in — the management of six subsidiaries, all but two of which — MME and Oriole Travel were in start-up phase.

The trading subsidiaries were Dakawa, Oriole, Yesive — which owns residential property — Thebe Trading, Sizwe, a car hire company; Pitseng, a catering company; Bhekisizwe, a computer company; and MME. "Some of these companies are already profitable, while others are at a pre-break-even phase. All are being managed according to agreed business plans and budgets."

☐ To Page 2

Thebe

BIDEC 12/7/93

☐ From Page 1

(T16)(172)

The Weekly Mail said ANC president Nelson Mandela's office had stepped in to sort out a "boiling controversy" in MME.

MME was being sued or faced litigation for non-payment for work done on behalf of the company, the report said.

Thebe said, however, that it had inherited MME as a going concern and was taking strong action to counter serious management problems in the company.

"Quite simply, management is aware of all the so-called 'demands' against MME referred to by the Weekly Mail, and any legitimate claims against the company will, of course, be paid.

"The ANC and other related structures do business with Thebe companies and Thebe has never had any problems with their commitments to Thebe."

The corporation said it had opened its doors in August last year and was dedicated to black economic empowerment through providing jobs and investment opportunities to black people.

Although its sole shareholder was the Batho-Batho Trust, Thebe would eventually seek a wider shareholding in the black community.

Thebe admitted having "strong links" with the ANC, "but not the type of links imputed to it in many media reports".

The founding trustees of Batho-Batho Trust were Mandela and ANC deputy president Walter Sisulu. Any profits from Thebe were at the disposal of the trust, "which will use them in whatever manner it sees fit".

Some of Thebe's management and directors were or are ANC officials.

Members of the ANC leadership had pledged support to Thebe "as a means of black economic empowerment" and had done so in the past to other black initiatives with similar objectives.

"Thebe is a private company which is battling to empower black people in a hostile social and economic environment. Like any fledgling company, it has had its share of successes and failures," it said.

Star 15/7/93

What comes after Uhuru

FTE (172)

By Claire Gebhardt

Affirmative action is going to be the biggest deal in the new South Africa.

But where is the black talent going to come from?

As companies, fearful of legislation, scramble to get black faces around the boardroom table, highly qualified blacks are having a heyday job-hopping.

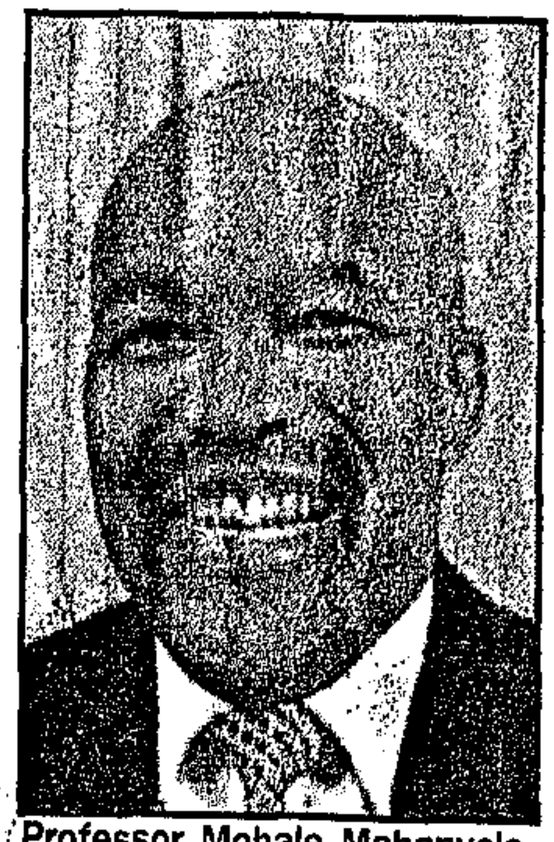
As one despairing human resource manager complained: "We're paying our black managers much more than our white managers but they just keep on getting poached.

Experts said this week that the next year would see the Uhuru vote and after that the ANC would have to be seen to be delivering to its followers.

"The ANC has had to scale down its traditional policy of nationalisation in the face of IMF pressure, and there is little chance of higher taxes because of the limited tax base.

"Given that anti-trust will only reduce the concentration of economic power without distributing wealth, black empowerment and affirmative action have got to be high on their agenda."

David Lowry of international executive search consultancy TASA confirms that black managers can virtually write out their own cheques at the end of each month.



Professor Mohale Mahanyele . . . empowerment is the key.

"Practically every company is prepared to pay a hefty premium to buy an effective black manager.

"We're just going to have to hope that blacks come to realise that to build a career they've got to stay in one place for a while."

Lowry says overseas investors are demanding that black managers be prominent on their short lists of companies for investment.

This week TASA joined forces with the Black Management Forum (BMF) to set up an executive placement agency.

On TASA's books are more than 200 black men and women who could walk into a company at the top and manage it effectively says Lowry.

"The BMF connection through executive director, Lot Ndlovu, will expand that base quite significantly."

Lowry says South African blacks at the top have impressive qualifications which can range from MBA's to Bachelor of Commerce with Honours, Bachelor of Arts graduates with majors in Physics as well as a large sprinking of Bachelor of Science graduates.

"The black managers we place are all South African.

"We initially thought it would be a good idea to bring in role models from Kenya but the trade unions have resisted this."

The ANC's deputy head of Economics Tito Mboweni says the ANC has not made up its mind about whether or not to impose a quota system to boost affirmative action.

"Although NAFCOC has urged us to go this route, our official view is to encourage corporations to engage in affirmative action to reflect the demographics of South Africa.

"If we're talking about a pool of highly qualified black people, that means they ought to be managing top companies.

"We always hear about a skills shortage but every year we have a few hundred black B.Comms graduating from black and white universities.

"Where are these people, are they all teaboys?

NSB success

"There must be a substantial pool of blacks who are being under utilised and the answer is to find them in the way that National Sorghum Breweries has found them.

"In the last two years they have managed to build up their black management base considerably."

National Sorghum Breweries (NSB) chief Professor Mohale Mahanyele, writing in the July issue of Enterprise labels black economic empowerment the key to a democratic post-apartheid South Africa.

"Business on its own will not seriously address issues of affirmative action unless legislation forces them to provide opportunities to those who have been denied them."

Mahanyele says affirmative action comes in several ways.

"It comes in the form of the provision of special grants, education bursaries for those who come from the disadvantaged communities, it comes in the form of special classes to enable them to bridge the gap that has been deliberately created in educational facilities and it comes in the form of teaching personnel who have the necessary qualification.

Mahanyele says NSB is a success in black economic empowerment on a scale never before realised in the history of South Africa — "It demonstrates that it can be done successfully."

Responsible investment

B/Day 16/7/93

SIMON BARBER

SHAREHOLDERS who have been pressing US companies to leave SA would press for new "socially responsible" investment as soon as the ANC called off sanctions, a major church group said.

"Concerned institutional investors, from the Episcopal Church of the US, to the US Trust Company in Boston, from the Evangelical Lutheran Church to the Calvert Social Investment Fund, are prepared to respond (by encouraging investment)," Interfaith Centre on Corporate Responsibility executive director Tim Smith said.

However, this would be on condition that companies followed guidelines for "socially responsible investment" (1720)

Churches repesented by the centre hold $35bn in their portfolios. The group, which helped spearhead the disinvestment campaign, also had influence on state and local pension funds.

Smith, in a letter to the New York Times, disputed a recent article suggesting that investors would be slow to return to SA.

He noted that 150 had already returned and more were drawing up plans.

He foresaw little problem in persuading investors to change their policies. Once the ANC had spoken, "there will be no legitimate voices in SA urging continued economic pressure".

"Shareholder campaigns against companies with SA ties will end, and so will boycotts. Cities, states, colleges and unions will respond to an SA on the road to democracy by cancelling their old policies."

Beware the perils of cutting jobs

W/mail 16/7 - 22/7/93

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People are not disposable assets, concludes a study of world competitiveness. South African business should take note, reports **REG RUMNEY**

COMMON wisdom that being lean and mean is paramount in business is a threat to society and needs to be ditched. This observation comes from none other than Professor Stephane Garelli, director of the World Competitiveness Project.

"Today's obsession with reducing head count (currently raised to the level of management theory) is, in fact, a major threat to the foundations of an open and free market society," Garelli says in the *1993 World Competitiveness Report* — whose focus, one would imagine, is success at all costs.

The report ranks the competitiveness of 38 countries, including South Africa, according to 330 criteria.

Garelli's comment becomes less surprising when one realises the concern is sparked by a continuing wave of white-collar job losses. As Garelli points out delicately, out-of-work managerial staff tend to be vocal and articulate in questioning the logic of an economic system which kills employment.

He notes that pressures for remarkable growth in world economies in the 1980s have not helped create jobs; rather, the opposite.

"Public opinion, which is barely ready to accept that jobs can be destroyed in a period of recession, cannot understand why economic recoveries do not eradicate unemployment. Present recession in world economies will add a second wave of redundancies to the structural unemployment inherited from the past.

"The prospect that a future economic recovery may not necessarily regenerate employment produces all the ingredients for a formidable social time bomb."

Naturally enough, pressures for competitiveness are blamed. But Garelli argues three revolutionary trends have been at work in:

- Technology, where computers and the telecommunications industry have mushroomed.
- Management processes, with Japan leading the way in such processes as quality, speed and customer satisfaction.
- World markets, where wealth and production capacity have moved outside Europe and Asia to the United States.



Professor Stephane Garelli ... manage the corporate culture as well as the money

These trends caused blue-collar job losses in manufacturing first, as companies streamlined and "de-localised". The 1990s, observes Garelli, are causing a further wave of structural unemployment, mainly among white-collar workers.

Despite huge investments in computer and telecommunication technology in offices, white-collar productivity has not kept pace with blue-collar productivity.

"During the Eighties productivity increased on average by 3,6 percent every year in manufacturing, while it stagnated at a poor 0,3 percent per year in the non-manufacturing part of the economy. It is estimated that one task out of three has still to be redone in offices today.

This statistic corresponds to a defect rate of 33 percent, which has to be compared to the 300 parts per million in manufacturing, he says.

Companies have decided to try to control white-collar productivity through "re-engineering" and large companies have begun sweeping "downsizing" operations, getting rid of entire departments and running HQs with limited staff.

Garelli asks: "Should this process of radical job cutting, logical though it may seem, be allowed to threaten the social fabric of modern economies?"

His answer is that systematic job reduction could harm competitiveness by damaging the system of values essential to the success of any business. Companies should think about the longer-term consequences.

"A well-educated workforce, as well as a strong value system, acts as a cement in a company ... This key success factor is at the core of most competitive companies today.

"Thus, the theory of competitiveness does not necessarily advocate the systematic reduction of employment whenever it is feasible. On the contrary, it underlines the importance of managing corporate culture and human assets as well as any other financial asset.

"It should not be forgotten that destroying a corporate value system can happen in only a matter of months; rebuilding one can take years."

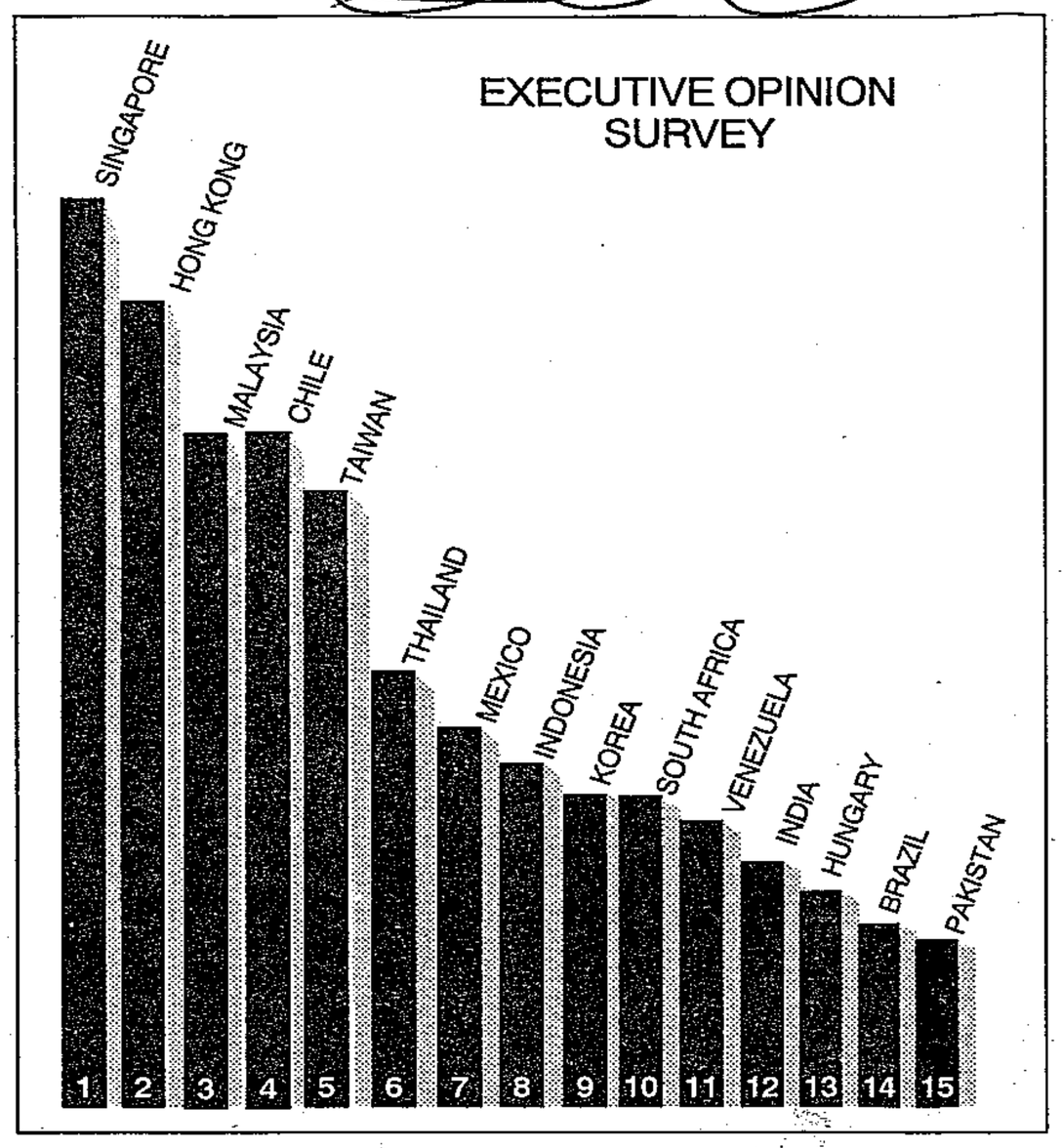
However, at a media conference this week, Garelli noted that large companies cannot be relied on to be job creators any more, though they will continue to be locomotives of the economy. The jobs will have to come from small and medium-sized companies supplying goods and services to the large companies.

In South Africa, pressures for downsizing have been driven by dismal economic performance during the Eighties and, latterly, by four years of stubborn recession. White-collar and blue-collar jobs have been lost. But productivity overall has not benefited much.

The latest National Productivity Institute (NPI) *Productivity Focus* points out that unit labour costs — the gap between salary increases and productivity — have been rising, despite recession.

Unit labour cost applies to both blue and white-collar workers. "Although the salaries and wages of blue-collar workers increased at a faster rate (17,1 percent per annum) than those of white collar workers (13,1 percent per annum), blue-collar workers earned on average only about a third as much as their white collar colleagues," the institute notes.

Low productivity is one factor which keeps South Africa on the low end of league tables of developing nations.



South Africa ranks 10th out of 15 countries surveyed in the World Competitiveness Report Executive Opinion Survey, which rates countries according to international business opinion. In its "Scoreboard" overall ranking, however, the report puts South Africa 11th, behind Singapore, Hong Kong, Taiwan, Malaysia, Chile, Korea, Thailand, Mexico, Venezuela and Indonesia. It is in front only of Hungary, India, Brazil and Pakistan.

Could this portend the loss of even more jobs as a crude way of increasing productivity? Or lower wages as a way of reducing the unit labour cost?

The NPI appears to concur with the different emphasis contained in the latest *World Bank Economic Perspective:* that higher skills, rather than lower wages, are a solution.

"The permanent solution to the problem of low wages lies in compulsory schooling and technical training. Employee training should be one of the main objectives of an organisation because it is the surest way of raising living standards over the long term," the NPI notes.

Getting your priorities right

(172) FM 16/7/93



Professor Stephane Garelli is a professor at the Institute for Management Development and the University of Lausanne in Switzerland. He publishes the annual *World Competitiveness Report*, which ranks the international competitiveness of 37 nations. He spoke to the *FM* while in SA to discuss his latest report's findings.

***FM*: What are the key components which determine the international competitiveness of nations?**

Garelli: Firstly, you need a stable, predictable environment in which business can operate. Then you need to master world-class technology and management techniques, especially in the field of implementation, quality, speed and customisation.

In addition, you require an international orientation and you need to secure access to those markets and ensure that you're competitive in them. Finally, you need people with a quality education and a competitive attitude. To achieve this, you need to invest in education and manage your system of values in the same way that you manage your financial assets.

What is the significance of SA's slip from eighth position in the competitiveness rankings among non-OECD nations in 1992 to 11th position this year?

I think the ranking is taking into account the difficult situation in SA, combined with the effects of the prolonged recession.

Inherently, SA has three main weaknesses: the inability of government to provide a stable social and business environment and not to interfere too much in the economy; the country's difficulty in building an economy that has rules which are compatible with international practice; and the failure of the country to disseminate education to all levels of society.

What in your opinion is the most important step SA must take to regain its competitive edge?

In my view, it is basically to reduce institutional instability. Business likes to have a predictable operating environment. It does not like unpredictability, rapid and dramatic change.

SA has to establish new rules of the game, in terms of its environment, which are the result of national consensus and are acceptable to all in the longer term.

Why is it that Japan, which is number one in your ranking of the major industrialised countries, has remained so singularly successful?

If you look at all the critical success factors in the Japanese economy, what really stands out is the attitude of its people, their value system and the quality of their education.

They have developed what I call a kitchen table approach to education in that school homework is done in the kitchen, with the entire family participating in the process. By neglecting secondary school education and concentrating on institutions of higher learning, the West has really fallen badly behind in education.

Can you explain why Switzerland and Denmark, which are small countries, feature near the top of the rankings among the OECD countries?

Both have a well-developed infrastructure, have invested heavily in education and training and have mastered the new technologies which drive many modern production processes. But, more important, they enjoy an incredibly stable political and business environment. France is the same. Their governments might change but their economic policies remain largely unaltered, which enables business to get on with the job of penetrating and being successful in world markets.

If you had a message for a new SA government, where do you think its priorities should lie?

The future of SA in international trade is likely to depend on three things: the stability of its institutions, the predictability of its environment and the education and training of its people. The country has to ensure that the education it is delivering is relevant to the needs of enterprise.

In addition, it has to ensure that it has access to world markets. This is why its participation in Gatt is so important. In a world made up of large trading blocs, the only way to negotiate from a position of strength is through Gatt. Finally, it must draw up a set of policies which allow for the development of more medium-sized enterprises.

R10-bn earmarked for upliftment and jobs

DEREK TOMMEY
Business Staff

BETWEEN R9 billion and R10 billion of projects, intended to improve the living standards of South Africa's poorest people and provide several hundred thousand jobs, are in the pipeline, reports the Professional Economic Panel (Pep).

Pep represents a group of economists, businessmen and politicians who earlier this year, in the form of the widely exposed Nedcor/Old Mutual Scenario exercise, presented a report outlining 22 action priorities for positive change.

In a progress report, Pep said that the National Housing Forum and Department of Housing were expected to disburse a R500 million government grant within weeks. This money will be used to encourage private-sector funds to invest in the low-income housing market.

This news will be welcomed by many economists and businessmen who see a major drive to build low-cost housing as one of the quickest ways of creating employment. It would also give the hard-pressed building industry and building supplies industry a useful stimulus.

Some of the housing money will go into direct subsidies, says Pep. But part will be employed as a guarantee to underpin efforts to mobilise institutional funds for the development of low-income housing. Investec Merchant Bank is designing a capital market instrument to appeal to prospective institutional investors.

Commenting on the report, Mr Matthew Nel, chairman of the co-ordinating committee of the National Housing Forum, said that urgent consideration was being given to defining the structure and criteria for dispensing the funds. However, he was not prepared to give a precise date for when the funds would start flowing.

Pep also reported that the short-term working group of the National Economic Forum was close to finalising a proposal for a R5 billion to R6 billion national public works programme.

This is to be launched next year and included in the 1994/95 Budget.

The government has accepted the proposal in principle but financing is still under discussion.

The Development Bank of Southern Africa has outlined projects needing more than R5 billion which have the potential to create direct employment for more than 300 000 people.

Meanwhile, the National Electrification Forum has been given the objective of developing within a year a strategy to accelerate the electrification of the country with particular emphasis on disadvantaged communities.

Eskom has struck a R500 million deal with the Life Offices' Association (LOA) to part-finance its R3 billion "electricity for all" drive.

This is the first project undertaken by the investment development unit of the LOA in socio-economic development.

The electrification participation notes offer a six percent fixed coupon Eskom bond with interest payable twice a year.

Eskom guarantees a return of no less than 11,98 percent, but this is also linked to a warrant which offers a variable return element based on 30 percent of the turnover generated by the electrification drive.

This instrument could at some stage be adapted to allow other forms of socially desirable investment, such as in housing, health and education.

Eskom intends to bring electricity to at least a million people.

It is becoming more involved in the retail end of its market, says Pep. It is set to supply power directly to millions of residents in virtually all PWV townships. It has been negotiating with almost all local authorities where it does not already enjoy supply rights.

S Times

18/7/93

Old school ANC's busi

172

THE ANC-linked Thebe Investment Corporation is steeped in controversy, but it could represent the new way of doing business in South Africa. CLAIRE ROBERTSON reports.

OLD school ties always annoy those who do not have them, but when they are coloured green, black and gold, and the alumnus is the future government, the resentment is tinged with dismay. The Thebe Investment Corporation (TIC) wears such a tie.

A year-old firm based in central Johannesburg, it is aggressively committed to black economic empowerment. It runs its own black-owned companies and brokers deals involving black investors. It is training people to work in areas previously inaccessible to black entrepreneurs.

So far, so good — and about time in a country to be governed by its black majority where only two percent of private-sector assets are black-owned and fewer than 10 percent of top managers are black.

But the corporation's sole shareholder is a trust whose founder-members are the two most senior men in the African National Congress; a senior ANC official serves on the board; the MD is the former head of the ANC finance department.

The TIC runs two divisions, property and trading, and seven wholly owned or subsidiary companies operating in a number of fields from computers, catering and car hire to selling ANC badges.

It was originally financed with an undisclosed amount of share capital by the Batho-Batho ("people-people") Trust, which has ANC president Nelson Mandela and Walter Sisulu as founding trustees.

Any dividends which Thebe decides to declare will accrue to the trust, whose only project at present is Thebe, and which is bound to use funds for the "benefit of the community".

Because of its umbilical link to the future government, the TIC has gathered itself an astonishingly bad press in the year since it opened for business. "Shady dealings", "corruption", "something fishy" ... it has attracted these epithets and more.

It has also had to pull back suddenly from other deals because these would offend "the community" — discovering rather rudely that being seen as the "ANC's company" cuts both ways.

"We are not part of the government and will not be part of a government," insists TIC MD Vusi Khanyile, once known to millions as the National Education Crisis Committee head, one of the Kine 3 who took refuge from the police in the US consulate in Johannesburg in 1988.

"Frankly, we will not apologise for our relationship with the ANC — but that does not cloud our business vision.

"It is about time people learnt to live with independent black business people."

IT will be a bitter lesson for corporate South Africa. When bids are made for government contracts from next year, the issue will probably be decided on race in the same way that it used to be decided on language.

Whoops of alarm at the turning of the tables will fall on deaf ears. The government will be able to cite scores of examples of authorities in other countries favouring the disadvantaged when handing out contracts.

But when one of the black-owned companies standing in line was founded by the ruling party, both the company and the government will have to weigh the cost of selling textbooks against the taint of corruption.

And wresting a slice of the corporate cake away from those who now own it will be difficult enough without pandering to the view that black business will flourish only if fed by the muck of corruption.

Mr Khanyile refuses to admit there is a problem.

Criticism of the TIC and its ANC ties is racist, or a diffuse sort of industrial sabotage, he counters.

"Anyone who has negative information about Thebe can command a very high premium in the marketplace.

"The people who have made accusations against us may not have meant them to be racist, but at the end of the day one is left with the feeling that says it is going to be extremely difficult for a black company that is totally autonomous from white control to emerge and to be a power.

"The kind of criticism we have gone through is a reflection (of this).

"It makes us tougher; it makes us more resolute.

"We must be doing something right. If the white establishment that has benefited from apartheid thought we were the best thing to happen we would say: Are we doing something wrong?

"We recognise that these kinds of desperate attacks which are below the belt happen on the verge of mounting something new. This happened almost days after we had announced the formation of Bhekisizwe Computer Systems and won a lucrative and very impressive contract with Digital (the vast US-based Digital Equipment Corporation)," Mr Khanyile said.

The most serious of the criticisms levelled at the TIC involves its part in a proposed deal to enter the educational publishing market.

The market is lucrative, with the supply of school textbooks alone said to be worth R500-million.

It was reported that the proposed deal traded an easy passage with the education department for a 20-percent cut of the company set up by Macmillan Boleswa to provide the books.

"But we have been tried and crucified without proper information," Mr Khanyile said of the deal — "one of the medium smaller projects we'll be working on" — which will be completed within a month.

The TIC would be satisfied with nothing less than control of a firm entering this particularly frustrating market — one whose main customer is the black child, but which is almost totally dominated by white companies.

"Macmillan did make an offer that we would get 20 percent in a company. We indicated that for us it was an important enough sector, if we did get involved, for us to wish to be active in a more meaningful manner.

"We had an indication that they are not opposed to losing control of that company — a black company that could have shareholding by a white publishing firm which has the expertise and critical skills that are needed.

"We believe it is important for people to find innovative ways of bringing black entrepreneurs to the party.

"One of the innovative ways is for a company to say: 'We will structure the capital of a company so that we will end up paying more than you do, or giving you some of the shares free' ... we do not say that is corruption so long as those black entrepreneurs are still in a position of control within that company, so there are no strings attached to that assistance."

Is Macmillan Boleswa prepared to do this out of the goodness of its heart?

"I cannot say what motivated Macmillan. We have made it very clear to Macmillan that we do not have the capacity to deliver the education department — either now or in the future," Mr Khanyile said.

The TIC is discussing the Macmillan deal with other black-owned companies, a strategy it employs in other ventures.

It is part of one of the three consortiums bidding for cellular-phone licences — and should know in September whether it has been successful.

And "we do seek a presence in the printing sector. A lot of work has been done. We think it is quite within reach".

The corporation is geared — in more ways than one — to bring life to its trading division once sanctions are lifted — "our projection is that within three months Thebe Trading will be up and running" — having spent the past year training staff in this field.

Mr Khanyile believes the headache caused by ANC ties will go away once the firm is functioning to the extent that it can go public.

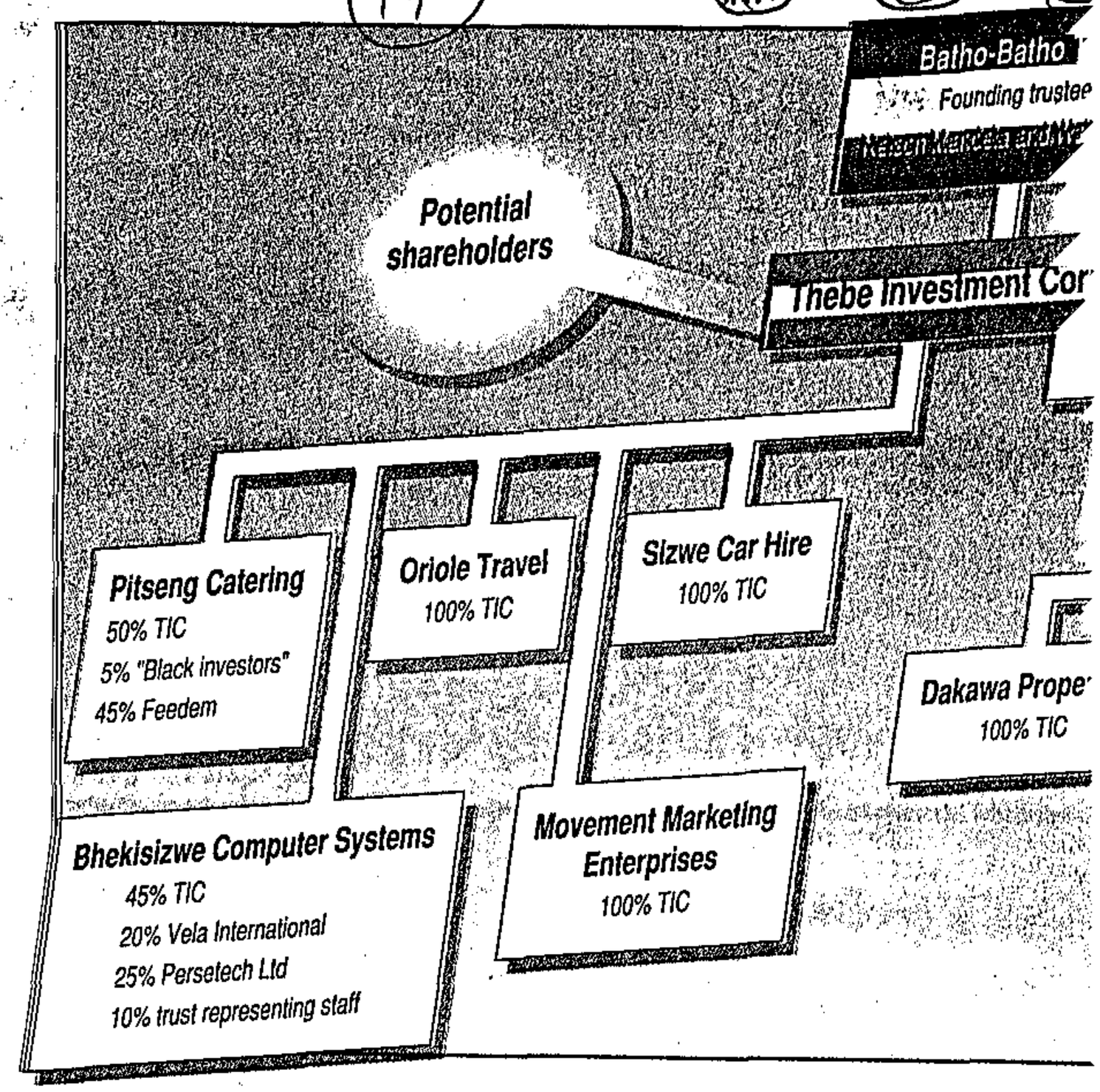
The funds were raised through the Batho-Batho Trust because "we felt it would not be prudent to go out and collect funds for an idea which had not been tested", Mr Khanyile said.

"At the right time Thebe will be very happy to float the shares in the black community so that we can begin to pay off the loans we have raised.

"When that happens the trust will be perfectly free to say: 'Well, our investment has done well. We will reduce and keep 10 percent of the shares in Thebe, or we'll totally bale out and put the money into Anglo American' ... it will be entirely up to the Trust."

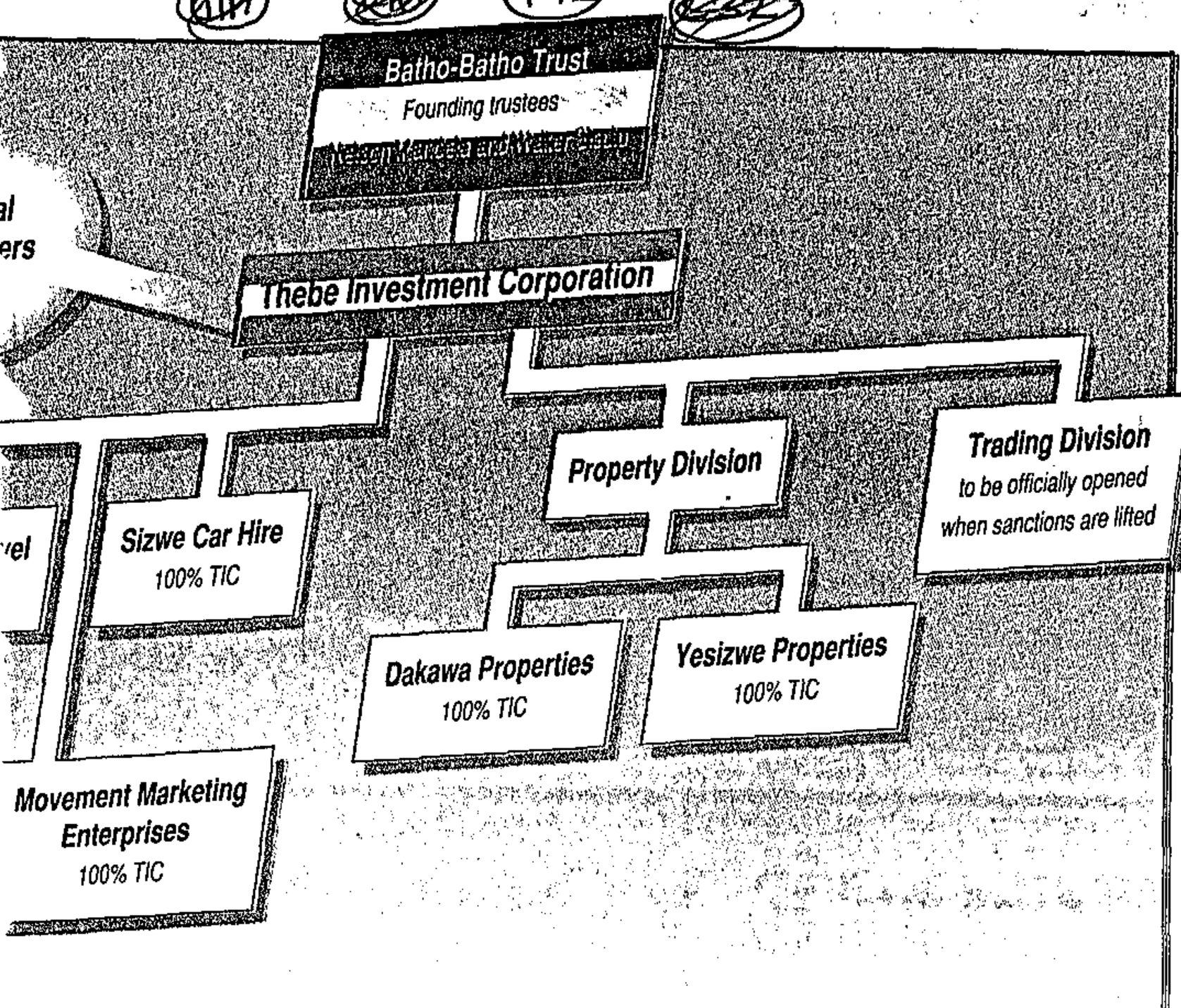
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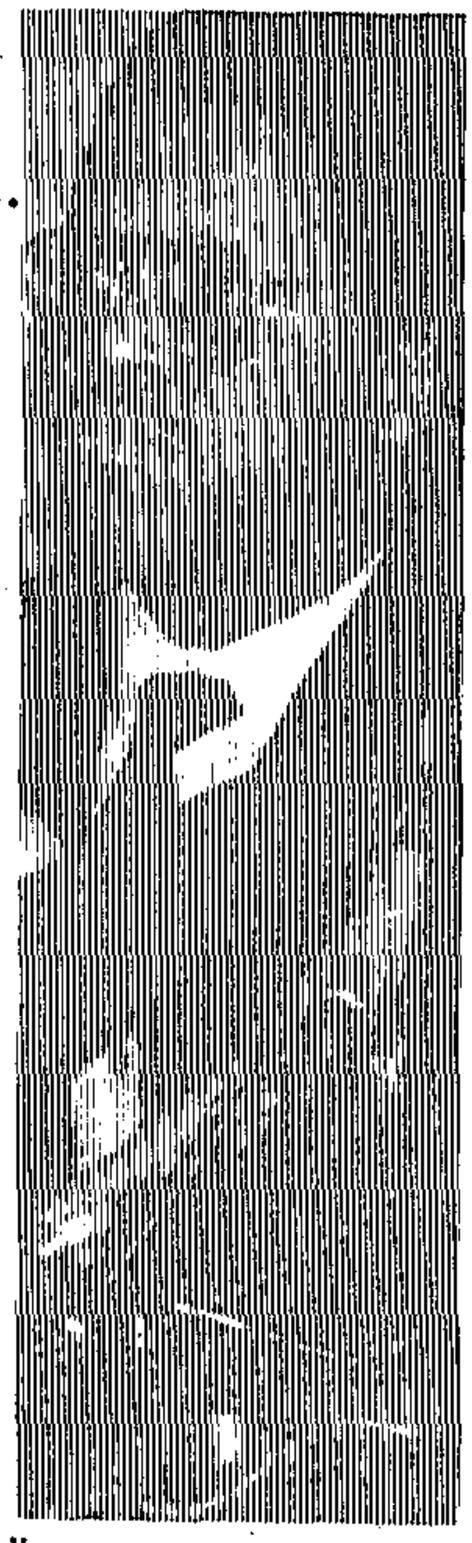


THEBE COMPANIES: Graph shows a breakdown of Thebe Invest

chool tie binds
's business empire



Graphic: FIONA KRISCH



NIES: Graph shows a breakdown of Thebe Investment Corporation subsidiaries; right, Thebe MD Vusi Khanyile

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"It would have been so much better to have set up an independent trust, but the reason they have Mandela is that they obviously want to use his name for clout. These links will always raise in people's minds the question of corruption," he said.

PERHAPS only in some minds: A Kwazulu businessman, who cannot expect to benefit if government contracts go to ANC-supporting, rather than simply black, business, said he "has no problem with any political party setting up a company — if they do so openly" — though tendering against Thebe would make him "uneasy".

Whether or not he shares the new-found ethical concerns of corporate SA, and he is sceptical about their sudden emergence where black companies are concerned — Mr Khanyile is making an effort to create distance between the TIC and ANC in the public mind.

A wholly owned TIC company, Movement Marketing Enterprises, was recently yanked across town from TIC-owned Shell House, which it shared with ANC headquarters, to the Glencairn office block, where TIC is based.

The company markets ANC memorabilia, and recently made the news when staff members who were retrenched threatened to take their case to Mr Mandela, having no doubt in their minds about who really ran the company.

"It was a problem having MME in Shell House — to be seen as a department of the ANC," Mr Khanyile said.

"MME is one clear example of how you cannot have a mix-up between political and business aspects. If a company makes a commercial decision to close certain divisions, that remains so."

Thebe is doing well — this week it celebrated the fact that one of its subsidiaries, Sizwe Car Hire, had become profitable after only three months.

Mr Khanyile, more concerned about brokering access to capital for black business in almost any way he can, makes the point that Thebe will follow ethical guidelines if they ever emerge.

"Our mission is to maximise the value of the wealth of our equity holders within certain constraints: public morality, public policy and the law."

"It is not for us as a company to start setting these parameters or defining them. It is society that defines them, and the public authority."

The timing is tricky: If the Batho-Batho Trust keeps its stake in Thebe until the corporation can make it to the JSE, it and Mr Mandela's involvement will overlap by at least a year with his presidency.

And that is an old school tie that may turn out to be a millstone.

Third of managers would like to quit SA

ST Times (Buss) 18/1/93

By ZILLA EFRAT

ONE in three managers would leave South Africa if given the opportunity, says a survey of 500 of them.

The survey, by Unisa Graduate School of Business Leadership's Karl Hofmeyr, finds that 72% of managers believe the "New SA" will radically change the way companies operate. (1-72)

Although 71% are enthusiatic about the future of their companies, only 58% are optimistic about SA as a place to live and work.

A total of 45% report that morale in their companies has changed for the worse in the past year and 34% say race relations have improved. Only 6% believe they have deteriorated.

A total of 70% of managers say their companies are committed to providing opportunities for blacks.

In addition, 56% believe their companies will suffer serious skills and management shortages if they do not advance more blacks.

The survey, co-sponsored by Chicago-based International Survey Research, picked up some negative views about black advancement.

According to Professor Hofmeyr, they will continue to hamper affirmative action efforts.

A total of 38% of managers indicate that if more blacks are promoted, work standards will be affected.

The major barrier to black advancement identified is a lack of experience, followed by a perceived lack of ability.

Professor Hofmeyr says: "As long as SA managers doubt the ability of blacks and believe that black advancement will lead to a deterioration in standards, progress will be slow.

"On the other hand, the relatively high percentage of managers who believe that their company is committed to affirmative action means that there is an increasing awareness of its importance."



JOKES ASIDE: For many businessmen, the moving experience is a serious option

International help for SA banking's skills

TRACY SCHNEIDER

A LEADING international management consultant has teamed up with a local group to tackle management problems in SA's banking sector. 1\7\93

Corporate Intelligence MD Ian Munro-Cameron said SA's banking sector was desperately short of higher management skills, creating an urgent need for outside expertise. (72) (58)

This would come from Batt & Partner, a British-based consultancy specialising in banking and finance. It has consulted to more than 130 banks on five continents.

Munro-Cameron said that problems unique to SA banking needed to be overcome by an amalgamation of local and international expertise. B/Day

"The major shortcomings of SA banks have been in long-term domestic and international strategy, short-term profit and cost reduction," he said.

The insular nature of SA society had trapped management in a "corporate corridor" or inward-looking culture.

"We need to attract top bankers to broaden our vision. European bankers move between banks and countries and even from industry into banks. More of this movement is needed in SA," said Munro-Cameron.

Management also needed to become more market orientated, he said, and had to spend more time selling banking products.

"Overseas bankers spend a minimum of 10% of their time selling, with this figure exceeding 20% in good banks," Munro-Cameron said.

"In SA, 2% of a banker's time is spent selling products, so there is tremendous scope for improvement," he said.

Powerful lobby in place to push for affirmative action

Star 19/7/93

By Claire Gebhardt

Blacks constitute only one percent of top management, according to research conducted by the South African Chamber of Business (Sacob).

If figures for Asians and Coloureds are included, the percentage rises to between 3 percent and 9 percent. (172)

But if South African companies have failed dismally in their advancement efforts, US multi-national corporations have little to boast about either.

In member companies of the Signatory Association the proportion of Blacks, Asians and coloured people in managerial position has increased from 8 percent in 1987 to a mere 14 percent in 1992 despite significant pressure to produce results.

In a background document to affirmative action released last week, Sacob notes that there is a powerful line-up of lobby groups committed to categorical action to promote black advancement.

The Black Management Forum for instance has said it will lobby for legislation to force companies to adopt an affirmative action programme.

The National African Federated Chamber of Commerce and Industry (Nafcoc) has called for fixed targets.

These are that within 10 years all companies listed on the JSE must draw at least 30 percent of their board members from the black community, at least 40 percent of their total shareholdings must be controlled by the black community and at least 50 percent of the value of outside purchases must come from black-owned suppliers and contractors.

At least 60 percent of top managerial personnel must come from the black community.

Sacob says this resolution was fully endorsed by the Institute of Directors in Southern Africa.

Numsa has also called for a code of conduct which will make affirmative action binding on companies.

The ANC's Policy Guidelines, however, stop short of advocating quotas but criteria of advancement are expected to be established, says Sacob.

"If this fails to achieve results sufficiently quickly other measures which could include quotas might be sought."

Labour consultant, Andrew Levy, predicts the establishment of an Equal Opportunities Commission or Board, over and above the statutory prohibition of discrimination on the ground of race.

This Board could audit private sector performance, formulate codes of practice and act on complaints.

Second 'socially responsible' fund planned

GRETA STEYN

MAJOR financial institutions, banks, stockbrokers and consultants are working on a number of "socially responsible" investment vehicles that offer an acceptable return to investors.

The union-controlled board of the Community Growth Fund, Unity, is planning to launch a second socially responsible fund to complement the Growth Fund, a Labour Research Service discussion paper has disclosed. The paper was released at the ANC's conference on foreign investment this week.

The Community Income Fund will be managed by Old Mutual if the union movement gives its go-ahead to the plan.

The funds flowing to the Income Fund will be invested in bonds that help black community development. The Income Fund could invest in electricity bonds or bonds to provide water or infrastructure. Such investments would comply with normal investment factors, but would also contribute to community development.

The Income Fund will draw on the 25% of retirement funds that cannot be invested in equities in terms of prudential requirements. These funds have to go into fixed interest investments.

Another investment vehicle on the drawing board is Simpson McKie's proposal for $5bn capital guaranteed 12-year equity participation loanstock, issued by a trust that was credible to foreign investors.

About 53% of the inflow into the fund would be invested in 12-year Eurodollar Zero Coupon stock which, on maturity, would ensure capital repayment.

The balance of the funds would be invested via the financial rand in community development projects and venture capital projects geared towards fulfilling the criteria of black empowerment and job creation. As income and capital returns from these investments are received by the trust, they will be distributed to investors.

FM 23/7/93



Nthato Motlana ... *heading Metropolitan Life*

NTHATO MOTLANA

Dispensing health

From the outside, it looks like any other matchbox house in Soweto. But inside the modest surgery, Dr Nthato Motlana (68), one of SA's most active community organisers and corporate board members, tends to his patients six days a week, six hours a day.

Some have known Motlana since 1957, when he was one of only two black general practitioners in the township. The former ANC Youth League leader continues to serve as personal physician to the Mandelas and the Tutus. But many of his poorer patients are treated free.

Recently appointed chairman of the Population Development Council, Motlana has become one of the first blacks to serve in the Nationalist government. His responsibilities will include limiting population growth.

His zeal for the job comes from the knowledge that his own success is due to the fact that he was an only child. His mother, a widowed domestic worker, would otherwise not have been able to send him to school. Vehemently pro-choice, Motlana wants family planning clinics readily available in the rural areas and the townships. He says the State should provide immunisation facilities and health care for mothers and children. He has six children.

Only one person has criticised him for accepting the appointment — Winnie Mandela, an old friend whom he has known since the Fifties. At a recent event, she shook her finger at him and said: "Don't talk to me. You've become a government servant."

Motlana laughs off the encounter. He says most people, including Nelson Mandela, believe blacks should now accept appointments to senior government positions.

Being the first black to pioneer a new project is not new for Motlana. He founded Kwacha Holdings, which opened the first black-owned private clinic in SA — Soweto's Lesedi Clinic. Kwacha then started Sizwe Medical Aid, the only black-owned scheme.

His newest challenge will be heading the board of the new Metropolitan Life — a company with R5bn in assets and 2,5m policyholders, most of whom are black. For three years he and others negotiated for a group of black businessmen to buy the insurance company — a subsidiary of insurance giant Sankorp. Shares will be sold to the black community.

Says Motlana: "It took an Afrikaner company, Sankorp, to make this move. I've always said that when a conservative Afrikaner mindset changes, they leapfrog over the liberals and land to the extreme left."

The deal was based on sound economic principles. "Decisions based on any other criteria have always failed," says Motlana, who worries about company social responsibility programmes that lead to welfarism.

Motlana's desire to help others stems from an obligation he feels to a community that provided him with bursaries to Fort Hare University and Wits Medical School.

He spends his mornings in board meetings for companies like Adcock-Ingram and Putco, as well as community groups such as the Get-Ahead Foundation and the Soweto Civic Association — which he founded. Motlana sits on three corporate and seven community boards. He chairs 12 projects.

Asked why he doesn't close his surgery and work only on development projects, he says: "None of the other things pays my rent. And I believe it's important to stay in touch with the heart and soul of my people." ■

Info towers will give disabled a big boost

(172) ARG24/7/93

■ It's a major employment boost for the physically disabled in Cape Town — and good news for businesses, too.

DI CAELERS

Weekend Argus Reporter

PHYSICALLY disabled first! That's the key to a unique employment scheme which will not only empower the city's handicapped, usually at the back of the queue when it comes to jobs, but also provide an exciting advertising alternative for local businesses.

Infoguide, the brainchild of Mr Marné van den Heever, who is physically disabled, himself, will provide a central business district service which will send anyone looking for a particular store or product in the right direction.

So, how will it work? Handicapped employees will man information towers — bearing logos and names of participating companies — throughout the city centre and, other than business information, they'll also play an important role in the tourist industry.

Although Infoguide is officially part of Mr Van den Heever's thesis for his doctorate in business administration, he envisages the project providing employment for more than 1 000 physically disabled people countrywide.

He said: "It can work in any city or town with a solid business base. What happens is that businesses pay us R50 a month to be listed on our computer. When someone comes along looking for a particular store or product, we give them a map showing them exactly where to go.

"There are 5 000 businesses in the city centre and the ideal would be to get them all signed up. But, for now, for every 300 subscribers we get, one tower will go up."

Infoguide is already a member of the Cape Town Chamber of Commerce, has the full approval of Captour which has asked them to distribute pamphlets and information to tourists, and is in the process of receiving city council approval.

Employees in the kiosks also will sell Community Chest scratchcards and act as an important in-town link with security and emergency services.

"Top of the list of priorities is that I create employment for the disabled. But, we'll also be benefiting businesses as well as the public, and promoting tourism," said Mr Van den Heever.

He added that the Department of Manpower also had "indicated that they will use Infoguide as a pilot project to train physically disabled people". They were compiling a course for suitable applicants at present.

Mr Van den Heever already has 16 handicapped people introducing local businessmen to the idea — and the response so far has been enthusiastic.

He said: "The only problem is that we're in a bit of a Catch-22 situation. They don't want to sign up until they see the towers going up ... and, we can't put up the towers until we have the subscribers."

"At this point, I have run out of money completely. I approached all the Weekend Argus 'business personalities of the week' of the last two years to get some backing and the response has been phenomenal.

■ Delheim wine estate is to host a function on September 11 where Infoguide will be officially introduced to local businessmen.

Picture: WILLIE de KLERK, Weekend Argus.

tion

COMPANIES In Transition

Sowetan 29/7/93

White business discovers black faces

(172)

By Mzimkulu Malunga

"ALL of a sudden companies have discovered black faces," comments one manager on being told of yet another appointment of a black person to the board of a leading conglomerate.

With changes taking place in the country at the moment, a lot of companies have resorted to recruiting black executives.

While many claim to be doing it for simple economic reasons, some observers say companies fear that if they do not appear to be "nonracialising" their boards, someone else will.

A few weeks ago, the *Sowetan*'s business desk got a call from a Pretoria white businessman who wanted to appoint two blacks to the board of his company.

He was asking for suggestions. The man was referred to the Black Management Forum. But what was interesting was that he already had former Soweto mayor Mr Ephraim Tshabalala in mind.

"I don't want young people, you see. They tend to become too political," he said.

Such businessmen sound as though they want to appoint people just for the sake of doing so, and it appears some are destined to fall into this trap.

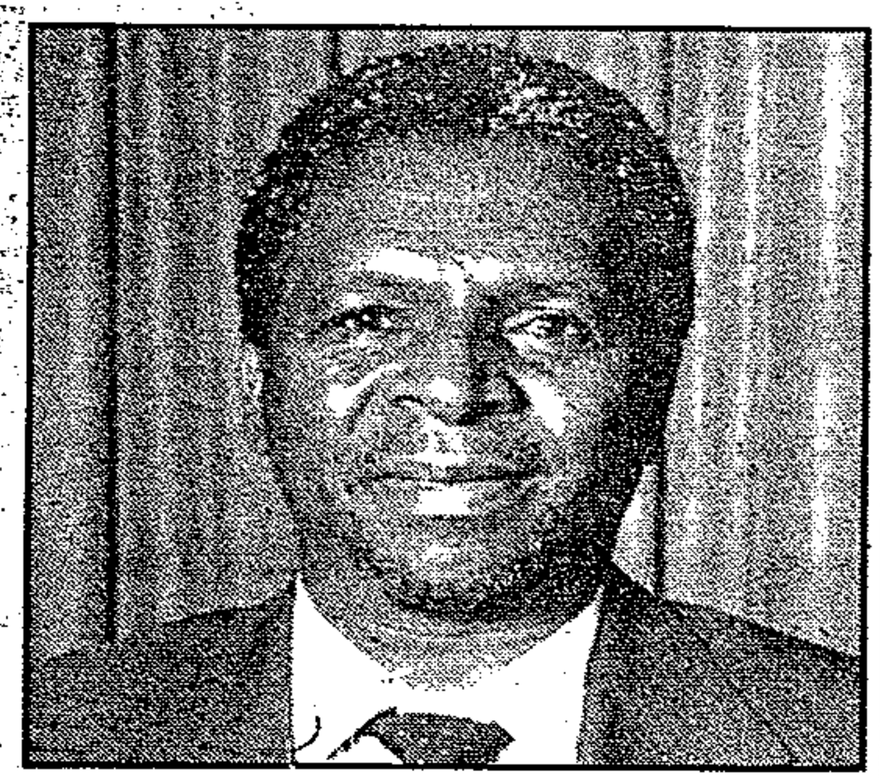
"I have a problem with a company that appoints a black person to its board for window dressing purposes," says Mike Ntlatleng, communications manager at the Foundation for African Business and Consumer Services.

The popular view in black management circles is that companies should develop their own managers to become board material and not make political appointments.

People with a history of political activism behind them, like Mr Enos Mabuza and Dr Nthato Motlana, serve on over a dozen boards.

"We should guard against people overreaching themselves," says Don Mkhwanazi, who also serves on the boards of blue chip companies. The militant ones, like current Black Management Forum executive director Lot Ndlovu, advocate "rocking the boat". "We should go into those companies and change them," he says.

This view is echoed by the deputy president of the National African Chamber of Commerce and Industry, KJ Hlongwane who encourages people not to turn down offers to serve on boards.



Mr. Enos Mabuza

COMPANIES IN TRANSITION FEATURE

Outdated beliefs on way out

Sowetan 29/7/93

(172)

By Joshua Raboroko

AS LABOUR breaks out of its apartheid shackles, outdated management attitudes are being shattered and new ground rules are being evolved.

Mercedes-Benz South Africa is one company which started changing its management systems some years ago to a more participative style, moving from a culture of control to one which empowers employees to be more efficient.

MBSA's human resources manager at its East London manufacturing plant, Mr Mike Folan, explains that the trend is to move towards a decision-making process involving longer periods of consultation and shorter periods of implementation.

Under the old style of command management, companies would make decisions with little or no consultation. When it came to implementation, employees became suspicious or resentful of the decision.

This invariably stalled implementation and resulted in confrontation between management and labour, the only way out of which were compromises which rarely satisfied both sides.

"There were either lose-lose or win-lose situations where either both management and labour ended up with something they did not really want or one side got something they liked at the expense of the other side." Folan explains.

By having a longer period of consultation, the new idea is to involve labour at an early stage in decision making so that plans which suit both labour and management are evolved.

"Because of this earlier involvement of labour, there is a greater chance for management and labour to define problems in similar terms and less chance for positions and attitudes to harden. "This leads to a win-win situation. Also, because of more thorough participation, implementation proceeds much quicker and in fact the overall time span can end up being shorter than in the old style of little participation.

"At the core of the new approach is the realisation that employees can no longer be considered mere units of labour as was the case in the past.

"Historically, when companies employed people they employed their muscle or brain power to do specific tasks in return for payment as defined by the company. They simply bought the hands or the minds of employees.

"But as labour became more sophisticated, it was no longer prepared to be regarded as mere units of labour and companies began to realise that they also did not just want hands or minds, but hearts as well," Folan says.

"We believe that if people are also committed with their hearts there will be benefits for employees and the company as greater satisfaction leads to greater commitment and efficiency."

Of course, no relationship can be without conflict. The importance is to recognise there is inherent conflict in the employment relationship, and that there must be a way to resolve conflict when it occurs.

Thus structures have been created at all levels supported by both management and labour to improve consultation and communication, development and conflict resolution. But it is no good asking for participation if the people involved are not equipped to do so.

To participate meaningfully, all employees have to be developed to a minimum standard of education and MBSA management and labour are working towards a comprehensive human resources development strategy aimed at uplifting employees at all levels. The base is that each and every employee must have sufficient literacy and numeracy skills on which to build future education and development, and to do this an Adult Education Centre has been established. Here employees are trained in literacy, numeracy and life skills to give them that base. From here, the company is evolving a range of educational and self-development courses to empower employees with the skills they need to develop their careers further. This includes MBSA's own technical training centre which has been officially classed as a Technical Training College in respect of its technical training quality.

This human relations philosophy is designed to help the company into the future as a world-class manufacturer.

Black advancement now a business buzzword

Sowetan 30/7/93

(176) (172)

By Joshua Raboroko

THE advancement of blacks in the corporate world is fast becoming the buzzword and the biggest deal in the new South Africa.

The question being asked is: Where is the black talent going to come from?

As many companies, fearful of legislation, scramble to get black faces around the boardroom table, highly qualified blacks are having a heyday job-hopping.

One human resource manager aptly complained: "We are paying our black managers much more than our white managers but they just keep on getting poached."

Experts and the corporate world say that next year will see the uhuru vote and after that the ANC will have to be seen to be delivering to its followers.

The business world has given a powerful boost to affirmative action by urging companies to increase black advancement and to weed out all forms of racial discrimination in recruitment and promotion.

Business has good news for women employees by setting guidelines emphasising that employment policies should be placed on nongender and nonracial basis.

The South African Chamber of Business, the Black Management Forum, the ANC and labour consultants confirm that black managers can virtually write out their own cheques at the end of each month.

Sacob firmly believes that discrimination in any form has no place in the modern world of business and that historical patterns of disadvantage must be firmly and actively addressed.

"A critical policy issue is that of affirmative action in regard to black people and women in the working environment," Sacob says in a policy document widely regarded as a blueprint for a new employment code for the private sector.

It adds: "The potential for economic growth and business development in South Africa will not be realised in a climate in which socio-political instability is endemic and in which business — partly because of its composition — is seen as an appropriate target for protest in the form of stayaways and boycotts.

"A shift in the composition at senior level of visible and rewarding positions in business is necessary in order to demonstrate that business represents the South African population at large."

Research has shown that both economic growth and productivity threatened to be constrained in the future by shortages in the supply of professional and technical skills.

David Lowry of internation executive research consultancy TASA says: "Practically every company is prepared to pay a hefty premium to buy an effective black manager."

Lowry says South African blacks at the top have impressive qualifications which can range from MBAs to Bachelor of Commerce with Honours, Bachelor of Arts graduates with majors in Physics and a good sprinkle of Bachelor of Science graduates.

TASA has joined forces with the BMF to set up an executive placement agency.



Tito Mboweni

On TASA's books are more than 200 black men and women who can walk into a company at the top and manage it effectively. The BMF connection through executive director Mr Lot Ndlovu, will expand that base.

The ANC's deputy head of economics, Mr Tito Mboweni, says the organisation has not made up its mind about whether or not to impose a quota to boost affirmative action.

He says: "Although Nafcoc has urged us to follow this way, our official view is to encourage corporations to engage in black advancement programmes to reflect the demographics of South Africa.

"If we are talking about a pool of highly qualified black people that means they must be managing top companies. There is always talk about a shortage of skills, but every year there are hundreds of blacks who graduate.

"Where are these people going to, are they all teaboys? There must be a pool of these people who are being under-utilised."

Perhaps the answer to this question can be found in the black-owned National Sorghum Breweries which has an avalanche of graduates in its employment.

NSB's chief executive Mr Mohale Mahanyele writing in *Enterprise* magazine (July edition) says black economic empowerment is the key to a democratic post-apartheid South Africa.

He contends that affirmative action comes in different ways. It comes in the form of the provision of special grants, education, bursaries for those who come from the disadvantage communities.

In its guidelines, Sacob says it is aware of fears that affirmative action threatens white males with displacement or replacement by blacks or women. However, a growing economy will make the shortage of white male managements skills even more critical.

Sacob argues that any prescriptive intervention by the State will also do more harm than good. It will lower investor confidence and encourage strategies to create the impression of progress while real advancement is at a standstill.

Among the guidelines spelt out by Sacob are that:

- Employee recruitment and development aimed at improving the mixture of higher level personnel should be integrated into company business plans monitored by the chief executive;
- Obvious and covert discrimination should be eliminated without delay;
- Discussion forums should be created, bringing in senior line managers to give full explanations of the strategic reasons for affirmative action;
- Recruitment planning must be undertaken with specific jobs in mind with reassurances to existing employees that their positions are not in jeopardy; and
- Employees should avoid poaching from other companies to find suitable candidates, but instead implement recruiting and training policies to create their own pipelines of black and female staff for promotion into senior posts.

S/Times (Buss)

Managers hang on for a tastier carrot

5/9/93

EXECUTIVES are becoming increasingly choosy about accepting job offers, making it difficult and costly to attract top-quality managers.

Renwick Management Services managing director John Sherratt says: "Three years ago we could find a top executive within a month. At the beginning of the recession the time lengthened to six or eight weeks.

"In 1991 it took up to 12 weeks. Now we need 14 to 16 weeks, and sometimes longer, to fill a post.

"Companies are under the mistaken impression that because of the recession and high unemployment people will snap up any offer that comes their way.

"The people who are unemployed are generally not the best. Most companies with retrenchment programmes hang on to their most experienced and competent staff.

"Executives who are already employed will not easily give up their job security to become the new boy on the block in another company. They also bear in mind that

By TERRY BETTY

the last-in, first-out principle applies.

"Reluctance to move has become more exaggerated as blue-chip companies are unbundling and rationalising, threatening job security."

Mr Sherratt says a pay package premium of 15% to 20% is needed to attract competent staff. The higher up the corporate ladder, the more difficult and costly it becomes. (172)

He says this applies to middle managers and higher whose packages include a basic salary of R85 000.

The higher up the ladder the more exaggerated and costly the hiring problem becomes.

Although demand for skills has dropped, mostly the lower levels of job are affected.

"The number of advertisements for top managers has remained fairly constant.

"In a recession experienced executives are still required to lead a company through tough times."

In being more cautious about job offers, the hunted executives do research on the company and they try to find out whether any departments are likely to be closed. They also look at the company profile to see whether it is a suitable environment.

Mr Sherratt says: "Companies are also extremely careful about whom they take on. That lengthens the time taken for an appointment to be made.

"Companies investigate potential employees' backgrounds. They use their network of contacts to find out what the candidate can do and what he is like to work with.

"Applicants often have to go through multiple and panel interviews as well as a battery of psychometric tests.

"A tendency is developing where employers even want to meet the potential executive's wife.

"Companies know it is imperative to pick the right person in the first place. It is hard to get rid of executives because they are generally aware of their rights."

Caution on social spending

ERICA JANKOWITZ

COMPANIES should strive for corporate "social involvement" rather than investment, say Liberty Life Foundation's Barry Burland and Hugh McLean. B Day

Writing in the latest CSI Letter, the two support their argument by saying that although grants to worthy projects bring long-term benefits to society, "criteria in investment, generally, are to realise the greatest possible returns in the shortest possible time." 30/9/98

"Clearly, the work needed in order to realise the benefits of development and the form that such spending must take in order to be beneficial are utterly at odds with these normal criteria," they say.

The authors note that corporations spend more than R800m a year on what used to be termed social responsibility, and this is more than business spends on such projects in any other developing country.

They believe business should be involved in social spending as it is "a significant locus of resources and directly affected by the socioeconomic state of society".

In initiating projects based on community involvement, business should structure spending more appropriately and should "expect diffuse returns — usually social and institutional rather than measurable in financial terms — over long periods". (172)

SOCIAL INVESTMENT

Social duty to remain important

Sowetan 27/10/93

172

By Joe Mdhlela

SOCIAL responsibility should not be seen as a one-way traffic process, but a dual activity where even the recipients are important players.

That is how managing director of Afgen, Mr Khehla Mthembu, interprets the concept.

Mthembu also believes that the principle of social investment will still be part of the vocabulary well after independence and democracy has been attained in South Africa.

"Even in a normal society companies will still have the responsibility of ploughing back profits into community projects," he said.

But, Mthembu said, it had become important for people to realise that it was a fallacy to equate social responsibility with empowerment.

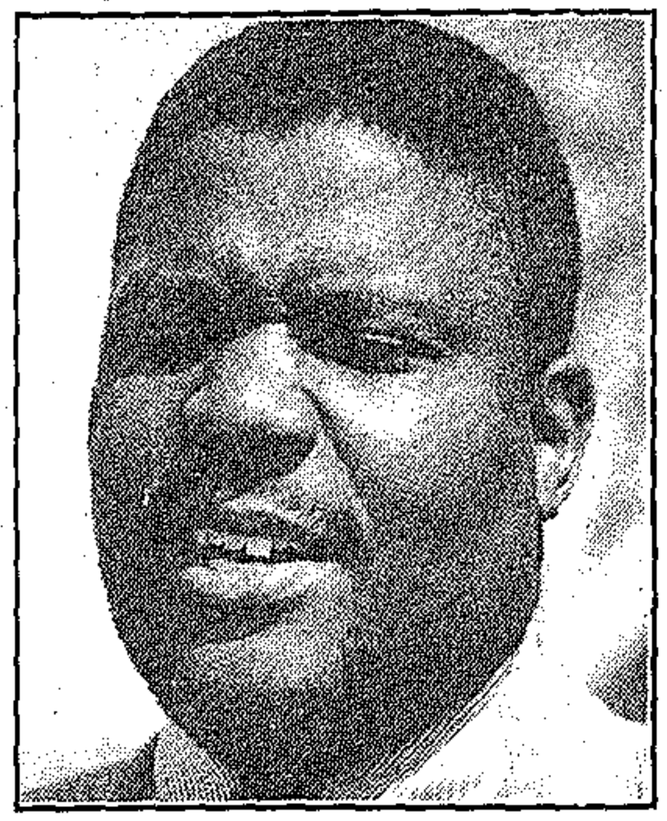
"The two are as different as cheese and chalk," he said.

Mthembu said self-reliance was what was needed to uplift black people who have had a long history of being exploited.

"What is happening is that business uses the concept of social responsibility to soothe their conscience, with little regard to empowering the recipients.

"The corporate world must realise that the concept is to the benefit of all, not just the recipients.

"Through sponsorships of any kind, business is able to get mileage which will make it more visible. Equally, the community derives some benefits."



Kehla Mthembu

"Even in a normal society companies will still have the responsibility of ploughing back profits into community projects"

Mthembu said it was unfortunate that blacks were not always involved in programmes of social investment.

"This was regrettable because power relations dictated that they were also important partners in the process."

Profiting from the recession

(172) (173) CWM 15-21/10/93

Mondli waka Makhanya

IS corporate South Africa only paying lip service to its commitment to fostering economic growth and creating employment?

Yes it certainly is, if one buys the Labour Research Service's (LRS) argument that the decline in the profit retention rate and increased dividend payout is a sign of this.

And no it is not, if one believes the business explanation that this phenomenon is due to the recession's having depressed the market and forced companies to operate below capacity.

The LRS's Profit Review 1992 Fourth Quarter and 1993 First Quarter says that during this period companies retained only 46,9 percent of their profits as opposed to 51,6 percent in the previous reporting period. More companies paid out dividends to shareholders.

This means less money re invested in expansion programmes by companies, argues the LRS, and "is bad news for many millions of unemployed workers ... and this comes at a time when there is a desperate need for job creation".

The LRS reserves special criticism for building and engineering companies which, it feels, should be investing heavily in township construction and housing. Instead these two industries' profit retention rate dropped from 46 to 37 percent and 48 to 43 percent respectively.

The LRS's Mark Anderson says the group is now examining companies that reported in the second and third quarters to see what effect the new tax on dividends, announced in this year's March budget, had on the retention rate. The tax is meant to encourage companies to retain a larger proportion of profit and spend it on fixed investments.

Using this decline in the retention rate as justification for the Congress of South African Trade Unions' call for a Reconstruction Accord between the country's economic players, the LRS claims "company directors and managers are telling us that they do not want to contribute to the building up of the economy".

But the business community responds that the economy is suffering its worst recession in decades. And since the recession has put a squeeze on consumers' pockets, companies have cut back on production and fixed investment.

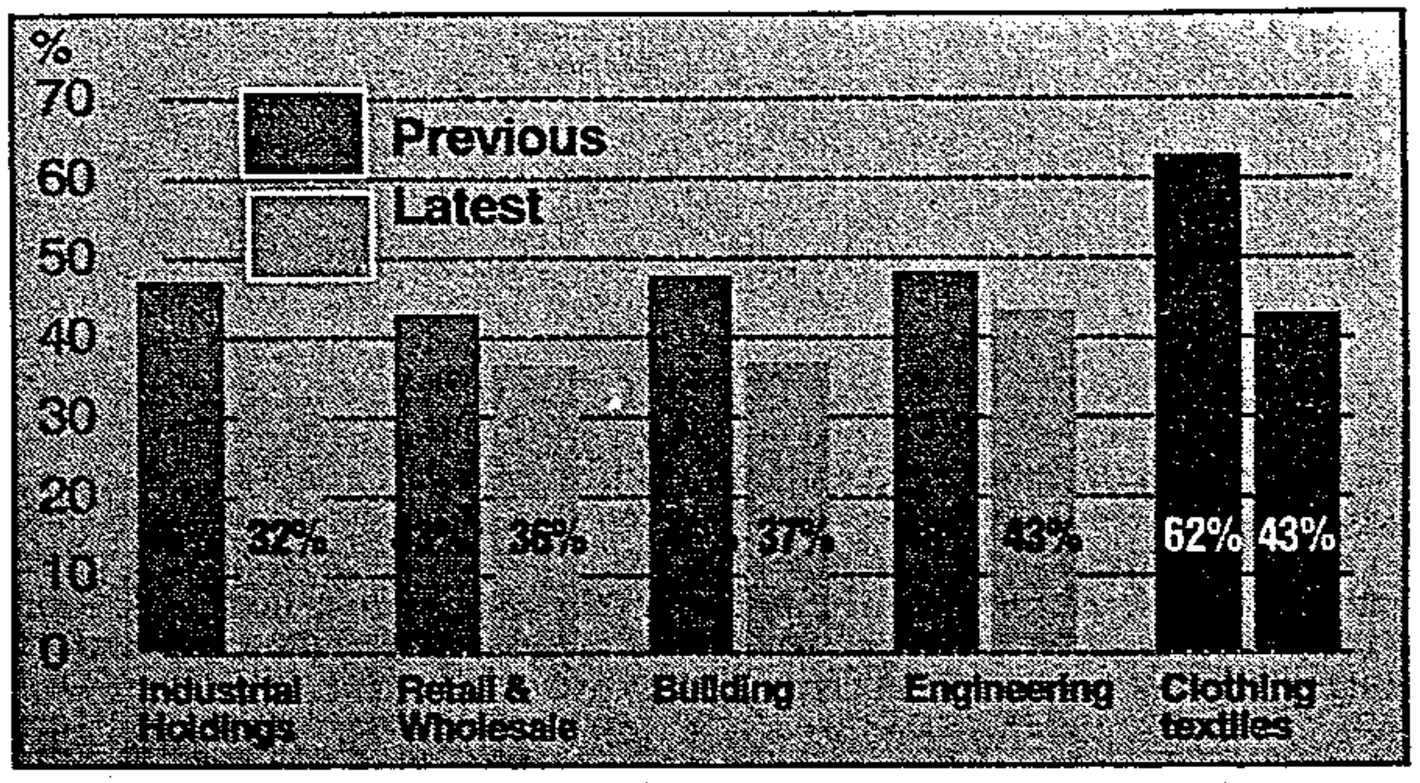
"Economic circumstances are not conducive to fixed investment. A large number of firms are operating at below capacity," says Nedcor chief economist Edward Osborn.

Companies are unable to invest in expansion and are therefore using any excess cash to reward their shareholders.

"Unless you have plans for expansion, there is no point in retaining cash. What a lot of companies are doing is looking at a stagnating domestic market and a world economy that is not looking so hot, and taking a wait and see attitude," says South African Chamber of Business economist Keith Lockwood.

Noting this, Anderson points out that profit retention should not have been declining at the beginning of 1993 since the recession had passed its deepest point.

"Surely companies should be gearing up to take advantage of the opportunities presented by the political changes and the opening up of the economy. They have their blinkers on and are just not thinking creatively," Anderson remarks.



Profit retention by sector ... Clothing/textiles showed the biggest fall

SOURCE: LABOUR RESEARCH SERVICE

SOCIAL INVESTMENT Business and politics are closely intertwined

Big business lambasted

Sowetan 27/10/93

By Joe Mdhlela

JUST FANTASY Business as guilty as Government over oppressive laws:

SOCIAL responsibility is not about giving presents or sponsorships, it is about empowering black people so that they can contribute meaningfully to all facets of business life, executive chairman of National Sorghum Breweries Mr Mohale Mahanyele said in an interview.

However, pointed out Mahanyele, business needs first to purge itself of its past sins, such as excluding blacks from directorships and managerial functions of companies (172)

He said business was just as guilty as the Government where the application of the oppressive laws affected blacks.

"Without even questioning, business implemented apartheid laws like job reservation to the detriment of blacks."

Often, argued Mahanyele, businessmen believed by placing a few blacks faces in key positions they had salved their consciences and had done a commendable thing that needed the "singing of praises".

"Nothing is further from the truth."

He said sponsorships and presents were but a small part of social responsibility.

"Social responsibility extends beyond that. The companies need to be involved in education, housing and health activities to ensure that the community is well prepared to face the challenges of the day."

Part of social responsibility is to engage in politics, said Mahanyele.

It was a myth that belonged to archaic times to divorce politics from business.

"Business people are as much part of politics as politicians are part of the business world. There is actually a very fine dividing line between politics and business.

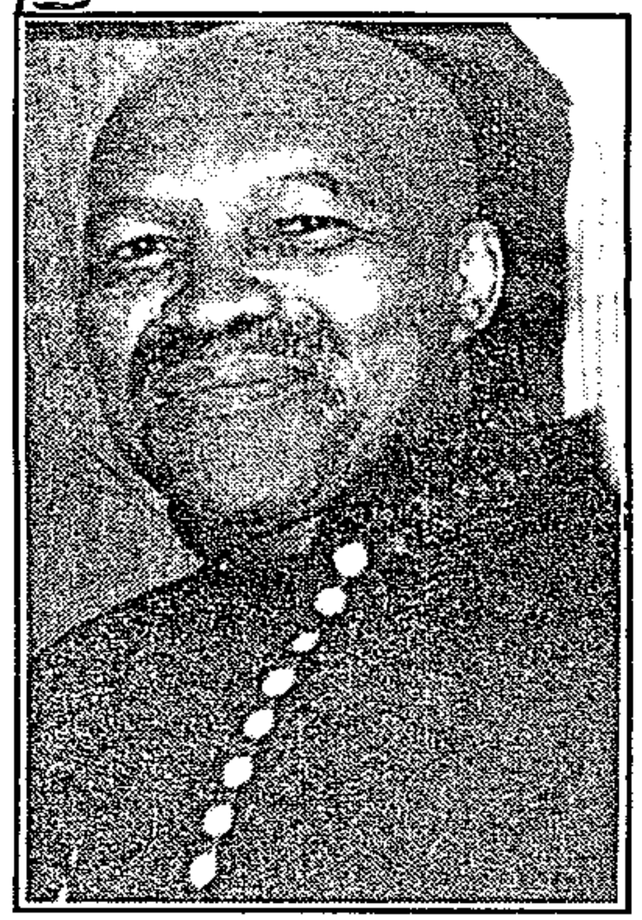
"Therefore, it would be naive for businessmen to believe they are not affected by politics. Of course they are," he said.

The fantasy that any business organisation can come into existence without society being involved should be discounted.

"Business is an institution founded on society. Therefore, business should focus itself on the wellbeing of society.

"In that context, it is easy to understand why social responsibility is not only necessary, but is in fact the lifeblood of all business. Not the handouts, but the real empowerment stuff that I often preach about."

As an organ of society, business is duty bound to serve the needs of society. Mahanyele said the internal constituents of business were made of the employer, the shareholder and the employee.



Mr Mohale Mahanyele.

"Business people are as much part of politics as politicians are part of the business world. There is actually a very fine dividing line between politics and business."

He also argued that these internal forces owed their allegiance to the consumers, "an external constituent that dare not be undermined".

The 54-year-old Mahanyele said business exists for society. It was imperative that companies should not engage in window-dressing aimed at pleasing politicians.

"Social responsibility should be aimed at giving the recipients maximum power and responsibility.

He said the oppressive laws of this country had largely contributed to blacks being marginalised in the business sector. With that in mind, he said the whole business fraternity had a responsibility to make good the injustices of the apartheid era by investing in people.

To this end, he said, his company had already contributed R30 million to education with the aim of training blacks for key positions in industry and commerce.

Call to uplift the victims of apartheid era

Sowetan 27/10/93

172

By Joe Mdhlela

COMPANIES should involve themselves in social responsibility to promote development, the managing director of the Black Management Forum, Mr Lot Ndlovu, said.

Often companies engaged in social investment programmes because they wished to make money, Ndlovu said.

"As far as I am concerned, I think it is better to develop and uplift the communities through the developmental approach as opposed to the marketing approach," he said.

The development approach was critical to bringing blacks to the level where they could effectively function in a business environment.

"Black people have suffered serious disadvantages. Because these defects are of such a serious nature, only the developmental approach can address these deficiencies."

Ndlovu said it was no exaggeration that apartheid had caused devastation in the lives of ordinary people.

"Only concerted efforts through these programmes can bring betterment in their lives."

The marketing approach primarily looked at financial returns, whereas the developmental approach focused on creating a stable environment that would ensure that real development took place.



Lot Ndlovu

"Only concerted efforts through these programmes can bring betterment in their lives"

The BMF identified with progressive companies engaged in social investment and scorned attempts that failed to do something to uplift blacks.

Sowetan 28/10/93

Affirmative action his aim

By Joshua Raboroko

WELL-KNOWN human resource personality Mr Bhekuzulu "JB" Magwaza is the first black to be elected president of the Institute for Personnel Management.

Magwaza, who has been in the human resource game for the past 27 years, was elected to the position during the 37th annual convention in Sun City last week.

Medium built and jolly, Magwaza says he regards his new position as a challenge during the transitional period in South Africa.

Magwaza, who joined the organisation five years ago, was the vice-president of the institute. His main task is to focus on affirmative action.

He does not regard his position as tokenism because "if that is the case I would not mind resigning. I am the right man for the position".

He says emotive management, now a buzzword in the boardrooms of the corporate world, will make it easier for organisations to reposition themselves in accordance with changing political perceptions.

He says: "These organisations must clarify values so that they can be shared by all stakeholders."

Industrial relations

"Top leaders must tell employees what they are doing in order to encourage good industrial relations," says Magwaza, who is personnel director at Hullet Refineries Ltd in Natal.

Born in Dwedwe, in Natal 51 years ago, he matriculated at Vryheid High School in 1962. He later obtained a Bachelor of Arts degree at the University of Zululand majoring in psychology and social anthropology.

He worked for a number of companies as industrial relations and personnel manager. He holds a master's degree in industrial relations from Warwick University in Britain; a diploma in industrial relations from Unisa, a management development programme and personnel management from the same university. (172)

A member of the Black Management Forum, he says employers must tell workers what they are doing because "they want to be involved in the decision-making at the workplace".

"Workers want to know if organisations understand the diversity within their structures. Do they value and most importantly, do they know how to manage cultural diversity without creating resentment and tensions."

Role model

He says the IPM has a significant role to play in the post April, 1994 era.

It must become a role model in developing skills among the disadvantaged communities and create potential men and women who will create wealth and jobs in South Africa.

He says there is dearth of skilled people with no hope that things will get better before the turn of the century.

More trouble, he says, is the trend of many organisations to close down human resource development and training functions whenever they are hit by recession.

Meanwhile the country has hordes of people without the right kind of management and technological skills.

He says the need for affirmative action is vital in the changing South Africa so that strong human resource bases can be built in top managerial positions.

For organisations to survive the transition in political and economic terms they must shed old ways of management to improve relationships within the workplace.

"The old ways ignored building a rapport and developing the potential of all their employee without prejudice," he says, adding "but now there is a move towards emotive management to promote working relations."

Old paradigms

The South African corporate world must move away from old paradigms, which are exclusive in their allocation of jobs. The new inclusive industrial relations systems demand that the definition of stake holders includes employees and their trade unions.

"The affirmative action I am talking about must improve productivity within the organisations. This will lead to the improvement of the economy as well as create jobs."

Facing challenges

He stresses that training of employees is critical if we are to face challenges in South Africa next year.

"Affirmative action is a process of changing the total culture of the organisation by looking at gender, race and culture diversity in management representation."

It is important for big corporations to make contact with medium and small enterprises in order to encourage self-employment.

Companies can help small business grow by training and giving them advice at all times, he says. Encouragement of partnerships is also important.

MANAGEMENT — 1993

JAN. — JUNE

NEWSMAKER

Bart Dorrestein

STOCKS & STOCKS deputy chairman Bart Dorrestein was hitching a lift on the back of a rickety old donkey cart full of manure when he first encountered Sun International chairman Sol Kerzner, who whizzed past him in a red Ferrari.

Mr Dorrestein was chastised by the Sun King for being late for their meeting. However, this did not tarnish the relationship between them that has flourished since.

Stocks & Stocks is the company that built the R350-million Lost City building project in a record-breaking 22 months.



The master builder to Sun King Sol

ST Times 3/1/93

By TERRY BETTY

The company's relationship with Sun International began when the Stocks Group founder built the Elangeni Hotel in Durban, the flagship of the Southern Sun Group back in 1972.

But Mr Dorrestein's relationship with Mr Kerzner began much later with the construction of the Mmabatho Sun in 1977. Mr Dorrestein says building the 88-room hotel and casino complex in seven months was considered a milestone in "fast track" construction.

However, it was only a warm-up for the day in 1978 when Sol Kerzner flew in a helicopter over the Sun City valley — miles from nowhere, with no electricity or infrastructure — and said: "This is where I am going to build the greatest resort complex in the world".

Just 17 months later the dream was a reality. Kerzner dreamt the dreams and Stocks and Dorrestein turned them into reality.

This relationship has continued through the years as Stocks & Stocks has built a number of other resorts for the group — all at breakneck speed.

After Sun City, the 250 Cabanas units were built in six months, the 17-storey Cascades in a garden oasis was completed in 14 months and the Carousel was finished within 10 months of conception.

Mr Dorrestein believes the key to their success on the Lost City project is that the structure was complete within 12 months, leaving almost a year for the detailed and complex finishes.

Challenges faced along the way include building a golf club house in five months and building the Valley of the Waves, where the design evolved during construction. Sable Fountain at The Palace entrance, where nobody could relate to any of the design proposals until the artist, Dave de Jager, came up with the concept of sable antelopes standing as sentries at The Palace.

[redacted]

"In many ways the Lost City has contributed in job creation terms in our depressed economic times — what the Rockefeller Centre did for New York during the depression or even the temples of Egypt, which were always built during periods of drought.

"More than 100 000 people in various construction and manufacturing disciplines retained employment during the project — in fact, we rediscovered and even established new skills."

Mr Dorrestein is reticent to talk about himself. However, his staff say that he is people orientated, placing faith in the Stocks staff and their ability to perform.

[redacted]

In fact, many of the ideas for the Lost City evolved as it went along. Mr Dorrestein says Mr Kerzner is a perfectionist, but says he used to dread his visits overseas, as he would invariably return with a concept to enhance the appeal of the project.

"One of Sol's greatest strengths is that, despite his apparent autocratic management style, he is a great consensus guy. He listens to other people's ideas and is always striving for perfection."

An example of this is the

He has a hands-on management style and his staff says he leads by example, never going home until the job is complete.

Any spare time he has is spent with his wife Linda and four children.

Mr Dorrestein is, however, very willing to talk about the lack of initiative political parties are showing in resolving the country's economic problems.

He says unemployment is leading to violence, which is going to get far worse until the social needs of health, housing and education are addressed.

"The key to resuscitating our economy lies in the mass housing industry."

Mr Dorrestein says Stocks is well placed for the future with its in-house turnkey development schemes and training programmes.

"While others look to world aid to solve our problems, the private sector has the funds to solve the problems from within with the help of a proactive government. If we could only stop talking about the problems and get going before it's too late."

Wage demands will take backseat to having a job

Few South Africans will look back on 1992 with any sense of fulfilment or satisfaction. For most it has been both a tough and harsh year.

Tough in the sense that we have had to endure a protracted economic recession, now sufficiently severe to qualify as a depression.

Harsh in the sense that everyone of us is kept constantly and uncomfortably aware of our horrendous levels of crime and violence.

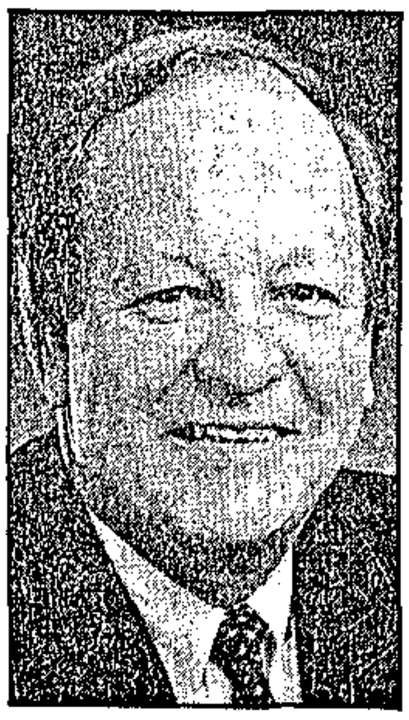
A general aura of lawlessness now pervades virtually every level of society.

The depression has been manifest in extremely high unemployment, which is now estimated at 25 percent of the potentially economically active group.

Continuing retrenchments threaten to add to this. This, coupled with the current political impasse, provides more than sufficient stimulus for continued lawlessness.

Working South Africans, while obviously better off than the unemployed, have experienced a real decline in living standards for the past two years. Many companies have frozen salaries and wages for extended periods in the interest of job preservation.

Where increases have been awarded, the past year has seen average increases of no more than 13 percent, a few percentage points below inflation, as measured by the consumer price index.



Martin Westcott, managing director of P-E Corporate Services SA, reviews prospects for salaries and wages and forecasts a watershed year for many companies.

Outlook '93

Better off

It is small consolation to realise that we remain better off then many employees in Europe — some of whom have already endured wage cuts of up to 50 percent.

Salary increases traditionally lead inflation in times of relative economic prosperity and lag the consumer price index when the economy is in recession.

In practice this is no more than a reflection of labour supply and demand economics.

Prospects for salary and wages in 1993 should thus be seen in conjunction with economic prospects.

Business confidence remains low and neither confidence nor economic reality is likely to improve until a political constitution has been agreed to, an interim government of national unity installed and new investment begins to flow.

Companies considering executive pay increases now find themselves in a classic Catch 22 situation.

The chronic shortage of management has traditionally resulted in strong upward pressure on salaries as companies compete for scarce management talent in a limited market pool.

But poor or at best defensive corporate performances in a tight economy have forced organisations to cut back on pay.

The result has been a strong focus on gearing salary increases to improved performance, with top executives receiving an increasingly greater proportion of their packages contingent on achieving financial results and strategic objectives.

Thus pay increases have been given in the form of performance bonuses geared, in turn, to profit and turnover figures.

It is not uncommon for a senior executive nearing, say, R200 000 to R300 000 a year to receive 20 to 30 percent of this package contingent on the performance of the business unit under his control.

In this way companies are able to control cost increases should performance decline. Thus while companies are not anticipating more than a 10 to 13 percent addition to the salary bill in 1993 — performance gearing can, at least, ensure that this is open ended.

The issue of salary and wage increases has become a politically sensitive issue with trade unions monitoring increases awarded at different levels in the organisation.

Survival

During the past three years trade unions have had to accept that low increases and retrenchments have been essential to survival in many organisations.

The counter-reaction, however, has been to focus on issues such as increases awarded at different levels in the organisation, job equality and the wage gap.

Although 70 percent of South African companies have equal employment opportunity policies, few companies have had sufficient cash to continue to reduce the black—white wage gap over the past year.

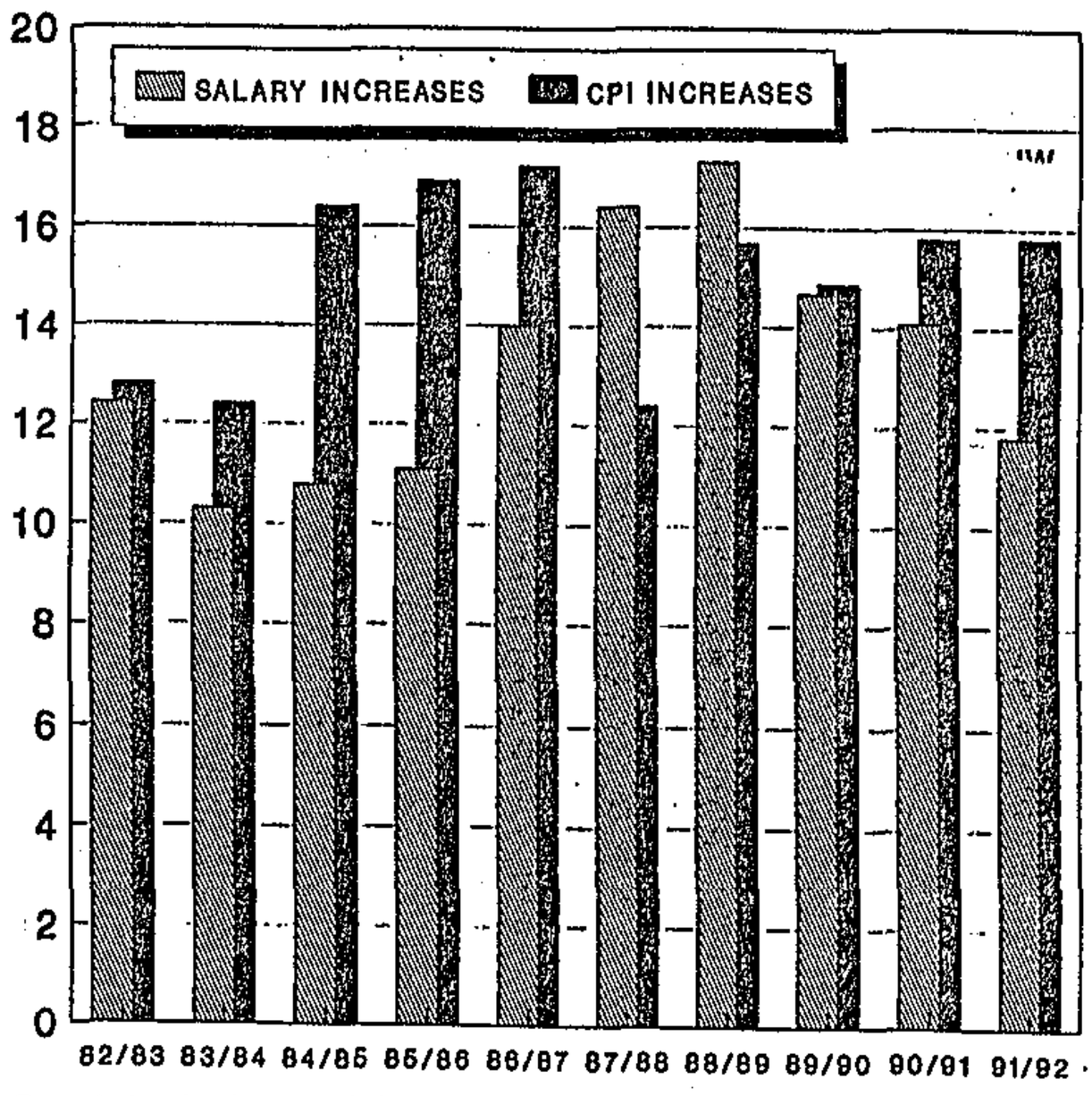
Unskilled whites continue to earn 15 percent on average and skilled whites 10 percent on average than black staff in comparable positions.

Expect this pressure from trade unions to continue in 1993, particularly with pending governmental change.

1993 is likely to be a watershed year for many companies. Economic improvement will not be in the short term and will be painful. Being employed is likely to remain more important than calculating salary increases.

One challenge facing companies will be how to deal organisationally with the side effects of zero turnover.

Rising stars will have fewer opportunities for upward mobility. The organisational challenge provides an opportunity for new, creative solutions, to an old problem.



Percentage salary increases between July 1982 and July 1992 are compared with increases in the consumer price index in the same period. Only in the years 1987-88 and 1988-89 did average salary increases exceed the rise in inflation.

year in an attempt to keep the VAT- comprehensive approach to prevent

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Boosting small businesses

German organisation may open office in South Africa:

By Mzimkulu Malunga

A GERMAN organisation specialising in the enrichment of small business may open an office in South Africa.

Klaus Dienst, a representative of an organisation called Senior Experten Service (SES), comprising retired German craftsmen, paid a short visit to this country to make contact with small business.

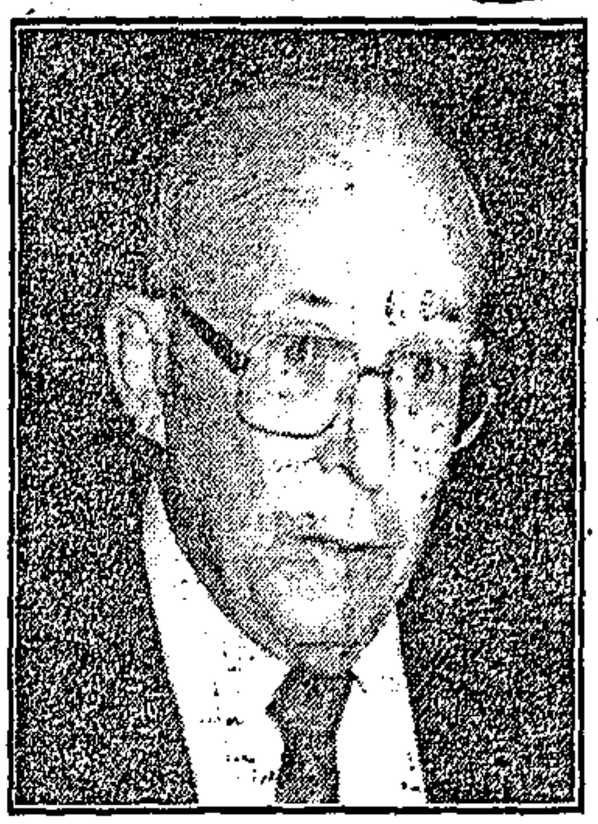
The organisation operates in 98 developing countries and is just waiting for an invitation from South Afri-'s infant industries.

unded by the German government, the SES is a nonprofit-making organisation with about 3 000 members.

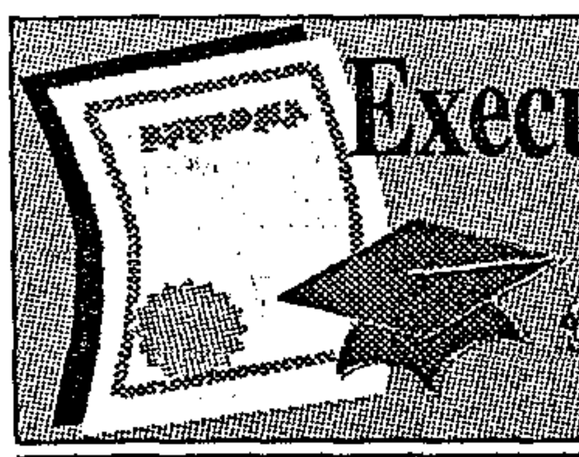
South African-born Dienst said if the project gets off the ground, it will have a much greater impact than existing local organisations which comprise retired executives as opposed to craftsmen.

"My worry with retired executives who consult for small business is that they do not really understand the needs of infant enterprises," he said.

The retired technocrats are skilled in various fields, ranging from engineering, forestry, livestock breeding and construction to brewing.



Klaus Dienst



Executive & Private Education

A [illegible] advertising feature

Reports compiled and written by JENNY HUNTER BLAIR, with help from sources in the industry

Helping develop resources

MANY major organisations have affirmative action programmes to assist the unskilled to higher levels of employability. To what extent is the business sector really putting resources behind these aims?

"It is the aim of the Institute of Personal Management (IPM) to influence and assist in the development and utilisation of resources in the interests of the South African community," says Roma Howard, director IPM.

"Another objective is to promote and develop the high standards of competence and ethical conduct."

The PM offers courses in the following areas:

IPM Diploma: a correspondence diploma which equips students to establish professional standards and qualifications in human resources, training in industrial relations. This is recognised as a suitable qualification for human resource positions. Further information: Karin Hinrichs, (011) 642-7263.

Human Resource Development (HR) training: The IPM holds numerous seminars, workshops and training courses in human resource management. The selected programmes ensure constructive learning, business skills and professional training. Further information: Roma Howard, (011) 642-7263.

Extraordinary items likely to go the way of the dodo

By Leigh Hassall

Companies beware! — the current trend of massaging earnings through the use of extraordinary items looks like buckling under pressure from accounting authorities.

A consistent and rising profit record does wonders for a company's rating in the stock market.

One of the easiest methods to facilitate this is by classifying certain losses or profits as extraordinary items.

This accounting phenomenon allows such loss or profit to be excluded from the computation of the all-important earnings per share.

Extraordinary items are rather more commonplace than the term implies. As reported in "A Survey of Financial Reporting in South Africa 1992", 75 percent of the top 100 companies surveyed had one or more extraordinary items in their 1991 financials.

The most popular extraordinary items were the sale of investments, non-depreciable assets and investment properties, the write-off of goodwill, and the sale or abandonment of an identifiable part of the business.

Internationally there has been a clampdown by the relevant accounting authorities on the widespread abuse of the extraordinary classification.

Last year in the UK an emergency ruling was made barring companies from disclosing reorganisation and redundancy costs as extraordinary.

The recently released new accounting standard issued by the UK authorities stresses that extraordinary items are extremely rare.

South African accounting authorities look set to follow a similar path. Mark Bunting, director of accounting of the Institute of Chartered Accountants says the issue of extraordinary items is a top priority for 1993.

He adds that the 'rarity' concept is likely to be included in a new exposure draft, which should come out in the second half of this year.

Cape super-rich topple Randlords

THE FIRST generation of Randlords, whose legendary fortunes made gold and diamonds the original hallmarks of wealth when the South African business world took shape, must have stirred in their graves yesterday.

It seemed a page in history was being turned when a new survey disclosed that the Oppenheimer dynasty — regarded as equal to royalty in local high society — had been toppled from its pinnacle as the wealthiest family in South Africa in terms of the stock market shares they own.

One suspects there were also a few mild gasps among members enfolded in plush leather armchairs at the exclusive Rand Club in Johannesburg where the next successors in the business hierarchy still hold court.

The crown was moved from the hustle and bustle of Johannesburg to the quiet Cape wineland capital of Stellenbosch.

The title was claimed by the Rupert and Hertzog families, who between them founded and still control the vast Rembrandt tobacco and wine empire and whose massive portfolio of shares on the Johannesburg Stock Exchange had grown to a staggering R2 843 million by the latest count.

It was only a few hundred million rands that cost the Oppenheimers the title — not a disaster when wealth is counted in billions, but enough to lose a No 1 rank that had been widely assumed to be almost permanent in the South African firmament of the super-rich.

Now in official retirement at age 84 but still active behind the scenes, Harry Oppenheimer can explain to the family over the dinner table that they must direct the blame at the way lots of JSE share prices have been hit by the recession — and the dramatic tumble in prices on world gold and diamond markets.

The value of their mountain of shares — including millions in the Anglo American Corporation and De Beers empires — had fallen in 12 months from R2 872 million last year to R2 355 million in 1992.

The Oppenheimers had had a close shave in holding the JSE title in 1991 as the founders of the Rembrandt empire, Dr Anton Rupert and his close business intimate Dr E de la H Hertzog, increased their family fortunes.

Now, even though the combined shares held by the Ruperts and Hertzogs in their joint operations in Stellenbosch moved only marginally, from R2 818 million to R2 843 million, it was enough to snatch the No 1 ranking.

Then again, though, the comparisons of wealth had been restricted to no more than what each of the dynasties owns in JSE investments.

There was much more to their total wealth than JSE portfolios, it was explained yesterday by Robin McGregor, author of the well-known "Who Owns Whom" investment handbook, whose business information service undertook the new survey in an exercise with the Financial Mail magazine. The results are the cover story in the current issue.

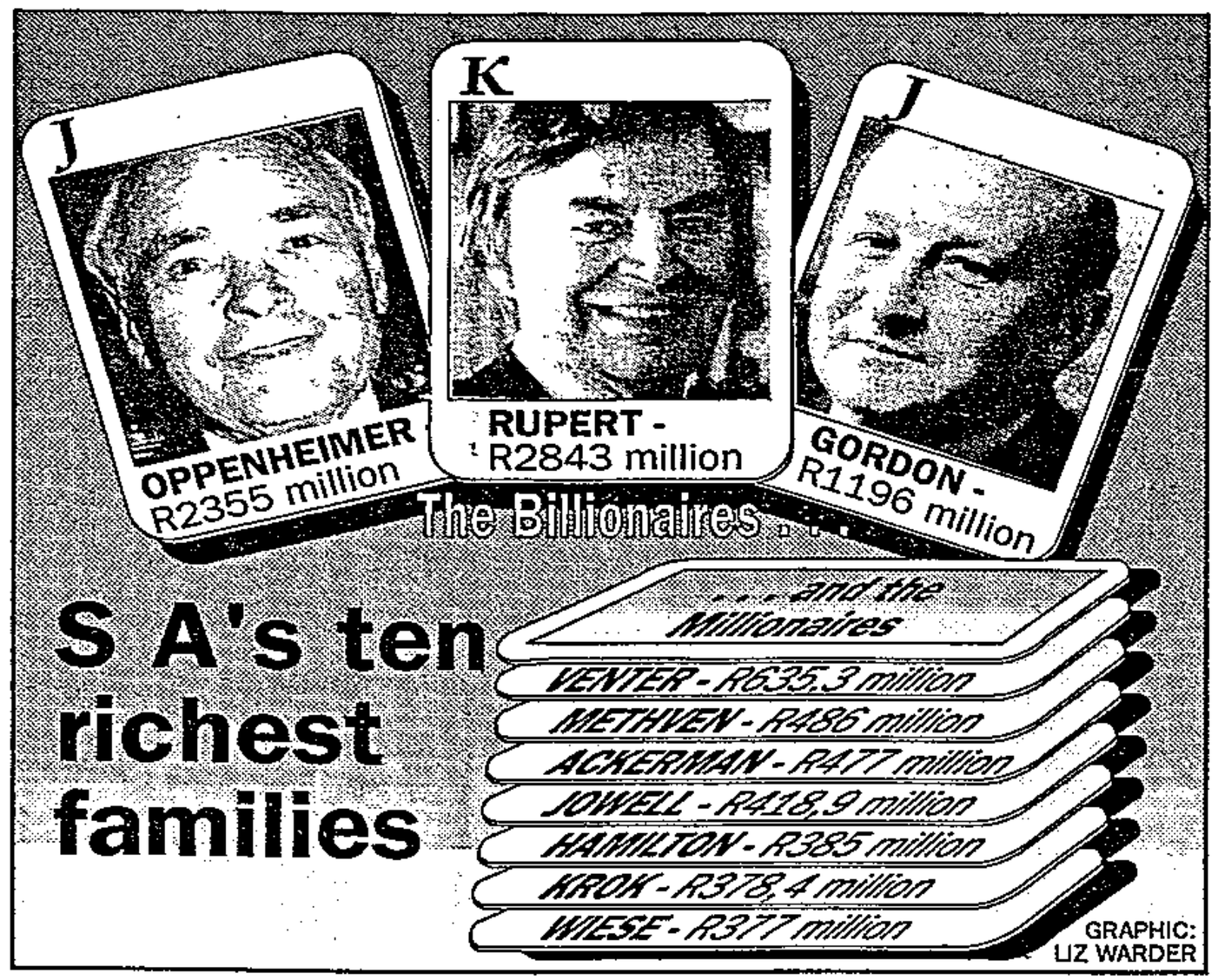
"It is virtually impossible to ascertain the ultimate total wealth of the families," he told The Star. "They have enormous investments quite apart from shareholdings in listed companies that have not come into the survey — held in private companies such as E Oppenheimer and Son Ltd — where family secrets are secure from public curiosity. And there are family trusts.

"For example, what about the fabulous diamond collection owned by the Oppenheimers — perhaps the biggest private collection in the world? And what about the famous Oppenheimer library of Africana literature, worth a fortune on its own? Or the houses and properties the family owns all over the world?

"It turn, what about the value of the extraordinary art collection amassed by Anton Rupert? And the vast properties owned by the Rupert/Hertzog dynasties?

"Perhaps that sort of count would put the Oppenheimers back in first place. We may never know the total wealth of the super-rich. But our survey gives a sound indication of the individual clout of each dynasty on the stock market."

The ghosts of earlier generations of gold mine Randlords were in mourning yesterday on news that the most powerful of their successors — the Oppenheimers — have been toppled from the throne as the wealthiest shareholders on the stock market. The throne has been taken by the Rupert and Hertzog families, whose fortunes come from the Rembrandt tobacco and wine business, writes MICHAEL CHESTER.



The results of the survey give the Ruperts and Hertzogs a far higher public profile than they normally seek. Unlike the Oppenheimers, they have built their fortunes in a single generation.

They linked forces back in the depression years of the '30s to launch one of the first Afrikaner challenges to the almost exclusive domination of the English-speaking business community — with a young Anton Rupert using talents learnt as a chemistry student at the University of Pretoria to produce cigarettes.

The modest operation, which found Stellenbosch the ideal setting in which to launch into the wine business too, has now grown into a vast empire with colonies scattered all over the world.

The enlargement of Rembrandt with the takeover of Richemont in Europe has added more tentacles — the Cartier and Dunhill jewellery businesses, Rothmans of Pall Mall, banking, engineering, mining, insurance, medical services, timber, oil and gas . . .

The McGregor/Financial Mail survey confirms that the Gordon family — headed by Donald Gordon, whose meteoric rise since he founded the Liberty Life insurance company has stunned the business world at home and abroad — holds its grip on third place among the richest JSE shareholders.

In fact, their hold on the third slot has been reinforced by a leap in the value of their JSE portfolios that has carried them into the exclusive ranks of billionaires — until now the reserve of the the Oppenheimer and Rupert/Hertzog families.

The Gordon portfolio jumped in value from R890 million to R1 196 million.

Electronics wizard Bill Venter, who created the Allied Technologies kingdom from modest beginnings on the East Rand, has also put the Venter family on the stairway to the billionaire stratosphere.

The Venters increased the value of their JSE portfolio from under R428 million to more than R635 million to jump from sixth to fourth slot.

That involved overtaking both the Methven family, whose wealth was laid by the Rainbow Chicken business, and the Raymond Ackerman family, which owes its fortune to the cash tills of the Pick 'n Pay supermarket chain.

The Methven portfolio shrank from R735 million to R486 million. Even the shrewdness of Raymond Ackerman failed to stop a R10 million tumble in family shares down to R477 million.

Hard on their heels come the Jowell brothers, Neil and Cecil, joint managing directors of Trencor. Their combined family stake of 10,3 million shares in the Mobil garage chain has been the main driving force behind a striking increase in the value of their shares portfolio to nearly R419 million — and won them seventh place in the rankings.

The Hamilton family, headed by Robin Hamilton, chairman of Suncrush and with huge investments in well-known soft-drinks labels, has slipped a notch from seventh to eighth. Nevertheless, its JSE shares climbed in value to a tidy R385 million.

Next come the twins Abraham and Solomon Krok, who created the Twins pharmaceutical company that has now been swallowed by the huge Premier conglomerate. Their shareholdings jumped in value from R208 million to more than R378 million.

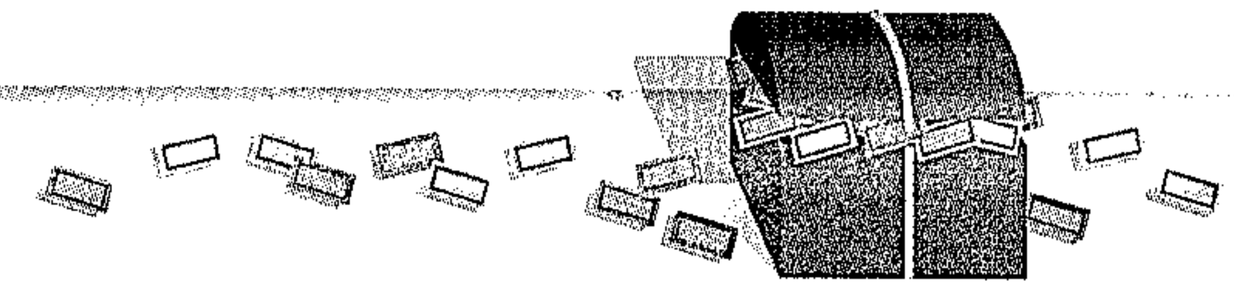
Clinging on to a place among the 10 richest JSE shareholders is Christo Wiese, chairman of the Pep chain of stores. Even though he dropped a couple of slots in the rankings, R377 million in shares secured 10th place.

By George! Where are the rest of the families that formed the Randlords circle when the mine barons led the pack?

The old Randlords can rest in peace. The Hersov and Menell families, now headed by Basil Hersov (66) and Clive Menell (61) and which between them hold equal controlling stakes in the Anglovaal mining empire that their families created, are still in the vanguard of wealthiest shareholders.

They may have fallen from 11th to 12th slot but they still hold a combined share portfolio worth a formidable R195 million. □

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RANKING THE RICH

1992's snakes and ladders

It would be most unwise for anyone to attach too much importance to this annual review. It is much too incomplete for it to be regarded as anything other than the equivalent of a few broad brush strokes on a wide canvas.

The reasons should be obvious. Some overseas financial journals devote considerable effort and manpower to the annual research of the personal fortunes of powerful families. The *FM* does not. It would be impractical and uneconomic.

Instead, the *FM*, assisted by the McGregor research group, seeks merely to establish the wealth of the country's richest families by recourse to data already in the public domain. Inevitably, that means examining the disclosed shareholdings and applying the JSE's ruling price at the close of business on a selected day.

That process leaves unanswered a host of intriguing questions. For example, it is well established that many families have been receiving handsome dividend cheques for decades from their core investments. What has happened to that money?

