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JANUARY 2019

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# BACK FROM THE BRINK

How does a business break the R100-million turnover mark and still almost face collapse? **Tim Legg and Deseré Orrill** share the growth challenges that took them to the brink, and the strategies that brought them back.

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## BECOME 40% MORE PRODUCTIVE (WITH THE TEAM YOU ALREADY HAVE)

Top performing organisations get more done by 10am on a Thursday than most companies achieve in a full work week – and yet they don't have more talented employees than anyone else, they just deploy them better.

**“My dad was uneducated, but he wanted more for us. He had to pay our school fees in cash when he had the money.” – Khudusela Pitje**

## ON THE COVER



## GROWING GREATNESS

If you asked all the top executives and managers in your organisation what the company stands for, would everyone give the same answer? Most probably not. Joe Public United's co-founder **Pepe Marais** explains why everyone needs to share the same vision, and what you can do to get there.



## BUILDING A LEGACY

From his first pay cheque of R1 250 per month at Lindsay Saker to spearheading a R1,6 billion turnover business that is aiming to make a real and sustainable impact on South Africa and the continent as a whole, **Khudusela Pitje** believes that there's a simple formula to success: Do good. Be transparent. Always communicate. The rest will fall into place. These are his lessons in how to build a lasting legacy.

# A WORLD AWAITS

Many local manufacturers have achieved unimagined heights of growth and success by exporting their products. Top local experts and case studies show you how to get started, what to consider, and why exporting will boost your business.



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“When I left, it created a vacuum that permeated the organisation, and suddenly, everyone had room to grow. It’s a powerful force for growth and change.” – Rich Mulholland

## MAKE MONEY, SAVE MONEY AND BE MORE EFFICIENT

**Succeed in 2019:** Local and international experts share their top advice on everything you need to put in place this year to maximise your profits, save on your bottom line and boost your business, from marketing and sales to building a culture that will drive growth.

**Seth Godin shares the marketing secret to owning 2019**



09

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## DON'T BE SATISFIED, BE HUNGRY

**Rich Mulholland** walked away from the business he spent two decades building because he knew it was time for a change. Today, he’s taking his experience, lessons learnt and renewed passion to lay the foundations of a scalable business that he plans to take global.

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## POSITIVE CASH FLOW AND SMART FINANCING SOLUTIONS

Building a business takes cash, from good cash flows to financing growth. **Linda Frohlich** unpacks how to improve cash flow and when to apply for finance.

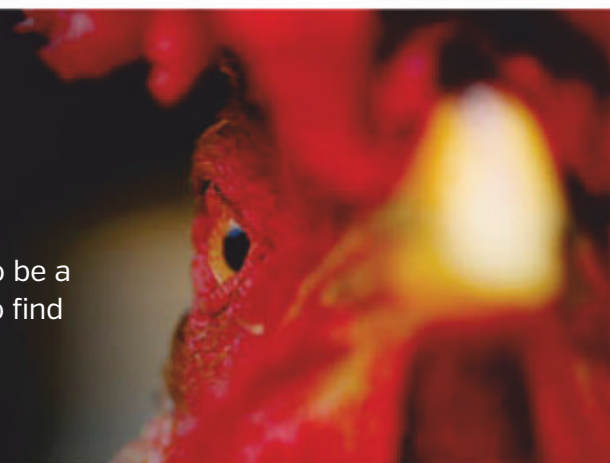
“One of the best ways to solve working capital problems is to unlock cash flow within your own business.” – Linda Frohlich

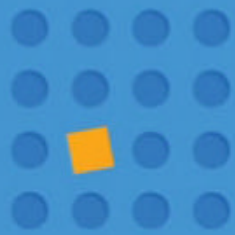
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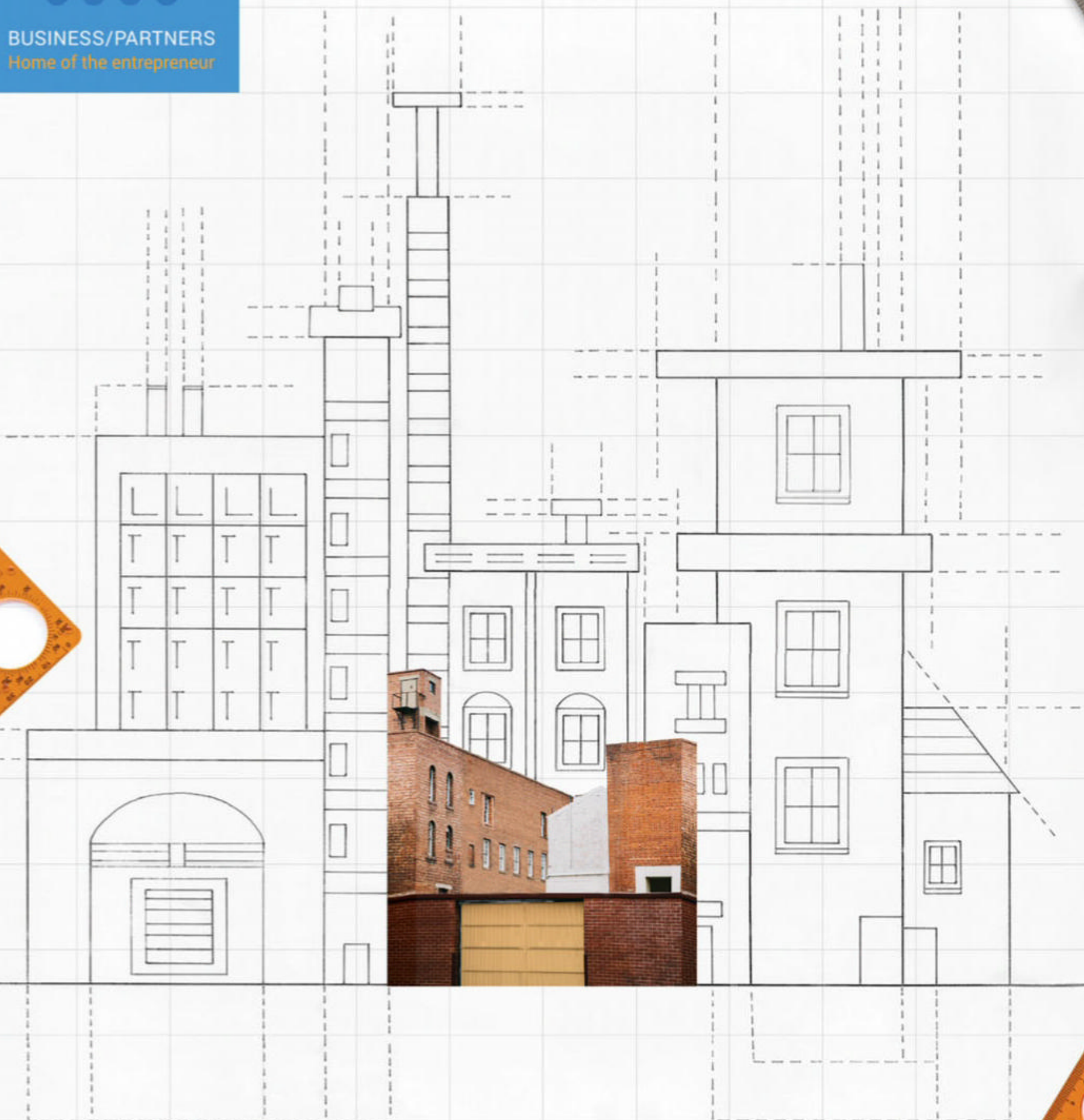
## BUSINESS UNUSUAL

Why waking up at 5am isn’t enough to be a successful entrepreneur – and how to find your productive ‘sweet spot’.





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# THE EVOLUTION OF GROWTH



I'VE SPENT the past few weeks absorbed in thoughts around evolution and the triggers that seed growth in directions we may not have previously considered.

Thirteen years ago, our founders, Andrew Honey and Nicole Honey, secured the licence to publish the world's top selling business magazine, *Entrepreneur*, in South Africa. Since the first issue hit shelves in April 2006, we've grown from strength to strength with one clear purpose: To provide actionable 'how to' advice that business leaders can implement in their organisations to drive growth.

But nothing remains static – not from month to month and certainly not year on year, and while our vision and mission have never altered, how we deliver on them has.

Steve Jobs famously said when he returned to Apple in 1997 that "Deciding what not to do is as important as deciding what to do." We've had to make some choices ourselves, and while they haven't been easy, they've also been very clear. And so, as momentum gathers in the digital space, we too are exclusively embracing that pathway.

### A Shift in Focus from Print to Digital

In November 2018, Entrepreneur Media South Africa announced its decision to stop publishing *Entrepreneur Magazine* and focus exclusively on digital assets going forward. After 12 and half years, 154 issues and multiple awards (including an international award in 2018), this is our final issue.

We're able to make this

bold move because our group of companies are not simply focused on print publishing. Over the years we've built a website that delivers on our promise to curate the best business advice available in South Africa, attracting over one million page impressions per month. We believe that with the right focus, there is great potential to grow this audience.

Our mission remains clear: To help South African business owners and corporate executives build better companies. And to this end we will be launching Entrepreneur.com in South Africa on 1 March 2019.

Entrepreneur.com is a global giant in the SME space, with 14 million unique visitors per month and over 86 million page impressions. The site currently includes regional editions for the United States, Asia Pacific, Europe, India and the Middle East, and we look forward to offering our local entrepreneurs, contributors and advertisers access to this extended reach.

### Always Evolving

Over the past eight years I have personally had the great privilege of interviewing over 400 entrepreneurs, from start-ups to the captains of billion-rand businesses. Their stories often shared a common thread, as each of these successful businesses had to evolve and pivot – often in unexpected ways – to reach their full potential.

We've explored this theme extensively in this issue. From Rich Mulholland stepping down from the business he launched 21 years ago to build a similar company that is infinitely more

scalable, to how the founders of Ole! Media Group had to make sweeping changes to save their business, which today has a turnover of R150 million, the lesson is clear: Change isn't only inevitable, it's often necessary.

It can also be incredibly exciting. Greg Tinkler and Mike Sharman, both regular features in these pages, have just launched new businesses based on years of industry experience. They share their lessons and how important evolution is.

Opportunities for growth are endless and should always be seized. If a company is not growing, it can't attract the most talented team members or make a real impact on the economy and society at large.

Saying goodbye to our print publication is bitter sweet. But we are excited about the future. Together with our directors, Andrew and Nicole, I would like to thank our shareholders, Ivor Jones and Steve Trehair, our team, advertisers, contributors and you, our readers, for a memorable 12 years. May 2019 be an incredible year for you and your business.

And so for now I sign-off as Editor of Entrepreneur Magazine SA and look forward to connecting with you in 2019 as Editor-in-Chief of Entrepreneur.com South Africa. I invite you to join us on our digital adventure

We hope you enjoy reading this, our final issue, as much as we have enjoyed putting it together.

Nadine Todd, Managing Editor


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# SMARTS

IDEAS FOR MAKING WISER USE OF YOUR TIME & ATTENTION

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DRIVE PRODUCTIVITY

## HOW TO SUCCEED IN 2019

From marketing strategies that will capture your market's attention to how to keep top talent engaged, our experts weigh in on what you need to do in 2019 to drive growth in your business. **COMPILED BY NADINE TODD**

MARKETING

# Seth Godin



Don't hunt attention; attract it.



If anyone knows marketing's future, it's Seth Godin. The long-time guru of the subject and author of 19 books, including *This Is Marketing* – preaches a kind of invisible marketing. “The word marketing should mean ‘What do we call it when we make something people want?’” he says. That'll become increasingly important as 2019 brings more digital noise. His challenge: Be relevant, not loud.

**How will marketing continue to change in 2019?**

Attention and trust are the two most valuable elements of our economy going forward, and big companies have a long history of just burning it, wasting it. The alternative is to be the kind of organisation that markets *with* people instead of at them.

**What do you mean?**

The mindset of pop-unders, pop-overs, spam, interruption, demographics,

targeting – these are all hunting tactics. Like, *We have something we want to sell and gosh darn it, we're going to find someone to sell it to.*

**That stuff always makes me feel like the marketer is aware they're unwanted.**

Exactly. What we're seeing over and over again is that the organisations that are succeeding don't do that. They're the ones that would be missed if they were gone. When you act in a way that helps the person achieve their dreams and goals and desires, then you don't have to bully and elbow your way in. We're entering this stage where everyone knows there's no privacy left, everyone knows there's no data security, everyone knows you can't trust anyone. But when someone we can trust shows up, people go, “Oh, that person's different. They're one of us.”

**Where does new technology fit into this? Entrepreneurs have a lot of tools available to them.**

Online technology that's free is generally working when you're welcome, like emails people want to open or websites people want to visit. Online technologies you have to pay for, like programmatic advertising, snooping on people's privacy, boosting things, are interactions that were invented to make social media money, not to help people who are making products that would be found anyway. It makes more sense not to worry about getting big but worry about being important – seeking out the smallest viable audience will demand you make something special. And if it is special, they'll tell their friends.

**That's very back-to-basics.**

Yeah; the basics of a century ago. And the reason this is hard is not because it's scary. The tools of industrial marketing let the big companies off the hook. You just write a cheque and it's not your fault anymore. But if you're going to make it human, it means you're going to put yourself out there and say, “I made this,” and someone is going to see it and say, “I don't want it.” And it's easy to hear that and say, “You don't want me. I failed.” But that's not the right answer. The right answer is, “Oh, I didn't make this for you. I made it for someone like you who believes something different, who wants something different. Let me go find that person.”



## PODCASTING

Own your audience.

Recently, the *New York Times* reported on a new layer of Facebook's role in our current climate of toxicity. This same viral loop that catapulted Facebook into every corner of the earth is slowly turning the other way, towards its unwinding. Facebook isn't going away tomorrow, but audiences are shifting their attention. When only 1% of your audience sees the content that you're producing, it's time for an alternative.

For us, that alternative was podcasting – a great way to own your audience. As a podcaster for the past three years, I've built a personal brand and a successful business brand without spending a cent on advertising. The lesson is simple: Own your audience. It's no longer a viable strategy to rely on distribution sources such as Facebook when the economies underlying those platforms no longer make sense for content creators.

Instead, start looking at alternatives like podcasting to secure the attention of the audiences you're trying to reach. Today, it's all about attention. Consumers don't want to know what products or services you offer. They want content that speaks to their needs and interests.

Podcasting is disrupting the distribution of mobile content. Simply open the app that's preinstalled on an iPhone and off you go.

To illustrate the power of podcasting from a content creation and distribution perspective, we released an episode with Brent Tollman and within 60 minutes we generated a lead from a listener on the other side of the world – and it didn't cost a cent.

The lesson is simple: Re-evaluate the mediums you use as an entrepreneur. Either choose a beach-head strategy where you focus on one medium only and monopolise it, putting all of your resources into creating the best execution of your brand and story, or the ‘be-everywhere’ strategy. Here you recycle your content from a podcast to create scale across social media platforms – but you must always own the attention of your audience. That is where the market for content creators is shifting.

To get started quickly and at no cost, download Anchor, an app for brands and entrepreneurs who want to start their own podcast.

– Matt Brown, founder, Matt Brown Media



## NETWORKING

Building relationships is a two-way street.

Growing your business network is about extending your access to great customers, employees, suppliers, mentors, investors, and other people who can help you grow your business. Start today by drawing up a list of the people you need to see and why, and allocate some time each week for networking.

Make use of your existing network to reach new contacts. A personal introduction or recommendation from a mutual acquaintance can be a powerful icebreaker. To make the most of each networking session, prepare an elevator pitch for your business – a 30-second description of who you are, what you do and how you can help the person you are meeting with.

Networking isn't a one-way street. Where and when you can, act as a connector who introduces people to others who may share their goals and interests. This can place you in the centre of a growing business network. And don't forget to follow up with people after the initial meetings to keep those relationships alive.

– **Andrew Wood, CEO, The Unlimited**



## DIVERSITY

A collection of diverse people in a room drives performance.

We often consider diversity in the workplace as a 'nice to have'. It's not. Science proves that there's a business case for diversity.

Diverse teams that are inclusive are proven to be higher-performing teams. They have higher achievement of goals and better retention of staff, which can result in higher degrees of creativity, problem-solving and social intelligence. To make diverse teams work though, we need to understand why they also make us feel uncomfortable. Our brains feel under threat in diverse teams because we aren't surrounded by people who are 'just like us'. If we can consciously overcome this default wiring, we can leverage the performance power of diversity.

Be aware of unconscious biases at play, and allow your teams to feel challenged by each other, because challenged teams excel. Research has proven it: A diverse team may feel uncomfortable, but they look at issues from all angles and find innovative solutions together. They're more productive and they perform better.

– **Rob Jardine, NeuroLeadership Institute**



## TALENT

Hire the best and pay them what they're worth if you want to drive growth.

As a start-up, we needed to cut down on operational costs, and human resources was an obvious place to start. It was also a huge mistake. Initially, we built 80% of our team around intern graduates. We disregarded their fields of study and used empathy instead of logic. The more an intern fumbled during an interview, the better their chances of getting placed with us.

We ended up with a workforce that wasn't driving our business growth, with far too much of the business's day-to-day operations resting on our shoulders. We've had to learn the hard way that we're not in the business of saving the world but making money, and we've become deliberate about it. HR is much more than hiring, firing and training. It's a living, breathing organism that works inside the culture of our company, which directly impacts our success.

One of the best pieces of advice we've received is, 'Hire people smarter than yourself'. By following this advice, we've become more selective in who we hire. You should also pay your employees what they're worth. We now have extremely high-quality individuals working on our behalf, and we give them the freedom to play to their strengths.

– **Relebohile Moeng, founder, Afri-Berry**

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## AUTHENTIC LEADERSHIP

# Kate Moodley

Integrate your head with your heart and watch the results flow in.

Leadership style is critical within an organisation. How a business is led either retains key individuals or deters them completely. Studies have revealed that organisations led by authentic individuals show greater growth. You need to lead by your values. It's relatively easy to practice your values when things are going well. The true test is when you're forced to make trade-offs between your values and what is important when the going gets tough. How you walk this line could determine if you make it or break it in the business world.



Kate Moodley is Franchise Director for Discovery Consulting Services and author of *Be the CEO of Your Brand*

### Q What is authentic leadership, and why should business owners care about it?

Authentic leadership is a type of leadership style in which people act in a real, genuine and sincere way that is true to who they are as individuals. To become an authentic leader, you need to uncover your purpose. Many successful entrepreneurs have built their businesses around their own narrative. The journey to authentic leadership begins with understanding your life story, your failures and your crucibles. A great example is Howard Schultz, who bought Starbucks at its infancy. His father was a delivery driver who was in an accident and lost his job. This incident shaped Schultz's life. His mother was unable to work as she was pregnant at the time. They lost medical benefits and encountered deep financial challenges. Schultz vowed to do things differently. His dream of building a company that his

father would be proud of and that would offer medical benefits was the result. As business owners, it's really important to understand your narrative as a person as it leads to your purpose and the reason you do what you are doing.

### Q What can business owners do to start practising authentic leadership within their organisations?

South Africa has so many examples of a lack of authentic leadership. This has severely impacted our economy and it will take years to recover. Daniel Goleman, author of *What Makes a Leader*, found through his research that qualities that are traditionally associated with leadership, such as intelligence, toughness, determination and vision are insufficient. Emotional intelligence plays a far greater role. EQ includes self-awareness, self-regulation, empathy, motivation and social skills. Higher EQ allows us to always self-regulate and make choices

that are for the benefit of the greater good. This prevents leaders and business owners from losing their way.

### Q How can business owners evaluate their own leadership style?

It's incredibly important as a leader to understand what your brand is within your organisation. As a leader, you need to have the EQ to receive constructive feedback on your leadership style.

### Q Are there any key leadership traits business owners should avoid? How can they recognise them within themselves?

As a leader, ensure that you avoid the following: Don't expect your team to work harder than you – lead by example. Never lack enthusiasm about what you are doing. Don't *not* communicate with members of your team about your vision and goals. Don't be closed off to new ideas and innovation

from your team members. Don't micro-manage. Instead, empower people enough to live the values of running a 'business within a business'. Don't not be empathetic – be human.

### Q How important is transparency and inclusion when it comes to leadership structures within a business?

Restructuring within a business can be an incredibly taxing process for the employer and employee. It's absolutely critical to be honest and lead the transformation with integrity and due process. It's a matter of the heart as well, and therefore incredibly important to demonstrate a level of empathy. You will always get the best out of people if you are an inclusive leader and you provide transparency in your thinking on the change. In order to be an effective leader, you must have the ability to integrate your head [IQ] with your heart [EQ].

PHOTO: GG VAN ROOYAN



## OUTSOURCING

With smart outsourcing you can save on your bottom line.

Can you outsource parts of your business if you're smart about it? We outsource everything that's not core to the business. Core is the value of products and services that a business delivers to one customer. Who's going to pay you? What is it going to take to deliver that service or product to that first paying customer? That's your core. You can't outsource that, but you can outsource everything else.

This means that I need a smaller team, and smaller teams mean lower overheads. I believe a lot of 'growth' is driven by ego and pride, and the desire to have bigger office spaces and larger teams. If you look at your business critically, you'll find there's a lot you can outsource, increasing the profitability of your business.

There is a balance though. Don't fall into the trap of thinking, 'I can't get to this, so let me outsource it', and then not paying attention to the service or quality you receive. This will damage your business. But also, don't hold onto everything for the sake of doing it all yourself. Think of outsourced functions as a collaboration between the two. If a business that you outsource to is letting you down, fire them. But before that, hold them accountable. That's one of the great things about outsourcing. Someone else is accountable for a critical element in your business, but they still answer to you, because you are the client. — **Vuyo Tofile, CEO, EntBanc Group**



## BRAND BUILDING

Establish your narrative.

Human beings love stories. We are obsessed with series, movies, podcasts, and the written word, [non] fiction. We strive to be entertained. Stories are our ultimate form of escapism, and a device that makes a subject memorable. When developing a business or personal brand, it's imperative that you craft your unique tale.

We are all lead characters in our own story, but we need to construct a narrative of differentiation that will make potential clients sit up and take notice of us; even the most influential amplifiers of stories — journalists — should become enamoured with our *Hero's Journey*.

The best way to do this is through case studies — proof points to showcase that you can *actually* deliver on your promises.

Just make sure you craft whatever story you're creating in such a way that your readers care about you, your business, and most importantly, what you can do for them.

— **Mike Sharman, founder, Retroviral**



## HR

You're in a war for talent. Here's how you keep the best.

Your employees want more work-life balance, while you need to tighten costs and deliver more with less. Great employees will expect some flexibility, but they will reciprocate by working after-hours and on weekends where necessary.

To address this growing demand, there are a few things you can do. Allow employees to work from home when possible. Measure and manage output and establish clear deliverables to ensure the privilege isn't abused. Make it clear that employees must take responsibility for work delivery and that the privilege can be revoked. Introduce flexi-time. The same rules would apply as working from home.

Ultimately, you're in a war to find and retain talent. Employees need to feel valued. Create workplaces that promote development, career advancement and the alignment of culture and values. The more attractive a workplace is, the harder it is for an employee to leave.

— **Jennifer Da Mata, managing director, Strata-g**

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**INNOVATION**

# Luci Nouwens

Embrace technology every chance you get.



**A company that's been active for more than five decades in an industry that's hundreds of years old doesn't sound like a recipe for innovation – and yet that's exactly what Luci Nouwens, owner of Nouwens Carpets, is focused on.**

THE MODERN CARPET has a history that goes back thousands of years. And despite the hipster trend of reclaimed and hard wood flooring, the carpet still remains a popular choice for consumers.

In South Africa, a name that's synonymous with quality carpeting is Nouwens. When Cornelis Nouwens arrived in the country in the 1950s, bringing the skills of a trade which he had mastered alongside his father in Tilburg, the hub of the Netherlands' wool textile industry, he passed on the skills and

the love of the craft to his family and to workers in the Harrismith region in KwaZulu Natal.

More than 50 years after her father started it in 1962, the company remains family owned, and is headed by Luci Nouwens, who has been with the business for 48 years. "We have maintained our reputation for premium quality all this time by paying meticulous attention to crafting standards and selecting only the finest raw materials," says Luci. "Equally important is that we have innovated

at every opportunity, embracing technology without ever compromising the traditional craftsman's spirit."

**Innovation drives growth**

Businesses that innovate are able to grow and hire more employees. As a result, they grab a bigger share of the market. That's true regardless of the size of your business: If you innovate, you can scale up.

In 1968 Nouwens launched a pure karakul wool carpet that was extremely hard wearing and took the company into the commercial carpet market. Luci recalls the manufacturing of the carpet as "a major feat of unique textile engineering." Another innovation in 2005 was the introduction of a totally new style of flat weave wool carpet, a very clean, minimalist and natural look requiring much less wool without compromising on wearability.

"These innovations are just two of many that have allowed the business to boost its market share over the years," says Luci. "But beyond that, innovation has enabled Nouwens Carpets to form the backbone of economic activity and upliftment in the local community around Harrismith. This has allowed us to make substantial investment in providing education and skills development for the local population, to ensure that the craft is preserved for generations to come."

**Innovation enables sustainability**

Innovation in technologies and how they are applied is key to enabling a manufacturer like Nouwens to create new business value, while also protecting the planet. "We have used technology to enable sustainable manufacturing, for the benefit of the business, the community, and our customers."

Nouwens selects equipment, materials and manufacturing methods based on their degree of sustainability and protection of the environment. The company is also a member of the Green Building Council of South Africa and submits its products for VOC testing to ensure that harmful emissions are significantly reduced.

"Ultimately, we are driven by a passion for textiles and the ability to constantly find better ways to produce beautiful products. After the downturn in the economy, we started to produce more cost-effective commercial nylon yarns, and in 2017, we became the new kid on the block for synthetic grass. The bottom line is that a true entrepreneur does what has to be done when the time comes." – **Monique Verduyn**

PHOTO: SUPPLIED



## DISRUPTION

The role of disruption in creating value.