Some of it will have been applied in ensuring the continuation of comfortable, perhaps even hedonistic, life styles. Some may have found its way into other investments, all carefully structured in such a manner that an outside individual cannot be privy to the ultimate ownership.

That is not unreasonable. Everyone is entitled to privacy in the way his or her life is organised and arranged and that privacy extends, surely, to financial matters.

But, to give another example, what has happened to Fred Keeley? He was in 18th position in the 1991 rankings with R85m. A year later he slid off our list. Now it is true that Keeley's predominant investment — granite mining — hasn't exactly been the flavour of the year on the JSE. But that doesn't answer the conundrum. Keeley sold 49% of the holdings of his trusts to mining house Gencor for R95m in cash (plus a sweetener in another producer). What has happened to that money?

The *FM* doesn't know and nor should it necessarily do so — but it serves to illustrate that the families listed in the survey may not, in fact, be SA's richest and that the wealth quoted may not be an accurate reflection of the true, underlying, fortunes.

Meanwhile, back to the 1992 survey. On the whole, it was a good year for the richest families; it was a year which tended to belie the theory that recessions hurt everyone equally. They hung on with great tenacity and produced a combined year-end crock of money which adds up to R10,52bn — only a shade below 1991's R10,77bn.

Of course, much depends on the state of the stock market at the year-end. The JSE's Industrials index, for example, performed badly from June to mid-October when it staged a 10% recovery; had the survey been conducted then, it would have wiped about R1,1bn off the combined wealth of SA's 20 wealthiest.

But in the 1992 survey there is, for the first time, a change at the top. The Rupert and Hertzog families overtook the Oppenheimers and are now in pole position. For the rest, nearly everyone's ranking changed. In fact, the only two families retaining last year's positions were the Gordons (3) and the Hurwitzes (15).

Two families dropped off the list — Keeley and Mowszowski. They were replaced by two from the same commercial stable, Ferreiras (16) and Dippenaars (19), both with core investments in recently listed Rand Merchant Bank Holdings.

Families which changed rankings most dramatically included the Kroks (improved from 13 to 9), Imermans (from 16 to 13) and, moving the wrong way, the Wessels (from 10 to 14) and Liebesmans (14 to 17).

There's one last thing to remember: if any of these families decided to liquidate their holdings, it doesn't mean they would realise anything like the market price. The chances are they'd get a lot less, though it is possible that, in a few isolated cases, they would receive a premium (perhaps because a buyer would be prepared to pay over the odds to secure control).

So this is merely a guide.

1 Rupert & Hertzog

The year 1992 is the one the Oppenheimer family moved over to make room for the Rupert and Hertzog dynasties as SA's richest. Harry O's businesses had a bad year; Anton Rupert's are better positioned and the year-end difference of R488m is significant.

Of course, there is an irony here which will escape few seasoned observers. For the Afrikaner peoples, emerging at the turn of the century from a long war with an imperial enemy and over subsequent decades from a cold and bitter peace, true freedom was marked first by the accession to political power and then by remarkable strides in conquering the economic heights, held almost exclusively by English speakers.

The irony is that in the year in which a quintessential Afrikaner family finally swept to the leadership of the moneyed ranks, so the new SA is on the verge of irredeemable political change. The question has to be: does it matter? The answer: life being what it is, people will always want to know who is doing what to whom.

For the Rupert and Hertzog families, 1992 was a year of marking time in their listed investments. The share price of Tegniese & Industriële Beleggings, the pyramid



Anton Rupert ... *the economic heights conquered*

company in which the controlling stake in Rembrandt is held, fell marginally, but the effect was offset by a 10% increase in the price of Richemont.

Both Rembrandt and Richemont have continued to benefit from their status as leading blue chips but it's signifcant that even Richemont isn't immune to recession, as the company's most recent interim results show.

Performance was static, marking the divergence of the two core businesses. Operating margins in luxury goods were squeezed; Richemont was rescued from its problems by improved margins in tobacco trading.

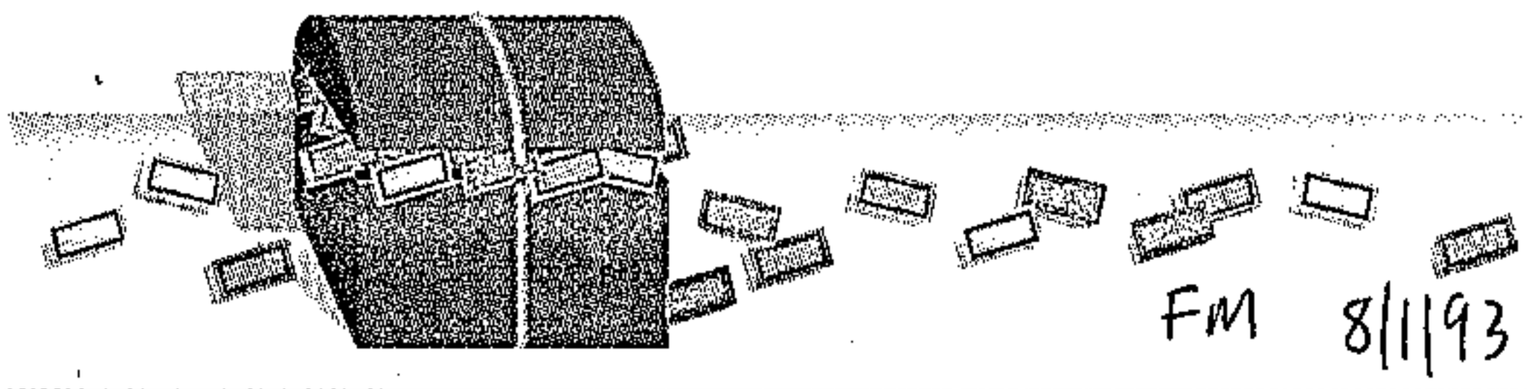
That, of course, is the families' great dilemma: in an age that eschews self-abuse, tobacco and cigarettes are the last words in sin.

Analysts say the group's wealth derives significantly less now from tobacco than from its other interests, but the stigma will remain for a long while.

Not that Anton will worry about it on his way to the bank.

In fact, the public perception of him is probably accurate: slightly rumpled, enigmatic always, kindly and concerned — about

to continue p16



SA's SU

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The wealthiest families

By holdings in JSE shares



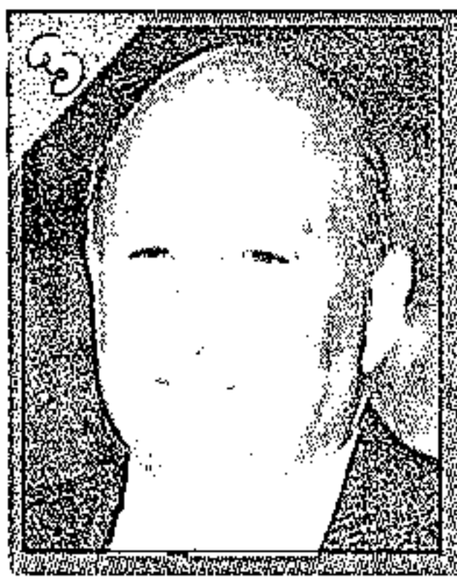
1 **Rupert & Hertzog**

1992 R2 843m

1991 R2 818m

Position: UP ONE





3 **Gordon**

1992 R1 196m

1991 R890m

Position: NO CHANGE



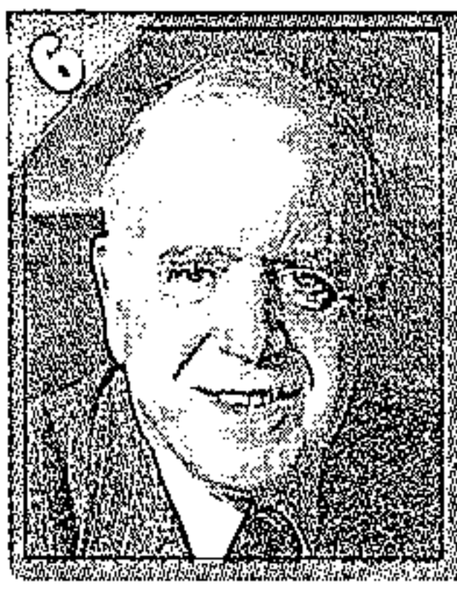
4 **Venter**

1992 R635,3m

1991 R427,8m

Position: UP ONE





6 **Ackerman**

1992 R477m

1991 R487m

Position: DOWN ONE



7 **Jowell**

1992 R418,9m

1991 R321,6m

Position: UP TWO





9 **Krok**

1992 R378,4m

1991 R208,4m

Position: UP FOUR



10 **Wiese**

1992 R377m

1991 R334,8m

Position: DOWN TWO





12 **Hersov & Menell**

1992 R195,4m

1991 R270m

Position: DOWN ONE



13 **Ireman**

1992 R174,9m

1991 R97m





15 **Hurwitz**

1992 R120,7m

1991 R114,1m

Position: NO CHANGE

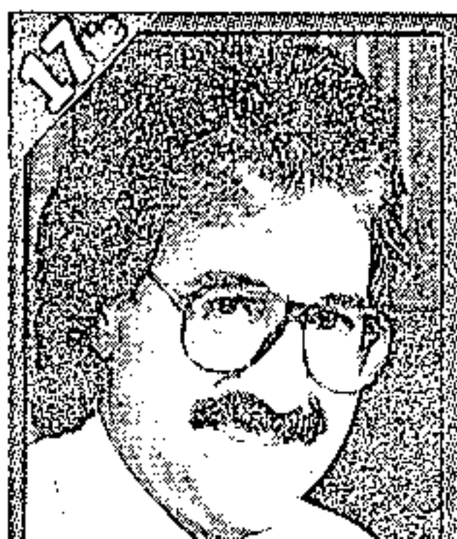


16 **Ferreira**

1992 R92,9m

1991 N/A





17 **Liebesman**

1992 R91,9m

1991 R127,1m

Position: DOWN FOUR



18 **Dippenaar**

1992 R91,7m

1991 N/A



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his wife, Bridget, is

said to have responded: "He spent it at the office, of course. What d'you expect?"

In general discussion with an *FM* staffer recently, Oppenheimer's response to being asked whether, at his venerable age, he had any regrets, he replied: "Once I got over wanting to be an engine driver, I just went on with trying to develop what my father had done." Didn't he just.

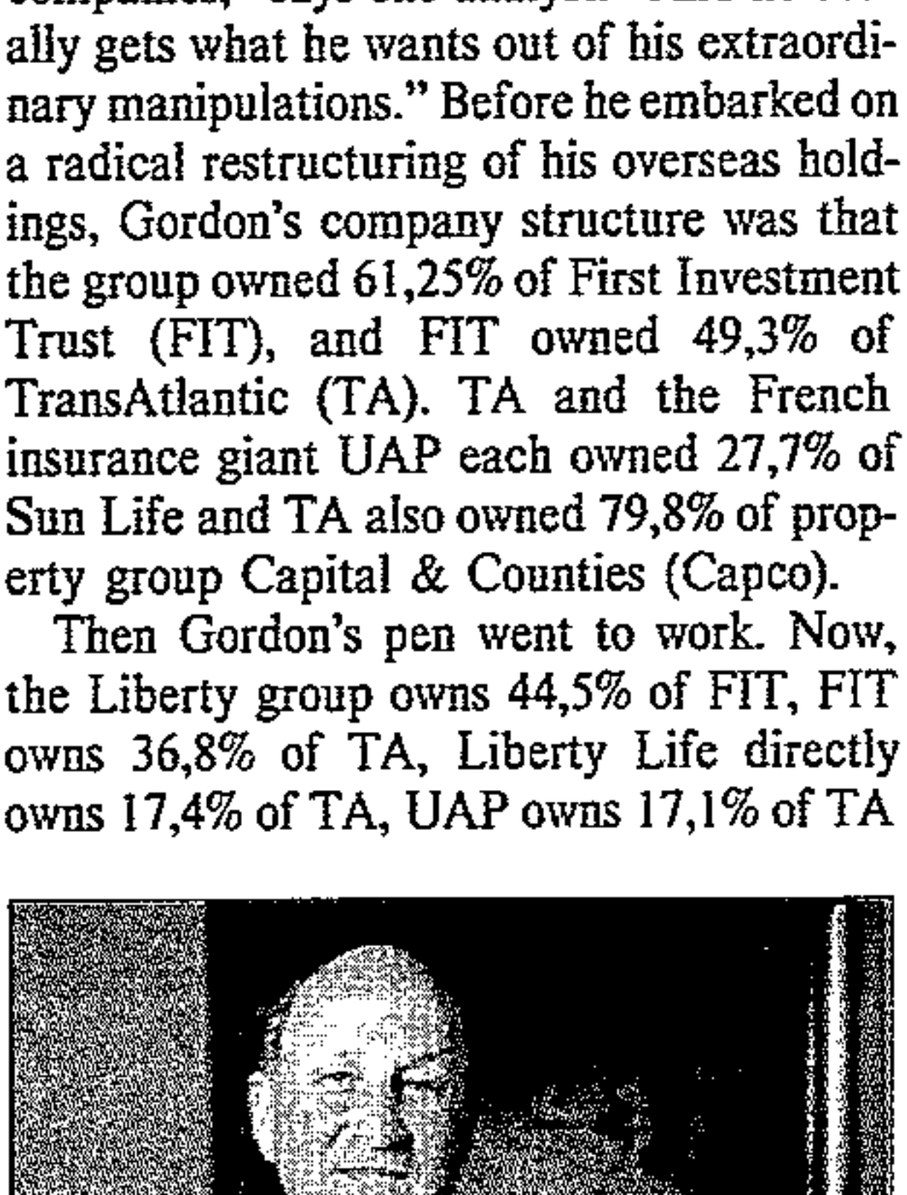
3 Gordon

Liberty Life chief Donald Gordon (62) remained in third place but he certainly consolidated his position. It has been a feature of previous reviews of the seriously rich that the gap between the first two and third has been considerable. Last year, for example, Gordon trailed Rupert by nearly R2bn.

Not this year. A small decrease in the family's holding in Libvest (it sold 2,5m shares worth around R20m — and that must have been quite a party), was offset by a 36% rise in the price of the share. That took Donny's family fortune to well over R1bn and narrows the gap between himself and Harry O to a more manageable R1,16bn. Donny Gordon is putting in a charge.

"Gordon likes playing monopoly with his companies," says one analyst. "And he usually gets what he wants out of his extraordinary manipulations." Before he embarked on a radical restructuring of his overseas holdings, Gordon's company structure was that the group owned 61,25% of First Investment Trust (FIT), and FIT owned 49,3% of TransAtlantic (TA). TA and the French insurance giant UAP each owned 27,7% of Sun Life and TA also owned 79,8% of property group Capital & Counties (Capco).

Then Gordon's pen went to work. Now, the Liberty group owns 44,5% of FIT, FIT owns 36,8% of TA, Liberty Life directly owns 17,4% of TA, UAP owns 17,1% of TA



Donald Gordon ... *a position consolidated*

and TA and UAP each own 50% of Sun Life. TA has been listed in what's been described as a successful placing and Capco and Sun Life were delisted. It's a complicated corporate planning process called getting your ducks in a row.

Donny likes to share his success; he dishes out bonus dividends to grateful shareholders and the last one, to mark the group's 35th birthday, cost more than R200m. No wonder he's so popular.

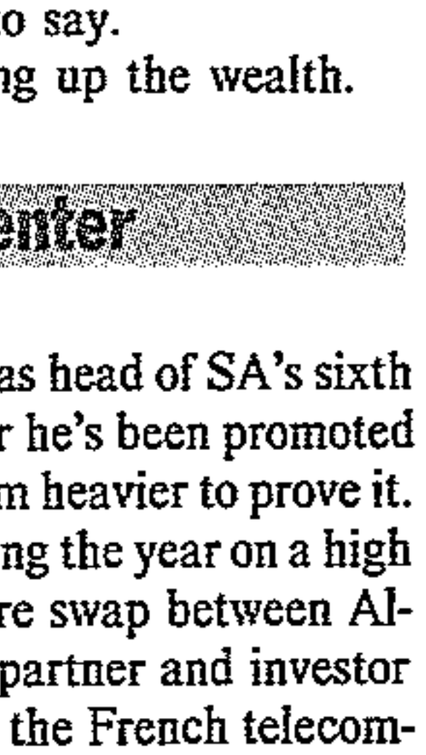
Of course, being really rich has its compensations as well as obligations. Among the blessings are that you can expect a hairdresser or tailor to visit you, rather than the other way round. As Donny found, this carries unexpected hazards — especially when the tailor is measuring, Donny's in his shirt tails and socks and no-one's remembered to advise the great man's secretary of the activities taking place in his office. On this occasion, it is said Gordon, usually swift with a response, had nothing to say.

But he keeps on piling up the wealth.

4 Venter

Last year, Bill Venter was head of SA's sixth richest family. This year he's been promoted to fourth and he's R207m heavier to prove it.

Venter's group is ending the year on a high note. The proposed share swap between Altech and long-standing partner and investor Alcatel, which will give the French telecommunications giant a 50% stake in local firm STC, is intended to strengthen the Altron group's move into international markets.

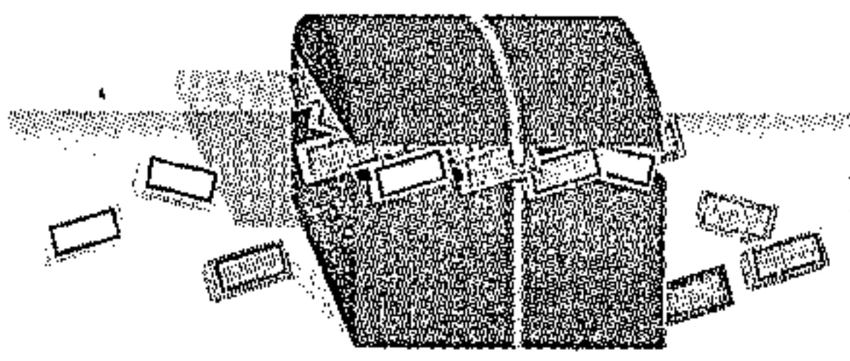


Bill Venter

The Altron holding in Telemetrix was restructured, with Venter personally underwriting a rights issue that left him with 42% of the company. It may have been a contribution to unbundling, but it also enhanced Venter's personal wealth. The exercise cost him R54m. It's now worth about R200m — not a bad return.

Powertech, another company in Venter's stable, has also been on the acquisition trail. Deciding to diversify into the white goods business is a move which some analysts question; nevertheless, that's what Powertech did when it arranged a takeover deal for the Pickard businesses, primarily Picapli.

Unfortunately for Powertech, the terms offered to minorities succeeded only in enraging them. Subsequently, a revised offer was put on the table by Pickard which looks as though it will be accepted; nevertheless, some of the opprobrium will have washed off on to Venter's group.



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SA's SU

In a surprise and fortuitous move, Philips offered to sell its large stake in Aberdare, something the Venter group had lusted after for years. Needless to say, the deal was struck in double tempo time.

Venter is known for his sartorial elegance — rarely does he ever appear in public in a condition anything less than immaculate. This meticulous attention to detail translates itself into his work — the approach is no different. An overseas businessman is reported to have said of him: "Some people grow up not knowing some things are impossible. Venter's one of those people."

5 Methven

The Methven family falls one place and its wealth has diminished considerably — from R735m in 1991 to R486m this year.

Most of the slide in the family's fortunes stems from its investment in Rainbow Chicken. This was once a flagship operation but this year it incurred massive losses, apparently having misread the market rather badly. The company reported an interim loss of 5,1c a share compared with the previous EPS of 1,7c. Not surprisingly, the dividend was passed.

In one way or another, the family holds 180m shares in Rainbow. Its price when the *FM* survey was conducted last year was R4,10; this year it was R2,70.

Not that the family appears to have much to do with the way Rainbow is managed; the company is effectively controlled now by Hunt Leuchars & Hepburn (HLH) which, in turn, is controlled by Rembrandt. Founder Stanley Methven's widow, Lilian, sits on the board in a non-executive capacity. So does his sister, Shirley Pfeiffer, and Desmond Loch Davis, who manages the family trusts, is Rainbow's group chairman.

Last year, the *FM* reported that Rainbow "is markedly different from the business Methven built up." Too true. He had a reputation for making profits. After 1992's performance, perhaps the family ought to be asking a few searching questions.

Rainbow continues to dominate the poultry industry. It provides about 47% of SA's annual demand of more than 485 000 t — representing 42% of all meat sales, compared with only 25% in 1980.

At least part of the mess facing the industry lies in stiff competition from imports. Predictably, poultry producers squawked loudly when imports started to hurt the local industry. The other part of the mess is that government interference with the pricing mechanisms for inputs (including foods) makes producers uncompetitive.

Be that as it may, it will take some time before Rainbow recovers its former premium rating.

6 Ackerman

Slipping back one place in the rankings this year, Raymond Ackerman's family fortune has, nonetheless, remained remarkably constant — it's only R10m below last year's level, a mere bagatelle in this sort of company.

The family's holding in Pick 'n Pay (PnP) has almost exactly doubled, following a recent two-for-one share split. It now stands at 82,9m shares with a current value of R5,75 each.

Ackerman (61) has much to be proud about: he founded his famous company in 1967 and since then it's become as much a part of the SA way of life as sunshine, braaivleis and sport. Ackerman, clever PR man that he is, knows this is one of his most important selling weapons — that's why the group's logo celebrating 25 years of community service proclaims that the company is "Part of Your Life."



Raymond Ackerman

In its first year, PnP's turnover was R3m. In financial 1992 the group's turnover was R5,9bn and it employs more than 28 000 people. In 1967, Ackerman began with four small supermarkets. He now has 106 supermarkets and 14 hypermarkets. This showed another 15% likened that to "som phal march." PnP quoted as saying the rently the highest it's with Ackerman seem perlatives.

In the process, A some interesting foot pressive CV: the *FM* the Year in 1983, he ate in law from Rhoc as one of The Men Women's Bureau of S ded this year's Earth his capacity as a m based Business Coun velopment.

Ackerman's hobbi *Who* as golf, snooke But his real hobby as he remains involved i Ackerman in the gr sovereign and 1993 persuading anyone w indulge in PnP's sho

7

The Jowell brother R100m to the family' past year — and that' to seventh spot amo Calculations are base ing of 10,3m shares Mobile; they do not made recently to ann subdivide the shares sidiary Trencor.

Neil and Cecil Jo honour of originating Cape town of Sprin coming from a place unfair burden to carr

Not that the Jow made them famous, w all, Springbok is whe began the family busi railways discontinued the railhead at Bitterf to the north out on a an opportunity. Like Jowell took it.

The brothers Jowe "mucking around," says Neil, "in the ga rages and drivin some of the trucks." Both men secured law degrees from UCT and they are joint MDs of the principal operating company, Trencor. Living 1 000 km apart, Neil in Cape Town and Cecil in Johannesburg, probably helps

FIVE-STEP PROCEDURE

The shareholder information was prepared for the *FM* by McGregors Online Information, using a five-step procedure:

- ☐ Examine the controlling shareholder of every company listed on the JSE for director or family control;
- ☐ Examine annual reports, share registers, circulars and other supporting documentation for holdings by families/directors in relevant companies and other companies listed on the JSE from the findings above;
- ☐ Scan the computer data base for any individual, trust or family holding company, using search software;
- ☐ All relevant companies were contacted to verify the information where the holdings were not clearly stated; and
- ☐ Calculate the value of shares held — share price at the close of November 27.

Fm 8/1/93
(172)

disagree too much, different personalities to get along.
the results: Trencor's to the end of June was most other industrial a 20% growth in turn-way through to an in-. The dividend payout c — well ahead of

's to keep the cards has no intention of . But the record sug-eir team will stay one

milton

ily's wealth of R23m h to keep the Hamil-anies) in last year's nal terms the family inflation, there was a unavoidable problem hard recession.
d their core interests in Dalys and 1,9m th counters had good ears. Dalys touched low of 3 950c in Jan-ary and is now trad-g at 4 600c, a 12-nonth high; Tempora pened the year at 675c, touched a low f 1 450c and is now rading at a satisfac-ory 2 000c.
Of course, the busi-ess of soft drinks is generally reckoned to e recession-proof — especially if your port-ca-Cola range along various Sparletta fla-important operating s gone from R84m in nancial 1992.
airman Robin Hamil-sire to power Suncrush 991 he guided Tempo-of a 17% holding in which, he says, has re-r its half-year period. sed R82m through a

oria has given way to a of conditions. In his , Hamilton says elo-the best run of busi-ne when the combina-nce and a consistently is ingenuity and every s. The first 10 weeks ear were bad.
anchises the Hamil-, the family shouldn't viving torrid times.

9 Krok

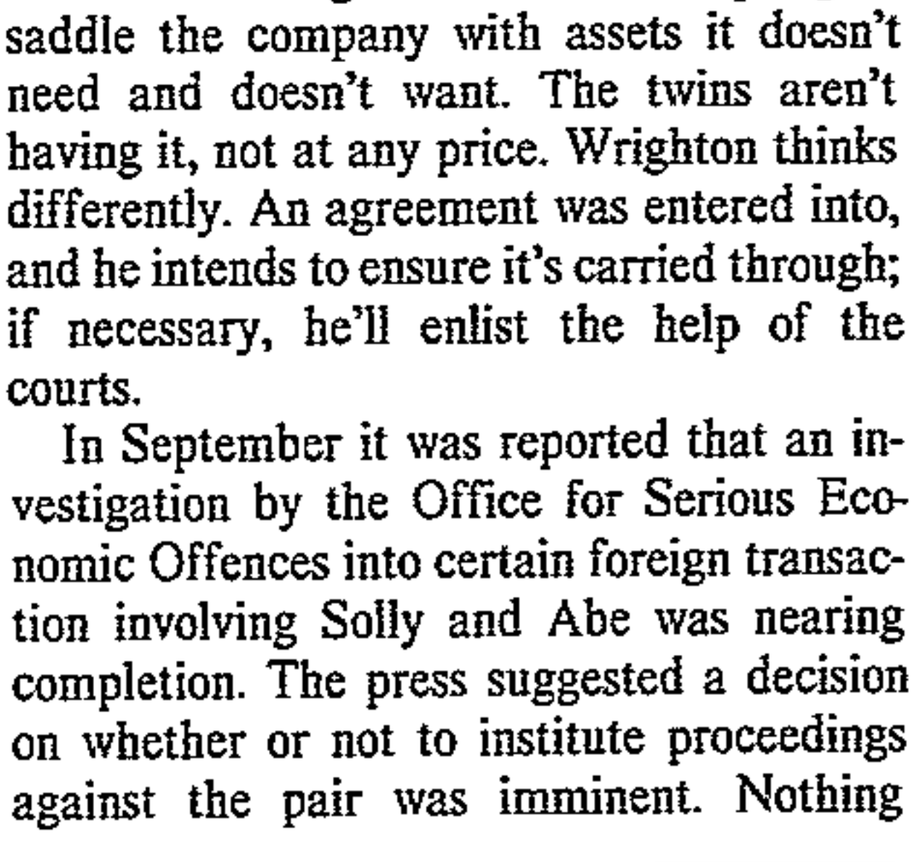
Everyone enjoys reading about the exploits of the Krok brothers — they are a national institution, and twins Abraham and Solomon (63) had a good 1992, increasing the family's wealth from R208m in 1991 to R378m — an improvement of about 82%. It earned the family a warm spot in 1992's top 10.

Not that 1992 was easy. Far from it. The Kroks were involved in their usual litany of argument and controversy. Solly ended the year on a high note when he indulged in a slanging match with the normally reserved Premier MD Peter Wrighton. And, predictably, it was all about how the Kroks' joint creation — Twins (now Premier Pharmaceuticals or Prempharm) — is to be managed and controlled.

"For Solly Krok to talk about Premier's bad management," Wrighton told the *FM*, "is really a laugh, given his record of disastrous deals in the past, both here and abroad." Of course, that was a sly reference to the Kroks' 1991 debacle in the US when Sol spent several months extricating himself and the family from the nastiness which developed over the Epilady hair remover device. Epi Products, a company run by Solly's daughters Sharon and Arlene, developed a debt of US$24m and filed for Chapter 11 bankruptcy protection.

That adventure's over but the argument with Premier continues. The Kroks contend that, having acquired control of Prempharm, Premier's managers are now attempting to saddle the company with assets it doesn't need and doesn't want. The twins aren't having it, not at any price. Wrighton thinks differently. An agreement was entered into, and he intends to ensure it's carried through; if necessary, he'll enlist the help of the courts.

In September it was reported that an investigation by the Office for Serious Economic Offences into certain foreign transaction involving Solly and Abe was nearing completion. The press suggested a decision on whether or not to institute proceedings against the pair was imminent. Nothing more has been heard.



Abe & Sol Krok ... *sparking fame and controversy*

The pair are famous for their support of philanthropic enterprises. These extend to Jewish causes. Your correspondent was taken aback a few weeks ago when, guided through an anteroom to an interview with Solly, he was confronted by two large rabbis, complete with hats. "Don't worry about them," cracked Solly, "they're just my bodyguards."

10 Wiese

It's interesting how little sometimes separates the families — purely a matter of the closing prices on the JSE on a particular day. November 27 favoured the Kroks over Christo Wiese (Pepgro) by as little as R1m. After all, what's a million between friends at these levels?



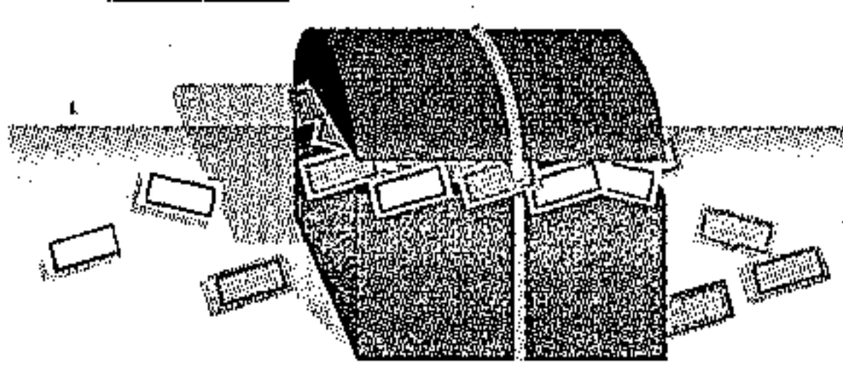
Christo Wiese

Wiese's 10th spot is two down from last year's ranking and it's not because he's done badly — the family's fortune increased 13% to R377m; it's that a few others did rather better. The Wiese family's core holding is in Pepgro, an investment holding company with a controlling interest in Pepkor; its holding in Pepgro in 1991 was 5,4m shares. However, a share split resulted in the family's holdings growing to 29m shares at the end of 1992, though at the much reduced price of R13 each.

In his last annual chairman's statement, Wiese is predictably cock-a-hoop about the group's acquisitions: four listed companies were brought into the fold — Smart Centre, Tradegro, Tradehold and Cashbuild. The interim results to the end of August tend to bear out his optimism. Despite the obvious dangers of having taken on too much, line managers demonstrated their ability to go on generating profits, even in the most difficult circumstances.

Turnover grew 172% (because of Tradegro) and operating income rose 12% to R96,6m. There was a fair degree of paper manipulation during the half year as Wiese sought to restructure the group to his satisfaction. The important matter is that, provided conditions don't deteriorate further, the group's earnings growth will be continued.

Meanwhile, the enigmatic Wiese has been lured by Finance Minister Derek Keys into a different pool — Wiese has been appointed the new chairman of the IDC. He assumes the chair at the very time it is taking on considerable new investments as well as restructuring itself to realise some of the money which will be needed in the months ahead.



New IDC projects and participations include Alusaf, Columbus Steel and Anglo's Namakwa Sands.

11 Lewis

"Foschini," the *FM* told its readers in November, "is a rarity among retailers. It has continued to produce real earnings growth throughout this long recession." Which is no doubt one of the reasons the Lewis family has moved up a notch in the rankings from last year's 12th position. Stanley Lewis has increased his family's wealth by an additional R51m this year, and the number of shares the family holds in Lewis Foschini (Lefic) has increased to 12,9m largely from the accumulation of new shares issued to satisfy dividends declared.



Stanley Lewis

Last year, the father-and-son team of Stanley and Michael appeared on numerous occasions in the press, locally and in the UK. This year's been different: comparative obscurity. So it's worth reciting a few of the juicier morsels from earlier times.

The Lewis family's offshore arm is Oceana Investment Plc in which Foschini has a significant holding. In 1991 Oceana launched a hostile bid for UK retailer Etam, a 251-store chain. The bid failed and it led to some strong words from Etam MD Rodney East. Oceana was precluded under the rules of the LSE from making another bid for 12 months — which has since expired.

So what's popping? Silence. But that doesn't mean Stanley's been seen off. His chairman's statement for Lefic and Foschini for 1992, a masterpiece of disguise, understatement and thinly-veiled intention, discloses that Oceana's 34,4% holding in Etam makes it that company's largest single shareholder; that Oceana is satisfied with its holding; and that its "only regret is that it has thus far been unable to persuade the board of Etam to meet and discuss how group experience and expertise through board representation can be made available to Etam."

Does that mean Stanley's given up? Not for a moment. He tells Etam's directors that he will "strive for an acceptable solution in the interests of Etam, its employees, and all shareholders." Get ready. Preparations must be under way.

Meanwhile, Foschini powers on, now under the leadership of new group MD Clive Hirschohn. The company has, says an *FM* analysis a "superior earnings capability." That's what justifies its superior rating in our rankings.

12 Hersov & Menell

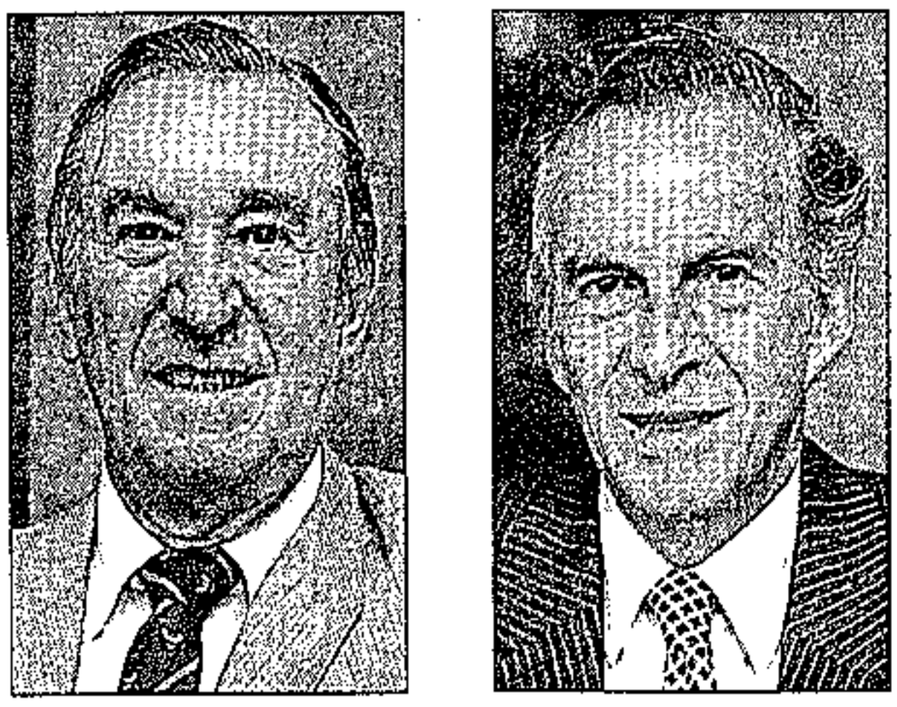
Why are some families treated separately and others jointly? It seems a bit unfair. The answer, at least in the case of the Hersovs and Menells, is that the holdings of the two families are equal and can't legally be separated.

Which means they can comfort each other about the R75m that has slipped, though only in theory, down the tubes between 1991's ranking and 1992's.

Basil Hersov (66) and Clive Menell (61) continue to lead families which are heirs to the house founded in 1933 by Bob Hersov and Slip Menell.

They hold a 51% interest in Anglovaal Holdings, which holds 50,2% of Anglovaal, a mining house that is small but respectable, and which can bark too — Hersov is said to have expressed his anger at the construction by Anglo of its new building which directly adjoins, and overshadows, Anglovaal's Main Street head office in Johannesburg. There it stands.

The Anglovaal group is positioned, at least in respect to its gold mining operations, rather poorly. It has Hartebeestfontein, the quality producer in the Klerksdorp field, Loraine in the Free State, a mine which doesn't exactly excite investors, and ET Cons in the eastern Transvaal, small but profitable.



Hersov, Menell

What's next, the market's been asking? The answer appeared to lie with the group's Sun and Target prospecting areas immediately north of Loraine.

But hopes for the establishment of a large-scale gold mine in the area were dashed in September when the company announced that political uncertainty coupled with inadequate gold prices had persuaded it to postpone the projects.

The geological results from a long exploration programme appeared reasonably encouraging; the problems centre around the capital outlay of developing a deep mine at an estimated cost of as much as R2,5bn in the face of static gold prices.

Still, the families can take some comfort from the skilful growth of Anglovaal Industries which continues to perform well. Perhaps that's where the group's future lies ultimately, though it may not have been the original intention of the founders.

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Barney Hurwitz ... *pioneer in medical services*

entails merging the hospital trading operations with the landlords' property-owning interests, has been agreed on in principle. When details of that plan are finally revealed, it should put to rest market criticism that the relationship between property-owning and trading companies led to a conflict of interest.

The unlisted hospital properties are owned by the Hurwitz family; the family also controls Clinic. Since Clinic pays rent to the property-owning companies, it's easy to see how the disquiet has arisen.

Meanwhile, the group's interim financial results to March indicate a consistently good performance. Turnover rose 19% and that worked its way through to an increase of 17% in bottom-line EPS — ahead of inflation and pleasing for shareholders.

Hospitals and medicine can't be the easiest ways of making money, interwoven as they are with matters of high emotion and individual satisfaction (or otherwise). Basically, people resent being ill and then having to pay for the privilege of getting better, and it's a fact that medical costs — on every level — have risen frighteningly in recent years.

But, for Hurwitz, a 1934 immigrant from Poland, and married to Leah for nearly 48 years (which, if not a record, is still worth remarking upon), hospitals have been the way to a considerable personal fortune.

16 Ferreira

It is always a pleasure for the *FM* to welcome new entrants to the ranks of the seriously rich; in Ferreira's case, his first appearance is made notable by the comparatively high ranking achieved.

Gerrit Thomas Ferreira (GT as he is known to the financial community), executive chairman of Rand Merchant Bank, derives his family's wealth from the recent



listing of Rand Merchant Bank Holdings (RMBH). In November RMBH was listed on the JSE in what was described by some analysts as a remarkably good early performance; Ferreira is shown as holding 8,4m shares, and they traded at a price of R11 on the day of this annual survey.

Ferreira is no stranger to controversy. He has let fly in recent months about the archaic governance, as he sees it, of the JSE. In particular, Ferreira is angry that the exchange refuses to countenance dual capacity trading, in which members are permitted to act both as agents and principals — in other words as marketmakers.

He is adamantly opposed to the application of fixed commissions and believes they must be replaced as soon as possible by negotiated commissions which reflect particular circumstances. He is also vexed that the JSE does not permit corporate membership.

Ferreira says all these things in public, from whatever platform offers a good opportunity — including the JSE itself during the course of a workshop called by the exchange to consider its future role and strategies.

Predictably, his outspokenness doesn't earn him many friends among the broking community.



G T Ferreira

GT is known also for his involuntary association with Johannesburg's Blue Light Gang. It is not an adventure he recalls with any pleasure. But he admits the experience of being apprehended, accosted, shot, robbed and left for dead, has "given me a new perspective about life and working."

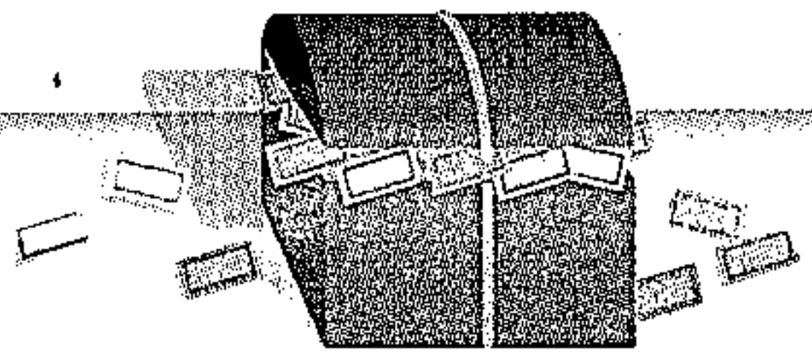
Ferriera was born in Graaff-Reinet; so was Anton Rupert. He attended Stellenbosch University; so did Johan Rupert. Rupert's bank, RMB, was merged with Ferreira's Rand Consolidated Investments in 1984 and the combined operation is now considered one of the country's blue-chip banking establishments.

What is that if not happiness?

17tie Barrow

John Barrow's investment in Fedsure Holdings, the insurance holding company of which he is chairman, remains at last year's 8,4m shares. But the share price has appreciated considerably — from R7,90 last year to R11, and that increases his family's fortune by R26m. The Barrow ranking last year was 19th; this year the family finds itself sharing 17th position with FSI's Liebesman.

Last year's *FM* survey found Barrow's desire to guard his privacy to be sufficiently



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advanced to be worthy of comment. This year's no different. He doesn't even appear in *Who's Who*. We know he likes walking in the Drakensberg, that he's an active conservationist and that he's married and has four children.

Somehow that isn't enough knowledge of a man who controls the country's sixth-largest life assurer with assets of about R5bn. Fedsure CE Arnold Basserabie tells the *FM* that Barrow is "astute, approachable, down-to-earth, easy-going and relates well to people at all levels." But then, you would expect the CE to say that of his chairman.



John Barrow

Fedsure was listed in 1987. Barrow's father founded the company half a century ago. Fedsure's principal subsidiary is Fedbel, whose main investment is the long-term insurance company Fedlife Assurance, which in turn is the holding company of short-term insurer Fedgen.

17tie Liebesman

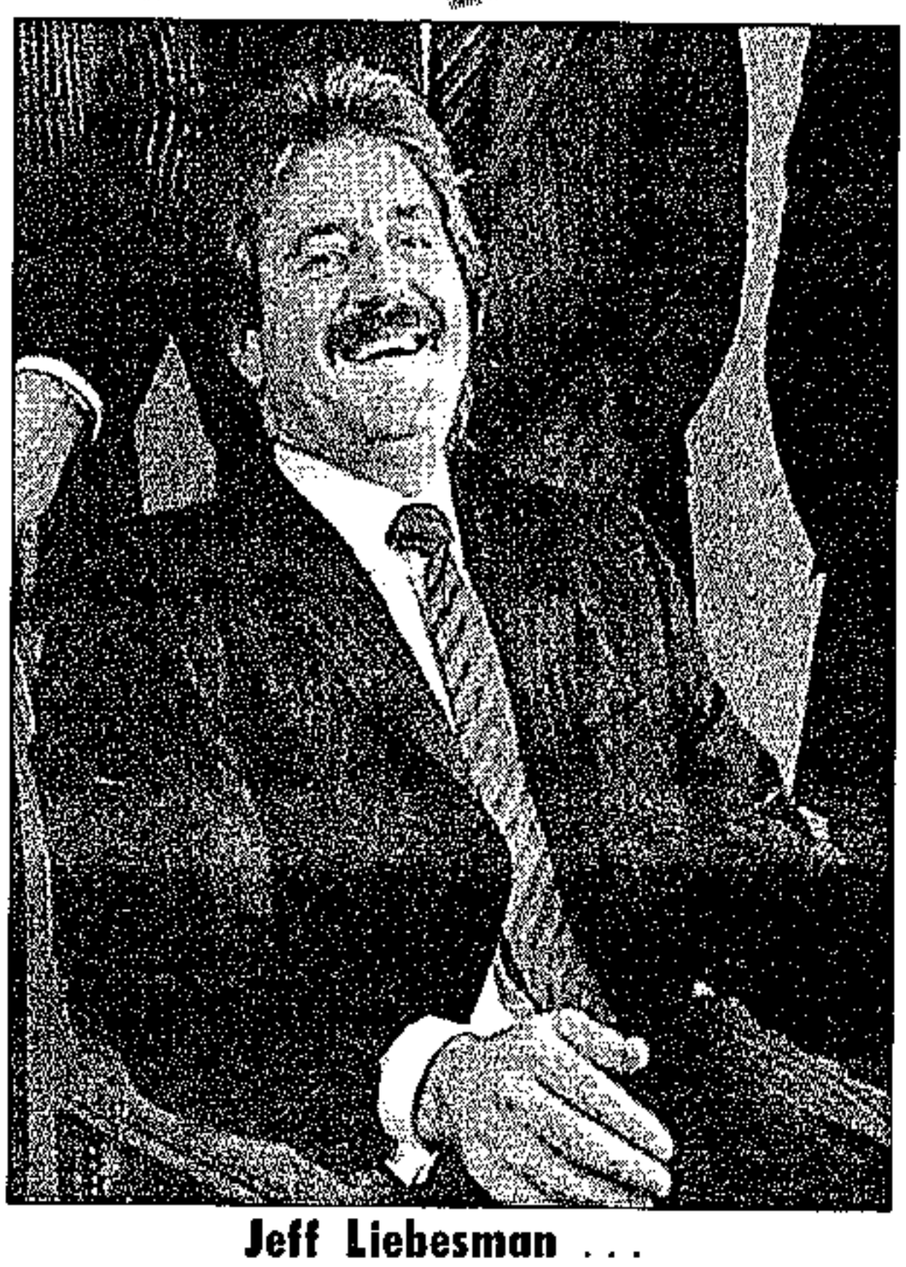
Jeff Liebesman was in 14th position last year but his group hasn't had the best of times and his wealth has fallen an appreciable R35m. That pulls him down to share 17th spot in 1992 with the Barrows of Fedsure.

His holdings in the listed companies within his operations are 47m ords and 800 000 preferreds in FS Group, 2,7m ords and 400 000 prefs in FSI, 5m ords and 300 000 convertible debentures in W&A, and 3,7m ords in Waicor.

Of course, there was a time when the market saw Liebesman as the latest in a line of extraordinarily talented whiz-kids. But FSI and W&A have not quite lived up to market expectations; the group has been rerated — downwards. Indeed, FSI began the year at 400c and touched a low in November of 170c before recovering to trade at the current 220c. W&A had the market sufficiently worried to halve its price while it awaited the June interim results announcement (which turned out not to be the disaster analysts were expecting).

The *FM*'s comment at the time was that W&A's results indicated its reliance on a few activities for most of its profit with Form-Scaff, Gentyre and the overseas operations contributing 69% of trading profit. That, said the *FM*, "reflects the beating being taken by the consumer division, particularly JD Group."

Another matter of interest was that overseas operations accounted for 26% of trading profit and half of attributable earnings. That, at least, is some sign of encouragement



Jeff Liebesman ...
that falling feeling

in that it begins to bestow upon a section of the group some indication of rand hedge advantages — which could prove important in the months ahead.

The 1990 year was the year for Liebesman. He was named as one of the *Sunday Times*'s top five businessmen of the year and W&A was judged *Business Times*'s top-ranked company in the annual Top 100 Companies contest.

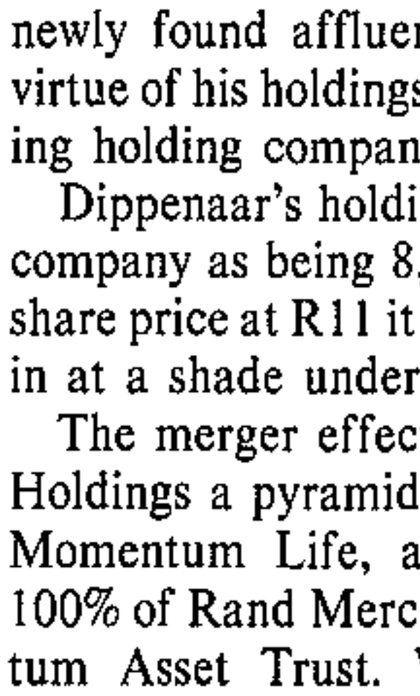
It will be some time before those feats are repeated.

19 Dippenaar

Lauritz Lanser Dippenaar (Laurie) is the second newcomer to the *FM's* rankings and, like his colleague and long-time associate and friend, GT Ferreira, he has achieved his newly found affluence and prominence by virtue of his holdings in RMBH — the banking holding company listed in November.

Dippenaar's holdings are disclosed by the company as being 8,3m shares and with the share price at R11 it brings his family wealth in at a shade under R92m.

The merger effected in July made RMB Holdings a pyramid with a 77% interest in Momentum Life, and that in turn holds 100% of Rand Merchant Bank and Momentum Asset Trust. What changed is that RMB Holdings relinquished its status as a bank-controlling company — that status has been transferred to Momentum Life.



Laurie Dippenaar

It is of Momentum that Dippenaar (44) is the chairman (along with RMB Asset Management). He's also MD of RMB. Dippenaar agrees the life office was good at managing its assets but says the new com-

SA's SUI

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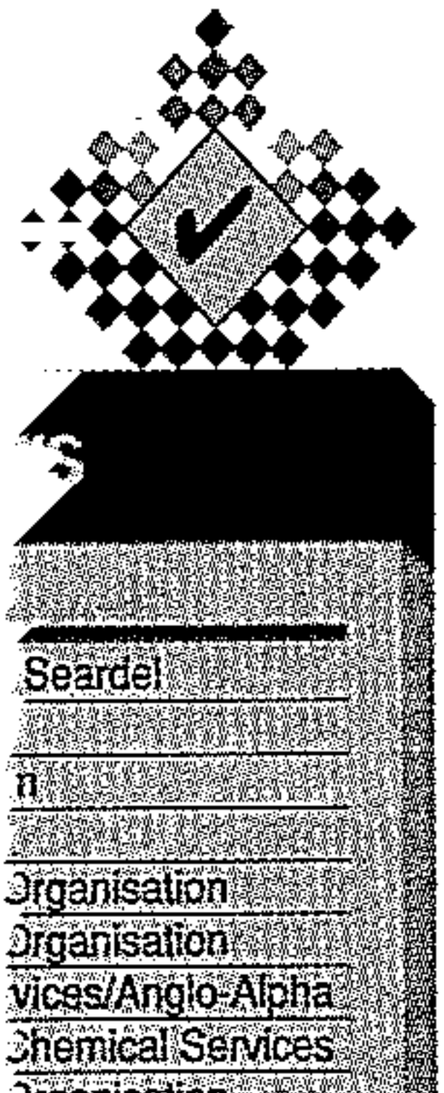
reason for improved rather than opaque reporting

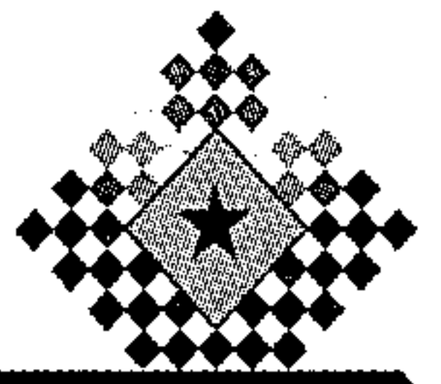
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Roll of Honour

Anglo-Alpha
Massey-Ferguson
Protea Holdings
York Timber Organisation

the award on three previous occasions and so are listed in the Roll of Honour (along with Protea Holdings and Massey-Ferguson). It's noteworthy that their attitude towards maintaining the highest standards of reporting is such that they continue to score full marks, even though the rules have been made more stringent in recent times.

Yorkcor is an old, family-controlled company and, as it happened, 1991 was its 75th anniversary. With a market capitalisation now around R12,5m, Yorkcor is hardly one of the JSE's giants, but it has long chosen to maintain the highest possible reporting standards — the 1991 annual report is packed with information and is extensively illustrated.

This is a package which goes beyond the usual needs of investors, but is patently also aimed at many other stakeholders such as employees and customers. It's notable, too, that Yorkcor believes in timeous reporting; the annual report is invariably published within a few weeks of the financial year-end.

The much larger Anglo-Alpha — with a market capitalisation of about R840m and major shareholders, including Holderbank Financiere Glaris Ltd (of Switzerland) and Anglovaal — has built up a similar record.

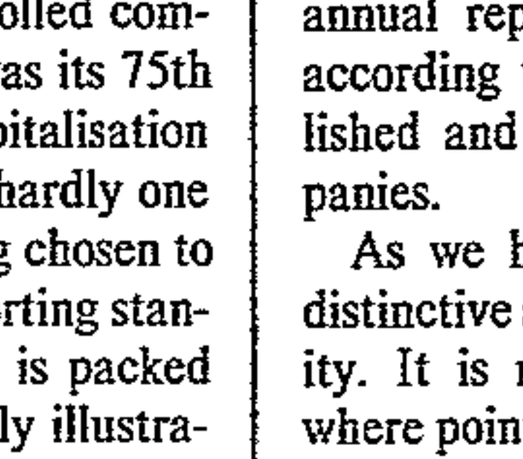
Its latest accounts were produced without undue delay and they give the various users comprehensive but concise details about the business. Again, like many of the others in the Top Twenty, it's not only the financial community that is intended to benefit; the *Social Report*, for example, is informative and conveys much about the corporate culture.

Stricter rules applying from last year have contributed to various changes elsewhere in the ranking. Last year's joint winner, Seardel Cons, remains in second place, with 151 points or 96,8%; while the other joint winner, SA Breweries, has slipped slightly, with 149 points, or 95,5%.

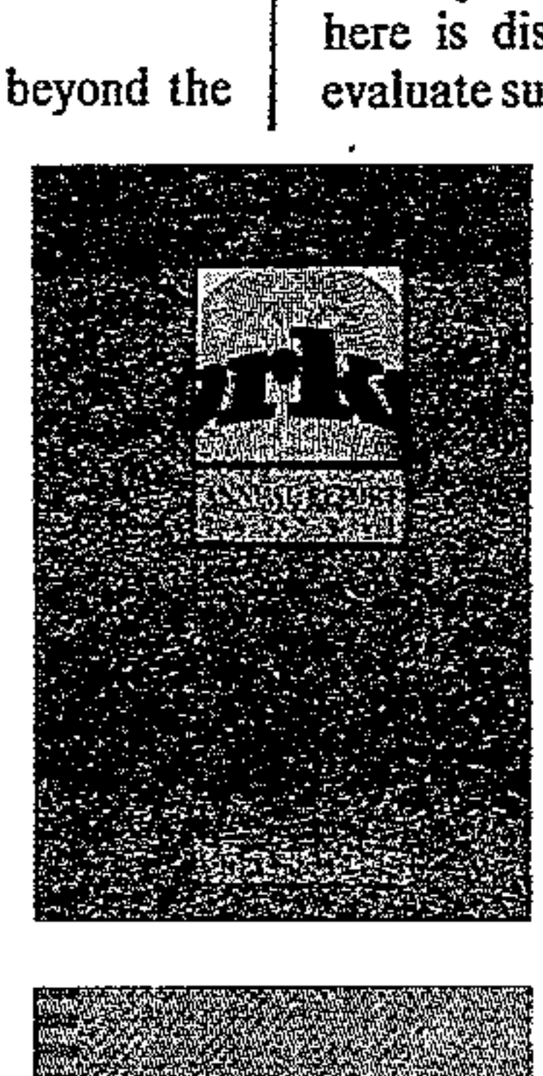
It is almost three decades since the *FM* initiated the annual accounts award in 1964, when it was won by Massey-Ferguson. Its purpose is twofold: to commend companies that take the trouble to maintain high standards of reporting to stakeholders; and to expose those that persist in revealing as little as they can legally get away with.

Judging is done on the same basis as in the past. In contrast with some other such awards, credit is given solely for the disclosure of financial and related information that would help investors and other stakeholders to analyse and understand the company. Points are awarded for inclusion of specified data or comments in interim or annual reports. This adjudication is done according to a set of rules which are published and made known to all listed companies.

As we have often emphasised before, a distinctive aspect of this award is its objectivity. It is readily apparent to all involved where points are gained or lost. What counts here is disclosure; no attempt is made to evaluate subjective features such as the quality of presentation, the design of the annual report, the number of glossy (perhaps even informative) pictures — or, as is sometimes assumed, the length of the chairman's statement.



Some of these may well be important. It's probably no coincidence that most of the companies maintaining high standards of disclosure also choose to publish well-designed and attractive annual reports. On the other hand, there is no shortage of annual reports which are packed with glossy illustrations and loquacious commentary but are woefully short on useful information.



Rules are formulated by the *FM* and the University of Pretoria's Bureau of Financial Analysis (BFA). Judging is supervised by the BFA's Professor Leon Brummer and administered by senior lecturer Jean Myburgh.

Companies do not enter for this competition. The BFA evaluates the accounts and interim reports of all companies listed

on the industrial board of the JSE. This, incidentally, includes those who may prefer to be ex-

Top Twenty

Rank	Company	Points
1*	Morkels	156
2*	Searde! Cons Hlds	152
3*	Chemical services	151
4*	CG Smith Foods	151
5*	Nampak	151
6*	Adcock Ingram	149
7*	Amalgamated Retail	149
8*	Pretoria Portland Cement	149
9	SA Bias Hlds	149
10*	South African Breweries	149
11*	Barlow Rand	147
12*	Edgars Stores	145
13*	South African Druggists	145
14*	CG Smith	144
15*	Associated Furniture Companies	141
16*	Lion Match	141
17*	ICS Holdings	140
18*	Reunert	140
19	Cadbury Schweppes SA	139
20*	AECI	138

cluded. The purpose is to expose both the best and the worst. Companies listed in the financial services or mining sectors have not up to now been included. Their accounts are drawn up according to a more specialised format and could not be judged according to the same set of rules.

Companies with 1991 year-ends were considered for the latest award. Each year there is a lengthy but unavoidable lag between the publication of many of the reports involved and the announcement of the final rankings. This is because each award is based on an evaluation of all companies' accounts for a particular financial year.

As all listed industrial companies are included, it's necessary to wait for release of the last of those with December year-ends. And it is extraordinary how long some companies take to produce their accounts. Indeed, the disdainful attitudes some companies have towards reporting to shareholders is often apparent in two ways: tardy as well as woefully inadequate disclosure.

JSE and Companies Act requirements are that audited annual accounts must be published within six months of financial year-ends. Yet some of the December annual reports are only received well into the third and fourth quarters of the following year.

Last month, the JSE announced it intends adopting a tougher approach and in future will summarily suspend the shares of later reporters. Perhaps it is time to introduce a new feature when announcing results of this competition and include the financial year-ends and dates of receipt of the accounts.

There is, however, another reason for the lag before results of the *FM*'s award are published: the rapid growth of JSE listings in recent years has made the judging more arduous for the adjudicators. This problem will doubtless be eased and perhaps resolved by the trend that emerged in 1991, when delistings began to eclipse the new listings.

Meritorious as the achievements of those in, or approaching, the Top Twenty may be, it's interesting to note how many lower-ranked companies are upgrading reporting standards. Twenty such companies are ranked in the Most Improved table, starting with Lonrho Sugar. By opting to offer shareholders more than the minimum, this company has climbed firmly out of the Bottom Twenty, where it has long languished.

Next biggest improvement was by Scharrighuisen, the burgeoning mining and engineering group listed a few years ago. It is followed by T&N Holdings, Natal Ocean Trawling and Argus Holdings.

Stocks & Stocks, ninth in the Most Improved table, is another that featured in last year's Bottom Twenty. Last year it scored a mere 50 points (32%); this time it scored 71 points (45,5%). But this is a substantial company, with turnover well over R1,3bn, and its shareholders doubtless deserve even better.

Spur Steak Ranches has been a good performer from the standpoint of earnings and share price, but for a number of years since the listing in 1987 its reporting standards were of a decidedly weaker standard. It, too, no longer appears in the Bottom Twenty and its holding company, Spur Holdings, is ranked 13th in the Most Improved table.

It's hoped that these improvements will be sustained. Regrettably, in some instances they are followed by lapses — as is the case this year with Rembrandt Group, which for many years featured in the Bottom Twenty, persistently maintaining dismal levels of disclosure for such a large and otherwise highly respected group.

Sadly, after rising out of the Bottom Twenty last year, Remgro is back again, where it sits

Bottom

Rank	Company
1	Rubenstein H
2*	Quick Holdin
3	Eurevest
4*	Rale Holding
5*	IB Joffe
6	Focus Holdin
7	Safety Tech
8	Raptor Moto
9	Invicta Holdin
10	Eddies Store
11	The Debonai
12	Choice Holdi
13	Spicer-Mitche
14	Ohlo Group
15	Medhold
16	Acrem Holdir
17	Rembrandt G
18*	Harwill Inves
19	Tollgate Hold
20	Transpaco

*In last year's bottom tv

oddly alongside the pany in that ranking be watching with int changes occurring in agement will eventu proach to corporate

Renewed attenti thing all companies should consider. In a recession or bear market, investors are quick to penalise opaque disclosure

Most Improved

Rank	Company	Points Previous	Points Latest	Overall posit. Previous	Overall posit. La
1	Lonrho Sugar	39	90	396	
2	Scharrighuisen Hold	69	104	278	
3	T & N Hold	75	113	234	
4	Natal Ocean Trawling	72	98	263	
5	Argus Hold	80	115	204	
6	Dropp-Inn	59	80	342	
7	Glodina Hold	59	79	344	
8	Italtile	73	97	251	
9	Stocks & Stocks Hold	50	71	383	
10	PDC Hold	56	73	362	
11	Sasol	83	114	182	
12	KWV Beleggings	73	97	293	
13	Spur Hold	52	69	377	
14	Concor	65	79	304	
15	Interleisure	90	120	146	
16	Omnia Hold	71	84	265	
17	Macams Bakery	54	67	369	
18	Environmental Resources	60	72	335	
19	Titaco Cons	59	70	350	
20	U-Control	77	93	223	

MARKET PROSPECTS

Fm 8/1/93

g for the dust to settle

1992 have yet to be fully absorbed by cautious world investors

rallies, a ragged, yo-
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ning mood. After the
ast 12 months proved
economic recoveries
that failed to match
is which started in
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he top of the agenda
ntees that the slow
growth now forecast
al nations will be

ere confidence in a
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uity markets, is dis-
addition the honey-
it Democrat admini-
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shown a net decline.

Equities fell 2% in the final session to leave the Nikkei Dow 29% below the high reached on the first day's trading and under the 17 000 mark which is now considered the benchmark line.

But at least the meltdown, threatened when the Nikkei Dow index collapsed by 40% to 14 309 in August, appeared to have been averted by the government's US$86bn spending measures and its arm-twisting of public- and private-sector fund managers.

European markets, like their economies, were held in the thrall of German monetary policy. No fewer than 11 Euro equity indices hit their lows as the flight into high yielding D-marks put pressure on currencies, a lid on economic growth and, in October, the crack in the European Monetary System.

The upheaval, which saw Britain and Italy devaluing out of the system with Spain and Portugal realigning exchange rates within it, lifted equities off the worst.

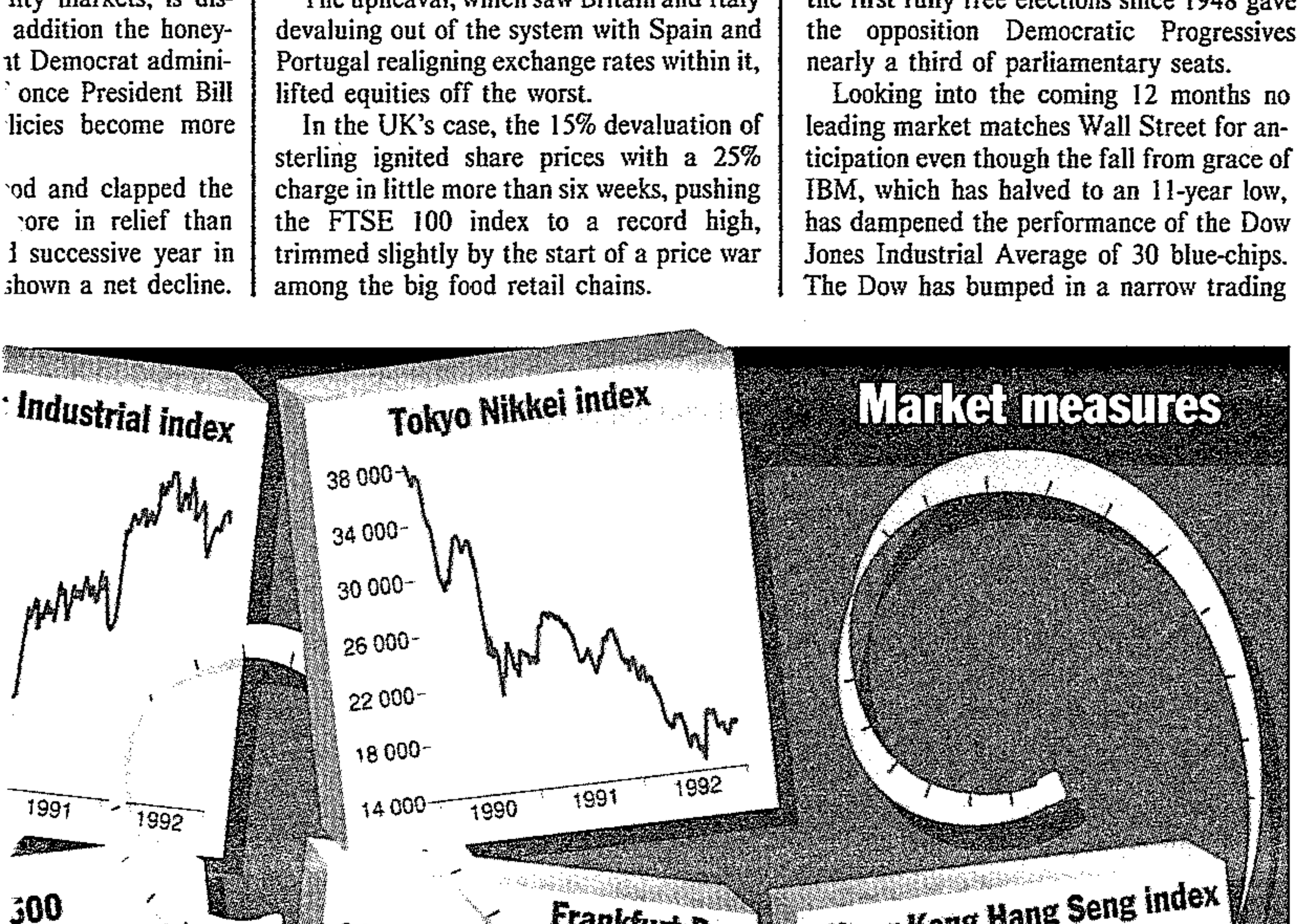
In the UK's case, the 15% devaluation of sterling ignited share prices with a 25% charge in little more than six weeks, pushing the FTSE 100 index to a record high, trimmed slightly by the start of a price war among the big food retail chains.

Switzerland remained the most serene field for investors. The Zurich market had its low point in January and it bobbed through the rest of the year, ignoring gloomy forecasts of isolation resulting from Swiss voters' narrow rejection of membership of the new single European trade area, to close at the top.

The fastest climbing exchanges had mixed fortunes. Hong Kong was up by 50% at one stage before the row between Britain and China over increased democracy for the colony cut it back; Thailand fell back from a 35% gain to a net 25% and Mexico lost more than half its initial improvement.

Politics also put the skids under Taiwanese stocks — falling 28% despite forecasts of 20%-25% corporate profits growth — after the first fully free elections since 1948 gave the opposition Democratic Progressives nearly a third of parliamentary seats.

Looking into the coming 12 months no leading market matches Wall Street for anticipation even though the fall from grace of IBM, which has halved to an 11-year low, has dampened the performance of the Dow Jones Industrial Average of 30 blue-chips. The Dow has bumped in a narrow trading



Source: I-NET

A CLOSE LOOK AT THE GREAT COMPANIES AND THEIR LEADERS

FM 8/1/93 (#380) (172)

The *Financial Mail* and Churchill Murray Publications are to co-operate in the production of a major publication titled *The Great Companies of South Africa.*

Edited by the *FM*'s Nigel Bruce and published by CMP's Hugh Murray, it will profile companies that have distinguished themselves as main contributors to the economy.

It will not in any way attempt to emulate the *FM*'s *Top Companies.* Instead, it will focus on such aspects as corporate histories, image, corporate architecture, social responsibility and environmental awareness.

Great Companies will also profile SA's most important business leaders and assess their companies according to investor, public and employee perceptions.

The publication will deal with organisations operating in both the private and public sectors and should prove an invaluable reference work for businessmen here and abroad.

Scheduled for release in April, this special edition will be aimed at *FM* subscribers. It is also the intention of the partners in this venture to distribute *Great Companies* to leaders and opinion-makers worldwide who need to be well informed about corporate SA:

☐ Investors, actual and potential, in SA enterprises;

☐ G-7 governments, Asian governments, the EC, African and other governments whose understanding, support and goodwill is important;

☐ Providers of finance and financial services to SA enterprises and public-sector organisations;

☐ Customers for SA products;

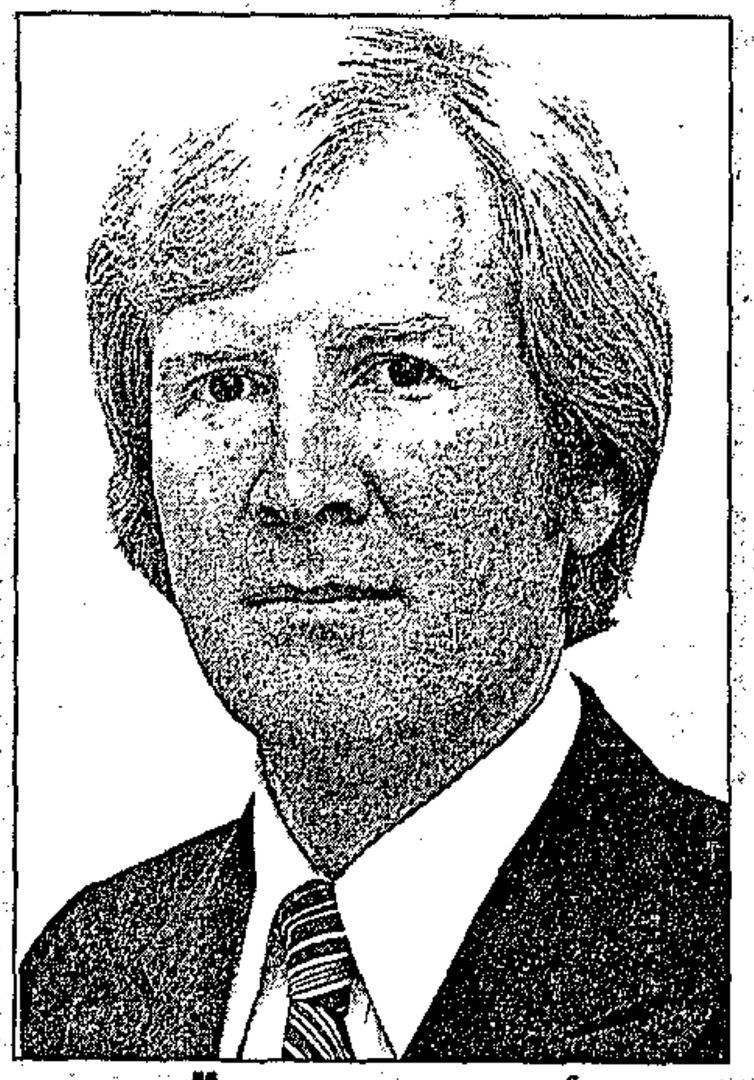
☐ Business partners of SA enterprises;

☐ Marketers to SA;

☐ International organisations such as the IMF, World Bank and Bank for International Settlements; and

☐ Major reference libraries worldwide.

Great Companies will be available in a high-quality, soft-cover version. Depending on demand, a hard-cover version may be available at a special price.



Murray .... *venture of this magnitude*

Though there will be significant contributions from top local and foreign personalities, the *FM*'s team of specialist writers will be responsible for the bulk of the text. CMP's photographers and designers will give the publication the finish which is the hallmark of CMP's work. A major departure from conventional business publications will be the substantial visual content, represented chiefly by the photographs and images of David Goldblatt and Herman Potgieter.

Great Companies will concentrate on organisations that have the potential to lead SA and the subcontinent out of the economic wilderness. It will underline the importance of the country's First-World component in dealing with the increasing number of Third-World problems.

It is hoped that this will be the first of several joint ventures between the *FM* and CMP. Murray, chairman of CMP, founded *Leadership* magazine — now wholly owned by Times Media — in 1982. He recently launched *Millennium Magazine.*

Says Murray: "Having spent many years on the *FM*, I am especially pleased to be co-operating with some valued colleagues on a venture of this magnitude."

Advertising inquiries may be directed to Murray or Susan Fawson at (021) 683-3752 or fax (021) 683-5462.

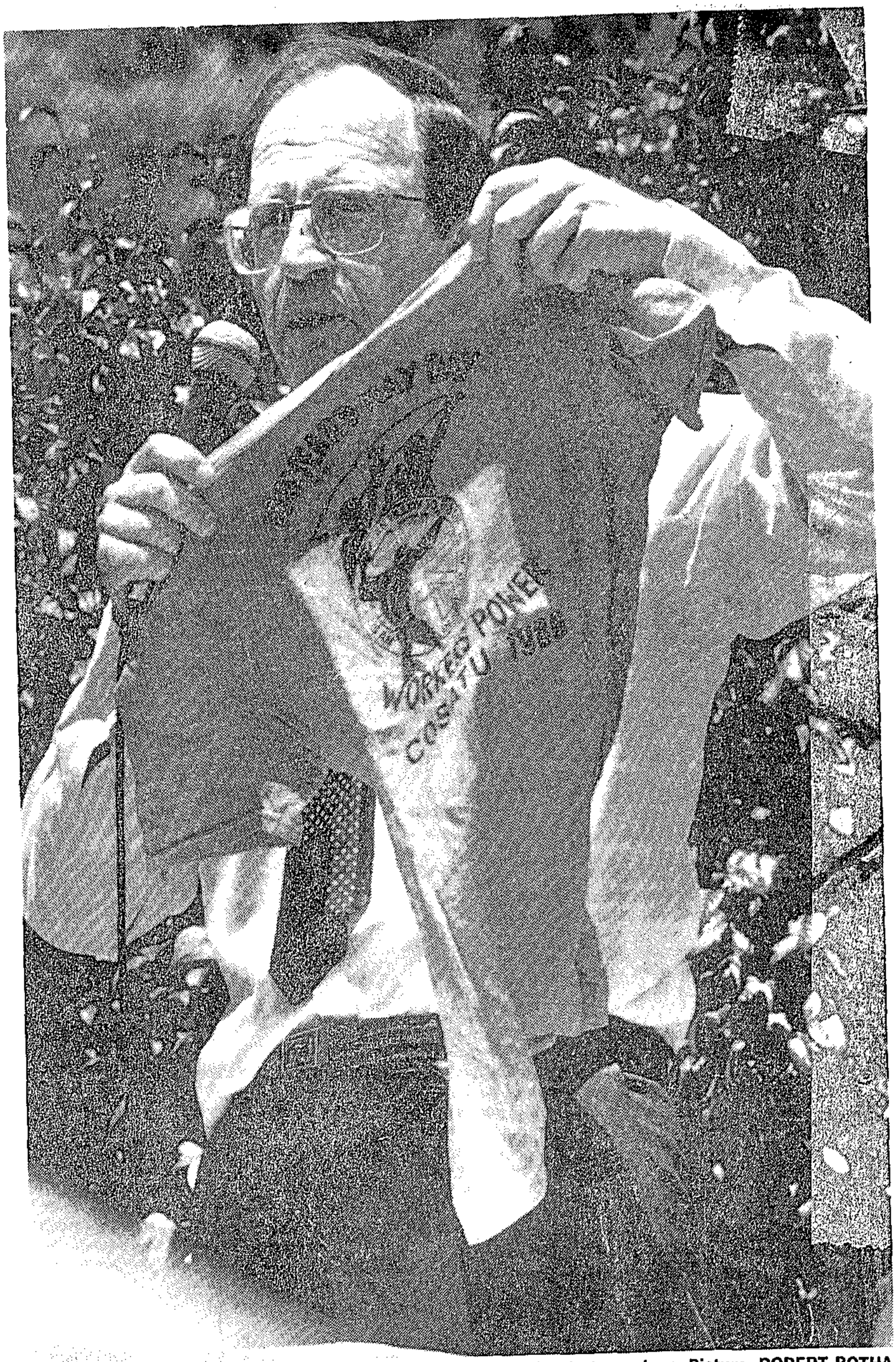
Advertising will be sold at the prevailing *FM* rate.

SUNDAY

PROFILE

S/Times 10/1/93

Honest boss cools down a hot lot on the march



SOLIDARITY: Premier's Peter Wrighton, T-shirt aloft, addressing irate workers Picture: ROBERT BOTHA

ALL things considered, it's been Peter Wrighton's week. In the first few days of the new year, the 57-year-old Premier group chairman launched an investigation into bribery, placated an angry group of protesters, celebrated his daughter's engagement and — finally — headed for the ski slopes and a month of rest.

Fielding blows from every direction as 1993 built up steam and huffily got under way, the man who succeeded Tony Bloom as Premier chairman in 1988 stood his ground.

Not too long ago, he remarked wryly that his peers thought him "something of a liberal pinko".

They might have felt vindicated on Wednesday had they heard Mr Wrighton tell a chanting group of 4 000 employees protesting against retrenchments and restructuring that he'd wanted to join their ranks and march through the streets of Johannesburg with them.

"I was refused permission because I was told I'm not a worker," Mr Wrighton told the protesters, brandishing a Cosatu T-shirt — which he hasn't seen since he asked one of the marchers to hold it while he accepted a petition from the protesters.

Publicly expressing solidarity with the workers may be an unorthodox management style, but it's not out of the ordinary for Mr Wrighton.

In Cosatu's anti-VAT protest march a year or so ago, he marched shoulder to shoulder with Jay Naidoo.

According to his colleagues, he combines the pragmatism of a chartered accountant — which he is — with great reserves of human compassion.

Juggle

Any boss in charge of thousands of lives and livelihoods knows the difficulty of trying to juggle the two, especially in today's economic climate where essential business decisions are often devastatingly cruel to the people whose lives they affect.

This week, Peter Wrighton faced just that challenge.

Prevented by virtue of his managerial position from marching with his workers — even though he was prepared to wear his T-shirt — he laid on a spread of refreshments for them instead.

Wednesday was a scorcher, and as the temperature soared, so did the temppers of the Premier workers who marched on the elegant Meyer and Pienaar-designed head office in Killarney.

The sweat-drenched marchers carried banners, many with the name Peter Wrighton emblazoned across them.

Among the slogan chanters was a woman, clearly from the Communist Party, who screamed into the crowd: "Peter Wrighton is probably in his villa in France."

Holding aloft his Cosatu T-shirt, Mr Wrighton countered: "As you can see, I'm not in my villa in France, I'm here."

Only later, in the cool of his office, did he realise he had failed to disabuse the idea that he even owned a villa — in France or any other exotic location.

Despite his very public appearance at the protest rally, Mr Wrighton is not known for grandstanding.

Nor were the refreshments he laid on for the wilting marchers, parched after a 3km tramp from the city centre to Killarney, intended as a bribe.

"Humility is what is needed at this time, not publicity," he said, declining an interview.

On Thursday, Mr Wrighton and his wife of 32 years, Ann, announced the engagement of their daughter Beverley to Jeremy Clark.

For the next few weeks, he and his wife — "I couldn't survive without the support of my family" — will be enjoying their first holiday in more than a year on the ski slopes of Europe.

When he returns, one of his first tasks will be to deal with the report by a team of lawyers he has appointed to investigate allegations that Premier was involved in a R70-million building contract bribe in Botswana. He expects their report by the end of the month.

Part of Mr Wrighton's success as a manager is that he has a realistic, often brutally honest, approach — evident in his New Year's message to Premier employees.

The year just past was a difficult year for most South Africans, beset with violence and political uncertainty, and "1993 is not expected to be much better," he told them.

Consultative management and a general pull together was what he urged the "Premier family" to try.

No one can doubt the sincerity of the man, or laugh in the face of his earnest optimism.

Charmain Naidoo

'Show any weakness and you're finished – it's dog eat dog'

IN 1990 Phillipa Sparrows left the corporate industry in a huff, determined not go back.

But when newly launched airline Flitestar approached her in 1992 to set up and head its sales and marketing team it was too much of a challenge to refuse, she says. So she put her plans to open a consultancy agency on hold and headed back to the corporate jungle.

Before then Sparrows had worked for 10 years in senior sales positions. She had acquired the skills to sell anything successfully including "bums on airplane seats". She is convinced the responsibilities that come with the position are within her abilities and nobody can persuade her otherwise.

In many boardrooms, it's a dog eat dog life. Show a sign of weakness and you are as good as finished. "Others wait until you falter and pounce just like an animal pack on a wounded member. Its horrendous," she warns.

Women must support each other, though. They must not just complain about sexism in promotions. When a woman gets a good position they (other women) must help her do her best instead of passing comments implying that she did not earn the position on merit.

Sparrows says being at the top has some disadvantages. Many women lose their femininity to fit into the male dominated world. They have to fit everything around their careers to avoid being told their traditional roles are interfering with their professionalism.

She considers it sad that pregnancy is seen as a drawback and steep conditions for re-employment are set. But, in most cases, when men have a long absence from work due to national service, they do not only have their jobs secured, they also get their pay, although this is not legally enforceable.

Sparrows, a mother of two, adds that children are a great leveller. They keep you grounded and do not allow you to get carried away.



Women breaching boardroom barricades

STAR 11/11/93 (172)

CHANGING ATTITUDES
Boardrooms are still mostly white male affairs. Few enlightened corporations recognise women who show abilities.
PHANGISILE MTSHALI reports.

MOST boardrooms are exclusively boys' clubs, mostly of the white variety with a sparse sprinkle of blacks. These days, however, whiffs of perfume and high heeled shoes indicate that women are breaking into the previously male preserve.

Sharon Lain, immediate past president of the South African Federation of Business and Professional Women (SAFBPW), says there is a noticeable change in some boardrooms, but there is still much room for improvement.

Women have always done especially well in service organisations because they are "born to serve", says Lain. Outside the service industry few "enlightened" corporations recognise women who show abilities.

Massive education is needed to change attitudes of both men and women. Men must change paternalistic, conservative and prejudiced attitudes. Women must stop the "poor me syndrome", and make things happen for themselves.

Lain says some women leave big corporations to start their own businesses because they feel they have reached the "glass ceiling". Those who cannot, must seek work with companies that will recognise their abilities.

Networking and mentorship programmes are important among professional women, says Lain. Women must help one another in powersharing, exchange information and give moral support, just like their male counterparts do on golf courses and men's clubs.

She says black women have always had difficulties getting decent jobs, let alone senior positions. But those who have been given opportunities are making their mark.

Sandton headhunter for senior executive positions Trevor Woodburn says most of his clients say: "Get us the best man for the job — preferably a black woman, failing which a black man or white one will do". Trailing last in the demand list is a white woman.

As working women will tell you, the icon of motherhood has always been held up as a reason why women don't want to get ahead.

This has been disproved by a recent Canadian study of 1 100 women which found little difference in career advancement of child-rearing professional women and those childless.

They also found that a woman who puts her career first does not necessarily get to be president of a corporation.



Mentor can be the key

M-NET programme head Sheryl Raine says the worst that can happen to women in high positions is losing out on information exchanged in the men's toilets ... and on the golf course.

But Raine found a way to overcome the twin obstacles of not being allowed into the men's rooms and not playing golf by always having powerful and valuable mentors prepared to fill her in on these "extra-mural" conferences.

"If you are the only woman at a high-level meeting, you need a mentor to be your main source of information," says Raine. Meetings break for tea and resume on a completely different note. Most of the time the woman is out on a limb, unaware that the "meeting" continued in the men's room.

Women need someone to fill them in on what is going on and through whom they can make their input.

Raine, a former journalist with The Star, says she makes it impossible for seniors to ignore her by constantly striving to be efficient. She says she seldom meets contempt from co-workers although she has occasionally come across male staff who resent working under a woman. But she gives no room for complaints.

"My rule is to work harder and longer than anyone and nobody will have a reason to complain."

Raine says men have been able to get ahead faster because they learn unwritten business rules on the rugby field as they grow up. To cue in women must be keen observers, know and understand what is going on behind scenes and take up opportunities to get ahead.

She says she left journalism because it would have taken ages to reach the top. The Argus Company has a hierarchical promotion structure and there were a lot of people already ahead of her, she says.

She is engaged but with no plans to have children. They will be a drawback to her career, she says.

No role for the bosses in union street theatre

BDAmy 12/1/93.

GAVIN BROWN

THE image of Premier chairman Peter Wrighton playing the lead role in last week's piece of street theatre outside the group's Johannesburg head office focuses attention on precisely what public role the admirals of industry can usefully play in the labour area.

There are few who would doubt Wrighton's bona fides. Under his direction, Premier has devoted significant resources to attempts to forge sound industrial relations.

The retrenchments which gave rise to last week's march have been the subject of ongoing negotiation with the union inside a policy framework which unionists privately acknowledge to be as enlightened as circumstances allow.

The quality of industrial relations generally within the group is recognised to be comparatively sound despite the presence of some of the most militant unions in tough industrial sectors where it is hard to forge sound workplace relationships.

Both under Wrighton and his predecessor, Tony Bloom, the group has never shied from public expressions of support for political and social change, justice and democracy. Wrighton, however, has shown a proclivity for flamboyant public displays of solidarity with labour which often seem to draw cynicism rather than affection. Only last year he marched alongside Cosatu's Jay Naidoo in an anti-VAT demonstration in downtown Johannesburg, and was not unwilling to join the aborted two-day national business shutdown.

Last week, his enthusiasm to join the march and subsequent disappointment at being rebuffed, his purchase of a union T-shirt and his provision of refreshments and toilets for the marchers drew some cynicism and anger from unionists. Far from winning hearts and minds, Wrighton's flamboyance may result in greater antipathy for his negotiators when they resume talks with the union over the retrenchment issue.

What Wrighton may not have appreciated was that marches in general and this one in particular are not personal attacks on him or his company, but acts of mobilisation for a union dealing with membership apathy in the face of inevitable job loss. The march was, to a large extent, an effort to strengthen the already weak hand of the union in the negotiations.

Perhaps more than most unions, the Food and Allied Workers' Union (Fawu) is in desperate need of enhanced membership cohesion, especially at company and plant level — given its troubled history of regional and ideological splits and an economic climate in which aggression is hard to muster among the rank and file.

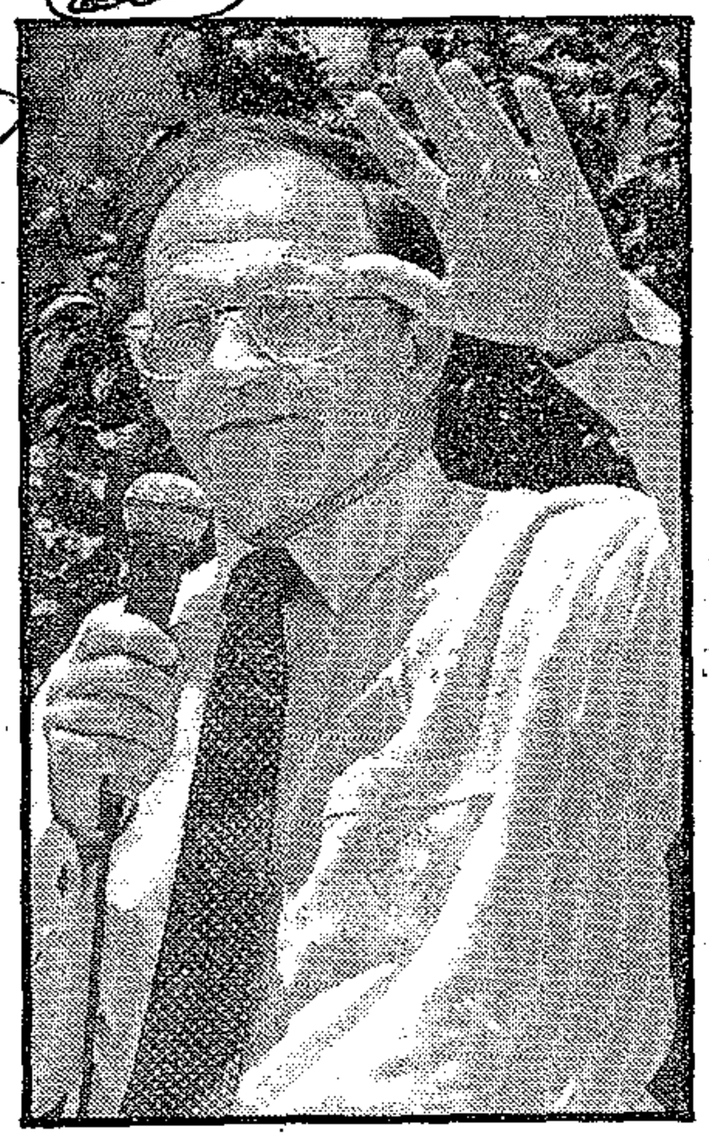
Wrighton also clearly understands little of the class war techniques of labour organisations to which Fawu is given, and should not have been surprised at the rebuff. Few on either side of the ideological divide could seriously see him as part of the working class struggle despite his willingness to wear its T-shirts in front of the opulence of the group's head office.

Attempting to take part in a demonstration against his own company also invites questions on this style of interaction with labour, and presents something of an absurdity, no matter how subtle or well meaning the intent may be.

Against this background, it is easy to see how hard-pressed union organisers are angered at Wrighton's upstaging of the event. Some are even claiming it was subversive towards collective bargaining.

What would have been just another demonstration of little importance to anyone outside of Mama's Pies workers or the motorists it inconvenienced became nationally memorable for Wrighton's enthusiastic, public embrace of the marchers.

The march was destined to be a low-key event. The presence of ANC and SACP officials was at such a low level as clearly to indicate little more than symbolic support for an issue which the leaderships of these organisations are acutely and more informedly aware of than the average Premier marcher. However, Wrighton's response served only to enhance and, more significantly, hijack the public attention it would otherwise have attracted.



☐ WRIGHTON

What has clearly emerged on the local industrial relations scene are new national levels of interaction between business and unions at senior levels. Whether in the National Manpower Commission or the national economic forum or a variety of other ad hoc assemblies, leading businessmen and labour leaders are beginning to have serious and pragmatic dialogue over issues of common concern.

This is the better place for a man of Wrighton's position to articulate his views. A style that may have been appropriate to the late Tony Factor or Hal Walton, for example, fits ill on the likes of the more patrician Wrighton, whose working class links are tenuous in the extreme, and whose attempts to identify with his workers would be more credible when clothed in a more serious and dignified way.

The Premier march was notable for the absence of any real union heavyweights who clearly also believe that their time is better spent attending events where macro policy is being shaped against a common understanding of the economic crisis rather than by being the main attraction in acts of street mobilisation.

☐ **Brown is an industrial relations consultant.**

Executives peer into crystal ball

By Stephen Cranston

Executives predict that the inflation rate for 1993 will be 13,1 percent, down from 14,1 percent in 1992.

This is one of the findings of a survey of the top 100 industrial companies by Unisa's Bureau of Market Research.

Inflation rate forecasts vary between 12,2 percent and 14 percent.

The executives are more optimistic about the real economic growth rate, which they say will pick up from a negative growth rate of 2 percent to a positive 0,5 percent rate.

The average dollar/rand exchange rate this year is expected to be R2,98, with forecasts ranging from R2,92 to R3,02.

Executives predict that the prime overdraft rate will fall from the present level of 17,25 percent to 16 percent, although more optimistic executives predict it will fall to 15 percent.

Of the sample, 81 percent believe pressure for affirmative action programmes will not be reduced. 78 percent disagree that the total unemployed in South Africa will drop.

On a more positive note, only 39 percent of executives predict that labour unrest will intensify, compared with two-thirds who predicted increased unrest in 1991.

But 68 percent expect the labour unions to play the same, or even greater, role this year.

Opinions are fairly evenly divided on the overall political situation, with 32 percent expecting it to worsen, 31 percent expecting no change or an improvement, and 37 percent neutral.

Last year a clear majority were optimistic.

A similar pattern has emerged over business confidence. Last year 54 percent were optimistic.

This has fallen to 34 percent, with 32 percent negative and 34 percent unsure.

Executives forecast a gloomy year

BLOBY 15/11/93.

PRETORIA — Forecasts by executives of the top 100 listed industrial companies point to an uncertain economic, social and political environment in the year ahead, according to a survey by Unisa's Bureau for Market Research.

There was a sharp drop in business confidence expressed by the executives, with 34% foreseeing greater confidence in 1993 against 54% last year.

About 32% were negative and 34% were unsure about the confidence level.

They forecast an inflation rate of 13,1%.

They were slightly more optimistic on the growth rate. The drastic fall in agricultural production pushed real growth down to -5,7% in the third quarter of last year, they point out.

If the trend continued, however, in the fourth quarter the economy was heading for negative growth of at least -2% for 1992 although for this year a positive 0,5% was expected.

GERALD REILLY

On affirmative action, 81% of the executives felt pressure on them to fulfil social responsibility programmes would not decrease.

And 78% disagreed with a scenario forecasting a drop in unemployment.

Only 39% believed labour unrest and strikes would intensify. They agreed that unions would play a smaller role in the labour field this year.

On the political situation, 31% said it would not get worse, 32% said it would and 37% did not know.

Sandton 'needs space badly'

SANDTON would expand beyond its boundaries within two years and needed space urgently for its economy to grow, the Demarcation Board heard yesterday.

The board is considering proposals to carve up a stretch of land north-west of Johannesburg, and include it within the municipal boundaries of Krugersdorp, Roodepoort, Randburg, Sandton, Midrand and Verwoerdburg. Area community representatives vociforously oppose the scheme, fearing the area will become a squatter "dumping ground".

Sandton representative David Osborn said the city was fast approaching capacity, and the added pressure of urbanisation meant its land requirements had to be met soon. It was inevitable informal communities would spring up on the urban periphery, but this had to be planned.

The Local Government Authorities Council (LGAC) approach of allowing local committees to manage development at their own pace was inappropriate now.

The councils had to move in and take control, as the LGAC had neither financial resources nor manpower to cope with an influx expected to double the PWV's population within a decade. Present economic trends indicated that many job opportunities would be created in Sandton, and accomodation had to be found through extended boundaries, he said.

GAVIN DU VENAGE

Sandton's existing infrastructure could be extended to the greenbelt area, making sewerage and water delivery systems cheaper. Under LGAC proposals, these infrastructures would have to be built by individual local authorities, he said.

Sapa reports Sandton Town Council planning director Jacobus Alberts said Sandton possessed the infrastructure, and it was easier to extend services than create a new authority. BLOBY 15/11/93

Garden Triangle Action Group chairman Robert van Tonder said yesterday the councils were lying about not wanting to turn the greenbelt area into a squatter dumping ground.

The OK has not been living up to its name for some years but new group managing director Mervyn Serebro has already left his mark on this R5 billion-a-year trading giant. STEPHEN CRANSTON reports.

Give me two years, says new OK boss

STAR 22/1/93. (172)

Investors should give OK Bazaars about two years to turn around, says Mervyn Serebro, the new group managing director.

Serebro says strategic plans have been formulated and he has no doubt the OK will return to its former glory.

In the past 10 years the OK's position has eroded so much that its share price has fallen from almost R30 to about R7,50 today.

Serebro recognises many of the causes of this decline.

"We ceased to be market and sales driven. We need to offer the customer the merchandise he or she needs at an affordable price as quickly and professionally as possible.

"The core business is retailing and all other activities in which we operate, such as store development and information technology, should act as a support function. In the past it was often a case of the tail wagging the dog."

Serebro's first task is to reduce stock sharply and achieve targets which have been agreed with management on the ground.

The OK will then have to take a hard look at its range of merchandise and might even move out of entire categories.

In touch

He says furniture's sales have remained strong and that department has remained in touch with its customers but there is room for improvement in the OK's three other areas of operation — food, clothing and housewares.

Nevertheless, the OK still boasts some outstanding merchandise such as the Ladybird range of children's clothes and the Pot o' Gold housebrand. It is still the market leader in certain merchandise categories, including records and sweets.

"Many years ago the OK had little competition and so it developed on a wide front of merchandise but more recently significant competitors have emerged which specialise in just a segment of our range."

Serebro does not rule out the possibility of certain OK outlets specialising. There are already stand-alone furniture outlets but the OK is considering a range of other opportunities such as food only or perhaps non-food only.

Serebro will not be appearing in television commercials as he believes that no one person can represent the OK. "I might be the conductor but it is the musicians



Mervyn Serebro ... you can't rule by fear.

who make the music.

"It is no good trying to rule by fear. People need to believe in me and managers have to be entrusted with responsibility. They might learn from me but I certainly learn from them.

"I knew nothing about store development when I took over that department eight years ago but my colleagues taught me how to read an architectural drawing."

In that time he saw that some of the stores the OK had been building were too large, such as the Vereeniging and Vanderbijlpark ones which were over 12 000 sq m. He began to build 5 000 sq m outlets instead.

The OK is becoming more decentralised in line with Serebro's philosophy. His style is more informal and less autocratic than his predecessor, Gordon Hood.

The OK has been divided into 10 regions, which allows the regional directors to visit their stores regularly. Under the old system of three provinces some stores were visited only twice a year.

Decision-making at the top has been streamlined by the reduction of the corporate board from 17 to seven and the formation of separate operational boards for the OK and Hyperamas.

"We've recognised that they are two totally different businesses, with different cultures and target markets."

He points out that the Hyperamas were turned into a successful business with skills which were nurtured in the OK. "We still have a depth of skills. We just need to use those skills properly."

Shortage of entrepreneurs a problem, says IDC chief

STAR 22/1/93.

By David Canning

DURBAN — South Africa suffers from a shortage of entrepreneurs, says Jan de Bruyn, senior general manager at the Industrial Development Corporation (IDC).

Asked in an interview whether the IDC was doing enough to help small-to-medium-sized industry, he said the organisation had financial resources to help "every applicant who can produce an economically viable plan for industry".

No applicants with viable plans had failed to receive help.

However, the biggest obstacle was the shortage of entrepreneurs — people with the necessary skills coupled with a willingness to take risks.

The IDC, which recently announced a move towards promoting hotels and tourism, did not have a master plan for allocating funding to different industrial sectors.

It did try to favour small-to-medium-sized industry, although it did not seek to divide its funding according to set parameters, distinguishing between big and small industry.

De Bruyn was asked why it had been necessary for the IDC, as a state-controlled body, to become involved in part funding of huge projects like the Alusaf aluminium smelter and Columbus stainless steel project.

Could the IDC's resources not have been more effectively used for small to medium-sized enterprises?

The IMF has criticised government tax breaks for large South African projects. The IDC is also providing R800 million for Alusaf in the form of subordinated long-term loans.

De Bruyn defended IDC involvement with the Alusaf project as being within the ambit of IDC activities and not involving funds flowing from the state.

He said it was the IDC's brief to promote industrial development, big or small, within SA. Two of its main objectives were the promotion of further beneficiation of the country's natural resources and of exports.

The IDC had completed its own viability studies on the Alusaf project and was convinced it was in the national interest.

Natural step

Moreover, the additional investment was a natural step because the IDC had been involved in the first Alusaf scheme.

The IDC, now 52 years old, was formed during the war when SA found its traditional access to Commonwealth-manufactured products limited.

Its governing Act says it must facilitate, promote, guide and assist in financing of new and expanding industries.

It also promotes better organisation and modernisation of industry and undertakes special investigations on behalf of Government departments — such as last year's report on SA's import tariffs.

While it charges for research projects on behalf of the Government, the IDC has not received government funding for many years.

In fact, unlike other development agencies in the world — some of which were modelled on the IDC — it pays tax (R99 million last year).

Lending is entirely from its own resources.

Asked why the IDC had not been formally privatised — its directors are still appointed by the Government — De Bruyn said such a proposal was looked at a couple of years ago.

As with other state-owned organisations, the issue had not proceeded for political reasons. There were feelings among some parties that such sales would be tantamount to "selling the crown jewels".

De Bruyn, who is also a director of the Small Business Development Corporation (SBDC) — which is 50 percent-owned by the IDC — said there was little overlap between the organisations.

Unlike the IDC, the SBDC set upper limits for businesses it was prepared to help and it was also involved in "after-care" services.

The IDC estimates that projects with which it is involved will make total capital investments of R10 billion in the next four years. Its own investment is R3 billion.

Last year it increased loan approvals to industrialists by R712 million to R1,97 billion and its total assets rose to R6,6 billion.

It said in its 50th anniversary report in 1990 that 67 percent of its projects involved firms with total assets then worth less than R10 million.

FM 22/1/93

LOG-TEK FM 22/1/93

Year of transition

Activities: *Integrated logistic support, corporate and management training, payroll and access control systems and franchising of educational programmes.*
Control: *Directors 40%.*
Chairman: *A J Behrmann; CE: H S Spain.*
Capital structure: *23,2m ords. Market capitalisation: R39m.*
Share market: *Price: 170c. Yields: 11,8% on dividend; 32,6% on earnings; p:e ratio, 3,1; cover, 2,8. 12-month high, 300c; low, 170c. Trading volume last quarter, 604 000 shares.*

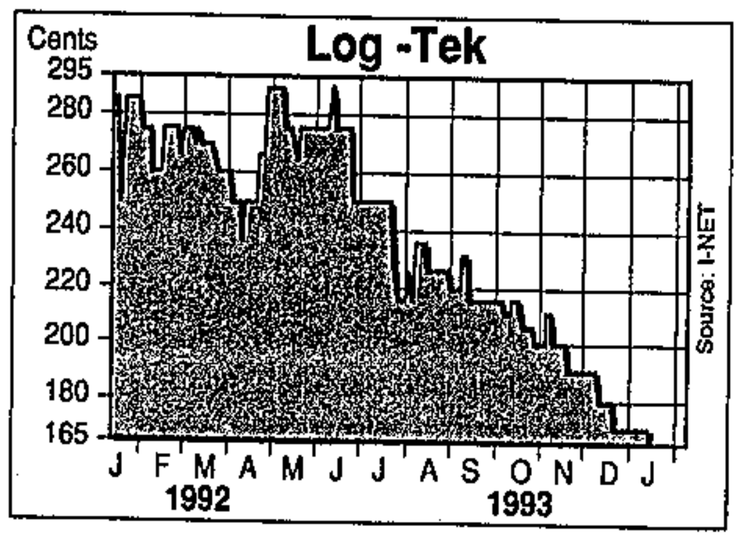
Year to Apr 30	'90	'91	'92
ST debt (Rm)	3,8	4,7	6,3
LT debt (Rm)	0,06	8,8	5,5
Debt:equity ratio	3,59	1,83	1,54
Shareholders' interest	0,15	0,29	0,39
Int & leasing cover	14,1	7,5	2,5
Return on cap (%)	70,8	30,3	25,1
Turnover (Rm)	18	44	46
Pre-int profit (Rm)	4,0	6,9	5,0
Pre-int margin (%)	22,4	15,7	10,8
Earnings (c)	19,3	19,8	11,1
Dividends (c)	6	5	4
Net worth (c)	5,7	16,6	31,5

CE Harry Spain believes managers place staff training near the top of their cost-cutting list during a recession. Fortunately for Log-Tek, learning centres are not its only activity; the logistics subsidiary contributes a steady flow of income.

In financial 1992, a year of transition for the group, a name change marked the end of the restructuring, and the Colfin pyramid structure. The JSE listing of Colfin Investments (Colvest) was ended, and Colfin Holdings was renamed Log-Tek Holdings.

Profits were also transformed. Earnings increased fractionally at mid-year even though issued shares were expanded from 15m to 23m; but by year-end EPS had dropped 44%. Log-Tek's payroll and access control systems arm, Accys, and the Academy of Learning both maintained turnover growth in real terms but margins narrowed. The depressed economy hampered the activities of the former Punch Line Columbia Training, now called Charter Trading Group. Perhaps the new name will help to brighten market perceptions.

The shareholding in Kwik-Kopy was sold, as its size and contribution to profit did not justify the demands on management. Spain says Log-Tek is making a determined effort



to expand in foreign markets and a large contract has been renewed for five years.

A cautionary notice was published on August 5. Log-Tek is considering acquiring a business operating in an allied sphere of activities. The acquisition will not be funded with borrowings, as gearing is already too high. If the acquisition materialises, a further restructuring is probable.

At 170c, the share stands on a low p:e of 3,1, and the increased share capital has improved marketability. However, given the nature of the existing activities, profit growth remains difficult. The counter would be a risky purchase, at least until the outcome of the negotiations is known. *Kate Rushton*



Log-Tek's Spain ... *expanding in foreign markets*

New course for top managers

THEO RAWANA (172)

THE Wits Business School has developed a programme to prepare senior managers for the changes facing the SA business world, says director Nick Binedell.

The course, entitled strategy, leadership and change management, will cover areas such as cost-effectiveness, resegmenting markets, improving human resource performance and the setting of new strategic directions.

"The development of this new programme meets a critical need.... For most organisations, the strategies that have made them successful in the 1980s are no longer effective in the 1990s. Business conditions have changed so much that new methods and directions are vital," Binedell said. BLOOM 25/11/93.

Programme convener Jay Owens said the course was unique in that it "interweaves" the three themes of strategy, leadership and change management to provide a rich backdrop for practical, sound and innovative ways to lead in organisations.

The programme was geared primarily for senior managers who had already mastered the functional areas of management and progressed to leadership roles in organisations, Binedell said. The course starts on March 3.

BUSINESS Steps to stimulate growth and to alleviate the job crisis

Fight for affirmative action gets underway

Sowetan 25/1/93.

PRIORITY TRAINING Business and education bodies form NAAA to level opportunities:

By Mzimkulu Malunga



Loyiso Mbabane

'WITHOUT affirmative action, the struggle for liberation would have been in vain," were the words of a leading activist in one of the liberation movements.

As more people become convinced of the urgent need for affirmative action, an organisation geared towards the realisation of this notion was recently formed.

The National Affirmative Action Alliance is a broad coalition of 20 organisations and it held its first general meeting this weekend.

It aims to lobby policy makers in Government and business circles to formulate appropriate mechanisms to redress disparities.

Affirmative action is the only way to cultivate a sense of belonging among black employees, argues the alliance's interim secretary, Loyiso Mbabane.

"Affirmative action is like the right to vote. It's non-negotiable," he says.

Representatives from the broad liberation movement, black business, educational institutions as well as the trade union movement attended the workshop that led to the formation of the NAAA.

The diversity of the groups represented in the alliance proves there is growing consensus on the necessity of affirmative action, says Mbabane.

Participants in the alliance range from the Black Lawyers Association, South African Institute for Management, Association for Black Accountants of Southern Africa, National Education Co-ordinating Committee, Black Business, Professional Women Coalition to the National Council of Trade Unions.

The NAAA wants to break away from the traditional monotony of paying lip-service to affirmative action.

The record of understanding outlines four key objectives. One seeks to eliminate gross imbalances, not only between blacks and whites, but between men and women as well.

The other highlights the importance of increased representation for blacks in all sectors of working life.

Thirdly, the NAAA emphasises the need for cultural values in the corporate world to reflect those of the broader South African community.

Another task the alliance is faced with is to see to it that there are well thought out programmes to redress economic disparities and that mechanisms to monitor them are in place.

Mbabane argues that even the strongest advocates of affirmative action are not in favour of discrimination in reverse, as such a move would be self-defeating.

The key to a careful implementation of affirmative action programmes is training.

Training should target areas where there is greater need. "You don't just train a person in communications without knowing whether he needs skills in that sphere or not.

"Some white people believe black people need training just because they are black."

Legislation can also play a role in persuading business to embark on programmes which speedily level the economic playing field. As a prerequisite, all forms of discriminations should be banned at work places.

Brushing up thinking skills

172

Sowetan 26/11/93.

GREAT INTEREST *This concept is becoming popular among ordinary people:*

By Pearl Majola

LATERAL thinking is not just a yuppie craze that will pass. Nor is it exclusive to the sophisticated and well educated few of this country.

In fact, the concept is becoming popular among the ordinary people. This was proven at a seminar in Johannesburg on thinking skills hosted by Uptrail Trust and run by Venezuelan thinking skills expert Ms Beatriz Capdevielle.

The seminar, entitled *Future Positive* and aimed at women leaders in Southern Africa, was well attended by people from grassroots women's organisations, businesswomen from as far afield as Lesotho and professional women.

One result of the seminar is that plans are now under way to establish a forum for the women to network and discuss ways of implementing the skills they have learnt in their respective organisations. "Thinking skills are about learning and understanding how the mind works," explains Capdevielle.

"For example, the mind has a pattern of its own and it is that pattern which influences one's attitudes, beliefs and the whole approach to any information a person receives. Capdevielle has been working as an adviser in thinking skills for Uptrail Trust since 1986. "We have given courses to teachers and acquainted them with the importance of academic achievements and thinking skills and how these can improve the development of children," she explains.

The organisers envisage that the participants will contribute significantly to the empowerment of other women and their organisations in four ways: by

- Developing and applying constructive and creative thinking skills systematically in addressing Southern African problems;
- Returning to their constituencies with a vision of a better society and economy to which everyone can contribute;
- Applying future positive personal empowerment techniques for the changing of attitudes and the development of intelligence in their own communities; and
- Creating a desire and willingness to become part of an ongoing work creation campaign in their own communities.

A revolution that begins in the mind

MIND POWER
South Africa needs a ministry of human intelligence, reports **PHANGISILE MTSHALI.**

Star 27/1/93 (172)

FOR decades intelligence services have been associated with shady, secret government dealings.

Now modern-day philosophers are bringing a new, clean and cerebral meaning to the words, "intelligence services", says Venezuelan political and business consultant, Beatriz Capdevielle.

Intelligence enhancement skills are being introduced to ordinary folk for the benefit of all, she says.

Capdevielle was assistant to the world's first government Minister whose sole portfolio was to develop human intelligence. The job lasted five years. Currently she runs Project Intelligence, Venezuela, and consults worldwide.