A disruptive business is a business that challenges and potentially changes the status quo. From a mindset point of view, a culture that questions 'why' can help foster organisational and market disruption. But disruption for the sake of disruption is self-defeating, it needs to be on the back of making things better and based on commercial principles, i.e. people or market players actually wanting to be disrupted.

The starting point is this: Does someone, or a market, value what you're producing? If the answer is yes, you have a commercially viable disruption. Disruption that is valued by its target market has the best chance of resulting in success.

Get that right and you'll have a customer base, you'll gain traction and you'll attract investors, provided you're also making a meaningful and sustainable difference to your target market or community.

— **Ian Lessem, CEO, HAVAIC Investment and Advisory Firm**



## COLLABORATION

Team up with customers and competitors.

There's more power in collaboration than competition. We're stronger together than when we're apart. When it comes to working with competitors, consider this: They may have something that you don't, or vice versa, and 50% of something is always more than 100% of nothing. You're then positioned to add value before you add an invoice, so your clients benefit from your relationships, and the market wins. From there, you become your client's go-to-person, because you're putting them first.

Customers are also a great source of knowledge: They might just have the answers you're looking for, but are you asking them the right questions? They often know more about an entrepreneur's business than they know themselves, because they're on the receiving end of your offering. One way to collaborate with customers is to ask them more questions about yourselves, themselves and their clients. Harness their perspective and develop yourself to give them what they want, not what you think they want. — **Wes Boshoff, founder, Imagine Thinking**



## PR

Know what your audiences are interested in.

As a brand, there are many ways to ensure your audience is paying attention to you, but you can't expect them to find you unless you're sharing content that captures their interest. If you send out press releases, don't be too rigid or plain. Audiences want to be engaged, and not to have to deal with long, cumbersome information. An infographic, along with a video or pictures will make your release easier to ingest and more memorable. People don't want boring figures, they want relatable stories.

One way to be relatable is by tapping into influencer marketing. This doesn't mean you need celebrities with the highest followings to endorse you. Micro-influencers are proving to have just as much clout as those with larger followings. Evidence shows that micro-influencers have a more established and deeper connection with their audience, which translates to loyalty and a readiness to follow their advice. The trick is to find the micro-influencers who are speaking to the audience you want to reach.

Big data plays a key role in painting a picture of who is 'out there'. With the right information, you can tailor your content to a specific audience. Big data can show you what topics and problems are trending in your industry, so that you can get the jump on them. Use big data to deliver your own insights on current topics, shaping and leading the conversation, converting your audience's attention into action. — **Madelain Roscher, founder and managing director, PR Worx and Status Reputation Management**

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## ORGANISATIONAL CULTURE

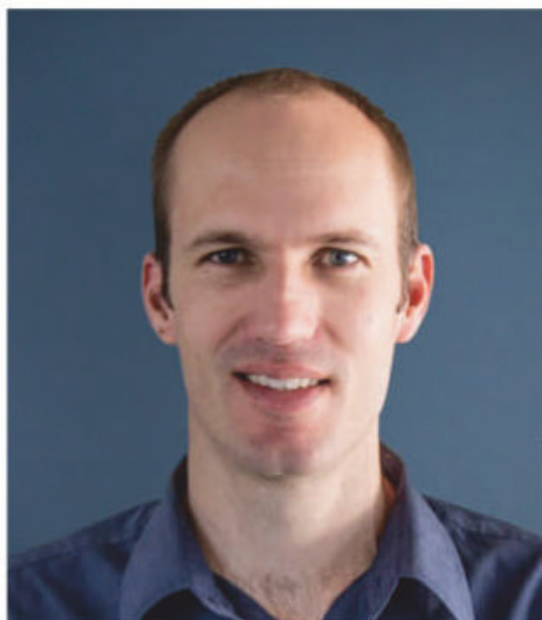
# Paul Kent, Richard Flack and Stephen le Roux

Culture is unique to a business, it's the reason why companies win or lose.

A company's culture is its identity and personality. Since this is closely linked to its brand and how it wants to be viewed by its employees, customers, competitors and the outside world, culture is critical. The challenge is understanding that culture contains unwritten rules and that certain behaviours that align to the culture the company is nurturing should be valued and cherished more than others.

**At Sureswipe, the core of our culture is that we value people and what they are capable of.** We particularly value people who are engaged, get on with the job, take initiative, are happy to get stuck in beyond their formal job descriptions, and who sometimes have to suck up a bit of pain to get through a challenge.

We include culture in everything we do, so it's a fundamental element in our recruitment process. In addition to a skills and experience interview, each candidate undergoes a culture fit in the form of a values interview. We look for top performers who echo our core values [collaboration, courage, taking initiative, fairness and personal



responsibility] and have real conviction about making a difference in the lives of independent retailers. If we don't believe a candidate will be a culture fit, we won't hire them.

If we make a mistake in the recruitment process, we won't retain culture killers, even if they are top performers. This is such a tough lesson to learn, but it liberates a company and often improves overall company performance.

**Culture should be cultivated, constantly communicated and used when making decisions.** At Sureswipe, we often talk about what it takes to win and have simplified winning into three key elements: A simple, yet inspirational vision; the right culture; and a clear and focused strategy. The first and third elements can be copied from organisation to organisation. Culture on the other hand is unique to every business and can be a great influencer in its success.

Catch phrases on the wall are not the definition of culture. A strong culture is purposeful and evolving. It's what makes a company great, but also exposes its weakness. No company is perfect and it's important to acknowledge the good and the bad. Without it, we cannot ensure that we are protecting and building on the good and reducing or eradicating the bad.

**Mistakes happen. That's okay.** But we are very purposeful about how mistakes are handled. Culturally we're allergic to things being covered up or deflected and have had great learning moments as individuals and as an organisation when bad news travels fast. It's liberating to 'tell it like it is' and almost always, with a few more minds on the problem at hand, things can be rectified with minimal impact.

**Culture should be built on values that resonate with you and that you want to excel at.** In our case, some are lived daily and others are aspirational in that we're still striving for them. In each case we genuinely believe in them and encourage each other to keep living them. This increases the level of trust within the team, as there is consistency in how people are treated and how we get things done.

**Paul Kent, Richard Flack and Stephen le Roux are the Executive Leadership Team at Sureswipe**

**We are always inspired when, after sitting in our reception area, nine out of ten visitors will comment on the friendliness of staff.** We hear their remarks about how friendly the Sureswipe team is or a potential candidate will talk about the high level of energy and positivity they experience throughout the interview process. These are indicators that our culture is alive and well. It's these components of our culture – friendliness, helpfulness and positivity – that cascade into how we do business and how we treat our customers and people in general. Being able to describe your culture and support it with real life examples is a great way to communicate and promote the type of behaviour that is important and recognised within the organisation.

**Culture doesn't just happen.** We are fortunate that culture has always been important to us, even if it wasn't clearly defined in our early days. As we grew it became important to be more purposeful in the evolution of our culture. About four years ago, the senior leadership team and nominated cultural or values icons were mandated to relook all things cultural. A facilitator said to us, "You really love it when people take the initiative, and get very frustrated when they don't." That accurate insight became core to our values. We love to see people proactively solve problems, take responsibility for their own growth, initiate spontaneous events, change their tactics or implement new ideas. It energises us and aligns to the way we do business.

We celebrate growth and love to see our staff getting promoted due to their hard work and perseverance. We recently had one of our earliest technicians get promoted to the Regional Manager of Limpopo. It was one of the best moments of 2018.

**Be purposeful with culture, describe it, communicate it and use it in all aspects of business.** Culture should change. Don't allow phrases like 'this is not how we do things,' or, 'the culture here is changing,' to stifle the growth and development of your culture. When done correctly change is a good thing. Culture is driven from the top but at the end of the day it's a company-wide initiative. Design it together with team members from different parts of the organisation to get the most from it. And then make sure everyone lives and breathes it.



## COST CUTTING

The best ROI is achieved when you stop wasting money.

PETER DRUCKER once said that businesses have two main functions – marketing and innovation – that produce results. "All the rest are costs."

If you agree, that means that the average business has a lot of fat to trim. Obviously you can go overboard trying to cut costs too. My philosophy has been to look at some of the general areas where you can add some efficiency but not at the expense of impairing your most valuable resource – your focus.

The following cost-cutting measures will do that. Think of these as adding value to your company, whether it's time, creativity or a closer connection to your consumers.

### Uncover inefficiencies in your process

This is where I begin. In fact, it was analysing the inefficiencies of legal communication and knowledge sharing that led me to create Foxwordy, the digital collaboration platform for lawyers. I noticed that attorneys in our clients' legal departments were drafting new documents from scratch when they could pool their knowledge and save time by using language that a trusted colleague had employed in a similar document. Business is all about process. When you create a new process, or enhance an existing process, you will drive cost efficiency.

### Refine your process, then automate

If existing processes are lacking, it is time to create process. If you have processes, but they are not driving efficiency, it's time to redefine your process. Either way, a key second step is refining processes that are needed in your business. Only then can you go to automation, since automating without a process will result in chaos – and won't save time or money. Similarly, automating a poor process is not going to give you the cost-saving results you are looking for.

Thanks to the Cloud, there are very accessible means of automating manual processes. For instance, you can automate bookkeeping functions with Xero and use chatbots to interface with clients – for very basic information. If you're a retailer, a chatbot on your

site can explain your return policy or address other frequently asked questions. Automating such processes allows you to spend more time focusing on clients and customers. Technology alone isn't a panacea for all business functions, but if you find something you're doing manually that can be automated, take a look and consider how much time and process definition automation would save you.

### Rethink your outreach

Marketing and outreach are usually big and important challenges for an organisation. In my experience, there are two main components to successful marketing – knowing your customers and using the most effective media to spread your message. For the first part, I recommend polling. There are various online survey services that offer an instant read on what your customers are thinking. You may think business is humming along, but a survey could reveal that while consumers like your product, a few tweaks would make it even better.

For the second part – marketing messaging – once you have a firm idea of your marketing messaging, Facebook is a great vehicle for outreach. The ability to granularly target customers and create Lookalike audiences (from around 1 000 consumers) can help grow your business.

### Scrutinise your spend history

There are tools that can help you assess spend history and find cost-cutting opportunities. For example, you might be able to take advantage of rewards or loyalty programmes to reduce common business expenses, like travel, or consolidate vendors for a similar function. If you have a long-standing relationship with a vendor, negotiate better pricing. The most important elements to keep in mind are resources that make your company special. Your company may be built on one person's reputation and expertise. Guard against tarnishing that reputation with inappropriate messaging in advertising or social media. If your company's special sauce is intellectual property, protect that too. But everything else – ranging from physical property to salary and benefits – are costs and should be considered negotiable.

– **Monica Zent**

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# THINK GLOBAL, ACT LOCAL

As one of the largest and most prestigious business schools in Africa, JBS is focused on producing visionary leaders and managers who are geared for progress across the continent, but connected to the world at large. **BY NADINE TODD**

DISRUPTION. INNOVATION. The fourth industrial revolution. These aren't just platitudes at the Johannesburg Business School (JBS), they're the bedrock of the various courses and programmes on offer.

"We are authentically African, as we believe there are huge opportunities in both South Africa and Africa at large, but we are also looking at the global landscape. We have an incredible opportunity to educate and mentor the future generation of Africa's leaders and managers by providing them with the tools they need to be true innovators and disruptors," says Professor Lyal White, Senior Director of the JBS at the University of Johannesburg.

"Day-to-day business in Africa requires leaders to focus on – and deliver – development with a direct impact on communities. The challenges we face present an opportunity. The fourth industrial revolution requires soft skills and humanism in leading and mentoring for competitive and progressive business performance. This is particularly relevant in Africa."

## TAKING ON A NEW ERA

The JBS believes it has an important role to play in future-proofing Africa and her leaders, and is building programmes and a professional teaching staff with this specific goal in mind. "The scope of the fourth industrial revolution is far beyond its digital or information counterparts," says Professor



The JBS was established in 2017 and forms part of the College of Business and Economics at the University of Johannesburg [UJ]. The school has more than 100 full-time faculty members – twice as many as any other business school in South Africa – and provides an interface for a business academia ecosystem, which stimulates and informs purpose-driven business practices with a collective impact.

White. "It's a systemic transformation that impacts civil society, governance structures, human identity, economics and manufacturing, while integrating human beings and machines.

"The underlying technologies for this shift are artificial intelligence [AI], blockchain, nanotechnology, biotechnology, the Internet of Things [IoT], Cloud computing, autonomous vehicles and 3D printing."

JBS sees the humanities as playing a critical role in developing the creative and critical thinking that will be essential ingredients to success in Industry 4.0. "UJ has

the highest concentration of staff with PhDs in AI on our continent and we are more than ready to tackle this new era," he says. "At an unprecedented level, the global environment demands innovative business leaders with entrepreneurial spirit and government officials who can lead African businesses to succeed in Africa. With our focus on providing global management thought leadership and deep African insights, JBS prepares students for that role, giving them a critical edge for success."