She recently addressed a delegation of women involved in education, business, politics and community work who met in Johannesburg under the banner, "Future Positive Convention for Southern Africa".

The convention was aimed at empowering women "to participate meaningfully in decision-making procedures".

Lectures were based on skills devised by world-renowned thinkers, especially her mentor, Dr Edward de Bono, originator of lateral thinking.

Capdevielle says the time has come for women, who are oppressed worldwide, to use their gender and talents to influence politics and address their needs.



Promoting intelligence . . . Beatriz Capdevielle.

Developing thinking tools is one way to enable women to come up with innovative ways to liberate themselves from cultural and traditional stereotypes.

Men, who are entrenched in their ways and positions of power, will always assign menial and unimportant duties to women despite their abilities.

"Liberate the mind and you will liberate the person," she says.

Intelligence does not happen by chance or osmosis.

It must be taught consciously as a specific subject or integrated with other school subjects.

Research shows that the brain's potential is the same in most people. It's only development that differs, she says.

There is also sufficient knowledge to generate effective methods for the development of intelligence to all people, mainly through education, she adds.

She says: "The development of intelligence is the basic right of each individual and of each group of individuals. It is a requisite for justice."

Developing the intelligence of underprivileged and alienated communities in societies fraught with prejudices and stereotypes is tantamount to starting a silent, but effective, revolution.

Thinking skills are not political but they can be used destructively if only the chosen few are exposed to them, she says.

You cannot spread thinking skills without promoting independent and democratic thinking, says Capdevielle.

People who have been taught to use thinking tools generally become less dependent, less desperate, less negative and not as easy to manipulate, she says.

Other skills are devised to improve understanding of events around you, learning abilities and other life skills.

Thinking skills, she says, also help people to get rid of their fears and prejudices and to solve problems more effectively.

Capdevielle says that in countries where thinking skills have been made part of the education system and integrated into everyday life, people have become more productive and more responsible participants in economic and political processes.

It is not enough to know about thinking skills, she says.

Once exposed to them you must make an effort to apply them daily until they become second nature to you and your thinking patterns.

"It is like being made whole again," she says.

"We are tapping and improving our internal resource after ignoring it for years at our peril."

'Thinking skills' found around globe

Star 27/1/93 (50)

THE "silent revolution" of thinking skills is happening in South Africa.

An education organisation called Upgrading of Teaching, Training and Learning Trust, set up in 1988, has devised a manual to introduce thinking skills in local schools. Pilot projects integrated with English and mathematics are being run at selected schools in KwaZulu and QwaQwa.

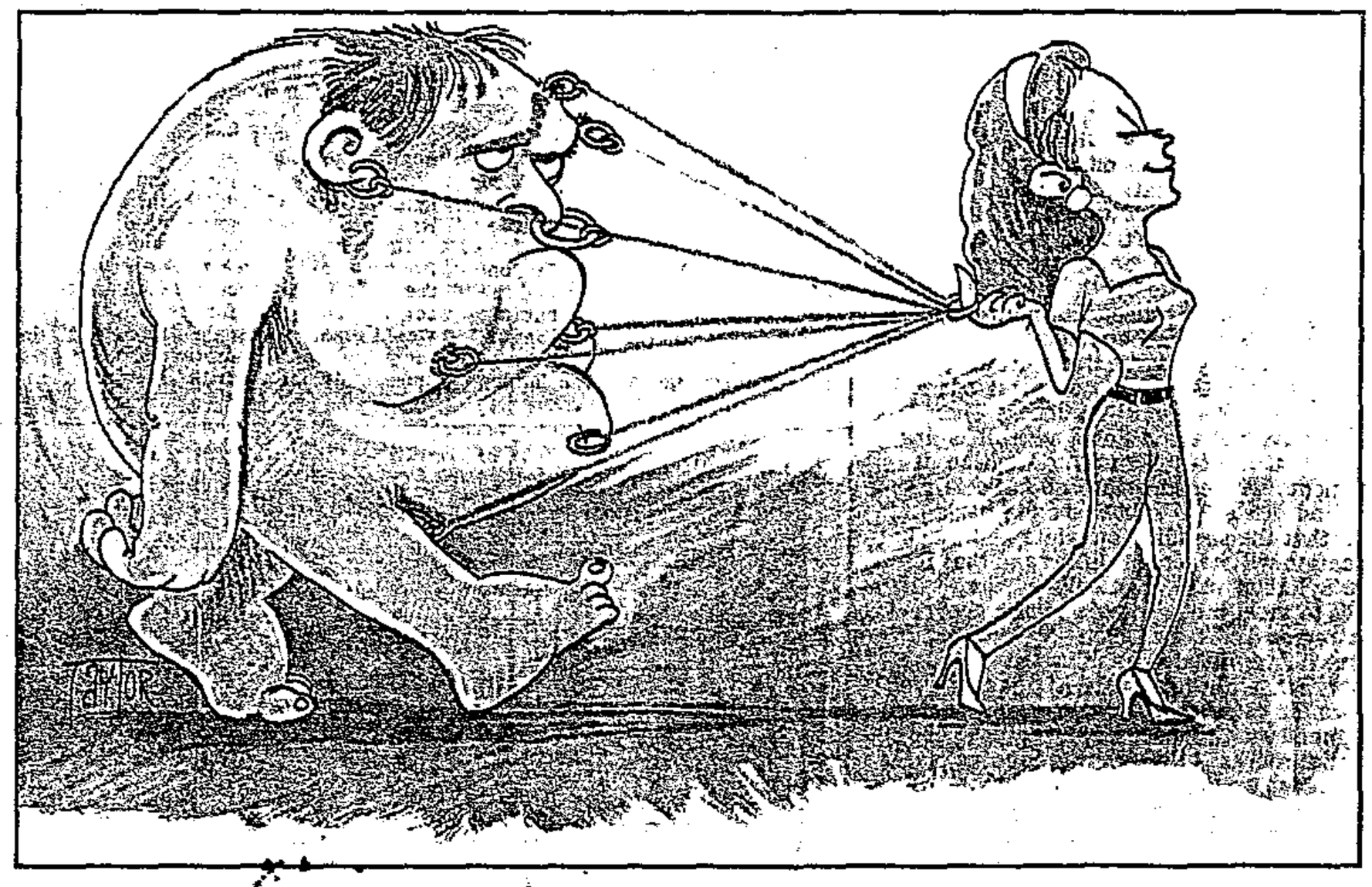
The "subtle mass mobilisation" started in Venezuela in 1979 when its government appointed Dr Luis Alberto Machado to a temporary post of Minister of human intelligence development.

His assistant, Beatriz Capdevielle, asked her mentor, Dr Edward de Bono, to modify his thinking-skills package for school curricula.

The revolution spread from Venezuela to other South American countries. It is practised in some Western countries. Capdevielle introduced thinking tools into Chinese primary schools. Some West African countries have been using skills modified to suit their needs.

TOMORROW

Jonty's jolt on epileptic myths pays off.



You, too, can be a fashion ring-leader

ASK Jim Ward about body-piercing, and he starts talking not about earrings, but about the three Ns.

"Nostrils, navels, and nipples," says the president of Gauntlet Inc, the San Francisco-based chain of piercing salons which caters for those looking for rings for just about any part of their bodies.

If the people on the streets of fashion-setting San Francisco are any indication, body-piercing has replaced hairdos as a popular method of proclaiming individuality.

What started in the gay community has now hit the mainstream. It is not uncommon to see businessmen with earrings, and nose rings don't even get a raised eyebrow.

Ward's business has almost doubled in the past few years.

While the earlobe still led all body parts in number of piercings performed at Gauntlet's San Francisco store in 1991 (with 2 117), second place was taken by nipples, of which the salon pierced 1 643 on men and women in that year.

The third-place finisher wasn't even close: the penis, with 497 piercings executed in the back room at Gauntlet in 1991. There were 79 piercings of female genitals, says Ward.

Gauntlet also pierced hundreds of navels, eyebrows, and tongues. Tongues are one of the more popular piercings these days, says Ward.

"People who have 'em just love 'em. It's something that they can play with, kind of like chewing gum."

The most piercings a Gauntlet customer has yet had done was 200, but 20 was more likely to be the limit even for serious piercers.

Gauntlet's customers include everyone from nine-year-olds getting their first piercing to members of the city's sado-masochistic community.

SAPA—REUTER

Financial statements require clarity

BDM 27/11/93.

DOUG BROOKING

WITH the possibilities of foreign investment opening up in SA, a prerequisite is that the investor be provided with financial statements which are fully equal to those available to him in his own capital market.

Equal in this sense means comparable as well as equivalent in terms of relevance, reliability and understandability. This places a responsibility on our national standard setters to keep accounting standards at least within striking distance of best international practice, and on our companies to accept the cost and effort of contributing to the standard-setting process and of complying with its output. Local investors, of course, also need and benefit from a programme of continuous improvement in financial reporting.

Mercifully, some leading international capital markets, including London, do not impose their own national accounting standards on foreign companies whose securities they list. In the US, however, the Securities Exchange Commission demands that companies seeking equity finance through the New York Stock Exchange comply with the very demanding standards of the US Federal Accounting Standards Board.

Perhaps SA, along with other countries seeking future access to the vast US capital markets, will find a route via the standards of the International Accounting Standards Committee (IASC) which is engaged in a determined effort to achieve international recognition of its standards for the purposes of cross-border capital raising. Three of our leading companies — AECI, Barlow Rand and SAB — already issue financial statements which comply with the international standards, as does Minorco. More will follow.

Thanks largely to the exceptional degree of goodwill which exists among members of the accountancy profession worldwide, SA was able to retain its position on the IASC board throughout the sanctions years. Our experience and close international connections in this area should pay handsome dividends as SA companies enter a new and more open financial era.

Given the growing internationalisation of business and finance and the daunting costs of continuing to involve ourselves in both international and parochial standard-setting processes, SA accountants may well become persuaded that the practical approach is for our companies increasingly to adopt international standards, and to phase out the local standards except where overriding and unique objections prevail.

Most affected by such a change in policy could be our mining groups, which have long pursued an original and independent route in reporting for single-venture, wasting-asset situations such as the gold mines.

Producers of financial reports for international consumption will also find value and perhaps even inspiration in a new publication, Financial Reporting in the 1990s and Beyond, issued in the US by the Association for Investment Management and Research (AIMR). This study takes a penetrating look at several current disclosure practices which, from a user perspective, it finds wanting. Unsurprisingly these include accounting for goodwill and other intangible assets, the use of valuations on the balance sheet, segmental data and the income statement in general.

And all company directors occasionally need reminding that, in the words of the AIMR, "users of financial statements are also the owners of the enterprises being reported upon, and it is the users, who in addition to receiving the benefits, ultimately bear the cost of providing financial reports".

Looking further ahead, investment analysts are already pointing out that the globalisation of asset management requires that financial data on all eligible investments should be totally comparable and consistent — suitable for incorporation in a gigantic database through which analysts and global portfolio managers can search and sort at will.

Then at least we may be able to talk about accounting as a universal language of business.

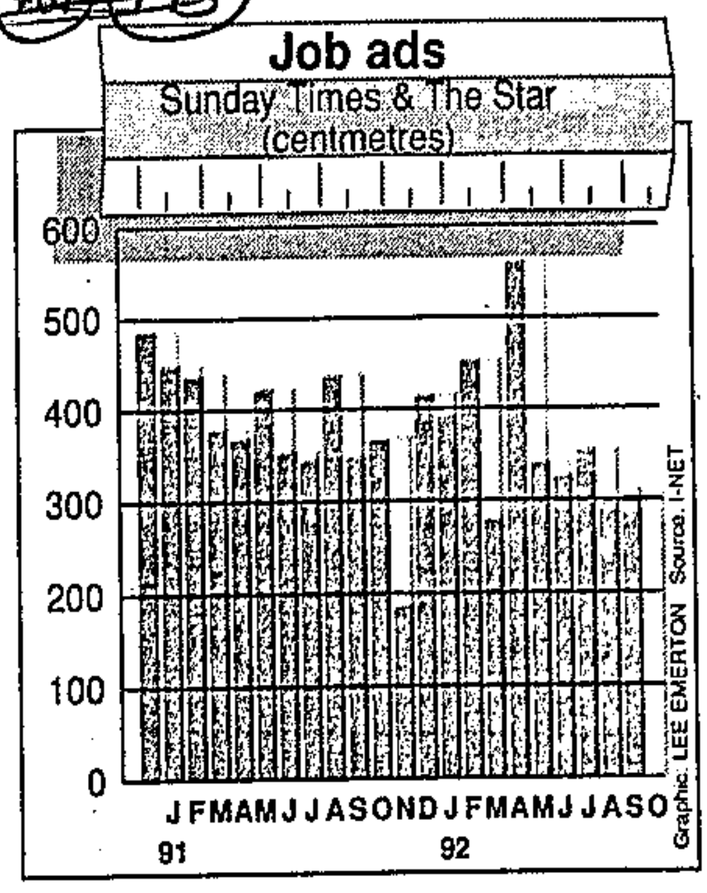
☐ Brooking represents the SA Institute of Chartered Accountants on the IASC board. The SAICA will present its annual CA reporting award next month.

REVIEW

Recruitment agents upbeat over ad figures

(172) (24) Bloomy 27/1/93. (B3)

TRACY SCHNEIDER
and JOHN DLUDLU



A MAJOR economic indicator — recruitment advertising — had shown an uptick in the past few months, industry sources said recently.

MSL MD Mike Hardaker saw the slight increase as positive, especially since this industry was perceived to lead economic activity by a number of months.

Human and Mundels Recruitment Advertising Agency owner Helen Human said: "The economy is moving into a change cycle and companies are looking for heavyweight people adept enough to lead this phase."

Recruitment advertising booked in the Sunday Times and The Star showed a sharp fall to below 200 column centimetres for December 1991. This figure rose to 550 column centimetres for March 1992.

Latest available figures showed column centimetres booked for August, September and October 1992 around the 300cm mark.

However, industry sources said reorganisation and reviewing within companies early this year had led to an increase in management vacancies and subsequent recruitment advertising, and they expected this trend to be sustained.

Renwick Management Services MD John Sherratt said the increase in recruitment advertising was normal for this time of year, since year-end requirements were often rolled through to January. Sherratt said many companies also entered 1993 with a "refreshed, optimistic view".

"The industry is in survival mode and has stopped waiting for the economy to move out of a recession. We must make our own future and can do so only with good people," he said.

Right Agency MD Jack Bensch said the increase was "cyclical" and did not reflect a lack of available skills. "There is an abundance of qualified people in SA."

Altolevel MD Paul Brand said that while he did not think there had been a flight of skills, the situation in the appointments advertising industry reflected the difficulty inherent in recruiting "good candidates".

"Companies look after good people, which is why it seems as if they're not available," he said.

"There are many highly qualified people around. It is only a certain category of people that are in high demand — highly specialised management services."

SA must get ready for world competition

STAR 28/1/93

THE changes sweeping through the country are propelling South Africa to the fore in the international arena. Historically the country is moving through challenging times and maximum use must be made of the available manpower.

To compete at global level, productivity must be improved by increasing training, honing staff skills and making them more effective in the workplace.

There is also the task of training unskilled people to enable them to obtain higher levels of employment. But is the business sector putting resources behind this? How beneficial are management courses run by institutions such as the Damelin Education Group?

"Government legislation should support the establishment of private universities in South Africa," says Andrew Armstrong, director of studies, Damelin degree campus.

Armstrong has strong views on tertiary education, citing the fact that Japan's universities are mainly privately owned.

Armstrong believes the State has a role to play in the new South Africa by setting and monitoring standards. But it should not be "directing the traffic and cleaning the car at the same time".

Damelin's degree campus offers matriculants who are not accepted at residential universities, and who do not want to study by correspondence, a reliable alternative. Degree campus students are full time — and write the Unisa examinations. The Damelin difference lies in its student tutorial support programmes.

As a pioneer in providing supplementary courses to Unisa students, Damelin has perfected the blend of the Unisa method with a tutorial support system. This gives the student the excellent Unisa training combined with highly effective face-to-face tuition.

Backed by market research, Armstrong supports the view that the Damelin Group is perceived in the market place as almost infallible.

"Our methods are so effective that should one of our students fail a Unisa exam, after having written our tests and internal exams, we will take him back free of charge".

Damelin degree campus is not affiliated to any university but offers tuition towards a Unisa degree. Damelin offers tuition for a B Com degree aimed at students who are interested in a career in marketing, finance, production, human resources, economics, or any business activity.



Modise Pitse . . he believes training, not tokenism, is the key to success.

Students who want to become chartered accountants are advised to follow the B Comp degree, for which Damelin also offers a support system.

A part-time division offers evening classes for students in full-time employment who are doing degrees through Unisa. Damelin degree campuses are situated in Rosebank, the new Braamfontein complex, Durban and Cape Town.

One of Damelin's exceptional success stories is Modise Pitse's meteoric rise from the print room to the boardroom. Pitse started his career 27 years ago in the Damelin printroom. Today he is a director of the Damelin management school, South Africa's largest private training organisation.

"The term affirmative action had not been coined in 1966 so I can't pretend to be a product of such a programme. However, I benefited from Damelin's learning culture and set about acquiring the best possible training," says Pitse.

From the printing department he moved to the postal department and then to the records division. In 1987 he joined Damelin's management school, where he was responsible for the marketing and the developing of the management courses. It wasn't long before he was promoted to course consultant and then appointed to the board of directors.

Pitse set about devouring the broad range of management courses provided by Damelin. Over the years he has participated in a large number of courses, both to improve his educational knowledge and to qualify as a course consultant through experiencing the courses first hand.

Pitse says his advancement has strongly reinforced his belief that training, not tokenism, is the key to an effective affirmative action programme.

The international approach

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"EDUCATING for success" is the ethos behind the 38 vocational and market-related courses offered by Birnam Business College. Birnam is affiliated to major international educational institutes: CAM City and Builds, Pitmans London, The International business Institute New York IATA/UFFTA Switzerland. Students are also encouraged to enter for national external examinations.

Full-time students can study for national and international qualifications while doing diploma courses such as computers, business management, fashion, hotel management, marketing and management, personnel, bookkeeping, secretarial skills, journalism, public relations, travel and tourism.

Part-time and correspondence students from as far afield as Namibia, Zimbabwe, Zambia and Zaire can sit the same exams as full-time students. These courses can supplement their present incomes or retrain them in new careers.

In spite of the large number of unskilled and unemployed people, South Africa tends to de-motivate students to continue their education. "Try to obtain a bank loan for college attendance and see how far you get", says Brenda Riesnik, principal of Birnam Business College, as she points to the lack of assistance from the state for bursaries or bank loans.

In South African commerce there is a sad lack of incentive for any form of further studies. Once people have entered a field they are given little motivation for self-improvement. This leads to lack of self-esteem.

These people are unlikely to perform as competently as those with a high self-esteem. The Institute of Marketing Management (IMM), in association with Professional Sales Association, has launched a new diploma for sales managers and salesmen. This proof of achievement leads to an improvement in self-esteem — and in productivity.

Birnam College has an international approach to external examinations.

"This is a guarantee that the college is assessing its courses against some of the world market leaders. It is also an opportunity for students to compete at international level and for colleges to keep abreast of overseas trends," says Riesnik.

Beating the unemployment trap

Job-seekers must be prepared to learn extra skills

STAR 28/1/93

STATISTICS reveal that over the past 15 years the job market for matriculants has steadily deteriorated. In 1975 only 63 percent found employment, this dropped to 22 percent in 1985 and only 12 percent in 1989. The figures for 1991 dropped even further to 7 percent, which means that only seven out of every hundred matriculants were able to find a job in 1991.

So what can be done to ensure that matriculants will emerge top of the job-hunting pack, and are able to get a foothold in the career of their choice?

"In the present economic times employers have to put their company interests first, so they select staff who are able to make a contribution rather than having to be put through lengthy, costly training," says Sue de Roos, managing director Academy of Learning, head office.

"Companies are looking for people with job experience or who have acquired basic skill training which will automatically put them on a higher level than the average job seeker."

What are these basic skills?

The skills one learns at schools or university to become a clerk, an accountant, a doctor or an engineer must be supplemented with others to play a major part in business or to increase a person's market value to their employer.

"In the modern business world there is no company which does not contain a computer, word processor, fax machine or even typewriter. Information, whether in electronic form or on paper, is the life blood of any company. Every employee, from a clerk to a managing director, comes into contact with one of these business machines every working day" says De Roos.

Useful

"The chances of obtaining a job are much greater if a prospective employee has keyboard skills, either as a competent typist or is able to apply basic operational computer programs such as word processing."

Another useful business skill is bookkeeping or having a good knowledge of accounting practices. Prospective job-seekers must be prepared to sacrifice some of their time to equip themselves for the future.

These skills can be acquired at a technikon, but these courses take three years to complete and the competition is extremely high.

There are a number of training establishments in the country, of which the Academy of Learning (AOL) is probably the largest. AOL offers students flexi-time basic business skills courses at times convenient to the student.

Students have the advantage of completing their courses in a shorter time than at the more traditional establishments.

For example, a student at a private college can be trained to become a top executive secretary within 6 to 8 months. This places her in the job market 24 months earlier than her technikon counterpart.

Basic skills courses offered at private colleges include typing, shorthand, executive and legal secretary, bookkeeping, computer appreciation and personal computer application training in word processing, spread sheets, class operating software packages such as dBase III Plus. Some colleges have added other courses to their range which equip students to work in a different environment or to take their business studies to a higher level.

Such courses include Public Relations (recognised by the Public Relations Institute of South Africa); intermediate Accounting (which entitles students to write the prestigious financial management institute of South Africa examination, recognised by South African accounting companies); Computerised Accounting, which takes students through the accounting functions — debtors, creditors, stock and invoicing, general ledgers and VAT.

Other courses include Business English, which teaches the basic rules of grammar, the basic framework of a business letter as well as offering electronic communication using equipment like computers, word processors, photocopiers, fax machines.

AOL runs literary courses for students with little command of English. These are designed to make students functional in English so that they will be able to read and fill in job application forms. Unions are recommending these courses to their members to improve their standards and prospects.

AOL also offers a storeman/stock controller's course which covers the basic duties and responsibilities of a storeman — stock and order cards, stock ordering, continuous stock taking, use of computers and stock control, automated stock control systems, safety and security procedures.

Most of these course may be taken separately or combined, depending on the needs of the students.

There are thousands of South Africans looking for work. Too many people, especially school leavers, sit back and wait for a job to fall into their laps.

Those who have not had the foresight to acquire skills outside their normal discipline will be left on the sidelines. The ones most likely to succeed are those who can offer employers additional skills in typing, operating computers, bookkeeping.

Tasks

"Having obtained their first job, a person must be prepared to do many menial tasks like operating a switchboard, filing, handling the post. Once they have demonstrated their ability to their employer they will be able to reach a higher notch within the company," says Sue de Roos.

"Most companies prefer to promote from within as they can more readily assess the calibre of someone who is already an employee."

Recently some AOL colleges have been granted full private technical college status, enabling them to award AOL diplomas, which are recognised by the department of education and widely accepted by industry.



Honoured, we're sure .. Sally Benbow-Hibbert (seated), chief executive of Charter Training Group, Carol Prins, director, Academy of Learning, head office, with the "Franchisor of the Year" award from the SA Franchise Association; while Schalk Bothma (Director — Academy of Learning, Welkom) was named as one of the top three finalists in the "Franchisee of the Year" award.

Multi-skilling is the thing

"THE future belongs to those who prepare for it," is a maxim that is entrenched in students who attend the Kelly-Greenoaks Business College. Professional learning of the highest calibre is given to students on the most modern equipment in a stimulating environment.

"Multi-skilling is the buzz word in the business world of the 90s," says Jean Whitlow, director education and training Kelly-Greenoaks business college. "Courses are geared to give students a diversified range of skills to equip them to meet the challenges of the changing role of the secretary.

"Today's secretary makes major key decisions in a company and often holds the status of an executive. They are the backbone of a company and the cogs of business could not turn without their support."

Kelly-Greenoaks is a trailblazer for other private colleges. It started in 1956 as the Greenoaks private school. In 1983 it became Kelly-Greenoaks when it was incorporated into the Kelly Group of Personal Services. This resulted in the equipment teaching methods and courses being updated to meet the needs of the modern business world.

Kelly-Greenoaks is the founder member of The Association of Private Colleges of Southern Africa (APSCA) and its managing director was APSCA's founding chairman.

APSCA is a spokesbody for the private body tertiary education and is concerned with maintaining the highest standard of education and training throughout its member colleges. APSCA members are required to adhere to a strict code of ethics and conduct to ensure high standards are maintained.

Kelly-Greenoaks diplomas are renowed as they offer students the opportunity to achieve local and internationally recognised diplomas, via their affiliation with the following institutes which approve of the courses and endorse the certificates: PRISA, IMM, ITM, Pitman London, RSA London.

Kelly-Greenoaks offers a variety of specialised courses such as Marketing, Public Relations, Law, Travel. The range of subjects and skills is constantly being broadened and updated.

The courses provide a twofold marketing trust — to teach school leavers basic business skills and to upgrade the skills of staff in existing business positions. "Kelly-Greenoaks is committed to both these aspects of this training and run a number of part-time evening courses geared for adults," says Whitlow.

One of the bones of contention facing APSCA members is the lack of recognition of private colleges by the market place to obtain bursaries or bank loans. Companies are not prepared to sponsor bursaries for students attending a private business college.

Unfortunately, banks have adopted a similar attitude and won't consider giving loans to students at these colleges. This situation will continue as long as the marketplace fails to recognise the importance of these basic business-skills courses.

STAR 28/1/93

It's all about people

STAR 28/1/93

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"DEALING with people is probably the biggest problem you face, especially if you are in business." This statement was made by Dale Carnegie, founder of Dale Carnegie Training, Johannesburg.

It underlies the importance of communication and people skills in a company environment.

To attain good people skills is the cornerstone of any improvement process.

But what are these skills and how are they developed?

"The major objectives of our training," says Kat de Beer, head of Dale Carnegie Training, Johannesburg, "include developing better communication, motivating trust and team work, improving employee relationships with employers, customers, suppliers, encouraging flexibility and acceptance of change, faster creative thinking and problem solving.

"This helps people develop their strengths and realise their potential," says De Beer.

Developing people skills to their full potential will ensure better performance and better use of technology, resulting in greater productivity.

"We are working with a large number of companies who are committed to this improvement and are willing to invest in their staff.

"They have a positive and enthusiastic attitude which spills into all facets of their companies," says De Beer.



Kat de Beer ... problem-solver.

Directors tackle corporate ethics

ANDREW KRUMM

THE formation of a private sector task force to provide guidelines on corporate accountability and ethics was announced by the Institute of Directors yesterday.

Institute executive director Richard Wilkinson said the move followed a spate of high-profile business failures, an apparent lowering of ethical standards, and the urgent need to improve accountability in the private sector. BIDay 29/1/93.

Wilkinson said former Supreme Court judge and Frame group chairman Mervyn King had been appointed chairman of the 12-member committee. King would be assisted by Judge Cecil Margo and corporate lawyer Prof Michael Katz.

"The private sector is represented by Premier Group chairman Peter Wrighton, Wesco Investments chairman Elisabeth Bradley, Dr Nthato Motlana, and African Bank chairman and former Nafcoc president Dr Sam Motsuenyane."

They will be joined by Bas Kardol of Investec, Max Borkum, Afrox chairman Peter Joubert and JSE president Roy Andersen. KPMG Aiken and Peat senior partner Guy Smith would represent the accounting profession. [redacted] (172)

King said the group met on Tuesday for the first time, but had yet to finalise its terms of reference. "We are to meet with several statutory and quasi-statutory bodies in an endeavour to avoid an overlap in recommendations."

He said the committee had a ready-made set of recommendations in the form of the Cadbury commission report on corporate governance in Britain, which developed a code of best practice.

A similar code was envisioned for SA, which would take into consideration the country's special cicumstances, King said.

Wilkinson said "in the new SA confidence in the corporate system is vital if the principles of a free market economy are to survive and flourish".

BUSINESS

Investing in good conscience

w\mail 29/1-4/2/93

The benefits of social responsibility were shown this week as a new unit trust revealed which companies got the thumbs-up for investment.

By **FERIAL HAFFAJEE**

INVESTMENT with a conscience is set to become South Africa's next growth industry. The first report of the six-month-old Community Growth Fund (CGF) this week showed an 8,8 percent return for investors and R20-million in investment.

The CGF is a unit trust jointly owned by Syfrets and seven unions, which formed the Unity company.

This week it revealed the eagerly awaited criteria it uses to select companies for investment — South Africa's first social responsibility index.

And rumour has it that the idea is catching on; those companies rejected for investment by the CGF are queuing up to meet the unit trust's directors to discuss putting things right.

Companies which got the "viva" include Standard Bank, Malbak, Safren and the City Lodge group of hotels.

Tommy Olifant, chairman of the Unity corporation which makes the final share selection, says: "There is no perfect company. We are satisfied with at least a 70 percent compliance."

Syfrets makes the initial share selection which the Labour Research Services (LRS) and Unity corporation allocate points to. A company which scores below 60 percent is rarely given the thumbs up.

"But nothing we do is cast in concrete," says Mark Anderson of the LRS, adding that companies are regulary assessed and where they improve, they can be selected for investment.

The fund managers are playing things carefully: they decided to keep about R14-million in cash reserves and invested R 6,6-million in 11 companies.

These companies were chosen primarily on their ability to create jobs, their industrial relations practices and working conditions. But the recession has demanded flexibility from the CGF with even enlightened companies being forced to retrench workers.



Leon Campher

"We had hoped to rate companies on job creation. Now we have to rate them on not retrenching," said director Gordon Young.

Good health and safety regimes, training and equal opportunities policies as well as strong bottom lines were also all convincing factors. And then, finally, environmental awareness, worker participation schemes, information disclosure, the political profile of a company and social spending played a part.

The fund did not invest in recently privatised companies or in those operations that are wholly or primarily concentrated overseas. Standard Bank boasts uniform employment practices throughout South Africa — including the homelands — among the highest wages in the sector and an affirmative action programme.

Malbak's commitment to wiping out illiteracy in its entire workforce by 1998 impressed CGF investors and so did its fair wage structure. At the transport company, Unitrans, the regular specialist training for 1 500 drivers and a management trainee programme for employees were important factors.

The company also supports a national bargaining forum for the goods transport industry and has not retrenched any workers over the past 18 months.

About 70 jobs a year will be created by expansion at the City Lodge hotel group, the only hotel group chosen for investment, but their practice of allowing only white workers to use guest toilets was criticised.

Although new style industrial relations are still burgeoning at Foodcorp, the third-largest food company in the country, it got the biggest individual slice of the investment pie.

The company's commitment to abolishing racial discrimination by ordering the opening of all canteens and toilets and by establishing social clubs for the use of all employees won it kudos.

Clothing company, Lenco, was chosen primarily for its job creation record: in four years it has expanded its employment threefold. An engineering company, Hudaco, and an electrical company, Delta Electrical, were also selected for investment.

At this week's presentation, union representatives questioned the investment in Malbak, which is the holding company of South African Druggists where unions have problems organising.

Despite problems in subsidiary companies, investment "depends on overall score", said fund manager Leon Campher.

United Tobacco and Clinic Holdings were rejected because of their low product and service ratings: the CGF will not invest in tobacco product manufacturers while Clinic Holdings was rejected because workers have no access to its luxury services.

"The development of private hospitals has also led to the effective privatisation of public health provision, which unions do not wish to finance," Campher said.

Gold Fields mines were rejected for their labour practices and because Rembrandt owns a 40 percent share in GFSA it was also rejected.

Seminar to equip women with manage

Businesswomen fall into focus

WORKING GIRLS *Women to be equipped with management skills:*

So weten 2/2/93 - 172

By Pearl Majola

WOMEN IN BUSINESS come under the spotlight this month when the first Business Women's Forum is held in Johannesburg. The seminar, organised by a local computer company and taking place on February 15 at the Sandton Sun, is aimed exclusively at professional and business women.

It is designed to equip them with management skills and strategies for the future. High profile speakers will address issues like the role of women now and in the future, empowerment and prospective financial strategies.

According to co-ordinator, Ms Marlene Ward, a lot of attention is focussed on issues that need changing.

"However, few women have thought about preparing themselves for the effect these changes will have on them at a personal level, at work and even in society," Ward says.

"South African business women need to start playing an active role in our changing environment and I believe this seminar is the starting point of how they can go about doing it."

Speakers include Lynda Gratton of the London Business School, Standard Bank's Mike Vosloo and Mr Justice MT Steyn.

For more details on the conference, contact Biddy Naude at 448 4204.

Learn how to deal with unions

Sowetan 4/2/93

By Ike Motsapi

■ Course to teach managers negotiation strategies when dealing with labour matters:

MR Henk Botha, a leading expert on negotiating strategies and techniques, will run a three-day course that will equip managers how best to deal with trade unions.

The course, *Negotiating with Unions*, will be held at the Pilot's Conference Centre in Kempton Park from February 22 to February 24.

Botha said people who should attend this course are line managers involved in trade union negotiations, industrial relations, personnel managers and officers.

He said certificates would be issued to people taking part.

● The Innes Labour Brief is organising a seminar that will discuss the socio-political and labour forecast for 1993.

The seminar will be held at the Sunnyside Park Hotel, Johannesburg on February 24 from at 7.45am until 12.45pm.

Speakers will be Mr Duncan Innes, publisher of *The Innes Labour Brief*, Mr Matthew Kentridge, research associate with *The Innes Labour Brief*, Mr Charles Nupen, director of the Independent Mediation Service of South Africa and Mr Peter Wrighton, chairman and chief executive of the Premier Group.

Big business not optimistic

Sowetan 4/2/93

■ Top executives are deeply divided:

By Mzimkulu Malunga 170

BIG business is deeply divided on the political situation likely to prevail this year.

Contrary to 1992 when the majority were optimistic about positive political developments — which could stimulate business confidence — executives are divided into three groups.

A report compiled by the Bureau of Market Research at the University of South Africa shows that 32 percent of top executives expect the political situation to worsen in 1993 while 31 percent are optimistic and 37 percent unsure.

This is the eighth report on the opinions of the top 100 industrial companies listed on the Johannesburg Stock Exchange.

As for business confidence, 34 percent foresee an increase, 32 percent believe confidence will be eroded and 34 percent does not know what to expect.

An overwhelming majority of executives are anticipating increased pressure to implement their social responsibility programmes.

Many also expect the unemployment figures to remain high as forecasts count on only 0,5 percent economic growth in 1993.

Pessimism about gold, the price of the country's principal foreign exchange earner, is high. The commodity is expected to trade at R1 031 to R1 089.

Though 60 percent expect a decline in strike actions, the labour movement will continue to play an influential role.

Manage the inventory and boost profits



Danie Botha is managing partner of SMC Inventory in Sandton

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FM 5/2/93.

For most trading and manufacturing businesses, investment in inventory represents one of the largest assets on the balance sheet. But despite current interest-rate levels and high cost of warehousing, insurance and obsolescence, many companies assign a low priority to inventory management. In many instances senior management has very little involvement with inventory — until imbalances in stock levels are finally identified as a major culprit in eroding profitability.

Take, for example, one typical trading company, holding R30m in inventory and turning over R60m a year (at cost). This company spends around R5m a month on replenishing stock. In other words, the company is making a R5m monthly investment and, like all investments, the medium- and long-term repercussions will be significant.

Was this company making the right investment? An examination showed that the answer was clearly no. Investing in the wrong stock had added significantly to excesses, tying up huge chunks of expensive working capital, for long periods, while under-investment in critical stock had resulted in lost sales from stockouts and the ensuing badwill and lost customers.

The company implemented a comprehensive inventory management programme, which succeeded within a few months in getting the inventory investment mix right.

Inventory profiles taken across a variety of industries and companies show a surprising uniformity. In SA, companies holding significant inventories (more than R10m) typically have 25% of their inventory in dead stock, contributing less than 5% to sales; 50% in slow-moving stock contributing 10%-30% to sales; and the final 25% of inventory in fast-moving items making up the core of the business and contributing 60%-90% to sales.

Obviously, when 25%-75% of a company's inventory comprises slow-moving or obsolete items, the bottom line will be hurt.

In the trading-company example, the R30m inventory included R7,5m-R15m in dead or very slow-moving stock. At a cost of capital of 20% (ignoring obsolescence, insurance, warehousing and shrinkage costs), this meant a financing cost of unproductive working capital of R1,5m-R3m a year. Over time, stock write-downs resulted in some tax relief, but the cost remained high.

In addition, while the company was spending too much money on poor stock, it was not spending enough on the quality stock that accounted for the bulk of its profits. This meant lost sales and lower profits.

Very few managers appreciate the cost of stockouts because it's difficult to measure the lost sales. But it's likely that the cost of under-investment in fast-moving stock is about the same as the cost of over-investment in obsolete stock.

For the trading company, this assumption doubled the cost of inventory mismanagement to R3m-R6m a year.

Many managers are unable to manage their inventories well for several reasons:

- ☐ Conventional stock systems have a limited ability to provide management with the tools to devise an appropriate inventory investment strategy and then implement that strategy at the line-item level;
- ☐ Insufficient time and effort are channelled into the two areas of greatest uncertainty in inventory management: the forecasting of sales/usage and the prediction of supplier lead times;
- ☐ Managers usually find themselves too busy with the supervision of day-to-day trading and manufacturing activities to devote enough time to inventory issues; and
- ☐ Personnel involved with inventory policy setting, inventory purchasing and other critical areas of inventory management are often not qualified.

To manage a company's inventory effectively, managers must be given the training and technology to develop and carry out an inventory investment strategy that dovetails with the overall corporate objectives.

Inventory is so much a part of the daily lives of managers that they tend to forget how much it contributes to costs and to profits. But as the MD of the trading company in the example says: "In a recession, with high working capital costs, there are clearly few other areas in the operation of a business that afford the same opportunity to improve the bottom line as immediately as the implementation of an effective inventory management programme."

BUSINESS More co-operation needed with informal sector

Schlemmer predicts a more stable future

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POSITIVE ACTION

Businessmen urged to take part in mapping out the future:

By Mzimkulu Malunga

SOUTH Africa's medium-term future will be more stable than currently expected, says general manager of the Human Science and Research Council Professor Lawrence Schlemmer.

Addressing an investment conference in Sandton last week, Schlemmer said the business community should develop a basic coherence to prevalent uncertainties.

"Business must not defend its interests negatively but proactively by insisting on its right to negotiate and be part of the policy formulation that affects it," he said.

Even after a political settlement had been achieved current problems would not disappear, hence it was important for business not to panic but instead put the uncertainty into perspective and speak in one voice.

"The future operating environment will be



Prof Lawrence Schlemmer



Mike Brown

.somewhere between a second and third prize situation, but certainly not the booby prize," he said.

Speaking at the same conference, Mr Mike Brown, the chief economist at Frankel Max Pollack Vinderine Inc, said South Africa's survival depended on four key issues.

One was setting the economy on a growth path, then creating a climate conducive to investment, finding mechanisms for some form of wealth distribution and employment creation.

Labour-intensive ventures, promotion of small to medium-sized enterprises as well as infrastructural construction in low income communities were some of the mechanisms which could set the economy on a growth path.

"We cannot rely on foreign investment, but it is a critical facet to kick-start the economy," Brown said.

Distribution aimed at stimulating an entrepreneurial culture had to be embarked on. "International experts refer to South Africa as a country of the missing middle," he argued, referring to the absence of a strong middle class.

While it cost R50 000 to create one job in the formal sector, about R15 000 was required in the informal sector.

Mr Ian MacKenzie, national director of a tax consultancy firm, Ernst & Young, said South Africa had to lower its corporate tax if it were to lure in international investors.

The current 48 percent corporate tax rate was among the highest in the world and the medium-term objective should be to cut it to 40 percent.

Jowell to head UCT business school

B1 Pty 5/2/93

LINDA ENSOR

CAPE TOWN — Prof Kate Jowell has been appointed director of the UCT Graduate School of Business with effect from February 1.

Jowell succeeds David Hall, who resigned last year, and has also been appointed professor of business administration at the university.

She said yesterday she was very happy with the growth of the graduate school since its move to the new Breakwater campus. She saw her immediate task as consolidating gains made.

She planned to develop the associate in management (AIM) programme for managers who had the potential to meet MBA admission criteria.

Jowell said the school's MBA programme was doing extremely well, with 63 new full-time students enrolled this year. [redacted] (172)

Making the announcement yesterday, UCT vice-chancellor Stuart Saunders said the graduate school had an important role to play in business education in SA and beyond.

"The university is confident Kate Jowell will provide the leadership which will secure this," he said.

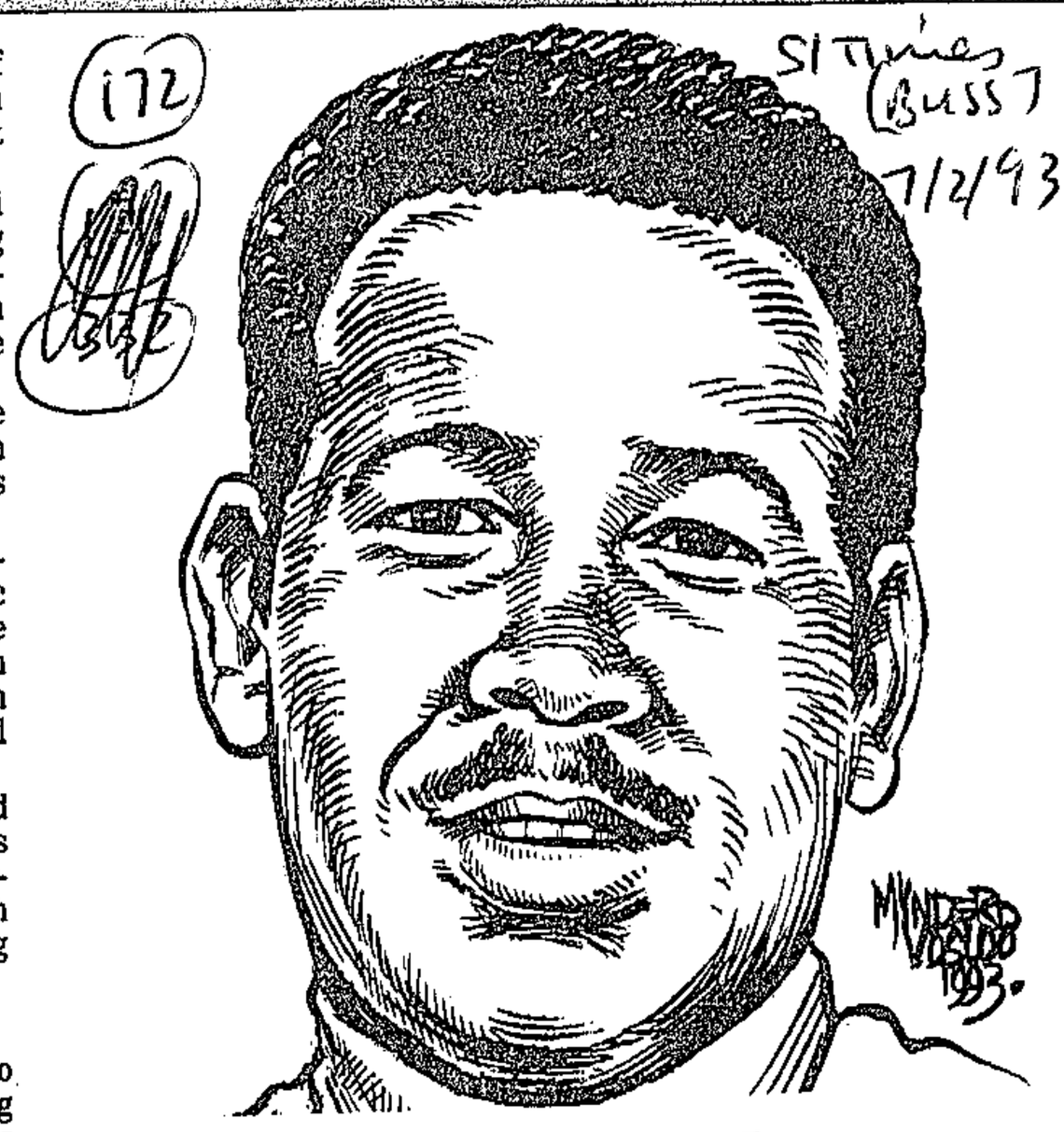
Jowell has been on the UCT graduate school's staff since 1974, teaching courses in human resource management, industrial relations and negotiation to MBA students and business executives. She was director of the MBA programme in 1991 and 1992 and assistant director of the school from 1980 to 1984.

She is a member of the mediation panel of the Independent Mediation Service of SA and a director of the Western Cape board of First National Bank.

Jowell's previous public offices include eight years on the National Manpower Commission and membership of the Standing Commission of Enquiry into Taxation Policy and of the Margo Commission.

A former financial journalist in London and former editor and associate editor of Fair Lady, Jowell graduated with a BSc and an MBA from UCT. She has authored a number of publications.

NEWSMAKER: JABU MABUZA



The driving force in black business

By ZILLA EFRAT

WATERVAL BOVEN may be one of the more conservative towns which stifles black entrepreneurs. But it produced Jabu Mabuza.

The head of the SA Black Taxi Association (Sabta) is spearheading informal black business development and playing a major role in mapping out South Africa's future economic policy.

Mr Mabuza, 35, is chief executive of both the Foundation for African Business and Consumer Services (Fabcos) and Sabta.

He is also black business's representative at the National Economic Forum (NEF) where he chairs the business part of the short-term working group. And he has been heavily involved in the National Peace Initiative.

No wonder Mr Mabuza is a hard man to get hold of lately. High on his immediate agenda has been a growing crisis in the taxi industry which this week led to Johannesburg being declared an unrest area.

But no less pressing is a need to get Fabcos back on its feet following a host of internal problems, perhaps even an internal power struggle, which led to the departures of two senior directors.

Then there are the streams of NEF meetings which take up a third of his time.

On the taxi crisis, Mr Mabuza says Sabta cannot condone the actions taken by drivers this week.

"But for years we have been telling government that it cannot deregulate without introducing some controls. We have consistently called for a control board which would give the industry the power to discipline itself.

"Government kept telling us that it was moving away from regulation, but at the same time it introduced the Security Officers Board and the Financial Services Board.

"It seems that if it involves white money, government will rush in with statutory bodies to protect it, but when it comes to black lives, it is not government policy."

Mr Mabuza adds: "It does not help for government to rush in with short-sighted measures like declaring cities unrest areas. What we need to do is sit down and talk.

"Taxi drivers have never been beneficiaries of the growth of SA's economic heartland, except providers of cheap labour and consumerism. They are treated, at best, as illegitimate invaders into business and, at worst, as criminals from another planet."

Mr Mabuza is no stranger to the taxi industry, once the shining example of what freer markets could offer.

He started driving a taxi to supplement his law study expenses at the University of the North. But, when his father was retrenched, he became a full-time driver to support his family.

He was drawn into the world of taxi associations, and began understanding the industry's problems, while taking down minutes at meetings at the request of his boss.

It was not long before the streetwise Mr Mabuza had bought his first taxi. A year later he was managing a travel agency and owned three taxis.

His rise through Sabta's ranks, after first joining it as a consultant, was fast and he later played a major role in forming Fabcos.

Today he is also chairman of Future Bank, a joint venture between Fabcos and Wesbank, and of insurance company Afgen.

On the achievements of the taxi industry, he muses: "In the old days, no financial house would give drivers a loan. Today they own a bank."

Mr Mabuza says the major challenge of the NEF, which takes up about a third of his time, is to deliver results and prove that it is not just another talk shop.

"Without being derogatory about other initiatives, a number of forums have failed to meet our people's expectations."

But he adds: "There is no doubt in my mind that the NEF will deliver. While we are still trying to find one another, a general sense of consensus prevails."

A personal challenge at the NEF is to ensure that the needs of his constituency do not compromise the national agenda.

This does not mean that he will neglect the needs of the marginalised business sector he represents, but he says: "A stumbling block is that labour sees us as business people, but our sentiments are represented by labour, not business."

While a restructuring of Fabcos and Sabta is set to keep Mr Mabuza very busy, he says he enjoys the challenges facing him.

He confesses, however, that his greatest disappointment in his career has been not finding common ground with rival black business group Nafcoc.



Not too many women wield the whip in SA

By TERRY BETTY

SOUTH AFRICAN women lag badly behind their overseas counterparts in the managerial stakes.

The Central Statistical Service 1991 population census shows women comprise 41% of the entire workforce, yet occupy only 20% of the managerial positions — the majority working in clerical jobs.

This is in stark contrast to the US where women make up 45,7% of the workforce, and fill 42,2% of the executive and managerial posts. In fact, there are now less white male than women bosses in the US.

The SA census also shows women are still precluded from earning top salaries.

While 10 399 men in SA earn over R300 000 a year, only 1 524 women fall into this category.

Garry Whyte Appointments general manager, Bruce Eccles, says the differentiation in salaries narrows the higher a women climbs the corporate ladder. "Once a women is in the boardroom she is treated on a par with her male counterparts."

Chauvinist

But he admits women have to work a lot harder to get there than men.

P-E Corporate Services managing director Martin Westcott says while SA is still a chauvinist country, more and more women are getting to the top of the corporate ladder.

"It is a distinct trend that started about four years ago, but has gained momentum in the last two years."

He says this is even happening to the extent that women are becoming the breadwinners in many families. "It is exacerbated by the fact their husbands may have been retrenched."

He says most women who have made it to the top have a number of degrees behind their name.

He says the women come from the broad socio-economic spectrum.

However, Mr Eccles says they predominate in a more educated environment where men tend to be more open minded.

Mr Eccles says the profile of such women is often that they are childless or have children that have left home.

Those who still have small children have a supportive family structure.

Police dispute 62 000 will lose casino jobs

LLOYD COUTTS

POLICE have disputed casino industry figures for the number of employees who stand to lose their jobs if gaming houses are not re-opened, claiming industry figures are "grossly exaggerated".

A statement from SAP public relations in Pretoria at the weekend placed the number of jobs at risk at about 10 000; the industry's tally is 62 000.

"According to police information and figures supplied by instances such as the Gaming Association of SA and former big casino groups such as The Club, the maximum number of casinos in the RSA is less than 200, with a total staff complement of not more than 10 000," the statement said. BDay 8/2/93.

"Police involved in monitoring casinos have found that on average big casinos employ no more than 50 people, while smaller casinos employ less than 10."

But Gaming Association co-chairman Michael Werner said police should not calculate only the number of people employed directly by casinos. They should include those indirectly employed, like caterers, equipment technicians and alcohol suppliers.

Two Durban casino owners have launched a Supreme Court application for an extension of a government period of grace until the release of the Howard Commission's report on gambling, expected within two months.

Casinos were forced to close their doors last Sunday night after Justice Minister Kobie Coetsee announced an end to the period of grace granted to gaming house owners after the introduction of the Gambling Amendment Bill last year.

Counc to upg

CITY Council officials annou plans at the weekend to upg and increase taxi facilities i Johannesburg area as wran over the taxi protest contin

Johannesburg metropolitan ning official John Clutten said dreds of millions of rands" wou spent on new public transport f ties in the next few years.

Most of the money would from the private sector and the cil would facilitate the develop

The construction or upgradin major terminus could cost u R300 000, while stopping zone taxis along city arterials could about R35 000 each.

Clutten said new or upg facilities, which would be ava to taxis by the end of the y everything went according to included:

- The completion of the Pat M public transport thoroughfare would be a dedicated route for and minibuses from Soweto

'Skills base must be enhanced'

WILSON ZWANE

SA HAS to establish and enhance a skills base, particularly a technical skills base, to regain some international economic competitiveness, say Eskom human resources executive director George Lindeque and Eskom technical skills development manager Ryno Verster. BDay 8/2/93

In the Institute of Personnel Management's February People Dynamics, they write that efforts to broaden the country's skills base should be underpinned by a national skills encouragement policy. BDay 8/2/93

"The objective of such a skills encouragement policy should be to establish a culture of investment in human resources." 172

To this end, medium- and long-term national vocational education and training plans are required to focus education and training efforts on national manpower needs, which could support national economic and technology development plans.

They stress, however, that the encouragement policy should not only "deal with financial incentives for vocational education and training ....but it should also be complemented by recognition systems for exceptional contributions".

Lindeque and Verster say the few initiatives in SA to promote skills formation and recognise outstanding contributions are inadequate.

How to make all sorts of committees work

Sowetan 11/2/93. (172)

■ Continuing insight into how to conduct and manage meetings of clubs, groups and institutes:

IN the recessionary conditions in which we live non-governmental organisations, which survive on meagre resources, are the worst hit.

As a follow-up to the successful seminar held last month on raising and managing money, *Sowetan*, in conjunction with the Community Development Trust, has organised another symposium on February 24 on *Committees that Work*.

A wide range of topics on ensuring that committees work will be covered. The seminar will be held at the Central Methodist Church in Pritchard street, Johannesburg, and the enrolment fee is R40 a person.

The main focus will be on how to conduct committee elections, goal-setting, duties of the executive committee, preparing agendas, accountability and conducting meetings as well as taking minutes.

This seminar is aimed at leaders of women and youth groups, co-operatives, churches and learning institutions.

Dave Jackson, a leading community developer will conduct the seminar.

Interested people can send a telegraphic money order, a postal order or a cheque to The Community Development Trust, Box 651321, Benmore, 2010.

Alternatively people can deposit the appropriate fee in a CDT account (Nedbank, Sandton Branch, account number 1970527056).

For more information phone (011) 783-8387.

Employee information a two-way street

BIDM 11/2/93

GEOFF EVERINGHAM

TRADITIONALLY, financial statements have been drafted to meet the needs of shareholders and creditors (including bankers). This stems from the concept of accountability to the providers of capital and credit. It is only recently that the importance of human capital has been recognised and the question of accountability to employees has been acknowledged. "Employee reporting" — reporting to employees rather than about them — is relatively new to SA.

There is some evidence abroad linking the level of interest in employee reporting to the level of industrial relations activity, economic recession, application of new technology in the workplace, and merger activity. These are probably surrogates for employee concerns as to job security and prospects. This linkage is fairly consistent with events in the UK in the '70s, which saw the emergence of a high level of reporting to employees. By 1979, 180 of 300 companies included in the UK Survey of Published Accounts were issuing employee reports. More recently, studies in the UK indicate the existence of employee share ownership plans has led to a higher level of reporting to employees than before.

This all suggests that SA should, in its present economic situation, be witnessing a high degree of reporting to employees. While no comprehensive survey has been conducted, there is clear evidence of increasing activity. Some companies, such as Anglo Alpha, have been issuing employee reports for several years as part of the group's overall communication policy. (An employee report may be of little use if not part of an overall communication strategy, and can be counter-productive.)

SA companies, however, face some obvious problems which are less likely to be encountered in the First World, where employee reports have their "home". First, there are problems of literacy, in terms of ability to read and financial and economic "literacy". These problems can be dealt with by using appropriate reporting media such as videos and/or verbal presentations in lieu of, or in addition to, a written report.

Second, there are problems of language. Companies will have to face the reality of their workforce and, if necessary, produce the report in several languages (Anglo Alpha uses five). SA is not unique in this; in Australia, a construction company with a large number of immigrants in its workforce produces its employee report in five languages. Fortunately, these reports are usually about eight pages in length, omitting statutory detail which greatly lengthens company annual reports.

An advantage of employee reports is that they are not constrained by statute, and provide an opportunity for flexible and imaginative communication. For example, a value-added statement may provide the core financial information in the employee report, enabling the balance sheet, income statement and cash flow to be dispensed with.

The annual report should be available to employees, so that they do not feel they are being fobbed off with management propaganda. The employee report should also not be a mere summary of the annual report; information needs of employees are not necessarily identical to those of shareholders and creditors.

This contention is supported by a wealth of research conducted abroad and to a lesser extent locally. In general, the research reveals a desire for information on future plans and prospects of the enterprise, information specific to the individual employee's workplace — plant level information — and for "bad" news as well as "good" news. Unlike shareholders, employees have considerable first-hand knowledge of conditions in the enterprise, and an employee report painting a rosy picture which is inconsistent with reality will soon be discredited.

Finally, an annual employee report cannot meet all the information needs of employees; it can only form a part of the enterprise's communication policy. In particular, information required in a collective bargaining context may be quite different. Nevertheless, enterprises prepared to be candid with their employees, and which recognise their value to the enterprise, could find that an annual employee report proves a useful means of communication.

☐ Everingham is professor of accounting at UCT.

PLAYING GAMES IN THE OFFICE

FM 12/2/93.

(172)

Here's a question to ponder: One of your employees disappears from work for a month. When he returns, he says he was "mad" or "sick in the head" and that he consulted a traditional healer. He doesn't produce a medical certificate. What should you do?

Here's another one: A female employee complains that a male colleague has been telling her crude jokes and making obscene comments. Is that sexual harassment?

Those are some of the questions tackled in The Diversity Game, a new management tool imported from the US but adapted for the SA market by Mandate, a human resources consulting firm based in Orange Grove, Johannesburg.

To play the game, a company assembles four teams of up to five players each, representing as diverse a mixture of backgrounds as possible. They then attempt to work their way around the board by correctly answering questions regarding jobs, demographics, legislation and society. There are pitfalls even for the wisest players — "chance" cards penalise the teams that order a pork lunch for Muslim clients, for instance.

The goal, says Mandate director Heather Price, is to "reduce the sense of alienation" that is growing within white-male-dominated companies, which have been forced by circumstances to incorporate women and blacks into their ranks. "Problems are arising. People are threatened and levels of co-operation are dropping.

"Before, new employees had to assimilate into a company's culture. But now the expectation is that the organisation should make changes to its ethos and ethics and values."

Mandate director Arlene Ketz says: "This game helps a company evaluate whether or not management policy accommodates diversity."

Eskom and the Rand Water Board have bought copies of the game, which sells for R1 500, plus R3 000 for the training of up to six facilitators. Smaller companies can hire the game for workshops.

At the end of play, a facilitator steers the discussion toward specifics within that company. The players can then debate how to deal with traditional healers (progressive management style says it's best to obtain information from the sangoma with a view to holding a hearing about the one-month absence) and sexual harassment (yes, crude jokes and obscene comments are considered harassment) or anything from Aids to affirmative action.



Managing diversity . . . *stakes are getting higher*

NEIL JOWELL

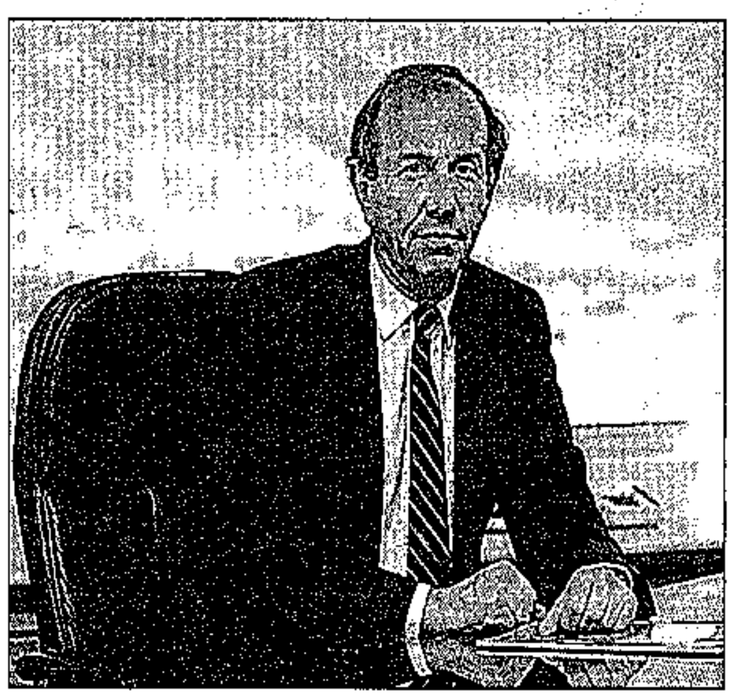
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Trencor's super-entrepreneur

Buying a controlling stake in W&A is one of the most controversial public actions Neil Jowell (59) and his brother, Cecil, and Ray Hasson have ever made. In a way, it has lifted a conservative veil from what has in recent times been one of the most quietly successful companies listed on the JSE.

Contrary to their image, they have been super-entrepreneurs, pioneering the export of locally made containers into the international shipping scene, while running the other core SA businesses at home. Neil, as chairman of Trencor, is the perceived leader. It is on him as spokesman for the group that the spotlight falls even though he decries his role as being any more important than those of his co-directors.



Jowell ... *ideas man and motivator*

In 1987 he was elected *Cape Times* Businessman of the Year. Since then, Trencor has featured annually in the *Sunday Times* Top Companies and was ranked first in the *FM*'s Top Companies survey as the top performer in 1992, having produced an average IRR of 79,43% a year for the past five years.

Neil modestly attributes this outstanding performance to the fact that "Trencor has managed to attract effective, competent managers who operate within a decentralised structure." His belief in his managers' competence has become a matter of trust.

"You must trust people. Give them a lot of authority and responsibility and remunerate them accordingly. Make them feel that they are the owners of the business and they develop a long-term perspective which is implicit in ownership. Then they are as keen to add value to the business as you are. That is the most important reason for Trencor's success." But it takes adroit management to translate these sentiments into reality. Neil has been chairman since his father died in 1973 and it is really since then that the group began its remarkable performance. While in no way detracting from the rest of the team, those who know, say Jowell has been the principal ideas man and motivator.

He was born in Springbok and grew up running barefoot among the trucks of his father's transport operation which ferried produce and merchandise throughout Namaqualand. From primary school there, he boarded at Wynberg Boys' High and completed a BCom LLB, when he was 21 at Cape Town University. An MBA at New York's Columbia University followed and he returned to Springbok to the family business.

Apart from an interest in the professional success of his wife, Kate (see next report), and his five children, Neil's abiding love is cycling. Why does he not simply retire and cycle full time rather than take on a new challenge in W&A? "I am not yet good enough at it to make a living out of it," is his answer. Two years ago, he did the 105 km Argus Peninsula cycle tour in three hours and one minute. How good does a man have to be? ■

KATE JOWELL

Drumming up business

Businessmen be warned: Kate Jowell is coming and she wants your support. As newly appointed director of Cape Town University's Graduate School of Business (GSB), one of her main tasks is to forge stronger links with the business community.

She's cutting out many of her other activities to give utmost attention to the school. "Time away from the GSB will be spent promoting it. I want to be in company boardrooms finding out what business needs from us, telling business what we offer and seeking common ground between the two."

Jowell — aged "somewhere between 40 and death" — succeeds David Hall who left last year. She's been at the GSB since 1974, specialising in human resource management, industrial relations and negotiation, and was director of the MBA programme in 1991-1992.



Jowell ... *we must continue to attract international instructors.*

She was born in Britain, grew up in Bulawayo and has a BSc in applied maths and an MBA from UCT. Her earlier career included tax assessment and journalism.

Apart from academia, Jowell's profile has been carved by membership of the National Manpower Commission (1979-1987), the Standing Commission of Inquiry into Taxation Policy, and the Margo Commission into tax structure. She's also a director of the Western Cape board of First National Bank, a member of the executive council of the Cape Chamber of Industries and a labour-management mediator on the panel of the Independent Mediation Service of SA.

Heading what is arguably SA's finest business school is a prestigious job, but it won't be easy. While Hall's relocation of the GSB from pre-fab barracks in Rondebosch to the renovated Breakwater Prison on the waterfront was visionary, Jowell inherits the task of finding long-term backing for R40m in medium-term debt.

More pressing issues are to underpin the GSB's international stature and build the faculty. "This means the quality of what we offer must be able to stand up in an international context and we must continue to be able to attract international instructors."

To achieve these goals Jowell is returning to basics by reaffirming commitment to the GSB's mission statement "... to contribute to the economic and social growth of southern Africa ... through developmental and research programmes aimed at enhancing the vision, the judgment and the effectiveness of managers and potential managers in all organisational settings."

Jowell says the GSB is conscious of the small number of black and female students on the MBA programme and their needs are being addressed through the Associate in Management (AIM) course and the New Managers' Programme, a short course for younger, less-experienced managers.

The development of effective managers is essential to SA's economic future and business schools play a key role in turning them out. She doesn't believe SA has too many business schools. Jowell wants more companies to sponsor students — particularly AIM candidates — who don't necessarily work for them but are needed to replenish the management pool.

Jowell is married to leading industrialist Neil Jowell, chairman of Trencor. They live in Cape Town. ■

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sities offering MBAs to local students.

Recognised as one of the world's best MBA programmes because of its rich international character, the London Business School is looking to enrol a number of SA students this year. The course lasts 21 months and teaching fees, excluding accommodation and subsistence, are £9 000.

Last year, 6 500 students were enrolled on part-time or full-time MBA courses in SA. Teaching costs at the various institutions ranged from R8 700 for the full-time programme at the University of Pretoria to R20 000 for the course offered under the auspices of the Camdev/Heriot-Watt University.

A sample of employers recently rated the University of Cape Town as offering the best local MBA, followed by Stellenbosch and then Wits. Poor ratings were given to the courses offered by the lesser-known foreign universities.

Wits Business School director Nick Binedell says much of the value of a Wits MBA stems from "the environment of active participation and debate in which it is taught; this adds a dimension to the programme that a degree by correspondence lacks."

In a departure from previous years, Wits is offering a new certificate course this year called "Strategy, Leadership and Change

* continue — B

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BUSINESS SCHOOLS

More competition

A new competitor has entered the lucrative market for post-graduate MBA degree courses. The London Business School is canvassing for SA candidates for its 1993 student intake.

There are already six business schools attached to universities in SA and a number of private institutions allied to overseas univer-

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Management." Aimed at senior managers, the course is designed to prepare them for the social, economic and political changes inevitable in the new SA.

Says Binedell: "For most organisations, the strategies that made them successful in the Eighties are no longer as effective in the Nineties. Business conditions have changed so much that new methods and directions are vital."

The programme will weave together its three main themes: strategy, leadership and change management. The school's organisational behaviour specialist, Jay Owens, will direct the leadership module; Ivan Nurick and Louis van der Merwe will lead the strategy and change management content.

The course, which starts on March 3, will be part-time. Course fees are R7 500. ■

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Are you deaf?

This article was contributed by Annica Foxcroft, marketing director of Interman, a Johannesburg-based language and literacy training organisation.

Many avoidable company difficulties are caused by poor communication. There is often an inability to ask the necessary questions; to be clear and proactive; to formulate concise statements of instructions; to solve problems; and to read, write, count and think effectively — in the target language.

What is needed is a language-based communication training programme, geared to equip workers to handle and process all communications. To do this cost-effectively, an analysis of the various categories of communication should be done, including all the concepts, facts and rules necessary for the appropriate response.

This is a holistic approach and ensures the even development of the trainee. It integrates thinking and communication skills, language skills (comprehension, speech, reading, writing), situational interactive skills and comprehension of critical business and technical concepts.

Performance improvements can be measured — but more potent indicators are the sort that make your foreman say, "I can't believe the improvement!" or the trainee say, "I want to thank you so much for training us. Before I was like a blind person but now I can see."

A pharmaceuticals company started a six-week strike because the shop stewards didn't understand management's response to their request for a wage increase. Management had in fact agreed to the requested wage increase — but wanted to stagger it over a six-month period and then to top it off with a substantial bonus as a reward for accepting the delay. The shop stewards had seemed to agree to this — but a strike occurred immediately in protest. Despite many subsequent meetings between management and the shop stewards, negotiations reverted stubbornly to the original request.

Our investigation revealed that the shop stewards were unable to comprehend the terms management was using to explain the offer — percentages, interest, accumulation and simple arithmetic. They lacked the language and communication skills to clarify the problem — and so kept carrying an erroneous tale to the disgruntled labour force.

The MD, who was on our Zulu course at the time, was asked to call a meeting of the labour force (not just the shop stewards). At this meeting, he read the speech — in Zulu — which we had carefully structured for him to explain his offer. There were no equivalent words into which to translate many of the concepts, so it was an interesting exercise in communication. But the result was astonishment, then eager acceptance and an end to the strike.

A holistic language course builds in concepts where they are absent in the mother tongue. This is a much bigger step than merely teaching people to read out words with no comprehension. However, being able to communicate with labourers in their own language at least bridges the immediate gap.

Huge costs in downtime, conflict and wastage occur daily as a result of simple communication problems, based on the fact that languages are not simply mutually translatable.

Another example: the company announces a productivity improvement exercise; the workforce institutes a go-slow. Why? Because there is no term for productivity in any black language, simply because the concept does not exist. This means that the worker is likely to acquire a distorted understanding of the English term — for instance, "productivity" translates into "retrenchment." The worker has observed this as a consequence of a previous "productivity" drive — so now he's going slow to prove that there is enough work for everyone.

There is no African language word for "quality" as in quality management and quality control — and think of the emphasis being placed on that word today. The labourer links "quality" with the image of a policing action — probably because also he doesn't comprehend the related concepts of "competition", "client", "profit" and "business".

Train the worker in his mother tongue and it's difficult to explain new concepts with a language that is not designed to do this. Train him in English and he doesn't understand the concepts, can't read or write effectively, often can't handle basic calculations or conventions of communications in a work/training situation. This can seriously affect training in jobs, safety, technical skills and general performance and interactions.

Another key aspect of communication success is relevant thinking skills. These are often poorly developed for the linear, sequential, highly analytical situations. You will see this affecting the issuing of directions and instructions, as well as feedback, reporting, questioning, explanations, presentations, study and comprehension.

This daunting array of skill deficits is largely caused by poor education. But it is also caused by the huge problems of inadequate language-based communication training — as distinct from "teaching", which is done in schools.

Professional language training equips the trainee to negotiate the block or filter effect of the following key components of language:

- ☐ Thinking skills as expressed by the language;
- ☐ Cultural values dictating interactive norms;
- ☐ Cultural norms affecting business behaviour;
- ☐ Language grasp, manipulation and conventions of speech; and
- ☐ Literacy level relative to skill level needed.

It would be interesting to work out which of the above factors act as distortion filters on the following communication: "Complete this job application form, listing your jobs in reverse order and state length of employment and status achieved." This form will probably remain blank and be handed in like that.

Consider the safety sign indicating "Emergency Exit". It is in international sign language, not writing, so it should transcend language and literacy barriers. But it shows a stick figure running within a red circle, bisected with a slash. The common shopfloor understanding of the sign is: "Do not go that way, you will lose your hands, face and head!"

These misconceptions represent avoidable costs which most businesses are simply budgeting for.

The sad demise of banking's Uncle Bob

W/Mail 12/2-18/2/93

IT was with a sense of regret that the banking world learnt of the circumstances surrounding the dismissal of Amalgamated Banks of South Africa (Absa) executive director Bob Aldworth this week.

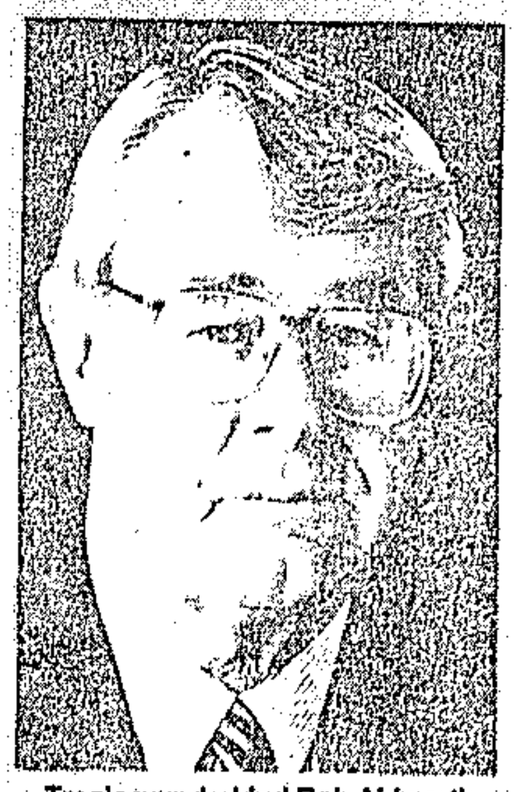
A banking analyst summed up the general sentiment: "Aldworth was very personable and pleasant. I don't know what possessed the man. I think it's all very sad."

Finance Week, the magazine which broke the story behind Aldworth's demise, described his sacking as "a human tragedy".

Aldworth was fired from the board of Absa and all its subsidiary companies on Monday, after he admitted that he had authorised Absa to renounce "all Ab-sa's benefits of Allied Bank Property Trust (ABPT)".

Aldworth owed ABPT - a subsidiary of Absa — R414 353. He incurred the debt when a holding company, Derwent Coal cc, in which he had a 30 percent interest, borrowed money from Allied Bank and then stopped trading.

It is ironic that Aldworth, who was regarded as a wunderkind in the uniformly bland banking industry, has hit the headlines more often be-cause of his injudicious personal life than for his considerable achievements in banking.



Tragic wunderkind Bob Aldworth

It is a sad irony that Bob Aldworth has hit the headlines more often because of his injudicious personal life than for his considerable achievements in banking.

By **PAUL STOBER**

"His personal business decisions were weak, but as a banker he was fine," said the analyst, who knew Aldworth when he was managing director of the former Barclays National Bank.

Aldworth joined Barclays Bank in 1952 and worked his way through the ranks until he became the first South African to be appointed chief executive of the bank — in 1976, at the relatively young age of 44.

When he came to the helm, the banking industry was mired in a recession. Barclays had lost millions of rands in bad loans to property companies and had over-extended itself by buying control of the vehicle-financing company, WesBank.

Aldworth's widely recognised skill as a commercial banker helped change the bank's fortunes. He led Barclays into the home-loan market, oversaw the computerisation of the bank and gave his name to Barclays' omnibanks (BoBs). In 1981, Barclays made an operating profit of R125-million.

Late the following year, the Barclays board ended Aldworth's tenure when his personal relationship with former Wits Business School academic Sandra van der Merwe became public knowledge. At the time, Van der Merwe had been awarded a million-rand contract with Barclays to act as a marketing consultant.

For the next 10 years, Aldworth stayed on the fringes of the banking industry and dabbled in property development. In late 1984, he married Marie de Villiers, founder of Elite Homes and Estates, which operates in Johannesburg

Despite the circumstances leading to his dismissal from Barclays, Aldworth's talents remained respected in the banking world and two years ago he was retained by United Building Society (UBS) to advise it during its hostile takeover of Allied Bank. Allied managing director Kevin de Villiers bitterly opposed the takeover and when UBS won, he was replaced by Aldworth.

"Allied had a problem, and Aldworth was a good nuts-and-bolts banker. That's why (Absa chief executive Piet) Badenhorst brought him in," said the analyst.

In an affidavit this week, Aldworth said he had resigned as a member of Derwent and a second company — for which he had approved an Allied loan of R8-million — shortly after he was appointed to the Allied board.

In March 1992, he was named executive director of marketing for Absa's corporate banking division, a position he held until his dismissal on Monday.

During the past two years, which saw his rapid rise to the boardroom of South Africa's biggest banking group, Aldworth struggled to conquer throat cancer. Last week, it was confirmed that he has Parkinson's disease.

In his affidavit, Aldworth accepted that he owed Absa R414 353 but said: "I am not in a financial position to be able to pay that amount to Absa. I do not have any assets of my own."

Aldworth insisted he had not intended to walk away from the debt.

"My intention was to pay ... out of my profit share from Absa, or from exercising my rights in respect of Absa's share incentive scheme," he said.

When Absa's share price did not perform according to his expectations, he realised that he was unable to repay the loan.

A Commercial Crime Unit spokesman said yesterday that a docket had been opened after Absa officials had handed the matter over to the police.

Watch out next week for The Weekly Mail's Green Pages, a focus on the environment

Blacks 'wary of climbing corporate ladders'

B/DAY 12/2/93. 172

KATHRYN STRACHAN

MANY black managers are reluctant to accept promotion because of the increased stress and the community pressures they encounter, a recent survey on management advancement has found.

The three-year research project, by Stellenbosch University Business School's Linda Human, found black managers were subjected to a range of problems alien to their white counterparts, such as their black colleagues' perceptions that they were sell-outs and conflict created by their lack of participation in union activities.

Black managers were also more aware of being criticised unfairly and of their contribution not being fully appreciated. While their white counterparts could escape much of the pressure once they left the office, the problem was often compounded for black managers when they went home to an environment fraught with political and socioeconomic tensions.

The study also found that male and female managers faced very different tensions. Female managers complained more of discrimination, peer jealousy and lack of stimulation, while men experienced greater interpersonal conflict and workload pressures. Away from work, the conflict between the demands of women's careers and others' "role expectations" of them, as well as a lack of support, contributed to their higher level of stress symptoms. Women reported more discrimination and conflict out of the office than men, who indictated that political and financial concerns weighed most heavily on them.

The results of the survey will be presented to the Fifth International Montreux Congress on Stress later this month.

Aldworth against the wall

S/Times (Buss) 14/2/93.

BOB ALDWORTH — broke, ill and depressed — can expect no mercy from Absa. Every one of the fired bank chief's dealings during his two years with the group is being scrutinised by an internal audit team.

The findings of the team, which spent several months piecing together Mr Aldworth's financial affairs, formed the basis of a complaint handed to the Commercial Branch of the South African Police this week.

By CHERILYN IRETON and JEREMY WOODS

The former Absa executive director and once golden boy of South African banking was fired earlier in the week after he admitted to concealing a personal loan of R414 000 through book transactions.

More than one instance of alleged fraud is being investigated by the police.

The amount involved in questionable transactions is believed to exceed R500 000.

Mr Aldworth has been under investigation by the bank for several months.

In November he was moved sideways — from being the head of Absa's corporate banking to a marketing position — to allow investigators to complete their probe into his affairs.

The investigation now also includes Cape Investment Bank, where in the mid-80s Mr Aldworth was chairman of the credit committee responsible for policy and risk management.

Pressure

A letter in possession of Business Times from Corbank chief Laurie Korsten asks Mr Aldworth to head up this committee.

Under investigation is a R6-million loan made by CIB to the Farmhouse Country Lodge. Mr Aldworth later became a director of the company.

It is understood he personally received a raising fee of R50 000. In addition, CIB also received a raising fee.

But when Cape Investment Bank went into liquidation, pressure was applied to Farmhouse Country Lodge and Mr Aldworth to repay the loans by the liquidators of CIB. A new loan was raised by Allied Bank and repaid to CIB.

Mr Aldworth admits he never disclosed to Absa that he was a director of Farmhouse Country Lodge.

But while at Allied he admits to have "bullied through" a R8-million facility for the company after a fellow director had turned down the request.

In his affadavit signed last week, Mr Aldworth says he had already resigned as a director of Farmouse Country Lodge when the incident occurred.

Mr Aldworth could not be traced after his dismissal was announced on Tuesday. He was not at his Craighall, Johannesburg, home when Business Times visited and there were rumours that he may be in London. But friends suggest he is in Johannesburg and is too ill and shocked by the week's events to travel.

The former Barclays National Bank managing director, now 61, planned to move to the UK with his family at the end of this year when his contract with Absa was up.

Former colleagues believe years of being out in the corporate wilderness, several questionable property deals and ill health were to blame for Mr Aldworth going broke, a move which was behind his apparent "error of judgment".

"Bob is naive but is transparently honest and his integrity is complete. I have never known him to lack honesty," says one long-standing colleague.



BOB ALDWORTH: 'Integrity and ethics deteriorating'

Bob on greed and fraud

"THE image of our business world is poor ... integrity and ethics are concepts which are deteriorating ... the time has arrived for every well-meaning South African to take active steps to put an end to these harmful practices".

The words are Bob Aldworth's, recorded in 1989.

They mirror the sentiment in business circles this week after Mr Aldworth admitted to using Absa funds to settle a R414 000 debt for which he was personally liable.

When Mr Aldworth penned those thoughts as chairman of Corbank just over three years ago he was very concerned about "unprecedented levels of crime and social decadence".

So concerned that much of his chairman's statement was devoted to the ethical decay threatening South African business.

He wrote: "South Africans are moving away from old values to a new value system. Rampant greed — exemplified by insider trading, unauthorised dealings in financial rands, bank robberies, the incidence of bribery and corruption, tax evasion, sharp business deals — has become the accepted norm.

"Nowhere is this state of moral decay more evident than in the fraudulent depletion of fiscal and foreign currency resources through circumvention of prevailing legislation as well as corrupt appropriation of civic resources and misuse of positions of authority."

Mr Aldworth's crime, whether fraud, misuse of his own position as head of Allied or just bad judgment, is still to be determined by the courts.

What Bob Aldworth can teach us about corruption. Comment by **CHERILYN IRETON**

But already his admission has further bruised the credibility of the corporate world.

Particularly wounded are business leaders who have been trying to sell South Africa as a business centre of integrity — one apart from the rest of Africa.

They are already fighting the frightening reality that in the past few years South Africans have stolen — or tried to steal — more than the country earns.

This is shown by the fact that the police are investigating attempted fraud cases which exceed gross domestic product.

'Evils'

Now business faces the prospect that a big fish in the corporate world is enmeshed in the growing net of fraud and corruption.

Add public sector fraud and waste and the country's image will soon outrival that of Africa's fraud capital, Nigeria.

What can be done?

Corrupt ideologies breed corruption. The search for a just society should provide the basis for people to focus on earning an honest living rather than stealing to get by or maintain their living standards.

In the words of Mr Aldworth: "Government, the business community and all interested bodies should unite to formulate the strategies required to rid the country of these evils."

PAC calls for greater access to information

THE composition of the Public Accountants' and Auditors' Board should include representatives from the trade unions, the National Consumer Council, accountancy students, the private sector and the state sector, says PAC economics spokesman Sipho Shabalala.

He argues the democratisation of SA will increase the number of legitimate users of accounting information well beyond those currently represented on the board and served by the accounting profession.

He says workers, as well as managers, should have access to accounting information.

In addition to shareholders and providers of financial resources outside individual enterprises, consumer organisations and national trade unions should also have access.

Voters, state employees and consumers of state services should have access to state accounts. And accounting students, as the support base of the accounting profession, should also be accommodated.

Shabalala believes there is a need to develop accountants to serve the public sector on developmental projects and community-based organisations.

But for this to happen, the Theory of Accounting certificate should be made more practical and students preparing for it should be placed in accounting firms.

Professional accountants should also be trained to be effective "team players" with other specialists within business organisations, Shabalala says.

He believes additional subjects — like strategic management, organisational behaviour, money and capital markets, communication skills and macroeconomic accounting — should be included in the education of accountants.

He says information systems and processes should be structured to provide information on the current and future social and economic needs of the different sections of society.

In addition, accounting for the redistribution of wealth — which Shabalala expects in a democratic SA — requires appropriate economic and social measurements of existing wealth so as to determine "the exact size of the cake".

Practices like confidentiality, objective economic measurement and conservatism in the measurement of economic events should not be used to conceal the size of accumulated wealth and resources, says Shabalala.

Wool prices stagnant

B/DM 16/2/93.

MARIANNE MERTEN

THE slack world economy has depressed international wool demand and caused prices to remain stagnant.

Gerhald Pretorius, assistant manager, public relations, of Woolex, one of two wool co-operatives in SA, said he did not expect any significant price fluctuations in the near future although a marginal price increase in the second half of 1993 would be possible.

"A big factor is the Australian stockpile of about 4-million wool bales," he said.

It is expected that reserves will be sold off over the next four years, keeping prices down.

Total SA wool receipts for this season are 56,2-million kilograms, down 8% from the corresponding period last season.

Only 67% of 13 243 bales on offer were sold during last week's auction, said a Woolex statement.

Local production has been affected by the severe drought, which is particularly severe in some wool prooducing areas.

Pretorius said: "SA has combined forces with Australia and New Zealand to stimulate consumer demand through the International Wool Secretariat."

Private sector to back taxi industry

B/DM 16/2/93

THEO RAWANA

A MAJOR private sector-backed initiative aimed at improving the taxi industry's profitability and standards of operation would be launched soon, transport consultant Paul Browning said at the weekend.

Browning said the establishment of the scheme, which he believed would remove causes of unrest in the taxi industry, was in line with a recent report of the Goldstone Commission into taxi wars. Judge Richard Goldstone's team recommended that the private sector should help taxi operators to develop business, entrepreneurial and marketing skills.

The scheme, under which taxi associations would be helped to form co-operatives to manage members' operations, was being funded by Toyota, Mercedes Benz and Atlantis Diesel Engines, Browning said.

"The co-operatives will be able to take part in commuter subsidy schemes — since they would be able to tender for subsidies as groups — and develop new business," he added.

The development work had been carried out by the Taxi Business Group, a consortium of transport experts with particular knowledge of the taxi industry.

The taxi co-operatives would also be helped to develop new types of business, including contracts, commuter services in areas of high car ownership, tourism, parcels, courier services and many others.

Browning said the sponsoring companies, which had so far pumped R600 000 into the scheme, wanted to help the taxi industry to stabilise itself because it was good for the country.

He added that Mercedes Benz would like to sell midi-buses to the industry. "But the taxi industry has tens of thousands of individuals — and these vehicles cannot be bought by individuals.

"Atlantis Diesel Engines wants to tell operators diesel engines are more economical, but the taxi owners presently have no knowledge of operational costing," Browning said.

These "first world" firms recognised that changes in methods of operation might bring them the chance of dealing with taxis.

Browning said the pilot phase of the programme would need a further R1m and said further funding was sought from the automotive industry, oil companies and financial houses.

"Our aim has been to develop practical methods by which the taxi industry can be helped to improve its professionalism, business skills and profitability through a process of capacity-building at local level," said Browning.

Under the scheme vehicles would continue to be owned by individuals, but would be operated in a collective or co-operative fashion by the local taxi association on behalf of members. "The association will be offered professional help in carrying out its management tasks," Browning said.

Conference on jobless BA graduates

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KATHRYN STRACHAN

WIDESPREAD concern at bleak job prospects for the waves of BA graduates entering the work market has led to a high-level conference aimed at enhancing their "employability".

The conference organisers believe BA graduates have a wealth of skills to offer but, because of false perceptions about their "usefulness", their potential is often overlooked.

Conference convenor Elisabeth Lickindorf said at the weekend there was little communication between the various stakeholders — the students, lecturers and employers — and the purpose of the conference was to build bridges between them and to find practical ways of resolving the problem.

There was a need to change perceptions at all levels, she said. Many BA students were unaware of how the skills they had been taught at university related to the "world of work", and of how they could be applied productively outside the formal sector.

Companies too believed that employing someone with a background in humanities was a luxury in these hard times, and they had to be taught that an employee with highly adaptable skills was an indispensable asset, especially in a period of rapid change.

BA graduates had the edge over students with more practically orientated degrees, as they had been trained specifically to analyse and interpret material — abilities which made them far more successful in adjusting to the demands of a variety of roles, she said.

University lecturers were the other sector which needed to be targeted, Lickindorf said, because there was clearly also a need to introduce more skills-orientated elements to BA courses,

The conference will be held on Thursday and Friday this week.

A cash register that

Group to help black managers with stress

KATHRYN STRACHAN (172)

A SPECIAL management group has been formed to help overcome the problems facing black managers in the workplace. BLOOM 16/2/93.

The decision to convene the group — called the Collaborative Working Group for the Advancement of Black Managers — was prompted by a recent report which predicted that 86% of black managers would develop a stress-related illness over the next two years unless tensions they were the victims of were alleviated.

Bristol-Myers Squibb medical director Dr Ben Allmann, who is heading the group, said the three-year study found that community pressures facing black managers often made them reluctant to accept promotion and hampered their advancement.

Pressures such as not being part of the team, a lack of support, and a rift between their home environment and their status at work, tended to increase as the manager climbed the "corporate ladder", said Allmann.

Furthermore, he said, the foreign management stress programmes which were usually used in SA had little bearing on the unique situation of local black managers.

He said the prime objective of the group would be to produce an intervention strategy which companies could use as a guideline to handle the advancement problems being experienced nationally.

The strategies would be based on the best information and expertise available, and would provide "true direction for black advancement in the future", he said.

Some of the interventions that had already become apparent included formalising the network process, reviewing mentoring and addressing problems of self-image and self-esteem, he said.

Causes of problems experienced by Black Accountants

	Black Accountants %	White Accountants %
CULTURAL DIFFERENCES	43	80
LACK OF BUSINESS AWARENESS	43	80
INFERIOR HIGH SCHOOL EDUCATION	76	95
INFERIOR UNIVERSITY EDUCATION	87	85
RACISM FROM PEERS	81	10
NEGATIVE CLIENT ATTITUDES	67	40
LACK OF COMMUNICATION SKILLS	45	90
LACK OF MOBILITY	71	75
LACK OF NUMERICAL SKILLS	20	50
ABSENCE OF BLACK ROLE MODELS	51	70
LACK OF HONEST PERFORMANCE EVALUATORS	53	15
LACK OF COMMITMENT FROM EMPLOYERS	51	25
LACK OF CHALLENGING AUDIT ASSIGNMENTS	61	20
UNALLOCATED TIME	43	50

Open Learning creates active study methods

THE ACCA Open Learning, a programme designed to free the trainee from the restrictions of college schedules, offers a complete series of study packages leading him through the entire syllabus to accountancy qualification.

The programme, developed by ACCA (UK) and the Open College (UK), allows the trainee to structure his own time and place of study.

The key element in the programme is learning through doing — a trainee's workbooks require his ideas and written contribution in the form of activities and self-assessment questions (SAQs).

The programme, designed to ease the problems of trainee-employer relationships, allows complete flexibility of study and removes the rigid demands of college and tutor study. The trainee can work out with the employer a programme of study which suits them both.

Through SAQs learning becomes not just a passive absorption of facts but the active application of theory and technique to real work situations, and a constant self-analysis to check that objectives have been achieved.

The programme, while guiding the trainee through to examination success, gives him learning techniques which will have a positive effect on his career.

Particular care has been taken to ensure that the language level is appropriate for learners for whom English is not the first language.

The programme is the largest-ever open learning project in any subject area, providing 2 700 hours of learning.

Developed over three years, the programme is said to be the best in the field in terms of innovative accountancy education development.

Replacement

The key to the Open Learning programme is the replacement of the teacher in the conventional classroom context by thoroughly researched and expertly prepared workbooks and audio tapes.

In the workbooks, study sections are short, objectives and teachings clear, and there are many practical workbased examples.

While most study manuals and correspondence courses ask students to read, memorise and reproduce what they find in the text, Open Learning requires them to undertake activities where they review what they have read, consider how they can use it and satisfy themselves that they have understood it.

Abasa founded to address inequality in the profession

THE Association of Black Accountants in SA (Abasa), founded in 1985 by a group of black accountants bent on addressing the inequalities in the accounting profession, was officially launched in 1986.

Abasa president Juneus Lekgetha says the organisation has charged itself with the responsibility to encourage, promote, assist and facilitate the advancement of blacks in accounting.

Abasa's objectives are to promote the interests of people engaged in the accounting profession by advancing their professional standards.

In this respect it has set out to:

- Promote adult education, vocational training and technical education in the accounting profession;
- Encourage the development of committed and dedicated accounting professional managers and public administrators;
- Recognise and respond to the basic needs of the black community for accounting support to community-based organisations and the small business sector;
- Establish contact and maintain co-cordial relations with local, regional and international institutions engaged in the accounting profession; and
- Investigate and deal with professional grievances.

Lekgetha says Abasa's membership of 807 is divided into three categories: 35 corporate members, 713 general members and 59 student members.

He says Abasa shares the SA Institute of Chartered Accountants' objective set in 1986 — that there would be 2 000 black accountants by the year 2000.

To facilitate the entry of disadvantaged people into accounting, Abasa decided that funds should be raised for bursaries. For this purpose the Chartered Accountants Eden Trust was established and sponsored by Abasa, Saica and the Public Accountants & Auditors Board (PAAB).

The CA's Eden Trust offers two bursary schemes — the Female Accounting Bursary Scheme and the Accounting Technician Bursary Scheme for a national diploma.

Addresses

The Career Awareness Programme addresses the lack of knowledge about accounting opportunities in high schools and the post-matric stage.

A joint venture between Abasa and Protocol Personnel also provides a recruitment service.

Abasa has branches in Johannesburg, Pretoria, Durban, Port Elizabeth, Cape Town and Umtata.

Chartered

Trust looks at easing access for disadvantaged

BDay 16/2/93

THE Centre for Accounting and Management Development Trust (CEMADT) is a facility set up to improve the access of disadvantaged people into accounting.

CEMADT acting co-ordinator Mashudu Ramano says the accountancy profession has to urgently bring about a large increase in the number of blacks in professional and managerial positions.

"Perhaps the most damning and cogent indictment of the underlying problems was revealed in a study by Dr Hennie van Greuning of the SA Reserve Bank, which illustrates in the table (left) the scale of the task ahead."

The specific objectives of the project are to:

☐ Provide an alternative route to a professional accounting qualification;

☐ Make accounting, administration and management skills training accessible and available to a larger pool of the disadvantaged communities;

☐ Improve the quality of financial management administration and accountability at all levels of society; and

☐ Develop an integrated approach to providing accounting, administration and management skills;

☐ Increase knowledge of accounting and accountability among all South Africans;

☐ Facilitate the evolution of a more flexible and mutually beneficial system of accreditation between formal and non-formal accounting institutions.

Plans have been devised to focus on upgrading the financial and managerial skills of black business people, trade union and civic organisation officials, adult education and youth workers, black professional organisations, school and charity administrators, bookkeepers and black matriculants who have been unable to progress to the tertiary sector.

Specific

Among the study programmes conceived and developed by CEMADT are

☐ The Skills Development Programme, designed to address specific human resource requirements;

☐ The Foundation Course to upgrade the skills of prospective students who wish to pursue a career in accountancy but do not possess the requisite academic entrance requirements; and

☐ The Professional Development Programme which aims to help redress the under-representation of the black communities in the accountancy profession.

The programme will also help to provide access to an internationally-recognised body of accounting and business knowledge leading to an internationally-recognised qualification.

The establishment of CEMADT followed a study commissioned by Abasa in 1989 which concluded that administrative, educational and financial accountancy structures remained segmented and elitist.

The study identified the following barriers to wide-scale black entry into the profession:

☐ Limited opportunities for blacks to qualify;

☐ Lack of entry or limited access and high demands of accounting education at universities accredited by the Public Accountants' & Auditors' Board;

☐ Limited access to, and opportunities for, effective practical training in professional firms; and

☐ Racial and structural discrimination.

CEMADT comprises the following organisations: the SA Committee of Higher Education (Sached), Association of Black Accountants of Southern Africa, the ANC, the Black Management Forum, Community Resource Trust, Cosatu, Independent Business Enrichment Centre, Kagiso Trust, National Committee for the Repatriation of SA Exiles, NECC, Nactu, the PAC and the SA Students Internship Foundation.

Affirmative action plan

BTODAY 16/2/93 (172)

WILSON ZWANE

A TOP researcher has suggested that SA copy the Australian model if it wants to enact affirmative action legislation which has political legitimacy as well as economic realism and flexibility.

Employment equity programmes cannot be left entirely to collective bargaining, writes Kathy Albertyn, a researcher at Wits University's Centre for Applied Legal Studies, in this month's edition of the Institute of Personnel Management's People Dynamics.

Albertyn says that with a strong recent history of collective bargaining in SA, the negotiation of employment equity programmes between management and trade unions is an attractive option.

"However, the male-dominated nature of management and trade unions, the fact that unions are of varying strengths, and international studies which tell us the attitude of employers remains one of the principal causes of inequality and job segregation in Western Europe and the US, suggest that employment equity programmes cannot be left entirely to collective bargaining.

For this reason, she says, SA has to copy the Australians if it is to pass laws setting out the details and parameters of mandatory affirmative action.

"This does not mean that the situation in our country can be equated to that of Australia. There are clearly significant economic, political and demographic variations and, consequently, different problems that have to be addressed in the workplace.

"What is useful in the Australian experience is the manner in which it stipulates procedures and strategies which ensure that employment equity programmes are implemented."

In addition, the Australian model is not only the kind of legislation which will meet the dual need for political legitimacy and economic realism and flexibility in SA, but it will also provide guideline needs, says Albertyn.

Accountants able to abandon audit route

BDM 17/2/93

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THEO RAWANA

SOUTH AFRICANS were, for the first time in 30 years, able to become professional accountants without first having to be auditors, Chartered Association of Certified Accountants (Acca) president David Bishop said last night.

Bishop was speaking in Johannesburg at the launch of the SA operation of Acca, which is to resume activities after ceasing operations here in 1963.

Acca was founded in 1904 to provide an alternative entry route to the profession for those who could not pay for their training, but who had the capability to qualify as accountants, the UK-based Bishop said.

"It is simply no longer appropriate that the only route to full professional status in SA should be the limited audit route.

"We have a long and honourable tradition of opening up the accountancy profession to people of merit, regardless of background. At the present time, over 90 000 students ... are taking advantage of that tradition in no less than 120 countries," he said.

He added: "There is a pull of people out there from all population groups who, for one reason or another, are denied access to a professional accounting qualification.

"There is no way that a structure which requires accountants to qualify through the auditing sector can provide the training and numbers now required," he said.

The existing structures were not organised to produce the numbers and types of accountants, drawn from all communities, which would be necessary if there were to be sufficient highly qualified accountants and business leaders in the second half of this decade.

"Our guiding concern is to ensure that SA is equipped to satisfy its new domestic economic development and future prosperity. Acca can play a significant role in the country's economic development and future prosperity."

Acca was to provide SA tax and law within its syllabus and establish an administrative office in the country as proof of its long-term commitment to a role in SA.

This ensured that all those following the Acca qualifications emerged with a genuinely South African qualification and training, Bishop said.

The organisation had consulted a wide range of organisations and individuals, to ensure that the activities proposed were relevant and responding to the changing business environment.

Lack of planning sinks small firms

PRETORIA — Many small businesses in SA were being hampered by a lack of management skills and by a failure to adopt a structured business plan, SBDC senior manager Pierre Mey said yesterday.

He said small businesses were often sceptical of using consultants to conduct performance analyses as entrepreneurs could not always see the "marriage of benefit and cost".

"We often see people who don't pay sufficient attention to performance analysis until it is too late," he said.

Durban Chamber of Commerce economics head Barry Poulsom said several of the larger accountancy firms and some development organisations offered specialist management consultancy services.

"The problem is that most people

ADRIAN HADLAND

turn to their accountants when there is a liquidity strain or some other financial difficulty.

"But if the problem is in the marketing of a product or there is a bottleneck in the production process, the accountant will not always be in a position to identify it," he said.

Small business proprietors resisted the idea of using management consultants as these were often geared towards corporate clients, they were afraid of being ridiculed for their minor problems or they were concerned about the cost of consultations, Poulsom said.

A more user-friendly approach by consultants, including free introductory sessions for smaller businesses, would be helpful.

The small businessman or trader did not have the expertise, desire, nor the time to delve into financial and analytical gymnastics to gain an understanding of his business and its profitability, said Provident Management Services executive Ivor Fisher.

The Durban-based company is one of several to offer business performance analyses directed specifically at small- to medium-sized businesses.

"The success of small business has been neglected for too long and it is vital for SA's economy that the growth of small business be stimulated... It is critical that businessmen have the requisite financial and entrepreneurial skills at hand to ensure successful trading with profitability," Fisher said.

Training for black managers

■ Course will help advance middle management:

Sowetan 18/2/93

By Mzimkulu Malunga

BLACK managers are likely to benefit from a company directorship course due to be launched soon.

The course, a Diploma in Company Directions, is run by the Institute of Directors (IOD).

According to IOD executive director Richard Wilkinson the course is nearly complete and will be polished at a meeting today.

The two-week course will cover a variety of subjects such as directing human resources, effective management development, developing organisations and many others. IOD executive David Hutton-Wilson, says this move is similar to that introduced by the Institute of Directors in the United Kingdom in 1982.

Since then, over 1 000 senior executives have enrolled for the course. The immediate past president of the National African Federated Chamber of Commerce and Industry (Nafcoc), Sam Motsuenyane, once highlighted Nafcoc's policy as ensuring that all companies listed on the Johannesburg Stock Exchange have 30 percent of their board members from the black community.

"If this challenge is to be met, current listed boards should now be searching for around 380 black executives competent to hold down the responsibilities of a company director," says Hutton-Wilson.

Senior management 'must take the lead'

GAVIN DU VENAGE (172)

IF THE present generation of senior management failed to lead SA into economic prosperity, the country would fall too far behind the rest of the world to catch up, Graduate Institute of Management and Technology director Andy Andrews said at the weekend. B/Day 22/2/93

Speaking at the opening of the 1993 Henley Executive MBA programme on Saturday, Andrews, former head of the Wits Business School said while it was important to train young managers, the present generation of senior leadership would lead SA into the next century.

He said he was confident SA was poised for a period of economic expansion.

"The major global economies are expecting reasonable growth in the 1993-95 period and this will benefit SA mineral and manufactured goods exporters," said Andrews.

He listed four basic criteria for SA to take advantage of international trade growth: a political settlement; responsible government that did not squander tax money; a stable economic policy with declining tax rates; and leadership in the business sector.

Clause on harassment gets a thumbs down

Sowetan 23/2/93 (172)

By Sizakele Kooma

■ Important issues have not been sufficiently addressed in Equal Opportunities draft legislation:

THE inclusion of a clause on sexual harassment in the Equal Opportunities draft legislation has not been met with much enthusiasm in some institutions.

Although the Institute of Personnel Management admits the Bill will at last force companies to acknowledge the hazards of intimidation of women employees by their male colleagues, it has reservations about some of the issues that it feels the Bill does not address.

Ms Jenny Wilkinson, co-author of the IPM's policy document on sexual harassment in the workplace, said the important issues had not been sufficiently addressed.

"Rights and concerns of others must be respected, failing which the emphasis of the legislation will be in the wrong place.

"Sexual harassment need not be directly in relation to another person specifically. It could be an offensive calendar or poster hung on a wall," Wilkinson said.

The Bill states, among other things, that "no employer shall sexually harass an employee in his or her employment or a person who applies for employment or a position with him or her."

Wilkinson believes too much emphasis on the word unwelcome where the Bill refers to an "unwelcome sexual suggestion", an "unwelcome request" or "unwelcome conduct" places the onus on the victim to prove the "unwelcomness."

'Good image' may not bring increase in sales

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MARCIA KLEIN

THERE is no correlation between a company's investment in socially responsible programmes and sales, as social responsibility is "an expected practice", says advertising agency Lintas.

The agency's research showed that big companies were seen to have contributed to the political, social and economic problems in SA. Respondents said SA companies had used apartheid "to swell their bottom lines".

Business participation in past injustices had "overshadowed long-term issues like environmental abuse, the promotion of products seen as harmful to health and the abuse of animal rights".

Consumers' attitudes towards companies were being influenced increasingly by companies' labour practices, affirmative action programmes, social responsibility and black economic empowerment.

Some companies, many of which had a single brand or a high corporate profile, were singled out for being socially responsible. They included SA Breweries, National Sorghum Breweries, Natbev, BP, First National Bank, Shell, the Argus Group, OK, Pick 'n Pay, Anglo American and Woolworths.

This did not mean, however, that sales increased because of this image.

Respondents said SA companies had been investing most of their money where they could reap profits, like sport sponsorship, "under the pretext that they are helping blacks". Yet they did not look after their employees.

For multiple brand companies, social reponsibility rested with the parent company. For most consumers, the brand and the parent company were not easily associated, the research showed.

Lintas said that although company brands could benefit from a positive corporate image, there was no indication this always translated directly into brand sales.

BIDAY 23/2/93.

In fact, increased sales were unlikely, as fair labour and social practices were expected from a company in the first place.

The bond between a consumer and a brand was "largely based on known brand values which may or may not be enhanced by the corporate image of the multiple brand company".

Lintas said it was difficult for consumers to target specific companies for punitive action.

Consumer action against corporate behaviour did not take the simple form of brand switching, but was more likely to come through boycotts and mass action.

Auditors could be obliged to report company frauds, theft

STAR 24/2/93.

By Meg Wilson

A decision by delegates to South Africa's first symposium on economic crime, held in Pretoria this week, could have far-reaching effects on the accounting profession.

The delegates agreed that there should be a specific statutory obligation on external auditors to report any evidence of fraud or theft they might find in a company's financial records — not only to the directors, but to the relevant authorities.

The meeting stopped short, though, of suggesting that the external auditors of companies should be held responsible for preventing fraud or other economic crime.

This, it was generally felt, was still the responsibility of the directors of a company, or its appointed management.

Michael Hart, a partner in the legal firm Deneys Reitz, told the delegates that although there was no simple code of practice for company directors, a combination of statutory responsibilities and common law principles led to the conclusion that they did have a fundamental responsibility to try to prevent fraud or theft in their companies.

At the very least, they had to institute systems that ensured speedy detection and remedial action.

Delegating these essential functions to the management of the company did not relieve them of the responsibility.

The external auditor derived his duty from the acceptance of his appointment by the company, and generally sought to define it in a stock "engagement letter" which outlined the limitations of the audit procedure to the client.

However, there often still existed an expectation gap, between the client's perceptions of the extent of an audit and the reality, which was that budgetary constraints usually meant random checks had to be substituted for individual verification.

Nevertheless, the responsibilities of an auditor were far more precisely defined than those of a company director.

This was no more so than in a new professional standard dealing with "responsibility to detect and report illegal acts, other irregularities and errors".

In this, the profession had already shifted from its previous position, which was that the audit examination was not designed to disclose irregularities.

However, it still did not see itself as having a legal responsibility for the prevention of frauds or thefts, although it might suggest ways of doing so in reports to management, Hart said.

Reporting a discovery of material fraud or theft is another matter, though.

At present, the auditor is only required to report such findings to the person in charge of the business — or to the Public Accountants' and Auditors' Board if no steps are taken in a stipulated time to rectify matters.

What the delegates to the conference would like to see is this reporting function taken one step further, so that auditors are obliged to disclose material irregularities to the relevant investigative or regulatory authorities.

Corporate atmosphere must change

STAR 24/2/93.

By Meg Wilson

The corporate atmosphere in South Africa will have to change radically if the causes of economic crime are to be eradicated, says Rabbi David Lapin.

He told delegates to the economic crime symposium that it was not enough to increase the chances of detection or worsen the possible consequences of getting caught.

This amounted to treating the problem symptomatically, while what was needed was prevention of the illness through the creation of an overall climate in business which resisted economic crime.

To commit a crime a criminal had to overcome any sense of identification with his victim.

In the South African business context, this was easy because the whole atmosphere in many companies was "dehumanised".

"The level of alienation experienced by South Africa employees at all levels towards the companies they work for is disturbing.

"This is not necessarily because the company has not treated them well ... but because companies have become entirely mchanistic, driven only by systems and measurements rather than values.

"Business defines its goals, but not its purpose, and its focus is on profits rather than people."

Retrenched staff 'need training'

BIDM 241293.

BIG companies retrenching staff should help to train them in skills that will help them to become self-employed, SBDC central Transvaal region GM Jo Schwenke says.

Schwenke says about 400 000 jobs have been lost through retrenchment in SA since 1989, which is more than the 340 000 job opportunities the SBDC has created in 11 years.

"If big companies are prepared to spend some of their social responsibility budgets on surplus employees, the least they need to do is provide retraining to equip the employees with marketable 'doing skills'.

"In addition, they could also provide loan financing for the launching of the new businesses."

THEO RAWANA

He suggests that companies should subcontract their retrenchment training and loan financing programmes to organisations such as the SBDC, specialists in the field.

By providing employees with training in business skills and assisting them to successfully set up and manage their own businesses, a serious attempt will have been made at giving employees something of value.

Schwenke says companies can make a further contribution by buying from their retrenched employees "on a preferred basis", once they have set up their businesses.

"This is a major boost for new small businesses."

Positive view of interim govt

BDM 24/2/93

LINDA ENSOR

CAPE TOWN — About 68% of owner-managers of western Cape businesses believed an interim government would have a positive effect on their operations, a survey by Arthur Andersen, Wesgro and UCT's Graduate School of Business found.

The 460 business owners who participated in the survey predicted negative real growth for 1993 and 75% predicted that current employee numbers would remain static or decrease further this year. However, most believed the economy would improve over the next two years.

"The fact that employment is expected to rise at a lower rate than sales shows employers either intend taking up considerable slack in their productive labour capacity or that they intend making their workers work harder," Arthur Andersen's André du Plessis said yesterday.

More than 55% of respondents said sales decreased or remained the same in the past year and 49% of them predicted that sales would remain static or decrease further. Exports were becoming increasingly important with 45% of the businessmen surveyed saying that their exports had increased during the year.

The businessmen blamed political issues, monopolistic price adjustments and high interest rates for fuelling the inflation rate. A bank overdraft rate of 16,75% by June this year was forecast, falling marginally to 16,25% by December.

The four most significant threats to growth or survival were political settlement, the recession, inflation and violence, with foreign competition regarded the least important.

The Graduate School of Business's Bruce MacDonald said the disregard for foreign competition showed a lack of appreciation of the effect of opening up the SA economy.

"Business owners in the western Cape are likely to be shocked out of their complacency once they meet competition from world-standard players," MacDonald said.

NEWS Blacks suffer unique stress

Stress gets in their way

Sowetan 25/2/93

AILING MANAGERS Research results will shock bosses with black managers:

By Ike Motsapi (172)

A THREE-YEAR research conducted on the role of black managers in companies has shown that increased stress and pressure could be a strong disincentive for them to seek or accept advancement.

This study was conducted by Dr Ben Allman, a medical director of Bristol-Meyers Squibb and also convener of the Collaborative Working Group for the Advancement of Black Managers in South Africa.

Allman is going to present his findings to the 5th International Montreux Congress on Stress at the end of the month.

The congress takes place under the auspices of the American Institute of Stress and will be attended by leading theorists and practitioners in the field on human resources management.

Allman's findings suggests that significant, severe and unique pressures exist for black managers.

The major ones relating to the workplace included ignored contribution, over-criticism and under-praise, peer pressure connected to union activity and perception of being a sellout.

Furthermore, severe non-work pressures such as political and socio-economic pressure compounded this effect.

Allman said: "Self-inflicted pressures included distrust of others, lack of self-control and an inability to co-operate with others."

While the project was aimed mainly at identifying unique stress factors for black managers, it also included an analysis of men and women.

The findings of this project revealed that 17 percent, about 216 of the people interviewed, were women managers.