## DEPTH AND CREATIVITY

Given the opportunities and challenges presented by doing business on the continent, the JBS is developing and delivering bespoke programmes, designed with a keen focus on depth and creativity. "We're taking an alternative approach to the norm while ensuring we deliver on international standards," says Professor White. "Africa needs world-class business education with a local flavour to develop the management competencies we need and to build excellence. This is the model and approach JBS has taken.

"Fortunately, we attract a great diversity of students who have the drive to succeed, confidence, a strong record of triumph and a burning desire to advance the evolution of business in our society," he adds.

## BRINGING WORLD-CLASS EDUCATION TO AFRICA

"Our offering includes undergraduate diplomas and degrees, postgraduate degrees and programmes, and will soon include a Masters of Business Administration [MBA] degree. On the cards are also online programmes, blended learning and unique contact programmes with delegates from across the continent and partners from around the world."

JBS as a disruptor in the executive education category has two goals: Designing programmes to match the demand of an emerging market, and reshaping existing programmes to meet the demand of customers as their needs evolve. "As a late entrant to the business school market, JBS will be agile and adaptable in order to stay relevant and take advantage of the disrupted higher education environment by offering business skills for disruptors," concludes Professor White. "Conventional approaches and standard business acumen do not work. Preparing individuals and organisations for this context requires programmes with a difference, which is why we're including an MBA with a difference in our offering going forward." □



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# EXECUTIVE EDUCATION OFFERINGS 2019

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## PROGRAMMES:

- **Project Management (26 – 27 Feb)**  
Become proficient at project management. An essential workplace skill that can boost the impact you have on any organisation.
- **Finance for Non-Financial Managers (4 – 8 Mar)**  
Expand your overview of financial performance from a commercial perspective across management functions.
- **Storytelling and Creativity (1 – 2 Apr)**  
The power of the narrative is becoming more recognised across leadership disciplines. Implementing creativity in storytelling will enhance your leadership presence.
- **Negotiation Skills (9 – 10 Apr)**  
Develop your negotiation skills to create more effective partnerships and better results for your organisation.
- **Women Entrepreneurship and Leadership for Africa Programme (19 May-19 Sep)**  
This Programme is offered in partnership with CEIBS with study blocks delivered in Johannesburg and Shanghai. WELA is a practical, hands-on programme that examines the issues, challenges and opportunities women face in creating, managing and leading companies in Africa. The programme is specially designed for women entrepreneurs and is focused on enabling them to identify business opportunities as well as maintain viable and sustainable enterprises.

## MASTER CLASSES:

- **Implementing Strategy (1 Feb)**  
Delve into the core aspects of implementing strategic deliverables and cascading these across your teams.
- **Coaching and Mentoring Centre of Excellence: Session 1 (7 Feb)**  
Access a network of leaders and coaches to enhance your personal growth.
- **Marketing Series: Session 1 (13 Feb)**  
Leverage marketing tools and practices to enhance your clients' experiences.
- **Generating Shared Value (21 Feb)**  
Implement practices focussed on business with the purpose to generate sustainable value for your organisation.
- **Innovation Series (12 Mar)**  
Learn about innovative success stories in the context of industry 4.0 and how to prepare and future-proof your organisation for this digital revolution.
- **HR Series: Session 1 (26 Mar)**  
The HR Series will address key issues facing HR practitioners with robust debate and suggestions to enhance this function.

For more information please visit our website [www.jbs.ac.za](http://www.jbs.ac.za) or email us on [ExecEd@jbs.ac.za](mailto:ExecEd@jbs.ac.za)

# PREPARE FOR TOMORROW, TODAY

We can't predict the future, but we can prepare for it – and the more prepared we are, the higher our chances of success. **BY ERIK KRUGER**

WE LIVE in exciting times. There is no denying that. I am sure that you often wonder about what the future holds for you. Lying awake at night worried about the uncertainty created by technology, the economy, politics.

The things is... I don't know what the future holds for you. Neither do you.

Nothing you can do will change that. Humans are notoriously bad at predicting the future and how it will unfold. I never thought I'd be a professional speaker and leadership coach. Neither did I foresee my book on the shelves of bookstores. Yet, here we are.

How often has something happened to you and before you can find yourself you are daydreaming only the most horrible of outcomes? Breathing life into the words of Seneca when he said, 'We suffer more

often in imagination than in reality'.

This tendency to catastrophise even the smallest thing means that we are perpetually anxious about what the future brings. This anxiety is amplified by uncertainty. The not knowing.

Catastrophising and uncertainty is not the same thing. However, they have the same cure.

We must surrender our idea of controlling the future and instead live in the world we have been given. It's in this world that you can affect change and prepare for what is to come.

Only, we never really prepare for tomorrow, because tomorrow never comes. Instead, we are preparing for and waging the war right here. Today. In the present.

**SI VIS PACEM, PARA BELLUM**  
*Si vis pacem, para bellum* is translated as "If you want peace,

**"There is no trick to being future proof. The thing is, you already are. You have all the tools that you could ever need."**

prepare for war."

So, what does a daily routine look like in which we prepare ourselves for the future. It has three elements:

- » Learning
- » Doing
- » Reflecting.

#### LEARNING

You already know how important this is. It's why you are reading this magazine. However, do

not confuse casual reading and podcast listening with real, deep learning. I would consider it deep learning if you came to *Entrepreneur* magazine as part of a continuous learning programme or in looking for a solution to a specific problem.

Informal learning is great and the way to go. That's why Mark Sham's Suits & Sneakers is making such a big noise in its corner of the world. However, they too know that learning has to happen intentionally.

I see too many people consuming tons of content and never integrating it into their way of thinking and being.

#### DOING

This is kind of my thing. I love seeing people do, try, and move. It's the only way we truly effect change and create results.

The question is what kind of "doing" are you busy with?

The right kind of doing aligns you with your goals. The wrong kind helps you to make no progress at all. It's easy to trick yourself with this one, so I suggest a healthy dose of reality.

A client of mine recently logged all the time spent on various activities and after a week concluded that he wastes tons of time. It was a stark realisation as he thought of himself as a productivity machine.

Do, but do the right thing.

### REFLECTING

All that learning and all that doing needs time to settle. To really integrate into your being. That's the role of reflection.

It's deliberately created moments in which you reflect on what you have done, what you have learnt, the challenges conquered, and the failures withered.

Reflection allows you to deepen your understanding of yourself and the way you move through the world.

You'd be surprised how a daily reflection practice could change your life.

### FUTURE PROOF YET?

*"Live in the present, launch yourself on every wave, find eternity in each moment."* – Henry David Thoreau

There is no trick to being future proof. The thing is, you already are.

You have all the tools that you could ever need:

- » A sharp mind
- » A keenness for learning
- » A desire to create and do.

You do not need more than that. Use what you have and build yourself into the best version that you can be. There is nothing more to be done than that. **EM**



**ERIK KRUGER** is a leadership and personal development coach and the founder of The Mental Performance Lab. His daily email on being better in business and life goes out to 17 000 people.

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[mentalperformancelab.com](http://mentalperformancelab.com)

# TO SURVIVE AND THRIVE, YOU NEED A GROWTH MINDSET

The business case for a growth mindset is not what you think it is – if you're serious about success, you need to start believing in yourself. **BY ROB JARDINE**

ANY LEADERSHIP and personal mastery principle that booms in popularity is ripe for misinterpretation. Growth Mindset has been hailed as one of the defining leadership principles of top international companies and is believed to be one of the core skills that will keep individuals future fit in disruptive times. Despite its popularity and importance, many companies still think a growth mindset is about the profit growth of a business. It's not. And if you don't know what it really is and how to apply it, you and your business might not be around to grow at all.

### GROWTH MINDSET IS ABOUT BELIEF IN ABILITY

Studies that we have done at the NeuroLeadership [NLI] institute have shown that many businesses still believe that having a growth mindset means keeping eyes towards profits and striving for business growth. Having a growth mindset is really about the continuous belief that improvement is possible and that failures

are opportunities to learn. It is much larger than the objective of improving earnings, although applying a growth mindset makes one more resilient and engaged in times of change, which can only improve earnings overall.

Another study completed at NLI revealed that there are five reasons why businesses are applying a growth mindset to drive business success.

### 1 Digital Transformation

The most popular reason is to stay agile in the face of technological uncertainty. Digital technologies are continuing to disrupt the way that we do business and a growth mindset is put forward as a priority to ensure businesses thrive through digital disruption.

### 2 Business Improvement

A growth mindset encourages feedback and continuous improvement and many businesses look to embed this when they are streamlining work streams, teams and business processes.

### 3 Reinvention

When organisations are pivoting they use a growth mindset in their approach to reinvention of culture, operating model and leadership challenges. The growth mindset principle of seeing challenges as opportunities and not threats has an impact here.

### 4 Growing up

In an effort to scale a business, organisations see the benefit of applying a growth mindset to navigate the challenges and turmoil that accompanies growth.

### 5 Performance Management Transformation

Some businesses interview for and reward demonstration of a growth mindset. This means that they value improvement over time as a priority.

Clearly a growth mindset has business success at the core of its value-add to many organisations. It helps businesses be more agile and engaged during change, but how does it work, and how can we



cultivate it?

When faced with a challenge we either tackle it head on, hoping for positive results, or we shy away from the challenge, feeling inadequate. In the brain, this is caused by how we view the challenge. If we view it as a threat, our body reacts with duress (negative stress) and we don't prioritise our best thinking, going into survival mode instead. But if we view it as an opportunity, our body goes into eures (positive stress) and we are energised, our body is able to prioritise its best thinking. This type of behaviour can be categorised into two groups, that of a growth mindset and a fixed mindset.

Psychologists have studied these behavioural traits and found that individuals who believe in their ability to succeed are seen to have a growth mindset, whereas people who give up instantly or constantly harp on the negative aspects of a situation are seen to have a fixed mindset. Therefore, a fixed mindset sees no room for improvement and in return devalues their ability to perform.

**A fixed mindset is linked to a belief that our ability is fixed and a growth mindset is linked to the belief that our ability can be grown.** The surprising finding here is that our default wiring is wired to that of a fixed mindset.

#### CREATING A GROWTH MINDSET

Researchers have found that to incorporate the growth mindset into organisations, leaders should focus on factors such as transparency, empowerment and development.

With the digital age that we are currently living in and even trying to adapt to daily, organisations need to constantly reinvent, improve and manage performance based on digital transformation. A growth mindset assists in the rapid changes that organisations face even on a digital platform.

For a growth mindset to be

established in organisations, management needs to lead the overall process. Thus, there needs to be a shared language. To ensure that there is a shared language, managers should encourage employees to build the right behaviours, and have systems and processes in place that promote a growth mindset throughout the organisation. This can be done by:

- » Valuing and rewarding progress in others
- » Focusing and highlighting learnings from mistakes and challenges
- » Role modelling this behaviour.

Researchers have shown that a growth mindset can have measured benefit in organisations. An internal survey at a technology company showed that 92% of employees agree that learning is a lifelong exercise and 82% of managers displayed growth mindset behaviours. The growth mindset enhances the quality of an organisation for the greater good of future and current employees.

When calamity strikes in organisations, the growth mindset aids in seeing change not as a threat but rather as an opportunity to improve based on a positive mindset.

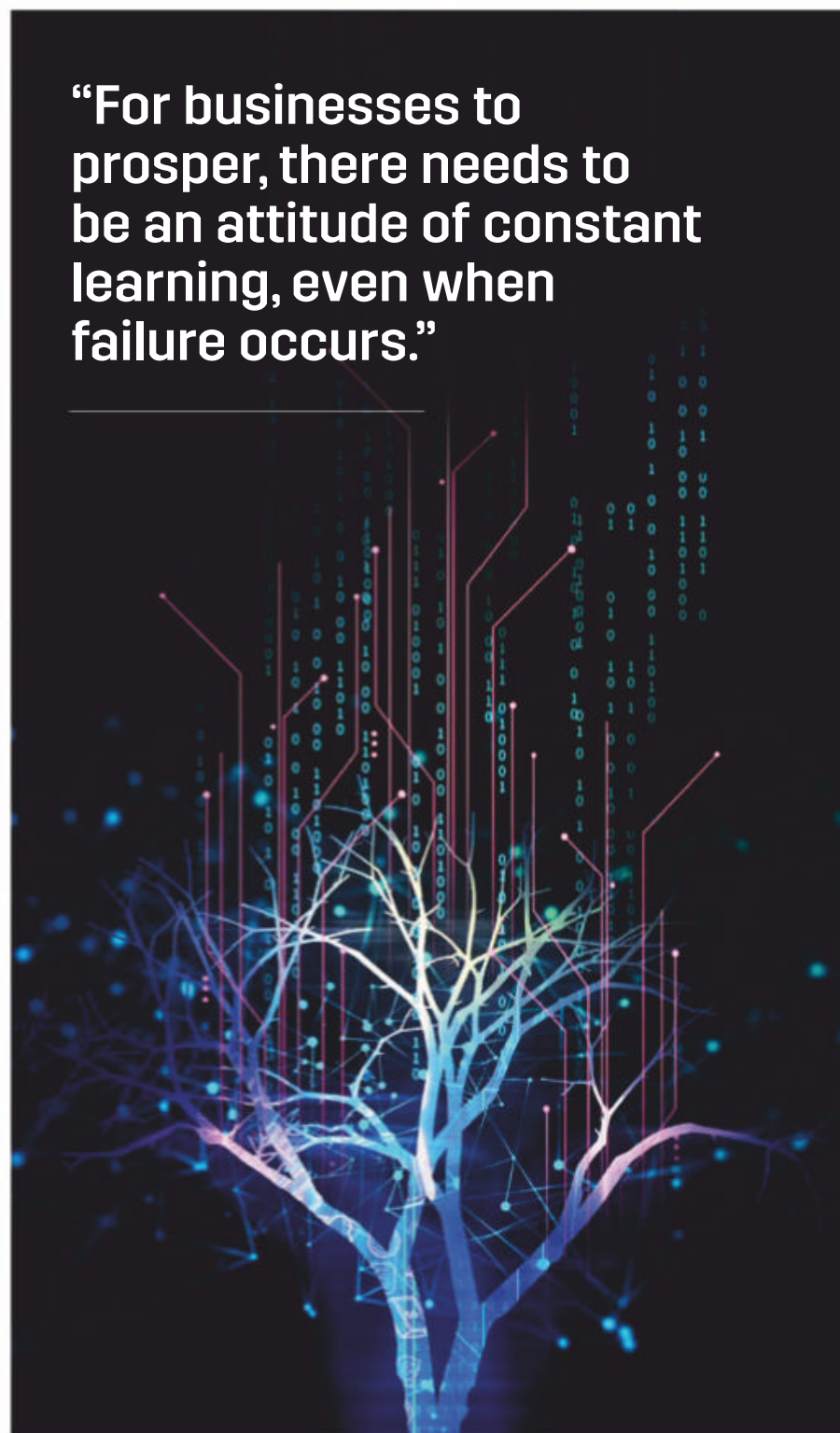
#### SHIFTING AWAY FROM A FIXED MINDSET APPROACH

A fixed mindset hinders progress. For businesses to prosper, there needs to be an attitude of constant learning, even when failure occurs. There are certain things one can do to shift your fixed mindset to a growth mindset. Firstly, eliminate any thoughts of inadequacy. Your thoughts determine your actions, therefore shift your thinking to that of a "can do" attitude. You need to recognise your potential, understand your abilities and that they can be improved, and know that stressful situations are opportunities to learn and grow, rather being a threat.

The minute you find yourself in a fixed mindset with a negative thought process, talk yourself into remembering your capabilities. Try replacing those negative thoughts with, "I know that I am not excelling in this area, but I am going to **learn** how to **improve** and come back **stronger** than before".

A growth mindset is a phenomenon that you must constantly think about and instil in your daily life, both on a personal and professional level to see positive results, remembering that you are in a cycle of lifelong learning. **EM**

**"For businesses to prosper, there needs to be an attitude of constant learning, even when failure occurs."**



**ROB JARDINE** is the Head of Research and Solutions at the NeuroLeadership Institute South Africa.

The NeuroLeadership Institute is a research-driven leadership institute based out of New York City that brings together some of the world's best PhD Neuroscientists and organisational leaders to co-create solutions to leadership challenges. Locally, they offer consulting, education and solution services from offices in Johannesburg and Cape Town.

[www.neuroleadershipinstitute.org](http://www.neuroleadershipinstitute.org)

# WINNING IN 2019

In the current slow-growth economic conditions, business owners are either going to win market share, or have market share taken away from them. Which will you be? **BY JEREMY LANG**

AS YOU PLAN for the year ahead, use it not only as an opportunity to reflect on the performance of the business itself, but also on the wider context in which it operates – where it fits into the market and how to gain market share.

Your annual planning should be a proper exercise, and not light day-dreaming. Take a day or two out of your business. Sit in a quiet place. Focus and document your thoughts. This is too important an exercise to end up in the bottom drawer.

When you're ready with your plan, sit down with your team and start working on their buy-in. Do it with an open mind and accept some of their suggestions that are relevant. A plan cannot be fully implemented without the collaboration of the whole team.

To help you structure your year-planning exercise, consider the following checklist of things that need to be contemplated.

**Look at the wider picture:** What is happening globally, nationally and regionally regarding micro and macro-economic factors such as global demand for goods and services, exchange rate, interest rates, fuel costs, inflation, electricity supply and water supply?

**Check the resources and infrastructure available to your business:** Equipment, staff, storage, administrative capacity, transport and logistics, as well as IT and communication.

**Review your insurance policies:** Can you bring your premiums down? Shop around for better options and update the value of your insured assets to make sure that you are not over- or under-insured.

**Check your liquidity:** Any growth that is not underpinned by a plan to make sure that



**JEREMY LANG** is the regional general manager at Business Partners Limited. For everything entrepreneur, visit the Home of the Entrepreneur at [www.businesspartners.co.za](http://www.businesspartners.co.za).

you will have adequate cash can be very dangerous and can bring the whole business down, even as it expands.

**Look at your efficiencies:** How can you do things better, faster and cheaper without compromising quality?

**Investigate alternative suppliers:** Who else is there in the market? There is a business case to be made for staying loyal to your stalwart suppliers, but there is no excuse for sticking to the same old suppliers just out of habit. Scout the market and renegotiate your supplier terms.

**Think of targeting new markets and creating new products:** If you don't renew and innovate, your business runs the risk of falling behind and becoming irrelevant. Consider how to use new technology to improve your products and services.

**Spend some time with your financials:** Look back to see what went wrong, and why, and what you can learn from it.

**Scan your competitors:** Business owners often say that they don't bother with the competition – they just focus on doing the best they can. This is a good principle to follow when you are in the swing of things. But when you are in planning mode it is entirely appropriate to spend some time scouting out your competitors. You can be sure they are watching you carefully too.

**Marketing:** Because business owners tend to be mostly focused on operations, they often find what works when it comes to marketing, and then they neglect to develop their approach. Marketing channels and methods are changing rapidly, and you cannot afford to rely only on old methods just because they worked in the past. Are you on top of social media? Are there other platforms that you can use, or get better at using?

**Think of ways to preserve your current customer base:** There is scarcely any growth in the economy, so not only are new customers hard to find, but you can be sure that other businesses will be coming after your existing customers. Reach out to your regular customers, listen to them, and focus on improving your service constantly. □



# STOP BEING SATISFIED AND START GETTING HUNGRY

Is it possible to stay passionate after decades in an industry? As it turns out, the answer is yes – as long as you're finding new ways to fuel your fire. As **Rich Mulholland** is discovering, sometimes that also means handing over the reigns of the business you started and nurtured for years to launch something new.  
BY NADINE TODD



**PLAYER:**  
Rich Mulholland  
**COMPANY:**  
TalkDrawer  
**WHAT THEY DO:**  
Helping leaders to speak to their teams  
**VISIT:**  
[www.talkdrawer.com](http://www.talkdrawer.com);  
[thesalesdepartment.co](http://thesalesdepartment.co);  
[msnglnk.com](http://msnglnk.com); [21tanks.com](http://21tanks.com);  
[humanwrit.es](http://humanwrit.es)

IN SEPTEMBER 2018, Goalcast posted a two-minute edit of one of Rich Mulholland's talks on its Facebook page. It's called *How To Not Live With Regret*, and within 24 hours it had 820 000 views. Four months later that number had climbed to 15 million views and had been shared almost 70 000 times.

What's particularly interesting about this talk is how personal it is. Rich is a globally-recognised speaker, and his focus has always been on topics that he's passionate about, but not necessarily personal in nature.

This one was different. "I was really struggling when I did this talk," he says. "I was heavier than I'd ever been. That morning, when I left to give the talk, I couldn't find a shirt that fit. I had to go past the shops on the way and buy an XXL, even though I'd always been a medium. I was almost in tears by the time I arrived to give my presentation.

"I was hating life and hating my business, and facing a big decision: Should I quit Missing Link or continue running a business that I'd started when I was 23 years old, and even though at the time I wanted to take over the world, years later it had developed into more of a hobby."

The problem was that while Missing Link was a hobby for Rich, it was the livelihood of his team, and they no longer had the leadership or the room for growth that they deserved.

"If I chose option B, would I be happy, or really live to regret it?" The reality of Rich's predicament is that he had changed and evolved as an entrepreneur over the past two decades, and he'd come to recognise that he could give more focus and passion to a new business. He just had to take the leap.

"At the beginning, when I was building Missing Link, I had to fight for everything. I couldn't afford anything and I was filled with hunger. And then, after about ten years, that fight was gone. By then, my business was supporting a pretty decent lifestyle.

"So, I found it somewhere else. I found it in public speaking. The feeling I used to get as an entrepreneur walking into a meeting and selling something drove me. It was the biggest high. And then I started speaking, and I'd get off the stage and people would cheer, and that was an even bigger high."

What Rich had to come to terms with was the fact that his speaking career and reputation were growing, but his business was stagnating. "I needed to figure out what I wanted and what success looked like for me."

### LEARNING TO WALK AWAY

Rich is the first to admit that he had a pretty good business that was also a great company. "Missing Link has an incredible team; it's a business that the press is always writing about, and that appears in newspapers and on websites. There's been a lot of hype around how innovative and different we are. On top of that, I lead a great life. My business gave me everything that my lifestyle required of it."

But this had two very large consequences. First, Rich admits his focus was completely off, and the business was suffering as a result. Second, because he was having so much fun, he'd forgotten the fact that he was at the top of the pyramid. He was doing okay, his business was meeting his financial needs, but all the people working for him were in a state of less-than-okay. His satisfaction was getting in the way of their success and hunger for growth, because the business

**Every time we say no to something, we write a cheque that's payable to regret. Eventually, you have to cash those cheques. Regret isn't based on what you achieve, but what you tried. You won't regret not building a large business as long as you gave it a shot. What most entrepreneurs will regret is not trying.**

wasn't growing, and so it couldn't give them more.

Fast forward to the morning of Rich's talk on regret. "The talk encapsulated something I'd really been struggling with. Every time we say no to something, we write a cheque that's payable to regret. Eventually, you have to cash those cheques. Regret isn't based on what you achieve, but what you tried. You won't regret not building a large business as long as you gave it a shot. What most entrepreneurs will regret is not trying."

Rich and Grant Steuart, one of the shareholders in Richard's new venture, TalkDrawer, wrote the speech one week before he gave the talk. Presenting it and then receiving feedback for the next few weeks solidified the decision he needed to make, and three weeks later, without telling Don Packett, his business partner at Missing Link, Rich walked into the boardroom and told everyone he was stepping down and Don would be taking over.

"I expected some objections and to have to negotiate a bit, but everyone just nodded and said okay," says Rich. "Even though I

knew it was the right move, I ended up in a pity party for a few weeks, but then I realised I had to get over myself. I'd made the right decision for everyone – and they knew it too."

At the end of that year, Missing Link's general manager thanked Rich for giving Don the opportunity to lead the business. "Her thanks opened my eyes to something that a lot of business owners miss. You stay because you think you're doing everyone a favour, but the reality is that I wasn't committed to Missing Link anymore, and they were. When I left, it created a vacuum that permeated the organisation, and suddenly everyone had room to grow. It's a powerful force for growth and change.

"Don joined Missing Link 16 years ago. He's very close to the business and once I got out of his way and let him run it, he started making changes that the business needed. It already has a completely different sales

culture. The business has had both its best day ever and its best month ever under Don's leadership."

The move also gave Rich the freedom to explore his own potential. "A few years ago I was at an Entrepreneur's Organisation Leadership Academy, and Warren Rustand said something that rocked me. He said that your success is only important when measured against your potential. It had a profound impact on me, but it's also a tricky one. I don't believe Elon Musk will ever be able to sit back and think, 'right, I've fulfilled my potential.' It's a never-ending goal, and the posts keep shifting.

"So, I've reframed it for myself: Never let satisfaction get in the way of your potential, which is exactly what I was doing. Once I stopped being 'satisfied', I started focusing on my potential. I had started out wanting to change the world. I needed to find a way back to that."

### SAME MISSION, NEW SOLUTION

So, what needed to happen for Rich to make this change? There are two sides to this

question: The business equation, and the personal one. In terms of the business, Rich reached a point where he was able to admit he was holding Missing Link back. But he also needed to figure out what he needed on a personal level.

Over the years, Rich has launched other businesses, written books and become a highly regarded speaker. Now he's using all of that experience to build something that he can scale exponentially – because he's laying the right foundations. He's going back to a goal he had two decades ago but has yet to achieve.

In many ways, TalkDrawer is a more modern, scalable version of the business Rich launched 21 years ago. It still seeks to solve the same underlying problems of how people communicate through presentations. The difference is that technology has evolved, and Rich has learnt a lot of valuable lessons around laying the right foundations for a scalable business.