It was found that though men and women managers suffered the same levels of stress, the causes differed.

In the workplace, women managers complained more of discrimination, peer jealousy and under-stimulation while men had greater inter-personal conflict, workload and resources' pressures.

Affirmative action only hurts

Fm 26/2/93.



Brian Kantor is professor of economics at the University of Cape Town.

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South Africans have been well exposed to affirmative action programmes. Successive governments practised affirmative action in favour of Afrikaans-speaking whites and they did so for obvious reasons. The beneficiaries of privileged access to employment, contracts or resources allocated by the State were or became supporters of their patronage-dispensing government.

Governments everywhere look for support in this way but in SA, of course, though by no means uniquely, the programmes were given a very conspicuous racial aspect. The Serbs in Yugoslavia, the Russians in the Ukraine, the Protestants in Ireland, to mention but a few examples, were equivalent beneficiaries of affirmative action.

There is naturally always a price to be paid for what was once called patronage, but which might generally be described as special interest politics. Not the least important are the feelings of frustration and resentment when the losers and winners are easily identified by race or religion. Those harmed yearn to get their own back by winning control over government. Or if that seems impossible, they dream of setting up a nation of their own.

But there is another, perhaps less obvious, price to be paid for every income received by an official or employee over and above what they would have earned had they been forced to compete fairly and openly with all comers. The cost of affirmative action programmes must be recovered in taxes and, if the quality of service or goods provided is sacrificed, in higher prices for consumers. Similarly, every subsidy paid by government or any failure by governments to realise the best terms for resources they control, for whatever reason, means higher taxes and prices in general.

It may be a minor consolation to black South Africans to recognise that, because most income and expenditure was undertaken by whites, this meant that mostly it was whites who paid for the affirmative action programmes undertaken on behalf of other whites. The whites on the giving rather than the receiving end of these income transfers naturally tended to vote for the opposition.

The black share of incomes and expenditures in SA is rapidly approaching 50%. Soon it will be largely the black consumer and taxpayer who will bear the burdens of affirmative action practised on behalf of other blacks. It is patently wrong to believe that affirmative action can benefit all blacks any more than it has benefited all whites. It will be a minority of politically influential blacks who will benefit greatly. The costs will be spread across all consumers and taxpayers.

There can be no general black interest in affirmative action programmes that artificially raise the costs of living of the vast majority of blacks. They surely have every interest in ensuring that the goods and services they pay for are produced in competitive rather than privileged circumstances.

Unfortunately the black majority is almost inevitably going to be denied the full benefits of free competition for its custom, as it was in the past. The special interest of the better-educated, better-organised elites in tilting the competition for jobs and contracts their way is bound to prevail. The issue is not whether it will impose a burden, but how much of a burden this special interest group will impose upon the politically less influential.

Also to be decided is just how much such action will inhibit the capabilities of large and small business in SA to make income- and employment-enhancing investments in a highly competitive world.

In other words, just how high is the affirmative action, or rather more generally the special-interest, tax burden going to be in SA?

One may hope that affirmative action or special interest politics or to call it by its more appropriate term, racism, will become less important, and colour-blind and freely competitive forces more important. Competition would encourage economic growth, which is the best way to satisfy the interest of the great majority of workers and consumers in higher incomes, lower prices and better services.

Politicians and business leaders are compelled to recognise political realities. What they should not be allowed to get away with is the pretence that what are politically necessary affirmative action programmes represent anything other than an inevitable response to the selfish pursuit of narrow interests at the expense of the general good. Moreover, they should be made aware of the fact that, because some blacks rather than some whites will benefit from such policies, they will not have any greater dignity.

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Social investment 'long-term benefit'

B/Day 26/2/93. (172)

ANDREW KRUMM

SA BANKS and other financial institutions should invest a portion of their portfolios in socially responsible investments now — or face investment prescription by a new SA government later.

This was one of the conclusions of a panel discussion yesterday between local trade union and financial institutions' representatives and two US experts on socially responsible investment.

The discussion was held on a satellite link-up at the US Information Service offices in Johannesburg and Cape Town.

According to Interfaith Centre for Corporate Responsibility director Tim Smith, willingly placing a portion of their assets in socially responsible investments was in the long-term interest of both financial institutions and country. Not to invest willingly was to continue "economic apartheid".

Another US panel member, Agricultural Development Corporation vice-president Joshua Walton, added the returns available in social investments were not necessarily lower than those available in other financial markets. The perception that returns were minimal had to be dismissed.

However, responsible investment should be accompanied by certain incentives such as tax breaks and guarantee mechanisms.

SA Development Bank GM Nick Christodolou pointed out "development asssistance" was not just a question of investment in housing. It had to include provision for creative mechanisms such as "equity funds" to be used as start up capital for the existing pool of black entrepreneurs.

Walton said practices such as "red-lining" — where banks refuse to lend into poorer areas for fear of default on loans — would have to be discouraged.

There was a movement against red-lining in the US, especially where it was realised that the bank's depositors were often people from "red-lined" areas.

Banks had to be held accountable by depositors who could lobby for such mechanisms as "micro-lending", he said.

Smith said once all SA organisations called for the demise of sanctions, the response to drop those measures prohibiting trade and investment in SA would be quick. However, the next phase — to get US corporations thinking of investing responsibly in SA — would be difficult.

Interim rule is best bet for local business

By JEREMY WOODS

NEARLY 70 percent of business owner-managers in the Western Cape believe an interim government will have a positive impact on their business.

This is one of the main conclusions of the Western Cape Business Survey published this week by top accountants Arthur Anderson, Wesgro, the promoters of Western Cape economic growth, and UCT's Graduate School of Business.

The 460 business owners who participated in the fifth annual survey, said general political issues, monopolistic price adjustments and high interest rates were the main causes for fuelling inflation.

They also predicted negative real growth for the current year, though the overall tone of the survey is one of guarded optimism, with brighter longer term prospects.

The four most significant threats to the future growth or survival of companies were found to be political settlement, the recession, inflation and violence.

Surprisingly, at a time when the Cape economy is opening some of its doors, foreign competition was regarded as the least important threat.

But, Bruce McDonald, of UCT's Graduate School of Business, believes this shows a lack of insight.

"Business owners in the Western Cape are likely to be schocked out of their complacency once they meet competition from world-standard players."

McDonald said: "We thought we had the best rugby team in the world until we actually went out there and played against them. Local businessmen may find they have a similar experience."

It's time that business took a cane to public education

ST Times 28/2/93 (Buss)



Andy Andrews

ON BUSINESS

BUSINESS and community leaders today rank "human resources" as one of their most important areas of concern. Research is showing us what appear to be contradictory signs.

On the one hand we have millions of unskilled workers out of work as companies continue to tighten their belts in the face of the on-going economic recession, and more and more skilled and experienced executives also struggle to find jobs as companies downsize and delayer by cutting out levels of management.

On the other hand, research is suggesting that we do not have enough managers to cope with the increasing complexity of a globally competitive world. So we face this paradox: we need more managers, but we are getting rid of them. We need more skilled workers, but we are cutting back on training due to budget constraints, and are also putting experienced workers back on the street.

A GLOBAL COMPARISON

The "Breakwater Monitor" research project at the UCT Business School, which is supported by many leading companies, has collected data on more than 600 000 employees and is providing participating companies with the opportunity to benchmark themselves against other firms.

Their initial findings make interesting reading. The breakdown of South Africa's workforce as compared to international norms is given in the table.

INTERNATIONAL FIRMS	CATEGORY	SOUTH AFRICAN FIRMS
25%	Management & Professional	45%
35%	Skilled	25%
35%	Semi-Skilled	35%
5%	Unskilled	40%

The data on the international firms tells a powerful story. Their percentage of employees in the management and skilled categories is more than double the South African percentage, while South Africa has almost double their percentage in the less skilled categories.

In addition, I suspect what the Germans and Japanese call "semi-skilled" is a lot more skilled than the South African definition.

We are, quite simply, operating our businesses using an antiquated, low skill, low productivity model of business that our global competitors threw out many years ago.

Their people have more managers, are more highly skilled and are, consequently, more productive. That is why their economies are growing and ours is not.

We cannot expect to produce the knowledge-based, high-quality and often custom-made products that command high prices and create the margins necessary to support R&D and global market strategies with too few managers and too many unskilled employees.

THE EDUCATION PROBLEM

The World Competitiveness Report regards South African workers as the worst equipped for the demands of a modern workplace. Not only are too few South Africans going to school, but those that do so and look for work do not have the skills that business needs.

This problem is not unique to South Africa.

The American Society for Training and Development recently estimated that US business is spending as much on educating their workers as the US government spends on formal education.

South Africa is also spending huge amounts of money on education, but the problem is not the amount of money but rather the way it is spent and administered.

A DISMAL PICTURE

I have no doubt that our educational system is failing miserably. And the reason is that the people who manage the system are working with an outdated, cumbersome philosophy that is not responsive to the needs of the global economy.

The world is changing rapidly, but our syllabi and the methods of teaching are obsolete. I am sure that it is easier to move a cemetery than it is to change a curriculum.

We are still producing academically educated people, when the practical skill levels required by business and society are rising. The Hudson Institute in the US has estimated that half the jobs that will be created in the 90s will require post high school training.

While we are teaching students about esoteric aspects of biology and European history, students need interpersonal skills, teamwork skills, logic skills, the ability to learn, problem solving skills, critical thinking skills.

In Europe, students switch between classroom and workplace apprentice-type jobs allowing them to develop both academic and practical skills simultaneously.

We are locked into a 19th Century philosophy that separates the university-bound from the factory-bound. This creates exaggerated expectations in the one group and lowered self-esteem in the other.

WHAT TO DO?

Business had better get involved. Business had better make sure that we improve public education and insist on innovation and change.

Companies and individuals pay taxes which are used in our educational system to produce products that do not meet their needs and then must pay again to remedy the defects.

Perhaps we should have a money-back guarantee from the schools and universities. If the product doesn't work, you should get your money back.

Public education will continue to plague South African business and make us less competitive globally unless we do something about it now.

Education is at the core of our problems, both socially and economically.

■ *Professor Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the prestigious Henley Executive MBA in SA, and is co-founder of Laird-Andrews, the strategic financial consultants.*

SA DEBT OUTLOOK IMPROVING

ST Times (Buss) 28/2/93

SOUTH AFRICA is comparatively underborrowed and might be able to repay its foreign debt without negotiating another interim arrangement, says Standard Bank chief economist Nico Czypionka.

SA has repaid and converted into longer term debt almost $10-billion of the short-term debt caught in the debt standstill, and at the end of this year will have another $5-billion to go.

Mr Czypionka says in Standard Bank's Economic Perspectives that SA has reduced its debt/GDP ratio to 16,9% from 42,9%, as the debt has been repaid without taking on substantial offshore loans.

SA's debt/export earnings ratio has fallen to 64,9% from 127,2%, placing SA in a foreign indebtedness situation similar to South Korea but far better off than Egypt, Brazil, Argentina and Australia.

However, SA has to pay a premium on interest on its loans because of the debt standstill and the political situation, says Mr Czypionka.

He says SA will owe $5-billion of standstill debt at the end of 1993, when the third interim arrangement expires. Any technical default on this would be out of the question, as it would intensify downward pressure on the rand and throw out Reserve Bank attempts to stabilise the nominal effective exchange rate.

Mr Czypionka says the Reserve Bank has two options: it can get creditor banks to convert the debt into medium-term stock, which would be tradeable, or it can return to "business as usual", under which SA repays the amount, but it is immediately re-advanced under normal terms and conditions.

The benefits of this would be that the cost of finance to SA would be lowered and foreign lenders would benefit because they would no longer have to have double reserves as a result of SA being technically in default.

Mr Czypionka says this should be coupled with SA being granted access to the IMF. Borrowing from the IMF may not even be neccessary if this leads to the perception among lenders that SA borrowings are effectively backed by the IMF.

He says that in practice access to the IMF will only be possible once some sort of interim government is in place, and if that government makes inroads into a structural adjustment programme.

'Too many free choices' in accounting standards

Star 2/3/93

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By Leigh Hassall

International accounting standards allow accountants too many free choices in financial reporting.

This was the message of David Cairns, secretary-general of the International Accounting Standards Committee (IASC) at a conference organised by the SA Institute of Chartered Accountants in Johannesburg.

Cairns said also that some important topics were not covered by the international accounting standards.

The IASC carried out a study in January 1989 which showed there were 29 issues where international accounting standards permitted a free choice in accounting treatment.

The IASC's current project of revising the existing accounting standards had achieved elimination of some of these free choices.

It hoped to complete its revision of the accounting standards by the end of this year.

Of the gaps in the existing stan dards Cairns said new standards were being brought out on cash flow statements, earnings a share, financial instruments and intangible assets.

"The IASC is at the forefront of the response to the pressures for common, high quality standards for financial reporting," said Cairns.

"It has made significant progress in terms of developing high quality standards. However it has made less progress in gaining acceptance of its standards so they are not yet 'common'."

Key industrial financial ratios

(3 year average)

Static*		AAA	AA	A
Pre-tax interest coverage	(x)	12,0	9,1	5,5
Funds from operations/ Total debt	(%)	89,1	79,2	48,7
Pre-interest return on total average assets	(%)	26,2	21,0	17,5
Total debt/capitalisation	(%)	23,3	28,0	35,2

Selected SA Cos**		Tiger	Nampak	Dorbyl
Pre-tax interest coverage	(x)	8,0	7,6	4,7
Funds from operations/ Total debt	(%)	99,2	99,5	85,8
Pre-interest return on total average assets	(%)	18,0	21,7	11,3
Total debt/capitalisation	(%)	23,6	25,4	20,3

Graphic: LEE EMERTON Source: *STANDARD & POOR'S **REPUBLIC RATINGS

SA corporates match international norms

KEY industrial financial ratios of major SA companies that have been formally rated show similarities to those of US corporates, according to recent findings by Republic Ratings. (172)

Certain comparisons are shown in the accompanying table. BIDAM 3/3/93

However, says RR senior analyst Pieter Steyn, such ratios are not intended to act as hurdles that should be cleared to attain a specific debt rating.

Furthermore, caution should be exercised in the application of these ratio medians for comparisons with company specific and/or industry data.

"This is because of the importance of industry or business risk, differing accounting principles and business environments."

He says ratings are designed to be valid over the entire business cycle. The ratios of a particular firm at any point in the business cycle may thus appear to be inconsistent with its assigned debt ratings.

"Proper assessment of debt protection levels requires a broader perspective, involving a thorough review of business fundamentals, including judgments about a company's competitive position and the evaluation of management and its strategies.

"The rating finally accorded is a synthesis of both qualitative and quantitative factors."

Consequently, says Steyn, a situation may arise where a company with superior financial ratios is ranked lower than one with lesser ratios — if the latter's business risk is lower.

An example is Tiger Oats, which qualified for an AAA rating, although key financial ratios lagged international norms.

Invalidates

Steyn says it is primarily the inability of a financial modelling package to accurately account for business risk that invalidates any "*computer generated*" rating. "This is particularly when the model predicts future risk based on historical financial statements."

Another critical flaw is that the results of these models are heavily distorted depending on the diverse range of accounting policies employed.

Accepted barometer of credit risk in world markets

A FORMAL rating has a number of benefits for a company:

☐ For organisations dealing in international markets, where ratings are accepted as the barometer of credit risk, a favourable rating facilitates access to a wider pool of financial and trade counterparties;

☐ Ratings also facilitate access to a wider pool of local investors and lenders, particularly as many major investors and wholesale depositors give preference to or only deal with rated counterparties;

☐ With the legislation of a regulatory framework governing the corporate debenture, structured finance and commercial paper markets in SA, companies can now reduce their overall cost of borrowings. These markets will not develop without ratings;

☐ Ratings have been proved to enhance the liquidity of specific debt issues;

☐ Strategic advantages associated with a quality rating include it being a good method of differentiating an organisation from "the pack" and enhancing its image, while it can be used as an excellent marketing tool and a source of competitive advantage;

☐ The ratings exercise provides management with an independent assessment of the strengths and weaknesses within an organisation;

B10mm 3/3/93.

Redress

☐ Formal ratings redress misconceptions that often prevail in informal ratings of organisations, thereby affecting the share price.

For subscribers, ratings are a highly cost-effective complement to any organisation's internal risk assessment structures for the following reasons:

☐ Ratings are convenient for investors and lenders who lack the time or expertise to do the necessary credit assessment of a wide range of unfamiliar companies and debt instruments;

☐ As ratings are future cash flow oriented and usually involve access to sensitive information, RR is uniquely positioned to provide the most sophisticated credit assessments available;

☐ Ratings establish relative creditworthiness transcending different industries, companies and types of debt by encapsulating a diverse range of complex data in an easy reference and internationally recognised rating scale. As such, they provide the basis for establishing credit exposure limits and pricing levels;

☐ Findings are continuously reviewed in the light of changing circumstances and subscribers are kept up to date.

Business Day SURVEY

Moulded along the lines of international rating agencies like Standard and Poor's, Republic Ratings was launched three years ago. Since then ratings have become increasingly institutionalised in local markets. All the major capital market players have been rated and 60% of the banking sector. ***LYNN CARLISLE*** *reports.*

Research division to meet growing demand

BIOAY 3/3/93.

RISING demand for its research services has prompted Republic Ratings to form a research division under the banner of Republic Research, says MD Dave King.

This coincides with the recent appointment of Republic Ratings as the southern African correspondent of one of the world's largest business research groups, SVP.

"The new division will take over all the research functions of the group with immediate effect."

He says it will specialise in:

☐ Industry profiles, consisting of detailed studies on the key SA industries and sub-sectors; and

Intelligence

☐ Information database and business intelligence, consisting of statistical financial information on all JSE-listed companies and non-listed financial institutions, as well as detailed cross-linkages between companies and directors.

The division will also provide a range of advisory services in the fields of credit and strategic risk analysis, including:

☐ Credit policies. Republic already advises some of the largest corporates on counterparty credit limits in the financial markets and appropriate risk weightings for different instruments;

☐ Structured finance/securitisation issues;

☐ Forecasts and sensitive analysis. The sophisticated financial modelling package in use focuses on the implications of strategic variables on future operational cash flows;

☐ Special research projects. Republic undertake special ad hoc research projects for subscribers and non-clients on request for an agreed sum. Republic is also geared to report confidentially on portfolios of pre-selected companies on a regular basis to meet the needs of its subscribers.

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With the link-up of SVP and Republic, local businessmen now have access to one of the most extensive international business information and intelligence networks.



MD DAVE KING

Star 5/3/93

Help stop moral rot, business leaders urged

By Shirley Woodgate

The moral fibre of the nation was shattered and in danger of disintegration, and the business sector carried a huge responsibility to help rebuild the walls and ensure there were no gaps for escape, former Amalgamated Banks of South Africa deputy chief executive Piet Liebenberg said yesterday.

Addressing a business ethics breakfast seminar organised by the Rotary Club of Johannesburg, he warned that no new government or constitution would work unless "we have the law within ourselves".

Neither would peace come to the country, to towns or to individuals unless people developed integrity and a sense of real values.

Claiming the country was in grave danger of the entire system breaking down, Anglo American executive director Gavin Relly stressed there was still time for a thorough cleansing.

While it would be a pity if free enterprise were blamed for gross corruption, it would be a disaster if the belief grew that more regulation was the answer to excesses, he said.

OF the lessons South African companies can learn from Zimbabwe about the challenge of development in a society in transition the greatest lies in what not to do.

At independence the new Zimbabwean government regarded business with overwhelming mistrust, based on historic experience as well an overtly socialist ideology. Hence it decided not to entrust business with upliftment and development, and instead implemented its own programmes, focusing mostly on education, housing and health care.

Business response to development challenges at transition can at best be described as lethargic. The level of employee participation in social spending was poor to zero. Many companies did not even have social budgets. Most companies were content to let government get on with the job of development as best it could. They have paid the price for their neglect financially as well as developmentally.

The Zimbabwean government's programmes were mainly funded in three ways: paid-up premiums; foreign aid; and increased personal and company taxes.

Also, mandatory minimum wage and affirmative action legislation was introduced in the public sector.

These strategies have, to a lesser or greater extent, failed. And each failure has contributed to Zimbabwe's economic crisis. Massive layoffs followed attempts to regulate minimum wages, particularly for domestic workers, as people could not or would not pay those wages. The resultant increase in unemployment created yet another problem for the new government. Affirmative action in the public sector took place according to a set time-table which did not take into consideration the upgrading of peoples' skills or abilities at the same rate, if at all.

Over-promotion brought with it a whole set of incompetencies and problems.

Foreign aid brought with it high interest repayments which further drained the declining economy.

South African companies should take heed of the tendency of the government to increase tax to fund its social investment programmes. Pre-independence company taxes during 1978 were at a high already due to UDI — at 48,3 percent. Immediately after independence and the period following effective tax rates increased to 56,3 percent. Since then taxes have been gradually decreasing, to 44,6 percent for the 1993 tax year. These figures for the effective company tax rate include additional tax levied for drought relief.

South Africa on the brink of "independence" and certainly well into transition has a company tax rate of 48 percent. The tax rate spiral Zimbabwean companies suffered has led to a decline in economic growth. It has also acted as a significant disincentive to foreign investment at a time when it was sorely needed.

Now, the increased level of unionisation coupled with the government's inability to deliver on pre-election promises has again laid the development burden at the feet of business.

A lesson SA firms can learn from Zimbabwe

(172) Mail 5/3-11/3/93.

At a recent seminar corporate social investment consultant **ANTOINETTE LERESCHE** *presented the results of research she had undertaken into trends in Zimbabwe. South African companies should take note*

Will business rise to the challenge this time? Hopefully Zimbabwean firms will be able to turn to their South African counterparts for some pointers in how it should and can be done.

South Africa has a few advantages over Zimbabwe. We already have a highly developed union environment which has gone a long way to achieving basic improvements for workers. Active union participation and industrial action over the past decade have resulted in South African managers having good exposure to and awareness of the socio-political environment. The ratio of whites to blacks in South Africa is higher than it was in Zimbabwe and together with various other factors means any "mass exodus" of skilled labour after "independence" won't be as damaging. Finally we have the experience of our neighbours to reflect upon.

In common with Zimbabwe, we must deal with the challenges of transition to a possibly hostile new government. South Africa must also undo the harm of generations of educationally disadvantaged blacks due to the bias of educational policy. A high level of political turbulence during transition is unlikely to abate. Furthermore, the dominant ideology of the strongest contender for power, the African National Congress, is socialist.

Four separate yet interdependent strategic actions should be undertaken by South African companies: internal social policy, participation, disclosure and increased spending.

Internal social policy must address the needs of the workers as a priority. This includes such aspects as minimum wages, voluntarism, family benefits, on or near-site creche facilities, employee share ownership schemes and affirmative action. Affirmative action must embrace gender as well as race.

Participation is vital at all levels of the economy. At national level interaction in the form of a national forum on social policy is vital. This must filter down to the lowest rung of the working ladder. The Congress of South African Trade Unions recommends discussions at both union-management level and worker-supervisor level. Interaction is the operative word and participation must therefore extend to decision making as well as implementing programmes in a joint initiative to solve social problems.

Disclosure must be aimed at participation rather than publicity. For meaningful participation there must be trust, openness and honesty. If voluntary disclosure is not forthcoming it may be legislatively enforced.

Increased spending is essential. If it is not done voluntarily government may impose a compulsory percentage. Worse, it may simply raise taxes and conduct upliftment programmes itself. If these are as unsuccessful as in Zimbabwe, business will still be saddled with the problem, but with fewer resources to solve it. Opportunities for increased spending are abundant.

Time to prepare for the inevitable transition is limited. The challenge for business in South Africa is whether we will bury our heads in the sand or face up to reality and grasp the nettle.

Star 6/3/93 (1M2)

Bursaries: children of employees hardest hit

TAX exemptions for bursaries and scholarships applying to children of employees are still inadequate, and should be reconsidered in the light of the education crisis, says Dave Dickens of International Compensation. "Although the Department of Inland Revenue has relented on certain aspects of the taxation of scholarships and bursaries, children of employees are still hit hardest," he says.

According to the draft practice notes circulated by the department, only employees earning less than R36 000 a year are entitled to a tax-free bursary to the value of R1 200 per dependent. "Our special survey on company-sponsored educational assistance revealed that this area of corporate social responsibility was directed specifically at low-income employees for tertiary education purposes," says Dickens. "The present ceiling of R1 200 for bursaries is absurd, because tertiary education fees alone can amount to more than R6 000 per annum."

Dickens states that the most important criterion for the awarding of company bursaries was financial need, and in many cases, multinationals in South Africa were compelled to offer this form of educational support in terms of the now defunct Sullivan Code. "Where the bursaries are most needed, the most restrictions apply," he points out. "We are currently motivating very strongly to the Department of Inland Revenue to reconsider this aspect of the Act."

Management lessons from the Japanese

ST Times (Cape Metro) 7/3/93

By JEREMY WOODS (172)

NO, they don't bow to each other — or take ceremonial tea cross-legged on the floor.

But the managers at top computer retailer, Microdata, have learnt a very interesting lesson from the Japanese.

And its one that has enabled them to kick their head office expenses into touch and save the company upwards of R2-million a year.

Now, Microdata is run by a new-style management committee made up of all the group's regional directors as well as two directors from parent company, Datakor.

Cape Town director Gladwin Morton, who has just been appointed chairman of the management committee, says: "We were burdened by heavy head office expenses and started looking at ways to cut these down."

Microdata's management took advice from business analysts, accountants and Datacor, who explained the Japanese way of running a company.



GLADWIN MORTON

Decisions taken on direction and strategy are now those of the committee and backed personally by each member — they are no longer the decision of a chief executive.

"It works extremely well," says Mr Morton. "Everyone on the committee feels they play a leading role in the decision-making process. It generates real enthusiasm, apart from the huge savings in costs."

The management committee meet monthly at various venues around the country and report via chairman Gladwin Morton to the Datakor board.

"The hidden benefit in meeting around the country, rather than at the same head office, is that we get to look at the various regions and the staff there get a good look at us," says Mr Morton.

And how's business in the computer retail world?

"Its very tough out there but we have been successful in bucking the downward trend. Our strategy to concentrate on service, support and making the client's needs top priority is paying off."

Black marks against females and managers

SI Times (BUSS) 7/3/93. (172)

By TERRY BETTY

BLACK managers and female managers have half as many subordinates and earn on average 33% less than their white male counterparts.

This is the finding of a three-year study made under the auspices of the Collaborative Working Group for the Advancement of Black Managers. The aim of the study was to establish the main factors that affect advancement in general.

Working group convenor and Bristol-Myers Squibb medical director Ben Allman says this is the first scientific study of its kind in the world. It was conducted because black management advancement programmes focusing on prejudice, education and training are insufficient.

He says black and female managers cope less well with stresses and pressures in the environment for similar reasons, although this is significantly more acute for black managers.

Abusers

He says women feel that they are discriminated against, have to tolerate more peer-related jealousy, do not have support and do not have sufficient stimulation or challenge in the workplace.

Black managers earn less salary, receive less feedback and are expected to produce the goods without being included as a member of the team. They also spend longer hours travelling to and from work.

On the home front, women are pressured by boredom, interpersonal conflict, lack of time for themselves or for a social life, feel they are not appreciated and often are substance abusers because of this.

But the home environment is the real problem for black managers, as they face twice as much pressure there than they do at work.

Pressures include the fear of financial adversity and retrenchment and the effect of an economic downturn. Half of them are afraid of the security forces, they are pressured by their peers to support mass action and strikes and those promoted are regarded as sell-outs by their peers.

The survey also shows that black managers are far more pressured by the lack of education for their children and the inadequacy of health services. For them their home environment is less stable, potentially more violent and much less attractive than for other managers.

With all these pressures, many black managers do not feel it is worth their while to climb the corporate ladder.

All managers surveyed were subject to family and financial stresses and were concerned about the political future, the economy, violence, their relationships with their superiors, their lack of personal time and the quality of people resources available to support them in the workplace.

These findings are supported by the fact that in SA, 86% of blacks are likely to suffer from stress-related illnesses over the next two years versus 50% for white males.

Such disorders include ulcers, heart disease, hypertension and psychological syndromes. Dr Allman says blacks show more stress-related symptoms, such as anxiety, tension, fear, insomnia and depression, and he says that these are warning signs that need to be addressed before the person becomes seriously ill.

Dr Allman says a person can only achieve if there is stability in either the work or the home environment, and suggests that corporate responsibility may extend beyond the workplace. "A manager cannot be simply trained, promoted and then ignored or forgotten."

Dr Allman says that for female and black managers it is imperative that they establish formal and informal networks and associations throughout industry, which helps them cope with pressure, as problems are shared and recipes for success formulated.

Strategies

White males tend to cope better, as they have their "old boy" type of network for mutual support structures and they are in the majority in most companies.

As for how to address black pressures, a collaborative working group will convene later this year. It will include experts in the field of organisational and human resource management — for example, industrial psychologists — as well as representatives from the conglomerates.

Dr Allman says strategies would probably have to include restructuring mentorship, helping managers to become aware of their pressures so that they do something about them and address issues of self image and confidence, as nobody can perform if these are negative.

Enduring frustrations of perpetual embarrassment

Sowetan 8/3/93

Treatment meted out to women robs them of self-esteem:

BUSINESSWOMAN, wife and mother of three Angie Makwetla has endured a number of frustrations as a married person and in her business. There are particular laws that she wants abolished. But most of all, she wants those who have treated her as a perpetual minor to be removed immediately.

"Some very encouraging noises are being made about the status of women being raised to that of their male counterparts," she says.

"One thing that would make me happy is the introduction of laws that will protect women from abuse and the abolition of all laws that treat them as perpetual minors.

"The treatment we get is not only demeaning to our self-esteem, it is not acceptable for any human being.

"I would like to share with you a few humiliating experiences that I went through when I started out in business in 1989.

"Any mother who thought it was belittling to be told her signature was not enough to get her child a passport, after having waited hours in a Home Affairs Office queue, has only scratched the surface of inequality.

Husband's signature

"When I approached the Small Business Development Corporation for a loan of R2 000 I was told that my husband would have to sign. Did this mean I could not account for my own finances and would need my husband to bail me out if I bungled?

"The company that leased me space for my computer school would also not finalise anything until my husband signed on the dotted line.

"As if that was not enough, the firm from which I leased computer equipment also wanted my husband's signature.

"I am anxiously awaiting the time I will be trusted to do anything without my spouse's consent.



Angie Makwetla ... has endured frustrations

World Bank helps in study on massive park

A FEASIBILITY study for the world's largest game reserve, which would cross at least three international borders, is under way in Mozambique with the aid of World Bank finance. B/DAY 8/3/93.

MARIANNE MERTEN

The Transfrontier National Park, as the area would be known, would link areas south of Maputo Game Reserve with the Kruger National Park and extend to Swaziland's Llembombos and Malualua reserves. Eventually the conservation area could include Zimbabwe's Gonarezhou National Park.

When the scheme was first discussed in mid 1992, the World Bank agreed to pay $24m in two instalments. The Global Environmental Facility also supported the project.

"The area was identified as a unique and complementary ecosystem, although artificial boundaries exist," said Mozambican Department of Forestry and Wildlife director Batolomeu Soto.

Ancient east-west wildlife migration patterns will be re-established if the Transfrontier National Park is set up. Mozambique's tourism potential would also increase.

The department was looking into the possibility of ecotourism and hunting safaris to attract overseas tourists and foreign currency, said a department adviser.

The study, which involves Mozambican and international experts, will look at security issues and how an international border running through the conservation area would be managed.

Said Soto: "We are going through a delicate political phase in which Renamo is playing an important role. Our project must go harmoniously with this process."

Poaching in Mozambique's game parks is rife and has decimated wildlife, although no statistics are available because of the 16-year war.

It is estimated that the pre-war elephant population of about 300 in Reserva Maputo has declined to 50. Only 5 000 of Reserva Marromeu's 55 000 strong buffalo herds had survivied, said the Forestry and Wildlife Department's adviser.

Both Renamo and government financed the war through illicit ivory and rhino horn trade, and rural communities killed game for food.

The Transfrontier park would link Mozambique's Banhine and Zinave National Parks. Areas between them would be allocated as multiple utilisation resource areas, where local people would be involved in the management and land utilisation.

Managers selling training skills

JOHN DLUDLU 172

THE recession and retrenchment of senior managers has led to the mushrooming of one-man training consultancies, sources in the industry said. B/DAY 8/3/93.

They complained that there was little control of these consultancies, no regulatory authority and no sign that government planned to intervene.

First National Bank small business unit manager Willie Holl said there had been an increase in consultancies as companies retrenched senior management staff to reduce costs.

It was difficult to find employment at senior levels, and retrenched managers usually resorted to starting up consultancies. Most common were in the communications and management fields.

Business Skills Consulting Group's Peter van Ryneveld said initial costs of starting one-man consultancies were not that high.

Companies were using a number of them since it was cost-efficient to employ a training consultancy rather than maintain a massive training department.

Van Ryneveld believed chances of government regulation were slim in the foreseeable future.

'Spread of doctors is too uneven'

PRETORIA — There was an uneven distribution of medical practitioners in SA resulting in critical shortages of medical manpower in rural areas, Health Minister Rina Venter said.

B/DAY 8/3/93.

ADRIAN HADLAND

Speaking at the Polish embassy at the weekend, Venter said the health status of SA compared favourably with other developing countries, but government was "aware of the inaccessibility to health care by the major part of our population".

The shortage of doctors in rural areas and the inaccessibility of a quality health care service was being addressed in the planning of health care strategies, she said.

Rapidly increasing urbanisation had also had a profound influence on the health status of communities in informal housing settlements on the outskirts of towns and cities.

"It is therefore understandable that we have given a high priority to primary health care services as it is of vital importance."

SA's population growth of 2,6% a year, together with the fact that about 38% of the population was under 14 years old, had added to the difficulties of providing health services of a high standard, Venter said.

The World Health Organisation target for the year 2000 was at least 5% of a developing country's GDP being devoted to health care. SA's total budget allocation for health was around 11,2%, she said.

Venter paid tribute to the "significant achievements" of Polish medical practitioners practising in SA's urban and rural areas. The work of many Polish doctors as well as their contributions to medical research had been invaluable, Venter said.

More than 7 000 Polish-born people were resident in SA, while 503 Poles immigrated to SA last year.

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Skills training courses for the small retailer

Bloom 10/2/93

ANDREW KRUMM

SHOPPING centre managers Coreprop have taken an industry initiative and established a non-profit educational organisation to address the underperformance of independent retailers in shopping centres.

Known as The Retail College, the section 21 company offers skills training for the small retailer, whose performance often influences the outcome of large retail ventures.

Coreprop CE George Skinner said the project owed its origins to concern about the performance of independent retailers.

The college was first planned as an inhouse project to develop the business skills of smaller shopping centre tenants as a service to Coreprop clients. However, as interest grew, the college was set up independently of Coreprop to cater to broader industry needs.

Retail College head Jocelyn Daly said the school aimed to address not only the needs of independent retailers but offer programmes for larger groups as well.

"We intend to design courses for some of the larger groups, and will offer to replace certain inhouse training programmes more cost effectively."

The college had also attracted some institutional interest. This could result in institutions insisting that certain tenants signed up for Retail College courses as part of the leasing agreement, Daly said.

The college currently offers only one four-day course at R1 800. Courses are tailored to the needs of the group attending and can be offered anywhere in the country.



Affirmative action for SABC

LLOYD COUTTS

THE SABC has embarked on an affirmative action programme based on an "employment equity" policy, according to the corporation's newsletter, Interkom.

An article in the publication said the corporation was seeking to redress inequalities in the composition of its staff, especially at managerial and specialist level.

A steering committee had been appointed to implement the policy, which had been approved by top management and unions.

The article said a mentorship programme aimed at identifying staff members with potential had also been launched.

SABC group personnel manager Fred Coop denied employment equity was aimed at replacing white employees with blacks simply to achieve a quota reflecting the demographics of the country.

"The employment equity programme will not take away positions from people who have earned them. Employees from one race group, on whatever level, will not be dumped, simply to be replaced by employees of another race group."

He said tokenism was rejected by most black people.

There were categories of staff, however, where consideration would have to be given to justified differentiation to accommodate specific skills or the requirements of specific cultural services.

The mentorship programme would give equal opportunities to minority or disadvantaged employees.

"The bottom line is that the SABC is striving to reach a representative composition in its staff complement by good recruitment, and by developing its present personnel," Coop said.

Support for Nation Building

Sowetan 11/3/93

172

By Pearl Majola

■ Parenting workshop gathers community backing:

PICK 'n Pay has once again pledged its support for Nation Building by sponsoring parenting workshops, one of the most successful Nation Building projects. The supermarket chain is entering its fifth year of sponsoring the ever-growing project that will cover a record five new areas this year.

According to the organisers, Makwetla and Associates, this has resulted in a significant increase to the sponsor's budget. To show further commitment Pick 'n Pay has appointed Mrs Alice Tukulu as their representative on the project.

Study will assist firms

WILSON ZWANE

BUSINESS and Marketing Intelligence and the Black Management Forum have completed a study which they say will help companies with implementation of affirmative action programmes.

Thirty companies including Sasol, Shell, Eskom, Old Mutual, Nedcor and Standard Bank contributed more than R500 000 to the study, conducted nationally among managers.

Black Management Forum research and projects manager Loyiso Mbabane said the study covered:

☐ International affirmative action experiences;
☐ Perceptions of black, white, female and male managers;
☐ Successes and failures of affirmative action programmes; and
☐ Strategies for affirmative action.

Mbabane said the study found affirmative action was seen by a large number of managers as "equalisation of opportunities".

It identified obstacles to implementation of effective affirmative action programmes and proposed ways by which these could be overcome.

Mbabane said copies of the study could be bought from the Black Management Forum's Johannesburg offices.

Bridge over stress gap

MONEY TALK

BLACK managers in SA are often subject to far more stress than their white counterparts due to our unique and complicated economic and financial structure.

On the one hand SA possesses a highly developed and competitive business environment which can hold its own in most parts of the developed world. On the other hand there is a massive developing element that is demanding rapid economic advancement.

In bridging the gap between these two poles the black manager is playing a key, but extremely difficult, role.

The stresses and strains he is being subjected to are in many respects unique, which means that management programmes and strategies applicable to industrialised nations overseas often don't meet his specific needs.

A recent study predicted 86 percent of SA's black managers would develop a stress-related illness over the next two years unless techniques were found to reduce their tensions.

As a result of the report a special management group has been founded, with Dr. Ben Allmann, Medical Director of Bristol-Myers Squibb, heading the new group.

Allmann says the study, conducted over a three-year-period, shows that community pressures on black managers even make some of them reluctant to accept promotion.

Pressures such as not being part of a team, a lack of support and a rift between their home environment and their status at work, tends to mount as the manager's career advances.-

The group plans to develop an intervention strategy which employers and managers can use as a guideline to handle the advancement problems being experienced by black managers all over the country.

The strategies will be based on the best local know-how and experience to help provide direction for the future.

Some of the techniques already becoming apparent include formalising the work process, reviewing mentoring and addressing problems of self-image and self-esteem, says Dr. Allamnn.

Over the longer term alleviation of stress problems will, of course, be beneficial to the employers as well as no organisation can operate efficiently if many of its managers suffer from stress-related diseases.

Getting the financial support of large companies to develop a strategy to help their black managers cope should, therefore, not be too difficult.

NEWSMAKER: CHRISTO WIESE

ST Times (Buss) 14/3/93.



Faith, positive thinking, hard work . . . and Pep

By JEREMY WOODS

CHRISTO WIESE, the man who took hold of the Pep group family retailing business 10 years ago with a market capitalisation of R100-million and turned it into the mighty Pepkor Group with a market capitalisation of R3,3-billion, is a formidable player in the field of South African business.

He is tenacious, has boundless energy and a R600-million cash pile backing his restless ambition to turn his Pepkor Group into a major force on the international scene.

"We're taking the group across the Limpopo and the Atlantic at the same time," he quips, citing his 30-odd stores in Scotland as the launch pad for European expansion.

At 51, he runs a group that now has an annual turnover of R7,5-billion and includes Pep Stores, Checkers, Shoprite and Smart Centre Stores as well as a host of other businesses.

An advocate by training, Wiese has many of the spoils of success. A beautiful home on the rocks at Clifton, the recently bought Lanzerac Estate — where the Manor House is being converted into a home and 40ha of vineyards replanted — and a West Coast beach house.

He finds his rigorous work schedule "pure, unadultered pleasure" and has never been more optimistic about the future of SA.

But beneath the surface of this high-powered financial flyer lies a philosophy that is deeply rooted in his early family life and upbringing in Upington.

"I learnt my tenacity there," he smiles. "I regard myself as blessed being brought up in Upington. It was a frontier town with hard, tough people. I grew up with a great sense of belonging."

He never thought he would live anywhere else until his third year at Stellenbosch University.

"Then one day I woke up and realised I would never live in Upington again. And that's the way it turned out, though I have been back often to visit."

Still a regular church-goer, those early years have left their mark and even now the Pepkor Group is run on the same family principles his father taught him.

"The philosophy behind Pep is still faith, positive thinking, hard work, enthusiasm and compassion," says Wiese, who places particular store on friendship and loyalty.

But for all this sobriety he is still a man who laughs very easily and exudes enormous charm — as well as power.

"The great thing is to never take yourself, or life, too seriously."

Is he still ambitious; does he still get a thrill out of making money?

"Of course. I can still remember the day I made my first million and it felt great. But what is fascinating is that one's visions are constantly changing. I can remember the day when we thought: 'Wouldn't it be fantastic to have a hundred Pep stores?' Then we wanted five hundred. Now we have 1 700 Pepkor Group stores selling food, clothing and building materials.

But for a man with many, many millions the money is not quite as important as it was.

"I love the day-to-day involvement, the creativity. Building a business — that's what gives me a great thrill."

And interestingly, Christo Wiese, a businessman who some people see as the next Anton Rupert, has never been more optimistic about SA.

"I have never felt more optimistic about South Africa's economic or political future. It's an almost unqualified vote of confidence," he declares.

The first major hurdle to overcome in the new SA, he says, is the age-old problem of the "rich old millions and the poor young billions" — a minority that creates wealth and a majority with none. The answer, he believes, is the same the world over.

"Either the old millions build higher walls round their homes or they reach over and say: 'Let's make life better for everyone', " a process he feels is well under way in SA.

"I believe it's going to be a tough year, but I believe we are over the worst. Growth should start coming slowly in the third quarter of this year at about one to 1,5 percent of GDP."

Meanwhile, Wiese feels now is a good time to be acquisitive and expand core businesses. Furthermore, he has some R600-million cash in his group to do it.

Managers, beware. If your assets aren't performing and you are in Pepkor's sphere of businesses, ignore your share price and share register at your peril.

Quality inspections 'essential'

LINDA ENSOR

CAPE TOWN — Overseas buyers were demanding that products be inspected at source by an unbiased third party to avoid receiving poor quality goods, SGS SA chairman Philippe Fatzer said at the weekend.

SGS SA is affiliated to the Swiss-based Société Générale de Surveillance, the world's largest commercial inspection company, and a member of the European Foundation for Quality Management.

Fatzer disagreed with the view of Canadian professor Ernie Love who said last week that quality assessment by inspection was outdated and added significantly to the costs of production. Love preferred total quality management programmes.

"SA manufacturers must realise that inspection is an integral part of total quality management and to ignore it would be to their detriment and prove very costly in the long run," Fatzer said.

Once total quality management had been implemented quality control and inspection costs were low in relation to total costs but achieved substantial savings.

"Inspection is still essential as it provides a manufacturer with the raw data to correct a problem through quality control and avoid recurrence through total quality management," Fatzer said.

"By ignoring this method the manufacturer is unable to monitor the final state of the product to be delivered."

Meanwhile, Arthur Andersen operational consultant in New York Neil Cameron said at an executive briefing last week that businesses could increase their profits up to 50% by re-engineering their businesses.

"Business process re-engineering requires a change in mindset from process management and in order for this to be successfully implemented, departmental barriers have to be broken down and staff have to learn to communicate with each other."

Study on regionalism unveiled

BILLY PADDOCK

THE Consultative Business Movement yesterday released a study on regionalism it said it hoped would help speed up negotiations by giving political parties options for dealing with this sensitive issue.

The report concludes that there is a danger in determining the exact powers and functions of regions too early in the negotiations process. It should be left to the final stages of the constitution-making process, such as an elected constitution-making body.

However, the group also warns against deciding on principles for regions "that are so broad and vague that their interpretation leads to conflict and dispute and minimises confidence".

It suggests the best way forward is to strike a balance between these two. This would be possible by "reaching agreement on a framework of principles, definitions and criteria for approaching regional issues, before moving to the final stages of contitution-making".

The group also warns that regions must be involved in the negotiation or consultation process in some way.

The report, drawn up by a group of 19 local and international academics and constitutional experts late last year, examines three key issues regarding regionalism: regions and their demarcation; levels of government and their relationships; and regions and constitution-making.

The group, led by Anglovaal's Clive

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Regions

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Menell, includes Tony Ardington of the SA Sugar Association, Bertus de Villiers of the HSRC, Oscar Dhlomo of the Institute for Multiparty Democracy, Prof Nick Haysom and Prof Charles Simkins of Witwatersrand University, Van Zyl Slabbert of the Metropolitan Chamber, Prof David Welsh of UCT and Prof Marinus Wiechers of Unisa. It also includes academics from the US, Britain, Denmark, Canada and France.

The report has been discussed with leading political bodies. Menell said their response was such that he was optimistic a solution to regionalism could be found.

One suggestion is that regions be allowed maximum flexibility to draft their own constitutions using guidelines drawn up by the national negotiations forum.

The group suggests two possible frameworks — for the demarcation of regions and for establishing powers, functions and duties of regions.

Demarcation criteria include economic functionality and a human and natural resource base; geographic coherence; institutional and administrative capacity; and socio-cultural issues.

A delimitation commission could play a useful role in allowing the democratic consultation of national, regional and local interest groups in the determination of boundaries. This could involve holding local referendums where necessary.

"While consideration should be given to the potential tax base of regions, a central mechanism such as a fiscal commission should be considered to facilitate a fair allocation of revenue to poorer regions," the report says.

It lists nine broad guidelines for dividing power between the centre and the regions. Essentially the centre should predominate where a state needed to act as a single entity or where minimum standards of services and equity were needed. These included defence, foreign affairs, immigration, currency, national standards regarding weights and measures etc.

"In aspects of those functions where variety, regional or cultural diversity is desirable, power should be allocated to the regions (eg certain aspects of education, language policy and culture)." Functions relating to territorially fixed matters (eg town and regional planning) should be allocated largely to regional authorities.

ANC wants to start club to brief business community

By Magnus Heystek

The ANC has commissioned the stockbroking firm Frankel Pollak Vinderine Inc to form an "executive club" to help promote closer ties between the organisation and the financial community.

This club intends holding six confidential in-depth briefings a year on the ANC's viewpoint on politics and other topical issues.

It will cost members R2 200 a year. This fee will cover the cost of food and drinks at the meetings.

According to a letter sent to top businessmen by Sydney Frankel, chief executive officer Frankel Pollak Vinderine, the club will need a minimum of 100 members to succeed.

However, the letter adds that the maximum number of members will be restricted to preserve exclusivity and ensure confidences.

Contacted by The Star last night, ANC spokesman Carl Niehaus could not confirm that such a letter had been sent to businessmen. He said there had been discussion within the organisation on the need to brief businessmen.

Niehaus said such an exercise was "perfectly legitimate" as businessmen had in the past attended ANC-organised banquets where they heard ANC speakers explaining policy.

ANC insider briefings to raise funds

MATTHEW CURTIN

THE ANC is hoping to raise at least R200 000 in cash for its general fund by offering an exclusive service to the business community: regular confidential political briefings hosted by secretary-general Cyril Ramaphosa.

Ramaphosa has commissioned JSE stockbrokers Frankel Pollak Vinderine to set up the dining club to keep the financial community abreast of political developments and ANC policy.

Business leaders can join the "executive club" for R2 000 a year, in return for which Ramaphosa has guaranteed he will address members — over breakfast, lunch or cocktails — at least six times a year.

Frankel Pollak Vinderine CE Sidney Frankel said yesterday Ramaphosa undertook to provide "confidential, in-depth briefings of political developments and other topical issues of the day from an ANC viewpoint". Briefings would include "information and analysis not available to the Press or to the general public".

Frankel said the club would require at least 100 members to be a success, and an upper limit on membership would be imposed.

Ramaphosa's first date with the club is on March 29.

Social services funding 'at limit'

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TIM COHEN

CAPE TOWN — Finance Minister Derek Keys said yesterday spending on social services had reached a ceiling and that, in future, spending on social needs would depend on co-operation between government and non-government organisations.

Keys said many people outside government criticised it for its social spending, but substantial resources were already being applied to social services and everyone was aware that in aggregate SA had exceeded prudent limits.

He said spending on social services in general, particularly education, social security and welfare services, rose in round figures from 41% of the total Budget in 1991 to a budgeted 44% in 1993/94.

Spending on social services would increase from R51,7bn in the 1992/93 financial year to R55,9bn in 1993/94.

This included an extra R694m for pension parity and a 19,2% increase in education spending.

Discussing special dispensations, Keys said the current "spirit of reconciliation" should also prevail to allow a melding of private and public sector, non-government organisation and government department, charity worker and public servant, in a common effort to cope with SA's problems in the best way.

This should be achieved by making funding for these worthy causes conditional on a "satisfactory degree of co-operation" between government and all the agencies and organisations outside government seeking improvements in this area.

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Social services

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Keys cited the National Housing Forum as an example, saying the forum represented a comprehensive grouping of interests centring on this need.

The forum's discussions with the National Housing Department had already led to an allocation of R200m from the funds under that department's control in 1993/94, with a promise of more to be found, and full participation in the determination of the next year's appropriation.

If a greater cash disbursement in the coming year was required, Cabinet was prepared to provide R200m in bridging finance.

A similar, but not equally developed, case was the work of the national economic forum in the field of job creation, he said. A supplementary sum of R60m would be set aside to facilitate the process of integration within an appropriate and agreed job-creation programme.

Other areas would be handled in the same way and, if necessary, special financing arrangements would be put in place.

"In all cases the key condition will be the evidence of an effective pooling of needs and resources between the citizen and the state," he said.

Questions about CBM's role

By CHRIS LOUW

QUESTIONS have arisen about the role of the Consultative Business Movement (CBM), organisers of the two Codesas and the current multiparty planning conference at the World Trade Centre in Kempton Park, following a press conference on Monday addressed by the president of the Ruiterwag.

The Ruiterwag is the junior version of the Broederbond.

Headed by former dominee Theuns Eloff, the CBM has acted as a negotiations facilitator, and was thought to be independent of any political party or movement. At Monday's press conference, however, held in Anglovaal's headquarters in Main Street, Johannesburg, it transpired that CBM was involved in its own "confidential" agenda of "constitutional options".

Journalists were told that a booklet dealing with "Regions in South Africa" was drawn up by constitutional experts on behalf of CBM and "confidentially" presented to the major political parties attending the planning conference at the World Trade Centre on March 5 and 6.

Eloff insisted the document did not mean CBM wanted to influence the political process. He also denied that the document implied that CBM had a secret agenda of its own.

Eloff is a former president of the Ruiterwag. He was also a member of the Afrikaner Broederbond, but was expelled from the organisation after attending the controversial Dakar meeting between a group of "internal South Africans" and exiled African National Congress leaders in 1987.

Heavyweights in the constitutional field — including Oscar Dhlomo, Van Zyl Slabbert, Charles Simkins, David Welch and Marinus Wiechers — helped to draw up the document for CBM.

Eyebrows were raised, however, when the press conference was addressed by Dr Bertus de Villiers, a senior official at the Human Sciences Research Council (HSRC) in Pretoria and believed to be current president of the Ruiterwag. De Villiers is reported to be the initiator of the Ruiterwag's constitutional proposals, which are regarded as "more liberal" than the Broederbond's proposals on the same subject, but still has "Afrikaner survival" as its main goal.

In his outlining of the working methods followed by the team of experts, De Villiers warned of the dangers of determining the powers and functions of regions too early in the negotiations process. This should be left to the final stages, he cautioned while giving "objective criteria" for deciding on the borders of the regions.

The document suggests that agreement be reached "on a framework of principles, definitions and criteria for approaching regional issues before moving to the final stages of constitution-making". Journalists were told the document was discussed with, among others, the ANC, Inkatha and the NP.

BADENHORST'S MEN (172) FM 19/3/93.

The secret seven

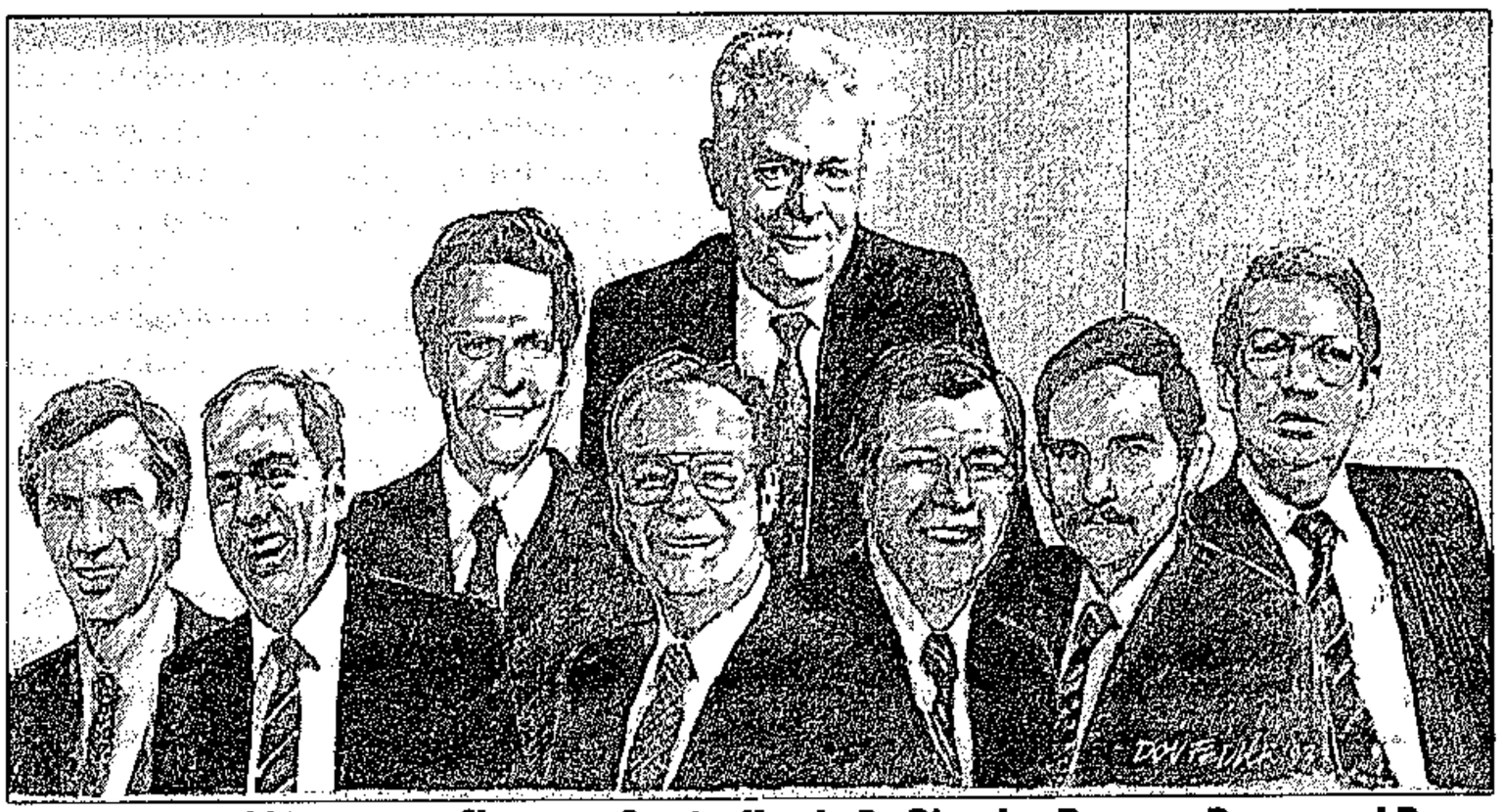
The trouble with many of SA's big companies is that media attention is often focused on CEs, with the teams around them remaining unknown.

Absa CE Piet Badenhorst, arguably SA's most influential banker, is among the first to concede it would be impossible for any man to manage SA's largest bank through an absorption and then rationalisation without relying heavily on a small, select and vital executive team.

Badenhorst's boys share some characteristics: most were recently appointed executive directors, they're loyal to him and Afrikaans-speakers.

Stung by criticisms that this proves Badenhorst's antipathy towards English-speakers, he says he acknowledges the implied imbalance in Absa's hierarchy but adds there is not much he can do about it if the talent is not available.

"We are going out of our way to develop managerial talent which shares a common SA culture and approach but it's not something I can achieve overnight."



Badenhorst and his men . . . Claassen, Cronjé, Noeth, De Blanche, Bosman, Burger and Brown

The team Badenhorst has put together, and on which he relies so heavily, is committed — almost zealously — to ensuring the success of Absa, a bank which might be SA's biggest but is also the country's newest. Badenhorst says he has been involved in a long, continuing process at Absa. "First it was the whole matter of deciding to take United into mainstream banking. Then it was putting together all the components of a major group. I can assure you that I would never have attempted projects as large as these if I hadn't been certain of the support of this group of executives."

Absa's two deputy CEs are **Danie Cronjé** (46) and **Mike de Blanche** (55). **De Blanche** joined the United Building Society (UBS) in 1957 and has been close to Badenhorst for 28 years. Married to the daughter of an Italian World War 2 prisoner — "I can speak enough Italian to get into trouble" — De Blanche, who cherishes a dry sense of humour, started his career as a clerk in Pietersburg, eventually becoming the branch accountant. "That made me," he says, "a pretty big fish in a small pond."

Transferred in 1965 to the UBS head office in Johannesburg, De Blanche joined Badenhorst's organisation & methods department. "I was transferred for training. They never got around to cancelling it." That makes him Absa's longest-serving trainee.

He is now responsible for the bank's support functions including information technology, human resources, marketing, accounting and internal audit.

Along the way, De Blanche has collected a BCom from Unisa and a CIS part-time. Absa is a far cry from the organisation he joined 36 years ago, but De Blanche says its development has been the most exciting feature of his long career. "Our emphasis," he says,"is to make sure Absa isn't just the biggest. We have to ensure we are the best in terms of client service — providing the highest quality at an affordable price."

De Blanche says there is a need for SA banks to expand their operations globally. He says: "We need to break out of the laager mentality forced upon us in the Seventies and Eighties. SA bankers have to develop a much wider vision."

De Blanche believes there is too little appreciation of how much SA was isolated during the years of sanctions and how that damaged the development of key national resources.

Danie Cronjé is described by Badenhorst as "a man who is very different from me, particularly in his approach to problems and the way he thinks things through. But we get on well and I have the utmost respect for his abilities."

Cronjé holds a doctorate in economics from Potchefstroom. After his studies, he joined Volkskas Merchant Bank (VMB) where he worked for a long time with Laurie Korsten. Following the appointment of Peter Morkel as Volkskas CE, Cronjé was transferred to the bank's head office and became the commercial bank's joint MD. In 1987, he accepted responsibility for Volkskas's Johannesburg operations and was appointed MD of the group a year later.

Cronjé negotiated the first cross-shareholding arrangement between Volkskas and United and has maintained a close relationship since then with Badenhorst. The ultimate merger of Volkskas with Absa was a logical continuation of an earlier strategy.

Alewyn Burger (41) is one of those charmingly clever people who contrive swiftly to make their interlocutors feel faintly uncomfortable. Burger obtained five distinctions in matric and went on to acquire a doctorate in mathematical statistics from Unisa in 1981.

Lecturing at RAU, Burger says that, with a master's degree and four years' teaching experience, he was earning the princely sum of R800 a month. In a Damascene-like conversion, Burger joined UBS as a research officer in 1979 and, in the process, adopted a new career path, this time in computers.

In just six months, Burger absorbed 60 education courses provided by IBM's training department. He rose to lead UBS's computer division and was in at the creation of the strategic plans drawn up to take the building society into banking.

Burger's main task now is to rationalise Absa's four widely differing systems and move the bank into the forefront of applied computer technology. Allied's nationwide systems are already merged with United's. The next step will be to link Volkskas and Bankorp. Burger says that will be done by the end of next year, when Absa will have one system.

Jean Brown (49) says he is a natural example of the new SA. "When did you last hear of an Afrikaner who combines English and French in his name without ever giving a clue that he's a boertjie?" The head of Absa's merchant bank and executive director responsible for corporate banking poses the question with a glint of mischief.

Brown began his working life as a clerk with the Transvaal provincial administration. Later, he acquired a BEcon from Pretoria and then joined Central Merchant Bank where he worked under Piet Liebenberg. Following a short spell as a stockbroker with George Huysamer, he returned to bank-

P.T.O.

Tax-free payments plan for VIPs' insurance policies

B/DAY 23/3/93

172

LINDA ENSOR

CAPE TOWN — Inland Revenue had suggested that company payments to insure key executives be made tax-free in the event of death or disability, the annual congress of the Institute of Life and Pension Advisors (ILPA) heard yesterday.

Old Mutual legal services manager and Life Office's Association policyholders' taxation committee convenor Abri Meiring said the change would affect key man insurance policies. Key man insurance is taken out for executives who are considered vital to the company.

Meiring said if implemented this concession could lead to the life industry focusing on true key man insurance. He welcomed the suggestion and said it would probably be incorporated into this year's Income Tax Bill.

At present premiums are deductible and final payments are taxed.

Meiring argued against the removal of Section 11(w) of the Income Tax Act which places limits on the premiums which can be deducted on policies on employees or directors.

He said it should be left as it was because it had built-in safeguards against abuse. For instance, deductions could be made only in respect of 10% of the renumeration and there had to be a limited amount of life cover.

If Section 11(w) was abolished, taxpayers would attempt to claim deductions on premiums in terms of Section 11(a), making control by the Receiver extremely difficult.

Meiring said the Tax Advisory Committee had recommended estate duty and donations tax be replaced with a capital transfer tax.

The contribution of estate duty to the fiscus had dwindled after the introduction of the R1m threshold in 1986 from R186m to R60m in 1991.

Meiring said that without the R1m exemptions estate duty could be generating about R600m for the fiscus by now. SA did not compare at all well with other countries in terms of the taxation of capital transfers and there was huge scope for more taxes from this source. They were relatively easy to collect.

He concluded by saying that wealth taxes would have to be addressed and this would have enormous implications for products of the life assurance industry.

● See Page 7

Technihire bounces back to strength

HUMAN Resources group Technihire rebounded sharply in the year ended January, more than doubling its attributable earnings compared with the previous year's annualised figure.

Technihire, controlled by French company Ecco since last year, saw its earnings increase to 8,07c a share (3,82c) from which a dividend of 3,2c a share was declared.

The group did not declare a dividend last year.

CE Jack Eliasov said certain core businesses had experienced excellent growth during the year.

DUMA GQUBULE

But the past year's "excellent performance" would not be repeated in the coming year as a result of the uncertain political and economic climate.

Turnover was not disclosed, but the company said it was up 15% over the previous year's figure. Operating income before tax increased by almost a half to R1,8m (R1,2m).

The tax rate fell to 43%, previously 58%, and attributable earnings increased 111% to just more than R1m (R484 000).

Companies avoiding luxury cars

TRACY SCHNEIDER

DOWNGRADING of executive company cars had begun in earnest as vehicle prices soared and luxury cars were deemed unacceptable in the face of high unemployment, International Compensation (IC) management consultants director Dave Dickens said yesterday. BTODAY 23/3/93

IC's latest survey of 200 major companies indicated the highest levels of downgrading yet undertaken.

The number of companies downgrading cars for upper and middle management had nearly doubled since last year and there was an increase in companies embarking on general scaling-down programmes.

"Of the companies surveyed last year, 18% had decided to scale down company cars, but the majority of this had occurred at middle management strata. Only 10% had scaled down at executive levels", said Dickens. (172)

A BMW spokesman said the company felt the impact of luxury car downgrading and had "definitely seen a buying down trend", especially in the 7-series category.

He attributed this to the high cost of the vehicles and because it was "not politically correct to be seen driving a luxury car" in harsh economic times. (142)

Mercedes-Benz spokesman said there had been a definite scaling down effect in the corporate sector: "This has been evident in buying trends among large corporate customers who have bought down from the executive S-class range".

Over 35 is 'over the hill'

STAR 24/3/93.

(172)

DIRTY old man, crotchety old woman ... don't even think that way! The British-based organisation Age Concern wants you to stop using such politically incorrect expressions.

"How long before people start calling you names?" ask posters recently launched in a new campaign against widespread age discrimination.

And, if this is not enough to remind you to be kindlier about those who are now euphemistically called senior citizens, an accompanying leaflet warns: "At some point in your life you will find that people start to characterise you by one single dismissive criterion — your age.

"Your abilities won't matter. Years of experience will count for nothing. Your achievements won't matter. Your personality won't matter."

If this dismal state of affairs still seems distant in South Africa, think again.

In these recessionary times it is harder than ever for over-40s to get a job. Early retirement is widely on offer at 50!

Job advertisements frequently quote an age limit and according to recent surveys the upper limit most often given is 35. "Old" is getting steadily younger.

As careers are compressed, peaking — that dreadful point at which decline and old age beckons — happens ever earlier.

Consider snooker, a sport in which you need plenty of immature enthusiasm to sustain the incredible boredom of practising.

In most sport younger people are making their mark as top achievers. It may happen later in more sober, desk-bound professions, but only fractionally.

A UK employment agency says perceptions of the right age for jobs are dyed in the wool — 25 to 30 years for the perfect secretary, under-35 for front-office staff, over-50 for cleaners. Most employers want under-25s to fill their vacancies.

It is unclear quite why getting on in years has led to not getting on at work. Employers usually offer vague, unconvincing explanations: "A young company employing young workers" or "dynamism, commitment and flexibility".

Yet a British survey comparing under-40s with over-40s found little difference in reasoning and numerical tests; and the over-40s were stronger in persuasiveness, friendliness and astuteness, and were more competitive.

As UK Prime Minister John Major (49) said: "I am going to try as hard as I can. But I'm very young, and if it goes wrong, I can always do something else."

THE INDEPENDENT
AND PHANGISILE MTSHALI

Adhering to code of conduct vital

BIDAM 24/3/93

THE Institute of Life and Pension Advisers (Ilpa) has revised its code of conduct to make the standards governing the industry and their implementation more stringent.

Newly elected Ilpa president Gerard Ehmke said yesterday that in recent times the financial services industry had received adverse comment from the public regarding the measure of protection afforded the man in the street.

"Earlier this year Ilpa published its code of conduct whereby fellows bind themselves to adhering to the highest degree of professionalism and integrity in their dealings with the public. I would earnestly recommend that each fellow reaffirm his commitment to the ideals of Ilpa by practising the code of conduct in all dealings in the business world."

Ehmke said the boundaries between the various financial services were gradually blurring and increasing demands were being made by the public for expert advice in the areas of protection for dependents and retirement planning. This trend had been recognised by life assurers in SA and their product ranges had been expanded in recent years to meet these demands.

Ilpa's code of conduct requires members to maintain a high level of professional knowledge and skill in order to advise clients in accordance with all the relevant laws, as well as appropriate technical and professional practice and standards.

The code stipulates that in order for an Ilpa fellow to maintain his integrity, his client should be made aware of his financial interest in what he is advising him to do. Any fees charged in excess of commission scales had to be fully disclosed.

Sanlam addressing staff composition imbalances

SANLAM had relatively more English-speaking and black policy owners than was reflected in its staff composition and it was necessary to address this imbalance which could be detrimental to the standard of service offered, Sanlam chairman Pierre Steyn said at the Ilpa conference yesterday.

"More balance is required in our staff composition, but this must not lead to reduced standards of service or quality. The driving force must be to help people to help themselves, and the main areas in which it can take place are in appointments, personnel development and bursary schemes.

"In all Sanlam's sectors and departments, goals have been agreed upon to address each of the imbalances. When we found we had too few black employees, too few women in management and too few English-speakers, as well as too few males in purely clerical jobs, we formulated goals to be reached in five years and over 10 years.

"The five-year goals were subdivided into departmental goals on a year-by-year basis," Steyn said.

Activation

To supplement this programme called the potential activation programme — Sanlam had also addressed the need for more qualified blacks by providing bursary schemes.

"Sanlam has already allocated more than 100 special bursaries to black scholars and technikon and university students, some of whom have completed their studies and are now employed by us. This is in addition to our normal scheme which makes bursaries available on merit to students of all races."

Steyn stressed it was imperative for Sanlam to make the appropriate internal changes to keep abreast of the changing environment. These changes related to changes in business strategy and the composition of its staff.

He also pointed out that Sanlam's employment policy was not based on ideological or political considerations which ignored the realities of the labour market and solid business principles.

"Nor is it based on tokenism which destroys an employee's self-respect and credibility and demotivates everyone."

It was vital that recruits be placed and developed in real posts and not fictitious or invented ones, Steyn said.

SIGNIFICANT EMPHASIS IS PLACED ON STAFF SELECTION AND TRAINING

INFORMATION is a vital asset to any company, but it takes good people to collect, check, and disseminate data.

For this reason, KreditInform places significant emphasis on its staff selection and training, while also forming various alliances and partnerships with complementary organisations.

Underlining the care taken to train and motivate staff, MD Ivor Jones says that at the company's 10th anniversary, 10 staff membersreceived 10-year service awards. "We have bred a strong and loyal staff — and client base, because we also awarded about 50 clients with 10-year certificates for their loyalty to our company.

"Although KreditInform has become a large entity, we have also tried hard to keep a personalised touch with our clients," he says.

Significant milestones for the company include the introduction of the KreditInform Information Sharing System (KISS), an information sharing and exchange facility. This has generated widespread interest among many clients, and about 15 meetings covering various industries are held monthly.

In 1984, the company bought its first building, which created the cornerstone of solidity and stability for KreditInform, and took it from a "small business" stature to a more credible organisation geared to service large client needs.

In the same year, the company computerised its full database, and in 1986 the on-line reporting system was launched. KreditInform has not looked back since.

Timeous

"The introduction of on-line access was timeous, because the cost of producing researched reports was spiralling. Communication, staff and quality control costs are high, so the costs of a detailed credit report would be far higher without on-line access to our database."

Jones says that on-line facilities cost more internationally than in SA. "We charge a set fee to clients who can access as much information as they want, and this proves less costly than charging for individual report access," he says.

The company now has more than 400 on-line subscribers, many of which have several terminals connected to the databases.

The network has been upgraded over the years to allow more companies to access it. The advent of Unix and other computer environments, ranging from Minitel systems to mainframe-to-mainframe systems, has made it essential to develop systems which allow the interoperability of many different types of protocols.

"Our recent link-up to the Trafex Value Added Network (VAN) service now makes the databases even more accessible and cost-effective than in the past. Costs are kept down through the use of high line speeds and various other advanced networking facilities."

Other milestones for the company include relationships and shareholdings in companies such as CUAL and McGregors Online, buying 50% of UK company Status International, and taking over the Building Industry Credit Bureau.

Confidence in business ethics is at 'all-time low'

BD Mon 24/3/93 (68) (172) (7)

Reports by
LINDA ENSOR

CONFIDENCE in the ethical standards of SA businessmen was at an all-time low, Cape Supreme Court Judge Pat Tebbutt said at the Ilpa annual congress in Somerset West yesterday.

There had been enough defections from the straight and narrow path in recent years to show that there were numbers of individual businessmen who had sought to depart from the ethical standards expected of them by the public. They had also broken the law in doing so.

"Ethical problems arise when government policies give rise to political or economic uncertainty. The tendency under such circumstances for corruption to flourish, not only among those who administer the country but among those who make their living within the politico-economic environment, has manifested itself over the centuries."

Tebbutt said tough economic conditions were also frequently the cause of falling ethical standards. Business often considered it preferable to make a fast buck than no buck at all.

Ethical problems also arose when the law was not as clear as it could be. Where loopholes in the law existed, people and organisations frequently slipped through.

In SA the imposition of sanctions had also led to a lowering of ethical standards. "For the country to survive, many firms had to engage in sanctions busting. We know that many overseas firms sold us their goods through intermediaries or under the counter. Nobody can possibly contend that that was honest. However, it was necessary. Ethics gave way to expediency.

"The trouble, however, is that such a concession must not be allowed to extend too far. It must never be allowed to undermine the very structure on which business is based."

Tebbutt said that in any trade-off between ethics and profits, ethics was still generally regarded as good business.

Commenting on the recently formulated Ilpa code of conduct for its fellows, Tebbutt said while such codes were important in providing guidelines for behaviour, they usually were unenforceable. It was difficult to draw the line between what was obviously unethical and what was perceived to be ethical but what was in fact not so — or between what one person regarded as unethical and what another did not.

Vaguely

Most codes of conduct defined the concept which they wished to legislate against too vaguely, if it was capable of definition at all.

"Our law reports abound with cases where voluntary associations have been unable to enforce disciplinary procedures because they have not been clearly defined, or where members against whom disciplinary steps have been taken have had them set aside on review because the aspect they are alleged to have breached has been held to be void for vagueness."

Managers back policy

Sowetan 25/3/93

■ Report on affirmative action:

By Mzimkulu Malunga 172

AFFIRMATIVE action is welcomed by the majority of managers of all races, says a report on a study conducted by the Black Management Forum.

Unlike other studies conducted on the issue, few managers regarded affirmative action as discrimination in reverse.

Many saw it as a way of levelling the playing field and a move to consciously develop previously ignored black human resources.

Contrary to what had become a standard phenomenon in almost all studies conducted on black managers, the BMF study says very few said they had low self-esteem or motivation problems at their workplaces.

The research covered 226 line managers, mainly white, 175 black managers, 215 women managers and 194 human resources managers.

Key problem areas identified remained lack of support from superiors, poor communication on policy issues and the sharing of information, inadequate educational skills, resistance and fear among sections of white management and few promotion opportunities for blacks.

Technikon tuition for union leaders

ERICA JANKOWITZ

SELECTED shop stewards from the National Union of Metalworkers of SA (Numsa) are to undergo technikon training next year to enable them to participate meaningfully in production and management decisions.

In terms of the wage agreement signed last year between Numsa and car and tyre manufacturers, the union would nominate one shop steward a company to undergo technikon industrial and/or production engineering training.

The agreement was based on discussions concerning the achievement of production schedules after the protracted Volkswagen dispute.

Numsa spokesman Les Kettledas said employers had agreed to provide fulltime training and development opportunities to shop stewards to ensure they were better informed in production techniques.

The manufacturers had undertaken to cover all costs of the training.

However, according to Kettledas, the union and employers were still discussing course content to ensure the curriculum covered all requirements of both parties. Selection criteria were also under discussion.

Ackerman's son becomes joint MD

By Tom Hood (38) (172) STAR 26/3/93

CAPE TOWN — The Ackerman family has strengthened its control of the R6,5 billion Pick 'n Pay supermarket giant with the appointment of Gareth Ackerman, 35-year-old son of chairman and chief executive Raymond Ackerman, as a joint managing director.

He shares the hot seat with Rene de Wet, 49, director of human resources, who will continue to hold the post.

Gareth Ackerman, currently general manager of the company's Blue Ribbon meat operation, also becomes managing director of Blue Ribbon.

He has worked in almost every area of the business, starting as a casual in his school holidays.

He spent two years in American supermarkets, three years in Australia in retailing and was Transvaal general manager of Pick 'n Pay's superstores.

Sean Summers, 39, director of foods, becomes deputy managing director.

The changes follow the resignation of Hugh Herman, managing director for almost 10 years.

Announcing the appointments, Raymond Ackerman said yesterday: "I believe with our established management team and the leadership of youth and experience, the company will enter a new era."



Gareth Ackerman

Xerox reshaping itself to lead the market, not copy it

BIBM 26/3/93

MARTIN DICKSON

XEROX is at it again. The US document processing company, which became a byword in the '80s for its adoption of cutting-edge management theories, has been undergoing another big upheaval.

A year ago chairman Paul Allaire unveiled a radical redesign of the company's management structure, or what he calls its "organisational architecture", in an attempt to solve one of the central problems facing large companies everywhere: how to retain the entrepreneurial flair and flexibility of a small business.

"We are trying to get the benefits of a small company of quickness in time to market, decision-making and the elimination of bureaucratic activities," he says, "without losing any of the advantages of a big organisation." Xerox is hardly alone. Huge US companies ranging from American Telephone & Telegraph to General Electric have gone through wrenching organisational upheavals over the past few years in pursuit of this '90s Holy Grail.

But Xerox offers some distinctive lessons, partly because of the revolution it went through in the 1980s and partly because of the way it has approached its makeover, seeking to change not just the outward architecture of the company but its internal culture too.

Xerox invented the plain paper copier in 1959 and became one of the fastest growing companies in the US. But then a combination of complacency, antitrust problems and executive infighting allowed Japanese rivals to make large inroads in its market share.

But the company fought back in the '80s under then chairman David Kearns and became one of the few US businesses to win back market share from the Japanese. This was due in large measure to its embrace of total quality management, which involves a business committing itself to the highest quality in everything it does and making customer satisfaction its number one goal. But while total quality management can dramatically improve the performance of a business, it is no guarantee of continued success.

Allaire, who took over as CE in 1990, decided that the company needed a complete redesign of its structure. However, he emphasises his shakeup is not a break with the Kearns era, but builds on the company's past quality achievements.

The redesign also owes much to Xerox's long-standing practice of benchmarking, or comparing its organisation and performance with other well-managed businesses.

Its shakeup stems in large part from sweeping change in the office equipment business, where digital technology, which allows images to be captured electronically, is replacing traditional light-lens technology.

This means that the stand-alone copier is becoming part of the much larger information technology business — a device which can form part of an electronic information network and can incorporate a variety of additional functions including fax, colour printing and the scanning of documents to put them in digital form. That, in turn, is likely to bring new competitors into the industry from the computer field and force out some of the less efficient traditional copier manufacturers.

Allaire insists that, for Xerox, this is much more an opportunity than a threat. But it means the company needs to be more responsive to changing customer needs and keep on the leading edge of technology, and he believes its old structure was ill-equipped for this.

The document processing business, with about $14bn in annual sales, was organised as a classic monolithic company, divided into departments such as sales and manufacturing and with a large central staff. But this, he says, means that "people get too accustomed to sitting on their hands and waiting for a decision to come down from above".

Under the new system, Xerox consists of nine separate stand-alone businesses, each organised around particular products and markets and each with total responsibility for their profit and loss account.

Allaire likes to describe this as turning the traditional, vertically organised business on its side: at one end, there is an integrated research and development arm, which feeds ideas into the nine businesses. These in turn supply products to a unified customer operations division, which sells, installs and services equipment and is organised by region.

The sales force was not divided up among the nine businesses because Xerox felt it important to keep a single face to the customer, and did not want to run the risk of salespeople from different operations competing with each other.

Wayland Hicks, executive president, operations, insists this arrangement has not diluted the financial accountability of the nine operations. "We have broken up the financial system so the business heads have a clear idea of what their sales costs are, and they work very closely with the operating people."

The new system also ties Xerox's Palo Alto Research Centre (Parc) more closely into the business. During the past 20 years, the Parc has made some of the most important inventions in information technology, including the personal computer and laser printer, but Xerox repeatedly failed to capitalise commercially on its ideas.

Sceptics still wonder whether the company will speed up its notorious tardiness in bringing products to market. But Hicks says there is some early evidence that the new structure is helping.

For example, two variants of one of its machines were recently brought to market in a time "unheard of under the previous organisation", thanks to "a management team that saw a marketplace need and was able to make and implement decisions in a way which involved a lot fewer people".

However, Allaire points out that changing the formal structure of an organisation is the easiest part of architectural change. Two other vital elements are harder to engineer: getting people with the right skills in the right place and changing the organisation's informal network of relationships and culture.

Xerox discovered it had a dearth of GMs a few rungs down the corporate hierarchy — at the point where these were now critical to success. Previously people at this level tended to be specialists, lacking all-round management skills. As for culture, Allaire was anxious for the new businesses to keep in mind the needs of the group as a whole, since much of Xerox's strength comes from its combined technological and global marketing abilities.

One important way of doing so was to change the pay system. Middle managers' bonuses are now based on a calculation which multiplies the achievements of their part of the business with that of the group, rather than just adding the components together. Multiplication makes the group's performance far more critical to the size of the bonus.

A year into the new world, Allaire says he is "pleased with progress". The company has also just announced plans to sell off its poorly performing financial services businesses, acquired in the early '80s to shore up the copier business.

It is too early to say how much of a lift all these initiatives will give to the company's financial performance, although Wall Street is reasonably impressed by the shape of the business. Its product range is strong relative to its rivals, and its 1992 results showed a 12% increase in document processing income, despite the weak global economy.

There is, however, no room for complacency. Xerox, says Allaire, will "have to change more in the next five years than we have in the past 10. We cannot sit back on our laurels." — Financial Times.

Ackerman opts for joint MDs

B/DAY 26/3/93

LINDA ENSOR

WHILE Pick 'n Pay chairman Raymond Ackerman agonised about a new management structure to lead the group into the future he held no fewer than 55 meetings with executive and non-executive directors, GMs and outside advisers and consultants.

The soul-searching was prompted by MD Hugh Herman's announcement that he was to resign at end-April.

Ackerman's decision to appoint his son, Blue Ribbon national GM Gareth Ackerman, 35, and human resources director Rene de Wet, 49, as joint MDs was announced to about 90 corporate directors at the conclusion of a two-day meeting on Wednesday night. Until that dramatic moment neither De Wet nor Ackerman jnr knew the outcome with any certainty.

Ackerman snr told a news conference yesterday it was an important time to take stock of the involvement of the Ackerman family in the group. The family controls the group through its ownership of more than 50% of the shares in the pyramid company, Pick 'n Pay Holdings. He had even considered capitalising the stock but had decided to retain the family's control of the group.

Ackerman jnr said later that the decision to retain control was taken after he and his brother Jonathon, 22, — assistant manager of the Table View Pick 'n Pay store — had both indicated their commitment to remaining involved with the group.

Raymond Ackerman had founded the retail chain and seen it grow to a turnover of R6,4bn with 29 000 employees. At 62, it was time to resolve the question of succession. But he is not relinquishing control of the group. Ackerman stresses that he will continue to function as CEO and chairman and will oversee the transition to a new management structure. It is a structure which he believes combines the enthusiasm and drive of youth and the wisdom of experience.

Ackerman has created a chairman's committee to guide the MDs who will also be supported by a team of experts. Pick 'n Pay's decision-making is decentralised and board meetings will be held every two weeks to provide the new team with strong backup. Herman will be a consultant and non-executive director.

Johannesburg-based food director Sean Summers becomes deputy MD. All the new appointees will retain their previous portfolios to minimise the disruption of the changes.

"I believe that with our established mangement team and the leadership of 'youth and experience' the company will enter a new era. I remain the chairman and CEO and I look forward to the ensuing years with confidence," Ackerman said, adding that it was important that the CEO did not change at this time.

He did not believe his son was too young for the job saying he had been with the group for 10 years and had good line experience, though he needed to develop his corporate skills.

De Wet has been with Pick 'n Pay virtually since its inception when he joined as an accountant.

Gareth Ackerman has worked in virtually every area of the company, starting off as a casual worker during his school holidays. He spent two years with a US supermarket company and after a stint with the group in SA, spent three years helping to build Pick 'n Pay's Australian venture.

Daddy, you can spare a dime

ST Times (BUSS) 28/3/93, (172)

By ZILLA EFRAT

THIS week saw Big Business uphold a long standing tradition — keeping it in the family.

Raymond Ackerman's son Gareth, 35, has been appointed joint managing director of the Pick 'n Pay Group and Altron chairman Bill Venter's two tennis champ sons have been given key promotions in his electronics empire.

Robert Venter, 33, will head Aberdare Cables, while his brother Craig, 31, becomes chief operating officer of Altech's industrial group.

According to Kessel Feinstein, about 70% of businesses listed on the JSE are family owned.

And half of the Financial Mail's list of the 20 wealthiest families in South Africa have benefited out of businesses that have been run by father and son "teams".

The team names are well known, like Rembrandt's Anton and Johann Rupert, Anglo's Harry and Nicholas Oppenheimer, Royal's Samuel and Vivian Imerman and Foschini's Stanley and Michael Lewis.

Others like Trencor brothers Neil and Cecil Jowell, Anglovaal's Clive Mennell and Basil Hersov, Toyota SA's Bert Wessel and sister Elizabeth Bradly all continue to build on the businesses that their fathers left them.

Other father and son teams while not among SA's super rich — such as Lou and Ivor Ichikowitz of KNJ/Sukhulu and Percy and Stephen Abelkop of Imphold — are also going great guns.

New rising stars in the family business stakes include Anglo head Julian Ogilvie Thompson's son Anthony, 28, who has been been appointed to the Amic Management Committee.

Statistics from the US and UK show that only about 30% of all familiy-founded businesses make it to the second generation and less than 15% to the third.

Director of Kessel Feinstein's familiy business division, Costa John, says the mortality rate in SA is probably higher. This is because the political situation has resulted in a large emigration of the current "second generation heir apparents".

He says first generation founders generally dream of handing their businesses to their children. The market, however, tends to be clinical and will judge the move on whether some "family magic" is being passed on.

MBAs ready to forgo top pay in hard times

ST Times (BUSS) 17Z

28/3/93

By ADRIAN HERSCH

MBA graduates who undertook a full-time course have found jobs fairly easily in spite of the recession.

It appears that many of those doing the MBA part time are gaining promotion, either during their studies or after qualifying.

Graduate schools of business (GSBs) report that full-time MBAs have found jobs, although "a few did struggle for a while".

At all of these major GSBs, work experience is one of the pre-requisites for entry to the full-time MBA course.

University of Cape Town GSB director Kate Jowell says: "Many of those who did the MBA full time are in new jobs that offer new opportunities and a better package. Many of them have gone back to their old companies, but in an enhanced role. A couple are being sent overseas by their companies.

"Some people are still without a job that suits them. This is a typical experience, partly because many students wish to stay in Cape Town. The right jobs in Cape Town take longer to find because of the more limited opportunities.

Happy

"Also, some of them try to move out of what might have been a relatively narrow field of specialisation."

Last year's UCT MBA class president Sven de Kock says salary expectations are not "exceptionally high" when students look for jobs.

He says: "They are realistic about what they can get in the current economic climate. Many are earning reasonable salaries and are happy with the amount, given the circumstances.

"Of course, salary is not everything — they're getting satisfaction out of developing their careers."

Other universities confirm that realistic salary expectations play a major role in aiding MBA graduates to find jobs.

University of Pretoria GSB acting director Koos de la Rey says: "Expectations have been scaled down. A few MBAs could not find jobs at first, but all have now been placed."

Mr de Kock advises MBA full-time students to look for jobs at least three or four months before qualifying.

He believes it is important that those considering doing a MBA "know exactly what they want to get out of it".

"The person should look at the exact line he intends following after qualifying — and assess his job prospects in that area."

Many who chose to study part time for an MBA appear to have gained rewards.

Stellenbosch University GSB director Arminius Archer says: "They do tend to get promoted. But I must stress that the MBA is not a golden key.

Costs

"Opportunities differ widely from company to company and much depends on the person. But from surveys we have conducted we have found the general trend is for promotion."

Professor Jowell says: "Promotion generally depends on what basis they did the programme — whether there was full support and sponsorship by their company, with the objective of acquiring depth in areas where they are weak or to acquire a general management perspective, or whatever.

"This is either to make them more effective in their current job or to groom them for promotion or both. Even where release of part-timers to study is grudging, the company often finds the individual is becoming more valuable and there is retrospective promotion."

Professor de la Rey believes the demand by companies for shorter courses at GSBs will increase. The numbers they send to study part time for an MBA may not rise much because firms wish to keep costs low.

Wits GSB director Nick Binedell foresees that many companies will send more employees on the MBA.

Variety

He says: "The benefits the companies gain in the medium and long term outweigh the short-term cost."

All four GSBs are continuously changing their course material to adapt to changing circumstances.

There is a trend to an "integrative approach" — the subjects are no longer regarded as "separate blocks".

The changing SA is also being focused on in the MBA by all four.

Dr Binedell says personalities, such as Frederik van Zyl Slabbert and Laurie Schlemmer, are lecturing in such areas.

The GSBs report they are starting, or have started, innovative short courses in a wide variety of areas.

Recession hurts upliftment aim in businesses

S/Times 28/3/93. [BUSS] 172

By ZILLA EFRAT

THE prolonged recession is inhibiting affirmative action programmes.

All interviewees in a survey of 35 major South African organisations said their programmes had slowed as a result of the economic downturn.

The survey, conducted by Anthea McGregor & Associates and SPA Consultants, found that most organisations envisaged that the "economic pressures of survival" would lead to affirmative action budgets being curtailed.

Organisations surveyed said they were finding affirmative action difficult because they had to balance the need to reduce staff numbers against the objective of changing a company's racial profile.

In spite of the poor economic climate, however, the major obstacles to implementing affirmative action were seen as creating the right culture, middle management's attitude and white resistance to change.

These were rated by 61% of those surveyed as obstacles. In comparison, 39% of the respondents listed the negative business environment as an obstacle.

Most organisations suggested that campaigns to educate all staff members were required to reduce resistance to change.

The survey also found that candidate mistrust was seen as a major obstacle, receiving 46% of the responses.

Some candidates for promotion feared being seen as "sell-outs" by colleagues and the community. This seriously harmed their ability to play a leadership role.

Few of those interviewed believed their organisations had achieved the stage of equality of opportunity where a true meritocracy existed and where it was no longer necessary to act affirmatively.

Indeed, the researchers say most organisations are still battling with how best to equalise opportunity. Although the private sector leads the way, certain parastatals have made significant progress in affirmative action programmes.

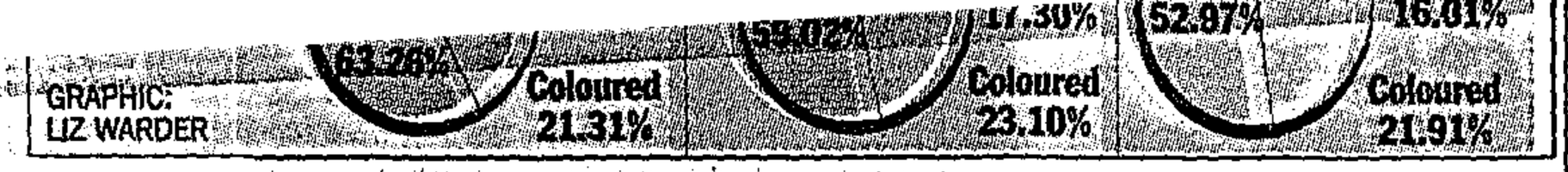
Definitions of affirmative action differed among the organisations surveyed. Eight suggested that their action was aimed at blacks and most others included any group other than the white male.

Skills

A total of 61% of organisations interviewed suggested that the objective of affirmative action was to ensure that the make-up of personnel at all levels in a firm represented SA's demographics.

Major reasons given for embarking on an affirmative action programme were a skills shortage in the white population, redressing the imbalances of the past, preparing for new legislation and business reasons, such as a changing consumer profile.

Although most organisations acknowledged that trade unions had an important role in ensuring the legitimacy of the process with the workforce, about half had not brought labour leaders on board.



Planning for tomorrow .... how surveyed companies propose to change the make-up of their work-forces by 1995.

Star 31/3/93

'Don't drop standards'

AS one of South Africa's most influential black managers, Don Ncube's views of affirmative action carry much weight.

His credentials are impeccable. At 45, he is the group industrial relations consultant in the giant Anglo American Corporation (AAC), is a member of the AAC and De Beers Chairman's Fund and holds directorships of a number of companies in the AAC stable.

He joined AAC in 1973 as a management trainee and studied at Fort Hare University, Glasgow's Strathclyde University and at the University of Manchester.

Ncube is opposed to dropping standards because of affirmative action.

"At the end of the day we must be competitive domestically and internationally. We must increase our market share, generate more export earnings and improve the quality of life. If we cannot increase wealth-creation and the distribution of that wealth we won't have a country," says Ncube.



Arguing for more opportunities . . . Don Ncube.

"If lowering standards means lowering the quality of what we produce, or the quality of service, then there might be a problem."

While conceding there have been instances where blacks have been promoted as a token gesture, with no real power or responsibility, he warns against using this argument to deny blacks the opportunity of career advancement.

And how would he rate the performance of South African companies in implementing affirmative action?

"I have no doubt in my mind that South African companies have done dismally in this regard. But this is because of a combination of factors, including inferior Bantu Education, formal and informal discrimination and, above all, a reluctance — due to political pressures — of blacks to move into management positions because it was seen as part of the capitalist system," Ncube says. □

GARETH ACKERMAN AND RENÉ DE WET

Stepping into the limelight

Selecting a successor to Pick 'n Pay MD Hugh Herman was possibly the most difficult task group CE Raymond Ackerman ever faced. The problem was whom to leave out. Weeks of press speculation included the names of at least eight candidates for Herman's job when he leaves on April 30 to pursue personal interests.

In the end Ackerman followed the expected course and appointed two joint-MDs — his eldest son Gareth (36), and human resources director René de Wet (49). Food merchandise director Sean Summers (39) will become deputy MD. Ackerman has also been appointed MD of Blue Ribbon Meat Corp, a company jointly owned by Pick 'n Pay and ICS.



De Wet and Ackerman ... *sound human relations*

Cynics may see Ackerman's appointment as MD as obvious but, apparently, it wasn't. Company sources say Ackerman snr consulted widely at all levels within the group before making the decision. It seems the general feeling among staff was that an Ackerman should be appointed as MD and positioned to take over at some stage as group CE.

Ackerman jnr, currently Pick 'n Pay main board director and Blue Ribbon GM, says it wasn't an easy decision for him either. "I had to decide whether to take that final step into the limelight that I've managed to avoid up to now."

But he thought it through and is confident. In spite of only 10 years' formal service with the group, his experience is more varied than other group executives and includes stints in Australia and the US. He believes his strengths are in marketing and people skills.

Ackerman jnr has a reputation for suggesting what may be considered radically different views at crucial points in management meetings. He believes it stimulates better debate and usually leads to the right decision. It's a style he plans to continue.

He is not intimidated by his father's enormous presence. Though their personal styles are different, they work well together. He sees his father as a source of knowledge that will help to prepare him for his new role.

For De Wet the appointment was a "pleasant surprise." He believes his depth of experience and Ackerman's innovative thinking will combine to ensure continued good fortune for the group and doesn't consider working with the boss's son a problem.

The promotion means he moves back into line management where he started as a newly qualified CA when the group expanded to the Reef in 1970. He was Transvaal GM in 1972-1979 during Pick 'n Pay's period of explosive growth and the launch of the Hypermarkets.

In 1979 he moved into human resources and in 1987 relocated from Johannesburg to the group's headquarters in Cape Town.

Both he and Ackerman are people-orientated and consider sound human relations among the 29 000 staff and with millions of customers as paramount to Pick 'n Pay's future success. Both also believe improved efficiency is essential to keep up group earnings.

Ackerman was born in Johannesburg and raised in Cape Town where he attended university. He and his wife have three children. He says he works six, sometimes seven, days a week and has little time for outside interests.

De Wet's interests include commercial aviation — he calls it his second career — and charging along the Sea Point promenade on a 6 km fast walk every morning. He is single. ■

RAYMOND HASSON

Camera shy

He is intensely private. Raymond Hasson (61) recently nominated joint CE of industrial conglomerate W&A and joint CE with brothers Neil and Cecil Jowell of JSE-listed, blue-chip Trencor, will do almost anything to avoid an interview with him as the central subject.

Photographers are a breed he sees with an unfriendly eye.

Acknowledged by Trencor chairman Neil Jowell as a key contributor to the company's extraordinary success, Hasson's involvement in Trencor goes back 26 years. His close friendship with Jowell began when they shared digs at UCT in the mid-Fifties.

Hasson is an engineer, training which he uses even now — "when I approach a problem it is as an engineer." He acquired first a BSc from UCT followed by an MSc from the Illinois Institute of Technology in Chicago.

Hasson was a Fulbright scholar, the distinguished US student grant system widely considered that country's answer to the famous Rhodes scholarships. Hasson's son, Neil, is also a Fulbright scholar and has picked up an MBA from Wharton.

The similarities don't end there. Father and son share a rare first — as UCT engineering gold medallists.

Hasson, who was born and schooled in Zimbabwe, began his working career with engineering consultants Ove Arup. That was followed by an appointment as Roberts Construction's contract manager at Rhokana copper mine on the Zambian Copper Belt.

While he was living in Kitwe, Jowell flew in from SA to invite him to take part in a scheme to transform the family's transport company into a JSE front-runner. Jowell and Hasson have been friends for 40 years — with 26 of them locked in a business partnership. "It hasn't always been smooth," admits Jowell.

At least part of the reason for its survival is that Hasson, whose office betrays a thoughtful passion for understated tidiness, is an essentially decent man. It is an attribute which, coupled with what is clearly a marked solicitude for his colleagues, has carried him through many trials and tribulations. ■

Hasson ... *a passion for understated tidiness*



BUSINESS

Time for tough cop

WMail 2/4 - 7/4/93.

The world's toughest financial cop has shown controlled capitalism pays off. **REG RUMNEY** *reports on what South Africa could learn from the US Securities and Exchange Commission*

THE widespread use in South Africa of nominees to conceal ownership would not be allowed if this country followed the US Securities and Exchange Commission (SEC) rules.

The SEC, known as the world's toughest and most effective financial cop, requires that the true identity of any shareholder with more than five percent of a company be known.

This emerged at a Worldnet briefing at the US embassy last week, where through a satellite link-up SEC staffer Ann Wallace and corporate lawyer and ex-SEC member Joseph Connolly spoke to a small gathering about the SEC.

They were quizzed about the SEC's operations by the South African Institute of Chartered Accountants (SAICA) technical director Monica Singer and Johannesburg Stock Exchange general manager Neil Carter.

Asked about the SEC's power of enforcement, Wallace said the SEC can impose fines on companies that do not comply with its regulations, but she stressed that the main thrust is disclosure. The agency, set up in the depression years to protect small investors, requires companies to disclose reliable information to make it possible for investors to judge risk.

The disclosure requirements are broad: any stock offered to the public must comply with the SEC rules but the commission does not try to protect potential stockholders against all risk.

Wallace stressed the SEC aimed to force companies to provide a minimum of information. The regulations cannot, practically, embrace all companies. However, the board of any company will have to make decisions about how much more should be disclosed to attract public money.

"If you elect to go to the market the cost is to provide disclosure."

Asked about self-regulation, Connolly emphasised that a healthy alliance existed between self-regulatory groups and law.

An illustration of the difference in regulatory approach is demonstrated by the JSE's handling of companies which refuse to comply with internal regulations and the SEC's method.

Carter said the JSE would suspend or delist companies which did not comply with its internal regulations. Wallace remarked that disclosure is better than suspension, which may be detrimental to the market. And, indeed, the JSE thinks long and hard before suspending a company, which could hurt the minority shareholders more than the company itself.

The accounting profession is regulated by the SEC as well. Wallace said financial statements must comply with the US Generally Accepted Accounting Practices. No alternative methods, such as the treatment of goodwill, are allowed. "Our system provides across-the-board accountability. Financial statements are fundamental for the integrity of markets," she noted.

Connolly added that accounting firms were keen to comply with the SEC's requirements. Not only company directors can be sued for issuing misleading financial statements. Shareholders have been known to go after a "deep pocket" — the accounting firm that vetted the financial statement.

Asked about the costs of regulation, Wallace noted the sound base of small shareholders in the US and the reputation for integrity the markets enjoy. Against this, she said, the costs were infinitesimal. However, the SEC by law has to undertake a cost-benefit analysis before issuing any new regulations.

The SEC's regulations are seen as onerous elsewhere. German firms, for instance, have not been able to enter US markets because their accounting practices don't measure up to SEC requirements. The SEC is flexible, though.

Industrial giant Daimler-Benz AG said this week it would comply with US regulations and publish more financial information so it could become the first German firm to get a listing on Wall Street.

The deal rests on a compromise agreed with the SEC on what should be disclosed.

Naturally, SEC-style regulation would run into some resistance in South Africa. "Regulation is flavour of the month," says Carter, who cautions against over-regulation for our much smaller markets.

Important questions are, he says: How far should regulation go, who should do it, and will it solve our problems. Moreover, he adds, regulations costs money.

It would be better to handle regulatory problems through a beefed-up Companies Act or expanded JSE listing requirements.

Disclosure shouldn't be for disclosure sake. And self-regulation should be given a chance to work, Carter adds.

Singer, on the other hand, finds it most admirable that the SEC has legislative teeth. The South African Companies Act, even when improved in line with SAICA suggestions, will probably not be backed up by enforcement.

In theory, directors of companies have strict responsibilities but disciplinary action against those who act against the interests of the company and shareholders are not easily enforceable.

A valuable lesson

Weekly Mail Reporter (172)

MANAGEMENT consultant Tony Manning has some words to the wise on "value sharing" workshops, value statements and the like.

In his latest *Strategy* letter he notes: "Values are shaped by parents, bosses, and other powerful role models. What they do counts as much as what they say. Business leaders love words like 'integrity', 'respect', 'empowerment' and 'dignity'. WJMail 2/4-7/4/93,

"Virtually all corporate values statement I've seen is built around this mush. Yet, as one middle manager recently told me, 'Our boss put this crap up on the wall, but everyone knows that he's the biggest crook in the place. He can't tell the difference between the company's property and his own.'

"Politicians and civil servants have created the same problem for themselves: by acting just as despicably as the tinpot African dictators they've purported to save us from, they've killed their credibility and it's now impossible for them to lecture their successors on how to behave."

Picking at those perks

ST Times (845) (780) (1251)

4/4/93. By ZILLA EFRAT (172)



ISSY GOLDBERG

SOME company directors appear to be sitting pretty while the rest of their company comes under the cost-cutting axe.

They benefit from South Africa's inadequate standards of disclosing directors' emoluments — a factor which will come under the spotlight in a new Institute of Directors' investigation, which will follow the lines of the Cadbury Report in Britain.

Minority shareholders and staff are given very little opportunity to determine what their directors are earning and whether increases reflect company performance.

Figures provided in most annual reports are not considered a reliable indication of pay movements.

They usually group non-executive and executive directors together and most do not highlight the full extent of packages. Packages are also defined in different ways.

A small change in a board structure, such as the addition of one new member, could affect the figures dramatically, says Institute of Directors' executive director Richard Wilkinson.

Shareholders' Association of SA chairman Issy Goldberg says many shareholders would be aghast if they were given full disclosure of the benefits that some directors of listed companies enjoy.

Outstripped

He says the problem is that perks and benefits are not fully reflected separately in annual reports. And sometimes these are not even disclosed as constituents of directors' emoluments.

Nonetheless, despite the limitations, a Business Day survey this week into directors' emoluments — examining the annual reports of 60 major companies — gives food for thought.

It found that nearly half had given their boards of directors pay increases last year that outstripped company performance and the rate of inflation.

In addition, 28 companies gave their boards wage increases well above earnings, dividend growth and the inflation rate for the period.

The boards of 18 companies were awarded salary increases of more than 30%, and seven of these companies made awards of 50% or more.

Slow

The findings, however, are not in line with those of PE Corporate Services and FSA-Contact, who conduct regular salary surveys on a broader basis.

PE Corporate Services managing director Martin Westcott says the average salary increases of directors is running a few percentage points below the inflation rate.

Nonetheless, SA directors have been slow in following trends in countries, such as the UK, where their counterparts at some recession-hit companies have voluantarily cut their own salaries.

Mr Goldberg is known to have made several submissions at company AGMs for directors' fees to be increased or decreased in relation to company results.

Cutting or freezing directors' salaries, however, appears to be the exception rather than the rule when it comes to listed SA companies.

Mr Goldberg says that it adds salt to the wounds of shareholders that some companies in a serious loss position still have the effrontery to pay increasing emoluments to both non-executive and executive directors.

"This displays a complete lack of sensitivity so often apparent in some companies."

However, Mr Westcott points out that companies in SA are short of good talent and are prepared to pay to get and retain competent skills.

International financier to encourage reform

By Magnus Heystek STAR 5/4/93.

International financier and philanthropist George Soros (63) arrived in South Africa over the weekend to oversee the setting up of the local chapter of his Open Society Foundation.

Soros is one of the most successful investment fund managers in the world and shot to public prominence in September last year when his strategy concerning the British pound netted his fund management company well over £1 billion (about R4,7 billion).

In one of the most successful coups on world financial markets yet, Soros, through Quantum Investment Fund, went "short" against the pound in September last year.

He firmly believed that the British pound was heavily overvalued and when the subsequent free-fall of the pound indicated his beliefs, his company made "about one billion dollars in one day and maybe two billion in the days thereafter".

But despite being considered the world's foremost fund manager — a distinction he has earned for almost two decades now — he spends most of his time running the Open Society Foundation, funded almost entirely from his own pocket.

The Foundation's primary objective is to encourage free enterprise and democratic reform in formerly oppressed countries.

Soros said a total of $15 billion (about R45 billion), spread out over three years, would be used to facilitate the transitional process in South Africa.

If the funds are used effectively, Soros is prepared to commit more to this country for another three years.

He will meet several people who have been invited to become trustees of the Foundation. He would not reveal who has been invited, but did indicate that the infrastructure of the Institute for a Democratic Alternative in South Africa (Idasa) is to be used.

He said Dr Van Zyl Slabbert and possibly Peter Sullivan, Editor of the daily Star, would be invited to serve on the board.

Soros said he would leave the application of the funds to the board of trustees, but did indicate that one project could involve the training of black civil servants at the University of the Western Cape.

Hungarian-born Soros set up his Foundation in the early '80s. He funded political movements which contributed to the downfall of the communist government in eastern Europe.

He was previously involved in South Africa in a personal capacity when he funded scholarships for 80 black students at the University of Cape Town.



Financial genius . . . George Soros will set up a chapter of his Open Society Foundation.

Forgetting old free-market friends

172

FM 9/4/93.

Free markets, deregulation and democracy have triumphed around the world, so why are the organisations that promote these classically liberal values having such a hard time finding funds here in SA?

Some blame it on the new political correctness as the possibility of an ANC government looms larger, others chalk it up to the recession or that there are more hands being held out every day. The Liberty Life Foundation, which spent or committed R50m last year, gets up to 20 applications for aid every day, and the Anglo American Chairman's Fund gets 6 000 requests a year.

Most organisations say they are holding their own with long-standing supporters, but there's just no new money around so belts are being tightened:

☐ The Free Market Foundation is selling its headquarters, its R1,5m Johannesburg mansion, as part of a major restructuring. Five years ago, 95% of its revenue came from memberships. That's down to 40%, with the difference made up by its training programmes and other money-spinners;

☐ The Sunnyside Group, a coalition of 60 organisations that lobbies for deregulation of small business and the informal sector, made its fund-raising pitch to 30 companies last year. Only one made a pledge; and

☐ The SA Institute of Race Relations decided not to cut its 70-strong staff, but for the past two years raises have been well below inflation and it just managed to break even.

"It's going to be a tough year financially," says executive director John Kane-Berman.

For some, the tough times have proved too daunting. The SA branch of the International Freedom Foundation, a free-market think-tank based in Washington, last week said it is downscaling its operation and becoming a consulting group. Executive director Russel Crystal estimates that it lost half of its local funding in the past year, though only 20% of its total budget comes from SA sources.

"There's been an amazing reaction in the business community," Crystal says. "They seem to have developed paranoia when it comes to supporting free-market policies. They wish we had another name for it."

Temba Nolutshungu of the Free Market Foundation's office in Cape Town agrees. "Considering we're disseminating free-market ideas that will set in motion a more open society, of course we expect them to be our natural backers. But local companies have yet to put their money where their mouth is."

The problem is that business has never been crazy about Adam Smith and his invisible hand. Says Andrew Feinstein of the Consultative Business Movement: "Executives do not adopt a philosophy at either end of the spectrum. I think businesses feel comfortable with what could be described as a neo-corporatist model, not a free-market mould."

Anglo-American's Michael O'Dowd, who heads the Chairman's Fund, says most companies are run by "rent-seekers" devoted to securing government protection and concessions, not a free market. "As long as there is a pork barrel, people will queue for it."

And the Free Market Foundation's Leon Louw is even more blunt, calling them "corporate prostitutes" willing to do anything to keep on the inside track. "The most enthusiastic supporters of the Nats are now the most supportive of who they believe will be the new government. Maybe they're right. Maybe they are serving their shareholders."

Says Mashudu Ramano of the Sunnyside Group: "We're talking about deregulation, and big businesses feel that maybe that's not in their interest." But the group is finding a lot more interest in its work from overseas donors, such as the US and EC.



The Free Market's Jaftha Nyama ... *teaching business basics*

Across the board, however, the groups are reluctant to discuss who funds them, by how much and who's cutting back. Most corporations are equally close-mouthed. Sasol, for one, says: "We're not willing to divulge details of the donations we grant."

Others, such as the Chairman's Fund, are more forthcoming. It supports all the organisations named in this story. "Political correctness has never been our concern," O'Dowd says. "We didn't toe the line under the old government and we have no intention of toeing the line under a new government."

Nevertheless, political correctness exists and it's nothing new. Louw says companies wouldn't support the foundation in the Seventies because government didn't believe in free-market issues. And when government did get on the bandwagon, companies begged off from contributing because they saw it as mission accomplished. And now that the ANC is espousing a lot of the old Nat policies, the companies once again refuse to be seen taking the wrong side.

The free-market label is a handicap, concedes Hylton Appelbaum, who heads the Liberty Life Foundation, which does contribute to the Free Market Foundation. "for a lot of people, free markets meant job reservation, single-sex hostels, discriminatory practices. Rightly or wrongly, it meant exploitation."

But ironically, as companies distance themselves from pro-market groups in a scramble to buy political insurance against nationalisation and other interventionist policies, the ANC is moving away from those policies. Donors concerned with doing the right thing have been slow to see this shift. Last week ANC economics head Trevor Manuel came out against exchange controls. The ANC also is questioning high tariffs while privatisation is no longer a dirty word.