He's also had the fire to really make a difference re-ignited. "Every business I've started since launching Missing Link has been similar to Missing Link. It's been like retelling a joke I already knew the punchline to. TalkDrawer is different for three key reasons. First, thanks to technology and lessons we've learnt, we're able to plant exponential seeds. This is a highly scalable business. Second, the team is incredible – Justin King is amazing at operationally running a business and Grant Steuart would be the Olympic gold medalist in presentation design if such a thing existed. The difference is that unlike Missing Link, this business needs me to drive it. It's something that needs 100% of me, which is really exciting."

The basic model is a library of on-demand, online presentations for leaders and managers. "There is a fundamental difference between writing a talk and presenting a talk. Most speakers I know start off presenting other people's material in their own way. Business leaders and managers do this as well – they read a book and they want to share the lessons they've learnt, or they're having a problem with culture, or pricing, or customer service within their business and they want to research a talk that addresses those problems. At Missing Link, we were often approached to help write these talks, and we found that we were using the same resources and ideas multiple times."

Another example: Large organisations that broadcast the CEO's message across hundreds of offices, thanks to technology. "Instead, shouldn't the local managers and leaders be addressing their teams? Shouldn't

one message be crafted that each leader can then personally deliver? TalkDrawer assists with that too."

The idea started taking shape a few years ago when Rich read *Rich Dad, Poor Dad* by Robert Kiyosaki. The book had a profound impact on him and he bought it for every staff member at Missing Link. A year later he discovered that no-one had read it. "It wasn't enough to give them the book; I needed to share the lessons."

Fast-forward to his annual Snowcon retreat with his business partner, Don. That year, in the train getting to the retreat where they would address any pressing business concerns or new ideas, they had already mapped out the basic premise of TalkDrawer.

In a nutshell, they would approach

**When I left, it created a vacuum that permeated the organisation, and suddenly everyone had room to grow. It's a powerful force for growth and change.**

authors of new [and existing] business books to create presentations that could be accessed off the platform, giving business leaders the opportunity to use ready-made presentations imparting the lessons they want to share with their organisations, or at conferences.

Through Missing Link and Rich and his team's experience, TalkDrawer already has a lexicon of presentations available covering key business topics, and these will grow as business authors, experts and presentation firms from around the world come on board. Critical to TalkDrawer's potential to scale is the fact that they don't need to create all the material themselves.

The most important element of TalkDrawer however is the feedback loop. "Previously, the impact of a talk or message has been gauged on how loudly the audience cheer. In a business context, this is a useless metric. What organisations need to be able to track is how much the audience has changed based on the talk. The ultimate outcome needs to be programmatic change.

"How many initiatives are launched at annual company conferences, and that's it? We want to solve this problem by creating a keynote presentation that is then supported by, for example, 26 biweekly programmatic presentations that keep driving the message home, and then key KPIs need to be measured and tracked."

#### FINDING YOUR FUEL

After 21 years, Rich is not only invigorated, he's on a mission – but it took some mindset shifts. First, he needed to step away from his ego. "It's an interesting thing; as you learn more, build a bigger business, brand and reputation, you start wanting to be the expert in all things. I needed to get over myself – I'm the expert in presentations. I needed to admit that so that I could own this space."

To actively own the presentations space and double down on it, Rich recently released his latest book, *Boredom Slayer* – a book on presentations. The journey has revealed something incredible for him, and that's how passionate he still is about presenting, two decades after launching his first business in this space.

"We need to change the world's relationship with presentations. Step one is helping leaders get their messages across in ways that will influence real change within their organisations. Step two, and this is the bigger play, is to fundamentally change the way public speaking is taught in schools. We want to separate writing presentations and delivering them. These are essentially two different disciplines, and it starts with how well you write a presentation – you write a good speech long before you deliver one."

By pre-writing speeches for leaders, they can focus on perfecting the art of delivery, building up confidence. Learning the narrative structure of presentations can follow later.

"It doesn't matter what you do, how well you communicate your ideas is the foundation of success. From science to politics, business strategy to human relations – if you can communicate your vision and knowledge, people will believe in you and support you. It's a critical skill." Rich believes these skills should be taught at a primary school level and is working towards a solution that will help make that happen.

TalkDrawer was recently accepted to attend Y Combinator's Start-up School, a ten-week programme that ignited a flame in Rich. "We have something incredible here; we have the opportunity to massively impact this space on a global scale."

As it turns out, Rich just needed to stop being satisfied, and start getting hungry again. Watch this space. **EM**



# 6 STEPS TO CULTIVATE A SUCCESS MINDSET

What does a winning mindset mean to you? It's what has separated the likes of Tiger Woods, Roger Federer, Serena Williams, Usain Bolt and Floyd Mayweather from fellow professional athletes. Adopting a similar approach could help you achieve massive success in 2019 and beyond. **BY BRIGHT AMISI**

A WINNING MINDSET is the trait that allows you to persist even when defeat looks like the most probable outcome. People with a winning mindset are much clearer about the process to attain their goals. They are not afraid of failure as long as they believe that they're doing the right thing. That's the difference between winners and losers.

## 1 Persist and understand that you must put in the work before you see results

The most successful people embody the principle of a winning mindset, because very few people in the world, be it in sports or business, can succeed without having to overcome obstacles. It's seldom that talent is all one needs to succeed in any endeavour, otherwise most people would be successful.

A good way to understand this principle is to observe professional athletes before and during tournaments. Anybody competing in professional sports, such as the Olympics, has the talent but not all professional athletes are winners. A number of their memorable victories were achieved when they came from behind, when it looked like they were losing.

## 2 Press the reset button for the new year

The new year is notorious for long lists of resolutions that are not honoured and ultimately remain wishes. That said, the dawn of a new year tends to bring with it positive energy and a commitment to do things differently.

Entrepreneurs need to approach the New Year with a simple goal to do better than the prior year in whatever endeavour they are undertaking. It is important to build on current success or failure, and then commit to go one up. That way, the goal won't seem unattainable.

## 3 Take small incremental steps

The first step is to be clear about the goal and to write it down where you can see it every day. The second thing is to map the process of how you will get there, broken into small steps. From there onwards, focus on the process and not the goal, as this allows one to achieve small but important victories. This needs to be backed up by an appropriate support system, associating with like-minded people.

## 4 Don't stop upskilling yourself

Success in business is about creating shared value and solving real-world challenges that customers grapple with. Skills are therefore necessary to achieve success, so upskilling oneself is never a bad investment. It's good to know something about everything, but ultimately one needs to know everything about something.

Some skills will be brought in through hiring staff, others through outsourcing and in some cases through strategic alliances.

## 5 Remember that no goal is static

One of the most important things to always remember is the goal, and that the goal is dynamic; it will have to be adjusted along the way. Business leaders can therefore celebrate the small victories fully aware that there is more work to be done. Achieving temporary success is easy, especially with all the tenders around, but building a sustainable business and staying on top requires persistence and hard work.

## 6 Your top tool is in your head

It's all in the mind, backed by passion and a strong desire to succeed. If anything, business leaders need to train themselves to be uncomfortable with the status quo, not to get too comfortable with the present. □



**BRIGHT AMISI** is the chairman of the Association of Chartered Certified Accountants (ACCA) SA Member Panel

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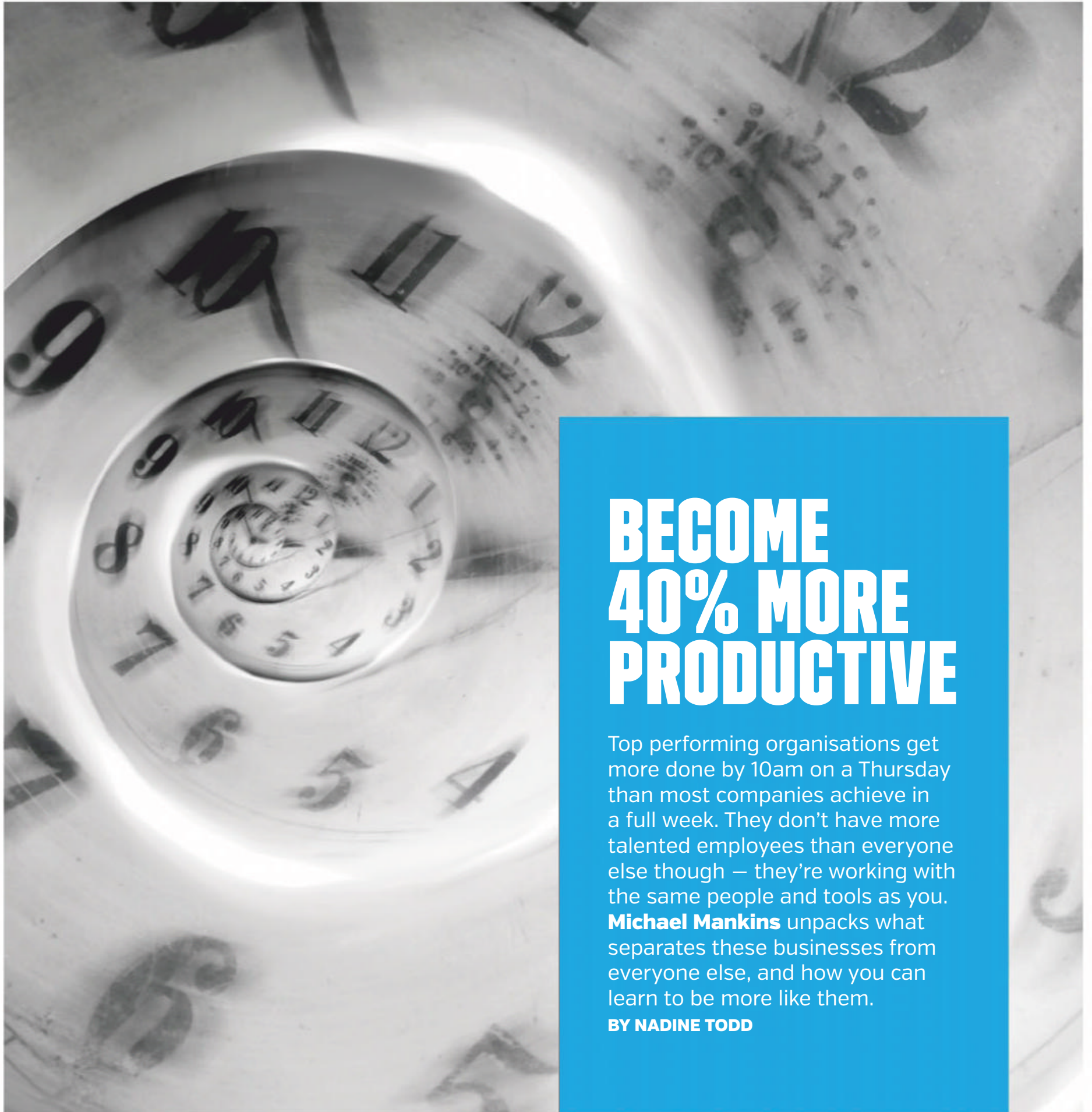
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# SCALE

ACTIONABLE 'HOW-TO' INSIGHTS FOR COMPETITIVE ADVANTAGE



## BECOME 40% MORE PRODUCTIVE

Top performing organisations get more done by 10am on a Thursday than most companies achieve in a full week. They don't have more talented employees than everyone else though – they're working with the same people and tools as you. **Michael Mankins** unpacks what separates these businesses from everyone else, and how you can learn to be more like them.

**BY NADINE TODD**



**W**hen Bain & Company partner, Michael Mankins evaluates businesses, he clearly distinguishes between efficiency and productivity. Efficiency is producing the same amount with less – in other words, finding and eliminating wastages. Productivity, on the other hand, is producing more with the same, which requires an increased output per unit of input and removing obstacles to productivity.

Interestingly, when businesses face challenges or tough operating conditions, the first response is always to become more efficient, instead of more productive. Restructuring and ‘rightsizing’ are the result. The problem, says Michael, is that when companies take people out, they don’t take the work out, and so the people end up coming back, along with the costs.

A better response, he says, is to identify the work that could be removed to free

The results were unexpected. “We were asked to research the difference between top performing organisations (the top quartile) compared to average organisations. I honestly thought the answers would be obvious, even if we didn’t yet have the tools to track them. I thought the best companies would have the best people. That’s 90% of the answer. Simple as that.”

As it turned out, it wasn’t that simple at all. Of the 308 organisations in the study, drawn from a global pool, the average star performer or A-player was one in seven employees. This statistic held true whether the company was in the top 25% of performers or an average performer. The difference was that the top performing businesses were 40% more productive than their counterparts – and yet their mix of talent, on average, was the same.

“There were some exceptions, but on the whole, the best in our research accomplishes as much by 10am on a Thursday as the rest

around bureaucratic procedures, complex processes and anything else that wastes time and gets in the way of people getting things done, but doesn’t lead to higher quality output or better service to customers. That’s what we call organisational drag. You start at 100 and then the organisation drags you down. The good news is that you can make up for organisational drag in three ways: First, you can make better use of everyone’s time. Second, you can manage your talent better by deploying it in smarter ways, which includes placing it in the right roles, teaming it more effectively and leading it more effectively. Third, you can unleash the discretionary energy of your workforce by engaging them more effectively.”