The Free Market Foundation's Justice for All and Job Creation training programmes, which have reached 1m people with their pro-market pitch, have received high marks from the ANC and NUM, which have paid to put members through the programme.

"Big businesses are much less wary about giving us money for promoting free-market principles if we add job creation to it," says the foundation's Marc Swanepoel. "They want us to dress it up, so we combine the basic business and economic principles with practical information on how to make a living."

Of course, the ANC hasn't embraced every idea or organisation. Last September, the Institute of Race Relations inflamed the Left when it issued a report that said published statistics on violence were inaccurate and misleading. Opponents attacked the report, saying it proved the institute's alleged bias in favour of Inkatha.

Some corporate donors considered pulling back. But institute stalwarts Harry Oppenheimer and Helen Suzman backed the report and Kane-Berman says some member companies called to "express their concern that the criticism not deflect the institute from its course."

Despite the recession, Kane-Berman says there is money to be had, but it takes more hard work than ever to get it. "We have got to keep our product top-of-the-range. We're constantly refining what we do so we can attract business and other members." One recent refinement is the addition of a chapter on the environment to the annual race relations survey.

Adds Kane-Berman: "No-one owes this organisation a living. We have got to convince people we're worthwhile and relevant as far as building a new SA. If not, we will not get the support." *Maureen Sullivan*

WENDY LUHABE

Bridging the gap

Wendy Luhabe made up her mind early in life not to be a victim. "I decided to be somebody regardless of what government had structured me to be. The majority of our people sit back and wait for someone to do something for us. I didn't buy into that."

Luhabe, who spent seven years in marketing with BMW, now has her own consulting firm, Bridging the Gap, which works to integrate black managers into traditionally white companies. The firm also works as a placement agency for corporations looking for black directors and managers.

She is on the board of Imperial Cold Storage, and also on the development boards of the SA Institute of Management and Thebe Investments. But Luhabe doesn't want anyone to get the idea that she lends her name to any board looking for token black representation.

She says she's a product of the townships — Daveyton — and bantu education. She began her studies in social work at Fort Hare and finished with a BCom at Lesotho University.

After two years with a cosmetics company, she joined BMW, which sent her to work in Germany and the US. In the US, she first noticed that black managers were few and far between, and that they needed support from management. "I saw that I had a product — advancement and development — that I could translate into a business."

She and her partner, Roy Cardy, set up the consulting firm a year ago. A typical client is Southern Sun, where she is working with black waiters and bartenders who have been targeted for advancement. She also mentors senior black management at the Development Bank and Sasol.

In her 10 years in the business world, she's finally seeing a shift away from the "master-servant relationships, though on a sophisti-



Luhabe ... *product of the townships*

cated level" that once characterised management's attitude to black professionals. "Whites are now seeing blacks as people who are capable of thinking, of being smart."

Though serious and intense, she isn't reticent to tick off her likes: good restaurants, good conversation, travel, astrology, "the spiritual interpretation of life," champagne, flowers and classical music. "I'm developing an appreciation of opera," she says, "it's tough."

She's equally forthcoming about her dislikes: "I don't like people who are inconsistent or people who are always right." Another dislike is divulging her age, though she's willing to reveal her son is 18. "After 30," she says, "a woman's age holds."

BUSINESS CONFIDENCE

Pessimism in the Cape

Most western Cape businesses are banking on an interim government to boost the economy. Even then they don't see a turnaround this year. FM 9/4/93

Their views were published recently in the fifth annual survey of 460 western Cape owner-managed businesses by accountants Arthur Andersen and the University of Cape Town's Graduate School of Business. The survey shows that business people clearly do not believe the forecasts for key economic indicators. They believe that the economy will shrink again this year and that inflation will return to double digits.

Their averaged predictions include a prime overdraft rate of 16,75% by June, falling to 16,25% by December, and inflation of 15% by June, up from 9% for February. A similar survey of executives of the JSE's top 100 industrial companies put inflation at 13,1% by June.

More than 55% of the Cape respondents say sales levels stayed the same or fell in the past year and 49% predict an unchanged or worse situation in the next 12 months. In 74% of the companies, staff numbers remained static or decreased and 75% predict the same trend this year.

The business owners list the most significant threats to economic growth and business survival as political instability, recession, inflation, violence, the lack of capital, high interest rates and domestic competition.

Foreign competition is seen as the least important of 12 threats. The school's Bruce MacDonald says this reflects a lack of insight. "Business owners are likely to be shocked out of their complacency once they meet competition from world players."

The survey also shows that exports are becoming increasingly important. In spite of the international economic slowdown, 45% of the companies surveyed increased their export business in the past year. ■

Ready cash essential for business success

South 10/4-14/4/93

The Small Business Development Corporation gives advice on managing working capital:

WORKING capital is the life blood of any business. Without it, any enterprise would fail quickly. It therefore needs to be managed carefully to ensure dreams do not become nightmares.

Working capital consists of cash on hand, cash in the bank, debtors and stock (less any bank overdraft), trade creditors, and short-term liabilities such as tax and lease or hire purchase instalments.

Everybody's **BUSINESS**

These should always be remembered if control is to be exercised properly. However, this requires certain controls.

Cash flow can be controlled by:

- Ensuring debtors comply with payment terms;
- Tightening debtors' terms of payment;
- Taking full advantage of credit terms available from suppliers and negotiating more favourable terms with them;
- Monitoring capital expenditure;
- Having additional short-term finance available for crises, such as extra overdraft facilities;
- Not distributing after-tax profits in the form of dividends or drawings unless the working capital needs of the business can bear the outflow of funds;
- Investing excess short-term funds in short-term investments and
- Preparing short-term cash flow forecasts and monitoring these against actual performance.

Debtors control can be exercised by:

- Insisting on trade references for new customers and doing credit checks;
- Allocating credit limits to your debtors;
- Invoicing promptly and specifying the terms of payment;
- Having documented proof of delivery on hand;
- Re-evaluating credit terms once a debtor starts paying late;
- Sending out statements as soon as possible after the month-end;
- Making sure invoices and statements are accurate and easy to understand;
- Giving discounts for prompt payment and
- Charging interest on overdue accounts.

Stock control is necessary. It is important that stock levels be kept to a minimum, for excess stock can tie up much-needed cash in non-interest-earned investments and cause unnecessary interest payments to be made.

Also stocks cost money in the form of warehousing, insurance and obsolescence.

Essential factors to be considered when reviewing stock levels include:

- Forecast sales;
- Delivery or lead times from suppliers;
- The risk of shortages or "stock-outs";
- Seasonal fluctuations in demand or supply and
- Changing sales patterns.

Movement of stock should also be controlled and accurately recorded to ensure:

- Stock records accurately reflect the stock on hand and its movements, thus enabling management to set appropriate re-order levels and selling priorities.
- All movements of stock leaving the premises are invoiced at correct prices and
- Obsolete and redundant stocks are identified.

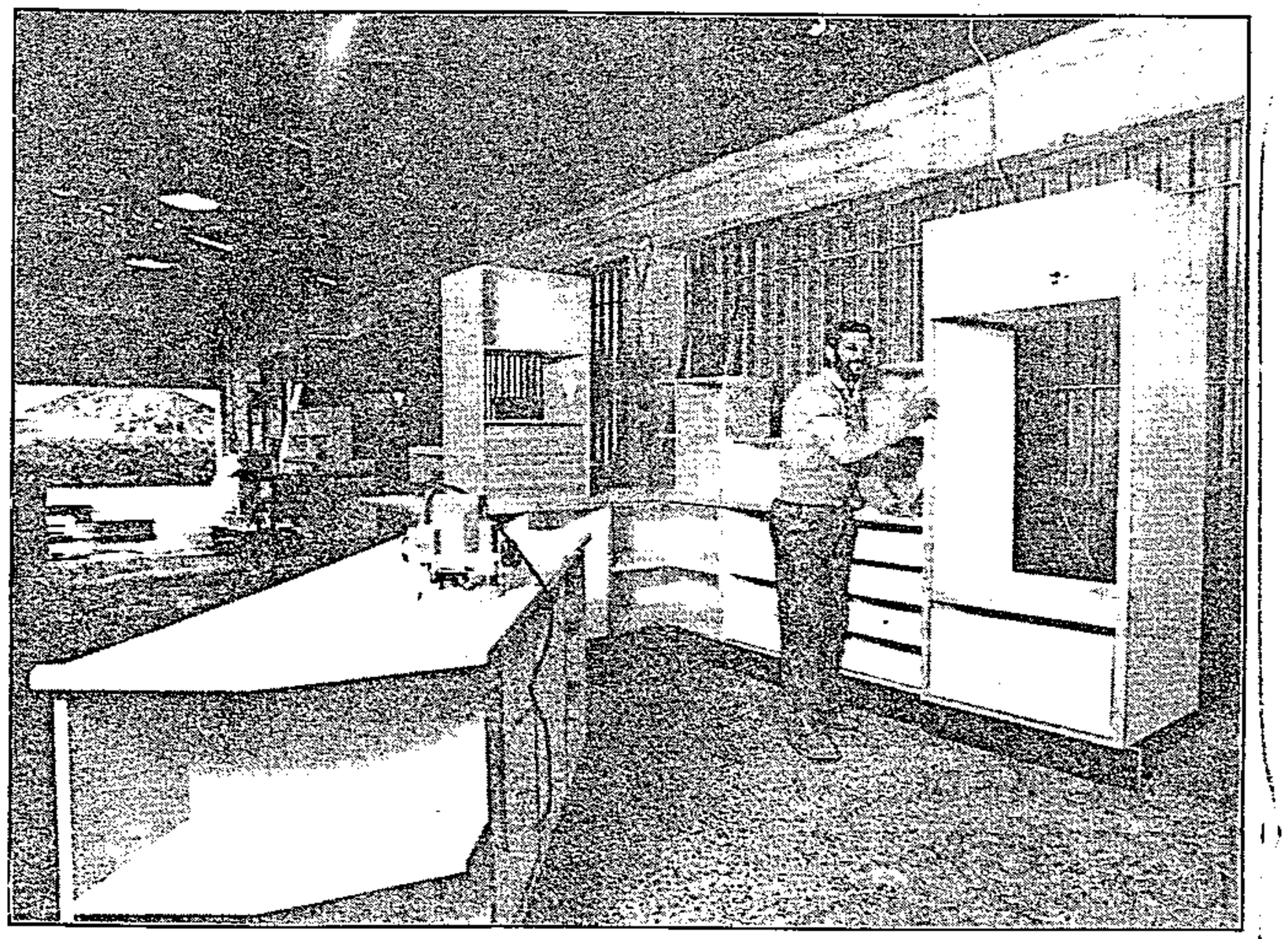
Make use of creditors. Creditors can help by:

- Establishing favourable terms of payment, including better discounts for early payment and
- Paying strictly in accordance with these terms.

Professional tax help is recommended to ensure:

- All claims for expenses and maximum allowances are properly identified to reduce the tax liability as much as is legally possible;
- Your business pays the lowest amount of provisional tax legally possible, and
- Your business claims the present amounts of VAT.

For more information contact the SBDC at tel. 462-1910 or fax: 461-8720.



THRIVING BUSINESS: For a business to succeed it is vital that it's working capital is properly managed

Edited by JEREMY WOODS



Time right to invest in SA, says billionaire who's doing just that

By JEREMY WOODS

THE time is right to invest in South Africa, says billionaire dealer and philanthropist, George Soros, who last year made another cool R5-billion — at the Bank of England's expense — when sterling was devalued.

And to back up his view on South Africa, Mr Soros is donating R46-million to the newly formed Open Society Foundation, to fund a range of projects that will help the country's transition to democracy and non-racial government.

"I am very encouraged by what I see happening in South Africa and I am looking to the future of the new South Africa with great optimism," he said this week.

Speaking at a Cape Town Press Club lunch, Mr Soros, neat and bespectacled and looking more like a doctor than a billionaire, said he often thought of his money-making and philanthropic enterprises as a digestive tract.

"The money comes in from one end and goes out from the other," he said.

Passions

While one of Mr Soros' passions is making money, another is the freedom of an individual in an open society, free of tyranny.

Asked about the reasons behind his philanthropic work, Mr Soros said: "I was born a Jew in Hungary. If my father had not obtained false papers to get us out of the country I would probably have died, as many others did, in the gas chambers."

Was there a conflict of morality between the harm done to a country's currency while making huge killings on the international markets and his philanthrophy?

"I have no problem or sense of guilt from the two activities. On the money-making side we play by the rules of the game and these are strictly enforced."

Impossible

He said the R5-billion he made out of the sterling crisis by taking large short positions against the pound, was "certainly" made at the Bank of England's expense.

"But the British Government was trying to maintain an impossible position with the pound. When the government realised it could not stem the tide of money against sterling, it took sterling out of the ERM and devalued it."

Mr Soros believes that that had a beneficial effect on the British economy.

"It allowed interest rates to drop dramatically which in turn has lifted the prospects of economic recovery in that country."

Did he have any hot investment tips for would-be billionaires?

"Of course I do," he smiled. "But I prefer to keep them to myself."

Top businessmen remain optimistic about future

BIPAY 13/4/93

(172)

SUSAN RUSSELL

SA's business leaders are optimistic about the future in spite of the current climate of uncertainty, according to market research conducted among more than 250 of the country's top executives.

Strategic Associates, which conducted the survey, said the findings were in sharp contrast to the mood reflected in the business confidence indices earlier this year, but were confirmed by the latest Sacob business confidence index released on April 7.

The researchers found that executives saw SA's present economic plight as a temporary barrier. And the businessmen believed their organisations had a significant degree of control over their own destiny, as well as some influence over the country's future.

A report on the research project, which contains a detailed analysis of leading executives' views on strategic planning and the planning environment, will be published this week.

Strategic Associates said the executives whose views were reflected in the report were mainly directors or executive chairmen of major companies, and their counterparts in parastatals, universities, research institutions and large professional partnerships.

In general, the mood among business leaders was that change was inevitable, and they had an urgent desire to "just get on with it", the survey found.

Top executives were committed to strategic planning, although success levels had been mixed, the study found.

The report identified 15 critical factors for successful strategic planning.

These covered participative versus top-down planning, organisational responsibility for planning, strategising tools and techniques.

Mood, climate and concerns were particularly topical, researchers found.

The report also contained chapters by businessman Colin Adcock, who acted as special adviser to the project, Dr Andy Andrews and Dr Patrick Ncube.

SA 'equipped to sustain development'

Business Day 15/4/93

MARIANNE MERTEN

SA-WAS in a better position than most other developing countries to promote sustainable development because of its strong technological, scientific and managerial capacity, a study said.

A recently published report — Findings of the Rio UN Conference on Environment and Development: Implications for SA — said SA business and industry were well placed to initiate clean technology policies and more efficient production processes.

The ANC and government had committed themselves to sustainable development and all major parties had "advocated a reorientation of energy strategy towards clean and renewable energy resources".

The report said SA was characterised by "northern consumption patterns" and "southern poverty".

Only a third of South Africans had access to electricity, yet the country produced one of the highest per capita emissions of greenhouse gases and waste in the world.

Poverty, population growth and overconsumption problems would only be solved if they were regarded as interrelated.

Long-term efforts to eradicate poverty would depend on "low cost initiatives which promoted self-reliance".

Retrenchments and violence take their toll on worker spirit

KATHRYN STRACHAN

AS RETRENCHMENTS loom and escalating violence increasingly invades people's working days, the Employee Assistance Programme battles to meet the flood of demands from companies concerned about worker morale.

Programme spokesman Renate Volpe said the organisation, affiliated to the Chamber of Mines, dealt with the whole spectrum of human afflictions affecting productivity but in recent months had focused on the pressures of retrenchment and the effects of violence.

Although the corporate world focused on the "bottom line", Volpe said more companies were beginning to realise the effects personal problems had on their balance sheets and the benefits of investing in their workforces.

Managers had learnt that unless problems were identified and treated early, the organisation would lose a lot through decreased performance and absenteeism, as well as through the use of medical facilities.

Although affiliated to the Chamber of Mines, the programme served major corporations throughout the industry. It was currently servicing about 22 000 employees, either at its centre in Johannesburg or through workplace clinics.

Volpe said 30% of clients were top executives and the figure was increasing steadily.

Although many companies came only for "crisis management", mostly in times of retrenchment, others had opted for the preventive approach.

But in the last few months the centre had received requests to design a programme to deal with the consequences of violence and post-traumatic stress.

She said the signals for employees in distress were attention seeking, power playing, sabotage and helplessness.

The programme had also specialised in helping companies deal constructively with retrenchments, preparing workers for it.

Companies were often haunted by a "victim-type mentality" after retrenchments, and a team building exercise was needed to restore morale after the cuts, she said.

Volpe cited US Department of Health research figures which indicated that companies which used the programme had a 29% increase in overall return on investments over one year and a 700% increment over five years.

Female managers an underutilised resource

B|DAY 15/4/93. (172) #70 #71

BEN ALLMANN

A RECENT study, conducted under the auspices of the Collaborative Working Group for the Advancement of Black Managers, of the factors affecting advancement in the SA workplace, reveals the existence of yet another distinct minority group — female managers.

The study — in which 1 301 managers including 216 women participated — brings to light significant disparities between female and male managers, particularly in the key areas of responsibility and remuneration even though ages, experience, qualifications and hours spent at work were more or less equal.

Male managers have twice as many subordinates as women. For every man earning less than R60 000 a year there are eight women, while twice as many men than women earn more than R100 000 a year.

These inequalities, it emerges, act as a significant disincentive for female managers to advance or to advance as far as they might, as women are exposed to greater discrimination the higher they rise in an organisation.

Among the other main "demographic" findings are that, in the non-work situation, the average female manager is single (and hence often a single parent) with considerably less earning power than her male counterpart.

If the trend is allowed to continue, more and more women will fall into this demographic trap. How stable is such an arrangement and how much longer can SA business afford to ignore it?

A significant portion of the study was devoted to identifying the main causes of pressure at work among female managers. These factors emerge as discrimination, peer-related jealousy, understimulation or underchallenge, and exclusion.

Given these responses one must conclude that, in general, SA business significantly underutilises an important and potentially valuable resource. This very fact fuels negative perceptions of female managers, leading to a vicious cycle. On a more positive note, it might be said that there exists in the workplace a large, qualified and experienced but largely untapped resource. Perhaps the time has come for business to mine it.

A related finding is that female managers suffer from a wide variety of pressure-related symptoms. These range from tearfulness, dizziness and nausea to depression, palpitations and general feelings of tension. Assuming that symptoms are the warning signs of illness, then female managers by virtue of their 16% greater symptom prevalence than their male counterparts are at a commensurably higher risk.

The implications for business are far from encouraging. For one thing, some of the company's most experienced, educated and trained personnel are also the most likely to be forced to leave because of ill health.

For another, younger and less experienced female managers, if they replace these "corporate casualties", fall prey to similar pressure — but do so more quickly and severely for the very reason of their inexperience.

The study further shows that female managers' reluctance to advance has the effect of further lowering their self-esteem, and this can ultimately lead to a lack of confidence. This, in turn, can result in individuals accepting their lot rather than becoming more assertive and taking control. The result: a reinforcement of already negative perceptions of the female manager.

Female managers have taken a long time to emerge as a distinct group in the workplace and may still suffer the slings and arrows of discrimination, disinterest and distrust.

However, a number of positive trends are starting to emerge in the US that should ameliorate the situation for SA women in the long run. These include the establishment of successful lobbying groups, a greater desire to protect minority rights generally, and adoption of equal opportunity and promotion-on-merit policies by a growing number of companies.

Yet many issues have yet to be addressed properly. A good place to start might be to review women's (indeed all minorities') salaries, working conditions, responsibilities, participation and like, with a view to reaching parity as soon as possible. This should engender confidence in the company, improve individuals' self-confidence and send an unequivocal signal that the organisation is serious about providing equal opportunities for all.

Second, female managers need to take the lead in establishing new, more appropriate and wider support networks, associations and/or lobby groups to help them to share and deal with these unique pressures and challenges.

Third, female managers as well as their employers must be made aware that pressures and their symptoms are not unavoidable consequences of moving up the corporate ladder.

Finally, there should be a greater awareness that most of the existing developmental, diagnostic and other programmes in SA companies were originally developed for, and tested on, majority groups in the workplace, principally men.

This study shows (as do others) that there are significant differences between male and female managers, which points to the urgent need for testing and possibly redesigning current programmes to assure their suitability.

☐ Dr Allmann is convener of the Collaborative Group for the Advancement of Black Managers and medical director of Bristol-Myers Squibb SA.

Businesses anticipate further retrenchments

ERICA JANKOWITZ

BUSINESSES were still retrenching salaried and hourly paid workers and anticipated further rationalisation in the near future, said an Andrew Levy and Associates report released yesterday.

Based on a survey of 157 companies in a cross-section of sectors, the report found that 43% of respondents had retrenched more than 20 000 workers — or about 4% of their total workforce — since the end of 1990.

This was down on the previous two years in which 67,7% of a larger sample of 217 companies had reduced their staff complement by about 27 000 — 3,7% of their more than 700 000 workers.

More than 60% of these companies had retrenched managerial staff including executive personnel.

The report cited economic downturn as the reason given for retrenchment in 62,8% of cases followed by rationalisation, closure, merger and relocation.

Slightly more than half of companies which had retrenched paid severance benefits of a week or less per year of service with 29,8% paying between one and two weeks.

Last in, first out and skills remained the major selection criteria, accounting for 71,4% of the total.

However, voluntary retrenchment and early retirement were reportedly "the preferred methods of reducing the workforce".

About 59,4% of companies said they would re-employ retrenchees should positions become available within six to 12 months of the retrenchment exercise.

Bringing total quality to corporate SA



Mike Robson is the MD of MRA International, the UK's largest quality consultancy. He is the author of *The Journey to Excellence* and other books on total quality, and has produced TV programmes on the topic. He plans to open an office in SA soon.

FM 16/4/93.

SA industry faces many problems, including cultural diversity, political questions, paternalistic management attitudes and dismal productivity. Total quality programmes could help on shop and sales floors and SA might be well suited to implementing them.

The West formed the building blocks of the strategy but Japan applied them enthusiastically to all levels of business management. The dominant influence of the group is basic to Japanese values, just as the African concept of ubuntu, or "groupness," is integral to the culture. Thus it might be possible to harness ubuntu to get South African workers as involved in production as Japanese workers are.

It has been argued that Western individualism rules out applying any group-value methodology in Europe and the US. But this has been disproved. Total quality applied in Britain has achieved among the most effective results in the world, counting among its successes the Nissan car plant in north-eastern England. Western individualism actually enhanced the group technique, whereas in Japan, too much deference to the group limited benefits.

SA is a combination of ubuntu and Western individualism. So total quality techniques could yield excellent results. But what is total quality? For the concept to succeed, total quality must be a complete, coherent way of running the entire organisation.

The first step is to frame a corporate philosophy, setting out a clear, practical statement of beliefs that guides employees' behaviour. The second is to define the core mission — surprisingly difficult to do in a usable way but important because a mission statement provides a basis for breaking deadlocks and making decisions. Shaky assumptions about an organisation's purpose often cause problems.

Then evaluate the organisation's underlying health. This has five dimensions, with the first being structure. Most organisations are set up in a way that impedes progress and promotes win/lose conflicts.

The second thing to look at is management, which is responsible for 80% of all decisions. Managers must be selected carefully and must be clear about their short-term aims. Their training and development must be monitored.

The third dimension is the organisation's internal communication channels. These must be effective, not only downwards but upwards and laterally too.

The fourth is customer orientation: employees must feel close to the customer and that goes for the internal customer for goods and services in the organisation.

Finally, there is the crucial matter of ownership. Everyone must feel that he has a stake. Equity ownership, perhaps through share option schemes, is one possibility; another is profit-sharing. It is vital that employees develop a high level of "psychological ownership."

The goal of all this is to provide defect-free products and services, along Japanese lines. Total quality does not allow for a certain low number of defects that can be fixed later. It mandates that workers get it right the first time. This approach can achieve savings equal to 10% of sales.

But changes of this magnitude require organisation, strong staff involvement and, in particular, long-term commitment.

Leadership clues

ST Times [Bliss] 18/4/93.

By ZILLA EFRAT (172)

FOR years the concept of leadership, vital for the success of any organisation, has been poorly understood. However, a model that helps people to measure and identify the kind of leaders they want has been developed.

It is claimed that the model will determine the dimension of leadership needed by any organisation.

It was developed for the Carlson Learning Company by Professor Miriam Kragness of the University of Minnesota after three years of research.

Johan Cronje, managing director of Performax, which has the Carlson Learning franchise for SA, says previous measures of leadership confused both management and leadership.

Commenting on Professor Kragness's findings, Mr Cronje says managers are chosen by organisations. But leaders are chosen by followers. Problems emerge when organisations and followers choose different leaders.

A manager is expected to work within the organisation's limitations. A leader is a person with the vision and courage to crack these boundaries and enter new worlds.

A leader shows the organisation where to go; the manager helps it to get there. A leader and a manager can be the same person. Both are needed for a company to be successful.

Mr Cronje says: "Many South African companies are too busy trying to survive to worry about leadership. Often, a lack of available skills has forced people into positions of leadership when they did not want to be there.

"Good leadership, however, is critical in days of uncertainty and essential in obtaining employee commitment and loyalty."

The model looks at where the leader's attention is focused because this is where his commitment and energy will be found.

Still dearth of blacks in manufacturing sector

THEO RAWANA

APARTHEID legislation, that up to 14 years ago barred blacks from playing a significant role in manufacturing industries in SA, was still the main reason there were very few black entrepreneurs in the sector, industry experts said last week.

SBDC central region GM Jo Schwenke said the corporation had black entry into manufacturing as its priority for 1993 and had set aside R10m for a few projects for which suitable entrepreneurs would be selected and assisted through funding, training and marketing.

"We will identify suitable entrepreneurs, lure them from their jobs and put them up in business. Proper technology will be put at their disposal and we will liaise with our overseas partners on expertise to be used," he said.

Job Creation director Ian Hetherington estimated that less than 10% of the 700 000 black businesses in SA were in the manufacturing and related service industries.

But, he said, considering that up to 14 years ago it was illegal for blacks to manufacture outside the homelands, it was commendable that they had advanced so far.

Hetherington said the entrepreneurs were mostly engaged in cement and block-making, the manufacture of protective clothing and dressmaking.

Schwenke said manufacturing was a "very tough and competitive" field. He added that most of the ventures operating as black businesses were actually owned by whites.

"Even in the homelands the businesses are owned by whites," he said.

Self Employment Institute director Theo Rudman said his institute was going to pay special attention to manufacturing.

"The manufacturing sector is more vital to the economy than retailing. We need more manufacturers for the economy to grow," he said.

The institute would instil into entrepreneurs the importance of entering into contracts with the established suppliers.

Two worthwhile looks at managing change

BIDAY 19/4/93. (172)

ON THE EDGE — How South African Business Organisations Cope with Change, by P Human & F Horwitz (Juta, R82,08)

MANAGING CHANGE — A Guide to the Role of Business in Transition, by the Consultative Business Movement Team (Ravan, R45,60)

ON THE edge is a book about business as it exists today and how it should go beyond the edge to cope with the world of tomorrow. It addresses global change in business and the impact this has on an SA in transition.

The subject matter is broad, but the authors' emphasis throughout on the interrelationship of, and the need for balance between, environmental and organisational matters puts the question of successful management of change into perspective.

The book is based on the results of a survey of 600 businessmen, but also assumes that it is necessary to probe beyond the views of top management to find the real reasons for success.

The book is written more for businessmen and scholars than for the casual reader. It deals with the choice facing business either to adapt in incremental stages to the changing world in which it operates, or to seek actively to shape and influence that environment.

The major part of the book deals with organisational orientation, both strategic and control orientations and with social institutional focuses.

According to the authors, "the strategic orientation is a state of mind; it is an attitude to organisation and management rather than a set of techniques and procedures". It requires strategic leadership which balances the externalities and internalities of the organisation. In this sense, it deals with the paradox of a dynamic culture.

Control in various forms, including financial, production and quality control, is viewed as the most important feature enabling a business to cope successfully with change. Overemphasis on control, however, could lead to stagnation.

Discussion of the social focus covers the co-operation and involvement of people and the dignity of the individual; the development of individual potential through training and planned work experiences which are important sources of empowerment; the removal of all forms of discrimination; management of conflict; collective and trade union relations; and an outward focus on social and community issues.

In the section dealing with institutional focus, the importance of strategic alliances between stakeholders through social and economic partnership is stressed. Business alliances are made within the contexts of employer organisations and bi- and tripartite forums.

The book concludes with exercises designed to encourage readers to reflect on their own company's ability to cope with change. It is suggested that the ability to cope with change is both an art and a science, and that since change is imposed from the outside, business is forced to cope with these changes in order to survive and to prosper.

On the Edge is worth studying.

The Consultative Business Movement's 121-page book results from the first stage of a project focusing on the role of business in transition and addresses the important question of the role which business will have to play in the transition to a new order in SA.

The book stresses throughout that business forms an integral part of the environment within which it operates, and that business practices will have to change in very specific ways during and after the period of political transition.

To address change, emphasis must be transferred from economic growth to economic development. The distinction between the two terms is not clearly defined by the authors, who nevertheless stress the need for economic development.

It is suggested, for example, that a social role of business is to distribute the created wealth without which business cannot survive. This "includes both the generation of wealth through economic growth and the development of society by addressing socio-economic needs". Such balance will be crucial for prosperity.

It is only by understanding both how and why change should be managed that the policy espoused by an organisation will become an inherent part of behaviour.

The book is easy to read and is divided into four chapters: the macro-environment in transition; broadening the ownership and management base; effective and legitimate business practices in the transition; and the interface between business and community during the transition. Each chapter is preceded by an executive summary, though it would be an error to read only the summaries as many insights and interesting case studies are provided.

In one way the book is simply a summary of management styles suggested as appropriate for the new SA. It also stresses, however, that management is never simple, and that to survive and prosper it is necessary to know what steps need to be taken to effect changes in attitude and behaviour.

In addition, the outcome of these actions should be monitored closely so that follow-up measures can be taken if required. Managing Change offers practical, basic guidelines on how business can achieve a successful transition to the new order. It also contains a succinct summary of current political developments and the negotiation process.

FRIEDE DOWIE

NSB chief has new post

■ Mohale Mahanyele chairs British business school

By Joe Mdhlela

THE International Management Centre, a postgraduate business school with its headquarters in England, has appointed the executive chairman of the National Sorghum Breweries, Professor Mohale Mahanyele, as its chairman.

Professor Mahanyele becomes the IMC's fifth chairman since its inception in 1983, making him the first African to be appointed to this position.

Mahanyele, who had the institute's Master Business Administration degree conferred on him last year, is South Africa's premier businessman, having turned NSB into a R500 million organisation.

Economics an expanding faculty

STAR 22/4/93. (172)

The economic and management sciences faculty at the University of Pretoria regards its traditional market as static and is seeking to expand into other segments.

Dean, Professor Sieg Marx, says the faculty's market is currently concentrated in the Afrikaans speaking market.

Says Marx: "However, this is a constant market which offers very little growth. Our faculty has been identified as a growth faculty and we have to look into new markets. We already attract students from other market segments but we are not satisfied with the numbers.

"The main new market is the English-speaking market, which would also include students from other cultures. In our efforts to attract people from this market the main problem is that of language. As a result we have decided to offer a more flexible language approach. Since 1992 we have been offering some of our courses in English. From this year onwards all our basic courses such as economics, business economics, accountancy and informatics will be offered in English as well as Afrikaans.

Nearly a third of the students at the faculty



Professor Sieg Marx

are engaged in post graduate studies.

Marx points out that, for example, an economist cannot be trained in three years. "You can only really give the student the basics. If the student wishes to improve and obtain a better job it is necessary to take at least an honours degree.

"Should the student be interested in research then there are the masters and doctorate degrees."

Throughout the university there is a strong emphasis on shifting students away from regarding traditional employment slots in the public and private sectors as the only option and the economic and management sciences faculty is no exception.

Marx says: "In the past the focus as been exclusively on how to manage an existing firm.

"Today, students must also be trained to be entrepreneurs and we place considerable emphasis on becoming self-employed and establishing their own companies and businesses."

This places additional strain on the faculty as the traditional courses must still be covered. Marx says the faculty adopts a holistic approach aimed at preparing the student for every opportunity.

The faculty believes it must be driven by the needs of the market. As a result it is constantly introducing new courses which cater for specific niche markets including tourism management, and recreation and sports management.

Says Marx: "We are identifying new fields and trying to be relevant in the market."

Another market segment which Marx says offers room for improvement is that catering to the part-time student.

Says Marx: "I think we can attract larger numbers of part-time students. Historically we have done well with our part-time student programmes. However, when we switched to the main campus a perception developed that we had closed. Instead we had simply moved."

The part-time programme follows the overall university philosophy of less teaching and more learning. This means the student will be engaged in one contact hour per course each week as well as an average of five hours of personal study time.

The approach means the student needs to spend less time in the classroom, an important consideration for people who are studying after a full day at work.

Says Marx: "For the system to work it is essential to have excellent study guides and course material. In addition, an open door policy is required so students can contact their lecturers at any time if they are experiencing difficulties."

Re-education is another area on which the faculty places emphasis. Marx says the faculty has a full, ongoing programme. People can attend tailored programmes in areas such as marketing, financial management, strategic management and productivity.

FM 23/4/93.

Countering crises

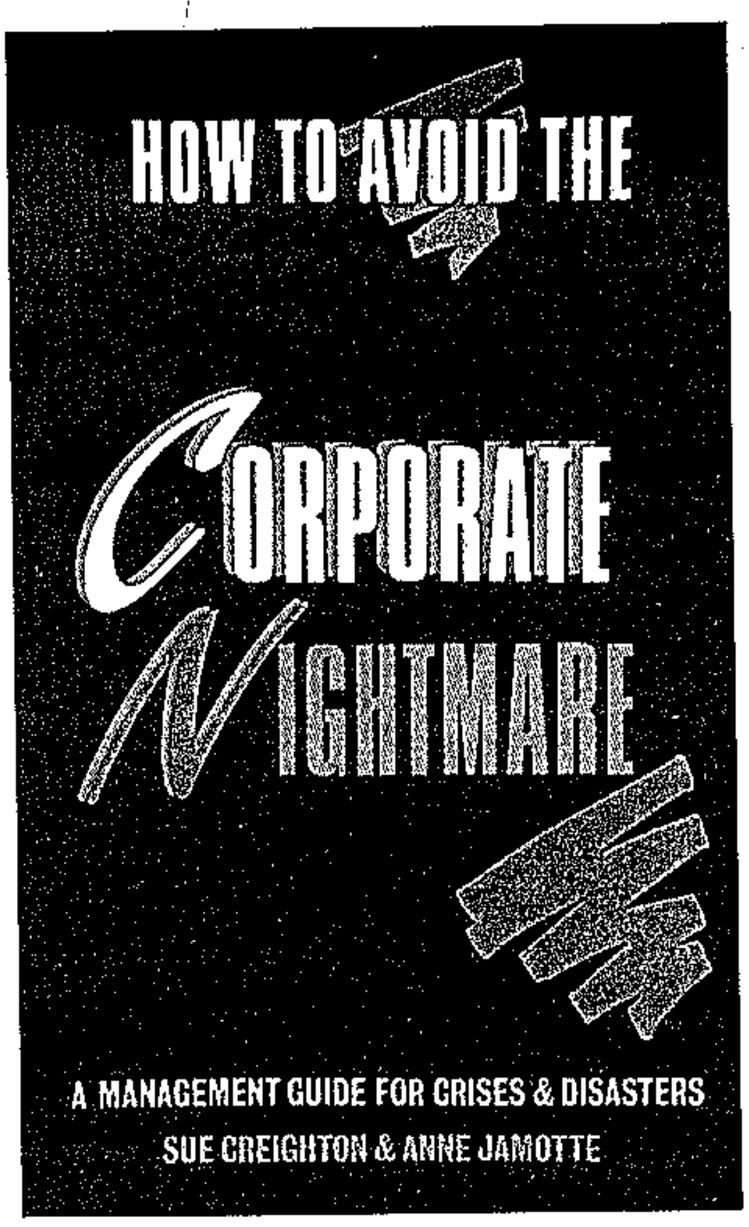
HOW TO AVOID THE CORPORATE NIGHTMARE: A Management Guide for Crises and Disasters *by Sue Creighton and Anne Jamotte (Write Minds, 153pp, R49,95)*

FM 23/4/93

"The essence of our lives today is speed," say the authors. No matter how advanced our methods and our technology become, there is still the risk of accident and disaster. Indeed, the risk might even be increased because the pressure on individuals and organisations is greater — to perform, make profits, get there faster. Examples given of companies that tried to cut corners to maximise profits range from cynical to horrifying. (172)

This book is concerned to advise "an organisation to institute proper safety and security measures, look after staff and customers to the best of its ability, anticipate the sort of crisis that could happen and plan to avoid and/or contain it."

In the style of US management books, the authors produce plenty of illustrative examples. At first glance, the effects of a crisis on a company are obvious. In the case of a firm that is guilty of major environmental pollution, for instance, there will be damage to the corporate image and shareholders will not be pleased at the money required for compensation. (172)



Yet there is another dimension which, if not attended to, could have a more lasting destructive effect. "At the time of a crisis, all people involved with the company are deeply affected . . . employees are stunned, feel insecure and could lose a sense of common purpose and cohesion. The grapevine, media exposure and small talk at social gatherings could make people seriously question the organisation and its management." Those managers who become obsessed with the image that outsiders have of a company should not forget their employees.

Much of what the authors say about crises and disasters might seem obvious to any manager who has done any thinking at all on the subject, but there is a fascinating chapter on the establishment of a crisis management team.

"Its job is to be prepared for crises and to seize the initiative." There are various ways that such a crisis team can be composed, depending on the nature of the business.

One way would be to have on the team: someone from top management who has an insight into the workings of the company as a whole; a communication expert; someone with a technical background; and representatives from human resources, security, marketing and the trade unions. Another method is less specific but perhaps more appealing: the team would comprise the "ideas" person; the "communicator;" the "doom merchant" (who plays devil's advocate); the "bookkeeper" (who records information); and the "humanist."

Obviously, such a team cannot be drawn up only in theory. It has to be trained, particularly in the skills needed to manage stress. The CE would have a major role, both in planning for possible crises and reacting to them when they happen. Planning cannot replace leadership.

There is also good advice on one of the specific nightmares of managers: "Possibly the best way to be prepared to handle the media in a crisis is to act immediately. Liaising with them and distributing company news regularly long before a crisis means that they will not be surprised to hear from the company when the crisis erupts."

What the media needs in a crisis is accurate information, regularly and promptly. They need an established communication channel and a place to work from, photographs of personnel and plant, interviews with the boss and access to the disaster scene.

If this seems obvious (like much of the advice in the book), it is also precisely the kind of provision that is forgotten in a crisis — unless there has been sensible planning.

David Williams



Sam Motsuenyane

NSB honours Motsuenyane

■ Walter Sisulu to deliver speech:

DR SAM Motsuenyane will be honoured for his pioneering work in black business circles, spokesman for National Sorghum Breweries Mr Don Manaka announced yesterday.

The ceremony, expected to be addressed by ANC deputy president Mr Walter Sisulu, will be held at NSB's plant at Pelindaba Brewery.

Chief executive officer of NSB Professor Mohale Mahanyele will deliver the citation.

Manaka said Motsuenyane was in the forefront of "black economic empowerment" during the dark era of apartheid, giving small entrepreneurs hope for the future.

One of the founder members of the National African Federated Chamber of Commerce, Motsuenyane led the organisation as its president for 28 years.

Motsuenyane was described by some commentators as a "Moses" who led the black business world into a new epoch of hope after he had vigorously campaigned against apartheid legislation that hampered growth.

"NSB is proud to honour a stalwart like Dr Motsuenyane," Manaka said.

Creative flair keeps agency in the hunt

Star 24/4/93. (172)

IF YOU stay in the middle of the road, you are likely to get run over from both directions. That's a saying often repeated within the offices of advertising agency Hunt Lascaris TBWA.

Nothing about this agency — or its staff — is middle of the road. It has just been named international ad agency of the year by the advertising and marketing magazine Advertising Age.

In the first four months of this year alone the agency has gained no fewer than 10 new accounts worth in excess of R21 million. Its creative streak (it is a regular winner of international and local awards) is in no small part a reflection of the skills of the agency's founders.

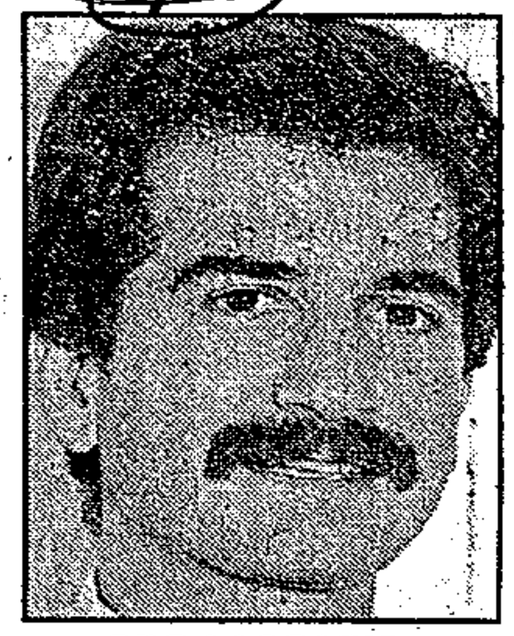
Reg Lascaris, John Hunt and Jenny Groenewald were the three founding partners of the company, which started business in 1983. They made their first sales out of the boot of a car in the parking lot of the Rosebank Hotel.

Group managing director Lascaris (44) is the agency's front man. "He loves being in the limelight," one colleague noted, "and he is good at it."

WHAT started as a business from the boot of a car in a parking lot has today mushroomed into one of South Africa's foremost advertising agencies. MANDY JEAN WOODS reports.



JOHN HUNT: The creative brain.



REG LASCARIS: Loves the limelight.



JENNY GROENEWALD: Fierce determination.

Educated in Europe and South Africa, he started his career in adverting 20 years ago as a junior account executive at Grey Advertising, and was deputy managing director at Kuper Hands before he left to start his own agency in 1983.

He is described as charming, smart and creative director he ultimately has control over creative thrust, although he strongly affirms that the end product is the result of team effort.

Hunt is more of an an introvert, preferring to take a back seat when he can. He is an avid reader and says he finds writing relaxing. Even when writing as a hobby, Hunt has achieved success. He has written four plays, three of which have been staged in South Africa, and one, *Vid Alex*, about censorship in South Africa, won him the playwright of the year award in 1988/89. He has just completed a new play about violence in South Africa.

Born in Zimbabwe and educated in England and South Africa, his winning streak began with a TV drama he wrote, *Sabrina*, which won a bronze award at the New York Film Festival. He also wrote a satire on the advertising industry, *Joker in the Pack*, published in the US in 1983. "It sold at least half a dozen copies worldwide," he notes wryly.

Groenewald is "forty-something", was born in Bloemfontein and attended the Johannesburg College of Art. She won her first international awards at the age of 25. She met Hunt while they worked together at De Villiers and Co, where they won numerous international and local awards.

She is described by colleagues as extrovert, "a very determined person who has voluntarily grown into being the person who tirelessly maintains standards.

"She is always working, questioning whether what we are doing is right," a colleague says.

Groenewald, as the creative head of Hunt Lascaris TBWA FMC (a division of the main agency which handles retail goods), was responsible for producing one of South Africa's most controversial ads, the latest corporate ad for Steers.

"the kind of person who is friends with his enemies". In the mid-1980s he co-authored the best-selling *Third World Destiny*, a futuristic book which broke down apartheid paradigms and predicted trends in the new South Africa. More recently, he co-authored *Communicating in the Third World*, a "how-to" communication guide for South Africa and Third World countries in general.

Despite his busy schedule, he finds time to serve the broader community, and is the National Peace Committee's marketing committee vice-chairman.

Newly married John Hunt (38) is the agency's

● See Page 16

Get Ahead gets city go-ahead

SOUTH 24/4-28/4/93

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THE Get-Ahead Foundation plans to open a centre in Cape Town to expand its network of offices countrywide to 15.

The non-profit foundation provides loans and and training in an attempt to create jobs.

The body will not compete with organisations like the Small Business Development Corporation (SBDC).

According to Jenny Williams, the foundation's public relations officer, their loans are smaller than that of the SBDC.

At an average of about R450, each "micro loan" attempts to create one job, says Williams.

The foundation acts as a consultant in African countries such as Swaziland, Namibia, Kenya and Mozambique.

The organisation provides business training for emerging black entrepreneurs on bookkeeping, costing and simple financial management.

"We reach out to thousands of people every year.

"We will be rearranging our training in the informal sector for people who want to move into the formal sector," says Williams.

The foundation also offeres training to returning exiles.

This includes courses such as computer training, weaving and business training.

The foundation also advances loans to returning exiles who wish to start a business.

Williams says that despite the high level of violence in some areas of the country all the people who were granted loans have paid them back.

SBDC offers help to aspirant exporters

SOUTH 24/4-28/4/93. (172)

AS SANCTIONS and boycotts are being lifted and export opportunities increase, the Small Business Development Coporation (SBDC) has produced a book on guidelines for exporting.

The publication is a joint production of the SBDC and the SA Foreign Trade Organisation (Safto).

The guide stresses the importance of thorough preparation, because the South African exporter is operating in foreign markets that are unfamiliar.

The publication is divided into 11 sections, covering all aspects of exporting, including registration, costing and pricing, export regulations, insurance and incentives, VAT and useful contacts.

The aspirant exporter is also reminded that specifications and standards for technical, pharmaceutical and food products differ from country to country.

The SBDC has also produced a series of four booklets for aspirant entrepreneurs called "Starting and Running Your Own Business".

The series guides them through researching the venture, putting the business together, finding the money and managing the business.

The series provides practical, step-by-step guidance with examples of actual business operations to demonstrate each aspect of the process.

Throughout the manuals references with further advice and assistance are provided.

The first book deals with the assessment of the aspirant small- and medium-size entrepreneur's own talents and skills, as well as how to establish a product, its market and price.

The second book covers the process of choosing the correct legal structure, business name and stationary.

It looks at employing people, obtaining premises and licences, preparing a financial forecast and keeping records.

The third guide concentrates on financing the business. It explains and assesses different types of loans, grants and other incentives and provides a detailed checklist for a business plan.

The fourth booklet covers administration and management. This includes the keeping of records, advertising, marketing, taxation, statutory duties, patents, trademarks, designs, copyright, insurance and pensions.

The export publication is available at R65 a copy from SBDC Publications at any of the organisation's six regional or 60 branch and information centres countrywide. The four books in the series are available at R10,50 each or R35 for the set.

Star 26/4/93

Conference for entrepreneurs

Staff Reporter

South African entrepreneurs will be exposed to the workings of the World Bank and the opportunities it offers investors at a conference to be held in Johannesburg next month.

The conference, organised by the SA Institution of Civil Engineers, will help provide information that South African businessmen lack because of the years of sanctions. This lack of information has placed them at a distinct disadvantage as regards development in this country and in the rest of Africa.

Other development agencies will also be discussed at the conference, including the African Project Development Facility (APDF) which provides advice to entrepreneurs on viable projects.

While the APDF does not itself provide financing for projects, it helps entrepreneurs to secure financing as well as the managerial and technical assistance they need.

The project aims to accelerate the development of productive enterprises — primarily in agriculture-related businesses — to generate self-sustaining economic growth and productive employment.

Most projects are in the R1,5 million to R15 million range, although smaller projects are also considered.

'New skills for changing time'

WILSON ZWANE

MANAGING an economy in times of recovery and growth will demand different philosophies and skills from those SA has used in the past, says a top international resources specialist.

European Outplacement Association chairman Peter Kruythoff says some of companies which have managed to survive throughout the recession will disappear as they find themselves "unable to cope with the differing demands of growth".

"Executive teams built up within a corporate culture of cost-cutting, risk-minimising and safe decision-making are notoriously ill-equipped for managing a situation which demands vision and entrepreneurial flair," says Kruythoff.

He says there will be massive shifs of labour — both in the public and private sectors — in the next five years as dynamics of change take their effect in SA.

He says SA will have to face up to the need for "more general aggression and desire for leadership", if it is to compete successfully on world markets.

Kruythoff says the processes of changing and fine-tuning the country's "executive teams" will require not only general commitment at all levels of management but also the specialised skills of human resources professionals, including outplacement services.

Murray & Roberts plans worker 'village'

BIDDY 22/4/93

GAVIN DU VENAGE

MURRAY & Roberts is to develop a multi-million-rand "town" to house its workers in Wadeville, south of Germiston.

M & R Engineering commercial director Timothy Trollip said yesterday the Wadeville Model Village, to be launched next month, would consist of about 750 low-cost houses.

There would be a community spine, a park, a church, community centre, education complex, clinic and sports facilities.

Trollip said the project, in which several other companies were participating, was being managed in close consultation with the company's workers. Architecture and the cost of houses would be based on employees' wishes, he said.

A planning consideration was to make the project as labour intensive as possible, with retrenched employees from participating companies being given preference for jobs.

He expected the one- to three-bedroomed houses to sell for between R35 000 and R60 000.

Home-owners who left the company could keep their homes, or could sell them on the open market.

Workshops would be held for buyers on such subjects as basic household budgeting and bond payment maintainance.

Trollip said the spinoff for the company would emerge in higher productivity, because of employees' proximity to work, a stable community and adequate facilities.

work of landscaped pedes- | ity of a development and | lake and embankment will be R30m. | many of the original offices in the buildinge have been | four courtrooms, including the original three, will be | The building will have to be completely rewired.

Garden city venture on cards for Rosslyn

B1Dm 27/4/93.

NISSAN SA and Murray & Roberts have agreed to be partners in what they believe could be a first for Pretoria and SA.

They have embarked on a joint venture to create Nissan/Rosslyn Garden City within easy access of Nissan's Rosslyn plant, northwest of Pretoria.

The project will aim to create a quality living environment for 3 000 to 4 000 Rosslyn employees. However, the idea is not to create a Nissan-only village, which would not result in bond support from the financial institutions, says BDA Worker Housing and Development Consultants spokesman J Dunstan.

But Nissan will be the front-runner to the community development, with low-cost, fully serviced homes surrounded by parks, child care facilities and other amenities.

The facilities will be built as the practical part of a job creation and training programme to be run by M & R Sunflower, which will hold small business training and literacy courses.

M & R Construction will be responsible for planning, community and worker liaison, training, costing and project management.

The housing units will be priced to suit the pocket of every grade of worker at Nissan. Houses are expected to cost about R28 000 each.

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Planning

Nissan's involvement will be participation in the planning of the environment as a corporate social investment project. Its involvement is likely to cost about R50m.

Finance will be raised from the private sector and agencies like the IDT. An approach will be made to Nissan Japan.

Nissan and M & R have already purchased 140ha of land at what they describe as the "amazingly low price of R2 100 per hectare".

Zoo animals to live in 'natural' surroundings

B1Dm 27/4/93.

IN THE year 2000, all animals in the National Zoological Gardens will live in enclosures resembling their natural habitats as closely as possible.

This will be due to the Masterplan for the zoo, commissioned by the Public Works department and executed by Pretoria architectural firm Dry and Joubert at a cost of R250 000.

Expected to be implemented over just more than 10 years, it will cost more than R12m. With government subsidising R5m of that amount, the rest will be generated by the zoo itself and the public and private sectors will have to become actively involved to guarantee the plan's success.

Turnabout

The masterplan was designed to meet the major turnabout in philosophy towards total naturalism during the last 15 years, says Public Works director-general Theo van Robbroeck.

Zoo animals will be grouped according to the six continents. As the cause-effect relationship between climate and vegetation determines the type of animal found in an area, environmental aspects such as topography, slope, vegetation, soil and water at the zoo have been studied.

In the new zoo, natural barriers will separate visitors from animals and species from one another. Depending on the type of animal, separations will take the form of dry or water-filled moats, natural fences concealed by shrubbery or raised paths.

KPMG Aiken & Peat audits council, govt

INTERNATIONAL auditing firm KPMG Aiken & Peat's involvement in Pretoria dates back to 1902 and since then the group has attracted major clients such as Telkom, Iscor, the SABC, Volkskas and the Pretoria City Council.

Aiken & Peat's Pretoria office is the second largest KPMG office in SA, comprising 13 partners, under the leadership of senior partner Dawie Jordaan, and 104 staff members.

A large division of the office specialises in the provision of internal audit services, mainly to municipalities and government entities — the primary client being the city council.

The public sector group specialises in the audit of, assistance to and consultancy of government and quasi-government clients, including the Wheat, Maize, Citrus, Egg and Tobacco boards.

The computer audit department is responsible for backup and support of computerised auditing functions, as well as carrying out internal control evaluations, systems evaluations and client support.

The performance audit group attends to "value for money" evaluations of primarily government and quasi-government organisations.

B1Dm

Training

27/4/93.

Internal and external training courses, workshops, technical updates, publications, technical bulletins, seminars and research projects are handled on behalf of clients by the professional practice and training department.

Other services offered by KPMG Aiken & Peat include litigation support, fraud investigations, forensic accounts, executive search and staff support.

Compensation sum in question

ERICA JANKOWITZ

THE Labour Appeal Court will resume a case in July concerning excessive compensation for constructive dismissal granted by the Industrial Court.

The amount granted far exceeded the existing standard maximum of six months' salary laid down by the Industrial Court, a legal source said.

The source said the decision suggested liability for compensation was "open-ended", unlike other countries in which the party found to have committed an unfair labour practice was liable for compensation.

In the UK, in which similar labour jurisdiction exists, maximum compensation is capped and may not exceed £10 000.

This case was taken to the Industrial Court in September 1992 by a warehouse manager who maintained that Amalgamated Beverage Industries (ABI) had forced him to resign under pressure from the Food and Allied Workers' Union.

During his first month of employment, treated as a probationary period in compliance with company policy, the union expressed its unhappiness with his appointment.

This stemmed from an incident at a previous employer, involving police action during industrial unrest, for which the manager was acquitted on all charges of complicity after arbitration.

The company extended the manager's probationary period by two months with his consent.

During this period the union threatened to embark on national strike action if the manager's employment continued.

As a result, the manager was asked to consider resignation.

The Industrial Court found that the manager had been constructively dismissed and looked at the question of compensation.

In the calcucation, presiding officer Arthur de Kock examined the plaintiff's prospects of re-employment as well as his past and future loss of earnings.

He ordered the company to pay R308 756 — equivalent to more than six years' salary because the manager was in his early 50s and therefore had diminished chances of finding alternative employment.

The source said that ABI would contest the court's finding and the compensation award.

The company was prepared to take the case to the Supreme Court if the Labour Appeal Court ruled against it.

ANC dismisses fears of talent flight

B 10My 28/4/93

ANDY DUFFY

THE ANC has rejected claims that barring directors from sitting on the boards of competing companies could lead to a flight of SA's entrepreneurial talent.

Deputy economics department head Tito Mboweni said yesterday that banning "interlocking directorships" should lead to an increase in opportunities for SA executives.

He was responding to the decision by government economic advisers to remove a proposal to ban the practice from Finance Minister Derek Key's normative economic model, because it could unsettle SA's already fragile business community.

The Competition Board, which launched an investigation into the issue last week, is also proceeding cautiously to avoid disrupting SA business.

Mboweni said such an excuse was "a lie".

"SA is not short of entrepreneurs," he said.

The ANC has already set its face against the practice.

In its US-style anti-trust legislation proposals, it would outlaw interlocking directorships, unless these could be proved to be in the public interest.

Mboweni said he would like to see the proposals brought in on the "first day" of the interim government.

Such a move would have a great effect on some of SA's major corporate players.

"Where is the public interest in terms of interlocking directorships between Anglo American and JCI," he asked.

"It would be very difficult to prove public interest."

The ANC had a clear idea of those companies targeted, though Mboweni declined to name them: "I'm sure some of them know themselves."

Discussions on the issue between the ANC and several SA companies had so far failed to find any common ground.

The attitude among some companies was, "We're alright, Jack," Mboweni said.

"Business people represent the conservative system. They would rather have the status quo."

The Competition Board investigation showed there was a policy conflict within government over resolving the issue, and that the board was just "muddling along".

"As far as the ANC is concerned," he said, "this (the investigation) is a bit late in the day."

Washington considers tapping pension funds for investment in SA

KELVIN BROWN

THE US government was examining the use of US pension and endowment funds to invest in bonds for housing, electrification and small business development in SA, US ambassador to SA Princeton Lyman said yesterday.

"We are examining, with both SA and American experts, the possibility of new financial instruments that will tap into yet another source of private investment capital, the pension and endowment funds in the US. Many of these funds were in the forefront of the sanctions and disinvestment movement," he said.

Speaking at the Seeff/Radio 702 Business breakfast, he also disclosed that his government was hoping to announce a new US investment in SA next month.

He said new sources of private investment from abroad and finance from multilateral institutions such as the World Bank and the African Development Bank could see about $2bn to $3bn in foreign assistance and investment coming into SA annually — if the local business community showed more of a commitment to SA.

"The private sector, which prides itself on analysing and taking risks, must now take some greater risks on behalf of growth and development," Lyman said.

He warned that foreign capital would not materialise if SA investment did not match, if not exceed, foreign investment.

The business community could not put the whole burden on the politicians. "The politicians of this country, such as those in the ANC, have already gone a long way to assure the business community about future economic policy."

The private sector in SA needed to demonstrate that the faith parties had in the private sector was not misplaced. "We look to the politicians to take risks in a political settlement, but we are asked to understand the businessmen and women's unwillingness to do so."

Everyone in SA was being asked to take risks, Lyman said.

"The liberation movements are being asked to risk their credibility with their constituents by agreeing to coalition government and dependence on the private sector from which they have been traditionally excluded."

The vast majority were being asked to risk their dreams of better education, housing, jobs and basic health services on a long-term programme of growth rather than radical redistribution.

However, Lyman also criticised the ANC for not calling for an end to sanctions. "If sanctions were only removed when there was a newly elected government, it would take two years before this assistance could be utilised."

There was a lead time of 18 months to two years between the beginning of project development and implementation.

Culture to counter crisis

NINE MONTHS Programme for Saturday mornings and one night a week:

By Mzimkulu Malunga

A MAJOR training scheme aimed at stimulating a "culture of development" is to be launched in Soweto next Monday.

This nine-month programme in development studies is championed by the Institute for African Alternatives, an organisation established to seek developmental options for African countries as many of the continent's economies plunge into crisis.

IFAA Soweto office's education officer Mr Danny Kekana says the programme aims to equip community-based organisations with the ability to transform different groups into developmental units.

The programme is being co-ordinated by former lecturer in development studies at the University of Dar es Saalam Dr Ernest Maganya.

Training has been broken into three categories. The major one which is compulsory focuses on stimulating the culture of development, says Kekana.

Two other sections concentrate on basic issues of running an organisation effectively such as communication skills, organisational methods and office administration. These sections also cover gender issues and affirmative action and are optional.

Students have to complete seven courses to qualify for a certificate in development studies issued by the Centre for Continued Education at Wits University.

The fee for the course is R150 a participant.

Kekana says the participation of civic organisations, trade unions and other community structures in the running of the country is crucial for development in South Africa.

The course will attempt to answer questions relating to alternative strategies this country could follow to impact on lives of ordinary people.

Classes will run on Saturday mornings and once a week in the evenings.

The IFAA's Soweto office number is 938-1485.

Focus on skills

Sowetan 29/4/93.

Workshop to help business people:

THE Greater Soweto Chamber of Commerce and Industries is organising a one-day workshop on "competitive strategies for independent retailers" on May 12.

The seminar will be held at the Metro Cash and Carry's Training Centre near the Booysens Station.

"This course is structured in such a way that it will give the business people practical skills to become competitive, particularly in the light of concentration of white business on the periphery," says GSCCI executive director Max Legodi.

Transport will leave from the GSCCI's office in Soweto on the date of the workshop for those who do not have transport.

The seminar will begin at 8.30am and tranport will leave chamber offices at 7.30am.

Return to wider moral climate will stop crime

W|Mail 30/4-6/5/93. (172)

By DAVID LAPIN

THE roots of economic crime are nourished from three sources: the personality of the criminal, the environment within his organisation, and the macro environment. Effective treatment of economic crime must be directed at all of these roots.

The criminal dimension is addressed by increasing the effectiveness of detection and the severity of the consequences of detection: increased security and more stringent penalties. But this alone is insufficient.

Business has made itself into a mechanical environment driven by systems and not by relationships and ideals. Systems and machines don't inspire loyalty, integrity and ethical conduct.

Worldwide, people are living in a moral vacuum. The ideals of fighting "evil empires" have been relegated to history and the "American Dream" has become a nightmare of egocentric excess and selfish ambition. Ethics has lost its value, its place taken by short-term considerations of material expedience.

Even a highly principled individual switches into a different mode of conduct when he feels his security is threatened. If his life, or the lives of his family members are threatened, he becomes a potential killer, with full moral justification.

Today many businessmen perceive society as an adversary which threatens their very economic survival. Their living standards have fallen by 13,5 percent since 1989; their income is being overtaxed by a government that has been less than judicious in the management of the taxes it collects. They see a private and public sector that reeks of corruption. They feel ripped off.

Their competitors are fraudulently claiming export and other government incentives. Their neighbours are buying expensive homes through roundtripping financial rands. Their friends are creating nest-eggs overseas by sidestepping exchange control regulations. And the government deals with it all by new legislation, and higher taxation!

Worst of all they live in constant fear of being stripped of their assets (and possibly their lives) by ruthlessly violent criminals whom the government has not to date been able to control.

Our honest citizen adopts "the ethics of survival" to compete. Once he begins to transgress regulations such as Foreign Exchange and Customs and Excise, he finds himself on the slippery slopes of moral decline.

The following strategy should be adopted:

- Business must press the government to deregulate and to effectively police the regulations it retains. Violence must be handled and punished effectively until it is brought under control. Only when a less criminal macro environment exists, will other efforts to address economic crime be successful.
- Through funding and lobbying, business should motivate the teaching of values at all levels from pre-school to adult levels. In business itself, training programmes should focus on the impact of improved values on performance.
- Simultaneously, without compromising efficiency, we have to reintroduce human relationships and values into the way we conduct and evaluate business. This will bring out a sense of worth in the people we employ, and a desire on their parts to act consistently with that sense of worth.

David Lapin is director of the South African Institute of Business Ethics

ıg ● Scheme for staff to own land

Employee housing scheme



BUILDING PLAN Company makes renovations problem-free: Sowetan 30/4/93.

By Joshua Raboroko

A NEW CORPORATE Homemaker Plan has been introduced to allow employers to safely help their black employees improve their homes in the townships.

Introduced by U-Build, a subsidiary of Cashbuild Limited, the building material cash and carry supplier, the aim is to market the service directly to employers.

Since its inception the plan has successfully helped hundreds of homeowners in Soweto to improve their homes in some way or other, and to do so at discounted prices.

It is run from stores in Jabulani and Soshanguve and combines an advisory service on all aspects of home building or improvement.

Jabulani store manager Mr Abel Mohlamme said that customers were able to use all or individual aspects of the plan.

"Some come to us for help with the drawing up of plans, their submission for approval, help in the arrangement of finance, drawing up the list of materials they will need, buying the materials from us, and using one of our supervised and approved contractors."

General manager Mr Mac Leaf said the flow of inquiries from companies had prompted U Build to extend the services to employers.

He said that the extension was a logical one given the problems experienced by employers with fly-by-night contractors, unreliable building and substandard materials.

> **"The problem of employees getting a loan and using it for other purposes was no longer a major one"**

The problem of employees getting a loan for housing and using the funds for other purposes was no longer a major one.

Employers were often willing to assist their employees but could not obtain the necessary guarantees to ensure that the building project was problem-free.

Leaf said the employer had a number of options in structuring the repayment of the debt incurred on behalf of approved employees. But the one thing that they could be certain of was that the completion of the employee's home would be done reliably.

In view of the background to township housing projects — rip-offs and poor quality have been far too common — "our scheme should enable even the most sceptical of companies to now begin to think about their employee's housing needs as we enter a changing South Africa".

PROPERTY Bosses can now help workers get housir

Mining giant launches big housing scheme for workers

■ Employees will live within walking distance of home by turn of century:

Sowetan 30/4/93

By Joshua Raboroko

MINING giant Genmin has announced a R30 million housing scheme which could have far-reaching implications for black housing in South Africa.

In terms of the scheme the emphasis is placed on land and not home ownership.

The scheme will provide access to finance for employees who wish to become homeowners but have been unable to obtain finance for a site and service option.

The new scheme implemented by Genmin is being done in conjunction with three financial institutions, Absa, FNB and the SA Perm and IDT Finance Corporation Limited, a subsidiary of the Independent Development Trust.

Genmin's chief executive, management resources, Mr At du Plessis, said the breakthrough came when the emphasis was shifted from home ownership to landownership. It would not only help alleviate the housing problem but would also assist in eradicating the illegal squatter problem.

The company's goal was to facilitate a process which would enable 80 percent of its employees to live within walking distance of their workplace.

A large portion of employees who would like to become homeowners could not afford a bond between of R20 000 and R30 000 for a small housing unit.

Du Plessis said it was impossible for lower paid employees to obtain a bond from a financial institution for less than R20 000. Research within the group had shown that a large percentage of the company's 115 000 workers were interested in participating in an affordable site and service scheme.

In terms of the scheme, employees with at least two years service, earning less than R2 000 a month, could now obtain loans of between R1 000 and R10 000, redeemable over a period of between 12 and 120 months.

The money could be used to buy a piece of land and to build an affordable dwelling on it. The idea was that they started off with a temporary structure but that they should eventually erect a permanent house when they could afford it.

LABOUR

Clothes maketh the bank

Wmail 30/4 - 6/5/93.

Women definitely don't wear the pants in business — but they're not too unhappy at having to wear a corporate 'uniform'.

FERIAL HAFFAJEE

looks at dress codes

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THE uniform I had to wear as a student assistant at Woolworths was the biggest dent ever to my teenage ego: my jeans were banned, so were my mother's sexy Siamese earrings.

Instead, I was forced into a blue check, knee-length frock, designed to hide emerging curves, and then subjected to the further humility of having a tape measure and whistle permanently tied to my waist. (The whistle to summon security if I saw a "crook" and the tape measure to do bust measurements for bra-fittings.)

By comparison, Nedbank's "corporate wardrobe" — unveiled last week — was a revolution in company wear.

It is almost unlimited in the range of clothing available to both male and female staff. The range guards against staff fears that they will lose their individuality, says Kristine Pearson, who spearheaded the project.

The wardrobe is an essential part of Nedbank's restructuring exercise, she says. The word "uniform" was banned from the Nedbank vocabulary because of its coercive implications and the choice of a wardrobe was a collaborative effort.

The initiative is "gender-neutral" — also catering for male staffers — and has taken into account regional, urban, rural, body and style preferences. Frontline staff, like tellers, all over the country have been consulted.

"It can be a mechanism for neutralising differences in the workplace, while creating team spirit and anhancing a sense of corporate identity," she says.

It is also much cheaper than buying new clothes to wear to work — and the bank will subsidise the clothing, making it easier for new corporate staff to fit in.

The distribution of the uniform will be accompanied by a wider training programme, aimed at improving service and efficiency. Other aspects of the plan involve changing control structures from a bureaucratic style of management to a more collaborative approach.



Dressed for success ... Kristine Pearson displays the new Nedbank look
Photo: RUTH MOTAU

The wardrobe, Pearson believes, will also give Nedbank customers "a sense of security and consistency", and brings South Africa closer to the global trend where "a professional look is a key part of a successful business".

Finance is not the only area where looks count. Many other sectors, such as law, stockbroking and insurance, have less formal, but certainly as rigorous dress codes in place.

Trousers for women are usually out of the question. A shocked senior registrar at the Johannesburg Supreme Court this week said: "Women (advocates) just don't do that (wear trousers): it would be frowned upon."

She said women advocates wore dark skirts and white shirts under their gowns and bibs. Neither male nor female advocates can "address a judge if their coats are not buttoned".

Magistrates too, have the prerogative to tell an attorney "I can't see you" if they are not properly attired — last year a magistrate exercised this prerogative on a woman wearing a sari.

Most firms of attorneys also have an informal dress code in place — at one of Johannesburg's better-known practices, young women clerks are taken for lunch and filled in on what's in and what's not.

In addition to trousers, "garish, dangly earrings, open-toed sandals and mini-skirts" are banned for women and men have to wear their jackets at all times.

The Johannesburg Stock Exchange requires all male employees to wear collar and tie. Women employees can wear "tailored slacksuits" but they are discouraged from wearing sundresses.

Their purpose, like that of most corporate concerns, is to ensure that "employees dress in a manner that will enhance the organisation's image".

And, surprisingly, most employees canvassed this week are happy to do so — even if it means not wearing the pants.

SA bosses are back in favour

STimes [Buss] 2/5/98

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By TERRY BETTY

AFRICAN states are snapping up South African executives for contract work.

Renwick Management Consultants managing director John Sheratt says that companies in Botswana, Zaire, Zimbabwe, Tanzania and Kenya are seeking people with technical and managerial skills for two to three years' work.

He says Angola tried to recruit South Africans until the civil war resumed.

P-E Corporate Services managing director Martin Wescott says the trend started about three years ago when South Africans became politically acceptable.

Until then, African states hired skilled staff from Canada, the UK, Australia and other countries.

Mr Wescott estimates that in countries such as Botswana about 10% of senior executives could be South African.

Many African companies prefer South African businessmen because they are "Africanised" — they are used to African culture, the climate and the conditions — and have industrial relations skills.

Mr Sheratt says: "SA executives are sought because it is cheaper and easier to recruit them here than in places outside Africa.

"When these countries hire someone on contract they have to pay a relocation allowance and foot the bill for the executive and his family to fly home once a year. They often have to pay for the education of the children, mostly in SA."

Mr Wescott says that because many African countries have large mining industries they need highly skilled mining managers, of which SA has many.

An African company is usually allowed to recruit expatriate workers only if if can prove that no indigenous skills are available. The usual intention is that the contract worker trains someone to do his job after his term expires.

Mr Sheratt says it is not always possible to train a replacement in only two or three years and contracts are often extended.

Sweetener

Contract work has become increasingly attractive for South African executives because employment opportunities here have shrunk drastically. The contract work often provides valuable experience.

Mr Wescott says the sweetener to attract executives is a large tax-free gratuity at the end of the contract. It is paid in a currency of the executive's choice.

Although the executive has to declare it to the Reserve Bank, the money is allowed to remain abroad.

Mr Wescott says that this type of work appeals to pioneering types. Many have no home base and move around the world from one contract to another.

How to get moving again

SOUTH African businessmen will be able to learn about the South American experience of stimulating flagging economies when the Institute of Directors (IOD) hosts its annual conference in June.

IOD executive director Richard Wilkinson says: "Business can no longer wait for the politicians to solve the country's financial woes. Although a stable political dispensation is vital for foreign investment, local business can create growth by following successful models to be found both locally and internationally."

The IOD has invited two prominent South Americans to the conference — Hernan Buchi Buc, a former Minister of Finance of Chile and instrumental in his country's economic recovery in the mid-1980s, and Roberto Teodoro Alemann, a former Minister of Economy in Argentina who has much experience in the renegotiation of foreign debt.

Big brewers going to war

ST Times [Buss] 2/5/93

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By CIARAN RYAN

A WAR is brewing between SA Breweries (SAB) and National Sorghum Breweries (NSB), which seeks a share of the R5-billion-a-year clear-beer market.

In the same week that NSB beat off a Government attempt to regulate sorghum beer, its chairman Mohale Mahanyele accused SAB of violating his company's exclusive right to sell sorghum beer outside the homelands.

He also accused it of dumping Coke at give-away prices because of NSB's link with Pepsi.

Professor Mahanyele says: "We have evidence that SAB is marketing its sorghum beer in Soweto and elsewhere in SA."

This is denied by SAB beverage interests head Peter Lloyd. He says: "Professor Mahanyele is entitled to his opinions, but we do not believe there is any dispute. We are responding to market needs within all legal constraints."

Wedge

Each side accuses the other of monopolistic practices. One industry source says NSB is trying to drive a wedge between SAB and its customers by depicting itself as an embattled black corporation under threat from white vested interests. Most SAB customers are black.

NSB placed full-page advertisements in newspapers this week implying that SAB and the wine trade were behind attempts to bring sorghum beer under the Liquor Act. That would have required 500 000 informal distributors of sorghum beer to hold liquor licences.

SAB public affairs manager Adrian Botha says his company merely responded to an approach by the Department of Trade and Industry for comment on proposals to deregulate sorghum beer.

"The Liquor Act provides for the brewing and sale of sorghum beer, but the clauses relating to it have not been applied. Our response was that we believed sorghum beer, as a product containing alcohol, should be treated like all other alcoholic products."

Mr Botha says he is surprised at NSB's attempts to draw SAB's beer division into a dispute before it has even entered the clear-beer market.

"There are no restrictions on entry to the clear-beer market other than the costs involved. We welcome free and fair competition but this sniping and the apparent attempt to politicise the issue are regrettable. We have more black employees than white in SAB and customers see us as a very socially responsible company."

Mr Botha rejects accusations that SAB has a monopoly.

"The true definition of a monopoly is a company which is given exclusive rights to trade by statute. NSB fits this mould."

NSB's exclusive right to market beer outside the homelands expires in 1995. The sorghum-beer trade is worth an estimated R4-billion a year, of which NSB has about 12%.

SAB's Traditional Beer Investments sells its sorghum brand Chibuku in the homelands. KwaZulu Development Corporation's Amabele Breweries has exclusive rights to sell sorghum beer in Natal.

Once NSB's exclusive rights expire, SAB is expected to make an all-out bid for a share of its market. The ANC views SAB's alleged beer monopoly with concern and could stop any predatory assault on NSB's market.

Reply

There are fears that NSB might lobby to retain its monopoly after 1995. Professor Mahanyele says NSB's rights need to be looked at in the broader context of SAB's control of inputs for the manufacture of clear beer.

"We favour unfettered competition, but until this issue is addressed our exclusive rights must remain."

Mr Botha replies that SAB buys 45% of its hops and 60% of its barley in SA. It buys SA's entire crop of hops and it established its own barley farms.

Professor Mahanyele is confident that NSB will capture between 10% and 20% of clear-beer sales within a few years.

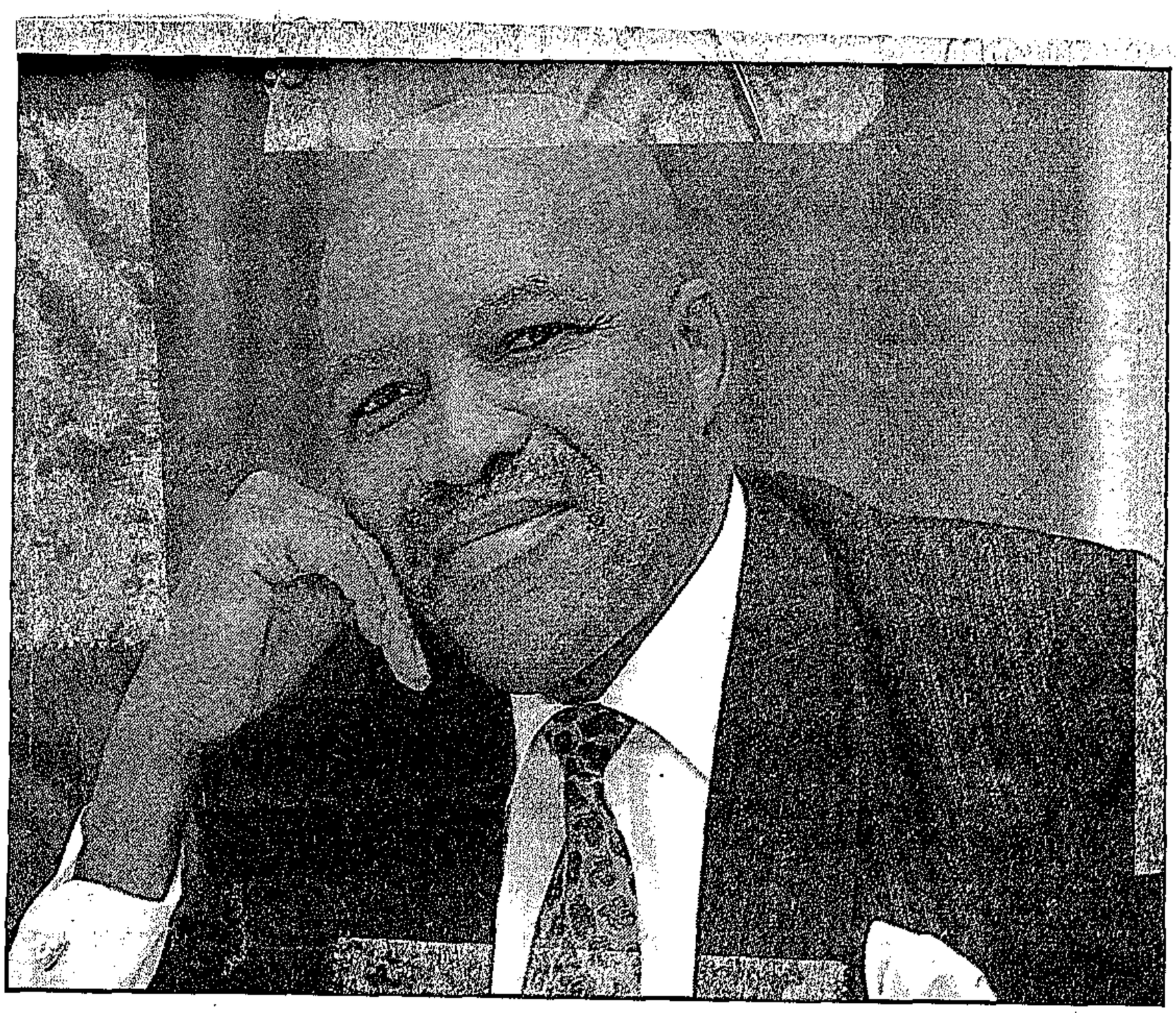
Beverages analyst Chris Gilmour of Senekal Mouton Kitshoff says it is unlikely that NSB will take this kind of market share in the short term.

"NSB marketed sorghum aggressively last year and the timing was perfect. Because of lower disposable incomes in the black community, there was a shift back to sorghum beer, which had been a declining market for 20 years."

NSB's acquisition of Vivo Breweries gave it a small but vital foothold in a clear-beer market which is 99% controlled by SAB.

The NSB threat is regarded as the most serious challenge yet to SAB since Louis Luyt took 10% of the market in the 1970s. It has strong credibility in the black community and an informal distribution network which covers the entire country.

Cont.



MOHALE MAHANYELE . . . complete ignorance of how sorghum beer is regarded in black community

SOWETAN NATION BUILDING PROG

Popular demand for parenting workshops

Sowetan 4/5/95

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■ Four new areas have been added in the project:

By Pearl Majola

THERE is no stopping the Parenting Workshops project from growing.

Over the years the Pick 'n Pay-sponsored project has been the force behind Nation Building.

This year four new areas - Duduza, Witbank, Standerton and Dobsonville - have been included as part of the project.

This is a victory for the whole Nation Building programme because it means those communities will be able to participate in other projects such as the schools' choir competition.

This is the fourth year that the supermarket chain has sponsored the project. Its sponsorship has increased each year to keep pace with the project's growth.

This year it has gone further than just pledge its support through the sponsorship.

The supermarket chain has designated Consumer Affairs Manager, Ms Alice Tukulu, to represent the company at the Parenting Workshops.

"Pick 'n Pay is proud to be part of a project that cares so much for the community," says Tukulu.

"We are also pleased with the opportunity to give something back to the communities that support us. We believe that communities can be made better together. That is precisely what we want to help do through the Parenting Workshops project," she added.

The project provides a forum for communities to identify local issues and problems and determine a plan of action to address the problems.

The Parenting Committees then set up task groups to implement the plan and work on solving the problem.

The official programme has been divided into two phases this year - the standard workshops in each area as well as the "Spirit of Nation Building Weekends".

Soweto and Pietersburg will be the first areas to get their workshops underway this year.

The Soweto workshop takes place on Saturday May 15 while the Pietersburg event will be at the St Paul Lutheran Church in Zone 1 Seshego on Sunday May 16.

Business 'important'

DIRK VAN EEDEN

POLITICIANS have to conclude negotiations soon so businessmen can develop the economy, says outgoing Johannesburg Chamber of Commerce and Industry president Stuart Morris.

Addressing the chamber's AGM last night Morris said the role of business in determining the future was just as important as that of politicians.

Business had to recognise backlogs, change the way it thought and ultimately improve the quality of life of SA citizens.

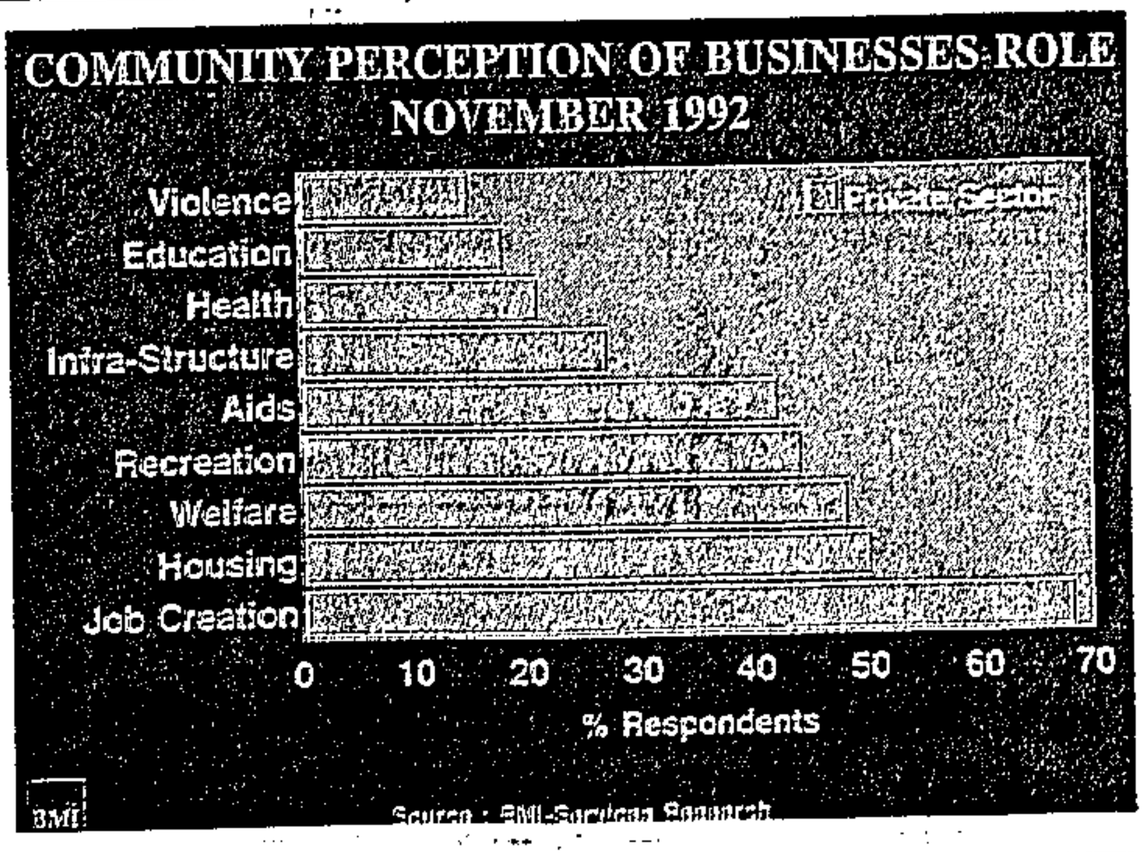
Social responsibility programmes should not only be started where necessary, but all actions should be guided by what the ideal SA should look like.

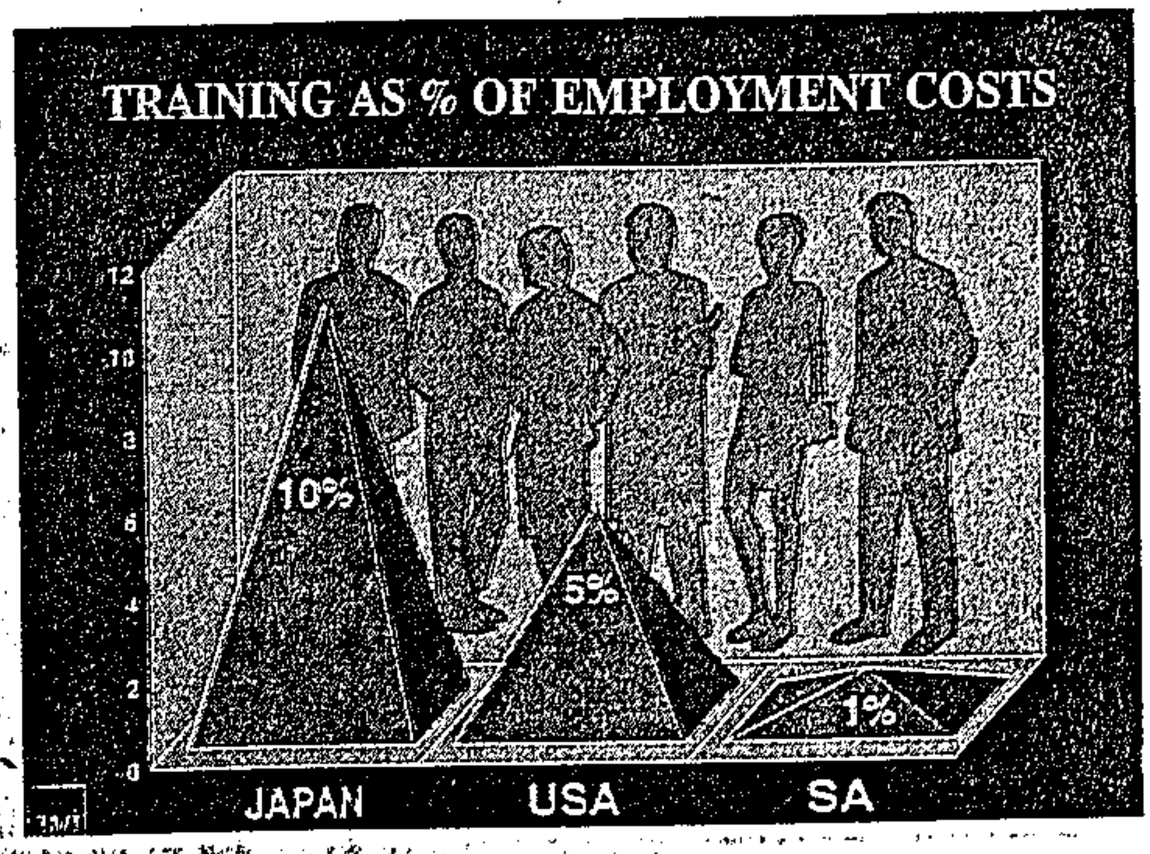
This included equal opportunities for those of equal talent, adequate housing and infrastructural facilities, employment opportunities for all and educational opportunities.

"Corporate social responsibility programmes should not be seen as cost factors, but as investments in the future," he said.

Challenges of the new SA

Firms told to adapt





■ Business success in a new South Africa means a whole new approach.

BRUCE CAMERON
Business Staff

SOUTH African business will have to show more social responsibility in future and refocus the direction of social responsibility programmes.

This would even mean an adjustment in how profits were shared between employees and shareholders if they were to be successful, Mr Jonathan Harrod, chairman of the research and marketing company, Business and Marketing Intelligence, told a conference in Cape Town this week.

The days of where government or business could dictate were over. There would be greater democratisation in future in which there would be a two-way flow between government and business, government and the community as well as between business and the community.

Businessmen should not be asking what role their companies should play in the new South Africa "but rather what role the new South Africa will play in your company".

Mr Harrod said surveys undertaken by his company showed there was a wide gap between socio-economic development programmes and what underprivileged communities felt should be the priority in what was being done, and in what should be done, in social responsibility.

Housing was considered to be the top priority of underprivileged communties whereas education, which was the priority of business, foreign aid and government, was fairly low down the list of priorties.

Underprivileged communities felt the list for business alone should be topped by the need for job creation with education again placed fairly low down.

Mr Harrod said respondents to the surveys had indicated a "caring business" was one that cared for society generally, helped in education and housing, looked after its employees, created jobs and provided housing and fringe benefits to employees.

In future, Mr Harrod said business would have to divide social responsibility into four sections. These were:

■ General community support programmes, such as greater investment in job-creating projects and provision of educational facilities;

■ Promotion of business enterprises, such as sub-contracting out to small and emerging business;

■ Care of employees with, for example, affirmative action, better wages and improved training.

Referring to training, Mr Harrod said that while Japanese companies spent 10 percent of expenditure on training and the United States five percent, South African companies spent a mere one percent.

Affirmative action was required throughout the business structure with white males now occuping 88 percent of top management positions against 2,5 percent by African males.

White males accounted fo 72 percent and African male seven percent of middle an junior management whil there were 31 percent whit males and 17 percent Africa males in skilled and supervi sory positions; and

■ The country in genera primarily through the pay ment of tax.

Mr Harrod felt South Afri can companies were paying low rate of tax particularl compared with individua taxpayers.

In the 1983/84 tax yea companies and gold mine had contributed 30 percent t State coffers against 55 pe cent from individuals.

Last year companies an gold mines contributed 19 percent against the 67,6 pe cent paid by individuals.

Be in, be creative, be your own boss

South 115 -5|5|93

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A MULTIMILLION rand campaign to unleash the business entrepreneurship potential of South Africa will be launched with a marathon six hour programme on CCV on May 1.

A TV programme will introduce the 1993 Business Entrepreneurship Initiative, or Be-In campaign, initiated by the Small Business Development Corporation (SBDC) in conjunction with NedEnterprise, Eskom and CCV TV.

The programme will be launched with the backing of a R1 million advertising campaign.

It will be devoted to the potential of self-employment and the Small and Medium Enterprise sector (SME) to help the country recover economically.

Many of South Africa's established entrepreneurs of all ages will share the secrets of their success. Information about organisations that can provide entrepreneurship training and support will be provided.

Viewers will be able to send their bright business ideas which could create self-employment and promote job creation.

At the end of the programme six regional winners will be chosen and will collect R1000 each. The overall winner will get R15 000 for the most innovative idea.

The programme will end with the announcement of South Africa's first millionaire to win his or her fortune with a newly launched business venture in the Be-In/Enterprise Millionaires competition.

The entrants to this competition include people with such innovative ideas as recycling old bottles into original wine glasses, food manufacturing from whey (the watery part of milk, separated from the curd); a pedal-powered laundry-cum-exercise machine and educational theatre productions.

The slogan of the programme is: "Be in, be creative, be your own boss."

The aim is twofold: Firstly to instill and nurture the entrepreneurship culture in South Africa, and to introduce self-employment as a viable and exciting career choice.

Secondly, it's to facilitate the better use of existing business skills and training facilities and expertise and to expand them where necessary.

Says NedEnterprise chief executive Neville Edwards: "It is critical that we get more people to start their own businesses. The bright ideas entered into the Millionaires competition are proof that this can be done.

"NedEnterprise focuses on the financing of SME's but we support the Be-In campaign as we believe young people should be taught at high school and graduate level how to start and run their businesses."

A special Be-In magazine will be distributed to schools countrywide. The Small Business Week, jointly organised by the SBDC, NedEnterprise and Escom, will run from September 4 to 11 and will fall under the Be-In Eduspectrum banner.

BUSINESS Black Management Forum to lead from front in four key areas

We'll develop our own top managers

Sowetan 6/5/93

By Mzimkulu Malunga

KEY AREAS New approach plans to target senior corporate structure:

BLACK management Forum has moved from being a pressure group to a management development business.

Following years of massive campaigning to induce corporate South Africa to develop and employ more black managers, BMF has decided to run management development courses itself.

As part of its refocussing programme, the organisation has identified four key areas as the way forward, according to executive director Mr Lot Ndlovu.

BMF has hitherto had only one management development programme under its wing, the Joint Management Development Programme.

A new programme, called Corporate Board and Corporate Leadership, aimed primarily at senior black managers has been launched.

BMF is working with the Barlow Rand Leadership Institute on a course for its members at middle management level. Called Managing For the Future, the programme runs for 15 months and there are no tuition fees.

Ndlovu says his organisation is in the process of implementing a management development programme for junior managers. The course will be run before the end of the year.

Investigations are at an advanced stage for a management driven MBA programme in conjunction with City University in London, he says.

Another area of major focus the organisation is involved in is consulting for corporate South Africa on issues relating to affirmative action, mentorship programmes and social investment projects.

Thirdly, the BMF puts emphasis on education and training for potential black managers through vacation placements for students at tertiary levels.

Lastly, the organisation has opened its own placement agency for black managers. Ndlovu says this helps companies as they get people they want.



Lot Ndlovu

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Lot Ndlovu

Star 4/5/93

SBDC sets up research fund

By Shirley Jones

DURBAN — The Small Business Development Corporation (SBDC) has set up a R50 000 research fund.

This was announced at the close of the sixth annual conference here of the International Council for Small Business for Southern Africa.

Dr Ben Vosloo, managing director of the SBDC, said: "Too little sound empirical research has been done on practical problems in small business.

"As a result the SBDC has set aside this sum to be administered by the ICSB.

"We want to see applied research which will actively help solve problems experienced by small businesses. R50 000 is a good beginning."

Black bankers hone skills in US

STAR 7/5/93

NEW YORK — In a plush corporate boardroom high above Wall Street, Joseph Makobe tells how far he's come from the hot, dusty streets of a rural area in the Transvaal.

The 34-year-old banker had to struggle for education and professional recognition during the apartheid years which grossly disadvantaged him.

But now Makobe, and a dozen other young black South African managers, are getting a chance to prove that things are changing in a country that systematically excluded them.

As guests of 13 United States corporations for six months, the 12 men and one woman in the Professional Development Programme (PDP) are gaining international contacts, learning a new culture and getting a chance to deal in a larger market than Johannesburg.

They are the second group to come to the United States for the executive training programme.

The third group, 26 in number, is due in August.

For a society just emerging from apartheid, the programme was creating "a cadre of well-trained black South Africans", said Ronald Gault, chairman of the PDP steering committee and a managing director at The First Boston Corporation, Makobe's host.

For eight South African companies — including top financial institutions and the national power utility — the black managers represent "an insurance chit" for the future, Gault said.

"It's a way to develop people who are going to play key roles in future," Standard Bank training manager Ray Johnson said by phone from Johannesburg.

Innocent Gama (26) is one example. He said he constantly pressed superiors at Standard Bank for opportunities such as management training classes.

"Often companies have preconceived ideas that black people wouldn't be able to cope," he said. "But sometimes I've come in at the top of the classes." In New York, he's studying corporate finance and risk analysis at the J P Morgan securities firm.

Makobe had to start working at the age of 15. He completed a degree in commerce at a black university, then studied for two years at a predominantly white university.

On his first trip out of South Africa, Makobe is learning municipal bond finance and how to analyse large financial deals.

"If other blacks could get my opportunities," he said, "the employers would discover that people are people, regardless of colour and could do the job."

South African white business leaders, too, are speaking the language of conciliation.

The American host companies — top banking and securities companies, New York power utility Con Edison and computer giant IBM — pay the participants' airfares, room, board and incidentals, while the South African companies pay their salaries and benefits.

"It was fantastic ... to go to another country was an eye-opener," said Harvey Khuzwayo (38), who was promoted to branch manager at First National Bank after he returned from Citibank last year.

He was one of the seven original participants.

A typical day could find the South Africans learning Japanese business practices at Columbia University or visiting Washington to discuss housing policies relevant to economies such as theirs with World Bank officials.

Sydney Maarohanye (38), now at New York's Chemical Bank, took a subway train to a predominantly black, working-class neighbourhood in Brooklyn for a seminar on how the poor can obtain better housing.

"We use American blacks as a model. We see them as pacing us, especially in getting whites to accept us as equal," said Maarohanye, sales manager at a branch of the Perm building society in Johannesburg. — Sapa-Associated Press.

CORPORATE BOARDS

FM 7/5/93

FEATURE

Going to the same well for black directors

Wiseman Nkuhlu is one of the country's hottest executives. Companies constantly bombard him with offers to sit on their boards; last year he turned down five corporations.

"You must learn to say no or else you become ineffective," says Nkuhlu, who heads the Independent Development Trust and serves on six boards. He says he can handle these directorships because they're in the same industry.

"You should accept directorships in which your background is relevant. If you understand the industry, you can accept several directorships." Nkuhlu, who in 1976 became the country's first black CA, says he focuses his attention on development issues and black advancement.

Nkuhlu's popularity is common. At least one black sits on as many as 15 boards, though some whites serve on up to 24. With a black government probably just around the corner and the ANC making noises about affirmative action, companies are desperate to find blacks for boards long dominated by whites.

"But the known talent pool is small and the same names are asked again and again," he says. "Many seem to be overextended and sometimes wind up in businesses about which they know little."

When Lot Ndlovu, head of the Black Management Forum, was named to the board of clothing retailer Smart Centre, he acknowledged that he knew little about the company. He began meeting with middle managers, visiting the stores, and learning as much as he could in order to become an effective board member.

"I'm not yet happy with the impact I'm making," he says of his two years on the board. But he adds that he's making progress. Some top black directors find it difficult to say "no" to the steady stream of corporate offers. Mohale Mahanyele, the executive chairman of National Sorghum Breweries, sits on 15 boards of companies that range from Telkom to Southern Life.

"As a non-executive director, you can't handle more than six appointments but ideally four," says Ndlovu, who also helps companies identify black managers with the potential to become directors. "I would question those who sit on that many boards."

But Linda Primos, a placement consultant for the forum, says: "A company will put up with a black director who isn't able to put the time into his commitment. Employers are caught in a difficult situation amidst accusations that they aren't doing anything."

Only 40 blacks sit on the boards of the top 100 JSE companies, accounting for less than 2% of the directorships. But that figure is a dramatic improvement. Five years ago there were only about five black directors in the Institute of Directors, says Richard Wilkinson, who runs the institute.



Ndlovu ... *doing his homework*



Luhabe ... *interested in tokens*



Motsuenyane ... *setting quotas*

Groups such as Nafcoc suggest that quotas might make companies more representative. It proposes that in 10 years, all JSE companies should have blacks comprising at least 30% of their boards. "If you are the only one on the board, it ultimately looks like tokenism; it marginalises the black director," says former Nafcoc president Sam Motsuenyane, who sits on seven boards.

But the frantic search for black directors may not be the answer to black empowerment. Most agree that in order to make real changes in white-run companies, more must be done to promote blacks to senior management. Only 11 of the black directors are executive directors, according to Don Mkhwanazi, a consultant and ANC adviser.

"I am getting worried that companies are just in the game of appointing black directors," Nkuhlu says. "But most of the important decisions are being decided at executive level, not at board level." And many non-executive directors have grown disillusioned with their roles on these boards. "They tend to become rubber stamps," Mkhwanazi says.

Head-hunters who recruit black directors and managers admit that it is easier to find blacks, particularly academics and former politicians, to serve on boards than to find blacks with managerial experience for executive posts. "Companies are not as precise with their choice of board members as they are when choosing senior managers," says Johan Redelinghuys, who has recruited ANC exiles for companies.

But he says the exiles have a hard time returning and many fail at their new jobs. "Most have good academic training, often at Ivy League institutions, but they haven't gone into management. They are less effective than if they had spent a few years as a line manager for Kodak or Ford."

Many believe that the way companies choose board members reflects a lack of real commitment to black advancement. For example, few look within their own ranks to promote blacks to senior positions. "The people that the companies already have are under-utilised," Ndlovu says.

"The shortest way of getting a directorship these days is to leave the company and start a consultancy," Mkhwanazi says. "When they were working for the company they were overlooked."

That's actually the route Wendy Luhabe took. She spent seven years in marketing with BMW then left to start her own Johannesburg consultancy. She recently joined the board of Imperial Cold Storage. "When I'm approached by a company or organisation, I make clear my intention to contribute. If they are looking for a token, I say I'm not interested."

Non-executive directors tend to be accountants, yet there are only 46 black CAs in SA. "They are getting four job offers a month; they're stretched in terms of the boards they sit on," Primos says.

Nafcoc would also like to see 60% of all company managerial positions held by blacks in 10 years. "I believe that it is better to have targets than not to have them," says Motsuenyane, who adds that he strongly opposes tokenism. He adds that he could identify plenty of qualified black managers from among Nafcoc's 100 000 members.

Businessmen such as Habakkuk Shikwane, who never went to university but became the country's largest cane furniture manufacturer, are often overlooked by companies seeking black directors, Motsuenyane says. He adds, however, that he favours persuasion over legislation, at least at first. Others, however, say legislation mandating quotas would only force companies to engage in wholesale window-dressing.

While companies could do much more to promote blacks and prepare them for their new jobs, blacks themselves could also do more to help other blacks. "Our people are to blame, too," Mkhwanazi says. "If you are going to be a director you must act like a director. Some black directors become silent in these meetings."

Jennifer Griffin

His gift: a chance to study

Star 8/5/93

(172)

LOUISE MARSLAND

WHEN his "tourist's visa" on Earth expires, millionaire philanthropist Joosub "Joe" Ebrahim hopes he will have left "good footprints on this planet".

The softly-spoken man, who has assisted nearly 200 underprivileged students through university, works out of modest, offices with battered furniture in downtown Pretoria.

Because he believes that the lack of a formal eduation has held him back over the years, Ebrahim tries to help those who have the will to study, but not with cash grants.

He has funded bursaries for almost 200 students of all races.



MODEST PHILANTHROPIST: Joosub Ebrahim, whose motto is "To live is to serve", has helped more than 200 underprivileged students of all races with bursaries for university study in the fields of medicine, theology, science and the arts. ● Photograph: STEVE HILTON-BARBER

Joe Ebrahim bridges the gap with bursaries

THIS has enabled them to study further at university in the fields of medicine, theology, science and the arts.

In November he received the State President's Order for Meritorious Service (Gold) — the first black man to get a gold — for building bridges among all races, nations, colours, creeds and religions in South Africa. Ironically, he was persecuted for the same thing 30 years before when he had his passport confiscated for six years for fighting apartheid legislation.

"I was never politically active. I'm a property dealer. My only crime then was that I was non-white." Yet he is not bitter that he was deprived of his much-loved travelling for a few years, and makes up for it now by visiting all the places he was previously barred from with a South African passport.

"I don't have regrets; it's part of life, and the law of the land then was the protection of whites."

Ebrahim was born in Pretoria in 1919 and at the age of three returned to India for seven years to learn the language and culture of his native land. On returning to South Africa at the age of 11, he battled in an English school, leaving five years later after completing Std 3.

He went into his father's wholesale import business and began his education as a world traveller. His father died in 1951, leaving money for education for the underprivileged. Ebrahim and his brother Omar formed the H S Ebrahim Memorial Trust to administer the funds. Since 1977 Ebrahim has continued his father's last wishes through the Joe Ebrahim Foundation.

His interest in medicine enabled 97 medical students to qualify as doctors and 79 students in other fields have completed tertiary and postgraduate studies, all thanks to him.

QUOTE

This year 29 black medical students will graduate from Pretoria University. At last the seeds planted are bearing fruit.

JOOSUB EBRAHIM

This is apart from the many other donations, prizes and medals contributed by Ebrahim over the past four decades to universities and other academic institutions and welfare organisations.

He chose the medical profession as a main beneficiary because it takes a potential breadwinner out of an underprivileged family for longer than any other career. "And a healthy nation is a productive nation."

Over time, Ebrahim's business acumen and 40 years' experience in township development have been used not only for the expansion of his business interests, but in the interests of the community at large and the underprivileged in particular.

In addition, he has donated an auditorium to the H F Verwoerd Hospital, three wards at Laudium Hospital, and contributed to the H S Ebrahim School for the Mentally Handicaped in Maritzburg.

The first time he offered the Pretoria University medical department funds for books, he made a speech saying he hoped he would see black students being admitted to the university in his lifetime. "This year, there are 29 black medical students who will graduate from Pretoria University's medical department. At last the seeds planted are bearing fruit," he remarked proudly.

Ebrahim has never sought public acknowledgement or fame. His philosophy in life — "To live is to serve" — comes from his father, Hajee Suliman Ebrahim, who was a well-known Pretoria businessman and a respected leader in the South African Indian community.

The road has not always been easy for Joe Ebrahim and he did receive adverse publicity in the 1960s for giving grants to the then whites-only universities. "My answer to that was that I will not preach apartheid in reverse," he said.

ALTHOUGH 73 years old, he believes he is in his bonus years. "I don't want to give up work because it keeps me mentally active — and young."

In 1982 Ebrahim received the Paul Harris Fellow (Sapphire) from Rotary International and in 1983 Pretoria University's Pro Munere Grates trophy in appreciation of deeds done. He also received an honorary doctorate in philosophy from the University of Durban-Westville in 1990.

He is a founder member of the SA National Council for the Deaf, and a donor life member of the SA Association of Art, the SA Blind Workers' Association, Muscular Dystrophy Research Foundation of SA, National Cancer Association and the SA National Tuberculosis Association.

From rags to rich profit makers

clipper 9/5/93 (172)

MARTIN de Vee, 28, and his wife Gloria, launched a successful clothing factory four years ago – at a time when their future looked uncertain.

The family's income had taken a severe knock when the clothing factory Gloria worked for went bankrupt. But the couple refused to be beaten and started their factory in a small room in Johannesburg with three industrial sewing machines.

They struggled on for two years with no financial backing.

Finally, they got a lucky break.

"A friend of ours was behind with an important contract and asked us to help him with some of the orders. We were only too keen for some work, so we did it in record time," Martin recalled.

The company which they helped with its huge order was so impressed with the quality of Martin and Gloria's work that they offered them a number of sub-contracts.

"As a result, we now supply staff uniforms to several major chain stores and franchising outlets," said Martin.

"We needed to buy more machines, employ more staff and move to bigger premises, and with all the capital outlay and high rentals in the centre of Johannesburg, we were still struggling to make ends meet."

Martin and Gloria then heard that the SBDC offered accommodation at reasonable rates and so they arranged a package deal with the SBDC's City Hive, which enabled them to start making a profit. They moved in nine months ago and "are now really going places", as Martin puts it.

"We have just landed our first overseas contract for 30 000 skirts and we hope that there will be more to follow."

Martin and Gloria now own 39 industrial sewing machines and employ 18 permanent and nine part-time staff.

Martin said that the real secret for Fabian Fashion's success was the fact that he had learned to value his staff and involve them in all aspects of the business.

His advice to would-be business entrepreneurs is to treat their staff well: "Don't make the mistake I made for years to try and drive them without making sure that they were motivated and happy. My staff are my biggest asset."

Getting your own VAT on Europe

ST Times [C+Metro]

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9/5/93.

LOCAL businessmen who travel to Europe are able to reclaim VAT charges on business expenses in many countries on their return to South Africa.

Dr Issy Bacher, managing director of Meridian, says many businesses are unaware they qualify for rebates.

"Most larger companies with big budgets make regular use of the rebate system. However, smaller businesses tend to be unaware this avenue is open to them," he says.

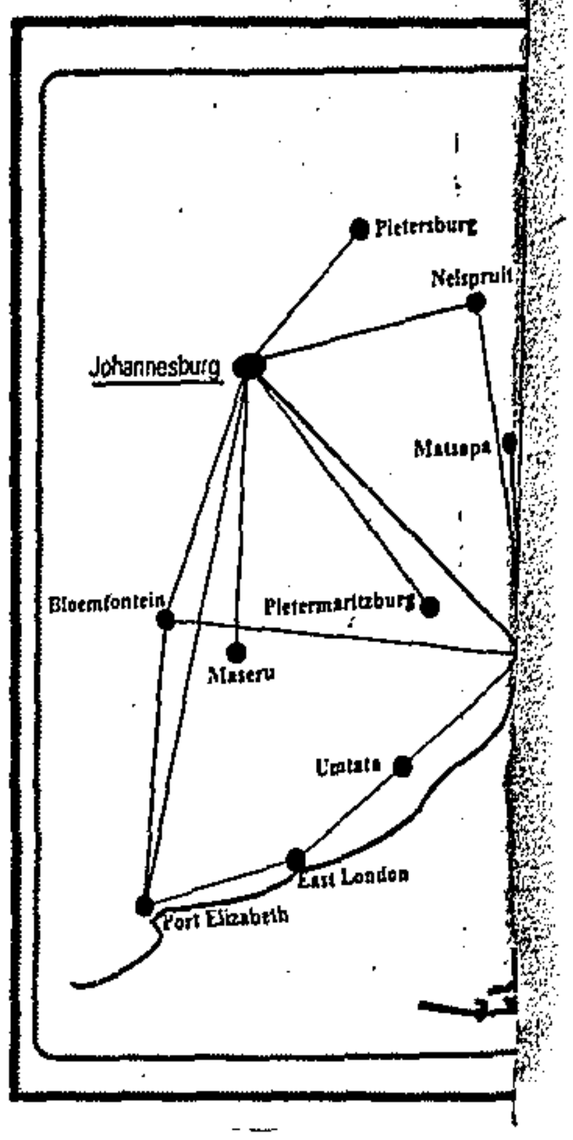
"Several conditions have to be met to submit a successful claim. The local businessman has to prove to the authorities overseas that the trip was made for business purposes. This is done by presenting a company registration number and a VAT number.

Expenses

"Forms have to be filled in and these, together with original invoices, determine whether expenses were business-related. VAT rates vary from country to country but the two main territories targeted in Europe are the United Kingdom with a VAT rate of 17,5 percent and Germany which charges VAT at 15 percent. Again, different countries allow visitors to claim on different goods and services. In Germany and the United Kingdom VAT on hotel expenses can be reclaimed but not in France, for example," says Dr Bacher. Trade fairs, telephone calls and transport are all candidates for a claim subject to laws in those countries.

"Typically, larger companies will make their claims in-house while smaller businesses obtain the help of a consultant.

"The procedure can be tricky and has to be done properly. It takes between six and nine months for claims to be settled and consultants charge a negotiable percentage of the money recovered," he said.