This trifecta – time, talent and energy – became the basis for Michael and Eric’s book, *Time, Talent, Energy: Overcome Organizational Drag & Unleash Your Team’s Productive Power*. “The way you manage the scarce resource of talent can make up for some, potentially even all, of what you lose to organisational drag,” says Michael.

**Of the 308 organisations in the study, drawn from a global pool, the average star performer or A-player was one in seven employees. This statistic held true whether the company was in the top 25% of performers or an average performer. The difference was that the top performing businesses were 40% more productive than their counterparts – and yet their mix of talent, on average, was the same.**

up time, which could then be invested in producing higher levels of output.

While businesses have become very good at tracking the productivity levels of blue-collar and manufacturing workers, tracking the productivity of knowledge workers is entirely different.

“There’s no data around white-collar productivity,” says Michael. “The problem is that the world is shifting towards knowledge work, and so, if we can’t measure productivity, output and obstacles in that space, businesses will never get the great levels of performance they’re looking for.”

Because of a complete lack of statistics in this area, when Michael and his colleague, Eric Garton, were approached by *Harvard Business Review Press* to write a book dealing with this issue, they had to devise a way of looking at the relative productivity of organisations comprised of white-collar workers.

do the whole week. And they continue to innovate, serve customers and execute on great ideas – all with the same percentage of A-players as other, more mediocre businesses.”

So, what were the differentiating factors?

#### **WHAT’S DRAGGING YOUR ORGANISATION DOWN?**

First, we need to understand how Michael and Eric approached their research before we can understand – and implement – their conclusions.

“We began with the notion that every company starts with the ability to produce 100 if they have a workforce that’s comprised of average talent, that’s reasonably satisfied with their job and can dedicate 100% of their time to productivity – bearing in mind that no-one can dedicate 100% of their time to productive tasks.

“The question we were focusing on was

#### **WHAT THE RESEARCH REVEALED: TIME**

“Wasted time is not an individual problem,” says Michael. “It’s an organisational problem. The symptoms include excess emails and meetings and far more reports being generated than the business needs to operate.”

These are all manifestations of an underlying pathology of organisational complexity, which is managed by senior leadership. “The best companies lose about 13% of their productive activity to organisational drag. The rest lose 25%. The most important thing is to reduce the number of unnecessary interactions that workers are having. That means meetings and ecommunications need to be relooked.”

The easiest manifestation for Michael and Eric to observe were hours committed to meetings and how much time workers spend dealing with ecommunications. What’s left-over is the time people can actually get some work done.

What they found is that the average mid-level manager works 46 hours a week. 23 hours are dedicated to meetings and another ten hours to ecommunication. That leaves 13 hours to get some work done – except that it doesn’t.

“It’s difficult to do deep work in periods of time less than 20 minutes. When we subtracted all the other distractions that happen daily, we were left with just six and a half hours each week to do work.” What’s even scarier about this statistic is the fact



**PLAYER:**  
Michael Mankins  
**COMPANY:**  
Bain & Company  
**VISIT:**  
[www.bain.com/offices/johannesburg/](http://www.bain.com/offices/johannesburg/)

that meeting work and ecommunication time is increasing by 7% to 8% each year and doubles every nine years. If left unchecked, no-one will have the time to get any work done. "This is why everyone plays catch-up after hours and on weekends," says Michael.

"One of my clients told me that his most productive meeting is at 6.30am on a Saturday, because it doesn't involve one minute that isn't required or one individual that doesn't absolutely need to be there. If the same meeting was held at 2pm on a Tuesday, there'd be twice as many people, it would be twice as long and there'd probably be biscuits."

The point is clear: We don't treat time as the precious resource that it is, and if we did, we would radically shift our behaviour.

Start by asking what work needs to be done and then figure out the best structure to do that work. "Don't confuse having a lean structure that does the wrong work with being effective," says Michael. "One of the biggest problems we see is that companies are not particularly good at stopping things. Things get added incrementally, but nothing ever gets taken away. For example, we found that 62% of the reports generated by one of our clients had a producer – but no consumer. Time, attention and energy was invested in reports that no one needed and no one read.

"Ask yourself: How many initiatives have you shut down? If you made the decision that you could only do ten initiatives effectively, and each time you added an

initiative, one had to be eliminated, what would your organisation look like?

"Unless you routinely clean your house, it gets cluttered. The same is true of companies. Initiatives spawn meetings, ecommunications and reports, which all lead to organisational drag."

#### **WHAT THE RESEARCH REVEALED: TALENT**

According to Michael, the biggest element in their research that explained the 40% differential in productivity is the way that top performing organisations manage talent.

"We conducted research in 2017 that revealed the productivity difference between the best workers and average employees. Everyone knows that A-level talent can make a big difference to an organisation's performance, but not everyone knows just how big that difference is."

To put it in context, the top developer at Apple writes nine times more usable code than the average software developer in Silicon Valley. The best blackjack dealer at Caesars Palace in Las Vegas keeps his table playing at least five times as long as the average dealer on the Strip. The best sales associate at Nordstrom sells at least eight times as much as the average sales associate walking the floor at other department stores. The best transplant surgeon at Cleveland Clinic has a patient survival rate at least six times longer than that of the average transplant surgeon. And the best fish butcher at Le Bernadin restaurant in New York can portion as much

fish in an hour as the average prep cook can manage in three hours.

It doesn't matter what industry you investigate, A-level talent is exponentially more productive than everyone else.

This is why Michael thought that the obvious answer to why some organisations perform better than others is the mix of talented employees they've attracted.

"When we asked senior leaders to estimate the percentage of their workforce that they would classify as top performers or A-level talent, the average response was slightly less than 15%. And that's despite the fact that most companies have spent vast sums of money in the so-called war for talent."

The big difference, as Michael and Eric discovered, is how that talent is deployed. "It's what they do with that one in seven employees that makes the biggest difference," says Michael. "Most companies use a model called unintentional egalitarianism, which basically means that they spread star talent across all roles. The best on the other hand, are more likely to deploy intentional non-egalitarianism. They ensure that business-critical roles are held by A-level talent."

The challenge is that approximately 5% of the roles in most companies explain 95% of a company's ability to execute its strategy, and very few organisations articulate which roles those are – but the ones that do tend to be top performers.

"There's an excellent historical example of this at work," says Michael. "Between 1988 and 1994, Gap was a high-flyer in the retail sector. They performed globally on all levels – they grew faster than anyone else, were more profitable, had higher shareholder returns, and were the most admired company.

"During that time period, the organisation was led by Mickey Drexler, and his strategy was to focus on what he believed was Gap's critical role, which was merchandising. He wanted every merchandiser to be a star. 'No one will tell us what the colour is this year – we're going to tell the world. We're going to determine which styles are in and what everyone will be wearing.'

"And they did. If you want proof that Gap's merchandisers were in fact stars during that period, you can look at today's CEOs and COOs of the world's largest retailers. Most of them were merchandisers at Gap during those years."

The challenge of course is that everyone is always trying to hire stars, and yet only 15% of employees can be described as A-level talent. What can organisations do to utilise

their stars wisely?

“First, move a star into a different position if they’re not in a business-critical role. To achieve this, how you define a star might have to change. Some companies hire for positions, and others hire for skills across positions. Stars, in my view, are more the latter. They can learn different skills and fill different roles.

“Second, start defining your business-critical roles. If you ask executives what percentage of their roles are business critical, most say 54%. They’re not discerning. It’s unintentional, because they don’t want to signal to their workers who aren’t in a business-critical role that they’re not as valuable to the organisation, but the reality

to quantify the impact of a great boss on team productivity. They found that a great boss can increase the productivity of an average team by 11%, which is the same as adding another member to a nine-member team.

“If you take that same boss and put them in charge of an all-star team, productivity is increased by 18%, and this is with a team whose productivity was exponentially higher to begin with. Great bosses act as a force multiplier on the force multiplier of all-star teams.”

According to Michael and Eric’s research however, what most organisations tend to do is place a great boss with an under-performing team in the hopes of improving

“We thought everyone would answer D. We were wrong. 30% of our bottom three quartiles answered B, closely followed by C, and then A. Only 8% of them answered D.

“The results were very different in our top-performing quartile though. There, 81% of respondents answered D. In other words, the 25% most productive companies in our study set were ten times more likely to assemble all-star teams with their best players than the remaining 75% of the organisations in our research.”

How talent is deployed makes a difference. “I recently had this highlighted for me through another sporting analogy. The world record for the 400-metre relay is faster than the 100-metre dash multiplied four times. How is that possible? When your role is clear and your position is clear, the handoff is seamless. Under these conditions, the best teams outperform a collection of the best individuals.” Michael does offer a word of advice though. “Don’t fall into the trap of believing that if you do have the best talent, you don’t need to worry about anything else. I don’t believe that’s true. There are always higher levels of performance that can be achieved because there are always areas you can improve on.”

**“Engaged employees are 45% more productive than satisfied employees. An inspired employee is 55% more productive than an engaged employee and 125% more productive than a satisfied employee.”**

is that people figure it out anyway, and you just end up with business-critical roles that aren’t filled by the right people, and stars in positions that anyone else could fill.”

**TEAMS PERFORM BETTER THAN INDIVIDUALS**

To understand how important teams are when deploying talent, Michael uses an example from the world of racing – Nascar in the US to be precise.

“Between 2008 and 2011, there was one pit crew that outperformed everyone else on the track,” he says. “A standard pit stop is 77 manoeuvres, and this crew could complete them in 12,12 seconds, which was faster than any other team. However, if you took one team member out and substituted them with an average team member, that time jumped to 23 seconds. Substitute a second team member, and it was now 45 seconds. The lesson is simple: As the percentage of star players on a team goes up, the productivity of that team goes up – and it’s not linear.”

Michael and Eric also discovered that the role leadership plays on team productivity is both measurable and exponential.

“In 2011, the National Bureau of Economic Research wanted

them, when what they should be doing is pairing great bosses with great teams.

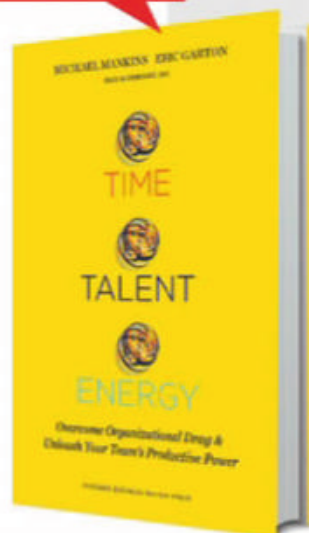
“We did a survey that asked a simple question: When your company has a mission-critical initiative, how do you assemble the team? A: Based on whomever is available. B: Based on perceived subject matter expertise. C: We attempt to create balanced teams of A, B and C players to foster the development of the team. D: We create all-star teams and we put our best leaders in charge of them.

*Time, Talent, Energy: Overcome Organizational Drag and Unleash Your Team's Productive Power*, by Michael Mankins and Eric Garton, focuses on the **scarcest resource** companies possess – talent – and how it can be utilised to drive productivity.

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and only 13% are inspired. “These statistics are pretty constant, although top organisations can improve their engaged and inspired ratios,” says Michael. “What we found amongst those companies that did have more engaged and inspired workers was that they all tended to believe that inspiration can be taught. It’s not innate. You can become an inspirational leader with the right attitude and training.

“For example, one organisation surveys its employees every six months and specifically asks workers to rate how inspirational their leaders are. If you’re rated uninspiring by your team for the first time, you’re given training. If, six months later, you’re still rated uninspiring, you’re given access to a coach to evaluate why the tools aren’t working for you.

“By the third, two questions are asked: Should you be a leader, and should you be at the company? Many productive employees can be effective individual contributors but aren’t necessarily leaders, or aren’t happy as leaders, and would best serve the organisation in a different role. The second question is tougher, but even more important. If an inspired employee is 55% more productive than an engaged employee and 125% more than a satisfied employee, an uninspiring leader is a tax on the performance of the company, and there has to be a consequence to that. We have to constantly enrich our workforce and leaders need to be included in that.”

The problem is that very few organisations are asking how inspiring their leaders are. “If you don’t know if your employees are engaged or if your leadership is inspiring, you can’t address it,” he says. “You can take a satisfied employee and make them engaged, but you can’t inspire someone if they aren’t first engaged – that’s the hierarchy. Employee engagement is largely achieved through the way you manage teams. You have to give people the sense that they are having an impact, working within a team and learning. Get that right, and you’ll unlock a powerful level of discretionary energy that will drive productivity in your organisation.” **EM**

PHOTO: ANKIT MANOHARAN\_UNSPLOASH



## WIN MORE SALES

Businesses that can prove and deliver the greatest value can ask their price.

# FOCUS ON VALUE, NOT PRICE

Customers want value for money. It’s time to rethink your pricing strategy (without losing your margins). **BY ED HATTON**

PRICING STRATEGY may be low on the priority list, but complaints about competitors’ low prices get a lot of attention. It’s time to rethink your pricing strategy and rules.