Incentive pay for top performers in firms urged

ST Times (Buss) 9/5/93

(172)

By TERRY BETTY

A GUARANTEED salary for a senior executive should be replaced by remuneration based on performance.

Compensation consultant RES International executive manager Ted Weare says a survey of SA executive salaries shows they seldom correspond with performance.

"Some top-performing executives earn the same as underperforming ones."

A survey by an American journal says some chief executive officers earn 150% more than they should.

Time-Warner's Steven Ross, who received $117-million last year, got $102-million more than he should have. Walt Disney's Michael Eisner, who earned $30-million, was overpaid by $22-million.

The survey bases what CEOs should have earned on industry peer salaries and sales by their companies. But the figures may have been distorted by the CEOs cashing in their share options.

Mr Weare says: "Some SA executives are overpaid, some underpaid. Pay is not related to performance.

"It is the function of CEOs to maximise shareholder wealth. Their remuneration should be based on how well they fulfil this function."

Mr Weare says a CEO would receive a smaller guaranteed salary. The bigger payment would comprise cash and equity incentives as well as other perks.

SA has started to move in this direction. A RES International survey shows that in 1980 only 5% of a general manager's package was variable. The average is now 27%.

In vogue are offering top management shares in the business, options to buy them later but at a predetermined price, or allocating phantom shares.

Mr Weare says: "In a high-performing company this incentive can be worth far more than the basic salary in rand terms."

The thinking behind performance-related pay packages is that the better the returns shareholders receive, the more the executive earns.

"After all, the shareholders might be a bit peeved if the company is not performing, but the executives are getting fat bonuses."

A policy of remunerating according to how well the share price performs would be inappropriate in certain circumstances. In those cases bonuses should be linked to a particular performance.

For example, a CEO might receive a bonus if he improved cash flow in a cash-strapped, debt-laden company.

Linking remuneration to performance should be done by an independent third party, says Mr Weare.

This is where a remuneration committees comes in. It should comprise people who are familiar with the industry in which the company operates.

Mr Weare says several SA companies have remuneration committees and more intend to set them up.

SA no good for unionists

MALAWI and SA are the most dangerous countries for trade union and pro-democracy activists in southern Africa.

During a trade union conference held in Harare last month, the International Confederation of Free Trade Unions (ICFTU) submitted a report which cited trade union and human rights abuses in 27 African countries.

The report says innumerable cases of violation of human rights and victimisation and intimidation of trade unionists took place over the last four years.

On the African continent, the report says, SA, Malawi, Chad, Zaire and Togo are considered the most dangerous countries for trade union activists, who often lead pro-democracy movements. The document lists details of assassinations, torture and arrests.

According to statistics in the report, SA remains the most dangerous country. At least 25 labour activists were killed in political violence during the first six months of 1992.

Last February an ICFTU mission visited SA to investigate violence there. It concluded that the government was directly or indirectly responsible for most of the violence.

In Malawi, the gross violation of human rights and the systematic suppression of the opposition by President Kamuzu Banda has drawn worldwide condemnation, particularly after the arrest in April last year of Chafukwa Chihana, secretary-general of the Southern African Trade Union Co-ordination Council.

Two weeks earlier, Banda had arrested eight Catholic bishops for openly campaigning for a return to democracy.

"His ministers had gone to the extent of threatening that all democracy supporters who dared return from exile would become meat for crocodiles," said union leaders."

At a pre-conference symposium, trade unionists said that the economic reform programmes prescribed for African countries by the International Monetary Fund and the World Bank had not brought the intended economic recovery.

At least two-thirds of countries on the African continent have or are implementing World Bank and IMF-backed economic reforms.

Reviewing the situation in 29 African countries over the last 10 years, the report paints grim pictures of falling living standards, rising unemployment and bleak prospects for growth.

Africa's total foreign debt, which stood at $165 billion (R495 billion) in 1984, rose to $237 billion (R711 billion) last year, with sub-Saharan Africa alone having a total external debt of $172,6 billion (R517,8 billion) in 1991.

Unemployment levels reached worrying proportions, with annual growth rates of up to 10 percent between 1986 and 1990, compared with six percent in the 1970s. In urban areas, unemployment was running at 20 percent compated with 10 percent in the 1970s.

The informal sector, which accounts for about 70 percent of urban employment in sub-Saharan African countries, suffered terrible exploitation, and wretched working and living conditions.

The unionists blamed the failure of the "ill-defined" structural adjustment programmes on the absence of social dimension programmes and the lack of consultation with representatives of organisations such as trade unions.

"In the context of authoritarian rules, where those leaders claiming to support adjustment were the same whose mismanagement had caused the economic problems in the first place, it has been evident that adjustment was designed merely to buy time for unpopular rulers trying to cling to power," said the trade unionists.

Management styles impact directly on profitability

(172)

Star 10/5/93.

AS we see new business and labour trends impact upon our business, in terms of restructuring and downsizing companies, so we need to take cognisance of the effect these trends have on human resources and management styles.

Tough economic times, political duress and the challenge to compete globally, have placed tremendous stress on senior executives.

High costs

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, this is a reality facing us today. More and more employees are stating poor management styles as the reason for leaving their jobs.

Why is this occurring? As companies downsize, so the role of the line managers has changed. Companies have decentralised authority and empowered managers to build winning teams and to be accountable for the entire running of departments.

The most sophisticated strategising is worthless unless it is coupled with skills training to equip managers to cope adequately with their new-found responsibilities.

Motivate

It is in this area that many SA companies are sadly lacking, especially when we know that the workforce of the future will be multicultural 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.

Mutual need

For companies to win, there has to be a meeting of mutual need for both the employee and the employer in the workplace. As we live in an environment of constant change, so we need to realise that the needs of people are also constantly changing.

Managers can develop their workforce by staying abreast of this change through constant appraisals, the result of which must be acted upon. Should this not occur, companies will become the training ground for their competitors. As we promote people on the basis of merit, profitability increases and work ethic improves.

Recognition, recognition, recognition! As the focus of work moves away from the company towards the individual, so employees are demanding recognition for their labour. To say nothing about good performance, but to consistently reprimand poor performance, is a practice which will not be tolerated — even in recessionary times. As employees self worth increases, so a company's net worth increases.

Accessible

Managers need to be visible, accessible role models to their employees as they set the example of realising company's visions and mission statements.

But, the enforcement of management change is only as strong as the support of the chief executive officer who needs to demonstrate his total commitment to such a programme.

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 workforces, their companies, their industries and the country as a whole.

Firms fail to move blacks up corporate ladder

BDAM 11/5/93.

JOHN DLUDLU
and ANDY DUFFY

LESS than 15% of some of SA's largest companies have taken steps to increase black management, according to a survey of their employees by the Graduate School of Marketing.

The SA Chamber of Business, which is to issue guidelines on affirmative action next month, said the survey's findings could strengthen the argument for legislation.

The survey, conducted in February and March among 98 major SA groups, showed just 14 had recruited blacks to positions with actual management responsibilities.

In their official responses to the survey, all the companies had said they were pursuing affirmative action policies. But according to their employees, most were not. Others had recruited "token" blacks to positions with little responsibility.

Graduate School of Marketing executive director Liam Hagen said: "A lot of people are saying they are involved in affirmative action, but they really are doing very little. There's a hell of a lot of tokenism — black managers are not able to manage, and they're not treated as managers."

While industry has argued for voluntary change, the ANC has said if this failed it would push for legislation.

Sacob labour affairs and social policy director Harry Bezuidenhout said the findings could "to an extent" strengthen the argument for legislation, but Sacob would not support this. "The simple business reality is that we are going to face a tremendous shortage of skilled manpower."

Sacob guidelines are likely to propose recruitment and training quotas, not management percentages by a set date.

Nurturing the business till it starts to thrive

Star 12/5/93

SIMILAR to propagating seeds is the process Standard Bank is engaged in through its Small Business Development and Advisory Department managed by Malcolm Kietzmann.

"Our object is to hold the entrepreneur's hand until the business is thriving and then hand it back to the branch network for full banking facilities.

"These are often people who would not normally have qualified for finance," explains Kietzmann.

Underwriting

Important to Standard Bank, and to all of the formal lending institutions active in the small business arena is the Small Business Development Corporation's Guarantee Fund which they acknowledge as often vital in underwriting such an individual's finance.

"Nine tenths of small business loan applicants do not have the track record or the security that would normally be considered as acceptable by conventional banking standards," he explains.

■ Helping hand:

Opening a business is easy, but keeping it open not as easy. Standard Bank's Small Business Development and Advisory Department guides the fledgling entrepreneur until he gets his business thriving.

Hence the specialist nature, personal level of advisory services, and emphasis on training that characterises this field of banking.

"There is no limit or restriction on the type of business activity we will lend to."

The demand is already sufficient to be considered a "mass market" in need of packaged banking products more easily marketable and a lot of added value products. These include a Small Business Kit start up programme with an audio tape and a lot of information; a 90-minute entertaining video and booklet which alerts the prospective entrepreneur to potential pitfalls and mistakes, and looks at issues such as marketing, legal etities, raising finances and reading financial statements.

SB also offers a Business Problem Solver series introduced by the quotation: "To open a business is very easy. To keep it open is very difficult". — attributed to a Chinese fortune cookie.

Turnover

This series covers development of the business plan, managing working capital, cash, and how to manage your bank manager!

Another product on offer is a Small Business Computer Cash Flow Programme for the businessman who can "keep his head up and his overheads down".

By SB's definition, a small business is an individual, partnership, close corporation, company or co-operative with turnover of R5 million a year or less and total assets of less than R1,5 million.

A less formal level of lending which could apply to the informal business sector is provided by SB's Community Banking Services Division managed by Barry Coetzee.

A course that lets you learn from experience

Star 12/5/93

AN "academic" small business starter course that allows you to learn from experience sounds like a contradiction. Not so at Wits Business School's Centre for Developing Business.

The lecturers on the centre's many programmes have all had practical experience in running their own small businesses, because this is one of the qualifying factors the school insists on, says senior consultant Mark Peters.

The fact that this limits the school's intake of students to about 600 a year and limits the number of courses it can run, is less important to the school than that its courses have the practical value that sets it apart from more academic or theoretical business courses.



Getting started . . . Mark Peters of the Centre for Developing Business at the Wits Business School.

The courses are also designed with flexible time schedules and at prices affordable for people who are employees just considering their options for the future — less than R500 per person to study the "Winning In A Business Of Your Own" course.

Other programmes the school offers, include a seven-week Retail Management Development Programme, and a Certificate Programme in Principles of Business and Management for New Managers.

Commenting on trends in the candidates for the school's small business courses, Peters says a growth in the number of women candidates had brought them to about 60 percent of the mix, and that combined with attitude surveys the school had conducted, this was suggesting the entry of women into their own small businesses had become far more popular and less prejudice was encountered than in the past.

The biggest move seemed to be in the lower entry cost areas business activities such as service industries.

Star 12/5/93

Reversal of the 80/20 business rule

THE "80/20" rule is an old business adage that says 80 percent of your income comes from 20 percent of your customers.

When it comes to small business and the country's gross domestic product, that rule is definitely reversed. Because 15 percent of South Africa's GDP comes from the broadest grassroots economic level — the informal sector — and a total of 45 percent of GDP from the combined efforts of the small to medium business sector (SME).

Yet recognition of this fact is believed to have been slow among economists, statisticians, politicians and organised business, resulting in major distortions in official statistics and in perception of the economy according to the SBDC's Economic Research Unit.

Give your budding business venture its best chance of success

TEST YOURSELF BEFORE YOU BEGIN

"Your chances of succeeding in your new business depend on you and your expertise," says Jeremy Hollis of Profit Plan who developed this quiz in conjunction with the Star's Survey Team for this feature.

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STAR 12/8/93.

STEP 1 SCORE YOURSELF IN THESE SIX AREAS

1. EXPERIENCE OF YOUR TRADE — SCORE

For good experience in the technical or manufacturing aspect, score yourself from 0 to 35.

For good experience in sales and distribution 0 to 45

For having had formal training 0 to 20

2. MARKETING — SCORE

To what extent are you a "people" person, easy with social/business interaction 1 to 10

Experience selling on a commission basis 0 — 20

Experience in marketing, advertising, product design, customer research 0 — 20

Sales/marketing training 0 — 20

Personality training 0 — 15

Experience in pricing/costing/negotiating? 0 — 20

Credit management? 0 — 15 (if yours is a cash business score 15)

3. BUSINESS PLAN — SCORE

Have you prepared a written business budget covering at least two years of operation 0 — 15

Score 4 points for each item here shown in your budget, monthly: profit, cash balance, customer outstandings, stock level, break-even sales, balance of capital 0 — 24

Is your budget supported by detailed plans?

Score 4 for each of: customer details, marketing plan, product costing, price & margin, capital expenditure. 0 — 16

Did you get outside, professional help in drawing up your business plan? 0 — 15

Has your plan been approved by an institution granting you finance 0 — 30

4. ADMINISTRATION — SCORE

Score 5 points for each of these activities in which you have reasonable experience:

Filing/secretarial, wages, stock control, creditors ledger, sales ledger, general ledger. 0 — 30

For post-school bookkeeping training, score 0 — 20

5. FINANCE — SCORE

Score 5 points for having done any of the following:

Bought a house, arranged a bank overdraft, arranged finance for a business 0 — 15

Have you ever bought or sold a business? 0 — 20

Do you own shares bought on stock market? 0 — 10

Do you own endowment insurance or retirement annuities? 0 — 5

6. PERSONAL — SCORE

Do you have moral support for your venture from your family 0 — 5

Household of 2 — 5 family 0 — 5

Will a family member be actively helping you in the business? How much? 0 — 20

Will you consult an independent financial adviser monthly? 0 — 20

STEP 2

First of all, total up your score.

If you scored 280 or more, your chances are good. If you scored 216 or less, you should take the long view and spend a couple of years preparing yourself to go into business later, using this questionnaire as a guide.

If your score was between 217 and 279 you need to take steps to improve your chances before starting. Use the following table to discover your weaknesses and what you could do about them.

Pass Marks for:		
Experience of trade	70	Your Score .....
Marketing	60	Your Score .....
Business Plan	60	Your Score .....
Administration	35	Your Score .....
Finance	25	Your Score .....
Personal	30	Your Score .....

"Our mission is to help small business to prosper," says Jeremy Hollis, "so to go with this questionnaire we are making a special offer - one third discount on an hour's consultation with Profit Plan for the first 50 prospective entrepreneurs who scored more than 216". To book, call 782-0244.

Thousands kept out of jobs 'needlessly'

BDM 13/5/93 · ANDY DUFFY

TENS OF thousands of people had been kept out of work needlessly because of the failure of the private sector to co-ordinate its job creation funds, the Small Business Development Corporation (SBDC) said yesterday.

According to SBDC director Dirk Conradie, more than 20 private institutions had pumped millions of rands into such pools, but there was no co-operation in putting the cash to work to create employment.

The SBDC, in which most of the institutions had a stake, was often sidelined in co-ordinating such efforts, he said. The institutions were more concerned with retaining their influence over the money, which would delay the cash flowing through to create jobs.

"They (the institutions) are trying to protect their empires," Conradie said.

The SBDC's calls to the institutions and the Department of Commerce and Industry to promote a common approach had been ignored so far.

The growth in unemployment, which could reach 3,6-million by the end of this year, has seen a steady rise in the number of inquiries to the SBDC. It receives about 1 100 applications from would-be entrepreneurs for funds each working day. The level was barely disturbed by events last month which the SA Chamber of Business said had led to a "fracture" in business confidence.

Industry reaction to Conradie's comments was mixed.

The insurance sector's Life Officers' Association, which last year set up a unit to identify socio-economic projects for investment, said there was a need for the rationalisation of such initiatives. "There is a fair amount of duplication of interests," a spokesman said. "That does prevent focus."

However, other industry sources said if the SBDC was being sidelined, it had only its own shortcomings to blame. The SBDC had been criticised in the past for funding mainly white business ventures, one source said. "It must now work out where it is going."

Help blacks get ahead — plea

GERALD REILLY

PRETORIA — The challenge facing business was to ensure economic empowerment accompanied political empowerment as a matter of urgency, National Sorghum Breweries (NSB) research and development manager Sipho Nhlapo said yesterday.

He urged business to appoint blacks to executive, directorate, management and skilled positions to make their companies more representative of the population profile.

The time, he said, had come for black economic empowerment.

Speaking at the cereal science and technology conference at the CSIR, Nhlapo stressed that this should not be seen as discrimination in reverse. The primary object was to create opportunities for blacks so they could compete from a fair and equal position with their counterparts.

The saddest thing about SA was that millions of able, willing and capable blacks were still denied opportunities by business and the political powers who showed little interest in changing the status quo.

"How else can the almost total absence of blacks in the top echelon of ownership, control and management of the SA economy be explained?"

And how, he asked, was it that National Sorghum could succeed with blacks at the top? "Unless and until there is affirmative action, we will not be able to move away from the past political empowerment."

Unless the concept of equal employment opportunity was reconsidered, most blacks and some whites trapped in the poverty cycle would never rise above their present status. Their economic woes would simply continue.

Nhlapo said education and the development of individual talent was sadly neglected in black communities, because of the existing education system.

Since control of the sorghum beer industry was transferred to NSB in 1990, it had grown into a big industrial concern. NSB's mission was black economic empowerment through the ownership, control and management of a group of companies in the beverage, food and leisure industries, Nhlapo said.

Black group buys Met Life

WAY FORWARD Part of unbundling includes breaking down Sankorp mining arm Gencor:

By Mzimkulu Malunga

A GROUP of black business people scored a major coup this week when they acquired a R140 million shareholding stake in a leading life assurance company controlled by Sanlam.

In the second-largest development since the acquisition of National Sorghum Breweries, a group of black business people have bought a 10 percent stake in Metropolitan Life.

The deal, to be announced today, involves more than R140 million.

Although Sankorp, which owns Metropolitan Life, were tight-lipped about the matter yesterday, sources close to the company believe the move is part of the unbundling process, which includes breaking down its mining arm, Gencor, into five companies.

Metropolitan has assets of around R2 billion.

Blacks who form part of the deal include Soweto community leader and businessman Dr Nthato Motlana, former Pan Africanist Congress deputy president Mr Dikgang Moseneke, former KaNgwane chief minister Enos Mabuza, economist Mr Don Mkhwanazi and National African Federated Chambers of Commerce president Mr Archie Nkonyeni.

Sources say they received a loan from the Industrial Development Corporation to acquire a stake in Metropolitan.

Economic observers say unbundling moves by the likes of Sankorp will be viewed in a positive light by the broad liberation movement, which advocates the breaking down of monopolies.

Many believe this is the beginning of a black takeover of Metropolitan.

BUSINESS Nkosi succeeds in her placement agency despite break-ins that cost a fortun

Sowetan 13/5/93

Zandi fulfils wish

By Mzimkulu Malunga

Sanlam

WOMAN ACHIEVER Aim to become businesswoman is realised:

ZANDI Nkosi has always wanted to be a businesswoman and when she lost her job, it became a blessing in disguise.

"Since a tender age, I had always told myself that when I reach 28 I should be running my own business," she says.

Though she had this entrepreneurial wish, Nkosi did not know what strategy to employ to realise her dream.

But a breakthrough came in 1990 when a pay dispute with the Greater Soweto Chamber of Commerce and Industries, where she was working as an executive director, prompted her to search for other avenues.

After an intensive but unsuccessful search for another job, Nkosi finally landed at the offices of a gas-producing company where she was advised to consider human resources as a career.

While she was still planning the next move, a friend tipped Nkosi off about a company committed to social responsibility.

Without any hesitation, she negotiated a R10 000 grant to start a placement agency. Months later Zee Personnel came into being.

"Now I can see light at the end of the tunnel. What is more important, is to get out of the tunnel itself," she says.

The placement industry is highly competitive and only the strongest survive. Being a black venture works to the advantage of Zee Personnel as more companies strive to win skilled blacks into their fold.

"Many companies are looking for black managers these days, the only problem is that it is a bit difficult to find people suitable for these positions," says Nkosi.

Her regular clients range from a leading petroleum and gas producing entity to pharmaceutical, financial and electrical companies.

Zee Personnel's income is determined by placements secured in a given month as companies refrain from getting into contracts with a particular agency.

"If you give a client a better service, they always come back," she says.

Despite four break-ins at her business premises in Hilbrow, which cost her R18 000, Nkosi believes there can be no looking back.

Nkosi's list of employment seekers contains names of people from Zambia and Zimbabwe. "Sometimes I get calls from South Africans studying overseas, inquiring about job opportunities on their return home."



Zandi Nkosi

The woman who hails from a small town in southern Natal, runs her business alone. "I do my own typing, interviewing, filing and reception work," she says, though Nkosi feels she will need to employ somebody else soon.

Nkosi qualifies for the *Sowetan*-Sanlam Entrepreneur of the Month Competition. The winner will compete with other monthly victors in the *Sowetan*-Sanlam entrepreneur of the Year Competition.

Freeze managers' pay, says chamber

LINDA ENSOR

CAPE TOWN — A freeze should be placed on all remuneration paid to directors and managers in public and private enterprises until workers were granted increases at least in line with inflation rate.

This was suggested by Cape Town Chamber of Commerce president Herbert Hirsch in his presidential address at the chamber's AGM yesterday.

"The suggestion that remuneration of directors and top management should be performance related should also receive more serious consideration in those enterprises where this system does not already pertain," Hirsch said.

He proposed also that instead of negotiated retrenchment packages, more managements should seek to negotiate short time — at reduced wages if necessary. For this to succeed management would have to display a willingness to take a considerable cut in their own salaries.

Hirsch urged the private sector to put pressure on all the parties at the negotiating table to ensure that a transitional executive council was established, an election date announced and a government of national unity established as a matter of urgency.

He said he found several sources of optimism in SA at present including the progress made in negotiations and the release of the normative economic model.

Police strong-arm image 'changing'

CAPE TOWN — The perception in the black community of police impartiality was improving but had not been established fully, national peace secretariat chairman Antonie Gildenhuys said in the secretariat's annual report tabled in Parliament yesterday.

"The strong-arm image, which the police carried for some time, is fast disappearing. Much more so than in the past, the police are prepared to act pragmatically as circumstances . . . may require," he said.

Discussion of proposed police activity between interested parties and the conclusion of agreements relating to mass action had greatly enhanced the acceptability of police action by the broad community.

"A poor relationship between the SAP and the black community has been a serious impediment to peace in the past. This relationship is changing for the better."

New techniques and the involvement of foreign experts in programmes were making the police more efficient, he said.

It was unfortunate that there were still insufficient numbers of police officers for the tasks required of them in these times. Confusion and overlapping with other police forces, specifically those from the homelands, was impeding efficiency.

Gildenhuys said there was a general reduction in violence in the Witwatersrand and Vaal areas which had permitted increased emphasis on violence prevention and social reconstruction.

"There is generally a significant drop in political violence, particularly in the number of deaths," he said.

Peace rallies could be a successful instrument in promoting peace. Efforts were being made to get parties at loggerheads to meet on a grassroots basis, he said.

Peace structures on the Reef and in Vaal areas were severely tested by the political activity that followed the assassination of Communist Party leader Chris Hani.

Negotiations between the ANC and the police on steps to keep marches and gatherings peaceful had prevented the area being declared an unrest area.

Tension still remained high in Natal, where the regional peace committee had focused dispute resolution on a reactive rather than a preventive basis.

"The regional peace committee has been unable to establish local peace committees in a number of key areas. Political parties laying down preconditions for the formation of committees was a major obstacle."

Workshops had established the three major stumbling blocks as the political climate, shortcomings in the security and judicial systems, and shortcomings in the national peace accord structures.

Problem areas included the Midlands, Mooi River, Bruntville and Estcourt. There was careful optimism after cooperation from parties. There had been an improvement in the Port Shepstone area, where six months ago more than 70 people a month were being killed.

Bilateral talks between the ANC and Inkatha in Northern Natal had heralded a change of atmosphere at committee meetings. The two parties had also proposed implementing a number of resolutions to strengthen the peace process after the killings in the Table Mountain area between Maritzburg and Durban.

The lack of an inclusive political dispensation for the whole population, and the poor socioeconomic conditions in which a large section lived, were the main barriers to lasting peace, Gildenhuys said.

Political intolerance constituted a formidable barrier to peace as there were too many areas where free political activity did not take place.

Neither of these two problems could be solved by the peace secretariat, as negotiating an acceptable political dispensation was the task of politicians. Also, socioeconomic reconstruction was beyond the financial reach of the peace structures.

Commercially motivated violence, such as taxi wars and robbery, were still major destabilising factors. Regional and local peace committees were playing their role to combat this violence by strengthening the hands of the police, promoting better community/police relations and mediating disputes. — Sapa.

Tough action on illegal immigrants

CAPE TOWN — Government plans to tighten the noose on illegal immigrants from China, Russia and African countries.

Home Affairs Minister Danie Schutte told Parliament during his budget vote yesterday that 82 575 people had to be repatriated last year.

Most of those expelled were citizens from neighbouring countries — 61 210 from Mozambique, 12 033 from Zimbabwe and 6 235 from Lesotho.

However, there were also warning signs of a growing influx from China and Russia.

As result, visas for holiday and business visits to SA from these countries would be subject to strict screening.

At a media briefing earlier, Schutte would not be drawn on the number of illegal immigrants from these two regions, but said visas would in future be granted

Political Staff

only in proven instances of bona fide visits where claimable guarantees for repatriation were also furnished.

"Since the handing over of the administration of Hong Kong in 1997 to the control of the government of mainland China has become an inevitable prospect, an unparalleled fear for the future has gripped almost the whole of southeast Asia.

"Along with that, the new freedom that the government of mainland China has given its citizens to travel to other parts of the world and to explore business opportunities there for the first time in decades, resulted in an euphoric spirit of 'freedom,' which particularly induce the younger generation of Chinese to try and find a new life somewhere else," the Minister said.



Jabu Mabuza

Mabuza joins SAB

■ NSB suspicion increases:

By Mzimkulu Malunga

FORMER chief executive of the Foundation for African Business and Consumer Services Jabu Mabuza has been appointed to a senior executive position at South African Breweries.

Mabuza, who has just resigned from Fabcos, will assume duty as group advancement manager on July 1.

SAB executive chairman Meyer Kahn says: "My executive looks forward to the contribution he will be making in the fields of affirmative action, economic empowerment and the development of small business.

"He brings with him the kind of experience which we believe will boost our efforts in this regard."

The appointment of the 33-year-old Mabuza into the beer giant's fold strengthens beliefs that SAB is laying the foundation for a future battle with National Sorghum Breweries as the latter tries to make inroads into the clear beer market.

Sources close to both companies say the stage is set for a head-on collision as SAB's monopoly is challenged.

SAB is said to be worried that a future government might side with NSB in the latter's fight to increase its market share, hence the appointment of blacks to its hierarchy.

jet flights with a 200 on order. ucipated in the last general election in

Insurance coup

■ Motlana to be chairman of restructured board:

By Mzimkulu Malunga

BLACKS have taken effective control of Metropolitan Life.

It was announced yesterday that a group of six blacks have formed a company called Methold, which acquired a 10 percent shareholding of Metropolitan Life.

Methold is in a "voting pool" with the majority shareholder, Sankorp, meaning that the new company will form part of the decision-making process in Metropolitan.

Dr Nthato Motlana will be chairman of the restructured Metropolitan Life board.

Methold has been given an option to buy a further 10 percent of Metropolitan's shares in the next five years, a development which will bring the company on par with Sankorp. The latter currently holds 30 percent of Metropolitan.

SIR JAMES GOLDSMITH & GEORGE SOROS

Investing with the Midas touch

Until their deals that ignited the gold market (*Economy & Finance* April 30), the closest public appearance together of Sir James Goldsmith and George Soros had been in the 1993 annual league of Britain's richest people published by *The Sunday Times* of London.

Soros (62), a self-described "financial and philosophical speculator," occupied 11th place, his personal wealth put at £750m. Goldsmith (60), a simple financier, sat 12th on £700m — demoted from 10th and £760m a year earlier because of the waning price of his main investment, 42% of Newmont Mining, North America's biggest gold producer.

While Goldsmith, the now allegedly retired swashbuckling corporate raider and famous playboy, was a long-standing entry, Soros was new. Apart from a mutual penchant for pitting financial wits — largely successfully — against market wisdom, the histories of the pair are wholly unalike.

Soros, a Hungarian Jew, survived Nazi occupation but fled the postwar Stalinist regime to study philosophy at the London School of Economics. He cut his investment teeth at a London merchant bank, but philosophy remained his chief interest.

New York was the next stop. There, in 1956, failing to find a publisher for his book, *The Burden of Consciousness* — a treatise on closed and open societies — Soros decided to drop philosophy and make money.

In 1969 he founded Quantam, a Dutch Antilles-based private mutual fund. Big risks were taken, but enough paid off over the years to secure Quantam a thousandfold investment return. (Soros controls a third.) Quantam and three other funds under Soros management are now worth US$6bn and a 1991 salary of $117m made him Wall Street's highest-paid executive.

An equally striking strand, however, is Soros the philanthropist (he sits on the Chancellor's Court of Benefactors at Oxford University), who ploughed his wealth into 18 study centres in the former-communist Europe — designed to foster freer thinking.

Communism's collapse saw his foundation step up activity: $100m recently went to fund projects to keep ex-Soviet scientists from the temptations offered by Iraq or other would-be nuclear powers. Last month he was in Cape Town to kick off the 19th chapter of his Open Society Foundation. The foundation starts with a $15m donation from Soros and will work to promote democracy, human rights and civil liberties in SA.

Until an industrial court found he had unfairly sacked his butler — for using a precious bottle of Chateau Haut Lafite in a goulash — Soros wasn't known in England, where he divides his time with New York.

Black Wednesday, when the pound collapsed under a torrent of selling last September, propelled him to UK fame. Soros bet $6bn against the British government's policy of non-devaluation and made a clear $1bn profit — then promptly donated $50m to help Muslim refugees in Bosnia.

By contrast, Goldsmith is the son of an emigre German Jewish banker who became a British MP and fought in the Middle East during World War 1, but moved to France because of anti-German prejudice. French-born Goldsmith (he holds two passports) was still sent to Eton, however, where a reputed £8 000 horseracing gambling win on a £10 accumulator bet saw him drop out at 16 to embark on a business career.

Five years later he shot into the headlines by running away with Isabel Patino, teenage heiress to a $150m Bolivian fortune.

The highly publicised romance and forbidden marriage, the tragedy of the pregnant Isabel dying from a brain haemorrhage while surgeons saved their baby daughter, and Goldsmith's court battle with her family to win custody of the child, captured the nation's heart. Indeed, over the past two decades Goldsmith's love life — two more wives and another five children, one by a mistress — has vied with his business coups for public attention.

He started small and almost went bankrupt early on, learning the perils of building up debt. Goldsmith was a founding partner of the Mothercare chain of mother-and-child retailers, but it was a slimming aid that provided the cash for the acquisitions of the Sixties and sent him to the big time.

Emulating his friend Jim Slater (of Slater Walker), Goldsmith looked for poorly performing, under-used assets. Unlike Slater, he stuck to a theme — food. He set about buying up household names such as Carrs biscuits from the Cavenham group.

The banking and stock market crash of 1974, which brought down Slater, muted his deal-making. It was replaced by a phase of near-obsession about the left wing, especially in the media, and a libel war (63 writs) against *Private Eye*, the satirical magazine.

He tried to buy *The Observer* and the *Daily Express* and acquired *L'Express*, the French current affairs magazine. He set up *Now!* as a conservative foil to the socialists Goldsmith saw everywhere. But *Now!* found no mark and died within months.

Goldsmith regrouped Cavenham, buying it back and delisting the group, and went liquid through sales of its big names such as Bovril and Lipton. Then, just as Margaret Thatcher's Conservatives began to implement the capitalist policies he had thundered for, Goldsmith went off to the US in 1980.

There, matching Lord Hanson, the world champion predator, he laid siege to inefficient and badly managed companies ranging from Goodyear Tyre to Diamond International Packaging. Assets were stripped to realise value or strategic stakes were bought.

Goldsmith's fortune multiplied, but his most satisfying feat was to sell all his quoted holdings in August 1987, just two months before the equity-markets meltdown — which, incidentally, caught Soros out.

Back in the UK, he linked with financiers such as the Rothschilds for a series of deals, including the abortive record £14bn bid for BAT Industries. In 1991 he retired.

Goldsmith, who spent increasing time on his vast Mexican ranch, said he intended to use his wealth to help environmental causes and invest in gold through the $1,1bn swap of his American timber interests for the 42% of Newmont Mining held by the Hanson group.

The deal with Soros, who took 13% of Newmont for $395m while Goldsmith put more than $300m into the gold market through options, have heartened flagging bullion bulls.

Last week, Newmont had advanced to nearly $49, giving Soros a 22% or $80m gain. Call options to buy gold at $360/oz in August were trading at $1,40/oz just before the deal, with spot gold at $340.

Within two weeks the calls shot to $10,30/oz. ■



Goldsmith



Soros

NEWS FEATURE Danger that treasury of wealth may be destroyed in present struggle

Challenge facing black leaders

■ CONVINCING MILITANTS Showing them white skills and capital are vital :

By Gerald L'Ange,
Editor, Sowetan Africa News Service

THE NEXT government of South Africa will ostensibly assume control of a treasury of wealth and skills that has long been the envy of the rest of Africa.

But there is a danger that much of it will have been destroyed by the very struggle to put that government in office.

Events in the past few weeks have dramatically highlighted the danger which has been reflected in two related developments.

One is the economic damage done by violence and mass protest action. The other is the acceleration that has been reported in the exodus of whites as a result of the unrest.

The economic damage has been caused not only through lost production but also through the erosion of business confidence, especially the confidence of foreign investors.

South Africa's ability to attract foreign investment — without which no modern state can survive, let alone prosper — has always set it apart from other African countries.

Even when international sanctions were applied against South Africa some foreign investment continued to come in because its natural and human resources and its economic infrastructure continued to offer good returns on investment, despite the increased risk to those investments from the escalating political struggle.

No other African country could offer anything like South Africa's investment attractions, although all of them would dearly have liked to. No other African country has anything like the number of tarred roads and railways, of locomotives and rolling stock, of lorries, of port facilities, of factories, of power stations and transmission lines, of telephone exchanges and all the other equipment necessary for creating wealth, jobs and prosperity.

And no other African countries have the pool of human skills that resides in South Africa. Neither have they the educational institutions for spreading those skills nor the research institutions for creating new skills and technology.

Not even the biggest and most developed African countries come near South Africa in any of these fields, despite the enormous damage done to the Republic's economy by sanctions.

According to Africa Institute figures, the gross domestic product of South Africa (including the "independent" homelands that will inevitably be rejoined to the main body) is R282 billion against R155 billion for the next biggest, Algeria; R94 billion for each of Egypt and Nigeria, R70 billion for oil-rich Libya, R27 billion for Kenya and R19 billion for Zimbabwe. Most of the others are far below these levels.



How does Nelson Mandela (above) convince ANC followers that luxury car owners are an asset to society?

Measured in terms of gross national product per capita, which is a rough guide to the distribution of wealth, South Africa at R15 000 is equalled only by Libya and is far ahead of Algeria's R6 000, Zimbabwe's R2 000, Egypt's R1 800 and Kenya's R1 100. Hugely populous Nigeria, despite its oil wealth, has a GNP per capita of only about R800.

To the thousands of jobless and desperately poor people in this country these statistics may appear to be either inaccurate, ironic or unjust. They nevertheless show that in general South Africans are much better off than other Africans.

More important, though, is that they demonstrate the strength of the economic foundation on which greater prosperity for all — not just the whites — can be built and on which a fairer distribution of wealth can be based.

Vulnerable

Apart from the physical infrastructure, however, that foundation is a vulnerable one, composed of elements as insubstantial as the confidence of local whites and foreign investors in security and future opportunities, and the susceptibility of wealth to international economic fluctuations.

Most other African countries do not have the means of development that South Africa possesses and therefore neither their governments nor their individual citizens have the opportunities for prosperity that exist here. Instead, they are mired in underdevelopment, debt and hopelessness, dependent largely on foreign aid.

Foreign aid, as distinct from foreign investment, does not in itself make for prosperity: it essentially is an emergency measure. But foreign investors have no interest in most African countries because they offer little security or profit.

It is one of the evils of apartheid that most of the skills and capital are at present possessed by the whites. These skills and capital nevertheless remain the best hope the blacks have of gaining prosperity and the security that goes with it - and of acquiring those skills themselves.

That may be a cruel irony but it is a fact that has been harshly demonstrated elsewhere in Africa. There can be no African country that does not covet South Africa's skills, capital and investment potential.

Majority rule will dispense no magic wands to create instant prosperity. No government, whether it be ANC, PAC or anything else, will be able instantly to create jobs and housing. The harsh reality is that whoever is in power, the poor will remain poor for quite a long time and the homeless will remain unhoused. But the chances of these deficiencies being remedied relatively quickly will be immensely greater if this country does not lose its skills, its capital and its attraction for foreign investors.

In this light black South Africans ought logically to be dismayed by the news that whites have begun to leave or plan to leave South Africa because of the violence and mass action that followed the murder of Chris Hani. Logically, the ANC leadership should be taking urgent steps to allay the fears of the whites as well as those of foreign investors.

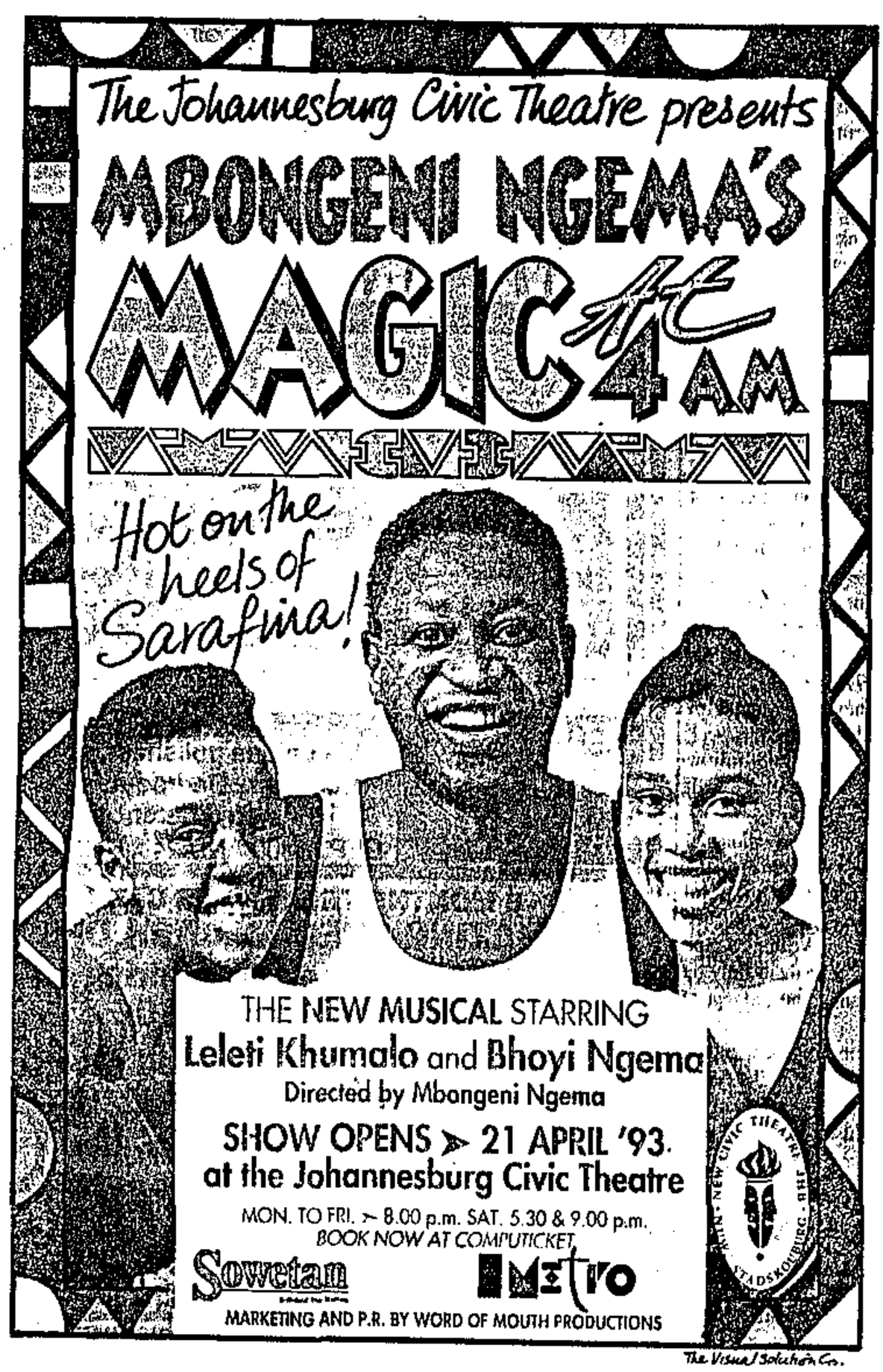
Inhibited

This need is recognised in the ANC leadership but it is inhibited in meeting it by another one — the very real need to retain the support of the majority of blacks, especially the militants.

These are mostly young and often jobless and ill-equipped by their education (or lack of it) to appreciate realities that go beyond their justified anger at white domination and what it has done to them.

But how do the ANC leaders convince the hungry young black man walking the streets in search of a job that the white executive who sweeps past in a luxury German limousine is a valuable asset to society?

There are no easy answers to the question but finding answers is a major part of the challenge facing black leaders in South Africa. Their preoccupation now should not be with defeating white domination — it has already been defeated — but with securing the benefits of that victory. And with ensuring that the victory does not sow the seeds of future defeat.



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USED CARS

Future government may act on affirmative action

ST Times (Buss J 16/5/93

By DON ROBERTSON

AFFIRMATIVE action practised by large employers is not meeting the requirements that a future government might demand and legislation to correct this might soon be introduced.

This warning comes from a new survey conducted by the Steel and Engineering Industries Federation of SA (Seifsa).

A policy based on equal opportunity, practised by most companies, rather than preferential treatment for disadvantaged groups, is not acceptable, says the report.

The industry lost over 110 000 workers between 1989 and December 1992 and now stands at about 350 000 people, largely because of the drastic turn the economy has taken.

But the report, conducted by the Innes Labour Bureau, finds that the equal opportunity option "is not strictly speaking an affirmative policy, but rather a policy of non-discrimination. As such it does not meet the requirements which a future government is likely to demand from companies".

Seifsa companies, according to the report, do not seem to be paying enough attention to this aspect and if legal requirements are instituted, some companies might find it difficult to employ skilled black labour.

Affirmative action has become a major issue for businesses with SA moving into a new political dispensation.

The International Labour Organisation (ILO) which drafted the Affirmative Action Employment Bill in Namibia, is investigating the possibility of a similar one in SA.

The demand for affirmative action stems from the very low level of involvement of blacks in ownership and management of companies, says the report. In 1991, only 2% of assets in the private sector were owned by blacks, while 90% of managerial positions were held by whites.

A total of 39% of the survey respondents had affirmative action policies in operation, but 55% did not. The emphasis, however, is on equal opportunity programmes, rather than preferential treatment schemes and these might not be suitable.

ST Times CC/Metro 16/5/93

'Election date will signal change in business outlook'

By JEREMY WOODS

THE announcement of an election date in the near future will signal a fundamental change in the outlook for businesses in the Western Cape and should bury a long-standing bone of contention between management and labour.

That's the view of Dr David Bridgman, chief executive of the Western Cape growth organisation, Wesgro, and one of the region's leading ecomomists.

"Labour has been arguing for a long time that companies should take a more aggressive stance towards the dismantling of apartheid. This argument should now be removed once we have a date for the election of a non-racial democratic government," he says.

The effect of the disagreement has manifested itself in stayaways, boycotts, calls for sanctions, disinvestment and civil disobedience.

"People are too worried about change and the speed at which it is happening and missing the opportunities that change will bring. Managements should no longer have to contend with stayaways and marches and that must be a move for the good."

Dr Bridgman says both management and labour can now focus on issues that concern their business and their industry.

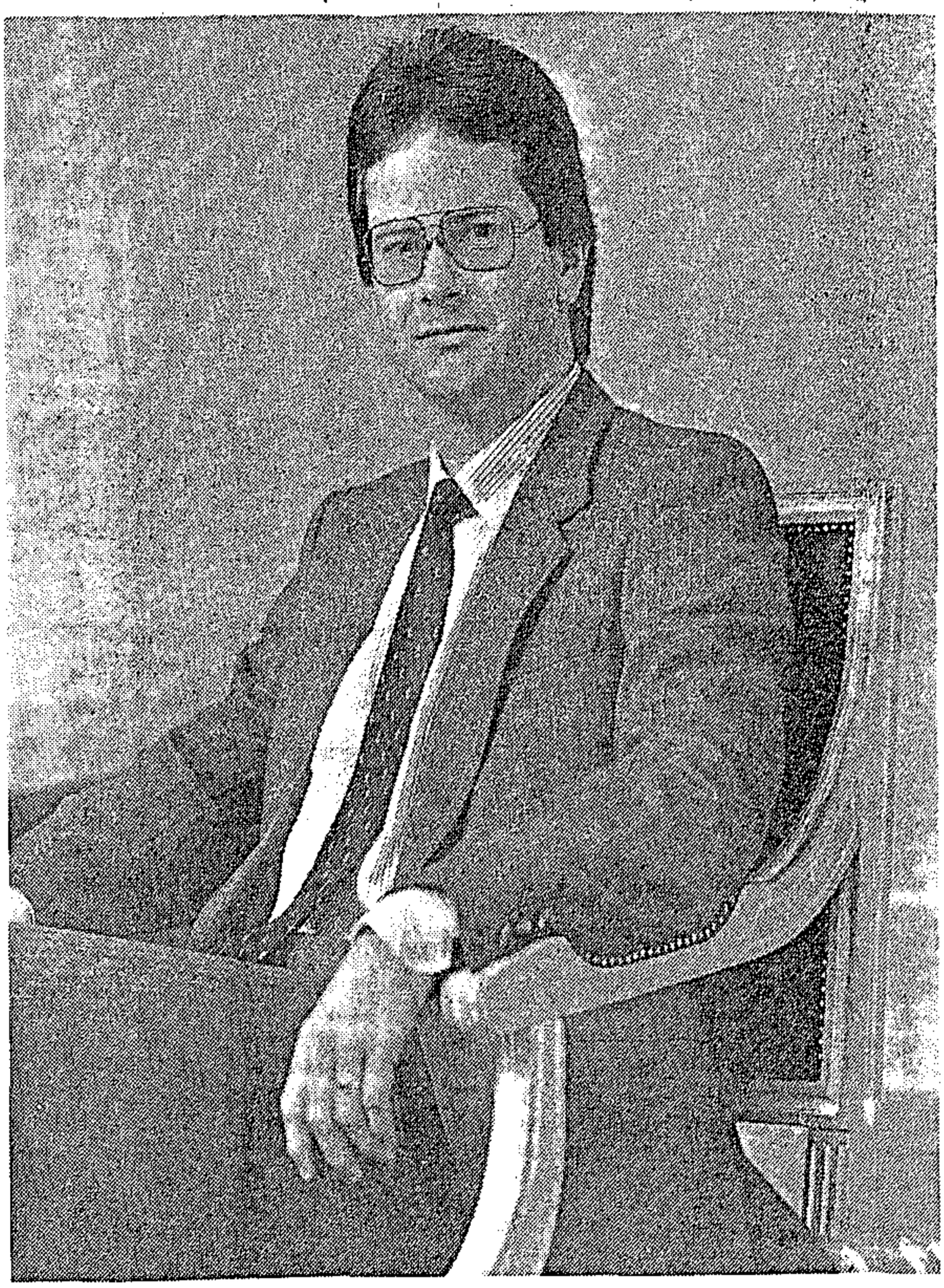
Opportunity

"The call Wesgro is making to people is that there is now a golden opportunity to develop a new relationship between management and labour, built on a shared perspective about where the business is going and how it is going to get there," says Dr Bridgman.

"We also believe now is the time for local firms to lift their perspectives and to start looking at joint ventures with other African firms and companies from overseas serving the world market."

To this end, Wesgro is gearing itself up for a major promotions campaign targeted at various European companies, which it hopes will result in substantial foreign investment in the Western Cape.

"To date we have been reacting to requests for information and assisting investors to get the information and approvals they need to invest. We are still dealing with a number of investors wishing to invest here and feel their number could increase substantially as the country makes political progress," added Dr Bridgman.



OPTIMISTIC ... Wesgro's Dr David Bridgman, looking to the future of the Western Cape

Metpol steady on offer to blacks

By JULIE WALKER

METROPOLITAN Life (Metpol) shares were untraded on Friday after major holder Sankorp announced that 10% of its 40% holding in the life assurer would be sold to blacks.

The shares will be paid for by the Industrial Development Corporation in a kind of warehousing operation. The IDC will pay R20 a share to Sankorp, which will gross R137-million in the deal.

The 10% stake will be the assets of a company to be named Metlife Investment Holdings (Methold). Its R1 shares will be sold to blacks, as happened with National Sorghum Breweries.

Sankorp chairman Marinus Daling says Metpol is ideal as a vehicle for black economic empowerment. A total of 85% of Metpol's business and 94% of new business is in the black market.

Metpol already mobilises savings of blacks and is largely staffed by them.

Mr Daling says the deal was done at R20 a share because that was the price when negotiations began. Even though it was now 175c higher, Sankorp will accept R20.

He says paternalism in black economic empowerment tends to lead to failure.

Methold has an option to buy another 20% of Metpol from Sankorp in the next five years. Sankorp parent Sanlam has 10%. Sankorp will initially have 30%, to be pooled with Methold's voting power.

Metpol management, led by Marius Smith, will be retained, and more blacks trained to fill senior positions.

Methold will appoint six of the 15 non-executive directors of Metpol and Sankorp three.

Methold's chairman is Nthato Motlana and the deputy Enos Mabuza. Mr Smith will also serve the Methold board, as will the IDC's Jan de Bruyn and Gert Gouws. Dr Motlana becomes chairman of Metpol and Sankorp's Attie du Plessis the deputy.

Sphere

Mr Smith says the move offers Metpol an outstanding marketing opportunity. Metpol insures the lives of perhaps 6-million South Africans.

The new directors bring their own sphere of influence — nine of the 16 will be black after the changes.

The deal ensures Metpol's future as an independent group away from a possible conflict of interest with the parent Sanlam group, which is likely to raise its own presence in the black life-assurance market.

Asked if Sanlam would apply the R137-million proceeds of the Metpol sale to black housing, a startled Mr Daling replied that it formed part of investment income in Sankorp and was pooled and apportioned as such.

The question raised smiles from Dr Motlana and lawyer Michael Katz.

PR profession 'needs to change with the market'

BIDAY 18/5/93.

MARCIA KLEIN 172

THE public relations profession needed to adapt to increased competition and a changing market, TWS Communications chairman Keith Rhodes and MD Viccy Baker told delegates at a recent International PR Association (Ipra) professional conference in Cape Town.

They said the size of the industry in SA was in the region of R350m to R400m.

About 36% of the PR services employed were marketing. Corporate PR represented about 32%, while employee and financial PR made up the remaining share of PR spending. But in the future, marketing and corporate PR spending as a proportion of the total would drop, and PR spending on employee and community relations would grow. Special events would also lose their relative importance.

Rhodes and Baker said many disciplines were moving into areas previously considered to be the field of the public relations practitioner. This, with the possibility of international consultancies operating in the region, would mean increased competition for the PR profession.

SA's industry had skills, flexibility and growing recognition. But generally it had poor standards, lacked accountability and stability and had a negative image.

"We are an industry of generalists, turning our hands to almost anything from writing copy for a radio ad to conducting a climate survey," they said.

The profession would have to acquire and use other skills, including creativity and innovation, to take advantage of fresh opportunities.

During recession, bad news required better communication than good news did, and the demand for strategic consulting had increased.

An economic recovery was needed to bring the market back to the growth performance achieved until the mid-1980s, they said.

Survival 'depends on clear vote result'

GAVIN DU VENAGE

BUSINESS had to push for a "definite result" in the country's first democratic elections if it wanted to survive, a conference on voter education was told in Johannesburg yesterday.

Consultative Business Movement executive member Leon Cohen told the conference organised by the Continuing Education Programme that a clear cut result was needed to avoid polarisation, which would lead to violence and ultimately the collapse of the economy.

"The issue is not to influence people's vote, but to influence employees to exercise their vote," he said.

Engen human resources consultant Mel Palmer told the conference that business had clear cut reasons for getting involved in the election process.

By encouraging employees to vote, a decisive victory for the winning party would head off the "Angola option", Palmer said.

Getting people to accept the result would also be difficult, but by promoting voter education, people would be encouraged to cast their ballots and accept the final decision.

With 20-million prospective voters, business would have to help with logistical arrangements, and give time off to workers who were involved in education programmes, as well as marshaling at polls.

Employees represented an influential force in their communities, as they had jobs, skills and respect, he said.

Promoting voter education among workers would have positive effects in the larger community.

However it was important that business was not percieved as biased to any party.

The emphasis had to be on education, and not on politics, he said.

In this respect, the trade unions could play an important role in the education process.

LABOUR

Affirmative action: From 'if' to 'how'

W/May 14/5 - 20/5/93. (172)

Equal opportunities or the quota system? Companies are now focusing on how to implement affirmative action programmes.

FERIAL HAFFAJEE

reports

THE need for affirmative action was clear without anybody saying a word at a seminar hosted by Drake International earlier this month. Not even 10 percent of the 200 delegates were black; a few more were women and an even smaller proportion were black women.

The seminar of middle managers and personnel officers — keen to hear the latest on what must be one of the most burning human resource issues in the land — was a microcosm of a bigger problem: statistics show that only four percent of South Africa's managers are black.

But this may change when affirmative action programmes begin to bear fruit. Three in five companies quizzed by Drake in a recent survey had instituted such programmes — 50 percent had done so after 1990.

Four in five companies said they would be happy to comply with a quota system — where fixed numbers of black and female appointments must be made until a target is reached.

But a survey by Quest Personnel found the opposite: business feels less positive about government-imposed quotas than it did when the last survey was done last year. The overall impression was that "business should be left to implement its own decisions".

Of the 700 companies surveyed, 43 percent had affirmative action programmes in place but only half thought the programmes had been successful.

One in 10 companies said they would reject a homosexual or a disabled person and four in 10 would turn down a prospective employee who had Aids.



Eric Mafuna ... No problem with token appointments

A survey of engineering companies by the Steel and Engineering Industries Federation of South Africa (Seifsa) has found that employers are paying "insufficient attention" to affirmative action.

Almost 40 percent of the respondents had put affirmative action programmes in place. But, on closer inspection, Seifsa found 93 percent of these were equal opportunities programmes, while five percent "base them on preferential treatment for disadvantaged groups".

The affirmative action debate has shifted from "if" to "how", indicating the inevitability with which most companies view affirmative action.

Most participants at the seminar viewed it as the only way to meet the country's skills needs and to level the playing fields.

For the Democratic Party's Tony Leon, quotas and token appointments will compound problems; he suggests that time-tables should be set instead and that these should be accompanied by supporting legislation.

Such legislation should outlaw discrimination, but allow differentiation to "remedy substantial existing inequality". Legislation must include sunset clauses to end affirmative action when its work is done.

Lonrho's Tony Frost said at token appointments were "sitting ducks" being set up for failure, but Eric Mafuna of the Black Management Forum said he saw no problem with token appointments.

Management consultant Tony Manning said in a monthly newsletter: "In their anxiety to elevate blacks to top jobs, many companies are putting good administrators into jobs that demand skilled leaders. These people will inevitably fail."

Most speakers worried about sacrificing competence in affirmative action appointments. Bhabhalazi Bulunga, Gillette personnel manager, questioned why black appointments always elicited queries about competence. "I find this insulting," he said.

The choice of the panel sparked comments like these: the speakers, apart from one woman and Mafuna, were all white males giving what were often their own thoughts on affirmative action.

One of the shortest contributions, which won the biggest applause, came from a woman who said: "Once again, white people are setting the standards and goals for black people."

Poaching black managers 'detrimental'

BIOAM 21/5/93.

(172)

WILSON ZWANE

COMPANIES should identify blacks with managerial potential in their ranks instead of poaching experienced managers from other companies, says Black Management Forum executive director Lot Ndlovu.

Writing in this month's edition of the Institute of Personnel Management's People Dynamics, Ndlovu says a number of black managers are underutilised.

"One needs to ask ... to what extent can appropriate and relevant experience form the basis for a more involved utilisation of those people" in higher positions?

He says companies have to find potential and develop it to suit their requirements.

However, many companies prefer to poach suitably qualified and experienced black managers rather than commit themselves to developing managerial potential within their ranks. Ndlovu says this practice is "detrimental to development commitment from companies.

"People sometimes move on for the flimsiest of reasons, often at the expense of acquiring solid experience. At the end of the day, organisations don't find or keep people ... and individuals have limited experience."

However, he feels that arrangements in which individuals are bound by contracts for "plough-back periods" should be monitored by third parties.

More illegal aliens entering country

GERALD REILLY

PRETORIA — Illegal immigrants from adjoining countries are infiltrating SA at an unprecedented rate in a bid to escape intensified unemployment and poverty in their own countries.

A record number of them were repatriated in the first four months of the year, the Home Affairs Department said.

The total of more than 27 000 people repatriated in the first quarter was made up of 103 from Botswana, 1 722 from Lesotho, 96 from Malawi, 337 from Swaziland, 3 700 from Zimbabwe and 21 016 from Mozambique.

A Home Affairs spokesman said the hunt for "illegals" was continuing, with department inspectors and police regularly demanding employment records from SA companies.

So far this year, eight companies have been prosecuted for employing illegal immigrants.

Last year a record number of 82 575 illegals were repatriated — 61 210 from Mozambique alone — compared with 61 345 in 1991.

The spokesman said a major problem was the number of repatriated illegals who returned within days of being sent home.

Last year more than 11 000 returnees were identified.

There's nothing like a plan of action for getting you that loan

MANY people decide to start their own small businesses based on either a gut feel, a marketable skill or a business idea which is believed to be viable.

It is crucial to first check the facts and comprehensively examine the viability of one's ideas.

Starting your own business requires the maximum utilisation of all your talents – and a business plan.

A business plan is a detailed programme outlining every aspect of your proposed business venture. It should describe:

- What you intend doing;
- How you intend doing it;
- When you intend doing it; and
- Why your idea is viable.

A business plan indicates to financial institutions that you are serious.

Format

A business plan can take a format of your choice, but must be written down.

That plan should be:

- Of a good appearance;
- Concise;
- Comprehensive; and
- Simple and easy to read.

Step 1: Ensure that the front page is neat. It should contain:

- The name of the business;
- The type of business;
- The name(s) of the owner(s);
- The address and telephone numbers of the owner(s) of the business;
- Logo or emblem if you have one;
- The date presented; and
- Divide the contents page into clearly numbered headings with corresponding page numbers.

Stimulate interest

Step 2: Your introduction should be concise, stimulate interest and contain the following information:

- A description of the service or product you intend selling or manufacturing for resale;
- Why you believe your venture is viable; and
- Your short-, medium- and long-term business goals and objectives.

Step 3 should contain:

- The type of business ownership selected;
- Any legal requirements like licensing, permits and tax regulations;
- A comprehensive outline of your product(s) or service(s). If you intend producing or manufacturing a product, explain in detail the processes involved, machines you intend using, etc;
- A technical outline containing details and capabilities of your machinery and equipment;
- A description of your location, features, floor layout, proximity to competitors, leasing conditions, etc
- A comprehensive outline of your educational qualifications, work experience and training course attended;
- A comprehensive SWOT analysis of your business i.e. outline the: Strengths (S), Weaknesses (W), Opportunities (O), Threats (T).

Indicate what you are going to do about each of these four factors – that is, describe your competitors and their products.

In step 4, your plan should explain how step 3 will be achieved. This is one of the critical areas that a financial institutions looks at very closely. It should include:

- A description of your specific target market;
- A projection of your short-, medium- and long-term turnover;
- A description of your competitors' marketing strategy and the potential effect on your business; and
- A description of your purchasing, costing, pricing, selling and sales promotion strategy.

Your financial plan should also contain the following:

- A description of how many staff you intend employing, why, where and how you intend recruiting them;
- A description of your management and staff, their qualifications and experience and what their job descriptions and income packages will be;
- A description of your administration or record-keeping system; and
- A description of your staff policy regarding working hours, fringe benefits, overtime, sick leave etc.

Your conclusion should be positive and motivating. It should be:

- A summary of why you believe your business plan will succeed;
- Why you believe finance should be granted; and
- A motivation for other people to have faith in your proposed venture.

If you compile a comprehensive business plan and continue to use it as a working action plan, you will be halfway to achieving your goals. Your Business Plan is an extremely useful tool and should be used to:

- Regularly evaluate your overall position;
- Monitor your actual income and expenses as opposed to your forecasts; and
- Make future decisions and plans.

Rather spend more time planning properly than regretting it later. If you get stuck do not hesitate to contact your nearest SBDC office or small business unit of any bank for advice.

Are you a hop

hoper or a doer?

How we think is the crux of the matter

CPress 23/5/93

49 172

THE future of the SA economy will largely be determined by people's way of thinking and not necessarily by events such as mass action and the recent spate of political violence.

This is the view of Ruth Tearle, a well known writer on strategic planning and managing director of a company that assists companies with their strategic planning.

She says it is understandable that businessmen are concerned about the violence and the potential problems that could be caused by the present generation of untrained youths.

However, they should not be obsessed by current difficulties but instead should concentrate on finding ways of exploiting potential challenges and opportunities over the long term.

With this end in mind, many South African businessmen will inevitably have to change their mental attitudes.

Tearle, whose book *Managing Transition* will soon be published worldwide, says the question is not necessarily what people are thinking about current events, but rather how they think.

That is, how they interpret events around them and how they make decisions. How people think will also determine how they will react to recent political events in SA, Tearle adds.

Some businessmen will be obsessed by political crises and will project them on the future, while others will look beyond the current unrest and instead study underlying long-term trends.

"Businessmen should bear in mind that the future will not be determined by one single event, but rather it will be the result of a sustained process.

"Therefore it would be unrealistic to expect that one single solution will suddenly be found for all SA's problems.

"The search for the solution for a better future is an ongoing process, in which one problem after the other should be solved, and which would also present new opportunities."

Tearle feels that thinking South African businessmen can be divided into two main groups.

The first group would consist of businessmen who are unable to look beyond the current uncertainty. In general they are the "hopeless" to whom the future appears very bleak at present.

Then there are the "contributors" who have formed for themselves a very clear picture of the future and who have set goals towards achieving their vision.

The latter group does not necessarily have a positive or negative view about the future, but has a thorough knowledge of underlying trends over the long term, which enables them to develop a realistic vision.

Tearle says the first group waits for the political leaders to produce a solution. They believe that change and economic growth are controlled by someone else. Their own planning is one of wait and see and they seldom think beyond the current year's budget.

The "contributors", on the other hand, accept that they can be successful in any environment as long as they understand the rules of the new environment. Consequently they spend much time on strategic planning in order to identify future trends that could affect their businesses over the medium to long term, and to determine the new opportunities presented by the changing circumstances.

"Unlike the first group who sits still and hopes that the world will change to adapt to their businesses, the contributors are prepared to adapt their businesses in such a way that they are able to exploit the new opportunities offered by the changing circumstances," she said.

Clicks' management is to be streamlined

BIDAY 24/5/93 (172)

MARCIA KLEIN

MANAGEMENT of the Clicks group, which includes retail chains Clicks, Diskom and recently acquired Musica, has been streamlined to meet future growth.

CE Trevor Honeysett said the group, which would soon report for the year to end-April, had grown rapidly in the past five years to nearly 300 stores and turnover of nearly R1bn. It had 141 Clicks, 90 Diskom and 62 Musica stores. Its expansion had been driven by a small, close-knit executive team.

However, control needed to be passed on to the next level of management, and emphasis needed to be given to the individual trading companies. A number of top management teams had been created to oversee day-to-day operations.

Honeysett, who would remain as group CE and MD of Clicks Stores, said the group was empowering management of the individual chains.

Executive director Raymond Godfrey was appointed deputy MD of Clicks Stores, and executive directors David Danziger and Robin Spengler would remain as MDs of Diskom and Musica respectively.

Honeysett said the group was empowering management of the individual chains by giving them added responsibility and accountability.

The group was also introducing human resources directors into each division. This function was previously under the control of a single main board director.

A separate corporate services company, H Goldin Corporate Services, would supply head office services to the trading companies. This firm would be headed by executive director Peter Green.

Honeysett said this would allow the operating companies to focus on trading and customer service.

In the half year to end-October, the group reported a pro-rata 24% rise in after-tax profit to R10,3m. Analysts said they expected it to maintain its strong growth record in the full year to end-April.

The change in its year-end to April put it in line with holding company Premier. Results from the Premier Group and its subsidiaries would be reported in the next few weeks.

Management rebuff led to SMA investment team's departure

LINDA ENSOR

CAPE TOWN — The rejection by Syfrets' senior management of equity participation proposals by Syfrets Management Asset (SMA) executives was apparently the reason for their departure to join a newly formed rival asset management company.

Sources said the restructuring proposals apparently involved an element of unbundling and would have allowed the key executives to take part in the equity of SMA, a subsidiary of Syfrets, which was owned by Nedcor.

The six executives, considered the core of SMA's investment team, were told yesterday to leave immediately rather than serve out their notice to end June.

SMA management apparently considered it untenable for SMA — which had total assets of about R8bn — to continue operating with its core team on the way out. Investment responsibilities for Syfrets unit trust funds and certain institutional investment portfolios had been reallocated within its 40-strong investment team with immediate effect, Syfrets joint MD David Rennie said yesterday.

Capital market portfolio manager Rob Nichol has taken responsibility for coordinating activities until the return from leave of Syfrets joint MD in charge of investments Ashton Dominy.

Those departing — SMA MD Leon Campher, Syfrets Growth Fund portfolio manager Tony Gibson, Syfrets Trustee Fund portfolio manager Matt Brenzel, SMA portfolio manager Thys du Toit, investment research division head Hugh Broadhurst and computer expert Nick Walters — planned to join Coronation Asset Management, in which they would have an equity stake.

Campher would be MD of the new company, a subsidiary of JSE-listed Coronation Syndicate, directed by former UAL executives Gavin Ryan and David Barnes.

Coronation Syndicate had proposed that its new subsidiary undertake SMA's asset management functions on a contract basis. Rennie said this possibility was being considered.

Market response to the departure of the team has been snappy, with a stream of applicants already vying for the vacancies.

ROLEX

US computer giant to set up shop in SA

Star 26/5/93

By Sven Lünsche

The world's third-largest computer group, US-based Digital Equipment Corporation (DEC), is to set up a wholly owned subsidiary in South Africa in July.

It is the first major American company to take a stake in the country's future since the large-scale disinvestment of the Eighties.

The establishment of Digital SA will be accompanied by significant investment in education and black business.

Announcing the deal yesterday, DEC vice-president for strategic resources, John Sims, said despite volatility in SA "now was the time to invest".

"We have consulted widely with leaders across the political spectrum and with our major multinational customers who operate here and they have all said it is time," Sims told a press conference.

He said an estimated $2 billion was invested in the SA information technology industry annually, which made it the largest market in the world in which the group was not invested.

DEC last year reported worldwide sales of $14 billion from its operations in 99 countries.

US Ambassador Princeton Lyman said earlier that more US companies were likely to follow DEC's lead.

Outlining details of the investment, Alan Peters, general manager of Digital SA, said the new company would provide sales and back-up for DEC's wide range of computer systems.

While refusing to divulge sales details, Peters said Digital SA aimed to be a market leader in its field of operation.

It is estimated that current sales of DEC equipment in SA total R50 million to R100 million a year and that about 800 local companies have DEC systems installed.

Peters said DEC, which had been strongly opposed to investments in "Apartheid SA", did not authorise sales in this country.

However, industry sources say that most sales were conducted through Olivetti Information Technology, which has been appointed by Digital SA as one of the authorised resellers of DEC products and solutions.

Digital SA will also extend its successful Reach educational project to South Africa, in terms of which 100 scholars a year will be selected for a four-year fully funded educational programme.



Alan Peters . . . aiming to be a market leader

First black-controlled computer firm formed

Star 26/5/93

By Sven Lunsche

The first black-controlled computer group in South Africa, Bheki Computer Systems, has been formed in the wake of Digital's entry.

Bheki has been named as one of the two local value-added resellers of Digital products, the result of three years of negotiations between black businessmen and Digital.

The operational core business of the new group is DDS Computer Systems, an independent company acquired by Bheki because of its experience in the Digital backup market.

Bheki is backed 25 percent by SA's third-largest information technology group, Persetech, which has two seats on the Bheki board.

The Thebe Investment Corporation is the largest shareholder with 45 percent.

Chairman of Thebe, businessman and former KaNgwane Chief Minister Enos Mabuza, will also chair the new group.

Thebe itself is owned by a trust controlled by senior ANC leaders including Nelson Mandela and Walter Sisulu.

Mabuza defines Thebe's main task as redressing the economic imbalances caused by apartheid.

Bheki will be managed by Gibson Thula, whose Vela International will hold 25 percent of the new group. The remaining ten percent in Bheki will eventually be owned by staff.

Thula said yesterday that Bheki had a strong track record based on the fact that DDS had been operating successfully and profitably in the Digital market for some time.

He said Bheki hoped to improve computer usage across a range of community organisations, government and parastatal and business enterprises.

"We want to develop our own competitive edge and not receive favours as a result of our majority black shareholding," he said.

DDS managing director Mike Bogatie becames operational director of Bheki, which will start operations on July 1.

Business urges negotiators to avoid impasse

GRETA STEYN

THE SA business community has urged negotiators at the multiparty talks to heed the disastrous economic consequences of a political impasse.

Their message is that SA cannot afford a "devastating" setback of the kind that occurred after the breakdown of Codesa.

The Business Forum — representing umbrella organisations for commerce, industry and agriculture — is to table a statement on the economy at the negotiating council meeting in Kempton Park tomorrow. It had originally intended to table the statement on Tuesday.

The forum said in a statement yesterday: "Another political impasse will lead to more business closures, the withdrawal and withholding of investment, a further flight of capital and skilled manpower and further loss of job opportunities." The business sector could not fulfil its function as the engine of the country's economy in a climate of uncertainty, instability, disorder and violence.

Every political party had a burden of responsibility to create conditions — especially regarding the promotion of peace — in which a prosperous, nonracial SA could be attained.

The forum appealed to the participants to show flexibility, the ability to compromise and realism to keep negotiations on track towards an early conclusion. SA "desperately" needed a political solution acceptable to most South Africans and the international community, and which would stand the test of time.

The transformation was at a critical stage and the negotiations process appeared vulnerable and fragile. "Unless the resumed political negotiations succeed, the impact on employment and the economy — which is in its fifth year of recession — will be devastating."

Organisations represented by the forum include the Afrikaanse Handelsinstituut, SA Chamber of Business, Bifsa, Chamber of Mines, Council of Southern African Bankers, Fabcos, Nafcoc, SA Agricultural Union, Saccola, Seifsa, SA Property Owners' Association and the Life Offices' Association.

UAL given high rating by Republic

REPUBLIC Ratings has accorded UAL Merchant Bank a "stand alone" rating of A1 for its capacity to repay short-term borrowings.

Republic director Dave King said UAL was only the second merchant bank to qualify for this high rating.

He said the rating was accorded after an intensive investigation into the quality and stability of UAL's asset portfolio, funding base and earnings stream. It also incorporated a detailed evaluation of the bank's key risk management structures.

Noting that UAL had significantly improved its risk management procedures and systems, Republic said UAL's asset base was highly liquid and of a very high credit quality.

Furthermore, its funding portfolio was well hedged and adverse movements in interest, price and foreign exchange rates would not have an excessive impact on profits.

While certain individual exposures were large in relation to the bank's capital base, King said these were largely with blue chip organisations, many of which had already been accorded high investment grade ratings by Republic.

UAL was also considered strategically very well positioned in its market with particularly good trading capabilities.

"As a result it is presently the most profitable merchant bank in the country with return on equity exceeding 35% over the past two years and return on assets retained in the region of 1,3%. UAL also has significant surplus capital and its risk weighted capital adequacy ratio is presently amongst the highest in the banking industry," UAL said. — Sapa.

COMPANIES

New training programme

WILSON ZWANE

THE International Management Centre will soon launch a comprehensive training programme aimed at stimulating the development of entrepreneurs and business leaders.

The centre said the programme would enable participants to put together a properly researched business plan. The programme would cover all business aspects, including product research, marketing, accounting, manufacturing and operations.

The centre said the programme's forerunner, the National Workshop initiated by the Australian government in 1979, had contributed significantly to business development.

SSP PUMPS

BUSINESS Indirect stake in insurance giant

Sowetan 27/5/93

Shares on offer to blacks

■ Selling price will be R1 each says Methold chairman Nthato Motlana:

By Mzimkulu Malunga

THE newly established Metlife Investment Corporation will invite the black public to buy its shares in a month's time.

Methold chairman Nthato Motlana said the shares would sell at R1 each.

It is not clear how many shares will be issued to the public but the company has a total of about 6,8 million shares.

Methold was born out of a transaction in which a group of blacks bought a 10 percent shareholding in insurance giant Metropolitan Life.

Owning shares in Methold gives a shareholder an indirect stake in Metpol. The latter's shares are priced at over R20 on the Johannesburg Stock Exchange.



Dr Nthato Motlana

Motlana said his company had an option to increase its stake in Metpol to 29 percent.

"Such a development will depend on how fast the shares are bought."

Metropolitan Life would take a lead in investing in socially responsible areas such as housing, he said.

The company would also attempt to influence other major players in the insurance industry to do the same.

"We are aware that returns on investments like housing are low. We will have to balance them with other forms of investment yielding high profits."

Socially responsible

If insurance companies do not start investing in socially responsible projects now, a future government would force them to do so, according to Motlana.

"But if we start doing it now, at our own pace, there will be no need for the government to pass legislation to that effect."

Seminar to focus on business's role in change

By Shirley Woodgate

Substantial American funds are waiting to be pumped into economic development in South Africa, United States ambassador to South Africa, Princeton Lyman, said in Sandton recently.

But ambitious international plans for South Africa would not be realised unless the local business community displayed a similar kind of bullishness.

"More bluntly, none of the sources of foreign capital will materialise if South African capital is either leaving the country or held out of the marketplace.

"South Africans cannot expect foreign institutions to substitute their capital for South African," he added.

In every potential instance where foreign capital was waiting to come into this country, one clear condition was that this had to be matched, if not exceeded, by South African investment in the same areas or instruments, Lyman said.

The ambassador's comments reflect the tone of a landmark one-day seminar next month, organised by The Star and the authoritative Consultative Business Movement (CBM) in Johannesburg on June 25.

The seminar will focus on the role of the business community in a changing environment and will be based on the recently published book *Managing Change*. A guide to the role of business in transition, the publication was compiled by the CBM national team.

Input at the conference will be from international businessman and chairman of Philips Netherlands, Jan Timmer, backed by at least 16 of the South Africa's top industrialists and business leaders, including John Hall and Mike Rosholt.

Dr Zach de Beer, Dr Mamphela Ramphele and Dr Nthato Motlana are among other top speakers making this event not only the first of its kind, but a must for anyone who is serious about the development of business in this country.

"It is very rare these days to find businessmen questioning why business should play a role in transition," the book says.

"Many are already active and others question only how they can become involved or refine their involvement."

This is where *Managing Change* ends; it is also where the debate at the Carlton Hotel conference on June 25 begins.

● A registration application form appears today on Page 23.



Lyman . . . urges SA businessmen to invest locally.

Gencor division's new CE quits

BLOOM 28/5/93.

MATTHEW CURTIN

HANS SMITH, CE of Gencor's Business Development Division and former MD of Samancor, is to leave the mining house at the end of the month.

His departure comes only three months after his appointment to run the group's new business wing.

Smith said yesterday his decision to leave, after 17 years at Gencor, had been taken after long discussions with chairman Brian Gilbertson. His parting from the mining house was "amicable".

"My real strengths are in managing large companies with international marketing activities and direct line management," he said. He had received a number of local and overseas job offers, but had decided to make a clean break with Gencor before pursuing any opportunities.

Gilbertson said in a statement that he was "sad to see a man of Hans Smith's calibre leaving the group as he had contributed in many ways to the group's mission of achieving real growth".

Smith's career at Gencor culminated in his taking the helm at ferro-alloy producer Samancor after being MD at coal group Trans-Natal. Market sources suggest that it was towards the end of his time at Samancor that the seeds of Smith's departure from the group were sown.

After managing the company through the late '80s ferro-alloys boom and slump from 1989, Smith faced increasingly difficult trading conditions in the ferrochrome market and intense pressure on the group's ferrochrome marketing strategy.

Syfrets hit by more resignations

LINDA ENSOR

CAPE TOWN — Eight more Syfrets Managed Assets (SMA) staff have resigned to join rival Coronation Asset Management (CAM), bringing the total number of defections over the past week to 16.

The departing group included former SMA MD Leon Campher, leading portfolio managers, researchers and information technology and administrative staff who were approached by Coronation Syndicate to work for its new subsidiary CAM.

Some had already left, while others would leave at the end of June.

The first appointments to fill the gaps left by the eight departed SMA executives were expected to be made next week, Syfrets joint MD Dave Rennie said yesterday.

He said SMA had been approached by many top-level individuals from rival companies and interviews had been held.

All posts would be filled by June 15 but Syfrets would be extremely selective in choosing new people. It would employ only high-calibre people able to work as a team within the Syfrets structure.

Rennie described the departure of the group as a "major disappointment" but said Syfrets had the structural depth and strong, committed remaining staff to overcome the problem.

He said management had started to address the reasons which had prompted the resignations.

"Important as the departing individuals were to Syfrets, the reality is that they were part of a solid organisation comprising researchers, portfolio managers and diverse financial experts — all backed by the most sophisticated computer system operational in any local financial services institution," Rennie said.

DISA DEVELOPMENT CORPORATION LTD

(Incorporated in the Republic of South Africa)
(Reg. No. 87/04269/06)

Interim profit announcement
for the period to 28 February 1993

The consolidated, unaudited results for the six months to 28 February 1993 are shown below, together with the unaudited figures for the corresponding period in 1992 and the audited results for the year ended 31 August 1992.

	6 months to 28 February (unaudited) 1993	6 months to 29 February (unaudited) 1992	Year ended 31 August (audited) 1992
Notes	(R000)	(R000)	(R000)

Speaking out for blacks in the boardroom

172



Enos Mabuza was KaNgwane's Chief Minister from 1978 to 1991 and now serves on the boards of Times Media Ltd, parent company of the *FM*, and seven other companies and organisations. He received an honorary doctor of law degree from Rhodes University last month.

***FM:* Which boards do you sit on? Are you constantly bombarded with offers to sit on new boards?**

Mabuza: I am a non-executive director of Anglovaal, the Foundation for African Business and Consumer Services (Fabcos), the Premier Group, Standard Bank Investment Corp, Shell, Volkswagen of SA, Thebe Investment Corp and Times Media Ltd.

Yes, I do continually get new offers to sit on boards. However, I must always ask myself — what contribution can I make? Because I am actively involved in socio-political consultancy for both standing and ad hoc clients, I believe that the maximum number of boards that I can effectively sit on is 10. It would be unfair to accept any more because I would not be able to devote a sufficient amount of time to them.

What is it like to be the only black on some of these boards? Do you feel you can speak out and represent the concerns of the black population as a whole?

Even though I am sometimes the only black person on a company board, I feel that I can speak up and make a contribution. My job is to inform the captains of business about the other world, the world that they are not directly involved in, and tell them about black people's aspirations and needs. I advise on economic upliftment and social responsibility programmes, including the sensitive issue of affirmative action.

Do you think that black managers and directors are merely tokens in predominantly white businesses?

No, most companies realise that the future won't be business as usual. Generally, white businesses genuinely want to prepare themselves for the future. They are interested in the contribution that black managers and directors can offer, particularly in sensitive areas concerning black staff and consumers. There are no benefits in tokenism.

What is your opinion on affirmative action?

Historically, business had to comply with job-reservation policies and this can be seen in today's business profile. Affirmative action can help rectify the wrongs of the past, but companies must understand the complexities of affirmative action. They must take into account the sensitivity of black employees towards promotion for the sake of promotion. Tokenism is patronising and unlikely to bring the desired results.

It is important that companies commit themselves to developing managerial potential within their ranks. But often there is a dilemma — if you don't recruit from outside, it can take ages for blacks to reach senior management positions; but if you import new staff, the existing staff will be resentful.

Staff should be promoted according to merit. Where qualifications and skills are lacking, companies must invest in formal and informal education and training programmes, as well as less formal mentor systems.

It is important to give experienced white managers incentives to act as mentors to less-experienced black managers. This will also help diminish any resistance from within. It is also important to offer high enough salaries to keep staff. The fact that competitors often poach experienced managers is a national problem that is detrimental to the country as a whole. Up and coming black managers must be patient and not move on at the expense of acquiring solid experience.

Do you believe in quota systems?

I believe in targets rather than prescriptive quotas. Companies should strive to transform themselves to reflect society as a whole. Employment and promotion should be based on merit.

What have you learnt about business since leaving politics? Have you changed any of your views or opinions about business?

I have learnt a lot about strategic planning, setting goals and general business operations. The ability to look ahead and measure everything is a skill. Until recently blacks have been excluded from these functions and have not been able to develop these skills. Now these opportunities also exist for blacks and it is important that we are exposed to this business environment.

My views have not changed in so far as over 70% of the population still has only about 2% of the wealth in this country. Business, which benefited from the exploitation of labour, must help redress the injustices of the past by giving all race groups equal access to and participation in all opportunities.

Can business help in training and educating the lost generation?

Definitely, by sponsoring students and offering them vacation jobs, by offering in-house literacy and numeracy programmes, and by creating opportunities for promotion.

Business has a vested interest in education. It cannot afford to wait for a new constitution. There must be immediate change in education. Business should be more vocal in its criticism of the discriminatory-education system.

What is the outlook for business?

I am optimistic. The recession seems to be lightening up and in the light of the current talks we can expect better investor confidence. Also, the international community has shown an interest in SA. But to succeed, business must be as inclusive as possible.

Star 29/5/93

Blind Danny brings light to



DARKNESS OVERCOME: Danny Kekana has become an important, fully functioning community leader. ● Photograph: MYKEL NICOLAOU

A MAN blinded in 1977 did not lie down in misery. He worked hard to become educated and now trains community leaders in business skills, writes JOE LOUW.

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DANNY Kekana lost his sight 18 years ago in one of those senseless incidents of township violence that has become so endemic that you just shrug helplessly when you hear about it.

At dusk on December 22 1977 during a curfew in Soweto, three armed men stopped Danny and two friends from Morris Isaacson High School near Diepkloof and demanded to know where they were going.

Seconds later, before they could even answer, shots rang out, plunging Danny into a darkness that profoundly changed his life.

He was a matriculant then, caught up in the maelstrom of events of the 1976 student rebellion. Morris Isaacson stood at the centre of that storm and Danny's classmates, among them Tsietsi Mashinini and Murphy Morobe, were among many who played roles as leaders of that rebellion.

DANNY spent a long time in a traumatic recovery.

"I woke up the next morning in St John Eye Hospital to be told I would likely never recover my sight," he said. "Tell that to a young man of my age and energy at that time — it was a great shock, to say the least."

He spent the next six months recovering from the shooting and then began the long struggle to pick up the pieces of his life.

"One of the things I had decided on very definitely was that I wanted to go to university and I wasn't going to let anything stand in my way — not even blindness."

Fortunately for Danny, he had written and passed his matric exam just before the shooting. He spent the next six months learning braille at Baragwanath and shortly afterwards registered for a bachelor's degree in political science at Turfloop.

"It was an uphill struggle but one thing that truly inspired me was the goodwill and kindness of my fellow students," says Danny.

"There were a lot of people who would pitch in, willing to give, willing to help. Fellow students read to me, took me to class, led me to social events, gave up their time to walk with me. It was very touching. It gave me a deep confidence in my fellow human beings."

It also led Danny to want to serve others, and so he chose a career in community development. After receiving his BA honours at Turfloop, he enrolled for an MA at Wits.

Today Danny is a hero of a different kind to his peer group: he has paid his dues through sheer determination to overcome the shackles of blindness and become an important, fully functioning community leader.

"Many of the guys I meet who have dropped out see me as some kind of a hero," he says modestly. "Many want to go back to school or are encouraging others to stick in there. They say 'Danny, if you could do it, with your handicap, then we can do it too'."

Danny is a director of the Soweto training programme of the Institute for African Alternatives, a non-governmental organisation which runs courses in disadvantaged communities to improve management and other skills.

"What we're doing basically is to inculcate values and skills that point people in the direction of self-reliance, using the African experience as a model, to give people skills to initiate development programmes, to create jobs rather than wait for sponsorship in job creation."

HE ADDS: "Development for us is not just having skyscrapers and high technology, but also having things that affect people's lives directly like jobs, housing, food, health, education.

"At the institute we look at alternative strategies — especially as they evolved in African countries.

"Given the socio-economic realities that prevail in the townships, we find that providing basic skills in administration and in maintaining good organisation is absolutely necessary."

Twice a week Danny and five other lecturers conduct seminars for about 200 "students" — organisers from a variety of community-based organisations. They include individuals from stokvel groups, the Soweto civic, informal-sector traders, executives from the Soweto Chamber of Commerce and Industry.

"The need for basic business-skills training is so great in the Soweto area," says Danny, "that we're actually oversubscribed by 50 people.

'White business must help blacks'

Star 31/5/93

By Stan Hlophe

National Sorghum Breweries (NSB) executive chairman Professor Mohale Mahanyele has challenged white businessmen to help blacks in their bid for economic empowerment.

Mahanyele was speaking at a function held in Johannesburg on Friday to honour him as the new chairman of International Management Centres.

He said that now was the time for white bosses to be on the side of the disadvantaged.

"If they want to be counted they should extend a helping hand to blacks as part of black economic empowerment. They have no more excuse as apartheid is gone and a new democratic government will take over next year," he said.

Mahanyele warned SA Breweries that NSB would take on the liquor giant which, he claimed, was trying to "run down" NSB.

"We have the right to run our own business our own way. When we started, you said we would not survive even three years, but we have made you eat humble pie. Now you want to throttle us," he said.

He urged a new government not to turn a blind eye to black economic empowerment.

"Political power without economic power is meaningless. If the new government goes on without addressing the needs of the majority, that would be its undoing."

'Microbanking' pioneer to lecture in SA

TIM COHEN

CAPE TOWN — Muhammad Yunus, Bangladesh's founder of the Grameen Bank, which pioneered "microbanking", will arrive in SA within the next few weeks.

Yunus will meet Development Bank, Reserve Bank and banking community representatives. He will present seminars in Johannesburg, Durban and Cape Town.

Yunus, whose approach to small-scale banking for the poor has been adopted in 30 countries, will also visit development projects and Unicef members.

His Johannesburg seminar will be on credit as a human right. In Durban he will lecture on the theme of poverty as a denial of all human rights.

The Grammeen Bank was established in 1976, operating in more than half of Bangladesh's 68 000 villages with a membership of more than 1,5-million borrowers.

The visit is being hosted by the Women's Development Bank (SA), a branch of Women's World Banking. The Grameen Bank has a 92% female clientele.

Yunus is credited with having developed highly effective methods of taking banking services to the poor, defying traditional banking strategies. The bank has a 98% recovery rate.

R15m cut from job creation for small business

(172)

CT 3/6/93

STATE expenditure minister Amie Venter will shift R15m from the budget for job creation to double the original allocation for small business development in the current financial year.

The supplementary budget presented in parliament yesterday indicates that of the R300m allocated for supplementary items during this year budget, R200m would go to housing, R45m to job creation, R30m for small business development and R25m for tourism.

This differs from the R60m proposed for National Economic Forum initiatives and the R15m proposed for small business development by Finance minister Derek Keys during his budget speech.

Venter said in parliament that experience had shown that small business struggled to survive economic downturns but played an important role in job creation.

He said the NEF had identified job creation a matter of high priority and the issue was receiving urgent attention.

The Manpower Department would, after consultation with the NEF, the Finance Department and the State Expenditure department, be responsible for designing a suitable job-creation programme.

Venter said it had been decided to provide a more comprehensive policy package for the promotion of small business enterprises.

The R25m allocated to boosting tourism would be additional to the R85m to be devoted to tourism that was already allocated in the 1993/4 budget.

The R200m allocated to housing would be made available for joint initiatives by the National Housing Forum and government.

Disaster is the ultimate test of firms' management skills

Buss. day 3/6/93

A GOOD indication of the depth of a company's management skills is how well it handles a disaster, whether it be a hostile takeover bid or a factory explosion.

What is surprising is how often even large, apparently well-run organisations fail the test.

Sue Creighton and Anne Jamotte, SA authors of the recently published How To Avoid the Corporate Nightmare, cite a Fortune 500 survey which found that 89% of CEs in the US admitted crises were inevitable.

However, the survey found only half said their companies had any sort of crisis management plans, while 42% of company CEs who had gone through crises said they still had no plans in place.

Public relations consultancy Sussens Mann MD Peter Mann says the absence of contingency plans is as "endemic" in SA as anywhere else. The most common attitude among management is that they "are important to have, but not right now".

A lesson on how not to handle a crisis recently hit the headlines in Britain, where Hoover offered customers who bought more than £100 of goods two free flights to Europe or the US. The offer has backfired spectacularly on the electrical goods group.

Fired

The public response was huge and the travel company commissioned to manage the scheme was unable to cope.

Hoover's parent Maytag took on a $10,5m loss to cover unexpected costs of the promotion. Hoover fired the president and two senior executives of its European operations as the public outcry against the group's inability to deliver what the promotion promised grew ever louder.

Hoover's comments to the effect that customers should have paid more attention to the small print, and could not expect to get something for nothing, have not helped its cause.

The Hoover saga is reminiscent of damage limitation exercises in SA. Here, the Kinross gold mine disaster in 1986 remains the local object lesson in crisis management.

Creighton and Jamotte say that "any hope Gencor might have had of meeting with a sympathetic media had already been dashed by its track record" when it had to confront the Kinross disaster, in which 172 mineworkers died after inhaling toxic fumes underground. Gencor's image had been battered by poor financial performance, autocratic management, and indifferent industrial relations.

MATTHEW CURTIN

Mann agrees the first rule for a company "must be to avoid the crisis". Given that that is never entirely possible, the next best defence is to ensure the company pursues "a proactive relationship with all audiences": employees, shareholders, the local community, suppliers, customers and the media. That at least gives the company a sound base for dealing with unexpected problems.

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In the case of Kinross, poor public perceptions of Gencor were compounded by the mining house's mishandling of the disaster.

Details of the fire underground emerged only six hours after it happened, a variety of officials fielded Press conferences and televison interviews and provided inconsistent information. Unions were not consulted on funeral arrangements and evidence emerged to fuel NUM claims management was mounting a cover-up. The accident became a symbol for the worst excesses of management on SA's gold mines and the apparent disregard for the safety of its work force.

Gencor learnt from Kinross and less than a year later had a crisis management plan ready when 63 mineworkers died after an explosion at Beatrix gold mine. Media and union reaction was muted.

Sasol public relations head Jan Krynauw says the group's handling of the fire at Sasol 3's synthol plant in January 1989, which killed 12 workers, was influenced significantly by lessons learnt from Gencor's handling of Kinross.

Since then, Sasol has developed a "crisis media plan" which came into play earlier this month when a methane gas explosion at its Middelbult mine killed more than 50 workers.

He says the cornerstone of any company's response to a crisis has to be "openness". Management has to forego concerns about its image, because the only credit it will earn from its handling of a disaster is by "coming clean".

Mann says a company has to "tell the truth until it hurts", not only to the media but to all the stakeholders in the company, because the facts will emerge in any case. Unless management retains the initiative in communicating the news — a tough task because events happen so quickly when disaster strikes — newspapers, staff and customers quickly latch on to rumour.

He says more often than not an initial disaster becomes a crisis for a company because of communication breakdown.

Creighton and Jamotte stress that good communication may have to be sustained over a long period of time, as a company shows itself able to cope with the aftermath of any disaster.

US oil group Exxon spent $30m on wildlife rescue and rehabilitation after its huge Alaskan oil spill, including $60 000 for every sea otter saved. Exxon accepted a criminal fine, and allocated $1,1bn to restore the environment. In contrast, chemicals group Union Carbide continued to face legal action in the US more than seven years after the Bhopal chemical gas disaster in India as the battle over compensation for the victims continued.

In SA, the most sustained damage limitation exercise is perhaps Richards Bay Minerals' fight to justify mining the dunes of St Lucia.

Creighton and Jamotte say that until 1989 management at RBM, owned by international mining group Rio Tinto Zinc, "deliberately kept a very low profile in the market place and was unprepared for the public outcry" when the St Lucia mining plans became known.

In spite of a company-commissioned independent environmental impact assessment of the project, a concerted effort to inform the media of the facts, and tours of the strip-mining operation conducted on behalf of hundreds of politicians, environmentalists and ordinary people, RBM has yet to win the public relations battle.

Complaints

The real danger is that if the crisis is not handled correctly at once, the damage it causes may be irreparable.

US pharmaceutical group A H Robins is a famous recent case. In 1973 independent researchers were linking its Dalkon contraceptive shield with a variety of medical problems, including fatalities.

Consumer complaints were gathering force, but Robins criticised complainants rather than asking itself if the product was at fault. The US Food and Drug Administration asked Robins to stop marketing it until tests were completed. By the time it was cleared in December 1974 Robins faced a barrage of individual legal actions. By September 1980, the company sent a letter to 200 000 doctors saying the IUD should be removed.

On February 29 1984, three top executives from Robins were rebuked by a federal judge in Minneapolis. Instead of accepting the judge's remarks, the Robins executives took legal action against the judge, and lost. That same year Robins took an extraordinary charge of $615m against outstanding claims and later filed for Chapter 11 bankruptcy.

No sooner had the bank recovered from that ☐ Beds and showers are needed at the disaster

Companies seek specialist help with transport

B/Day 3/6/93



SAKKIE VAN DER MERWE

FACED by mounting complexities and higher operating costs, more organisations are reviewing their fleet policies and consulting specialists to assist them in improving transport management.

Avis Lease & Fleet Management national sales and marketing manager Sakkie van der Merwe says fleet management is a complex science, particularly as every organisation's fleet needs differ.

"For this reason more companies are seeking expert advice and assistance, with many turning to full maintenance leasing (FML) as an alternative to running their fleets."

He says many factors must be considered when reviewing a fleet policy based on cost effectiveness and productivity, including:

☐ How many units should comprise company vehicles?;

☐ Are there alternative ways of ensuring transport without the additional holding costs?;

Are all vehicles productively utilised?;

☐ How does owning a vehicle affect the structure of the balance sheet?;

☐ How should vehicles be financed and what are the tax implications?;

☐ In the event of having its own workshops, how should they be structured to the company's advantage?;

☐ What is the total cost of administering its own fleet inclusive of management time, office space, salaries/wages and off-road time?;

☐ Is the company's current vehicle policy effective or should it be reviewed?

Van der Merwe says the starting point in any fleet management should be a comprehensive fleet audit carried out by a specialist organisation.

Although the most well-known product in the fleet management stable is FML, other innovations and new technology have emerged since Avis introduced FML 12 years ago.

He says advice on and a choice of financial options can only be made after completing a full fleet audit and assessing tax implications. The most popular options are through a company's bankers; through the FML company; using company funds; operational leases; allowance leases — for staff on company allowances; financial leases; sale and leasebacks.

Rent-A-Truck MD Beau Papenfus says whether FLM or another method of debt financing is favoured will depend on the patterns of cash outflows for each financing method.

Several methods may be used to compare the alternatives. One is the net present cost of differential cash flows relative to the purchase and borrow and buy alternatives, which would indicate that FML is slightly more expensive than cash purchase or instalment.

"However, the method of acquisition of a vehicle or fleet will vary from company to company and the decision maker will consider factors such as the company's financial structure, choice of available methods of financing and the importance of certain aspects such as company image, property rights and risk."

Papenfus says the decision to enter into a FML agreement rests on whether the operating advantages exceed the financial disadvantages.

Bankfin GM (industrial finance) Martin Croucamp says a company may obtain information from a financial institution to assist management or buy software packages which provide information on the most effective fleet management techniques or seek assistance from specialists when buying transport.

Budget deals a triple blow to companies

Buss. Day 3/6/93

COMPANIES with fleets and individuals on car allowance schemes have been dealt a triple blow by the 1993 Budget imposing substantial increases in fuel tax, VAT and PAYE.

Fleetlease Contracts MD David Owens says this applies particularly to businesses that operate inefficient transport schemes.

Higher vehicle operating costs raise the need to obtain greater efficiencies in transport management, he says.

Faced with costs running out of control, many companies have walked away from the problem by paying their employees a car allowance and leaving them to handle it.

"Budgetary changes make the allowance route an expensive option, particularly as the past year has shown that rarely is it an economic solution for either party, as the allowance vehicles move into their third and fourth years of operation."

For example, the employee who has down-graded his car on allowance and generated cash for other purposes is now faced with a 35% PAYE deduction on the allowance.

"This will remove any chunks of cash available and may force the employee to subsidise the vehicle until he can obtain a cash refund, which assumes that he keeps accurate records to support any claim."

Of greater significance is the cost of repairs, which also attracts 14% VAT and in the employees' hands is an added cost, whereas the company car would constitute a legitimate input tax, says Owens.

Compared with the allowance scheme, full maintenance leasing (FML) has benefits for the company and individual, as the vehicle is operated at the lowest costs by skilled people supported by extensive systems.

"Day-to-day control is between the driver and the FML company, as are invoices pertaining to the vehicle. A one-line entry per vehicle covers the company's total monthly cost excluding fuel for that vehicle."

He says that while identifying the 14% VAT element on operating costs, which the company can reclaim as an input tax, the FML supplier will charge VAT on the monthly rental only.

This means instead of VAT being paid on the total price of the vehicle, it is only paid on the monthly rental cost.

The return of high residual values for FML companies on their well maintained vehicles also substantially reduces VAT while contributing to cash flow."

Company car or travel allowance?

EMPLOYEES offered the choice between using a company car or receiving a travel allowance will find no cut-and-dried answer on which is best, as many cost and taxation issues are involved.

From a tax viewpoint, Ernst & Young tax manager Henk Mellet says the answer will vary from individual to individual.

"It is dangerous to generalise on the respective tax efficiency of the different options."

Apart from the inevitable lengthy comparisons on the tax costs of travel allowances and company cars for employees, factors such as the price of the vehicle and maintenance costs must be weighed up.

Those in doubt can consult a car advisory service provided by banks, or a fleet management specialist at a firm of chartered accountants.

This may help, particularly in view of tax changes and increases affecting vehicles used for business purposes in the 1993 Budget.

However, assuming an employee is bound to accept a travel allowance scheme, it should be remembered he carries full risk of ownership of the vehicle, says Mellett.

He would have to keep an accurate record of all business trips showing mileage performed, repair costs and petrol bills, if he is to claim the maximum tax refund benefit. Otherwise, he may be limited by the tax kilometre claim rate formula.

A possible advantage of a car allowance is it gives the employee the right to choose a smaller car than his employee status warrants, allowing him to pocket a portion of the allowance. But this also has negative tax implications, he says.

Employers and employees who wish to know which option is cheaper can be guided by a bank's car advisory service.

An example is Nedfin's car advisory service (CAS) system, which assistant GM (corporate finance) Franco Regnani says uses data to establish a series of realistic assumptions.

CAS takes account of car prices, discounts, running costs, fixed costs, depreciation and maintenance.

Another option is the car manufacturer. Toyota Lease executive director Neville Frost says his division will tailor packages for specific companies and their employees.

Soros turns his talents to British property

LONDON — George Soros, the Hungarian-born billionaire who broke the pound on Black Wednesday and put a new shine on gold prices, turned his talents to British property yesterday to form a new partnership with British Land Co plc.

"Judging from the share prices, the magic seems to have worked in the property sector as well," said property sector analyst Naresh Gudka of brokers Paribas Capital Markets.

Property share prices surged in London after the Quantum Fund NV, Soros's investment vehicle, and British Land formed the British Land Quantum Property Partnership (BLQ), with finances of £500m.

"The timing is absolutely perfect," Gudka said. Property prices in Britain are widely believed to have hit bottom and be on the verge of recovery.

The Soros Midas touch saw the funds he managed make nearly $1bn when sterling was forced from the exchange rate mechanism last September, and he recently sent gold prices sharply higher when he bought 10% of producer Newmont Mining Corp. Now he has waded into British property as the market struggles out of a downturn that began in 1988.

British Land chairman John Ritblat said the BLQ deal would give him extra firepower as the British economy emerged from a protracted recession.

It provided scope for transactions, "some of considerable size", in the property sector. Quantum and British Land would invest £250m each.

Analysts said that British Land, which made a pre-tax profit of £34,6m for the year to March 1993, now had the clout to acquire a major British property company. — Sapa-Reuter.

Funding for small business increased

TIM COHEN

CAPE TOWN — Government has decided to revise the supplementary amounts allocated for social upliftment, decreasing the amount for job creation by R15m and boosting small business development instead.

The supplementary budget presented in Parliament yesterday indicated that of the R300m allocated for supplementary items during this year's budget, R200m would go to housing, R45m to job creation, R30m for small business development and R25m to tourism. This differs from the R60m proposed for National Economic Forum initiatives and the R15m proposed for small business.

State Expenditure Minister Amie Venter said experience had shown that small business struggled to survive economic downturns but played an important role in job creation. The forum had identified job creation as a matter of high priority and the issue was receiving urgent attention.

After consultation with the forum, the Finance Department and the State Expenditure Department, the Manpower Department would be responsible for designing a suitable job creation programme.

The R25m allocated to boosting tourism would be additional to the R85m already allocated in the 1993/94 budget.

The R200m allocated to housing would be made available for joint initiatives by the National Housing Forum and government.

'Drop the wait-and-see attitude'

By Shirley Woodgate

Three factors will affect the outcome of business in the 1990s: growth, equity and participation, said Fabcos chairman Jabu Mabuza.

All three had equal priority and would have to be addressed urgently if businesses were to survive the transition.

Claiming the keyword during the current period of change was "survival", he urged businessmen: "Take a deep breath and get to work.

"Businesses can no longer afford the wait-and-see attitude which has characterised them in the past.

"The give-me syndrome and the handout mentality are already discredited. So don't just provide capital to feel good, but on an established basis of risk and return".

Mabuza, whose organisation is one of 105 corporations boasting membership of the Consultative Business Movement (CBM), will be one of the 16 top speakers spelling out solutions to businessmen at The Star/CBM conference.

● Make a note of June 25 and fill in and post the coupon on Page 11 immediately if you want to keep up with the transition process and remain relevant in the new South Africa.

Syfrets replaces top executives

CAPE TOWN — Southern Life's senior portfolio manager Guy Woolford and Jan Kuiper, a former Ivor Jones, Roy director, are to join Syfrets Managed Assets to replace the executives who have joined Coronation Asset Management.

Syfrets joint MD Ashton Dominy said Woolford would manage the Syfrets Growth Fund from July 1 and Kuiper would manage certain institutional pension fund portfolios with immediate effect. He said the two posts were the most important of the 16 left vacant.

At Southern Life Woolford managed the R350m Southern Life High Opportunity Portfolio, judged by Alexander Forbes to be the top performing pension fund in the life industry for the past two years.

Nedcor CE Chris Liebenberg, commenting on the recent departures from Nedcor

B 10/6/93

LINDA ENSOR

subsidiaries Syfrets Managed Assets and UAL Merchant Bank, said yesterday there was a misconception that staff in the Nedcor group did not participate in equity and profit and did not receive incentive bonuses. In fact all three schemes were offered depending on the type of business unit and the type of people involved.

He said Nedcor operated with a fairly decentralised structure. It was purely a coincidence that the Syfrets and UAL staff had left at about the same time and the fact that they had had nothing to do with Nedcor's remuneration policy. The people involved had wanted to run their own business, which was difficult to accommodate in the context of a major organisation.

● See Page 9

Forums may be the cornerstones of nation-building

Busse. Day 4/6/93

TIM COHEN

IN MAY 1990, in the wake of Nelson Mandela's release, the drab town of Middelburg became the setting of a dramatic sequence of events which have echoed around the country.

In the wake of the shock waves caused by the ANC's unbanning and perhaps flushed with the expectation of victory, a group of unemployed youths in the town threatened to attack black and white personnel officers at what was then Middelburg Steel if the company did not give them jobs.

The breathtaking effrontery of the youths was matched by the obstinate conservatism that at first overcame the company's management. However, the new spirit of conciliation encouraged local businessmen to take an unusual step — and perhaps also elicited an unusual response. Four managers bravely attended a meeting where they promised a formal meeting with the unemployed, an offer that was accepted.

The representatives of the unemployed at first refused to drink tea with the management representatives, drinking water out of a bucket they had brought instead. But the meeting went well enough to lay the foundation for what was to become the Middelburg forum.

Since that first meeting, representatives from the CP-dominated town council, members of the ANC and even the PAC, management from the steelworks, now the massive Columbus project, and many other groups have been meeting monthly.

Two questions dominated the first meetings of the forum: the local electricity boycott and, naturally, the unemployment problem. The electricity boycott was the subject of a marathon 16-hour negotiations session which culminated in the company paying off the entire arrears of R376 000 and the town clerk being woken in the middle of the night to switch the electricity back on again.

But it was the unemployment problem that proved the most difficult and the most educative. For the first time, the township youths were forced to confront the difficulties of putting into practice concrete measures to satisfy the demands they made so flippantly. For the first time also, management had to confront what it really meant to exist in an interdependent community.

What the forum did was to establish a small enterprise that converted discarded stainless steel into pots and pans. The enterprise was called Compots, short for comrades pots, and still provides work for a dozen or so people. The range of products has been expanded to include braais. The scheme has been extended to other projects like sewing circles and car washing operations.

The forum is funded by a foundation and new subcommittees on housing, education and health have been formed. Although these efforts have been modest, the forum can point to at least one very large, concrete success. The forum managed to convince the IDT to build a new school, the H M Sefoloshwe Learning Centre, at a cost of more than R1m.

Members of the forum say one reason for its success is the brutal simplicity of its aim: to make Middelburg a better place to live. Grandiose visions have given way to serious thinking about how to organise the township's refuse removal. But perhaps the secret of the forum's success is that it has brought together, in classic form, conception, ability, management, and delivery. The new school might have been built anyway. But the forum's lengthy motivation, which included a historical study of the town's education provision, plus the forum's wide-ranging support and credible management, constituted an irresistible formula for the IDT funders.

The Middelburg story has had its sequel in hundreds of other towns all over the country, and is also reflected in the many different forms of forums. There are now eight national forums, at least seven functioning regional forums, five well-developed metropolitan forums and at least 365 local government negotiation bodies. This excludes the mother of all forums, the negotiating forum, and peace committee structures.

The sheer number of forums is remarkable, how unobtrusively they have all been established is surprising and the huge diversity of their aims and functions is extraordinary. But in truth, it is also remarkable that they have achieved so little.

Forum-watchers say while most have not really achieved anything yet, they have not failed. Most are in the early phases of their existence and are still engaging in a process of researching the challenges.

The forums' strength lies in the way they point to a joint decision-making approach, rather than a bureaucratic one, one analyst says. But most suffer skills shortages and may not be sustainable if they cannot deliver a tangible product.

Political uncertainty has also tended to hold up the forums. The forums were established because ordinary people on the ground had the perception that they should speak to each other to get things done. People and institutions have been ahead of political movements, which have been forced to play a demeaning game of catch-up in an effort to stamp their authority on the forums, one analyst says.

Until recently, government in particular has been suspicious of the forums, which potentially strip away its authority. Last year Cabinet decreed that government would not involve itself in forums because there should be "no interim government by stealth", as if joint decision-making was something only a thief would do.

Thankfully this has changed somewhat, although government bureaucrats' ability to listen to what the forums propose is still in question. However, Finance Minister Derek Keys held out the hope this year that at least some of the forums would get the one thing they need more than authority: money.

Using the widely representative housing forum as an example, Keys said this was "exactly the way to go", and suggested that other forums would be funded should their operations be sufficiently well developed. Keys also insisted on the need for the forums to involve government departments, suggesting this would result in a marriage of technical capability and legitimacy.

Official sanction might be boosted further soon, and there are even suggestions that some of the forums might become arms of the subcommittees of the proposed transitional executive committee. There is even talk of a process whereby the forums can "fast-track" legislation.

One of the main problems with forums as they are currently constituted is their lack of transparency and accountability. Because they are institutions where parties need to compromise on their positions, participants prefer to keep their meetings secret. However, the consequence is that the public is barely aware of their existence.

If they are to become, effectively, arms of government, this must change. Nevertheless, officially sanctioned and state-funded forums would be a powerful nation-building force. As Sebastian Mallaby says in his book After Apartheid, people who have never shared power seldom make good rulers. Post-independent African countries suffered because the optimistic new rulers had little experience of power and expected too much of it.

"South Africans' pessimism, and their disillusion with politics, may save them from such folly; they may avoid self-defeating ambition in government, and put their faith in individual diligence instead. Pessimism may help to breed a gritty realism," he says.

If SA does have a future, it is possible that its origins will be traced back to the hundreds of forums that, Phoenix-like, rose out of the calamities of the '80s and the hope and tragedy of the early '90s.

Bringing the PC to black business

(172)

4/6-10/6/93.

June 1993 P.S in Mail & Guardian PC Review

A NEW computer company has been formed to assist small black firms in running their businesses and to provide job opportunities for black computer graduates.

Launched at this year's Computer Faire, the company, called Vusizwe, is run by a management team under the chairmanship of Dr Enos Mabuza.

The man behind the plan is managing director Ian Melamed, better known as the country's leading expert on computer virus protection. The staff are all black computer studies graduates.

For a nominal fee Vusizwe provides the following services to black entrepreneurs: accounting bureau, tax advice, insurance, electronic banking, risk control and statutory requirements and guidance.

The company is also marketing a Small Business Starter Pack which has been assembled by Softsource in association with the Small Business Development Corporation (SBDC) and includes the SBDC recommended Chart of Accounts for retail, manufacturing and service industries.

The pack consists of easy to use software packages which do not require specific hardware.

The packages, which run under MS-DOS, include: Brilliant Accounting, Quattro Pro, Harvard Graphics, a Menu System, Mail Manager, Dr Solomon's Anti-Virus tool kit and Professional Write. The pack retails for only R2 920—a saving of more than R4 000.

Vusizwe has also developed a computerised business plan which is provided free of charge to any budding entrepreneur who wishes to approach a lending agency to start a business.

Bev Mortimer

I put in your business the public eye

The secret to marketing is knowing the customer

HERE are a few general guidelines to help you market your product or service.

It is, however, impossible to cover all aspects of advertising and marketing as it is such a wide field.

Even if you have the best product in its field or the most efficient administration system, you will not be able to make a success of your business unless you can sell your product.

This means not only attracting orders and turning them into sales but distributing goods and providing the necessary after sales back-up.

It also means keeping abreast of changes in the market so that you do not end up attempting to sell an outdated product.

One of the most common causes of failure in small businesses occurs when business managers become so preoccupied with day-to-day considerations that they fail to recognise changes in the market.

The secret of successful marketing is to know your customers' needs and to know where they are, and to contact those people whom you believe to be potential customers. Therefore, you must:

- Choose your media carefully – don't advertise a specialised product through a national newspaper;
- Direct your promotion at the area you intend to supply.

Various methods are available to you as an advertiser to sell your product or services. They are:

- National newspaper advertising;
- Local or suburban newspaper advertising;
- Advertising in professional journals;
- Radio advertising (local or national);
- Television advertising;
- Mail shots;
- Display posters;
- Canvassing;
- Telephone canvassing
- Exhibitions; and
- Sponsoring local community events.

Unless you are extremely fortunate then you are likely to have competition. Try to emphasise the edge you have over the competitors with:

- Better prices;
- Improved products or a better range;
- Better delivery or after-sales service;
- Don't get involved in a price war with a major group of companies – you probably won't win;
- Your advertising needs to be professional. If you can afford it approach an advertising agency. If not, then you will need a freelance commercial artist or a very good printer who can suggest the best layout for you;
- It is well worth developing some sort of corporate logo or "identity";
- Regular advertising will help keep the name of your business in the customer's mind. This is important in generating future sales;
- You need to constantly re-assess your market and the effectiveness of your advertising. Be flexible and prepared to change if you are not getting positive results;
- Keep as much information as you can about sales you make. Note:

1: The people to whom you sell – their age, social background, income level, location;

2: What the product will be used for (in the case of specialised products);

3: How the customer got to hear about your product.

- It is essential to keep abreast of changes in the market. Obviously your own information will help you do this but consider contacting a market research organisation in order to obtain more precise information;
- Maintain a marketing plan setting out your objectives, the expected cost and the allocation of responsibilities and the time frame. Monitor your performance against this;
- Advertising and marketing will gain inquiries for you. It is up to you and your staff to turn these inquiries into sales. You and your staff must be fully conversant with your products, their performance and after-sales service.

Be smart, courteous and friendly – you won't go wrong.

Put your business in the public eye

CPress 6/6/93

(172)

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Be smart, courteous and friendly – you won't go wrong.

Company integration still a long way off – survey

C/Press 6/6/93

LOCAL businesses think they should be left alone to implement affirmative action plans, says a firm of recruitment consultants.

With the positive reception given to the firm's affirmative action survey last year, the Quest Personnel Group has recently completed a follow-up project to track attitude changes in the private sector.

The latest survey, which took two months to complete and in which nearly 700 companies participated nationwide, is part of an ongoing programme by the company which is one of the country's largest recruitment consultancies.

The survey shows that out of the four possible criteria of race, gender, age and physical disability, race was the option most likely to receive support for an affirmative action programme with age the least likely.

Asked about likely discrimination against candidates for a management position, one company in 10 indicated it would reject a homosexual or someone physically disabled. An Aids sufferer had a two in five chance of being turned down.

Religion and the speaking of an African language were not important issues but bilingualism in Afrikaans and English seemed to play a fairly significant part in selection, particularly in Pretoria and Bloemfontein, where half the companies considered it extremely important.

Representative

Overall, 40 percent of respondents felt bilingualism was important for a management position.

A total of 43 percent of all companies surveyed indicated that they had a policy of affirmative action, an increase of two percent over last year's survey figure.

Half of these considered their policies to be successful. The highest proportion of companies with such a policy was found in Johannesburg and Natal.

It would appear, however, that many employers regard an "equal opportunity" policy as affirmative action.

Only 29 percent concurred with Quest's definition as a test of their own policies. Quest's definition is: "A programme of action instituted by the management of an organisation to recruit, train and nurture certain sectors of a community in preference to others – for example blacks in preference to whites or females in preference to males."

Of the remaining 71 percent, only a quarter claimed to have plans to adopt such a policy.

Commented Roy Silver, Quest's executive chairman: "It would appear that we still have a long way to go before we can consider our workforce to be truly representative of the country and integrated to such an extent that optimum performance is assured.

"The only way SA can ever hope to compete globally is when all segments of our human resources are developed and fully productive.

"It is up to companies to ensure that they are proactive in creating an environment where this can be achieved."

NEWS IN BRIEF

BTDM 7/6/93

Clive Weil on his own

CLIVE Weil will leave McCarthy Retail at the end of June to set up his own consultancy business. Weil, better known as the former MD of Checkers, has been with the Prefcor Group (which merged last year with the McCarthy Group to form McCarthy Retail) for three-and-a-half years. (172 80)

Weil said he would retain an association with the group.

	1990–91	1991–92	1992–93***
(a)	R 18 057 366	R 20 954 566	R 6 200 060
(b)	R 4 038 112	R 3 762 681	R 1 756 777
(c)	R 21 376 956	R 23 394 489	R 23 505 663
(d)	R 52 358 890	R 62 895 204	R 55 870 649
(e)	R 7 814 881	R 5 133 444	R 1 098 359
(f)	R161 173 591	R170 415 803	R162 830 590
(g)	R 35 236 471	R 31 927 854	R 12 181 469
**(h)	R 15 226 764	R 13 379 039	R 14 501 426

* The combined amounts of R7 430 511, R4 915 455 and R932 648 for the respective financial years are allocated by CED to (e) and (h) as well as other equipment and is included in (e).

** Expenditure on (e) is included by (h) and is not reflected separately by TED.

*** For the 1992–93 financial year preliminary expenses are supplied; final figures will be available in August 1993.

Transfer of school premises

77. Mr R M BURROWS asked the Minister of Housing and Works:

(a) How many vacant school premises have been transferred from the Department of Education and Culture to his Department for disposal since the reply to Question No 16 on 27 February 1992 up to the latest specified date for which information is available and (b) how many of these are not being utilized for education purposes? B864E

The MINISTER OF HOUSING AND WORKS:

(a) 83 vacant school premises have up to 15 May 1993 been transferred from the Department of Education and Culture to the Department of Local Government, Housing and Works for disposal.

(b) Of the 83 vacant school premises:

30 school premises have been transferred to education departments and/or bodies.

The following 53 school premises are not being utilized for education purposes:

16 school premises have been transferred to non-educational bodies, seeing that there were no applications from educational bodies.

12 school premises have been transferred to donors in terms of reversionary clauses and it is not known for what purpose they are being utilized.

25 school premises—the allocation of these school premises are being processed at present.

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version.

For written reply:

Own Affairs:

University/technikon: students

38. Mr M RAJAB asked the Minister of Education and Culture:

How many (a) Indian, (b) Coloured, (c) White and (d) Black students were admitted to the (i) (aa) University of Durban-Westville and (bb) hostels of this university and (ii) (aa) M L Sultan Technikon and (bb) hostels of this technikon in respect of the 1992 academic year? D190E

The MINISTER OF EDUCATION AND CULTURE:

(i)	(aa)	(a)	5 328	
		(b)	171	
		(c)	449	
		(d)	3 706	
	(bb)	(a)	11	
		(b)	4	
		(c)	1	
		(d)	1 091	
(ii)	(aa)	(a)	4 670	
		(b)	225	
		(c)	531	
		(d)	1 827	
	(bb)	(a)	9	
		(b)	1	
		(c)	—	
		(d)	210	

Amount spent on management training

39. Mr M RAJAB asked the Minister of Education and Culture:

What (a) amount and (b) percentage of her Department's education budget was spent on management training during the latest specified 12-month period for which figures are available? D191E

The MINISTER OF EDUCATION AND CULTURE:

(a) R55 606

(b) 0,005%

Education expenditure

40. Mr M RAJAB asked the Minister of Education and Culture:

(a) What amount was spent by her Department in 1992 on (i) salaries of teachers and principals, (ii) salaries of administrative staff, (iii) salaries of inspectorate and executive officials, (iv) salaries of any other specified staff, (v) capital expenditure, (vi) supplies and services, (vii) equipment and (viii) other items and (b) what percentage of the total education expenditure by her Department in 1992 does each of the above amounts constitute? D192E

The MINISTER OF EDUCATION AND CULTURE:

	(a)	(b)	
(i)	R852 009 910	76,82%	
(ii)	R 37 984 124	3,42%	
(iii)	R 16 570 453	1,50%	
(iv)	R 5 992 461	0,54%	(salary expenditure of General Assistants employed by the State)
(v)	R 2 950 501	0,27%	
(vi)	R180 007 084	16,23%	
(vii)	R 13 599 592	1,22%	
(viii)	Nil	Nil	

Durban-Westville/M L Sultan: students/staff

41. Mr M RAJAB asked the Minister of Education and Culture:

(1) How many (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks were registered as students at the (i) University of Durban-Westville and (ii) M L Sultan Technikon in 1992;

(2) what was the student/staff ratio at each of the above institutions in that year? D188E

The MINISTER OF EDUCATION AND CULTURE:

			(i)	(ii)
(1)		(a)	449	531
		(b)	171	225
		(c)	5 328	4 670
		(d)	3 706	1 827
(2)	(i)		25,4 : 1	
	(ii)			33,7 : 1

Big role for black community

Sowetan 8/6/93

■ Control of Metpol company with market capital of R1,5 billion:

IN a dramatic move, the black community acquired a leading role in the control of Metropolitan Life (Metpol), a company with a market capital of about R1,5 billion.

Existing management and the involvement of Sankorp at board level will be retained. This came about through the sale by Sankorp of shares in Metpol to the newly established Metlife Investment Holdings (Methold).

The transaction, which makes Metpol the first company on the JSE in the control of which the black community plays a dominant role, has been financed by the Industrial Development Corporation (IDC).

Sankorp chief executive Marinus Daling said the sale resulted from Sankorp's desire to contribute meaningfully to black economic empowerment.

Methold has been financed to the tune of R137 million by the IDC.

This money will be used to acquire, as a first step, a 10 percent holding in Metpol consisting of 6 745 496 ordinary shares at R20 a share.

The price of R20 was the average at which Metpol shares traded in the three months prior to the date of approval of finance by the IDC.

The funding from the IDC will be redeemed as money is generated through the issuing and marketing of Methold shares to the black community.

Soros, the man who set the gold bulls charging, puts life in UK property

Star 8/6/93 - 102

LONDON — George Soros, the billionaire philanthropist with the Midas touch, last week waved his magic wand over the strick en British property market with a multi-million-dollar investment.

The 62-year-old financier, who calls himself a "dissident by nature", is something of an enigma in financial circles, having come to the fore only comparatively recently in the high-profile, serious-money stakes.

But as the Guardian newspaper said, his money now "doesn't talk, it shouts".

Property share prices in London surged last week after the Quantum Fund, Soros's investment vehicle, and the British Land group formed a partnership with finances of $770 million, indicating his belief that the ailing sector would soon revive.



George Soros . . . his money doesn't talk, it shouts.

Bet heavily

Soros took the international stage last September as "The man who broke the pound" after funds he managed made nearly $1 billion when sterling was forced from Europe's currency grid by a wave of speculation.

Soros bet heavily that sterling would not hold its allotted value and then saw it tumble by 20 percent.

More recently he sent gold prices sharply higher and set the gold bulls charging when he bought 10 percent of leading US producer Newmont Mining Corp from financier Sir James Goldsmith.

As well as making money in gold and currencies, Soros added to his reputation as a modern-day Robin Hood in December when he donated $50 million to help war-ravaged Bosnia.

This followed big donations over the previous decade to foster pluralism and encourage open society in central Europe.

Soros is an elegant and courteous man seeming-straight out of Austro-Hungarian cafe society.

A Hungarian-born Jew whose family went into hiding in World War 2, he first came to London in 1947 to study philosophy at the London School of Economics under Karl Popper.

Soros named his fund Quantum after Heisenberg's uncertainty principle, which asserts the impossibility of predicting the behaviour of subatomic particles in quantum mechanics.

The forecasting prowess of the man whose success allows him to shuttle between luxury homes in London and New York belies this little joke.

Soros cut his teeth in the City of London finan cial district with an apprenticeship at a merchant bank.

Open societies

After failing to find a publisher for his book "The Burden of Consciousness" he dedicated himself to finance and in 1956 became a Wall Street broker.

"I had never intended to go into finance," Soros said later but his cash helped his pursuit of assisting "open societies."

In 1979 he suffered a professional and personal crisis. He had made more money than he could possibly spend, and he began to switch his attention to a huge philanthropic programme for Eastern Europe into which he has poured millions.

He now spends much of his time on the Soros Foundations he has set up in central and East European countries, and on the campuses in Prague, Budapest and Warsaw he has helped found.

He told one interviewer in his quiet accented voice: "Don't forget, I became a philanthropist only after I became a speculator. It is a luxury."

Soros inspires great loyalty among his staff.

"He's a very impulsive man," says Laszlo Kardos, executive director of the Soros Foundation in Budapest. "He's very hard-working and capable of carrying great burdens. He has a huge memory. He doesn't work with papers."

When he was honoured with a doctorate by Oxford University he asked to be listed as "a financial and philosophical speculator". — Sapa-Reuter.

Sustaining family concerns a difficult business

BDM 8/6/93

172

MERVYN HARRIS

CONVENTIONAL wisdom that SA's economy is controlled by conglomerates is a myth. As in the US, the UK, Australia, Canada and other Western countries, the SA economy is controlled by wealthy families. Family business is big business and major economies are controlled by wealthy families.

At least 70% of listed JSE companies are estimated to be directly or indirectly controlled by families. Major corporations are in the hands of families such as the Oppenheimers, Ruperts, Menells, Ackermans, Venters, Gordons and Jowells.

The formation in SA of pyramid companies to enable families to retain control with a reduced equity holding is an example of the determination to entrench family control. But the dream of every father to perpetuate his business through his children does not often live longer than the founder of the business.

Research in the US and UK shows that 25% of family businesses survive into the second generation and only about 10%-15% survive into the third generation.

The issue of why such a small percentage of family businesses survive into the second and third generation has become a dynamic new field of research and expertise.



Harry Oppenheimer: patriarch of a family business.

Kessel Feinstein national chairman and managing partner Malcolm Segal says there is "a significant body of knowledge, research and learning which can enable the problems threatening the survival of family business to be identified and resolved".

Critical to resolving the issues is the role of the patriarch — the founding father of the business — and his spouse, the matriarch, although she may not be involved in the business other than in the early years. They are aware of the issues but have difficulty articulating them lucidly.

As Segal notes: "It takes courage to deal with the issues facing a family business. It can disturb relationships and people have a reluctance to upset the balances in a family. Decisions which are good for the business might not necessarily be good for family relationships. It is painful to differentiate between two sons, one of which has greater ability than the other."

Instead of confronting such problems, the tendency is to let sleeping dogs lie in the hope that the problems will go away. This only worsens matters for, as children grow up and in-laws become involved, problems tend to become compounded.

Succession planning is therefore a critical factor in the survival of a family business. The decision when a patriarch should retire and who should take over can be traumatic. "People are emotionally locked into their businesses which are often undercapitalised so that they cannot take their money out. If something goes wrong, it can affect their retirement," Segal notes.

Succession planning can be complicated if there is a non-family member more suited to taking over the helm than a family member. There is also the question of whether family members should be remunerated by what they need or by what they are worth. An organisation can be put out of kilter if family members are overremunerated — this antagonises non-family members.

The role of non-active family members in a business is another delicate issue which must be considered. If brothers are running the business, what should be the right of their sisters to information and influence over policy?

Financial structures and strategies are important in dealing successfully with conflicts in family businesses. This is where a family's relationship with its banker comes into play. But while bankers make decisions on the financial statements themselves, the issues underlying the financial statements — the non-quantitive factors — are just as critical to the survival of the enterprise as the financial statements.

"The banker ignores the emotional and psychological factors at his peril," says Segal.

"It is dangerous and even destructive to attempt to solve the issues without the use of an outside facilitator. The dynamics of each situation needs to be approached in a holistic manner, keeping the psychological and emotional issues in line with the fiscal, legal and strategic elements. Making blood brothers into equity brothers is a crucial issue in succession planning."

Ethnic background is also an important factor in the structure and mores of a family business. The cultural background must be taken into account when dealing with Afrikaner, particularly farming, communities, Greek, Italian, Jewish or Indian families. Moreover, the role of the matriarch in an Indian family is different to that of the matriarch in a Jewish family while the matriarch in an Italian family tends to be much more overtly influential.

"Some matriarchs are extremely powerful people in a family business and their role should not be underestimated although some tend to be less visible than others," Segal says. Ultimately, family businesses which fail to resolve conflicts or succession planning are sold to larger companies which tends to lead to further concentration in the economy.

LETTERS

Giant step towards black economic empowerment

IN a dramatic move, the black community acquired a leading role in the control of Metropolitan Life (Metpol), a company with a market capital of about R1,5 billion. Existing management and the involvement of Sankorp at board level will be retained.

This came about through the sale by Sankorp of shares in Metpol to the newly established Metlife Investment Holdings (Methold).

The transaction, which makes Metpol the first company on the JSE in the control of which the black community plays a dominant role, has been financed by the Industrial Development Corporation (IDC).

Sankorp CE Marinus Daling said the sale resulted from Sankorp's desire to contribute meaningfully to black economic empowerment.

Methold has been financed to the tune of R137 million by the IDC. This money will be used to acquire, as a first step, a 10 percent holding in Metpol, consisting of 6 745 496 ordinary shares at R20 per share, with options to buy up to a further 20 percent less one share within five years,. The price of R20 was the average at which Metpol shares traded in the three months prior to the date of approval of finance by the IDC. Although the price of the share has since risen above R20, Sankorp will honour the original agreement.

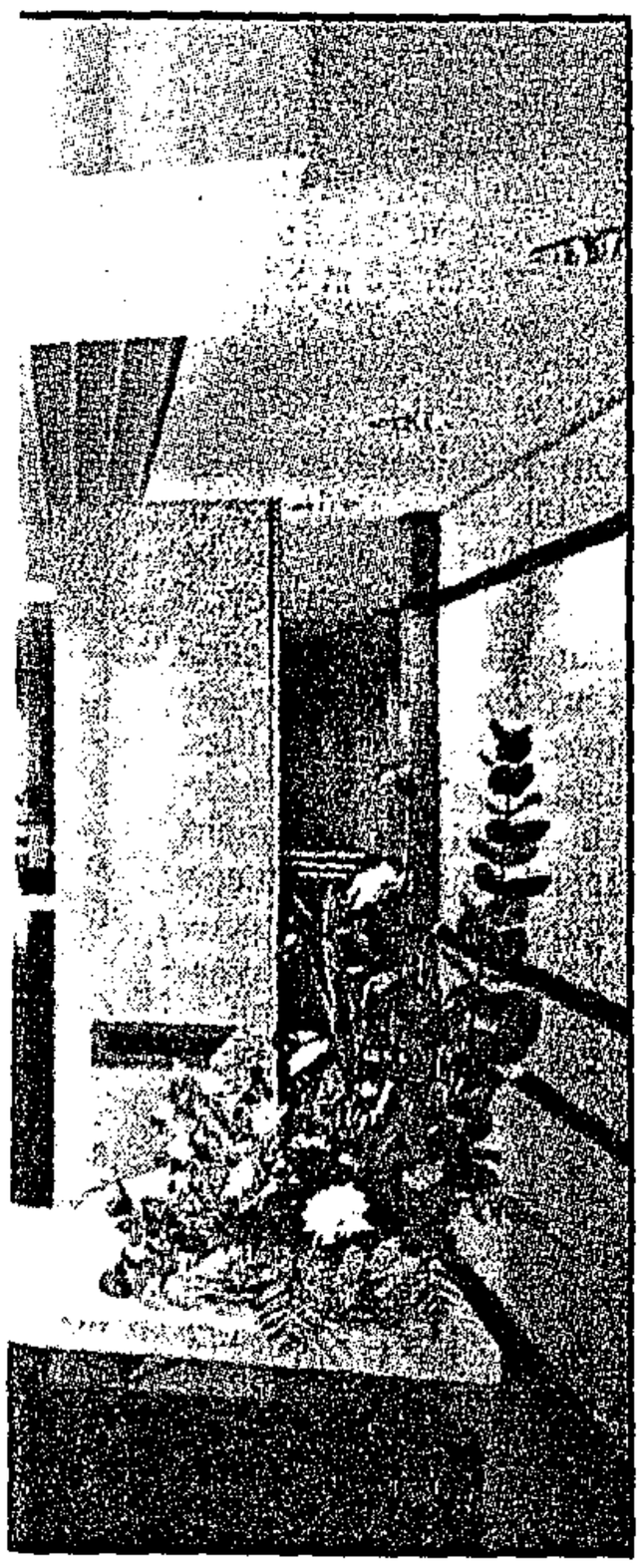
The funding from the IDC will be redeemed as money is generated through the issuing and marketing of Methold shares to the black community. The 40 percent of Metpol shares held between Sankorp and Methold is the basis for a voting pool agreement between these two parties.

The agreement allows Methold, on acquisition of the initial 10 percent holding, to nominate six of the 15 non-executive directors, and Sankorp, which will hold about 10 percent of Metpol equity after all options have been exercised, to nominate three.

The chairman of Methold is Dr Nthato Motlana and the deputy chairman Enos Mabuza. The other directors are Dikgang Moseneke, Don Mkhwanase, Archie Nkonyeni and Franklin Sonn. Marius Smith, MD Metpol, will also serve on the Methold board, while the IDC has nominated Jan de Bruyn, a senior general manager of the IDC, and Gert Touws, its manager of finance.

Motlana said although the company had been created primarily to secure the shareholding in Metpol, it could come to play a larger role in black economic empowerment.

ure



s now ready for the company's 75th

Basics of selling just not enough

TRAINING the whole man is aim of the Sanlam training team in Northern Transvaal.

Willie Snyman, senior training manager for Sanlam in this region, reckons that training a marketer in the basics of products and selling techniques is no longer sufficient.

Training must include stress management, writing and communication skills and time management. Successful marketers make good use of their time. Time management skills are addressed by the Sanlam trainers because they are seen to be vital.

However, training people of various cultures and backgrounds makes differentiated training methods essential.

This is especially so for some black people who may be unfamiliar with many financial terms. This is why trainers of black financial advisers have to be familiar with their culture.

Phillip Mmola, a former University of the North lecturer and until recently a marketer, has been appointed to train black marketers for Sanlam at Regional Head Office.

He says that needs are the same but the approach must be tailored.

"We are in the process of adopting a probation programme for training graduates so that they can gain practical experience and learn the meaning and application of financial expressions," says Mmola.

Sanlam in Northern Transvaal is aiming to double its black training programme. Snyman, along with the rest of the world, finds it difficult to define the ingredients for a successful salesman. However, one element is the need to succeed or win — or not to fail. The negative response from clients, motivates them to win the next one. This driving force is coupled with the necessary communication skills and confidence in their products.

Sanlam is constantly researching all aspects of marketing, to try and find a selling culture and to put together a programme.

While senior management in Bellville advocates that culturally the staff should reflect the race of the business, Snyman reckons the same ratio should reflect the trainers of the staff.

His black trainers are currently 10 percent, but are being increased to 20 percent.

"The black people are becoming more and more knowledgable about insurance products and will be the market of the future.

"While there are cultural differences, the basic future needs are the same," Snyman says.



Phillp Mmola . . . training black marketers.

The Pepkor Group

congratulates Sanlam on its first 75 years – eventful years during which it grew, driven by the vision and energy of the farsighted men at its helm, into a major force in the South African economy.

Started off to help find the Afrikaner a place in the country's economic sun, it developed into a truly South African institution committed to the wellbeing of all sectors of the community.

May it continue to flourish. And may it continue its beneficial role in helping mould the new society emerging in our country.

PEPKOR

The Pepkor Group

Committed to the future

DeK&K 1062E

Decentralisation has allowed management to become more involved with the branches and help promote public relations and service

Star 8/6/93

Managing very nicely

(172)

IT is hard to equate life assurance with sport but on the shoulders of Chris van Onselen, it is a happy mix but means a busy schedule. Van Onselen is in charge of Sanlam's northern region from his head office in Pretoria.

The area includes Pretoria and its surrounding areas of Rustenburg, Pietersburg, Tzaneen, Nelspruit, Ermelo, Witbank and Middleburg. Van Onselen makes a point of visiting all these regional offices and their 100 branches as often as possible.

He uses the air services to the more distant venues and takes a driver if he has to stay after office hours, otherwise he drives himself. He also spends about four days a month at Sanlam's head office in Bellville in the Cape.

Leaps and bounds

Within this very busy timetable, Van Onselen is available to his staff, commentates for the SABC on tennis and athletics, and has time left over for his wife and family.

Van Onselen was one of the two managers to initiate the decentralisation programme which has so dramatically changed the fortunes of Sanlam Life Assurance. He introduced the idea first to the Natal region where the returns have increased by over 30 percent.

"Nine out of 10 of our proposals worked. It is early days in Pretoria and the northern region, but our service to the public has improved by leaps and bounds.

"This is because management has become more involved not only on service but public relations. We all visit our offices more than we used to and help them to promote Sanlam."

"It was difficult for general managers in Bellville in the Cape to make decisions about the northern Transvaal. This is now my responsibility and I am so much closer to the day-to-day running of the business."



■ BUSY SCHEDULE: Chris van Onselen was one of two managers to initiate the decentralisation programme which dramatically changed the fortunes of Sanlam Life Assurance.

Van Onselen's experience of decentralisation in Natal highlighted the different approaches of the diverse cultural groups in that area. There were the Afrikaners, the English, the Indians and the Zulus. In order to do business within the various groups, it was necessary to employ people from the groups who understood the culture.

The same tactic has been adopted in the northern region and now over 50 percent of Sanlam's new business clients in the rural northern Transvaal are black people. In fact, from Pietersburg and Tzaneen, the percentage is even higher.

Larger disposable income

"If you are not close to the people, you are unlikely to be able to do business with them," says Van Onselen.

"We have more than doubled our black marketers and it is through their efforts that this phenomenal increase has been achieved.

"Our black marketers are very successful and their drop-out rate impressively low. Black people currently have a larger disposable income and they are only beginning to save and invest."

Sanlam in Pretoria and the northern region has always employed sportsmen as marketers, from either the rugby field or cricketers. However, according to Van Onselen, it is only those who work and put their back into the business who succeed.

Sanlam has an impressive record of loyal staff. One staff member has worked for the company for 58 years. Of the marketers, there are two who have been leading performers with Sanlam for over 25 years: Henty Schroeder and Tony Jardine.

For the first 18 years of Sanlam's existence, Pretoria was managed from the Johannesburg branch. In January 1933, a Sanlam "inspector's office" was opened at the Standard Bank Builing in Church Square. It was not until February 1937 that manager Nico Bonthuys opened the first Sanlam branch office in Pretoria.

The major growth of the Pretoria region started in the early 1970s. Now the region employs a staff of more than 2 000 divided almost equally between marketing and administration.

Pose a challenge

The changes over the last year have been more extensive than ever before. These include staff, policy, training and management styles which makes it difficult for the traditional Sanlam employee and tends to affect people's security.

Van Onselen is trying to overcome this problem by communicating with his staff at all levels to reassure them that the changes pose a challenge rather than a threat.

Van Onselen has won the Sanlam Branch Manager of the Year three times. He was also chosen as the Regional Manager of the Year on two occasions, as well as the Provincial Manager of the Year on one occasion. Initially he was a marketer and did well, and as a branch manager he continued to flourish.

"I soon realised that money was not everything and I opted for the challenge of management."

His future challenge and that of Sanlam in the Northern Transvaal is to ensure the future of all South Africans.

High achiever is driven by discipline and love of his job

Star 8/6/93

FOR Johan Rademeyer marketing Sanlam products has revolutionised his life.

Over the past 19 years he has been motivated by money and helping his Pretoria friends invest and save.

In his first year with Sanlam he came fourth in the sales competition, and since then he has soared into the first league of achievers and money earners.

Before joining Sanlam he worked in the sports department of Correctional Services so was able to sell to his former colleagues and develop from there.

"Service is one of the most desired commodities but is seldom given or followed through.

"My aim is to provide service. That is the most important aspect of my business.

The other ingredient for success in my business is self-discipline. Being your own boss, working when you want, could lead to lax attitudes. I must write two policies each day. If I write 10 one day, I will still write two the next."

He still does business with his peers from the Department of Correctional Services and the South African Police. Whether his clients are among the top earners or the lower echelons, he will look after their needs and provide them with the same standard of service.

Discipline

Of his new business, 85 percent emanates from his existing clients who live within the Pretoria area.

"There is no recipe for a successful life marketer except discipline and good service. Sanlam has been researching worldwide for the vital ingredient which makes a marketer successful, but none has been found. What makes a buyer receptive is not necessarily the obvious appeal, but a signal or a message.

The vital ingredient is a trigger which makes the buyer react."

Rademeyer loves his work and his life. He works for relaxation. His clients are his life.

He jogs every morn-

■ MOTIVATED: "Service is one of the most desired commodities, but is seldom given or followed through. My aim is to provide service. That is the most important aspect of my business. The other ingredient for success is self-discipline."



Johan Rademeyer ... works to relax.

The vital ingredient is a trigger which makes the buyer react."

Rademeyer loves his work and his life. He works for relaxation. His clients are his life.

He jogs every morning and plays a lot of golf, which provides him with contact with potential clients.

His house faces onto the second fairway of the Pretoria Country Club so when he is not playing, he still can chat to the players as they walk by.

Family man

Now that he has reached the number one status, he plans his business life within business hours so can be home for dinner.

While he is family man, a father of four daughters, he still longs to get back to work on a Monday morning. One of his criticisms of the industry is the fact that sales representatives change from month to month. He finds that the turnover affects his business and wishes that something could be done about the fly-by-nights.

"I am embarrassed by the advertisements of the younger and newer members to the industry. Their claims are often unrealistic and harmful to the professional marketers."

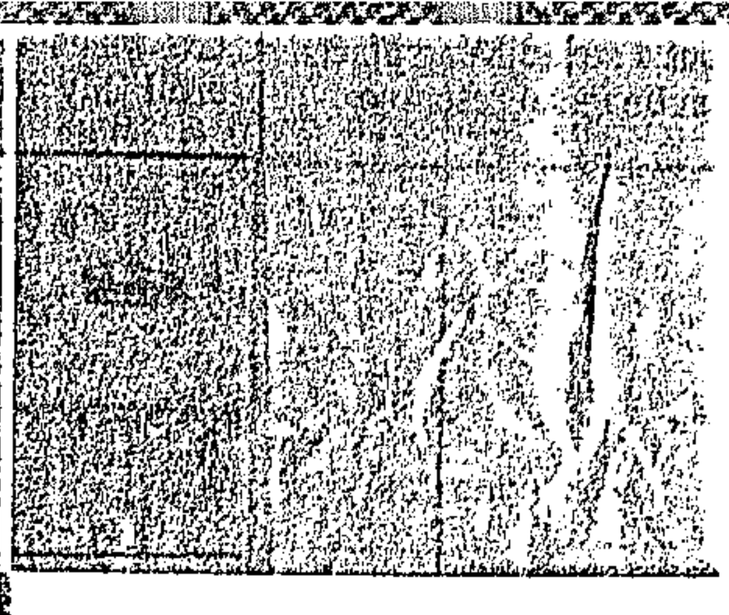
His office runs on oiled wheels. His secretary, who has been with him for years and before that worked directly for Sanlam, handles all his administration.

He says his success has only improved his material comforts, but he likes to think that it has not changed his personality.

As a reward for the business he brings to Sanlam, he and the other 25 top salespeople receive overseas trips for themselves and their spouses. The destinations are exotic.

Two years ago it was the Greek islands, and last year Hawaii.

Of his homeland, he says: "Respect is the vital ingredient for the future of South Africa. This is the best place in the world and could be the safest if we learn to respect one another."



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37 CM

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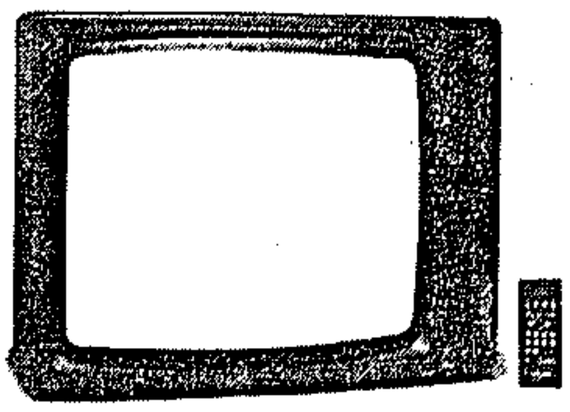
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PHILIPS

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RENT

YOU W



**OPEN SATURDAY AFTERNOON.
JOHANNESBURG (011):
Braamfontein: 339-2283;
12 Claim Street: 333-6220;
123 Commissioner Street: 333-5644, 333-6761/2;
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**Eastgate: 616-4706;
Fourways: 465-4469/4417;

Randburg: 886-25
Rosettenville: 436-
Yeoville: 648-198
Midrand: 315-52
EAST RAND (011
Alberton: 907-915
Benoni: 54-5773,
Boksburg: 823-121
Brakpan: 740-179

ANYWAY YOU LOOK

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Credit agency fights poachers

MARIANNE MERTEN

CORPORATE and consumer credit information is being used to trace illegal rhino horn and ivory traders.

Kreditinform financial director Peter Sullivan said yesterday the company had given conservation agencies "unlimited access" via modem to a network which contained about 160 000 corporate and directors' names in its corporate database and more than 9-million names in its consumer database.

The donation — worth about R20 000 — was made because "as individuals and as a company we are interested in conservation", Sullivan said.

Although the arrangement was planned initially for only one year, the company would like to repeat it, he said.

A conservation agency source said yesterday it was a sensitive operation which "has already helped conservation agencies in tracking poachers".

"SA was an outlet for illegal trade in both ivory and rhino horns because of its ports and international trade relations."

The databases did not contain any confidential information, but provided contact names used to trace illegal dealers.

Wits unveils plan to redirect youth skills

Buss. Day 9/6/93

THE WITS Mental Health Unit will soon launch an intervention programme to rechannel township youth skills into social reconstruction, according to programme coordinator Melvin Freeman.

He says the programme's main objective is to equip the youth in violence-torn townships with the skills of coping with the current transitional period and the future SA, which demands more than just militancy.

The youth, he says, have to be credited for having contributed significantly to the current political negotiations through their militant struggles in the 1980s.

"Over the years skills such as leadership and militancy were built. But in the New SA militancy will have to be reharnessed to reconstruct the country," he adds.

He says youth energy and initiative developed in the 1980s will have to be rechannelled to "more progressive and constructive" programmes of rebuilding the country.

The intervention programme will consist of two parts. One part will be a pilot study that will evaluate a more effective way of training the youth in developing the coping skills.

"We want to involve the communities as volunteers.

"So the study will determine if it's a good idea to use volunteers or social workers as trainers."

JOHN DLUDLU

The other part will be the training of the youth in what Freeman terms "life skills", which will include negotiating skills, conflict resolution skills, and skills that will help them understand themselves and other people better.

Freeman says the programme will also try to build trust among adults and the youth to normalise the relationship between the two groups. "Adults have so much to learn from the youth and the youth in turn has much to learn from adults," he adds.

Several youth wings of political organisations have already been consulted and some have expressed support for the project.

The project will be financed by a private local foundation and non-governmental bodies will be approached.

While the programme will have psychological aspects to address the after-effects of the current violence in the townships on the youth, more emphasis will be placed on practical intervention, Freeman says.

"In our intervention we have to acknowledge the traumatic past and deal with it, as well as equip people for the future," he adds.

Call on non-governmental organisations

Buss. Day 9/6/93

THE local business sector should take over from foreign donors in supporting non-governmental organisations (NGOs), Gerald Kraak of the Interfund aid agency said in the latest Corporate Social Investment newsletter.

Kraak said NGOs, traditionally dependent on overseas support, were facing a reduction of resources as western governments cut their aid budgets and revised their policies towards SA.

If organisations were forced to shut down it would mean a loss of valuable expertise, experience and "the vision of a democratic social order which the NGO sector came to embody", said Kraak.

A "burgeoning movement" of NGOs had sprung up in SA over the past 15 years, active in education, health, education, welfare and local government, he said.

GAVIN DU VENAGE

They had developed innovative strategies to confront social needs and forged close ties with communities.

NGOs also had a keen understanding of conditions on the ground, and were also able to operate where government bodies were viewed with suspicion, he said.

Apart from their role in providing services service, NGOs formed the core of civil society in SA he said, and could play an important role in building a stable democracy.

Donor countries had actively promoted the developmental role of NGOs, but their support was no longer certain: "There can be no doubt that this aid contributed substantially to the building of a strong NGO sector in SA," said Kraak.

The local corporate sector had only recently begun looking at these organisations as conduits to help disadvantaged communities.

A few large corporations had set up funds to help NGOs, but these needed to be extended into a broader partnership between business and organisations.

This would make it possible for the corporate sector to respond directly to community needs, said Kraak.

Soros predicts Deutschmark collapse

BBday 10/6/93

LONDON — The Deutschmark was set to fall against "all the major currencies including sterling" in coming months, US-based financier George Soros forecast in an open letter to the Times newspaper yesterday.

The Hungarian-born financier, reputed to have made about £1bn betting on the devaluation of sterling last September, also said he expected German bonds to fall against French bonds "in the months to come".

The German Bundesbank has "kept interest rates too high, too long," Soros said, leaving it "in a worse recession than France and with a large and growing budget deficit."

If the Bundesbank had cut its rates earlier it could have done so without any real effect on the investment yield curve and the mark's exchange rate but now it had "missed the boat".

"The markets have begun to discount the inevitable and eventually the Bundesbank will capitulate."

Soros did not expect the Bundesbank to change its stance on rates while Helmut Schlesinger was bank president but noted that "his retirement is only a few months away."

Following publication of the remarks, the German currency fell on the London exchange yesterday to DM1,6303 to the dollar from DM1,6225/dollar on Tuesday.

It also slipped against sterling, trading at DM2,48/£ against Tuesday's 2,4662. — Sapa-AFP.

● See Page 8

BDay 10/6/93

Finding a formula to keep key staff

(172)

MATTHEW CURTIN

THE INABILITY of management at Syfrets and UAL to hold on to their key asset management teams, successfully wooed by new financial services group Coronation Syndicate, has refocused attention on the prickly issue of staff incentives.

Finding a formula for motivating staff is a problem which confronts every manager.

In the financial services sector, the issue is clouded by the fact that by all ordinary measures, the average asset manager, currency dealer or bond trader is handsomely paid in the first place. Yet, financial institutions in SA routinely see some of the bestpaid employees jumping ship.

In this year alone, French merchant bank Société Générale pinched Rand Merchant Bank's project finance team, the two main players at Standard Merchant Bank treasury have set off for what they hope will be greener pastures with German-owned West Merchant Bank, while Firstcorp lured two capital market dealers from RMB, and UAL's project team have gone on their own.

The London-based Euromoney magazine, commenting last month on the departure of 34 members of Credit Suisse First Boston's fixed-income and energy investment banking divisions to rivals in New York this year, says: "The story is a familiar one. The labour market in international banking is one of the most flexible in the world. A large number of institutions performing similar tasks in a geographically concentrated area such as the City of London or Wall Street makes it relatively easy for skilled professionals to change jobs."

At CS First Boston the biggest bone of contention was the compensation package, with the bank understood to be paying its staff at least 10% less than its rivals. The report said personnel departments faced the central problem of providing "the going rate" or risk losing staff.

Merchant bankers and asset management teams in Johannesburg and Cape Town are unwilling to go on record to discuss staff incentives, citing sensitivity of details of their remuneration packages.

What the UAL and Syfrets cases confirm is that "the going rate" is not measured simply in numbers. Syfrets MD Ashton Dominy admits some of those who left were being paid made more than he was.

There is general acceptance that there must be a premium to be paid for retaining skilled and specialised staff.

Central to the decision by the asset management teams' departure to Coronation was the issue of equity participation. Performance bonuses at Syfrets Asset Management had a ceiling of 100% of an employee's salary — outwardly generous but tax inefficient — while the company, reflecting the corporate policy at parent Nedcor, does not offer share option schemes.

Coronation chairman Gavan Ryan says one of the attractions in acquiring a listed vehicle for his group's activities is that it can offer share incentives to staff. The old Syfrets team also owns a 35% stake in unlisted Coronation Asset Management.

Dominy says Syfrets management has "to address the problem of participation". He says the number of applications — about 30 for half a dozen positions shows how attractive its pay is.

Perhaps the key advantage of equity participation is that it ties performance to some measure of value added to a company. It also sidesteps problems flat salary structures have in motivating staff.

Share incentive schemes can be run in a variety of ways, but they can go only so far in solving the problem of clashing business cultures. It is understood that staff at Investec have done well out of share ownership, but even the solid performance of the bank's stock has not matched the growth in individual parts of the business, spurring a round of negotiations between head office and Investec Asset Management.

There are important differences between a currency dealer and an asset manager, but what they do have in common is youth, their ability to take and manage risk, their desire to be rewarded in line with the risks they take, and the knowledge that they have a good chance of burning out at a young age. This contrasts with the cautious, risk-averse person which provides the backbone of a commercial bank.

Another asset management team head, who declines to be named, says "cultural problems are intensifying as banking becomes more integrated".

His ideal format would be the development of partnerships in the financial services sector, an arrangement pioneered by merchant bank Goldman Sachs. Employees gain a significant minority stake in their business, with options in listed shares — which binds them to the larger group's discipline — and unlisted equity which reflects income from their operations.

But, says management consultancy FSA-Contact MD Olof van Schalkwyk, this does not solve the problem of "sub-cultures" and conflict between entrepreneurs and bureaucrats. The best that can be achieved is a "negotiated comfort-zone".

Firstcorp MD David Lawrence will not comment on his company's approach to the problem, but he hopes Firstcorp's reputation and performance as much as its rumeration packages enables it to attract and keep high-calibre staff.

Directors should be rocking the boardroom boat

BIDay To 6/93

TREVOR WOODBURN

1-72

THE revolutionary unbundling of the Gencor pyramid will go down in history as a courageous move and will, no doubt, lead the way for other SA corporations. However, by proposing to adopt, virtually to the letter, the recommendations and principles of the recent UK Cadbury committee on board structures, in practice, and virtually to the letter, Brian Gilbertson has become a leader in an even more fundamental business sense.

The public announcement that the Gencor board would be reconstituted to ensure non-executive directors are in the majority means executive directors will no longer be able to reign supreme. Furthermore, the board audit committee is to consist solely of non-executive directors, and so too the committee appointed to deal with executive directors' compensation packages.

The Cadbury report heralds a new era in corporate governance and seems destined permanently to change the way the UK's corporations and their boards operate.

This is especially true on the committee's innovative recommendations pertaining to independent non-executive directors, who are "to be appointed on merit and not through any form of patronage" by a formal selection process, and given far wider powers of investigation and control.

The intention is clear, in a somewhat ironic sense. Open the boardroom doors to admit independents, says the report, and use precisely these individuals as watchdogs at those same doors — a strong contingent of impartial, outside, non-executive directors to guard against the entry of undesirable and financially undermining practices. No more insular narrow-minded approaches, cosy complacency and unwillingness to rock the boat, not to mention the feathering of own nests.

The report expounds an articulate message. It is no longer adequate merely to bring high-powered visibility to the boardroom table. Each member must fill a strategic gap, with an analytical and specific area of expertise, and should be selected with this in mind.

The incestuous yet common practice of appointing non-executive directors from the ranks of the holding company or head office is implicitly discouraged.

It is very difficult and often impossible for them to be objective and impartial being, as they are, absorbed in company culture and day-to-day activities. Unhealthy and ineffectual "buddy" practices can be counteracted by exercising great care in the appointment of non-executive directors.

Where can these non-executive directors be found? Academics, professionals and successful executives from other disparate companies spring to mind. The report says people who are "free from any business or other relationship which might materially interfere with the exercise of independent judgment" should be recruited.

The relative detachment of such directors will allow naturally for a broader and less biased overview, and make them more susceptible to bringing outside realities into the boardroom, thus guarding against the omnipresent peril of isolation and insulation from changing trends.

The Cadbury report emerged from a committee sitting in the UK. But we cannot deny that the dangers it highlights are even more imminent in SA, where years of sanctions and isolation have not only created a "laager" mentality in politics but also in company boardrooms. What remains to be seen is to what extent SA companies have the courage to break out of this mentality, to open up and admit the independents, the outsiders, the foreigners who of necessity have been regarded as "enemies of the state" for so long.

As a further safeguard to ensure that these outside watchdogs are not permitted to become docile and submissive, the report suggests a further restraining measure: limit their terms of office. The perpetual problem is that the non-executive director's reliance on fees and long-term tenure makes him indisposed to "rock" the corporate boat or offer unpopular advice — which defeats the reason for his appointment in the first place.

In his pamphlet dealing with Myths and Facts in the boardroom, Boardroom Consultants chairman Hicks Wadron, himself a member of various boards, indicates that, in reality, CEOs welcome board members who rock the boat, and by making unbiased contributions and adding to the knowledge base often prevent it from sinking.

Clearly, the time has come for SA companies to appreciate that boards consisting of head-nodding, rubber-stamping clones of the chairman are not only less useful but downright harmful to company performance.

☐ Woodburn is an executive search and management consultant.

The philosophical speculator who goes for the jugular

BDay 10/6/93

MARTIN DICKSON and PATRICK HARVERSON

GEORGE Soros has become that rarest of investment gurus — an individual with such mystique that his actions can trigger large jumps in financial markets around the world. Where Soros goes, a motley army of fans stampedes behind.

This remarkable power was demonstrated in Britain last week when the New York-based fund manager announced plans to invest £284m in the stricken British property market. UK property stocks immediately rose 6% and observers rushed to pronounce the deal as definitive evidence that the market had turned for the better.

Seven weeks ago Soros had a similar impact on the world gold market. News that funds under Soros management had bought a 10% stake in Newmont Mining helped spark a strong rally in the price of gold.

Soros has been regarded for the past 20 years as one of the canniest investors on Wall Street, but his current superstar status is something new. It dates from last November, when he let it be known that his funds had made about £1bn on "Black Wednesday" last September by taking a huge, correct, bet that the British government would be forced to devalue sterling.

Soros was hardly alone. Many foreign exchange traders had made the same calculation, but the sheer size of the Soros speculation — on his reckoning, his Quantum Group of "hedge" funds had about $10bn committed to the bet — gave him a reputation as the "man who broke the Bank of England" and an aura of unerring investment expertise.

Like most "Midas touch" reputations, his has become somewhat overstated. As he is the first to acknowledge, he has made his share of mistakes. And since 1988 many important elements of his investment strategy have been devolved onto his publicity-shy American lieutenant, Stanley Druckenmiller.

Nevertheless, the duo are greatly admired on Wall Street. Julian Robertson, who runs Tiger Management, one of the biggest hedge funds, says of Soros: "He's a brilliant man and has a fabulous lieutenant in Stanley Druckenmiller."

So just how good is Soros's track record? How do his funds operate? And what can other investors learn from his methods? From a 33rd-floor office with a magnificent view of Manhattan's Central Park, the 62-year-old Hungarian-American runs Soros Fund Management, which sets the investment strategy for the unquoted Quantum Group, which has assets of about $8bn.

Hedge funds, which invest in a wide range of liquid assets such as stocks, bonds, currencies and commodities, are not suitable for the small investor. Managing them requires access to large amounts of capital, very strong nerves, fast reflexes and a willingness to take huge risks.

Unlike most traditional mutual and pension funds, whose investment strategies are restricted by industry regulators or internal policy, hedge funds are free to use complex, speculative trading methods, including using leveraged funds (money borrowed against the value of assets), and hedging techniques.

The most common form of hedging is short-selling — selling a security not owned in the hope that later, when it has to be delivered to the buyer, it can be acquired at a lower price. It was this technique which Soros used before Black Wednesday, when he "shorted" sterling.

Hedge funds are only for the very rich, or for financial institutions. The US Securities and Exchange Commission requires that individual investors have a net worth totalling at least $1m, or annual income of at least $200 000 for two consecutive years. Most fund managers require their investors to be even wealthier.



□ SOROS

And in the case of the Quantum Group, investors cannot be American citizens or residents. This is because the funds, domiciled in the Netherlands Antilles or the British Virgin Islands, are not registered with the commission, since this allows them more operating flexibility and freedom from US disclosure rules. Most of Quantum's investors are thought to be European, and Soros himself is rumoured to own between 25% and 30% of the funds.

Born in Hungary in 1930, Soros and his Jewish family spent much of the Second World War in hiding from occupying Nazi forces. After the war he moved to Britain, attended the London School of Economics and worked for securities firm Singer & Friedlander before moving to the US in 1956.

In 1969, after working for several Wall Street houses as a trader and analyst, his investment career took off when he was assigned the management of an offshore vehicle which grew into Quantum Fund.

Soros and his then partner, Jim Rogers, in 1985 made what he called "the killing of a lifetime" by speculating in the yen at the time when the Plaza Accord was sending the value of the Japanese currency soaring.

But there have also been many big losses. Most famously, Quantum Fund is estimated to have lost $800m in the 1987 Wall Street crash, though it still managed to boost returns by 14% during that year.

By any reckoning the Quantum Fund has one of the best and most consistent records of any large fund over such a long period. It claims a compound annual rate of growth since 1969 of 35%, and has had only one year, 1981, in which the value of investments fell.

Beginning with $4m, Quantum Fund now has $4.1bn — and that after distributions to investors of $3.4bn to keep its size manageable.

Soros himself has increasingly drawn back from day-to-day involvement in the funds, which are run by a team of about a dozen managers, led by Druckenmiller. Soros, while still coach and strategist to the team, spends a substantial part of his time involved in philanthropic work, mostly in eastern Europe.

In a rare interview with Jack Schwager, author of the book New Market Wizards, Druckenmiller admitted that his first six months with Soros were fairly rocky, as the two men had different strategies. But then came the collapse of the Soviet empire and "with George in eastern Europe, he couldn't meddle even if he wanted to".

Whatever the early friction, the two men have a very similar approach to investing. Soros, given to philosophical musings — he described himself as a "financial and philosophical speculator" when receiving an honorary Oxford degree — summed up his ideas in a complex book called the Alchemy of Finance.

His theory of "reflexivity" holds that markets are moved partly by irrational pyschology, rather than any scientific rules, with perceptions changing events, and events in turn changing perceptions. In simpler language, markets tend to go to extremes, opening up great opportunities for profit.

But for all the philosophy, other Wall Street investors say Soros's greatest traits — as with every successful trader — include the willingness to reverse his position in an instant when he recognises he has made a mistake.

In his book interview, Druckenmiller says that probably the most important thing he has learnt from Soros is that "it's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong. The few times that Soros has ever criticised me was when I was really right on a market and didn't maximise the opportunity.... Soros has taught me that when you have tremendous conviction on a trade, you have to go for the jugular." — Financial Times.

The Rand Club votes to pursue tradition

BDay 11/6/93

Business Day Reporter

THERE might have been less public interest than last November when members were balloted, but yesterday afternoon a crowded Rand Club decided not to change. The club was founded more than a century ago as a meeting place for Johannesburg's business, civic and political leaders. It will, a majority of its members decided, remain just that.

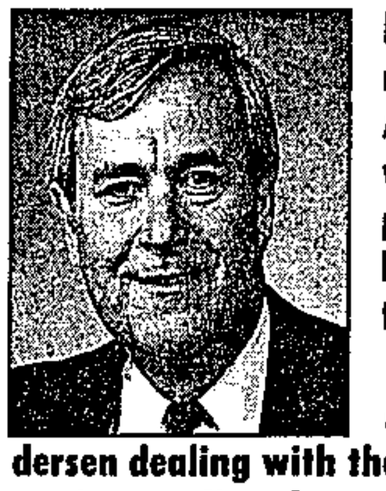
Yesterday, 418 of the club's black and white gentlemen members voted on whether ladies should be admitted to membership. Six months ago, fortified by a lunch of heart-burning toad-in-the-hole and Burgundy, 269 members of Johannesburg's most renowned club failed by one vote to win the required two-thirds majority needed to sanction the entry of lady members. Yesterday, with digestions rendered less dyspeptic by the internationalism of Wiener schnitzel and Chablis, a larger turnout of the club's members voted again.

Soothing smoked trout replaced last November's unseasonal minestrone. But that did not dampen the fire in the members' bellies. They were there to vote on the future of their club. And members who dined from the menu were supported by those leaner and meaner who believed that a quick sandwich and small mug of beer were all the fortification needed.

The vote? Unconfirmed, but rumour has it that the ballot boxes contained one cheque deposited in error by a member who thought he was paying for lunch, two spoilt papers, 77 "no" votes by members with a profound sense of history and 339 "yes" votes by members who believed that tradition is not synonymous with opposition to change.

Called to account

(172) FM 11/6/93



Richard L Measelle, managing partner of Arthur Andersen worldwide, is in SA as part of the firm's celebration of 80 years in the country.

***FM:* How is Arthur Andersen dealing with the problem of litigation against auditors?**

Measelle: People have been suing their auditors in the US for 20 years but, sadly, the idea has been exported and we've seen lawsuits of this nature in 50 countries.

Arthur Andersen has taken two initiatives. Firstly, we audit more carefully and manage our risk by selecting the companies. Obviously, there are situations where the risk is so high as to be unwise for the auditor to assume it.

Secondly, in countries where litigation is rife, we try to ensure that the laws of tort are fair. In the US, the accounting profession is lobbying to change the law of joint and several liability.

Because the auditors are usually the most solvent of the possible defendants, plaintiffs generally sue the auditors — who will usually settle rather than risk the firm by assuming the liability of insolvent fellow defendants in a protracted battle in the courtroom.

A Bill is before Congress to change joint and several to proportionate liability standard, and similar moves are afoot in the UK though the law there is more favourable to the auditors.

With advances being made in computer technology, has the risk of computer fraud not become a major issue?

Yes, it's an issue because now there are fewer paper trails and more companies are downsizing or flattening their structures, so there are no longer the internal controls which middle management used to provide.

But fraud is still far less of a risk for auditors than business failure. The obligation to determine whether a company is a going concern is more onerous than the one to uncover fraud.

A criticism of auditors in recent years is that we know far more about a company's financial status than is communicated in the pass/fail statutory audit report. The answer may lie in expanding the assurances auditors provide into business risks and business processes.

Most accounting firms have diversified, notably into management consulting. Is there not a danger of the firm losing track of its core business?

The key to diversifying is that the core must stay vibrant.

The problem these days is that there is no growth in the business of the statutory audit of financial statements in many markets. So we're expanding into consulting and broadening the focus of the audit from financial statements into auditing the whole business: human resources, marketing, operations and strategy.

It's important to keep the service lines separate. At Arthur Andersen we have set up two separate business units — the auditing firm and the information technology side. These are commonly owned but their activities are distinct.

There's a trend in some countries to introduce a statutory rotation of the auditors of a company every few years. Is this a good thing?

No. I agree that auditors who do not perform should be replaced. But changing auditors for change's sake has more costs than benefits.

For instance, studies have shown that errors are more likely to occur in the early years of association with a company, before the auditor has gained a deep familiarity with that company.

A far better approach is the one we adopt in the US for public companies, where the lead audit partner has to change every seven years.

That way you get the combined benefit of a fresh look at the business and continuity from those who know the business well.

Compulsory rotation of auditors has other problems for us. In Spain, where this was recently introduced, Arthur Andersen's 60% market share could be under threat. Elsewhere, however, we could gain market share. Market share gains as a result of poor regulation is no answer.

Is Arthur Andersen doing much work in formerly communist countries?

We have 600 people in eastern Europe. Initially we were mainly involved with outside companies setting up in those countries, but now we're working with the locals, with hiring and training our major focus.

What's more exciting is growth in China, where they've made great progress with economic reforms.

We hope to have 1 000 people there by the turn of the century. We have more than 100 today.

What's your view of SA?

There are great opportunities here, and a good core of competent management. It's important that the new government does not try to rewrite the laws of economics as it seeks to redress the wrongs of the past.

What are you doing about calls to advance blacks in management positions?

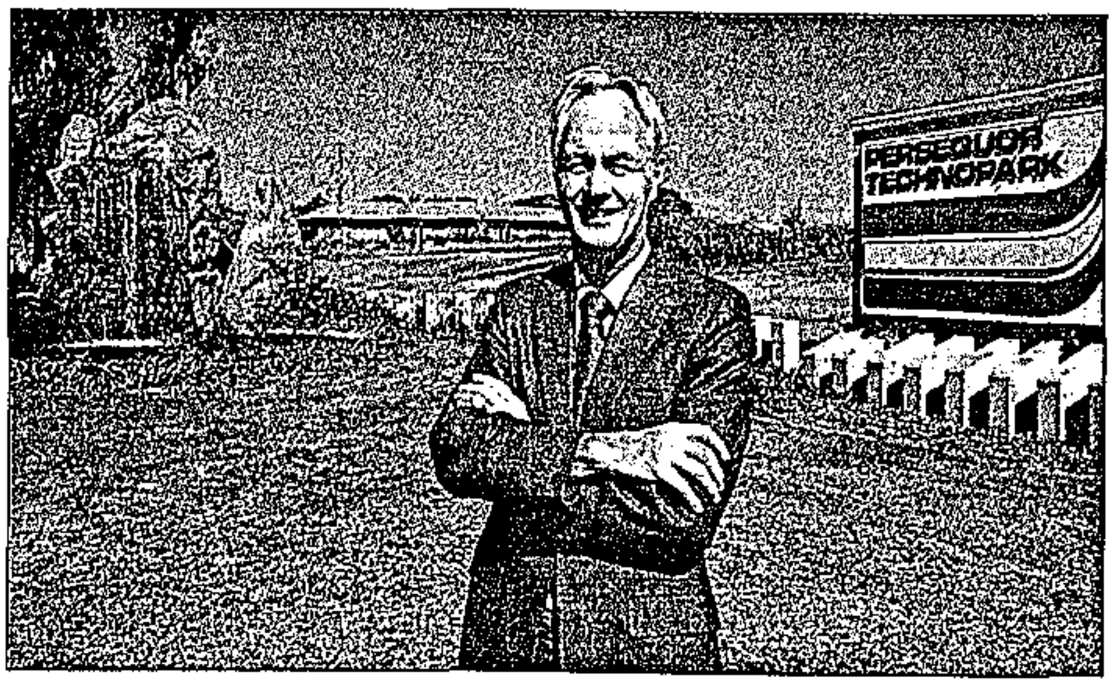
We recognise that one of the high priorities of our practice is the encouragement of and active development of black accountants. Our firm is examining and experimenting with alternative ways to attract suitable black entrants into the accounting profession and to assist them to qualify as chartered accountants.

Lowering the standard of entrance into the profession is not the solution; concentration on career guidance with a heavy emphasis on carefully constructed training programmes is clearly required.

It's a long Fm 11/6/93 way to Silicon Valley

Thanks to industrial and economic isolation, the recession and lack of business confidence, SA's two official university-aligned technology research parks are in no position to challenge California's Silicon Valley any time soon.

The Stellenbosch Technopark has attracted 20 organisations since its inception in 1986. These include the IDC and Barlows Group company Reunert Radar Systems. At the Pretoria University-aligned park, called Persequor, 25 companies have signed on since it was established two years ago, including Olivetti.



Persequor's Meyer ... *holding on during tough times*

"The development has not grown as fast as expected but, given the economic circumstances, we are doing well," says Persequor director Hugo Meyer.

The idea behind technoparks is to provide an environment where academic researchers and their students can pool resources with private-sector entrepreneurs. The parks provide students with a way of commercialising their research and also give businesses the opportunity to stay competitive by having permanent access to the latest basic and applied research at universities.

One of the oldest technoparks is California's Silicon Valley, which started in 1939 when Stanford University engineering graduates Bill Hewlett and Dave Packard rented a garage at Palo Alto to develop a US$55 audio-oscillator. Their company, Hewlett-Packard, has grown into one of the world's top computer companies.

From the Sixties to the mid-Eighties, with the emergence of electronic and computing technologies using the latest developments in silicon chip circuitry, many more "backyard" firms sprang up in the area south of San Francisco. Since then, Silicon Valley has mushroomed into a major computer R&D centre.

This concept of mutual co-operation between academic institutions and businesses is popular worldwide. The UK has more than 40 technoparks, each specialising in a particular field. In the US, the spirit of commercialisation has resulted in $50m in annual royalties to universities from technopark inventions and products.

The local story has been different. Despite its ties to five academic institutions in the region — the universities of Stellenbosch, Western Cape and Cape Town, and the Cape and Peninsula technikons — the Stellenbosch park has attracted only 20 companies to invest in the 50 ha development.

There have been few investments in recent years; the large electronics group Altron was one of the first to buy land but decided not to develop it.

On the brighter side, however, the IDC's Innovation Centre has proved to be successful and will be expanded, says Stellenbosch Technopark director Johan Malan. Based on the popular "incubators" overseas, it provides communal work space, secretarial services and facilities such as fax, photocopying, telephones and a discussion room. Experts from the universities' and technikons' law, accounting and business schools are also available for consultations.

The aim is to help small entrepreneurs and innovative university researchers who want to commercialise research results or new products but who don't have access to capital, business expertise or support services.

The newer Persequor Technopark is in a better position to succeed because of its proximity to private hi-tech industries in the PWV, as well as institutions such as the University of SA, the Atomic Energy Corp, Armscor, the Foundation for Research Development and, just up the road is the CSIR.

Typical commercial applications of university research at Persequor include the development of optical-fibre communications modules for telephone, data, voice and video transmission, and the development of electronic hardware and software for testing vehicle suspension.

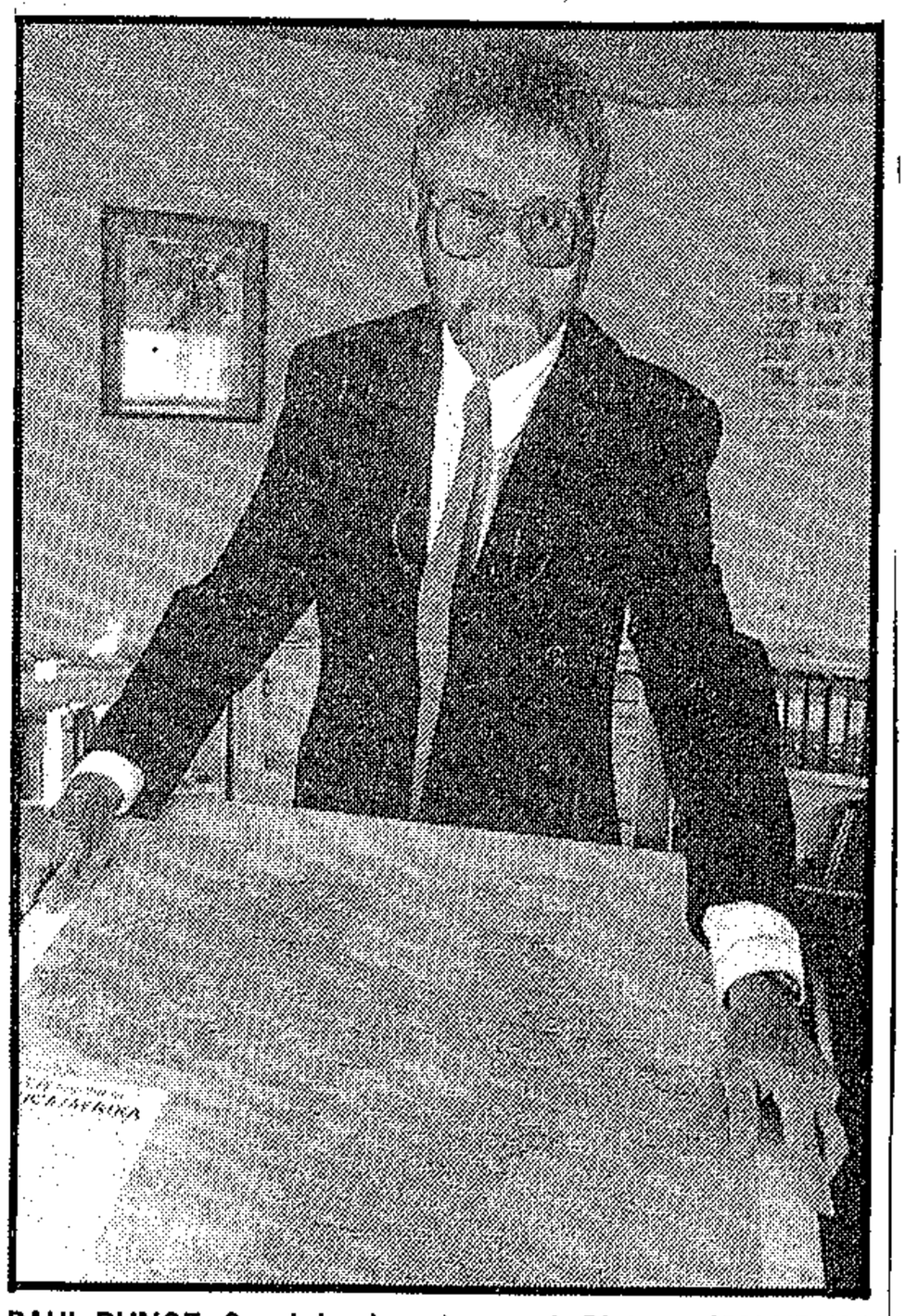
Situated in tranquil park-like surroundings in the hills east of Pretoria, the low-density Persequor development spreads over 66 ha. More than R6m has been invested in the infrastructure and about R20m on building development, with the university investing much of this. A post office, roads and other services have been built but only nine buildings, accommodating the 25 businesses, have been occupied. Another 16 stands must still be sold for the completion of phase one.

A luxury hotel, service station and another 70 stands are on the drawing board. If the economy improves, this ambitious project may yet succeed. Meanwhile, an outlying parcel of land is made available to farmers for a fresh produce market on Saturdays.

Meyer, who expects more students will use the technopark, is negotiating to open an incubation centre early next year. He also sees the Pretoria University post-graduate business school moving to Persequor.

Donors open the door to SA firms

By TERRY BETTY



PAUL RUNGE: Good deeds not enough Picture: JON HRUSA

AID agencies are ready to inject capital into commercial projects in Africa, providing an opportunity for South African business to expand.

This is a change in emphasis from the previous policy of carrying out mostly social and infrastructural projects, such as building roads, bridges, dams and providing health care.

Safto Africa director Paul Runge says: "It opens new opportunities for SA companies."

The new emphasis is that money must not be poured into a bottomless pit. Projects should promise profit and stimulate the private sector.

Mr Runge says only a few countries south of the Sahara do not depend on aid programmes. They include South Africa, Mauritius and Botswana.

The rest are undergoing structural adjustment programmes as a result of donor pressure.

Float

Mr Runge says donor agencies basically control the countries' economies and have put pressure on them to liberalise prices, reduce the role of the public sector and boost private enterprise.

Main donor organisations are the World Bank, the Africa Development Bank, the EEC through the Lome agreement and the United Nations.

African countries are being forced to allow the currencies to float to their real rates. Governments are being persuaded to practise fiscal discipline and introduce transparency into their economies.

For example, Zambia, Togo and Kenya have become liberal investment countries that have tax holidays and allow repatriation of profits.

In a major rethink, donor agencies have decided that pure social spending, although worthwhile, does not stimulate the private sector.

Mr Runge says: "Giving medicine to sick people is good and holy. However, it does not stimulate the economy."

About three years ago the African Development Bank (ADB), the International Finance Corporation (IFC) — the private sector investment arm of the World Bank — and the United Nations Development Programme formed the African Project Development Facility (APDF).

This aims to conduct feasibility studies for small and medium private projects and help to secure finance.

The World Bank had already formed the IFC, which provides direct project funding for private enterprise in developing countries.

Although this has the advantage of less bureaucracy and a shorter project lead time of about six months, it does not handle projects worth less than $15-million.

Mr Runge says the agencies must find people to provide the skills, management, training and technology transfer. He believes SA is their ideal source.

But he warns that SA will be competing against European suppliers.

"SA is in an ideal position to provide consultants for projects and supplies for joint-venture companies.

"When SA companies have their foot in the door, have established contacts and become acquainted with the donor agencies, they will be able to become involved in projects."

Mr Runge says donor organisations take up to 30% of a private company for the duration of the project to make sure it does not go sour.

They generally prefer a partner with the expertise to ensure good management of the project.

But where will the money come from because African countries are notorious for their inability to pay?

Mr Runge says businessmen should change their way of thinking. Instead of only trading with traditional dealers, they should investigate the formation of joint ventures with companies which have foreign currency.

● Safto will host an Africa Business Opportunities through Commercial Aid Projects conference on July 7 and 8 in Johannesburg.

General managers can cost R1,5m a time to replace

ST Times [Bus] 13/6/93

By TERRY BETTY

IT costs a company nearly R1,5-million to replace a general manager, so it is essential the right person be chosen in the first place.

This is based on a salary of R133 000 a month, says an article in Human Resource Management. The figure includes the cost of advertising in newspapers and magazines and interviewing applicants.

It includes loss of output by the departing employee, who tends to work at half pace after deciding to leave and takes into consideration the fact that most people need about six months to become conversant with a new job.

The report says it costs R105 000 to replace a mechanical engineer and R542 000 for an insurance broker.

Thomson International managing director Brian Richardson says: "Apart from being expensive to replace an employee, in current economic times it is often impossible to get rid of an inappropriate employee because few people are budging for fear they will not get another job.

"People are hired and promoted because of their technical skills, but are fired for their behaviour."

Employers should place as much importance on the personality and behaviour characteristics of the applicant as on qualifications and experience.

No matter how well qualified people are, they will not be 100% productive if their behaviour clashes with that required by the job, the boss or the organisation.

To choose the appropriate person, an organisation should quantify exactly what it wants from an applicant where it wishes the successful man or woman to go.

Thomson International has a computer model that analyses behaviour under normal circumstances and at work and how it changes when the pressure is on.

Mr Richardson says good behaviour under pressure is essential because managers are highly stressed most of the time.

The behavioural pattern can be compared with the type of personality required for the job, reducing the likelihood of employing the wrong person.

Everybody has strengths and it is important to identify them to use an employee properly.

Unfortunately, management tends to focus on people's weaknesses and how to change them.

Mr Richardson says analysis of behaviour can be used by companies which wish to implement an effective affirmative action programme.

"The problem with most companies is that they are obsessed with the number of black people they are going to have in top management over the next few years.

"They do not think how they are going to get the right people or how they are going to make sure it works out.

"Zimbabwe is a classic case where people with the right technical skills were promoted to jobs that did not suit their personality."

This resulted in many companies failing.

Mr Richardson says 90% of white male managers have a high dominance profile — they tend to be autocratic, but make quick decisions.

"This is not necessarily the formula for a successful manager. A survey of successful Taiwanese businessmen shows that only 12% of them have a high dominance profile."

Mr Richardson says most blacks surveyed are also low on dominance. They are more consensus oriented and want everybody to share in decisions. But this means it takes them longer to make a decision.

"If managers understand this and adapt the job profile accordingly, the different behaviour pattern can be easy to live with. Otherwise it is easy to become intolerant and agitated with the employee."

Urgent call to invest in future

LINDA ENSOR

CAPE TOWN — An urgent call for business to forgo expectations of short-term returns and to invest in the reconstruction and development of the country was made by Liberty Life vice-chairman Dorian Wharton-Hood at the annual conference of the SA Property Owners' Association on Friday.

"We must forget the idea that the criteria for investment should only be optimum, immediate, direct return. If we do not forgo the expectation of short-term gain in favour of potential long-term returns, in a few years we shall no longer be able to expect any returns at all," he said.

SA's impoverished communities could not rely exclusively on the political system for their welfare and progress. While creating wealth, business also had a crucial role in redistributing that wealth, particularly by redistributing opportunities.

Wharton-Hood urged business to adopt share option schemes to enable employees to become shareholders and to support affirmative action programmes.

"Only when we have fulfilled these obligations to help the disadvantaged help themselves do we have any legitimate right to insist on our rights to a free market, little government interference, low taxation, foreign exchange freedom and the freedom to unbundle our corporations as and when we see fit," Wharton-Hood said.

SABC chairman and Idasa policy director Van Zyl Slabbert said the forces in SA seeking the centre in the areas of stability, growth, redistribution and legitimacy outweighed those fleeing from the centre, giving cause for optimism.

However, there remained a threat of violence and militancy on the outer flanks, which made negotiation with the right wing urgently necessary. There could be no prospect of holding elections unless ways were found to marginalise violence.

The challenge for business

(172) Star 14/6/93

The Star
BUSINESS CONFERENCE FOR ACTIVE CHANGE

A challenge facing the business world is to explore and develop black skills and talents to fill more management posts and directorships. How to go about it will be one of the main themes of a special Business Conference for Active Change to be run by The Star and the Consultative Business Movement in Johannesburg on June 25, MICHAEL CHESTER reports.

THE debate on black advancement in the business world has been jolted into faster tempo by surveys that have propelled the issue to the top of many boardroom agendas.

"The potential role of black managers has spiralled beyond casual chats about the new socio-political landscape and equal opportunities," says Consultative Business Movement acting executive director Colin Coleman.

"Bringing more black skills and talents into the economic mainstream has become crucial to longer term corporate planning."

Surveys of skilled manpower shortages showed that no fewer than 120 000 new high-level managers had to be found by the end of the decade, but it looked likely that as few as 45 000 white candidates were in the pipeline.

Enforcing

Yet while action to fill the looming shortfall had become urgent, at the moment no more than 5 percent of managerial jobs were held by black employees.

"There's no time to await the possibility of legislation to enforce a quota system on black/white promotions," says Coleman. "Simple arithmetic shows that two out of every three new appointments to higher level jobs must involve black supervisors and middle managers."

An analysis by Don Mkhwanazi of the Black Management Forum has shown that blacks hold a mere 2 percent of the 2 550 directorships inside the Top 100 companies quoted on the JSE.

The overall theme of black advancement will be among a number of urgent issues that will come under focus at the Business Conference for Active Change planned by The Star and the CBM to examine new down to earth approaches to the transformations expected inside the business world, hand-in-hand with the political transition.

The conference — chaired by Murray Hofmeyr, chairman of the Argus Group and co-chairman of the CBM — will be held at the Carlton Hotel in Johannesburg on June 25.

Broadening the ownership and management base will be one of several pressing problems to be probed by no-holds-barred panel discussions and planning workshops.

Views from all angles will be delivered in the search for solutions. A lively debate is guaranteed by the diversity of panel members — Ken Maxwell, chairman of the gold and uranium division of Johannesburg Consolidated Investments; Mike Spicer from Anglo American; Marcel Golding from the National Union of Mineworkers, and Jabu Mabuza of Future Bank.

"There is a possible scenario of massive increases in black business ownership and black management control," says Coleman.

"It is vital that businessmen themselves work out how best to set the wheels in motion, rather than wait for a political orchestration," he said.

There were a number of options. One was to provide risk capital to finance the launch of more black entrepreneurs into companies of their own. Another was starting joint ventures with new black businesses.

Big companies also had the alternative of working out support programmes to assist start-up operations and provide fledgling black ventures with opportunities to expand.

A start had already been made in building bridges between big and small business by large corporations handing more sub-contract work to mini-companies.

The small business division created by Anglo American and De Beers had set the pace by placing sub-contracts worth millions of rands with no fewer than 130 small and medium-size outside firms.

Mabuza, himself a rising star in the business firmament, argues that big businesses will find it is in their own long-term interest to provide budding black companies with a helping hand.

"If the free enterprise system is to be embraced by the majority," he says, "it is important that there are symbols of success.

"Both the 'give-me' syndrome and 'hand-out' mentality have become discredited. So don't just provide capital to feel good. Deals must be established on a sound risk-and-return basis."

Tito Mboweni of the ANC reinforces the advice to big companies to consider various ways of supporting black initiatives either in the form of joint ventures or in back ing the launch of entirely new mini-companies.

To underline the potential of latent black business skills, he points to the successes scored by National Sorghum Breweries, "owned by blacks, managed by blacks, with R40 million in assets and a growth rate of 43 percent a year".

Leon Cohen, chief executive of the P G Bison business empire, who will also be a main speaker at The Star/CBM conference, voices equal confidence about the potential success of more black involvement.

He adds a new alternative — the unbundling of more mega-corporations to create scores of smaller companies.

Competition

"It may take a change in policy environment to trigger action," he says, "but if companies were unbundled and individual managements had control of their own destinies, then the result would be greater focus and competitiveness.

"That process would contribute to a developing spirit of entrepreneurship in which all could take part."

The CBM adds more comment in its own set of guidelines laid out in a publication entitled *Managing Change*around which much of the conference will revolve.

"While participative management, development and other initiatives are important," it argues, "the challenge faced by business is to build a real stake in the economy among the black community.

without the ownership base of the economy being broadened, the economy will continue to be viewed as the domain of whites. If this occurs, there will be little incentive for productivity, responsible, economic decision-making and participation in the economy.

"Broadening the ownership and management base should be viewed as an important part of placing South Africa on a path of sustained economic growth." □

● **"The Star Business Conference for Active Change" — registration form on Page 11.**

Ackerman calls for help with development of SA

3/12pm 15/6/93

LINDA ENSOR

CAPE TOWN — An urgent call on the international community to involve itself in SA's socioeconomic development will be made by Pick 'n Pay chairman Raymond Ackerman when he opens the CIES International Conference on the Environment in Barcelona, Spain, today.

The conference is being attended by CEs of the world's leading food groups, EC representatives and diplomats.

Ackerman stresses that SA's fledgling democracy might depend on socioeconomic recovery.

"The forthcoming elections will restore SA's international credibility, and complete the process of political rehabilitation. It is now time for the world community to invest in SA's progress to democracy by pro-actively facilitating the country's economic recovery," Ackerman says

He says the challenge presently facing SA is to marry socioecological demands with economic and political constraints.

He notes that a broad based environmental policy in SA circumstances would have to address human needs, and the unequal distribution of wealth, without jeopardising the environment and the resource base upon which economic development depended.

Coleman said the proposals "contain certain ... to treat June 16 as a de facto paid public holiday, Coleman said.

New way to gauge social progress

B/Day 15/6/93

CAPE TOWN — A set of indicators to measure SA's progress in improving the lot of all its citizens has been devised by the President's Council's social affairs committee.

Committee chairman Ben Piek said the proposals, released yesterday, constituted a major point of departure from existing methods of measuring the well-being of the population.

"The indicators are human-centred and are designed to be used by government in the shaping and allocation of resources," Piek said.

"The capacity of the government at various levels and of development agencies to recognise, by means of a 'red light' or 'warning light', indicators of instances where the state of well-being is of such a nature that it threatens to destabilise society in general or in specific areas, has been an important objective in developing this model."

The committee's report on the indicators stressed that individuals had two fundamental requirements — "self-actualisation" and survival. Both were essential for their well-being.

LINDA ENSOR

To survive, people needed protection, shelter and food. They also needed to experience self-actualisation, which required understanding, a sense of belonging and opportunities, all of which could be satisfied by education and training, communication and socialisation.

The committee said social mobility was an essential element of self-actualisation, which would be influenced by factors such as the availability of jobs, disposable income, freedom of association and the amount of leisure time available — all of which could be measured in terms of set criteria.

Education and training could be measured, for example, by the percentage of the population that could read, write and do arithmetic.

Communication could be measured by investigating the percentage of the population that read newspapers and magazines, listened to the radio, watched television, frequented a library, were multilingual and had telephones.

Council 'to act against PAC violations'

B/Day 15/6/93

CAPE TOWN — The multiparty negotiating council would have to act against the PAC which had flaunted the council resolution on violence, Deputy Constitutional Development Minister Fanus Schoeman said yesterday.

He told a media briefing that in terms of the council's resolution, the PAC could not continue its armed struggle and negotiations at the same time. The council would have to debate a motion about this today.

Since the police swoop on the PAC, government had met the council's demands that the Law and Order Minister explain his actions, to charge or release those detained, and meet the PAC to discuss and resolve their differences.

"The PAC has supported all the resolutions of the council and has a responsibility to fulfil its part....The council must now put pressure on the only party which persists in this dual strategy of violence and negotiations." — Sapa.

Call to promote economic literacy

B/Day 15/6/93

172

TIM COHEN

CAPE TOWN — The President's Council has recommended a national campaign for the promotion of economic literacy which would inculcate a sense of national reconciliation and economic development.

In one of the body's final reports, the council's committee on economic affairs recommended that an "inspiring, widely accepted vision" was necessary to promote nation-building in a divided society.

Sensitive to the emerging new constitutional dispensation, it recommended that the whole planning process and its execution be conducted by a fully representative umbrella body.

The broad objectives of the co-ordinating body should be first to strive for a general convergence towards the notion that the economic efficiency of a nation was the route to long-term prosperity.

It said a fundamental work ethic was essential for such economic efficiency.

The body should also seek to instil a deep sense of understanding within individuals of their rights, responsibilities and rewards within the country's economic dispensation.

The programme should take into account the enormous disparities in SA society, encourage economic growth and development and foster a spirit of entrepreneurial expertise and enterprise.

Aspects of the forum's structure, such as its size, composition, functions, powers, funding and accountability, should be the result of consensus within the co-ordinating body.

Company car or travel allowance?

EMPLOYEES offered the choice between using a company car or receiving a travel allowance will find no cut-and-dried answer on which is best, as many cost and taxation issues are involved.

From a tax viewpoint, Ernst & Young tax manager Henk Mellet says the answer will vary from individual to individual.

"It is dangerous to generalise on the respective tax efficiency of the different options."

Apart from the inevitable lengthy comparisons on the tax costs of travel allowances and company cars for employees, factors such as the price of the vehicle and maintenance costs must be weighed up.

Those in doubt can consult a car advisory service provided by banks, or a fleet management specialist at a firm of chartered accountants.

This may help, particularly in view of tax changes and increases affecting vehicles used for business purposes in the 1993 Budget.

However, assuming an employee is bound to accept a travel allowance scheme, it should be remembered he carries full risk of ownership of the vehicle, says Mellett.

He would have to keep an accurate record of all business trips showing mileage performed, repair costs and petrol bills, if he is to claim the maximum tax refund benefit. Otherwise, he may be limited by the tax. kilometre claim rate formula.

A possible advantage of a car allowance is it gives the employee the right to choose a smaller car than his employee status warrants, allowing him to pocket a portion of the allowance. But this also has negative tax implications, he says.

Employers and employees who wish to know which option is cheaper can be guided by a bank's car advisory service.

An example is Nedfin's car advisory service (CAS) system, which assistant GM (corporate finance) Franco Regnani says uses data to establish a series of realistic assumptions.

CAS takes account of car prices, discounts, running costs, fixed costs, depreciation and maintenance.

Another option is the car manufacturer. Toyota Lease executive director Neville Frost says his division will tailor packages for specific companies and their employees.

NEI Africa to lose more managers

BDay 17/6/93

ANDY DUFFY

ENGINEERING group NEI Africa would sustain further management losses as part of its efforts to revive its flagging fortunes, chairman Peter Joubert said this week. (172)

Speaking after the surprise departure of CE and MD Laurence Hyslop, Joubert said the company was in a "state of flux", and that its restructuring would mean the departure of further management. The losses would be drawn from the company's divisions rather than at board level.

The company was still planning to sell two of its nine divisions, and rein back the operations of its remaining businesses.

Hyslop's resignation, which surprised NEI's major institutional shareholder Old Mutual and industrial analysts, is the second key departure at NEI in two months. (189)

In May, the group said Terry McGowan, MD of former cash cow Ical, would leave after Ical's merger with John Thompson Africa. (238)

Amicable

The shake-up follows a torrid three years for the UK-owned group. Falling earnings, high debt, accounting irregularities and sour contracts cut NEI's net asset value from 2 722c in 1989 to 1 488c last year.

In the year to December 1992 NEI made an R18,1m attributable loss on sales of R582m, and unveiled plans to refocus activities and cut borrowings.

Hyslop refused to comment further on the reasons for his departure. Joubert said that the resignation had been amicable.

Joubert said Hyslop's replacement would be chosen by the end of July. There had been no pressure for the change from NEI's UK parent, nor from Old Mutual, which holds 38% of NEI.

Old Mutual said NEI had underperformed over the past three years, but that Hyslop had inherited many of these difficulties when he was headhunted to run NEI in January 1990.

Hyslop had done "quite well" in trying to revive NEI, Old Mutual assistant general manager (investments) Isak Mostert said.

Local brands go into fire

By JOHN FARQUHAR

ISOLATED from international competition for almost 30 years, local companies with purely local brands as their stock in trade never had it so good. With mediocre marketing strategies these companies have managed to dominate the market segments in which they operate.

Running a "one horse" race, local boys got promoted way beyond their ability. Today there are companies at the top of the hit parade run by chief executives who, as Ross Perot said of US President Bill Clinton, only have middle management ability.

As the CEOs of these companies encounter an increasing number of international exploratory teams investigating the potential of the South African market-place, their stress levels are rising.

The internationals are only waiting for a democratic government to be elected before they launch their attack.

When this happens local companies with only local brands in their portfolio which are quoted on the stock exchange are in for a torrid time. Now is the time to dump those shares.

The more astute local operator is talking about joining rather than fighting the internationals when they arrive. It is rumoured that Leisure Foods, the local franchise holder for Wimpy, is talking to Burger King.

Far-sighted Royal executive chairman Vivian Imerman probably had this thought in mind when he made the deal with Anglo, Del Monte and Mars.

The next five years are really going to separate the men from the boys. And when the battle for market share intensifies, creative advertising will be out in the cold. The big international players want sales and market share. They want ads which get the consumer to buy. Creative advertising, they say, is for the little boys.

Mismanagement is often the problem

IDENTIFYING the rot in credit control before it sets in is the key to staving off company failure, say asset management consultants.

Kessel Feinstein director Costa John says credit control and asset management is vital to medium sized companies, which are typically undercapitalised.

"With fewer 'early warning systems' for liquidity problems, they have a narrow margin of error in asset management.

"This means the company should carefully consider any additional sales they are trying to generate, as these may have serious cash flow implications."

He says the company can help control cash flow problems by applying a checklist for evaluating the "next sales order". Issues to consider are:

☐ The addition of extra days of credit for a special order. Consider whether cash flow will allow you to wait for payment;

☐ Will additional sales be obtained by sacrificing profit margins needed to finance the additional stock levels?;

☐ Does another sale create additional overheads that will continue beyond the transaction?;

☐ Has a sales opportunity created attractive profit margins, but much longer credit terms and higher stock levels?

Credit Guarantee marketing GM Hennie Wiehahn says statistics show mismanagement causes about 65% of failures.

He lists the obvious mistakes:

☐ Many companies are sales-driven and reduce margins to acquire increased sales;

☐ Sales decline as a result of deteriorating service levels or quality of goods sold;

☐ The business grows too rapidly and outpaces its management and financial capabilities;

☐ Companies in search of greater market share often allow a drop in the quality of debtors books, which ultimately results in poor cash flow and bad debts;

☐ Changes are made to senior management, who are incapable of running a profitable business.

Wiehahn says the liquidity ratio, which measures the ability of a company to meet its short-term liability by converting its stock and debtors into cash, is also important.

"Should the ratio be 1:1 or less, indications are the business is close to failure."

Soros leads the pack on Wall Street

NEW YORK — George Soros did in five minutes what it took the average American family all year to accomplish in 1992.

A manager of more than $7bn in mutual fund assets, Soros was Wall Street's highest earner last year, taking home $650m to finish top of Financial World magazine's annual survey of the 100 highest paid people on Wall Street.

By comparison, the median US family made about $19 000 last year, according to the magazine's July 6 issue, released yesterday.

Michael Steinhardt, another fund manager, came in second with $250m. Cleveland-based real estate investor Alfred Lerner was third with $139m.

To qualify for this year's list, earners had to make at least $6m, 20% more than last year. This year's median income of the top 100 was $10m, about $1m more than in 1991.

The Hungarian-born Soros, 62, earned more than $400m in capital gains by rarely holding on to positions for more than a few days.

Rounding out the top 10 are: Julian Robertson jnr of Tiger Management, $120m; Soros's triggerman Stanley Druckenmiller, $110m; Bruce Kovner of Caxton Corp, $100m; Paul Tudor Jones II of Tudor Investment, $85m; Louis Bacon of Moore Capital Management, $35m; and Henry Kravis and George Roberts, both of Kohlberg Kravis Roberts, at $33m apiece. — Sapa-AP.

BlDay 17/6/93

Investment in stock 'should match business objectives'

THE tendency not to establish a balanced and cost-effective trade-off between investment in stock and customer service is reducing company profits through lost sales and increased costs.

Few organisations question whether their investment in stock is consistent with their business objectives and operating characteristics, say Deloitte & Touche Management Consultants director Nick Charissis and principal consultant Conrad Steyn.

Charissis says major gains are attainable, however, by implementing effective inventory management, which ensures that the policies, mix, re-ordering procedures and quantities of all types of stock support overall goals and customer needs.

Unfortunately, most companies focus on general stock control, including physical security, accuracy of transactions and random stock reduction.

Deloitte & Touche Management Consultants now provides a methodology that enables management to focus on the crucial trade-off between investment in inventory and customer services levels.

Steyn says it achieves this (while maintaining the correct mix of stock) by modelling various scenarios with different levels of inventory investment and customer service.

"Based on results obtained at various sites over the last few years, an inventory investment reduction of 20-30% is common."

Steyn says successful inventory management revolves around:

- ☐ Its integration with customer needs, business objectives and operating characteristics;
- ☐ A clear understanding of the role of inventory;
- ☐ Top management involvement in policy setting;
- ☐ Someone taking responsibilty for and co-ordinating the material chain;
- ☐ Disciplined and accurate forecasting.

Charissis says to realise benefits such as improved customer service, reduction of investment in inventory, improved forecasting and decision making, an organisation has to change its view from one of managing individual, isolated stores to managing an integrated materials management system.

"It is no good taking short-term action on an ad hoc basis. A disciplined, integrated approach results in a process of continuous improvement."

NEI Africa to lose more managers

BIDay 17/6/93

ANDY DUFFY

ENGINEERING group NEI Africa would sustain further management losses as part of its efforts to revive its flagging fortunes, chairman Peter Joubert said this week. (172)

Speaking after the surprise departure of CE and MD Laurence Hyslop, Joubert said the company was in a "state of flux", and that its restructuring would mean the departure of further management. The losses would be drawn from the company's divisions rather than at board level.

The company was still planning to sell two of its nine divisions, and rein back the operations of its remaining businesses.

Hyslop's resignation, which surprised NEI's major institutional shareholder Old Mutual and industrial analysts, is the second key departure at NEI in two months. (189)

In May, the group said Terry McGowan, MD of former cash cow Ical, would leave after Ical's merger with John Thompson Africa. (232)

Amicable

The shake-up follows a torrid three years for the UK-owned group. Falling earnings, high debt, accounting irregularities and sour contracts cut NEI's net asset value from 2 722c in 1989 to 1 488c last year.

In the year to December 1992 NEI made an R18,1m attributable loss on sales of R582m, and unveiled plans to refocus activities and cut borrowings.

Hyslop refused to comment further on the reasons for his departure. Joubert said that the resignation had been amicable.

Joubert said Hyslop's replacement would be chosen by the end of July. There had been no pressure for the change from NEI's UK parent, nor from Old Mutual, which holds 38% of NEI.

Old Mutual said NEI had underperformed over the past three years, but that Hyslop had inherited many of these difficulties when he was headhunted to run NEI in January 1990.

Hyslop had done "quite well" in trying to revive NEI, Old Mutual assistant general manager (investments) Isak Mostert said.

Picture: ROBERT BOTHA | Strategies into action.

Business school draws more black students

Bidcy 17/6/93

TRACY SCHNEIDER

THE Wits Business School had seen a dramatic increase in the number of black and female students over the past few years, acting dean Colin Firer said yesterday.

He said one of apartheid's legacies was a shortage of managers. However, the number of black applicants to the school had risen substantially to 36% of this year's intake.

"The wealth of talent in the black population is beginning to be reflected in our numbers. We have a uniform standard of entry," he said.

There was also a substantial increase in the number of female students, who made up 33% of new students this year. Over the past decade, almost half the gold medal awards had been won by women.

The school opened with an executive development programme in 1968 and ran its first MBA programme for 22 students in 1970. It now has a student body of more than 700.

Firer said management skills had become increasingly important as the business environment changed and the country entered the highly competitive global business arena.

"The world has become more complicated and management more difficult. We constantly look for ways to ensure graduates are equipped to face new challenges."

The school offers a range of doctorates, certificated programmes requiring no undergraduate degree and executive courses.

The first phase in establishing a School of Public and Development Management was started last year, offering postgraduate diplomas.

"Initiative in public sector management is important, and we believe management principles used in the private sector are equally valid in the public domain," Firer said.

The REL Consultancy Group

The leading International Consultancy
is now in South Africa specialising in:

WORKING CAPITAL REDUCTION

SA well placed to export its expertise, says US prof

BDAY 17/6/93. (172)

MATTHEW CURTIN

MANAGEMENT expertise in running businesses in a developing country is likely to be one of the products SA can export most successfully. Yet fostering this expertise in the changing political and business environment presents a significant challenge, says management consultant and University of Alabama professor Lonnie Strickland.

Strickland, in SA as a guest of Unisa's Graduate School of Business Leadership, says that while the country's success in global competition will come from selling its management experience and training to the developing world — any export drive based on consumer electronics, computer hardware and international banking is bound to flounder as SA has no advantages over its competitors in the developed world.

However, selling the expertise Eskom or Transnet has developed in building infrastructure in a developing country is likely to reap greater rewards.

Strickland, a regular visitor to SA since 1985, insists that management talent in SA, bolstered by improvements in global communications, is as strong as it is in the US. But he is more circumspect on management's ability to put new strategies into action.

Strickland says the challenge management faces in tying rewards and incentives to objectives is complicated by the "squeeze" that middle management faces from two sources. These are the boom in information technology increasingly making staff with "messenger" functions redundant, and pressure to move blacks into managerial positions.

"The great company is the one which started upgrading the skills of its black workforce years ago. Those which are not doing so now won't stay in business."

The task was greatest in state and former state sector companies, compromised by bureaucratic inertia and an absence of competition.

Strickland says that while the need for pro-active, forward-looking approaches in management is self-evident, SA suffers from too much scenario planning and an absence of case studies.

He says business schools have had to rely too heavily on imported studies of little relevance to local conditions. He has been working with the business school to establish a store of SA studies, and the SA Case Research Association (Sacra) held its first meeting early this month.

SA 'can't ignore' development needs

AS with the Consultative Business Movement's (CBM) reappraisal of what sort of investment is in business's interest — concluding that social upliftment is part of staying in business in South Africa — it is time that property investors took a similar view of their investment criteria.

This is a view gaining momentum in the property industry, and one that is backed by CBM member architectural firm, Stauch Vorster.

Stauch Vorster's Gavin Taylor comments: "We must try to create an environment in South Africa in which we would all like to do business. The property industry can play a role in this by investing and developing not only the 'traditional' types of office/retail and industrial developments but widening its view to 'investing' in housing, health and educational developments, community centres, clinics — the non traditional area of development previously left to Government."

As Taylor points out, this requires a "fundamental shift" in the thinking of property developers, experimentation with higher risk and the willingness to start on a "learning curve" that would prove acceptable guidelines for funding and developing social upliftment type projects. "The link between traditional development and a property industry that can survive and thrive in a changing South Africa is empowerment," said Taylor.

In the long term, investment returns will be seen, claims Taylor, referring to World Bank statistics that show the richest countries are those with high urbanisation levels co-inciding with high health and living standards.

A broader base of wealth-distribution and greater urbanisation in SA, can underpin long-term wealth generation in the economy.

Stauch Vorster's policy is that skills transfer to a broader section of SA's population is also important within the property industry, and in the architectural profession in particular.

Very little affirmative action or as he calls it, "capacity building" has taken place in the property industry, claims Taylor.

This could lead to a crunch in skills availability in the near future. Taylor adds that the affordability of property will remain an issue in South Africa and this will require a shift in development and design attitudes, and in the focus of current architectural training programmes at our universities. At the moment, property training tends to be "Eurocentric".

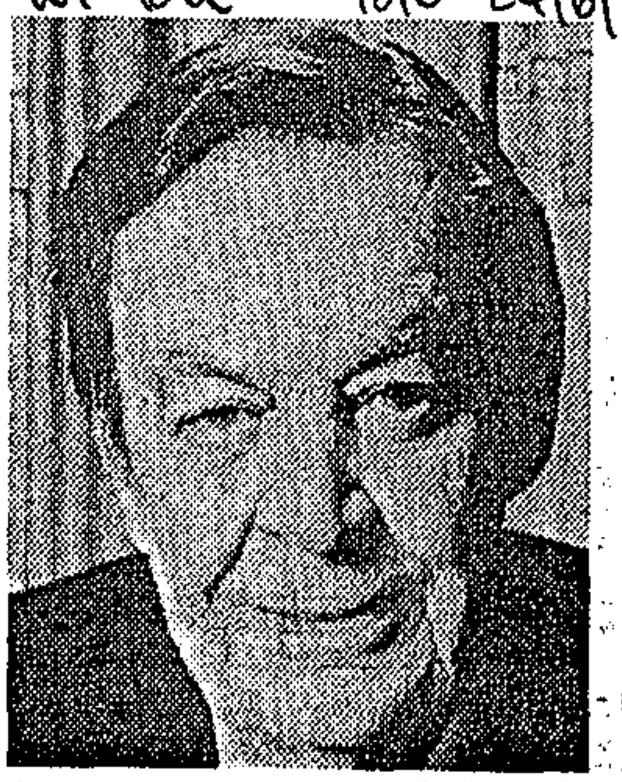
Fast-track, high-tech buildings will remain the state of the art and the requirement for' major companies, but they would have to coexist with more appropriate, lower-cost building and construction technologies.

"We need a two-pronged approach. SA must stay in step with global trends, but we cannot afford to ignore our development needs," says Taylor.

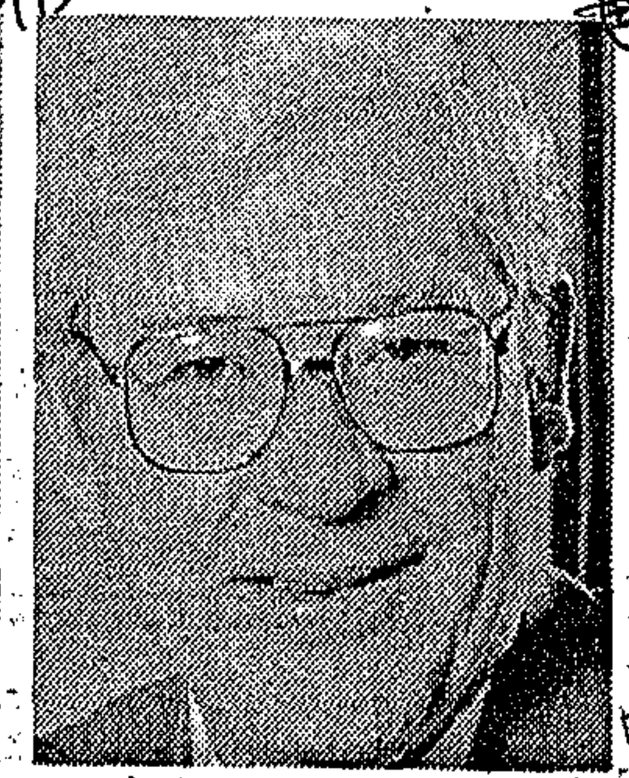
Old faces in the new SA?

After the SABC board saga, pressure on the Small Business Development Corporation to be more open in the election of its board is likely to follow.

REG RUMNEY *reports*



Anton Rupert



Ben Vosloo

RUMOURS have been doing the rounds that the Small Business Development Corporation (SBDC) chairman, Anton Rupert, is considering resigning due to ill health. Rembrandt founder Rupert, a symbol of Afrikaner capitalism, is in his 70s.

However, while the issue of electing a new chairman is said to have been the subject of a power struggle among board members, it is understood that Rupert has been asked to stay on a year.

A new chairman would bring the SBDC board itself into the spotlight. A glance at the 1992 SBDC report shows, judging by the names, that only nine of its 58 board members are African.

The corporation, although quite highly regarded in business and other circles for the work it has done in encouraging small business, has attracted criticism over the years, particularly from the black business community.

It has been claimed the SBDC loans too much of its capital to profitable white-controlled enterprises, that it does not co-operate enough with other small business support agencies and that its management structure is too white-centred.

These criticisms may be unfair but the problem is one of perception rather than fact. University of Cape Town economist Nicoli Nattrass says she discovered while doing research on small business that the corporation suffers from widespread mistrust. The mistrust is so widespread that the World Bank learned early on to avoid meaningful involvement with it.

"To avoid alienating community organisations, non-governmental organisations and black business associations the World Bank practically sidelined the SBDC from its research and policy workshops. This bodes ill for the corporation's future."

SBDC chief executive Ben Vosloo describes the World Bank's finance arm as having its "own agenda", though this is not necessarily negative.

Without confirming or denying that Rupert is about to step down, Vosloo says the SBDC board will elect a chairman at its AGM on August 31, as it has done every year.

The board's executive committe has an action sub-committee which nominates people as chairman, says Vosloo, and it will meet around the beginning of August to consider nominees.

Vosloo adds that whether Rupert is the chairman or not depends on whether he makes himself available for the post and whether he is chosen. In other words there is a chance that for the first time since it started the SBDC will have a new chairman.

The pending appointment of a new chairman brings into the spotlight the SBDC board as a whole. Rupert has chaired the SBDC and Vosloo has been the chief executive since its inception 12 years ago.

Vosloo stresses the SBDC is a company and not a statutory body. The board represents shareholders and the state and has appointed people on it. The public sector representatives, he says, are in the minority to avoid the SBDC being dragged into the political arena. Appointees are elected by shareholders for their business knowledge of the needs of small business.

Vosloo defends the SBDC's contribution to the development of small business in South Africa, saying it is a model for other countries, where similar organisations are riddled with corruption because of state interference. He points out that other African countries have turned to the SBDC for advice on how to run a small business development organisation.

Nattrass, however, says there is a strong case for increasing the public sector representation on the board from its current inadequate level of 25 percent and making it smaller and more directly influential.

As Vosloo's comments indicate, this is likely to be resisted by the present management. But Nattrass points out that according to the 1992 annual report the private sector's accumulated investment in the SBDC amounts to about R180-million.

The state, on the other hand, supplements its investments with further injections of funds for specific programmes and these are non-interest bearing and non-repayable.

"The net value of those additional funds came to R475-million at the end of the 1991/92 financial year. This, together with a few long-term loans from the Independent Development Trust and the Development Bank, effectively increases the public sector's share in the total capital base of the corporation to about 80 percent."

While the board of the SBDC is dominated by the private sector, and Vosloo says this is necessary to avoid politicising the SBDC, by contrast Eskom has just appointed a board which reads like a Who's Who of the new South Africa.

Vosloo defends the SBDC's appointment process, and its reporting, as being as open as it possibly can be.

Although it might suffer from a perception problem, the SBDC is acknowledged to have done some important work in small business creation. For instance, African National Congress economist Tito Mboweni agrees the SBDC should be seen to be more accountable but reckons its positive role should be acknowledged.

He feels, however, the SBDC could do more to encourage medium-sized business, particulary black medium-sized business and says black businessmen he has spoken to have referred to hitting a kind of "glass ceiling" in getting loans for their businesses.

Attention is also likely to be focused on the Development Bank, which holds its annual general meeting at the end of this month. Strong speculation is that at the AGM Owen Horwood is about to vacate his seat as chairman of the Council of Governors, a position he held for the 10 years of the bank's existence.

Ban the grope!

A new resource booklet says employers must take responsibility for stopping sexual harassment at work, reports **STAN VUYO SUKO:**

THE GROPE, the leer and the lewd suggestion are all part of the job for many women workers. But the days of men taking advantage of their "favourite fringe benefits" — their female colleagues — may be numbered.

Working women frequently suffer in silence. Young women, particularly, often feel too threatened to speak to managers who are usually men, and who see sexual harassment in the workplace as a non-issue.

A recently published booklet, "Sexual Harassment in the Workplace", stresses that companies have a major responsibility in preventing such behaviour.

Compiled jointly by the University of South Africa (Unisa) Women's Studies Department and the ANC Women's League, the booklet shows employers how to formulate policy on sexual harassment and create an environment in which it will not be tolerated.

A survey conducted in May 1992 revealed that only six percent of companies surveyed had a formal policy on harassment. Previous research had shown that 76 percent of women said they had been harassed at work.

At the same time only two percent of men surveyed had been harassed by woman colleagues or superiors.

Ms Truida Prekel, a director of the Women's Bureau, said the biggest stumbling block to ending the harassment is that 60 percent of men would never consider such action and therefore cannot comprehend that any of their friends would do so either.

"Because they're judging other men's action by their own, the question of sexual harassment becomes a non-issue for them."

Harassers, she said, fell into three categories: The man who thinks it is a macho thing to do and considers it a joke, the man who uses it as a power game to put down women who are "becoming sucessful" and the "serial harasser" who has a psychological problem and needs help.

Prekel warned that 30 percent of men harass women at work and do not want their companies to adopt a firm policy to prevent it: "They certainly wouldn't want to be cheated out of their favourite fringe benefit".

Although sexual harassment is not yet against the law in South Africa, employers can be held liable. They may be convicted of an unfair labour practice if they fail to create adequate channels for complaint, or if they knew of such cases and failed to take preventative action.

In 1987, at the first reported hearing of a sexual harassment case in South Africa, the Industrial Court ruled: "An employer undoubtedly has a duty to ensure that employees are not subjected to this form of violation within the workplace."

Ms Letitia van Dyk, head of the industrial relations department at Associated Banks of South Africa, says her company tackled the problem seriously after a regional manager was accused of sexual harassment.

"He was dismissed after an internal disciplinary hearing. Now he's trying to sue us through the Industrial Court for unfair dismissal.

"This wouldn't have happened if we had a formulated policy. We just have to try to handle the problem, using labour guidelines from other spheres."

Ms Delisiwe Dludla, a Unisa Business School lecturer, said: "I think every one has their limits and can tell when office banter has a menacing undertone. Assert your rights at the beginning."

The solution is for working women to approach management to draw up a policy dealing with sexual harassment.

Women who have been harassed may be more vulnerable and less confident. They may resign without broaching the issue, or may become less productive.

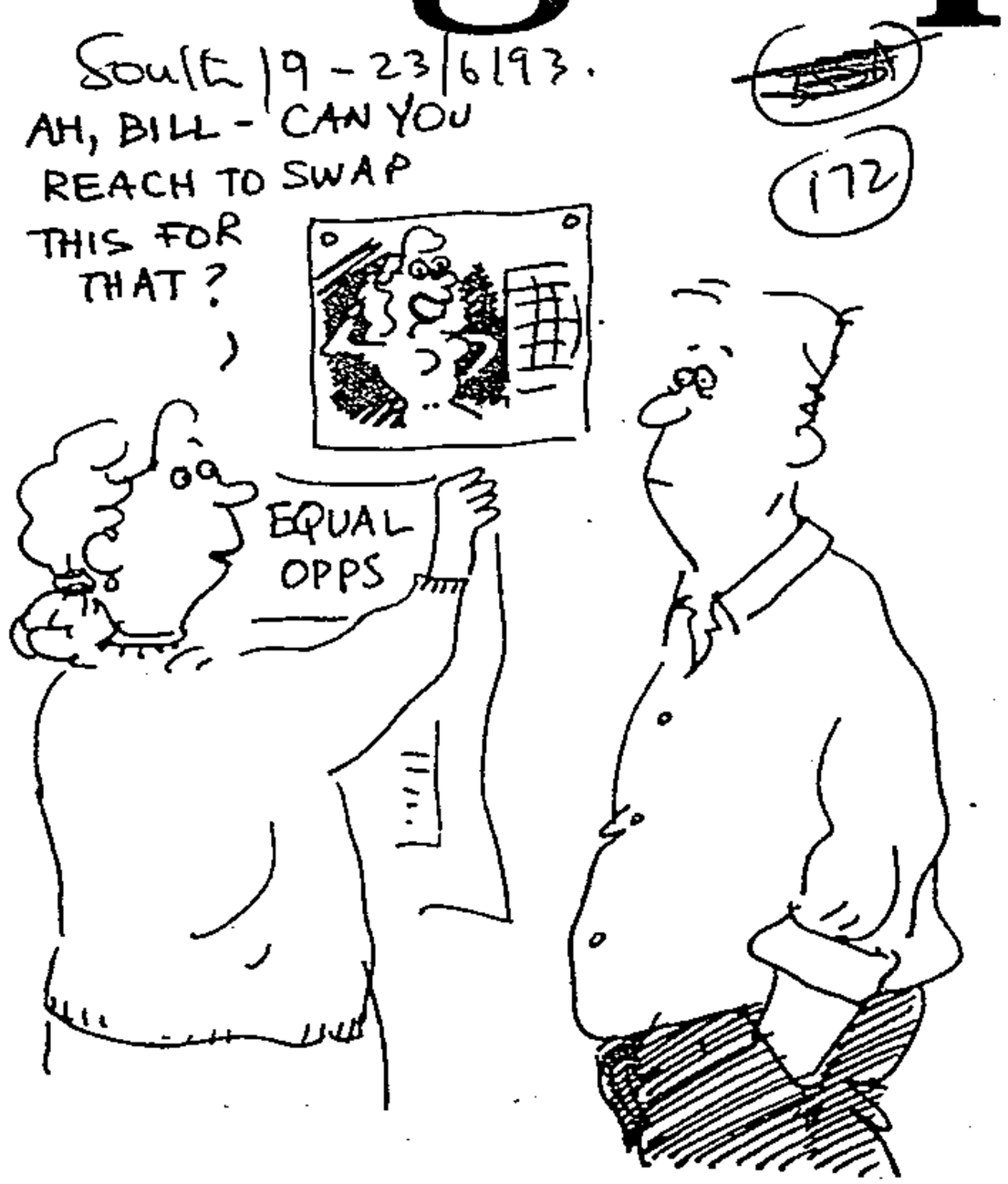
Ms Lindiwe Zulu, ANC Women's League media relations officer, said: "The solution is to educate black women about their rights. Too much energy has gone into politics, and women's rights have been ignored. Women need to take a stand."

The booklet warns that unchecked sexual harassment could lead to:

- an intimidating or hostile environment;
- lower productivity;
- poor quality performance;
- low staff morale;
- absenteeism; and
- a bad public image for the company.

In conclusion the booklet tells companies that sexual harassment is no longer an office joke.

"It's damaging to both victims and employers and offenders should be told in no uncertain terms ... Hands off!"



Youth put to work in months?

ARG 19/6/93

MICHAEL MORRIS (172)
Political Correspondent

THE government has asked the National Peace Committee to deal urgently with proposals for a service and training youth battalion (STB) so that the scheme can start to benefit marginalised youth as soon as possible.

"But it must be acceptable to the main players and dealt with in a credible way," said Minister of Home Affairs Mr Danie Schutte.

The government's proposal, tabled at the multiparty conference in Kempton Park last week, is that an STB be established under the auspices of the National Peace Committee, possibly in co-operation with its funding arm, the National Peace Accord Trust.

The government, the private sector and international agencies could help fund the STB.

Mr Schutte said: "We feel it is viable and could be credible and we would like it instituted as soon as possible.

"I think that if within three months we could get 4 000 people involved, that would be a success.

"But we must make a start. We must design projects and test their success."

The STB, which would draw voluntary recruits for six months or a year, would provide training in agriculture, mechanics, masonry and electricity and "general development" would include discipline, neatness, fitness, sport and recreation.

Programmes should also include community services such as cleaning roads, repairing facilities, planting grass and trees and addressing the needs of informal settlements, such as building houses.

He said the plight of idle, unemployable and morally degraded youth was critical and an effort had to be made immediately to placing them on the road to a vocation.

This would be the first step towards "mainstreaming the marginalised youth".

Giant who never forgot being little

C1Press 20/6/93

THE giant Premier Group is pleased to be the official sponsor of the 23rd Soutacoc Annual General Meeting, according to chairman Peter Wrighton.

This is understandable: Premier has not fogotten its own humble beginnings – very similar to those experienced by black business today.

Premier was formed 80 years ago on October 24 1913, and in February 1929 became a listed public company. This was through the efforts of a handful of dedicated and talented men.

Premier was the result of the vision of a penniless, illiterate Lithuanian immigrant, Joffe Marks, who started out selling mealie meal porridge to miners on the Rand.

He was a charismatic man who had a gift for making friends and learning entrepreneurial skills. Hard work and diligence made up the rest and he was able to buy the mill which supplied him, Perry's Mill.

With great foresight the ambitious Marks persuaded a pillar of the English establishment, Dr Alexander Aiken – also a leading auditor – to become chairman of his fledgling company, Premier Milling.

The resultant Premier Group – one of SA's largest food and pharmaceutical producers and distributors – was built, say some, by by two Jews and two Scotsmen.

They were Joffe Marks; his nephew Harry Jaffee and Scotsmen Dr Alexander Aiken – principal of chartered accountants firm Aiken and Carter – and James "Jock" Elliot.

They were different men, but, say company historians; their talents were complementary. For instance Aiken's careful financial advice worked well in tandem with Marks' gregarious and aggressive marketing style.

Years later Joffe Marks was succeeded by his nephew Harry Jaffe, an astute businessman who was instrumental in organising and unifying the SA milling industry. Another newcomer to the Premier stable was Arthur Aiken, son of Dr Aiken. The younger Aiken was a sound financial manager who was to become the next chairman.

Joe Bloom, nephew of Harry Jaffe, was next in the chair. He came armed with old-fashioned entrepreneurial spirit and an intuitive grasp of every facet of the business. This was when the Jaffe family sold a controlling interest to the UK-based British Foods company.

Then into the Premier picture came his son, Tony. A superbly educated and highly professional manager, he was a shaker and mover in his own right.

Tony Bloom flattened the historic Premier pyramid structure while maintaining tight financial control from the group's Johannesburg head office. It is history now that it was the popular Tony Bloom who wrested control of Premier back from the hands of business giants Liberty Life, Johannesburg Consolidated Investments and Anglo American, who took large shareholdings in Premier.

Today, 80 years down the line, Peter Wrighton leads Premier, bringing great humanity combined with financial and organisational skills to the group.

This year the group again posted excellent results. Turnover was up by 13 percent to R10,1-billion.

Said Wrighton: "We are proud to be posting these excellent results during our celebratory 80th birthday year. Premier was registered as a public company in 1913 and turnover during that year was £170 639 (R341 280).

"INCREASING BLACK BUSINESS THROUGH GROWTH
SOUTACOC 23rd ANNIVERSARY – SURVEY

Black bonding is vital for the new SA boom

C1Press 20/6/93

Creativity in spite of apartheid hostility will give us the edge'

Supplement compiled and edited by ZB Molefe

SOUTACOC president Joe Hlongwane swears by every word of this year's conference theme.

In fact he sees the theme – "To increase the stake of black business through a programme of growth" – as a signal to his region.

He says the Southern Transvaal Chamber of Commerce (Soutacoc), must attend in order to become a major player in the affairs of in its mother body, the National African Federated Chamber of Commerce (Nafcoc).

He said: "We must create strong forums at branch level in our region so that we can identify problems that plague black business. We believe in going to our members and discussing their problems."

This approach, says Hlongwane, will help Soutacoc's branches move out of a "dependency syndrome" from mother body Nafcoc.

And what Hlongwane means is that Soutacoc must help its branches achieve their objectives.

He believes business skills programmes are an excellent starting point.

"For instance," Hlongwane says, "we could ask Woolworths to help teach our butcheries the art of meat cutting. Already one well-known accounting firm will be setting up training schemes to help our members in this critical business area."

Hlongwane is not afraid to point out that black business has for decades been working with an indifferent government which never attempted to give blacks in business a break.

Hlongwane says a black business boom is beckoning in the post-apartheid SA.

"That is where Soutacoc could work as a catalyst, as faciliators, for the funding of black small businesses in the townships. This is where, for instance, we believe organisations like the Small Business Development Corporation will have to take a cue from us in that post-apartheid South Africa."

But something which troubles Hlongwane is the old bogey of township violence and its destabilising effect on black business. He argues that the solution lies in township business and the major political movements coming together to hammer out common strategies.

"We must address the question of political conflict. (Black) business people must be neutral, tolerant and guard against imposing their views on others," Hlongwane points out.

He cites the proposed Mandela-Buthelezi peace meeting as the way to go. He also urged his region to adhere to the Peace Committee's programme of peace.



SMART ATTACK . . . Soutacoc's Joe Hlongwane is urging black businessmen to get smart fast in preparation for the coming post-apartheid boom.

Be brave – branch out and become the boss

Avoid the pitfalls, get advice from a professional before you take the big step

THE steps you need to take to set up your business depends on the type of legal structure you have chosen.

Whether you decide to set yourself up as a close corporation, partnership, sole trader or limited company, you should seek professional help from an accountant and/or an attorney as there are many pitfalls.

Most important after the choice of the legal structure are the requirements for registration with government authorities.

The registration required covers things such as income tax, pay as you earn (paye) tax, Regional Services Councils (RSCs), Value Added Tax (VAT), Unemployment insurance Fund (UIF) and Workmens' Compensation Insurance (WCA).

The registration is done with the Receiver of Revenue, the Department of Manpower (who is the UIF Commissioner) and the WC Commissisoner.

■ Setting up a close corporation is straightforward. Only one document called a "Founding Statement" needs to be registered with the Registrar of Close Corporations in order to commence business.

Limited liability is established, but the incidence of personal guarantees, which will be quite common, may negate a certain amount of this.

A close corporation may, under certain circumstances, give financial assistance to a new member to buy an "interest" in the close corporation and it may acquire the interest of a retiring member. There is no stamp duty payable on the transfer of ownership.

An "accounting officer", rather than a registered accountant or auditor, is required to approve the annual financial statements. A suitably qualified member of the corporation may be appointed as accounting officer.

The cost of setting up a close corporation is about R650. The affairs of close corporations are regulated by the Close Corporations Act of 1984, as amended.

The disadvantages of having a close corporation include that the maximum number of people that may participate in it is 10. The corporation may also not have a company as a member.

Members may, however, incur personal liability in certain circumstances. Thus every member can legally bind a corporation in respect of transactions with third parties.

■ With the exception of registering for taxation, there are no formalities involved in setting up a partnership or starting your own business as a sole trader.

You should not go into partnership with anyone without a formal partnership agreement.

If the rights and duties of the parties are specified in advance in a partnership agreement, serious problems may well be avoided in the future.

A partnership agreement should be prepared by a professional and should cover formation, profit-sharing arrangements, salaries, banking arrangements, changes of partners, dissolution and the responsibilities of partners.

The disadvantages of this type of business are that partners are jointly and severally liable for the debts of the partnership. This means that if the partnership fails to pay its debts, they become the responsibility of all the partners.

A partnership is restricted to a maximum of 20 people, except in the case of certain professions.

There is less flexibility in transferring ownership, thus in the event of death, permanent disablement or retirement of the sole trader or a partner there may be difficulties in maintaining the business structure.

There are other types of organisations (for example, trading trusts, limited partnerships) which could be used for carrying on your own business. Seek further advice if you consider these alternative structures suitable.

■ The average cost of setting up a limited company will be about R2 000. An accountant or company secretarial service will help you in this task.

A private company needs a minimum of only one member and must have at least one director.

Documentation needs to be completed to set up a company. The most important documents are the "memorandum" and "articles of association", which cover the name of the company, the objects of the company, the amount of the authorised share capital and the powers that the company is legally entitled to exercise.

In addition, various forms have to be submitted which deal with the appointment of staff.

Items which need to be considered at the first meeting are: appointment of directors and secretary, appointment of the auditors, the financial year-end, banking arrangements, arrangements for keeping statutory books and the allotment of shares.

You should consider whether the standard articles in Table A or B of Schedule 1 of the Companies Act 1973, as amended, are appropriate or need amendments (for example voting rights or sale of shares).

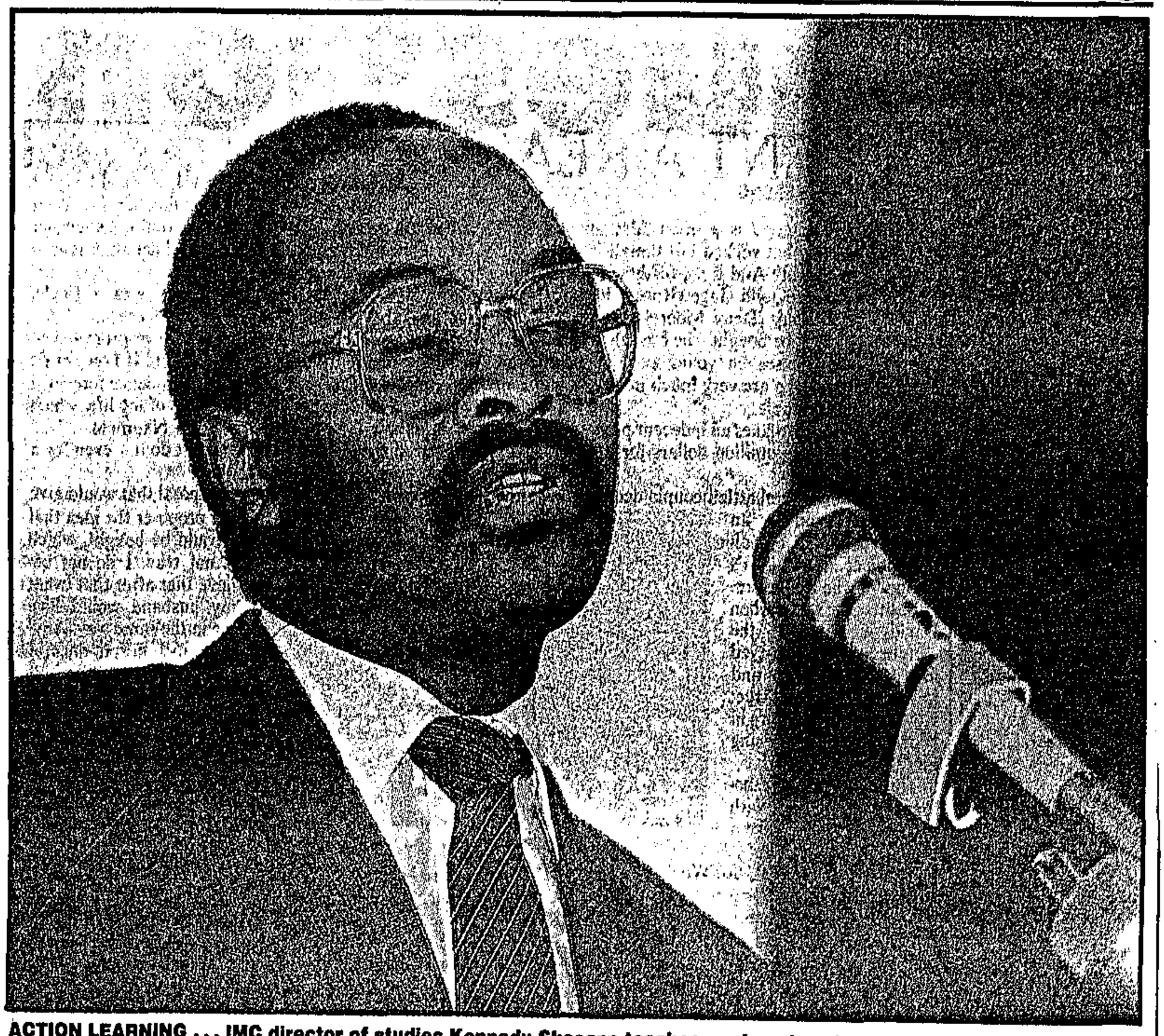
The Registrar of Companies may refuse to register the name of the company if it implies patronage of the state or is offensive.

When all the relevant documentation has been submitted to and approved by the Registrar of Companies, he will issue a certificate to commence trading.

It may however be easier and cheaper to acquire the dormant shell of an existing company. Contact your auditor or accountant for advice.

The choice between a private company and a close corporation as the appropriate business vehicle is normally determined by the ownership and management structure required, whether the operations of the corporation could lead to members becoming liable for the debts of the corporation, and whether a simpler structure will lead to lower costs.

■ This information was adapted from a series of four booklets which are available from the SBDC offices countrywide at R35 each.



ACTION LEARNING ... IMC director of studies Kennedy Skosana teaches workers how best to do their jobs.

Each one teach one the IMC way

THE NSB is more than aware that all its dreams of black economic empowerment can never be realised without an educated workforce – from the shopfloor to the boardroom.

This, say company insiders, is a priority which has won over the people who for the past three years have earned their living at this vibrant black-owned and managed company which has been making waves in corporate SA.

As a result the NSB has embarked on one of the most ambitious management development programmes ever launched in this country. The NSB is offering to its employees, and members of the public, programmes built on "Action Learning" in partnership with one of the world's leading institutions in this field, the International Management Centres (IMCs), which have pioneered action learning programmes in 20 countries in the past decade.

The IMCs, who work with major international companies – and with the smallest enterprises – have been keen and dedicated partners with the NSB to help it achieve its mission of an educated workforce.

Already 100 NSB managers are participating in the IMCs' Master of Business Administration (MBA) programme; 60 are participants in its Bachelor of Management (BMgt) programme and eight in its Doctor of Business Administration (DBA) programme.

"Yet such participation is only the beginning," said NSB executive chairman and chief executive Mohale Mahanyele.

Mahanyele, who in June was elected the worldwide IMC chairman, added: "With the promised support of the NSB Education Trust, we are able to promote managerial and scientific studies as part of our overall strategy of black economic empowerment.

"Such a focus can alleviate the unacceptably high unemployment in our country and graduates will be equipped with skills which will enable them to participate in corporate SA with greatly enhanced competencies."

The IMC's multinational associate dean and director of studies, Kennedy Skosana, the first black South African to hold this post, agrees: "We teach workers how best to do their jobs. To be able to be effective managers."

Skosana explained the IMC approach to worker and managerial education was a tried and tested method -- from the UK, Finland, Holland, Belgium and Germany to Malaysia, Singapore, Indonesia, Hong Kong Macau, Taiwan and Australia.

And some of the world-renowned blue chip companies like Ernst and Young, Malaysian Airlines, Du Pont, Allied Irish Banks and Shell, are among 1 000 companies worldwide which use IMC education systems.

■ IMC was established in 1964 in the UK and was originally known as the Institute of Scientific Business. Since 1982, when its programmes of "Action Learning" studies were launched, over 20 000 managers worldwide have participated.

Using "Action Learning" the vital issues facing an enterprise become the curriculum for study. The IMCs also provide a supporting network and resources for managers who wish to learn together. Some of this support comes from IMC faculty members deployed from universities, enterprises and consultancies worldwide.

In addition IMC work is coordinated by five deans and regional faculty boards worldwide based in Africa, the Far East, the Pacific, North America and Europe.

Bid to review Soros's effect on market

BIDay 2116193

WASHINGTON — House Banking Committee chairman Henry Gonzalez has said he will ask the Federal Reserve and the Securities and Exchange Commission to review the foreign exchange dealings of George Soros's quantum fund.

The quantum fund is a huge offshore investment fund managed by Soros.

Citing Press accounts that Soros made more than $1bn betting against the British pound, Gonzalez said he wanted to know how Soros was able to make such a profit, how much of his investment capital was from bank loans, the US bank exposure to Soros's fund and the role played by so-called derivative securities products in earning Soros the windfall.

"I will ask the Federal Reserve and the commission to review Mr Soros's impact on the foreign exchange market to determine if it is possible for an individual actor such as Mr Soros to manipulate the foreign exchange market. (172)

"At a minumum, it is in the best interest of the Federal Reserve and other central banks to fully understand Mr Soros's methodology for manipulating the foreign exchange market. After all, they are competing head on with Mr Soros in an effort to manipulate the value of various currencies," Gonzalez said.

Lawyers for Soros were not immediately available for comment. (~~172~~)

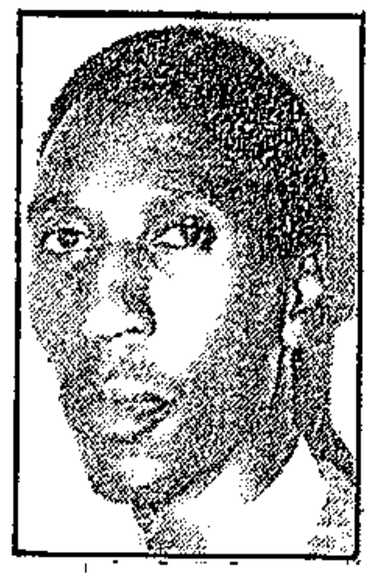
Gonzalez also expressed serious concern over the growth in bank holdings of derivative securities products and the implications of this on the safety and soundness of the banking system.

Gozalez said he planned to ask bank regulators soon for "detailed information regarding their regulation of derivative activities". — AP-DJ.

focus on business

Sowetan 22/6/93

There has been a big increase in the number of blacks serving on the boards of companies. Concern is mounting over the fact that many of these appointees are non-executive directors. Business Reporter **Mzimkulu Malunga** reports:



A RECRUITMENT war appears to be looming as big business scrambles to appoint blacks to the board of directors.

In the past it was news when a black was appointed to the board of a company which was among the elite in the corporate world.

But the past year has seen a substantial increase in the number of blacks serving on boards of companies to the extent that monitors are quickly losing count.

Some companies have even resorted to poaching black managers from other enterprises to give their boards a black flavour. This is a practice discouraged by Black Management Forum executive director Mr Lot Ndlovu.

This practice prevented black managers from building up experience in their respective jobs, he said.

Though black representation on corporate boards remains a drop in the ocean compared to their white counterparts, blacks have, of late, been joining boards at a much faster pace than in the past.

Several opinions are being voiced regarding this sudden "change of heart" by those in the corridors of power in big business.

Some dismiss this development as nothing other than political window-dressing by the corporate world to curry favour with the politicians who are likely to be running the country soon.

Others suggest it is the result of relentless pressure from black business groups, who have been calling for more black representation of blacks at director level in major companies.

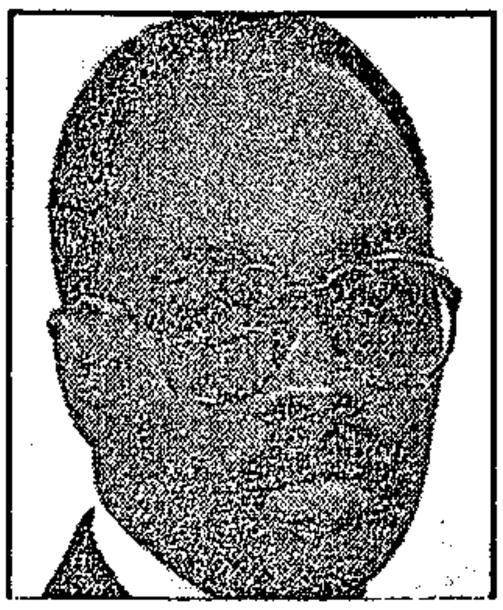
One of the highlights of this campaign was when former president of the National African Federated Chamber of Commerce and Industry, Mr Sam Motsuenyane, challenged Johannesburg Stock Exchange listed companies to reflect population demographics on their corporate boards.

Reformation

Optimists view the trend as the beginning of the reformation of South Africa's corporate culture as the presence of black people in domains formerly "no-go areas" for them would dilute traditional attitudes.

There is another school of thought which believes corporate leaders are becoming serious about black advancement programmes and that the presence of blacks in their midst will make this task easier.

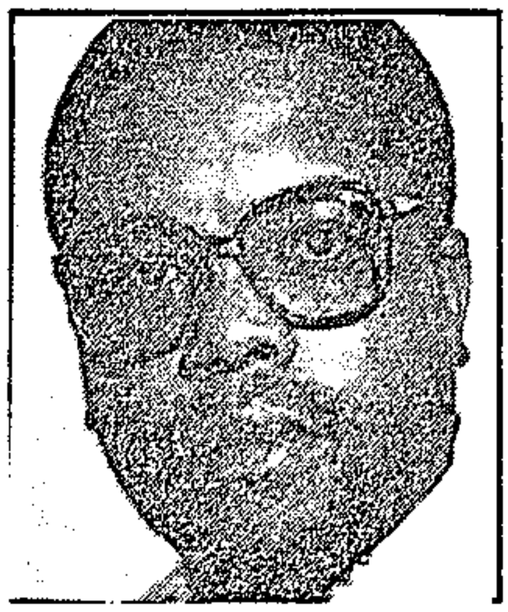
The executive director of the Institute of Directors, Mr Richard Wilkinson, admits there may be political motives behind the appointment of black directors but points to the fact that there are more qualified blacks today than in the past.



Israel Skosana



Don Mkhwanazi



Mike Ntlatleng

One of those who has been bargaining hard for an increase in the intake of black directors is the ANC's economic adviser, Mr Don Mkhwanazi.

Though he is pleased corporate South Africa is at last heeding their call, Mkhwanazi's is concerned about the big increase in non-executive directors while executive positions, from which the daily running of the businesses is determined, remain an "old boys club".

He attributes this to lack of upward mobility of blacks within companies.

"In recent months we have seen a dramatic increase — from 30 to 40 — of black non-executive directors drawing people like, Dr Oscar Dhlomo, Mr Enos Mabuza and Mr Perfect Malimela and so on, but there can never be enough black executive directors until we have a critical mass of top class senior and middle managers," said Mkhwanazi.

The usual explanations given by corporate leaders on the lack of blacks at senior executive positions are that there are not many around, few have qualifications in finance, technology, law as well as international business, and that the majority of black managers lack experience.

But Mkhwanazi remains unconvinced: "It is not enough to say qualified and experienced blacks are not available when they are not putting to good use what they already have.

"It is unbelievable that there are no more than 11 black executive directors in South Africa today."

Concern is mounting that companies go for the same people when appointing non-executive directors, as a result one person ends up serving on over five boards.

Mkhwanazi himself serves on five boards while people like Dr Nthato Motlana sit on over twice the number.

Some say it is not possible for a lone black out of a dozen or more whites to be fully effective. Hence, the accusation of political window dressing.

Clear objectives

National Sorghum Breweries's executive director Mr Israel Skosana says blacks on corporate boards should have clear objectives "otherwise they end up being ineffective".

He says such people should champion the aspirations of black managers and business. "If they do not succeed in this regard they must pull out."

Mr Mike Ntlatleng, communications manager of the Foundation for African Business and Consumer Services, says he supports a company that realises that it has a problem then goes out to seek black advice.

"But I have a problem with a company which wakes up in the morning and says: 'We have problem, let's appoint two blacks'," he said.

It will be interesting to see which companies make their way into the heavyweight division when it comes to the employment of black directors.

Advertorial 'clean-up'

BIDay 22/6/93

MARCIA KLEIN

CAXTON Newspapers' marketing arm, Newspaper Marketing Bureau (NMB), has created an independent advertorial division to target below-the-line paid editorials.

Senior editor Cliff Buchler said more and more advertisers were considering using advertorial to complement traditional advertising.

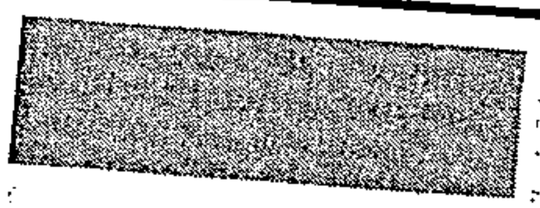
Many editors believed "anything smacking of advertising dressed up as editorial" was tantamount to prostitution, he said.

"One can appreciate this abhorrence of free plugs, badly written and teeming with superlatives."

There was a time when freesheets were sitting ducks for this abuse, "perpetuated by unscrupulous space reps intent on filling their order books".

But Buchler said Caxton had cleaned up the act by taking a stance against free editorial appearing "willy nilly". Editors now had the sole right to decide what appeared in their papers.

In spite of this policy shift, advertisers still asked for write-ups. Buchler believed these could be newsworthy and of benefit to consumers. The advertorial division was established to fulfil this need.



OGILVY & MATHER, DIGHTFORD, SEARLE-TRIPP & MAXON 25132/E REV

Corporations profit from sincere social responsibilty

BIDay 22/6/93

KELVIN BROWN

PROFIT considerations are likely to drive corporate social responsibility beyond the "hand-out" and "hand-up" phases that characterised the '80s, says Sandton-based ad agency FMC.

The agency recently carried out a study of worldwide corporate social responsibility developments.

MD Nigel Morris said the impulse to feel good had been superseded by the realisation that alignment with the wider community on social issues was "good for business as well as good for the soul".

The result was that communities learnt to appreciate the private sector's investment-and-return mindset, while the private sector learnt that sincere community orientation resulted in long-term benefits to the bottom line, said Morris.

He conceded that for many people, corporate social responsibility still meant wishy-washy liberalism that had no place in business, a luxury only big business could afford or a necessary diversion of resources to atone for past sins.

However, forward thinkers had spotted a new reality — that social responsibility could be an exciting point of difference that turned a company into a winner, said Morris.

"This type of corporate social responsibility shapes corporate culture, boosts productivity, brings a new dimension to product development and creates new market positions".

Rainforest Crunch — a US confectionery bar — was a classic example. It had proved popular because US consumers liked the fact that a portion of the price was targeted at saving the rainforests.

Other international retailers and manufacturers committed themselves to major programmes to help the unemployed, boost recycling efforts, save waste, preserve the environment and help the handicapped and minorities.

"Corporate social responsibility is not socialism in a new guise", said Morris.

It made good business sense and would be placed increasingly at the top of companies' agendas.

As a result, advertising agencies which functioned as extensions of their clients' business would have to provide information and consultancy in this field, he said.

Soros to fund trip for open society directors

BD Day 24/6/93

LINDA ENSOR

CAPE TOWN — Currency speculator and billionaire George Soros is to fund a visit to Eastern Europe later this year by the 10 directors of the board of the recently formed Open Society Foundation of SA.

The society's executive director, UCT deputy vice-chancellor Mike Savage, said yesterday that board members would visit Hungary, Poland, Rumania and the former East Germany to examine projects undertaken by other open society foundations established by Soros.

The cost of the visit would not be included in the $15m, three-year grant made by Soros for SA's Open Society Foundation.

Board members include chairman Van Zyl Slabbert, Fakile Bam, Alex Boraine, Anthony Heard, Rhoda Kadalie, Mamphela Ramphele, Khehle Shubane, Peter Sullivan and Helen Zille.

Savage, a sociologist, is to take a two-year sabbatical from July 1 in order to take executive control of the foundation. He said he wished to contribute to the creation of an open and democratic society, the emergence of which was not a foregone conclusion.

"Democracy and openness are fragile in their growth and it is important that they be nurtured in their early days," he said.

While scores of applications for financial assistance had been received by the foundation, none had been approved and specific projects had not been identified, Savage said. Emphasis would be given to education and promotion of transparency and accountability in government and civil society.

Projects would have to fall within the ambit of the society's mission statement which declared that the society was committed to promoting the values, institutions and practices of an open, civil and democratic society.

The foundation supported the promotion and protection of human rights and civil liberties; strengthening of a vigorous and autonomous civil society; political pluralism; and an education system which strengthened and supported these values.

Projects that impacted on institution-building would be supported and would not include construction projects, charities, conferences and institutional research. Nor would the society support party-olitical initiatives, inventions or private profit-making ventures, short-term emergency relief and scholarships and bursaries.

B/Day 24/6/93

Anglo and Eskom lead the way to racial equality

MATTHEW CURTIN

CORPORATE SA is bracing itself for the daunting challenge of redressing racial and sexual inequality at the workplace.

Researchers at UCT's Graduate School of Business believe business is ill-prepared for the task. But there are exceptions. The human resources strategies at two of the biggest employers, Anglo American and Eskom, suggest some are meeting the challenge head-on.

UCT's Breakwater Monitor project has compiled a thorough review of who is employed in which job categories. The project has so far analysed a sample of more than 40 companies employing nearly 600 000 workers, and has set a target sample of 2-million people.

Graduate School of Business director Kate Jowell says reliable and integrated human-resource information is needed before strategies for dealing with the problem can be devised. Researcher Angus Bowmaker-Falconer says "government-driven research and statistics have, by design, failed to provide accurate assessments of our human resource issues".

The UCT data is galling. Bowmaker-Falconer says that, at odds with the international norm, three quarters of SA workers are in semi-skilled and unskilled categories. Nearly 70% of them are black.

Black men are well represented across all categories. Overall, women comprise only 17% of the workforce, half of whom were white. Black women account for only 5% of the total.

He says: "The representation of black, coloured and Asian managers still remains marginal, with black managers slightly better represented." Women are again poorly represented. He notes that a different sample could produce better or worse figures, but many of the 41 participants would be considered leading companies, "no matter what criteria were used".

Affirmative action is the most commonly used term to describe programmes to redress this sort of imbalance, but the UCT researchers say there is no agreement on what the term means.

Anglo executive director Bobby Godsell says the corporation has adopted the phrase "employment equity". This describes policy which seeks to invest in and promote employees rather than singling some out because of their colour or sex.

The phrase does not imply the enforcement of artificial quotas which amount to "front-office niggerism, an offensive phrase for an offensive practice". Changing staff ratios among Anglo's 275 000 employees in SA is not enough because "we must have more blacks in high places, but they must be competent".

Godsell says the policy is no more than good management strategy, which should have been operating in the first place, and one which Anglo began in earnest in 1979. He says the corporation was approached by some of its black management trainees, complaining of racial bias in the lack of adequate career opportunities.



Anglo American executive director Bobby Godsell. Picture: GARTH LUMLEY

When investigated, the grievance was found to apply to staff in general.

Anglo developed partnerships with leading universities in an effort to compensate for inferior black school education, offering scholarships and bursaries for commerce and engineering students of any race. In 1986 it turned its attention to recruitment, and the tendency of managers to pick recruits of a similar background. Targets were set, met and raised.

Last year Anglo's employment equity programme reached a third phase aimed at retaining the pool of managers it had trained in a business community noted for its high managerial staff turnover.

Godsell says the key problem is the generic one of "organisational rejection", instilling trust in all employees of their colleagues and widening the "insider culture".

He is adamant there is no shortage of black candidates for management posts, whether from private schools, state schools or overseas.

A spokesman for Eskom is more circumspect, saying there is a relatively small management pool the company can draw on. He notes Eskom is a unique organisation. It is self-sustaining, having to foster managerial and engineering talent, unavailable elsewhere in industry, for the power generation and supply business.

With an emerging skills shortage, Eskom first focused on affirmative-action problems in 1985/86 after discussions with trade unions led to a concerted campaign to eliminate overt racial discrimination. Four years ago, Eskom adopted its version of employment equity, known as the "no potential lost". It is based on training and upgrading skills, as well as "mentoring" of junior managers, attached to senior staff for on-the-job advice.

Godsell and Eskom agree the programmes amount more to the "deracialisation of the workplace" than a focus on race itself, with the same applying to gender.

They recognise both organisations have a long way to go. Bowmaker-Falconer says business has been over keen on scenario and strategy planning, without adequate attention being paid to human resources issues.

Godsell says Anglo's record speaks for itself. Eskom admits it has been preoccupied with the long-term nature of the power generation business, rather than day-to-day human resources problem of its 42 000 employees.

Eskom says there is no way of creating "instant managers" but Eskom may find it hard to resist calls for swift and visible evidence of its commitment to employment equity. Complicating matters is the fact that the success Eskom has had so far in redressing the racial imbalance is partly offset by the work still needed to be done in promoting women.

Human resources senior GM Dawn Mokhobo is in charge of a major review of the "no potential lost" programme as Eskom takes stock of the rapidly changing political environment. The programme may be overhauled in July.

Labour consultants Andrew Levy & Associates director Larry Palk says legal coercion, on a par with the wave of new legislation after the 1964 civil rights laws in the US, is bound to intensify on SA business. "Resistance from white staff will be strong but increasingly hard for companies to tolerate."

He says that in the 70s and 80s the only affirmative action pressure came from companies affected by the Sullivan and EC codes of conduct. A quick glance of people-on-the-move sections in the business Press shows what little impact it has had on changing the racial and sexual balance.

Employment equity may become as sensitive as the recognition of trade unions was in the 80s. The decision by the National Union of Metalworkers to table a code of conduct on recruitment in its annual wage talks with metal industries employer federation Seifsa is a sign of the times.

Godsell recognises the growing internal and external pressures but says there need be no losers in striving to improve employment equity.

"Only people expecting privilege from pigmentation will be in for a shock."

Consultancies under pressure

BDay 22/6/93

DUMA GQUBULE

MANAGEMENT consultancies, already feeling the strain of the domestic recession, are having to contend with more international competitors and growing numbers of solo practitioners, says Institute of Management Consultants' new president John Parsons.

Parsons, National Productivity Institute GM, productivity strategy, says the consulting profession in SA is changing fast and so too must the institute. (172)

Parsons says this will be a watershed year for the institute. The organisation previously had no office or permanent secretariat. Membership had been stagnant for years and alternative organisations were appearing.

It was not giving members value for money. Many were asking why they should join if nobody out there treated them any better because they were members.

The institute's new strategy will include accreditation of members, training programmes, networking forums, striving to make the institute recognised as the voice of the profession, and education of clients regarding the selection and management of consultants. (278)

The best way to protect members is to ensure they give clients good value, says Parsons.

So what is a management consultant? "It's someone who provides a specific service to management which is designed to ensure an improvement in a company's long-term performance.

"The difference between consultants and accountants, industrial engineers and other specialists, is that we do not only focus on one discipline," says Parsons.

'Bottom-up affirmative action needed urgently'

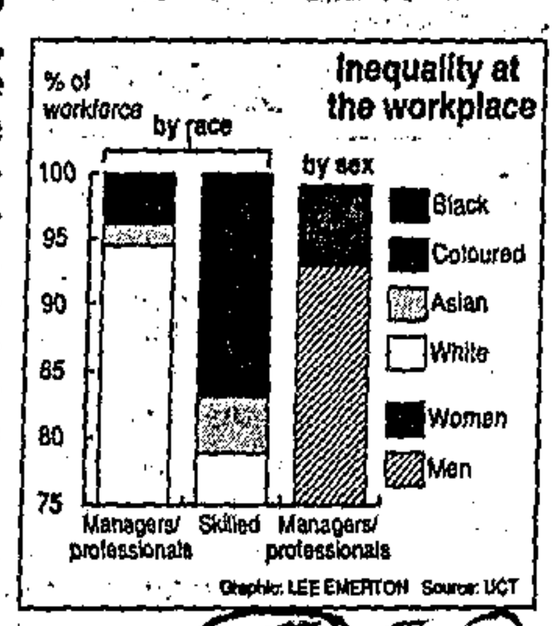
BiDay 24/6/93

THE development of black managers is an important and necessary activity, but alone it is not an adequate response to the challenges of affirmative action.

Corporate hierarchies are still divided along race and sex lines, and there have been few meaningful attempts to development people at non-managerial levels.

Bottom-up skills development requires urgent attention. SA is big on strategic and scenario planning.

However, human-resource development and affirmative action are mostly added on. Compared to international norms of 6% to 8% of remuneration, SA companies are spending an average of only 1,5% of employment cost (between 0,5% and 4,5%).



Human resource development will be ineffective until it is integrated into the core of business planning.

The focus of affirmative action must be to transform institutions rather than tokenism or lowering of standards.

There is no clarity as to what constitutes affirmative action. If one were to ask five executive directors from different companies what they understand by affirmative action and why they have embarked on affirmative action, the chances are one would be given five very different explanations.

Companies need to know why they need affirmative action and honestly review internal constraints and all the stakeholders need to be consulted.

Anxiety about perceived preferential treatment is inevitable. The why and the what need to be made explicit. A lack of understanding of the why has resulted in a lack of commitment to the what.

This is an edited exerpt from a recent report by UCT Graduate School of Business research associate Angus Bowmaker-Falconer on the school's Breakwater Monitor project investigating affirmative action in SA.

Companies fly in face of executive tradition

YOUR staff want to fly business or first class. They insist they need the extra space to work so that they can arrive fresh for that vital business meeting. What is more, they want to take every trip on the same airline to earn frequent flyer points.

Yet your company's margins are tight and there is a board edict to save. How can you keep your executives motivated, but retain a grip on the cost of business air travel?

The problem is not new, but now the hunt for better travel management has spawned an approach based on fees rather than commissions.

The traditional pattern has been for companies to engage travel agents to buy airline tickets, reserve hotel rooms and rent cars. The agents recoup the cost of running their businesses through commissions from airlines, hotels and car rental agencies. The standard rate for airlines, for example, is 9% of the ticket's cost.

Travel agents, however, therefore have little incentive to search for cut-price tickets. Saving money for clients cuts their commission.

Companies and travel agents have tried to overcome this by arranging split commissions, or by rebates for bulk purchases of tickets. Typically, the client company might get back one third of the commission from the agent, or 10% of the ticket price from the airline.

This still however, does not adequately encourage agents to save their clients' money, says Rank Xerox fleet/travel purchasing manager John Cash.

He has turned instead to an alternative based on management fees — the client pays the agent a fixed fee, with a bonus based on savings above a pre-set target. The commission is split between the two parties.

Rank Xerox uses Thomas Cook, although similar deals can be arranged with other large agencies, like American Express, Hogg Robinson and Wagons-lits.

Thomas Cook claims that savings of up to 40% on tickets are possible, and practices "open book" accounting in which the client sees where the agency earns its money.

Wagons-lits commercial director Colin Rainbow explains that agencies are suffering as business travellers seek cheaper tickets. "The travel agent still has to have the same level of service but the (commission-based) margin is being much diminished."

The system is not without its opponents. The airlines, which are mostly losing money, do not like it. By persuading companies to spend less on air travel, management fees reduce the size of the whole cake, says Stephen Wolf, head of United Airlines, the second biggest US carrier.

Some clients do not like it either. Esso Petroleum travel and catering manger Dennis Campbell says: "You could spend more time arguing with your agent on who's doing what."

Campbell often deals with airlines directly, using the travel agent for market intelligence and advice. "We are working with airlines on pushing business to slack days."

In spite of this kind of resistance to replacing commissions with fees, the notion is now spreading beyond the UK to the rest of Europe.

The trend may have been given extra momentum by airline industry deregulation, which began in earnest in Europe on January 1. That is already increasing the number of discount fares on offer: so finding the cheapest deal is becoming more complex than ever. — Financial Times.

Managers 'need community exposure'

(172)

SOUTH Africa lacks the management resources to deal with the increased volume of low income housing expected with a change of government, Professor Bruce Boaden of the Department of Construction Economics and Management at UCT said.

Addressing a SA Institute of Building seminar in Cape Town yesterday, Boaden said it was generally expected within the industry that between R3bn to R4bn a year could be pumped into low cost housing from next year.

He said until now those administering most of the development projects in SA had very little training in the developmental aspects of housing CT 25/6/93.

"They have in most cases been conventional project managers, well trained in the production and technical methods, but lacking in the broader training necessary to bring about a successful community development project.

"We have had good management available — but it is not appropriate management."

The development manager needed training in community liaison, the fostering of social structures and job creation.

LSE prices

BUSINESS

Affirmative action confuses SA firms

W/Mail 25/6-1/7/93.

A survey has revealed that businesses believe that 'equal opportunity' is equivalent to affirmative action.

By **REG RUMNEY**

THE business community has real difficulty grasping the essence of affirmative action, judging by a special survey on the subject.

Almost three-quarters of the 700-odd respondents to Quest Personnel Group's affirmative action study appear to believe that an "equal opportunity" programme is the equivalent of affirmative action.

A total 43 percent of those polled by Quest concurred with the consultancy's definition: "A programme of action instituted by the management of an organisation to recruit, train and nurture certain sectors of a community in preference to others — for example, blacks in preference to whites, or females in preference to males."

Half of these considered their policies successful. But, on probing, Quest found only 29 percent interpreted this as meaning blacks and women or both would be preferred in management positions. Of the remaining 71 percent, says Quest, only one-quarter claimed to have plans to adopt such a policy.

The study shows that being crippled or gay still entails some active discrimination. One company in 10 indicated it would reject a crippled person as a candidate for a management position.

Only 14 percent of the companies were likely to reject a homosexual. But companies fear Aids: 39 percent would probably, says Quest, reject outright a suitably qualified candidate if it found out he or she had Aids.

Religion and the ability to speak an African language were not important issues for businesses surveyed, but bilingualism in Afrikaans and English were, particularly in Pretoria and Bloemfontein.

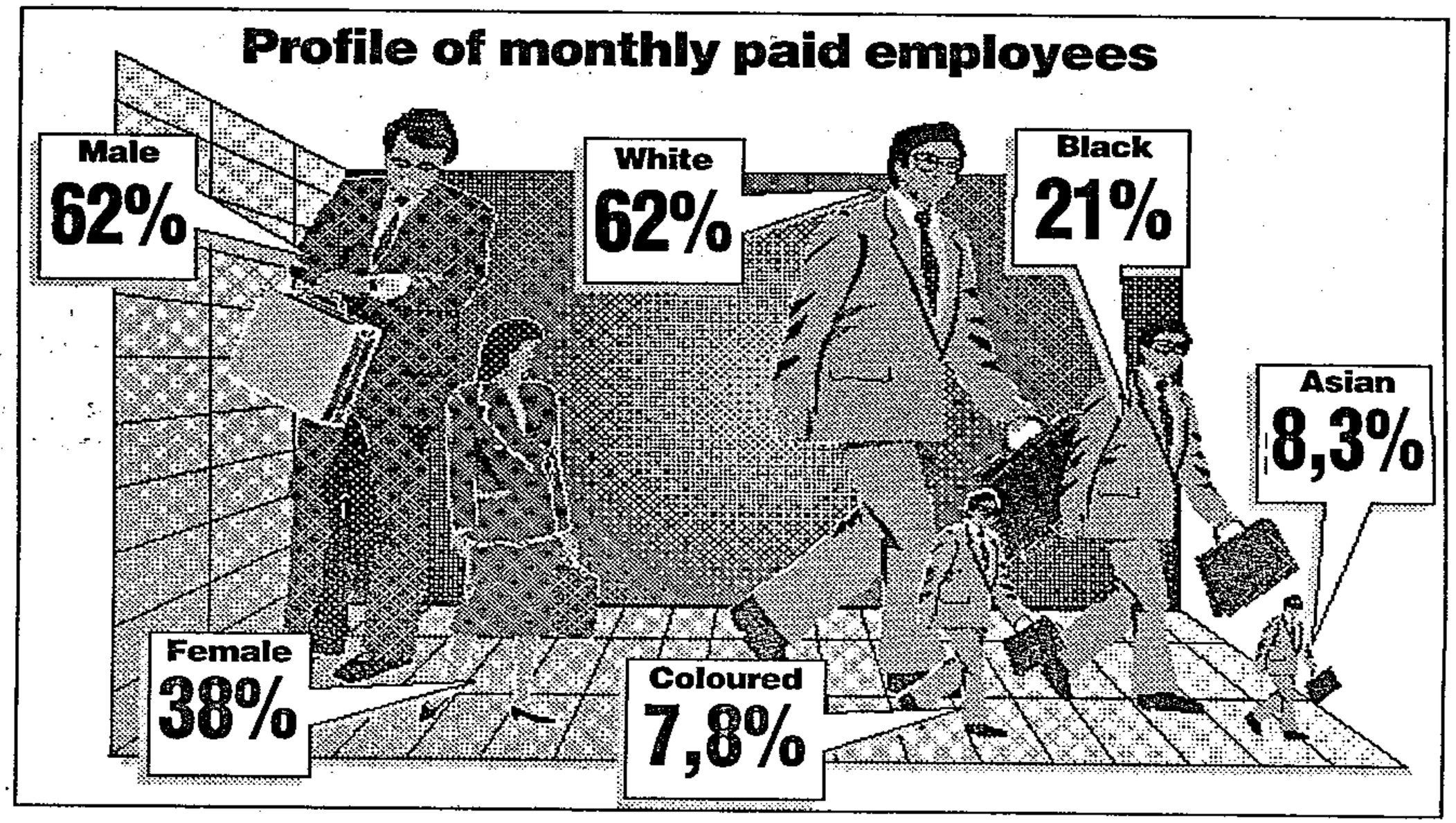
Overall, 43 percent of the respondents said bilingualism in Afrikaans and English was important for a management position.

How would companies react to legislated affirmative action programmes? While a race-based affirmative action programme would be accepted, other disadvantaged groups would lose out.

A legislative programme based on age would be resisted, and one based on race most accepted. A full 56 percent of the respondents would accept a race-based programme, and 39 percent would oppose it; 49 percent would oppose an age-based programme.

An affirmative action programme based on sex would engender heated debate: more than half would accept it, while 43 percent would oppose it.

A programme based on physical disability would similarly be accepted by more than half of companies polled and 42 percent would oppose it.



Still far from equal, let alone representing the racial mix of the broader South African population, is the composition of SA firms. As the graph shows, white males still predominate among the monthly paid employees of companies. The converse is that weekly paid — that is, blue collar — workers are still mostly black, according to a recent survey undertaken by Quest Personnel Group.

Plastics venture shapes a new industrial mould

W/Mail 25/6-1/7/93.

By REG RUMNEY

THE planned R2,5-billion joint plastics venture, announced last week, between Sasol and AECI cuts across a number of preconceived notions about industrial strategy.

The joint venture will merge the plastics businesses of the two companies to make a vertically integrated company which, it is hoped, will compete in world markets by supplying the technologi-

CALLING NON GOVERNMENT ORGANISATIONS

Thebe insiders close ranks

W1 mail 25/6-1/7/93 (172)

By FERIAL HAFFAJEE

THE Thebe Investment Corporation, which claimed this week it had found three bugging devices in its offices, concealed the debugging sweep from its own staff.

An investment company with African National Congress links and funding, Thebe swept its offices at the weekend in the wake of a spate of controversial revelations about its business dealings.

Staff were instructed in a circular not to make arrangements to work on Saturday on the pretext that the office was being refurbished. The memo was from a junior employee who signed on behalf of managing director Vusi Khanyile.

Not even Khanyile's senior management team knew about the planned operation. Two Thebe insiders have independently contacted *The Weekly Mail* to express fears that Thebe itself may have planted the bugs.

After revelations of Thebe's controversial business deals in the press last month, Khanyile called a staff meeting and told employees he feared information and documents had been leaked to the press from the company.

He instructed staff "to be more responsible". Soon afterwards, the offices were debugged.

Insiders also say Khanyile and his circle of advisers are increasingly closing ranks. Monthly staff meetings have all but stopped, and Khanyile recently said there was no longer any need for weekly management team meetings either.

The company said that the discovery of the devices came at a time when "attempts are being made to discredit Thebe, particularly over its links with the democratic movement". It claimed the bugging "shows the extent to which certain groups will go to destroy efforts to right the wrongs of apartheid.

"We note that other black companies that threaten established interests have been subjected to measures intended to destabilise them." Thebe also alleged that the "dirty tricks" incident smacked of "political interest rather than business practice".

Revelations last month exposed Thebe's intention to start a joint venture company with multinational publishing house Macmillan-Boleswa for the supply of textbooks.

Thebe would supply Macmillan with "a regular line of communication with the relevant government structures in the new South Africa" in return for a 20 percent shareholding in the new company.

An attempt to move into the mine catering business hit flak from the Congress of South African Trade Unions-affiliated National Union of Mineworkers.

And an earlier bid to secure lucrative fishing quotas on the Cape coast was vetoed by the ANC's national leadership.

Grooming blacks to become managers

Sowetan 25/6/93

By Mzimkulu Malunga

OVER the last decade, people development has been one of the issues at the top of Fedics' agenda.

The dominant belief when the company started taking affirmative action seriously was the implementation of a mild reverse discrimination with regard to recruitment as a short term measure. The vision was that in the long term the system would liquidate itself.

"But it became clear from the beginning that the programme succeeded mainly in getting people to junior, but not middle and senior management levels," says Transvaal's general manager, personnel, Mr Lawrence Kopolo.

Complicating the problem was the absence of academic institutions which taught catering in the black community.

Due to this realisation, Fedics formulated a course called the Leadership Development Programme, followed up with a thorough internal talent search to identify management material.

The 18-month long programme is aimed at people who can be groomed to become junior managers.

With the LDP in place the focus then shifted to middle management, hence the birth of the Management Development Programme.

Formulated three years ago, this programme is aimed at middle managers.

"This programme has not been as successful as we thought it would be. A lot of people still have a problem of orientation in the catering industry," says Kopolo.

Even appointing people from outside the company still becomes a problem as catering requires specific skills, he says.

Kopolo says with the help of the Human Sciences and Research Council his company has embarked on a programme where junior managers who have completed the MDP course are closely monitored on an annual basis to determine their progress and give them the necessary assistance to facilitate their appointment to middle management positions.

Normally, progression from junior to middle management takes between three and five years, according to Kopolo.

Currently, there are 262 black junior managers, nine middle managers and five in senior positions. Two of the five serve on the management board of the company.

Fedics has set targets for all its operating divisions for each to have appointed a black senior manager by March next year. The onus is on the various branches whether to appoint the managers from within the Fedics ranks or from outside.

"As long as they meet the target. That's what is important," Kopolo concludes.

Beefing up people's development

Sowetan 25/6/93

By Mzimkulu Malunga

BECAUSE of the lack of academic institutions which teach catering, Fedics operates a training centre to beef up its people's development programmes.

This is a follow up to the training centre which used to be at Jan Smuts Airport and its establishment was in line with the growing need for human development programmes. The centre is now housed at the Protea Hotel in Berea.

The training centre is called the Institute for Hospitality Studies. Formalised last year, the institution has opened its doors to other companies in the catering and tourism industries to upgrade their employee skills.

Basic literacy training

The IHS is accredited by the Hospitality Industry Training Board and runs courses ranging from basic literacy training to advanced programmes for middle managers.

According to IHS director Mr Jack Ferreira the increasing technological advance demands a knowledge of computers, hence the inclusion of computer skills as part of the package.

The training is divided into three categories: specialist courses, leadership programmes and management training.

The IHS has four full time trainers and at times hires the services of three consultants on a part-time basis.

Various Fedics operations hold their respective performance development reviews annually, then each region submits its training requirements to the school, says Ferreira.

Most of the tuition is on a part-time basis.

Major areas of focus in future will be customer services, hygiene and safety as well as industrial relations, says Ferreira, adding that most Fedics employees undergo training at the IHS at one point or the other.

The realisation of the black advancement dream keeps the centre busy. On average the IHS offers courses to 250 people a month.

With affirmative action gaining momentum in Fedics' circles, Ferreira is convinced that anybody who does not share that sentiment does not have a place in the company.

> **"The realisation of the black advancement dream keeps the centre busy"**

HOW SA RANKS

FM (172) 25/6/93.

SA, rated against 37 nations of similar standing, scored eighth overall in the 1992 World Competitiveness Report rankings. For SA managers the report contains some surprises. For example, in categories where they would expect SA to feature prominently, such as domestic economic strength and international competitiveness, its rating was low, but in areas such as finance, science, technology and infrastructure it fared much better.

The results of the 1993 report are published this month. Those who have caught a glimpse of them say they contain several more shocks for SA businessmen.

Stephane Garelli has been associated with the report, published annually by the World Economic Forum and the International Institute for Management Development in Lausanne, Switzerland, for 10 years. He will be in SA next month to offer his interpretations of the report, with specific references to SA's ranking, to top company executives at two *Global Leadership* business breakfasts at the Sandton Sun on July 13 and Cape Sun on July 14.

The breakfasts are being co-presented by the Business Futures Group and the *FM*'s sister publication, *Leadership* magazine. The cost is R180 a head. To make sure you get the facts first, contact Sue Trentham or Heather Hayes at (011) 463-4437 or fax (011) 463-3680.

ess21

Pentech plans small business centre

Sowetan 26/6-30/6/93

A VISITING Canadian expert on small business management will be presenting a workshop on small business at the Peninsula Technikon next Wednesday.

One of the objectives of his visit is to lay the basis for a small business research centre at the Peninsula Technikon which will serve small business activities and programmes in the Western Cape.

Professor Ron Knowles is on a five-week visit to the technikon as past of an international linkage programme between the technikon and the Canadian Algonquin Community College.

The workshop is aimed at developing an appreciation for the small business mind, putting into practice a new set of thinking techniques in the creation of business ventures and generating simple tools to teach people to start their own business.

Knowles is also assisting Peninsula Technikon staff with research into the identification of entrepreneurial training needs among students and entrepreneurs.

Knowles said a recent survey involving six million South African coloured and African students found that they grew up believing that they have to work for someone else.

Young graduates, equipped with only traditional business skills coupled with a "vertical" manner of education are often unemployable by large firms, he said.

Knowles is a business consultant for 32 Canadian companies and is a professor in the Small Business Management department at Algonquin College.

To attend the workshop, contact Mrs L Adonis at 959-6290.

NEWSMAKER

COMMUNITY banking has brought together Bob Tucker, 47, and respected members of the black community such as 80-year old matriarch "Mama" Ellen Kuzwayo.

The merging of like-minded people from different backgrounds symbolises what community banking is about.

Community Banking, which intends to bring banking facilities to low-income blacks, has formed a trust under the chairmanship of Dr Kuzwayo with Mr Tucker as chief executive.

Leaders in the formal and informal savings and lending institutions as well as members of the community and civic associations have been invited to join the trust.

Dr Kuzwayo says it is common to hear blacks complain that banks are happy to take their money, but refuse to grant loans unless they own property or have a profit record.

"People think that because they put money in the bank they can get a loan. They do not know of the implications of security and shareholders and that a bank is not there to help you merely because you have placed money with it."

The initiative will introduce more people to the concept of banking — the benefits and how it works.

At the same time, it will introduce banks to the concept that banking is not only for the benefit of shareholders, but that it can be of advantage of the community and the country.

Mr Tucker has been involved in the initiative since leaving the Perm where he was managing director from 1983 to 1991. He stresses that he is not spearheading the initiative but playing a facilitating role.

Colleagues describe Mr Tucker as being committed to bring banking to the black community.

An example of the Perm's social commitment under Mr Tucker's direction is that it was the first financial institution to finance low-cost housing in terms of the Urban Foundation's loan guarantee fund. It also launched a mortgage scheme which based instalments on a fixed percentage of the buyer's income.



Bob Tucker

In his eight years at the Perm, home loans to blacks made up 62 500 of a book of 236 000.

Mr Tucker stresses that banks are structured to address the banking needs of the formal and not those of the informal sector. "You cannot force the banks to be what they were never designed to be."

Mr Tucker played a high-profile role in the mid-1980s in his tussle with building societies which were converting from mutuals to listed companies.

He held that the role of building societies was to maximise the wealth of home-owners while making reasonable returns, and not the maximisation of profits for the sole benefit of shareholders.

He has been involved in drafting legislation to provide a framework for community banks to operate on a mutual basis.

The Mutual Banks Bill would allow banks to be capitalised on the basis of mutual participation instead of equity shareholding.

First-tier and second-tier community banks would be able to pursue different missions.

Mr Tucker says: "Equity-based banks have to maximise returns for the benefit of their shareholders with the constraints of acting in a socially responsible way.

"Community banks are a flip-flop of this in that they have to operate in the community environment with the constraint of operating at a sustainable level of profit."

First tier, or equity-based banks, are obliged to maximise shareholders' profits, but the second tier is free to concentrate on community development.

This does not mean that the second tier will be a charity organisation relying on grants.

Mr Tucker says: "The bank will have to be competitive and lend cash at market-related rates."

The crucial difference is that it will take the second-tier bank far closer to the community.

"The bank can be effective only if it can achieve a close relationship on which to assess debt capacity and trustworthiness."

Colleagues say the reticent Mr Tucker does not seek the limelight. He has a BCom and an LLB from Wits. Since leaving the Perm, Mr Tucker has become a director of attorneys Edward Nathan & Friedland.

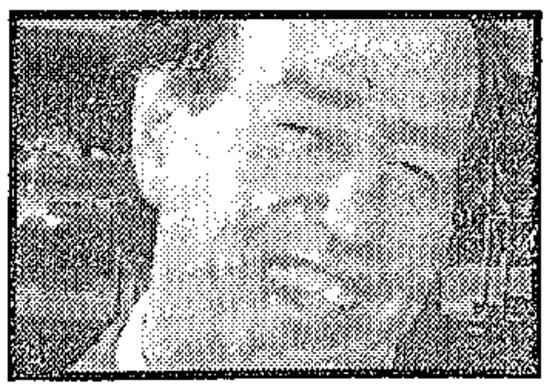
His CV says he is married with three children and is a sportsman — the triathlon and rowing are his favourites.

Terry Betty

Why we need those 100 white men

ST Times 27/6/93

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BRIAN KANTOR says the group system in South Africa ain't broke and doesn't need fixing

I AM not quite sure what to make of the oft-quoted remark about the 100 white men who control our economy. The men referred to are presumably those directors who sit on the parent board of six or so groups of companies which dominate the listings on the Johannesburg Stock Exchange by share market value.

Are those receiving this message meant to take it as self-evident that not only are they the wrong colour and sex, but that there are also too few of them?

Surely much more important than their number, colour or gender is to understand what these men actually do and for whom; how well they perform and also how they are selected.

A large South African group is an alliance of a number of legally independent companies who operate the important mines, factories, shops and financial institutions quoted on the JSE.

The parent or group holding company, an Anglo-American, Rembrandt, Anglo-Vaal, Sanlam, Old Mutual or the linked Liberty Life-Standard Bank group — through its own directors and managers, the first 100 — will exercise shareholder control over the managers of the group's operating companies.

Ability

The operating companies, which typically will share some directors with head office, have to report to group headquarters on every major issue. The group directors have the essential power to appoint or replace the management of their operating subsidiaries. They are ultimately responsible for the performance of their group subsidiaries.

But of course the successful and proven senior managers of their key operating subsidiaries are exceptional men of outstanding ability who know their own worth. They also believe themselves to be engaged in a co-operative effort with the other leaders of the group and appreciate the technical and especially the financial support the group can offer.

Strong shareholders are clearly better than weak ones, especially in South Africa where small shareholders taken together cannot in effect be called upon in any meaningful way for finance.

That is not to say that the groups always get their strategies right. They may drain financial strength and management talent from their successful operations to support what turns out to be a poor investment decision.

Nor are the right people always given the important jobs at group or operating company level. It is for this reason that groups wax and wane and even disappear.

Two of what were once South Africa's most powerful groups, Rand Mines and Consolidated Gold Fields, finally bit the dust recently. Among the most powerful of the first 100, the Ruperts, Gordons and Menells and Hersovs are men who now have power and wealth that were mere figments of their imagination 30 or even as little as 20 years ago.

Worth

The group system has proved its worth and not only in South Africa. It is also an important form of business organisation in Germany, Japan, Korea and Hong Kong.

Groups of banks and operating industrial and commercial companies were once important in the US until they were forbidden in a wave of populist resentment in the 30s.

A number of leftist luminaries in the US, like Lester Thurow, now believe that one of the key advantages the Japanese corporation has over its American counterpart is the opportunity group membership gives managers to take the long view.

A central problem of modern capitalism is the inevitable separation of ownership and control. Financing an efficient and therefore often very large business is beyond the capabilities of even the richest and most competent owner-managers.

Outside capital and managers have to be engaged if the enterprise is to grow. But few of these suppliers of capital will have enough at stake or enough competence to exercise the full responsibilities of ownership.

As in the American examples of GM and IBM, severe punishment delivered by the share market may not easily bring managers to serve their shareholders.

The group system is one where some important and possibly a small minority of shareholders are permitted to act as the agents of all shareholders.

This agency role performed by the group headquarters helps resolve the potential conflict of interest between managers and owners.

The group benefits from economies of scale in performing the control function for shareholders in a variety of unrelated enterprises. By diversifying its interests the group also gains a degree of independence from the business and capital market cycles to pursue its investment strategy.

To prosper, the leaders of any group have to be able to achieve two essential and difficult tasks. That is, first, to persuade many people to trust them with their money, and second, to invest it for them successfully.

Those who start a business of their own will have this ambition, but it is realised by few. The leaders who have built up and sustained the large South African groups have survived a stringent selection test.

The millions of South African shareholders, the owners dependent on the management of the groups, who are now largely members of pension funds and owners of insurance policies, have every reason to be satisfied.

In difficult times, savings invested in the share market and therefore managed by the large groups, have achieved outstanding returns.

It is inevitable that a few groups will tend to dominate the JSE if allowed to. Because large groups such as Anglo and Rembrandt are heavily involved and have prospered internationally, the value of their shares is bound to be a large proportion of the JSE which otherwise reflects the limited scope of the South African economy.

But control of the JSE is by no means synonymous with control of the economy. For example, it is doubtful whether Anglo-controlled companies employ more than five percent of the labour force.

However important the groups, it is possible to expose them to effective competition at every level on which they operate.

Attack

The whole notion of too much economic power is absurd if the market is allowed and recognised to be the world market. This is why the Swiss or the Swedes worry very little about the size of their large companies. They are well aware that they have to have large firms to compete effectively.

The attacks on the groups have come from various organisations not normally aligned with each other.

Some stockbrokers want to break up the groups to generate more share market turnover. The Left seems to distrust the groups because they are uncomfortable with the controllers — those white men.

At the same time some of the groups' managers would seem to want group control to be dissipated because they wish to avoid such tight control being usurped by what they regard as unqualified economic novices with a different culture.

The issue of the groups in South Africa is surely too important to be decided by adherence to these hidden agendas.

□ *BRIAN KANTOR is professor of economics at UCT.*

Ken Owen is ill

Equal jobs key to new SA

THE saddest thing about SA is that there are millions of able, willling and capable blacks who are still denied oportunities by both business and the political powers that be, charges NSB executive chairman and chief executive Mohale Mahanyele in his 1992 annual report.

"How else does any sensible person explain the almost total absence of blacks in the top echelons of ownership, control and management of the South African economy?

"How is it possible that the NSB can succeed with blacks in the top echelons," Mahanyele asked, arguing it was against this background that the NSB had positioned itself as a company that should be seen as playing a significant role in ensuring "that we have a just, fair and democratic post-apartheid SA".

Black economic empowerment was one of the keys to a democratic post-apartheid SA, he said.

"It cannot be doubted that unless and until there is a considerable amount of affirmative action, we will not be able to move away from the past. Political empowerment must be accompanied by economic empowerment," Mahanyele said.

He strongly believed that unless South Africans seriously considered such a nebulous concept as "Equal Employment Opportunity" most blacks and some whites who were trapped in the poverty cycle would never rise above their present circumstances.

The economic woes now afflicting many South Africans would simply continue into the future, he warned.

"Leaders have a significant role in creating the state of mind that is the society. They can serve as symbols of the moral unity of the society," Mahanyele said, adding "they can express the values that hold the society together."

To add substance to his belief that business could be an agent for positive change, Mahanyele quoted management expert John Gardener: "Most important, they can conceive and articulate goals that lift people out of their petty preoccupations carry them above the conflicts that tear a society apart and unite them in pursuit of objectives worthy of their best efforts."

rghum Breweries

OMIC EMPOWERMENT A REALITY

Changing the face of business

CPress 27/6/93



na. (seated) Moss Leoka, Mohale

IN just three years the National Sorghum Breweries (NSB) has become the largest black-owned company in SA.

With more than 4 000 employees, the company carries the hopes and aspirations of most black South Africans.

In fact, at a recent glittering function in Johannesburg where NSB chairman and chief executive Mohale Mahanyele was honoured with the Businessman of the Year Award, ANC president Nelson Mandela lionised the company as having "put the issue of black economic empowerment very forcefully on the agenda in this country".

What Mandela and many others are already saying is that the NSB is black economic empowerment in action – not some obscure academic concept which does not deliver the goods as promised. Its humble beginning has the ring of a Cinderella story.

It was after the bewitching midnight hour when it was officially established as an independent business after the Industrial Development Corporation's (IDC) assets and operations were transfered on June 30 1990.

On July 1 1990 the NSB was born and black economic empowerment was put to the test.

Three years later the NSB has made great strides as it gives the sorghum beer industry a new, serious image and facelift. The hard facts are that in pursuing its objectives of real and tangible black economic empowerment the NSB has been recording healthy trading results.

Somehow the company can stand tall and proud in confirming that black South Africans can make it – particularly in a big industry like sorghum beer, which for years had blacks demanding that it be handed to them to run and manage.

On the other hand, the NSB has become the barometer of how blacks will handle economic empowerment when the majority of South Africans find themselves in a post-apartheid society. The NSB was born against the backdrop of a country that is engaged in a painful transition to a democracy.

Mahanyele told a business magazine last year: "NSB has a massive responsibility to show the people of SA how business should be done in this part of the world."

He went on: "NSB does its business among the poorest and amid the squalor of the squatter camps. We are therefore more acutely aware of the problems."

Because Mahanyele believes that the new SA will not usher itself in on its own but has to be created, he says the NSB has adopted an active policy of black economic empowerment to contribute to this dream of millions of South Africans who were cast in the role of underdogs.

Mahanyele does not pull his punches: "There will never be justice, fairness and equality unless past inequalities are addressed through such programmes as affirmative action. The recent history of the Afrikaners is a poignant reminder of how vital it is to empower the poor in order to help themselves."

And to see that this dream and responsibility solidifies, Mahanyele has surrounded himself with able and willing people on the NSB board of directors.

Included on the 11-person board are well-known businesspeople, Moss Leoka; Peter Wrighton of Premier Milling; popular musician "Mama Afrika" Miriam Makeba; former Soweto schoolmaster and now businessman Legau Mathabathe; musician-academic Professor Khabi Mngoma; accountant Israel Skosana and academic Dr N Mzamane.

In addition to pursuing its mission, the NSB has reorganised its management and made numerous appointments. No wonder today it boasts the single largest component of highly qualified and experienced blacks of any company in the history of SA.

The black community also plays an important part in the affairs of the NSB – it sources a large portion of professional services and supplies from this community within which it conducts business. Some of these services include advertising, marketing, insurance, travel, photography and printing.

Mahanyele told *Enterprise magazine*: "The company has created employment for hundreds of entrepreneurs who operate as independent distributors of sorghum beer and has a close relationship with many more shebeeners and taverners through the South African Taverners Association."

Another proud milestone was reached when an overwhelming number of blacks purchased shares in mid-1991 – there are now more than 8 000 ordinary shareholders plus 4 000 employees who belong to the NSB Employee Share Trust.

"Our shares are still available to the public at R1,15 a share in 100 units. Those who still want to buy our shares can purchase them from their nearest NSB brewery or Mercantile Bank," said public affairs executive Derrick Luthayi.

Other visible jewels in the NSB crown are its brand-new Ladysmith brewery which is in full production and the Naspotie Brewery in the eastern Transvaal's Nelspruit area, which was completed this month and will be officially opened in August.

A lot of people sit up and listen when Mahanyele says that the NSB has truly become the "people's company" and is changing the face of business in SA.

It is not an idle boast. The man is a firm believer in that oft-repeated truism: "Nothing on earth is as powerful as an idea whose time has come."

Against all odds – this SA company succeeded

By MOHALE MAHANYELE, NSB chairman and chief executive

ONE of the difficult things to understand about National Sorghum Breweries as a business is how different it is relative to other South African businesses.

Internally we have been affected by one of the most heinous types of industrial espionage. It can be expected that the more successful we become, the more sinister the enemies will be.

We have been faced with the fact that we acquired a business whose culture was generally unsuitable. Virtually all functions have had to be revamped, restructured and refocused.

The executive team and myself placed heavy emphasis on giving due diligence to the need for control and accountability in all matters relating to our business.

What we have achieved could never have been realised without the concern and support of our board of directors. Today we have a company almost totally different in its strategic planning vision, mission and goals from the one we bought in 1990.

We have restructured our company into new strategic business units. This means that we now have a company which is constituted in such a way that each business unit reports fully as an entity, with its own support systems internally, but receives overall support from head office.

The present status of the NSB Employee Share Trust Fund totals R15.3-million worth of shares.

This is again a very encouraging development, something which we must be proud of as it represents the empowerment of people that are employed in the company.

Blacks in particular have always generated wealth but rarely owned it. It is in keeping with our mission that blacks must also own a significant part of their country's wealth in land, shares and other forms.

hum Breweries

Brainpower's the force behind prof's business firepower

CPress 27/6/93



EXPANDED VISION ... Prof Sipho Nhlapo's research, development and marketing division is studying diversification.

BLACK business gained where academia lost when Sipho Nhlapo decided that his sheltered employment at university was frustrating.

Nhlapo is not your run-of-the-mill academic. He has a Ph D in microbiology and biochemistry and was head of the University of the North's department of microbiology.

This was after a brilliant school record at Frankfort in the Free State where he grew up. He went on to matriculate at the Amanzimtoti Training College.

Then he read for a BSc, honours and masters degree at Fort Hare University before completing his PhD at the well-known Rutgers State University in New Jersey, United States.

Frustration

The business bug bit Nhlapo when he joined the world-famous pharmaceutical giant Johnson and Johnson in the US as a management trainee. From there he was transferred to the company's South African operation in 1982.

But the pull of academia once again got the best of Nhlapo and he joined the University of the North as a senior lecturer in microbiology. Nhlapo, in fact, started the department of microbiology and ended up as its professor.

Frustration with the academic environment set in and Nhlapo joined the National Sorghum Breweries "to put my knowledge and experience to industrial use".

Yet Nhlapo has not totally severed ties with academia. He maintains links with the University of the North because, according to an interview in *Enterprise* last year, there is "a need" for microbiologists and biochemists. The magazine reported: "He sees it (academia) as an avenue for black empowerment."

He also said: "We can delegate research contracts to black universities and sponsor post-graduate students. This is a way for us to help develop black scientists. There is room for lots of co-operation and we invite the universities to come and discuss these plans with us."

At the NSB research, development and marketing division his job entails setting up laboratories to maintain the high quality of his group's products and to research and develop new products.

Nhlapo feels challenged. He pointed out last year: "For so long the company has depended on the Council for Scientific and Industrial Research (CSIR) to do its research. Now all those activities have been brought in-house."

Nhlapo told *Enterprise* that some of these new products included high-protein food products.

Quality

Diversifying the group, he said, would help the NSB sustain itself in the long term. But Nhlapo is adamant that he is not ignoring the NSB's mainstay product, sorghum beer.

He said: "Sorghum beer has never been given the image it deserves. It has even been known as a health hazard. Our role is to set a high standard of quality and improve that image. It should be a drink for everybody and we are going to market it as such."

Judging from the strides the company has made in the past three years, many do not doubt that Nhlapo has kept his promise.

ANIES

Market research key to future — Toyota

LINDA ENSOR

CAPE TOWN — Toyota was investing a disproportionate amount in market research because of the extreme volatility of the current situation in the country, MD Brand Pretorius said at a Institute of Marketing Management function at the weekend.

Pretorius, the newly elected president of the institute, emphasised that to succeed companies had to get a clear picture of the future economic, political and social scenario. It was also imperative to get a clear idea of the profile of tomorrow's customer both in demographic and psycho-demographic terms.

"Investment in market research could turn out to be the only sustainable advantage one has against one's competitors," Pretorius said, pointing out that the majority of Toyota's customers in future would be young, black and poor.

Price sensitivity would dominate consumption for many decades to come, and this would require strategies to drive value up and costs down.

He estimated that 40% of the future target market would be illiterate while 60-70% would use English only as a second language. Marketing would have to be simple, striking and emotional, and advertising agencies would have to move away from linguistic "acrobatics".

He said it was likely that SA companies would face increased competition both from international rivals and from the informal sector. Organisations would have to restructure to be able to take maximum advantage of the upswing.

Emphasis would have to be given to corporate image, including an involvement in social responsibility programmes. Internal marketing would be essential to win the commitment of staff. The lack of this commitment and a sense of belonging at Toyota was apparent in its last strike.

Critical view of social spending

Star 18/6/93

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Spending on social investment programmes has reached almost R1 billion a year. Successes have multiplied. But new question marks have been placed on whether many of the schemes have had optimum impact, reports MICHAEL CHESTER.

NEW surveys have dislosed that total spending by private sector companies on social investment programmes has climbed to almost R1 billion a year as business takes a wider role in the reform process.

The formidable scale of the budgets has been confirmed by the Business Marketing and Intelligence research unit, whose latest count estimated annual spending at R840 million — and still on the increase.

Success stories have been well recorded. But deeper studies by the Consultative Business Movement (CBM) have put question marks over whether many of the schemes have hit the real targets they set themselves to make an optimum impact at community level.

All too often, the CBM found, internal corporate departments handling social investment affairs were "understaffed, overworked and crisis driven". In some instances they appeared to be "woefully ill-equipped to deal with the challenge of moving beyond cheque-book approaches".

Worse, many businesses felt frustrated by the lack of visible success from their programmes.

The analysis has resulted in a new set of guidelines on how to improve the interface between the business world and the community — and set the wheels turning on more and more development projects.

The message? Business should view social responsibility not as a cheque-book item but as an investment in the company's future.

"Old-style paternalism and charity handouts no longer suffice. The development needs of communities should be tackled in full consultation with communities themselves and handled on a partnership basis."

Companies should not only provide financial assistance. They also needed to volunteer their expertise and resources — manpower and internal facilities — in the planning and implementation of special projects aimed at community upliftment.

Problems and solutions are discussed in detail in a CBM publication titled *Managing Change — A Guideline to the Role of Business in Transition.*

Wider and more effective links between business and the community in general will be among a number of pressing issues to be debated at the Business Conference for Active Change that The Star will hold in association with the CBM at the Carlton Hotel in Johannesburg on June 25.

The conference is expected to set important new signposts to the routes that business leaders should follow in the post-apartheid era.

"The private sector has a critical role in contributing to the development needs of South Africa, particularly during the transition," says the CBM. "In many areas, Government development projects have been discredited.

"Urgent problems such as housing shortages, the education crisis, unemployment and violence threaten to wreck hopes of a stable and peaceful transition." □

● For more information on The Star's Business Conference for Active Change call Rosemary on (011) 483-1637/40/42/45.

When problems become messes

S1 Times (Buss) 24/1/93. (172)



Andy Andrews

ON BUSINESS

A FAMOUS writer once said that "problems are to reality what atoms are to tables". What he was referring to was the fact that objects are made up of millions of components called atoms but we don't experience these alone — we experience tables or chairs.

So it is with problems.

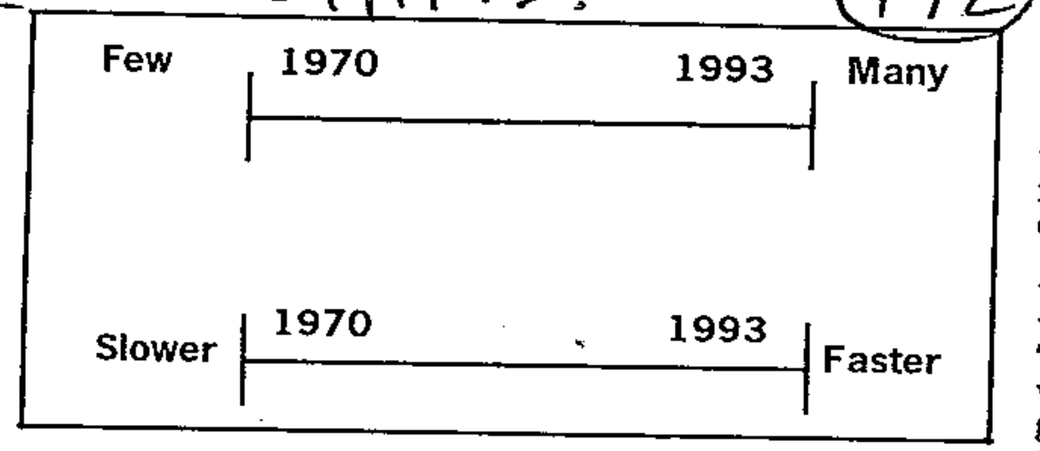
What we think is the problem is seldom the real problem, but is often a symptom. Problems are not individual or isolated but they are mostly highly interactive and interdependent.

Fix one "problem" and you create others, often more serious "problems", somewhere else. These kinds of problems are called "messes".

The country is in a "mess". Increasing numbers of business failures, appalling productivity, punishing tax rates, declining consumption, the resultant excess capacity and reduced returns on investments, political uncertainty, increased crime and a society becoming increasingly violent all combine to present us with problems that seem insurmountable.

We are experiencing tremendous turbulence, and many South Africans no longer feel they have any control over their destiny. Things are just more complex and are changing at a faster pace.

Perhaps we can illustrate the emergence of what I am calling "messes' by examining two aspects, both of which can be placed on a continuum, as in the accompanying graphic.



I believe that in 1970 managers had to cope with fewer variables. Today a manager has to manage many more variables. Trade unions, different technology in wider product lines, more competitors and so on.

Also each of these increased number of variables is changing at a faster pace. So I have positioned 1993 on the right of both continuums, indicating more factors to consider, and the factors are changing at a faster rate.

Complexity and change have accelerated and the "mess" is less predictable.

DECISION-MAKING

In many of the organisations in which I have worked either as an employee or as a consultant I have been struck by the approach managers take to problem-solving.

I suspect that their approach is due to their education and their training in what I will loosely call the "scientific method". They have gained their experience in the less complex and more stable world of the 1970s. They are not equipped for the mess management of the 1990s.

These "1970 model" managers believe in a "rational" approach to problem-solving. This means you identify the problem, break it down into its component parts, solve each one significantly and put it together again.

Hey presto! The problem is supposed to be solved. This is how many of our managers think you go about problem-solving.

Experienced managers will be shaking their heads at this point. They know that this is an optimistic view of reality. (They know that an optimist is generally a person with little experience!)

Often more serious, or seemingly unrelated, problems appear all over the place. Suppose you have a "sales problem". Sales are too low. So sales decide to reduce prices to stimulate demand.

Manufacturing have to work overtime to build inventory to meet the demand. This causes disruption in the work pattern, costs rise, margins decline and cash flow is affected.

Overdraft facilities must be renegotiated to cope with increased working capital needs and so on. The problems are interrelated. This is a mess and is part of a system. You cannot work on one part alone. This is the danger.

The cause of the problem in a complex system is almost never where you see it!

HOLISTIC THINKING

The problems we face today are systems of problems and they cannot be tackled in the way that rational, linear-thinking managers have been trained to do. Holistic, conceptual thinkers know that complex "messes" lose their essential characteristics if they are broken down.

Take the South African situation. I don't know how many different ministers and departments we have in the present government structure. All I know is that we have too many — some years ago it was reported that we had more ministers than we had had MPs 15 years earlier!

Is it possible to solve the education "problem" or the health "problem" or the tax "problem" or the social spending "problem", etc, on its own? I don't think so.

Yet this is the approach that is implicit in the way government is organised, structured and managed. The whole sorry "mess" will have to be solved simultaneously.

By breaking it up you lose the essence of the real problem!

One of the laws of "mess management" states that if each part is solved separately the whole mess gets worse. A mess is not the sum of the components, but is the multiplicative product of the interactions. So the best way to solve a problem is not sequentially.

NEW THINKING

The recently published World Competitiveness Report placed South Africa near the bottom of the 36 countries analysed. The facts are indisputable. We are performing terribly compared with our competitors on what is possible. The standard of living of all South Africans has declined steadily for over a decade.

What is truly alarming in my view is that we all seem so satisfied with our performance. Surely we should have expected more concern, more drastic and bold action.

The lack of protest by business to our continuing decline in global competitiveness is truly amazing. We build office blocks but our factories are empty.

The stark reality of how bad things are was brought home to me by a friend who travelled many miles to see South Africa play Australia in the rugby Test at Newlands. The South African flag he purchased was made in Taiwan.

We need a new approach that produces leaders at levels of our society that will face up to the true problems. We should not compartmentalise the problems but rather build understanding of the real macro-problems.

We should accept "mess management" and not try to duck the complexity. All the rubbish written about "keeping it simple" only goes a short way in a world that really is very complex.

There are some simple truths, but the complexity must not be underestimated, It will require leaders to be intellectually capable of grasping the complexity of the "messes" they face. Luckily, I think we have a few.

Professor Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the Henley Executive MBA in South Africa.

AS debates on monopolies and measures to curtail their power rages on, Dr Daniel F Leach, a senior lecturer in the University of the Witwatersrand Department of Business Economics, responds to ANC economist Tito Mboweni's views on antitrust legislation:



IN HIS article *Focus on Monopolies* (January 11) ANC economist Tito Mboweni reports that the recent ANC workshop on antitrust policy seemed to prefer the UK approach, in which there is a "strict definition" of monopoly.

As Mboweni reports, UK antitrust policy defines a monopoly as a company (or interconnected group of companies) with a market share of 25 percent or more.

If such a company acts "in such a way as to prevent, restrict or distort competition" it would be forced to divest so as to bring its market share below 25.

The perverseness of the UK approach is readily apparent. It assumes quite arbitrarily that a company with 25 percent or more of the market might act "in such a way as to prevent, restrict or distort competition", while a company with less than 25 percent of the market will not.

Mboweni reports that the ANC workshop "did not delve into the details of ... the level at which a monopoly can be said to exist" but any level of market share would be arbitrary.

Most would say that South African Breweries (SAB), with 99,9 percent of the malt beer market is a monopoly. But as Professor Franklin Fisher of the Massachusetts Institute of Technology (MIT) points out, "the confusion of monopoly with large share is dangerous".

In order to identify a monopoly you must look at the constraints on the company's ability to raise price, not at its market share.

One constraint on SAB's ability to raise price is competition from the wine market and from the massive sorghum beer market. If SAB raises its prices excessively, consumers can and will switch to the products available in these competing markets.

Another constraint facing SAB is potential competition from new firms coming into the market and taking away its business. Over the years SAB has fought off several competitive threats and maintained its dominant position.

If a large market share - even a 100 percent market share - is maintained solely because of low prices or better products, then as MIT's Professor Fisher points out "we are looking at what competition is supposed to do and not at a monopoly".

On the other hand if the Government protects it from competition, an industry with thousands of firms can be a monopoly. With legal power granted by the Government, control boards for a long time have restricted competition and kept prices high for many agricultural products such as bananas, maize, milk, meat and potatoes.

This has meant that the thousands of farmers producing these products have been forced to be monopolists whether they wanted to or not. Luckily for consumers these control boards have been under pressure from adverse court decisions and from farmers who want to compete.

"The confusion of monopoly with large share is dangerous. In order to identify a monopoly you must look at the constraints on the company's ability to raise price not at its market share"

Sowetan 22/1/93

This pressure has reached the point where a Government-appointed commission has recommended that the legal powers of the control boards be completely eliminated.

Even though it may be an error to arbitrary define as a monopoly a company with 25 percent (or any percentage) or more of the market, in the UK no action will be taken against that company unless, as noted above, it acts "in such a way as to prevent, restrict or distort competition".

You might ask, "What's wrong with that?" What's wrong is that most actions taken by a company to maintain or increase its market share are efficient and competitive, but the antitrust authorities have perversely tended to associate such business practices with monopoly.

For example, in the UK a traditional practice in the beer industry has been the "tied house" system in which the major brewers owned their own pubs, through which they exclusively sold their own brands. The UK Mergers and Monopolies Commission (MMC), however, ruled that this was a monopolistic practice.

Forced to divest themselves of many on their pubs, the brewers naturally sold off their least profitable pubs. Now thousands of these pubs are being closed down because they are no longer economically viable without the tie to a major brewer.

Not knowing what it was doing, the MMC destroyed an efficient, competitive business practice and consumers - especially in poorer areas - now will have less choice and pay higher prices. As we Americans like to say, "If it ain't broke, don't fit it".

Thus Mboweni is quite wrong when he asserts that "antitrust is a probusiness policy", except in the well-known perverse sense so compellingly documented by Robert Bork in his widely cited book, *The Antitrust Paradox: A Policy at War with Itself.*

Antitrust policy frequently is pro-small business and anti-consumer. Small and medium businesses are protected from the vigorous "unfair" competition of large firms to the detriment of consumers.

According to Mboweni, "antitrust policy ... aims at the promotion and protection of competition". But the truth is that antitrust policy often protects competitors instead of competition. In the UK and the US, firms that cannot succeed in the market call their lawyers. Every successful firm must expect to be sued by its rivals on antitrust grounds.

Thus IBM was forced to defend itself in case after case, including the US government's infamous 13 year vendetta. That case began in January 1969 and ended in January 1982 when the assistant attorney general in charge of the Antitrust Division of the Justice Department agreed to a dismissal of the case as "without merit".

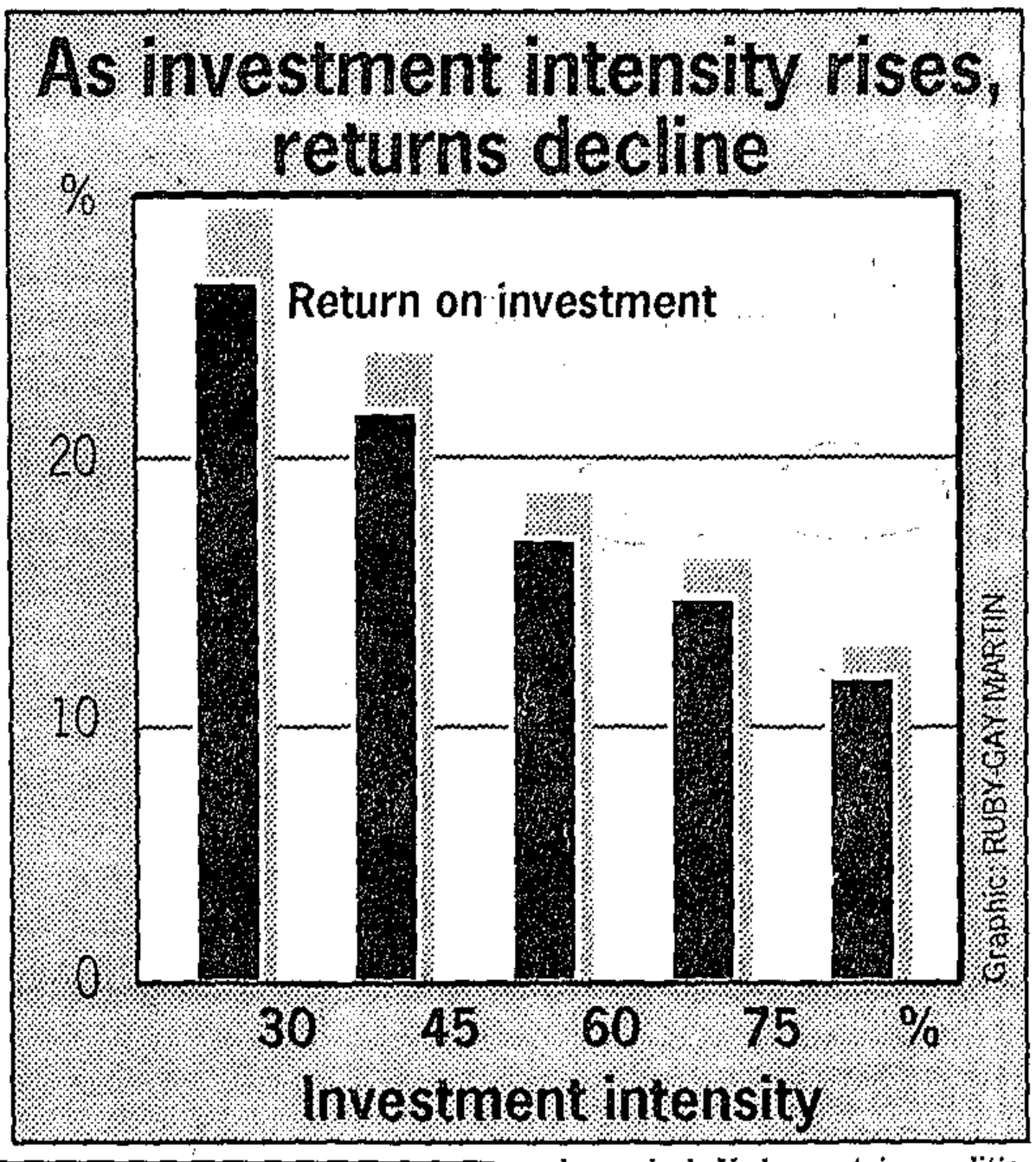
As reported by Professor Fisher and his co-authors in *Folded, Spindled and Mutilated: Economic Analysis and US vs IBM*, the government's entire case was a litany of complaints about IBM's lower prices and better products - the opposite of what monopoly is supposed to bring about.

IBM was unusually successful in ultimately winning that case and every other case brought against it, but only after spending a reported R3 billion to defend itself.

Mboweni merely reports the US government's case against IBM as one (together with Standard Oil and AT&T) of the "most celebrated cases of US antitrust action", ingenuously failing to reveal US vs IBM as yet another unmitigated antitrust disaster.

The high price of business hunches

172 (fc) ST Times [Buss] 2/5/93



MOST managers run their businesses on hunches.

The average executive has rarely been exposed to more than a few different businesses and industries. Often decision makers or strategists know about only a single industry. Thus their key decisions are based on a small sample and their ideal of what works and what does not is limited.

This is especially true when the "game" is changing as rapidly as it is today.

I often hear the statement, "I know this business and this is the best way to do the job."

Perhaps that way was best then — but it may not work well today. Circumstances are different. There may be more or fewer competitors today, the technology may have changed, the customers may have become more sophisticated and the risks may have changed.

The investment decision is one where the intuition of most managers is extremely dangerous. Analysis of the PIMS database which contains information about many thousands of businesses, shows that highly intensive firms are much less profitable than businesses with lower levels of investment.

The facts are clear and unambiguous. Those firms that use higher levels of investment for each rand of sales revenue — for example, airlines, bulk chemicals or distribution of consumer goods that require large inventories — have lower profits and returns.



Andy Andrews

ON BUSINESS

Investment which includes both fixed and working capital when related to sales produces a measure of investment intensity which reflects the percentage of investment required to produce a rand of sales. The pre-tax return on investment (ROI) figures is calculated by relating earnings before interest and tax (EBIT) to investment and are all four-year averages.

Most managers do not like this finding. They have been brought up to believe that investment means progress and that firms should spend more and more money on shiny new equipment.

PIMS researchers say that the "findings are controversial not because this phenomenon is rare, or uncertain or weak — it is common, quite clear and extremely powerful — but because it is so unexpected."

Conventional wisdom has always been that the opposite is true and best. Everyone accepts that heavy investment in automated plants produces higher labour productivity, especially in heavy industry and that consumer goods companies should invest heavily in inventory to provide product availability.

Many managers believe that technology and the resulting high labour productivity and readily available consumer goods are highly desirable, and hence are expected to improve profitability rather than reduce it.

Well, the findings suggest that the public benefits do in fact occur. The customers often get lower prices and products of higher quality. Higher wages for skilled workers do occur.

But the benefits to the private sector do not occur in all cases. Companies find that their profitability, as measured by pre-tax return on investment, is usually poor and certainly less than expected.

The reasons for these startling findings, which I will deal with in subsequent articles, are fairly ovbious once they are pointed out.

Of course, investment intensity is not always bad. Under certain conditions and circumstances it is highly beneficial. It does provide higher entry barriers and improve the quality of certain products. The tough questions that managers need to ask are:

- Under what circumstances is increased investment intensity likely to be harmful to my business?
- Would increased investment in fixed capital help my ROI?
- Would increased investment in working capital be a better idea?
- How important is the industry growth rate in investment-intensive firms?
- Is high market share beneficial to ROI in investment environments?

These questions can be answered, but those managers who rely only on their somewhat limited experience and who do not really understand the dynamics and interaction between such variables as investment intensity, product quality, share of market and growth rate, may find that they are investing in businesses that are not suitable for investment-intensive type spending.

They may be dooming their businesses to long-term economic misery. There are strategies, which I will also deal with later, that will minimise the damage of intensifying investment and make it more attractive.

Your intuition is often suspect. Hunch is not enough these days.

■ *Dr Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the Henley Executive MBA in SA, and consults on strategy using the PIMS database.*

Little time to level the playing-fields

Star 3/3/93

The term affirmative action has become one of the buzzwords in South Africa's transition from apartheid to democracy. But two comprehensive surveys on the subject suggest that more work than talk is needed to bring about industrial justice in local companies. MIKE SILUMA reports.



Stark choice . . . local companies can voluntarily implement affirmative action as part of their staff development programmes, or have it imposed by a new government.

SOUTH African companies will have to move quickly to implement affirmative action programmes to escape having these imposed on them by a new government, two important surveys on the subject show.

The surveys reveal that despite much talk about the need for affirmative action in South African companies — spurred by the collapse of statutory apartheid and the possibility of a democratic government — progress in implementing it has been remarkably slow.

The first survey, titled "Affirmative Action — Policies and Practices Handbook", was carried out by human resource consultants FSA-Contact among 71 companies in various sectors of the economy.

The second, by consultants Anthea McGregor and Associates, involved 35 companies.

Both were carried out towards the end of last year.

The FSA—Contact survey found that most companies (58 percent) had an affirmative action programme of some sort, mostly implemented over the past two years. But only 28 percent of all companies had a formal approach to affirmative action.

Two-thirds of the companies canvassed regarded their affirmative action plans as part of their organisations' strategic business plans. Yet only 40 percent of companies evaluated their senior managers on progress towards, or achievement of, affirmative action targets.

The survey found that affirmative action had been successful in the general staff category, but less so in senior and middle management.

Among the main problems in implementing affirmative action the report listed resistance from white employees, inflated expectations from black employees and a non-committal attitude from managements.

Chief executives (CEs) were, on average, the most committed, and the two categories of staff least committed were those in line management and general staff.

"This is an important indicator of the future success of a programme in that without the CE's total support, such a programme will not get off the ground. It is the CE as the leader and visionary of the organisation who will provide the programme with its momentum," the FSA-Contact report said.

Although affirmative action has entrenched itself among the transition's newest buzzwords and is supported by most political parties, there remains a lack of consensus on how it should be effected, both between and within companies.

FSA-Contact's Harriet Webster observes: "There is no common understanding of what constitutes affirmative action. Some people see it as removing the barriers of the past, which is a very basic view. This alone will not achieve what this country needs. Companies have to go further than just removing barriers.

"For instance, if one simply say one wants the best person for the job one has to define what one means by 'best'. Is it the highest-qualified, the most experienced or the person who will best represent one's future markets?"

McGregor warned against over-reliance on quotas to assess the success of affirmative action programmes.

"In assessing progress we have to look at more than just the numbers. We have to look at the performance of the individual as well as the effect of the company's culture on that," she said.

The FSA-Contact survey showed that most companies (60 percent) measured progress or success by the achievement of targets and that only 24 percent experienced a dropping off in standards or a deterioration in quality of work as a result of affirmative action.

It showed that many companies plan to begin to radically change the racial composition of their work-forces in the next three years. This would be aimed at reversing a situation where most management positions are occupied by whites, with blacks concentrated in the lower skilled jobs. (See table)

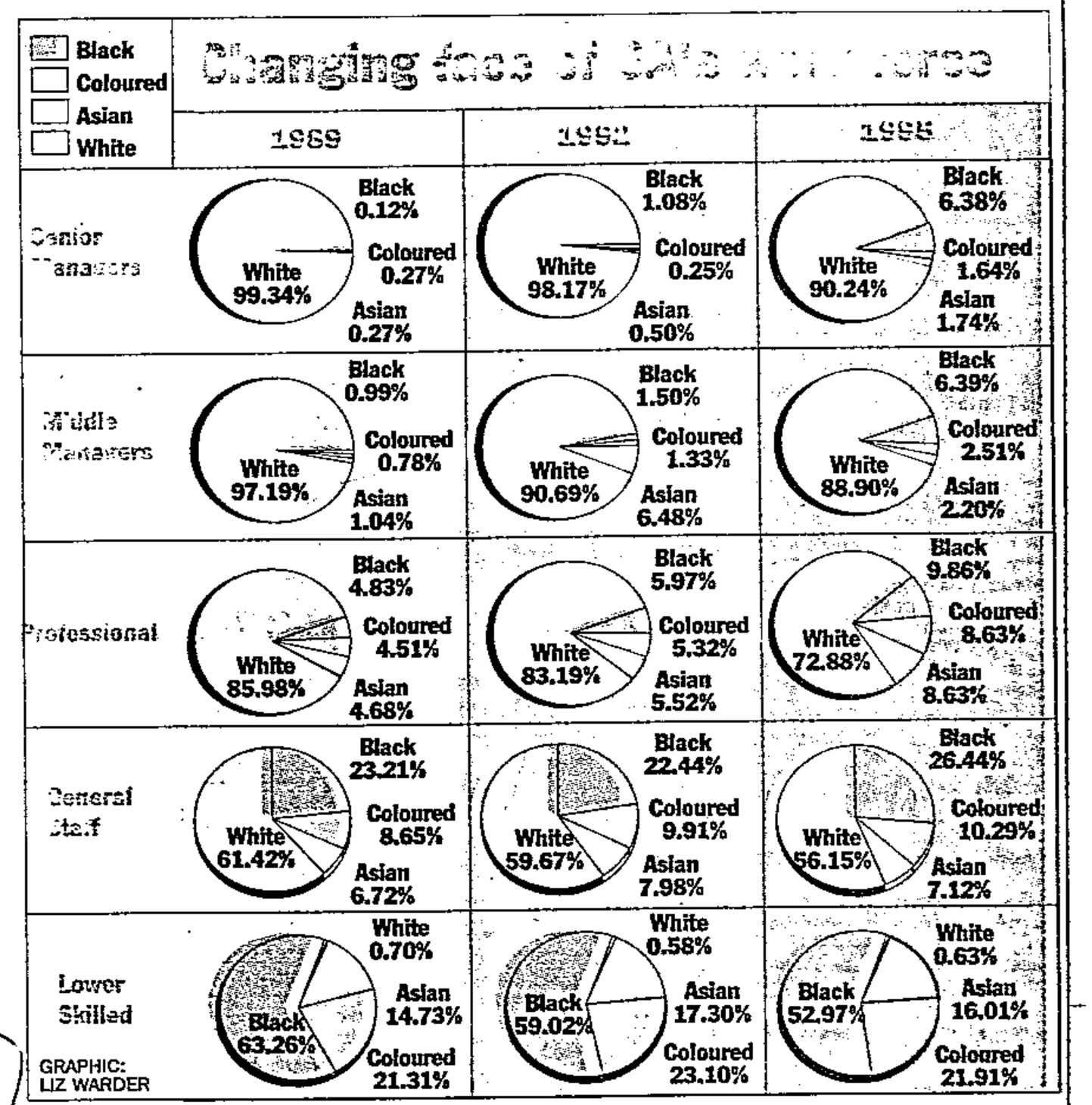
"It would appear ... that organisations have a long way to go before reaching projected targets for 1995. In terms of black employees, the most effort will have to be made at the top of the organisation, where significant increases in the numbers of black senior and middle managers are required," says the FSA-Contact survey.

In the view of Anthea McGregor and her co-authors, based on their survey, a successful affirmative action programme would have to meet various criteria, including:

- Setting realistic targets with the involvement of senior managerial staff.
- Including progress to achieving these targets in performance assessment and reward system of senior managers.
- Developing a way to win line management commitment to affirmative action programmes.

Both reports reject the contention that, because affirmative action failed in the US it was bound to fail here.

Said McGregor: "Our reasons for affirmative action are not the same as theirs. We are seeking to advance people who are in the majority, and not a minority. Also, whereas the American effort sought to move (disadvantaged) people into skilled jobs, we are aiming to move people into management positions." □



Planning for tomorrow . . . how surveyed companies propose to change the make-up of their work-forces by 1995.

Star 3/3/93

'Don't drop standards'

AS one of South Africa's most influential black managers, Don Ncube's views of affirmative action carry much weight.

His credentials are impeccable. At 45, he is the group industrial relations consultant in the giant Anglo American Corporation (AAC), is a member of the AAC and De Beers Chairman's Fund and holds directorships of a number of companies in the AAC stable.

He joined AAC in 1973 as a management trainee and studied at Fort Hare University, Glasgow's Strathclyde University and at the University of Manchester.

Ncube is opposed to dropping standards because of affirmative action.

"At the end of the day we must be competitive domestically and internationally. We must increase our market share, generate more export earnings and improve the quality of life. If we cannot increase wealth-creation and the distribution of that wealth we won't have a country," says Ncube.



Arguing for more opportunities . . . Don Ncube.

"If lowering standards means lowering the quality of what we produce, or the quality of service, then there might be a problem."

While conceding there have been instances where blacks have been promoted as a token gesture, with no real power or responsibility, he warns against using this argument to deny blacks the opportunity of career advancement.

And how would he rate the performance of South African companies in implementing affirmative action?

"I have no doubt in my mind that South African companies have done dismally in this regard. But this is because of a combination of factors, including inferior Bantu Education, formal and informal discrimination and, above all, a reluctance — due to political pressures — of blacks to move into management positions because it was seen as part of the capitalist system," Ncube says. □

Consultants thrive in recession

MANAGEMENT consultancies were experiencing unprecedented growth as the slack economy forced companies to maximise efficiency, industry sources said.

Arthur Andersen strategic services head Adam Wood said management consultancy was outstripping most other industries, with major consultancies achieving 15% to 20% annual growth.

"The poor economy, increased competition from overseas and deregulation of local industries has caused companies to become cost effective and to improve their bottom line performance," said Wood.

Companies were now turning to strategic planning management consultancies for fundamental re-engineering of business practices. BIDAM 3/3/93.

"This can only lead to enhanced efficiency and effectiveness which will put companies in an excellent position when the economy picks up," said Wood.

172 TRACY SCHNEIDER

Ernst & Young director of stategic management consulting Mark Franklin said his company had grown significantly over the past two years. He said companies were using management consultants to ensure the biggest slice of shrinking markets.

"Companies are having to size down to smaller markets and change corporate culture, but often cannot afford to release resources to manage this change. This is where the management consultancy comes in as an external catalyst to change," said Franklin.

Wood said management consultancies honed in on specific issues facing companies, giving a holistic view of business integration.

They accelerated implementation and reduced trial and error or unintended consequences, he said.

LABOUR

Rare skills

Affirmative action is becoming a major issue for business in a changing SA. Only 2% of private-sector assets are black-owned and more than 90% of top managerial positions are held by whites. A 1991 survey (by SPA consultants) of 23 large companies found that most had identified affirmative action as their human resource priority for the decade.

However, in the metal and engineering sector, at least, only about 39% of companies (admittedly the larger ones) claim to have affirmative action policies, compared with 55% who do not. Even then, most of them base it solely on equal opportunity — or removing (official) barriers to entry. Only 5% take the more active approach based on preferential treatment for disadvantaged groups — blacks mainly and women sometimes.

This emerges from an analysis of industrial relations trends in the engineering sector, a major employer, compiled for Seifsa by labour consultant Duncan Innes. Findings are based on 500 responses (18% of Seifsa members) compiled late last year.

The report notes "a serious discrepancy" between the affirmative action policy adopted by Seifsa members and that of black political organisations which advocate action based on preferential treatment. Unless more is done, "affirmative action on a voluntary basis will not suffice and industry faces the prospect of legislation being imposed to enforce it."



Duncan Innes

The other side of the coin, however, as nearly half the "practising" companies find, is inadequate skills and the shortage of appropriate candidates. Companies often complain they cannot find skilled blacks to take up technical posts in engineering and finance. Nearly 20% cite as an obstacle the lack of managerial commitment; 16% lack resources for training; 13% say there's white resistance; 10% had other reasons and 22% did not respond.

Other obstacles are not likely to be overcome soon. Education, training and development form a long-term process requiring "considerable commitment" to human resource development.

Though difficult to achieve in a recession, delay would make things worse, as companies might have to compete for scarce skilled black personnel.

Companies are advised to ensure that there is commitment at board level to putting policies into practice and to driving them within the organisation. This means not only providing training but also giving blacks management experience so that they can develop in the company.

Interestingly, a high proportion (55%) of companies believe their affirmative action programmes are successful. But the standards they use to measure them might not be the same as those laid down by future legislation.

The International Labour Organisation, which has drafted Namibia's Bill on affirmative action in employment — emphasising preferential treatment — is investigating the legal possibilities for such action in SA.

Among the report's other findings on labour in this sector:

☐ Despite opposition in Seifsa, 75% of respondents want centralised bargaining to continue;

☐ Between October 1991 and September 1992, 35% of Seifsa companies retrenched a total of 34 000 people, mostly in large companies based in the PWV, mainly unskilled workers whose package generally was a week's wages per year of service. Significantly, 73% of companies that retrenched held consultations with unions;

☐ 46% of Seifsa companies have productivity schemes, with 59% of them using productivity bonuses, 36% incentives and 32% other productivity schemes. Only 31% of those with productivity schemes had discussed or agreed on them with unions. Two-thirds of those with productivity schemes find them effective;

☐ Only 19%, large firms mainly, have participative management schemes. This, too, is seen as lagging the expectations of a future government. The most common schemes are "green areas" (14%), works councils and regular meetings (7% each), and quality circles (4%). In nearly half the cases, schemes were discussed or agreed with unions and most companies (73%) with participative management schemes believe they are effective; and

☐ Respondents identified seven key areas of training to which they are committing more resources: functional job skills (87%); management skills (55%); industrial relations (50%); literacy/numeracy (33%); interpersonal skills (30%); cross-cultural skills (15%); other areas (14%). ■

PROP

Doubts about viability of R1bn air-rights project

BTRN 30/6/93 (172)

ANDREW KRUMM

CRITICS are wondering whether the planned Johannesburg Tourist, Trade and Convention Centre and associated projects — billed as a R1bn-plus air-rights development over the city's major railway junction — will ever materialise.

"The idea is good, but the R200m required to finance a 2 500-seat convention centre, which will probably be in the form of a subsidy from the city council, may present a stumbling block," a commentator said.

Should the council find the project acceptable, it would be difficult to raise finance in the present political and economic climate, he said.

Proponents of the project rejected the criticism.

Consortium MD Johan de Ridder said: "Certainly a subsidy is needed as convention centres are mostly loss makers.

"But the subsidy would not be wasted as the benefits of a convention centre lie in the economic spin-offs for city business."

Kessel Feinstein Consulting director Gillian Saunders, who did the economic analysis for the centre, said the benefits included not only "direct spend" by delegates, who usually spent more than the average tourist, but also indirect and "induced" expenditure.

"A review of conference facilities in SA shows there is conservative demand for more than 2 000 conferences greater than 500 delegates, but we have few centres that can cater for such numbers."

De Ridder said the finance issue was now out of the centre's hands. "The business plan, including economic analysis and other feasibility studies, was handed to the city council in April and it must decide."

The convention centre was just one part of the project and the the feasibility of a R30m to R40m transit centre to augment the planned convention and hotel complex was being studied.

Negotiations with tourist and transport companies on the feasibility of such a centre were continuing.

City Council planning director Japie Hugo said his department and others were examining the convention centre business plan and weighing up subsidy options.

"The project can be subsidised in two ways — through a direct subsidy from the council, regional or even central government or by indirect subsidy, which involves putting up an adjacent development."

However, he cautioned that a decision on the subsidy would not be taken until the council had voted to pursue the matter further.

Johannesburg management committee vice-chairman Eddie Magid declined to be drawn on when the issue of the convention centre would reach council.

But he said that should council decide to "join the party" financial institutions would follow.

Echoing the view that the economic spin-offs were considerable, Magid said the convention centre had been identified as a "top 10" project in Johannesburg and would assist the city's bid for the 2004 Olympics.