For most of us, pricing is a cost-plus system, the calculated cost of an item is marked up by a percentage to get the selling price, which may then be discounted to match competitive prices. This method assumes that your cost is the lowest it could be, which is rarely true. It is likely you could drive down costs by smarter purchasing or more efficient manufacturing.

The second wrong assumption is that the mark-up percentage is correct; it is more likely to be a long-ago rounded off thumb suck of what you need to run the business, and out of date in this economy. Crucially, cost plus pricing ignores the value that a customer gains when buying the product.

Research shows that customers increasingly seek value for money and will even pay a premium for value. This

is especially true of young people, but all classes of buyers, from giant corporates to very poor individuals, seek value over price. Many tenders are not awarded to the lowest bidder but to the supplier best able to deliver. Very poor people buy expensive branded food because they are trusted. Companies hesitate to switch suppliers only for price, particularly where delivery and quality are vital. With all this evidence that value is important, it’s time to rethink your pricing.

### DETERMINING VALUE

Ask your customers what factors are important when choosing suppliers. Price will always be one factor, but focus on the others. Your goal is to become the supplier that best matches all their needs. In many cases, you may even be able to increase your price. Bottled water sells for anything from R5 to R50 a bottle, simply based on the buyer’s perception of the health and other values of that brand. You can get a website and brand identity for less than R10 000 or more than R1 million – neither

are the wrong price, it depends what the buyer needs. Get all the information you can and don't rely on your own or your sales team's perception of customer needs.

What happens if you cannot make money at the price the customers see value in the item? Start a harsh examination of your buying or manufacturing efficiencies. At the same time re-examine the margin calculation – lean businesses need less margin than lazy ones. If you still cannot make or buy it economically, consider changing your pricing strategy.

#### PRICING STRATEGIES

Convenience pricing is offering a bundle of goods and services for a single price or monthly fee. The customer can easily assess affordability and decide if this offers value. Cell phone suppliers and motor dealers adopt this pricing method. You buy a car for a single monthly fee including the car, warranty, maintenance plan, roadside assist, financing and other items. Both customer and seller are satisfied.

Value-based pricing sees the price determined by the value of the product or service to the individual buyer. The most skilled value-based pricing experts are the street hawkers who are quick to assess the value a student, a businesswoman or a tourist may put on an item. Public speakers have different prices for different audiences like large businesses, start-ups and NGOs – I use this method.

Incentive-based pricing is widely used in the IT and construction industries. It works on the basis that the price is variable and depends on the performance of the supplier. An IT project may have a nominal price but bonuses are paid for early completion, being below budget or developing more than the requirements. Conversely, not meeting deadlines, delivering late, poor quality or incomplete systems will reduce the price eventually paid. Consider if your business can use one of these highly effective pricing strategies. **EM**



**ED HATTON** is backed by 25 years of experience in the SME marketing landscape, with a focus on new ideas and strategies for SME growth.

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# POSITIVE CASH FLOW AND SMART FINANCING SOLUTIONS

When building a business, good cash flow is key to success. **Linda Frohlich** unpacks when you should get finance to grow your business. **BY NADINE TODD**

**T**he biggest challenge most business owners face is cash flow. A lack of cash flow stifles growth and can even lead to business failure.

When cash flow is tight, most business owners start looking for debt funding. While debt funding can be an excellent and effective growth tool, if accessed for the wrong reasons, it can actually do more harm than good, creating debt that business owners cannot afford.

Linda Frohlich, Executive Director at Sasfin, explains how you can unlock cash flow in your business and when it makes sense to access debt funding.

#### UNDERSTAND YOUR CASH CONVERSION CYCLE

A business's cash conversion cycle is the length of time it takes a business to convert its investment in inventory and other resources into cash flow from sales. "Your cash is tied up in the production and sales process before you are paid by your customers," explains Linda. "The shorter your cash conversion cycle, the healthier your cash flow and the greater your ability to pay your bills and suppliers without incurring penalties."

Some business models have better cash conversion cycles than others. A business like Amazon, for example, whose cash conversion cycle in 2017 was negative 30,6 days, has an extremely good cash conversion

cycle. The online retail giant ensures its inventory moves through the cycle quickly, and it collects cash from consumers before payments to suppliers are due. This means that Amazon has a lot of working capital and is able to invest in its own growth.

"One of the best ways to solve working capital problems is to unlock cash flow within your own business," says Linda. "Evaluate your inventory cycle and whether you have stock sitting too long on shelves."

It sounds simple, but many businesses do not manage their stock well, with the result that cash is sitting in goods rather than liquid in the business.

#### DON'T OVERTRADE

Another common problem that affects cash flow and working capital is overtrading. "One of the biggest issues we see are companies that overtrade and get themselves stuck in a debt cycle," Linda explains. "In simple terms, a business that is overtrading has orders, but not the infrastructure to meet those orders. If there's a clear growth strategy in place matched with the right financing vehicles, this growth can be planned, controlled and executed, but many entrepreneurs want to run before they can walk.

"When this happens, the business will invest in expensive fixed assets to meet orders, and then the necessary orders don't come in, or something happens to disrupt the business. Now the business



**Linda Frohlich,**  
Executive Director of  
Sasfin Bank

**“One of the best ways to solve working capital problems is to unlock cash flow within your own business. Evaluate your inventory cycle and whether you have stock sitting too long on shelves.”**

is playing catch-up, and the business owner needs finance to cover debt.”

According to Linda, the biggest cause of overtrading is failing to plan cash flow. “This is one of the first questions we ask: Do you have a strategy in place and a cash flow projection, not just for this year, but this month, week, and even on a day-by-day basis?”

If you haven’t adequately planned your cash flow, you could be over-investing in growth or orders. “If you can see you’re in danger of overtrading, you can look for areas to cut costs and unlock cash flow in your business. Once you have overtraded

however, it’s often too late and you end up in a debt-cycle you can’t afford.”

Another key error many business owners make is using the deposit from one contract to kick-start another contract. “There’s a domino effect when this happens. The business very quickly gets totally out of kilter, and the owner never quite manages to get on top of his finances. To avoid this trap, concentrate on finishing the job you have. Ensure that you allocate the funds that you get to where you lent the money from – no matter what.”

According to Linda, this is essential when managing cash flow. “Business owners often believe that funding a second project from the first (when it’s not finished and the money isn’t in the bank) will help them grow. Instead, it just kills their business.

“Cash is king and never borrowing money can cap your growth, but you need to understand the difference between healthy debt and bad debt.”

#### **FINANCING GROWTH**

So, when is the right time to finance growth? “There’s a cost to accessing finance, which means it’s essential that you’re accessing it to help you grow your business, rather than to service debt,” says Linda. “If you borrow money to enable the growth of your business, the finance cost is actually part of the cost of your sales. But if it’s to service debt, or you can’t afford the finance, you’ve got a problem and it will only damage your business.”

According to Linda, it’s important to understand your margins. If you can sustain the cost of finance with your margins and if the finance product that you’re looking at makes sense for your business and growth plans, debt funding is a viable growth tool.

“The upside is that a financier can provide you with growth, because they’re going to give you access to cash, enabling you to grow your business. We think of it as a working capital solution rather than debt. We evaluate businesses and business owners to gain a deep understanding of the entrepreneur’s needs, first to ensure affordability and second to evaluate if the right product is being utilised to drive growth.”

According to Linda, business owners should always balance revenue to debt and income to profit. “If you aren’t managing your cash flow, it’s unlikely you will secure a loan from a bank. Banks want to fund growth and help entrepreneurs boost their businesses, not create more unaffordable debt for business owners.” **EM**

# AGENTS OF TRANSFORMATION

**Q&A** Implemented correctly, BEE has the potential to change the current status of South Africa's economy. Add to that LFP Group's focus on helping corporates to boost employee skills and engagement and upskill disadvantaged people across the country, and **Louis Pulzone** is aiming to make a real difference. **BY NADINE TODD**



**Louis Pulzone** is the founder and CEO of LFP Group

## LFP TRAINING

LFP Training is the leading provider of BEE aligned turnkey skills development training in South Africa, delivering innovative, industry-first learnership programmes to educate and upskill able and disabled individuals in line with the BEE codes of good conduct.

LFP Training's fully accredited learnerships are strictly aligned to BEE guidelines and allow companies to implement skills development.

To date, more than 700 companies have actively benefited from LFP Training's solutions, reaching their desired target spend at a fraction of the cost. This solution is the most cost-effective way of implementing BEE initiatives while gaining maximum points.

The team at LFP Training comprises industry experts and combines years of experience with a passion for transformation, education and making a difference.

Today, both unemployed and employed, disabled and able-bodied people in all industries are actively benefiting and contributing to society, thanks to LFP Training's turnkey training solutions and strategic partnerships.

### **Q In South Africa's tough economic environment, where unemployment levels are so high, how is LFP an 'agent of transformation'?**

It's no secret that times are still tough in South Africa. Our economic inequality is one of the highest in the world and unemployment is still a massive concern.

While this is nothing new, the good news is that it has forced us to become more resilient and find new strategies. At a time like this, we need to invest in our people and kick-start the economy again. At LFP Group, we look to new strategies, growth and the upliftment of people to help shape the future. Being agents of transformation means that we look towards solutions for a better South Africa for tomorrow.

We also recognise that government cannot do everything. Our goal as LFP

Group is to be a leader in our industry, helping government achieve its goals for reducing unemployment. Our aim is to forge ahead with a great public-private partnership strategy.

### **Q What role do you play in transforming South Africa? Why is this important?**

With the shortfall in education, responsibility has fallen on corporates to provide opportunities and to upskill employees. Many companies are filling the gap between what has been previously learnt and what is required in a practical job function.

By partnering with corporates, LFP can help companies to achieve their BEE objectives and gain access to rebates, while providing education in the form of learnerships. The stipend provided

PHOTO: SUPPLIED

by corporates to learners is invaluable in mobilising learners to grow, learn and fill roles, while having financial security.

By providing a turnkey solution, all parties benefit from our all-encompassing approach – both on and off campus.

Each solution is accredited and optimised to ensure that both the learner and the business benefit from the skills acquired. Our offering has expanded over the years based on demand for further skills development and quality education.

As LFP Group we do not only consider transformation as a process of change and opportunities for individual employment; we see it as a way of transforming attitudes and creating hope for a nation that truly needs and aspires to be that country that does not live in the past, but acts in the future. We believe that transformation is the duty not only of state and politics, but every South African. We started by transforming our Group first, and now our vision has shifted to our country.

### **Q Why did you launch LFP? What was your goal, and how have you realised that goal?**

Having recognised a critical gap for skills development to help address unemployment in South Africa's ever-changing economic landscape, I founded turnkey training provider LFP Training in 2013.

The company's innovative programmes are aimed at educating and upskilling people who have disabilities and who are unemployed, in line with the country's BEE Codes of Good Conduct. More than this, I am truly committed to transforming not just the employment and skills development side, but my country's quest for transformation. LFP Group is a platform where I could achieve that objective. I also believe in creating a winning team that echoes my vision and shares my passion to deliver that goal.

With more than a decade's experience in the education industry, I am passionate about making a difference through education and saw a gap in the market for innovative training programmes aimed at educating and upskilling. By partnering with corporates, we have trained more than 7 000 learners with an excess of 700 clients paying R70 million in stipends directly to learners in stipends or salaries; this has resulted in a 100% pass rate in their BEE verification audits. This has a tangible impact on unemployment in South Africa.

### **Q Why is investing in people the single most important thing that businesses can do?**

Addressing staff development and training is often low on the list of business priorities – but the relationship an organisation has with its employees can directly impact commercial success. Continuously evaluating, refining and improving your greatest asset – your people – can maximise their potential and bring wider business benefits; not least that individuals are happier and more motivated, and therefore more productive. In a recent survey on adult learning, 41% of respondents indicated that further education helped them improve the skills they needed to do their jobs.

Continually training staff means more of them will have up-to-date and relevant skills, which are valued and respected by the industry.

Continuing to develop staff not only adds value to the company, strengthens the workforce and improves workplace efficiency – it also improves job satisfaction, encourages loyalty and ensures commitment to the success of the business. Another final piece of our human investment capital is adding value to our internal staff, and that of all the clients and leaders of the companies we serve. LFP Group has created a specialised IP and as a leader in the industry I believe that we must educate and invest in the people we're associated with.

**“We do not see transformation as a process of just change and opportunities for individual employment; we see it as a way of transforming attitudes and creating hope for a nation that truly needs and aspires to be that country that does not live in the past but acts in the future.”**

### **Q How should business owners and executive teams view training?**

Education is a fundamental right, and everyone should have access to it. With a passion for education, I always look to a quote by Nelson Mandela, a true advocate for education: “Education is the most powerful weapon which you can use to change the world.”

This could not be truer. The private sector



is having to fill the gaps in education and companies need to innovate to provide opportunities. In the fields of STEM there is a critical skills shortage, and we need to work together to empower and advance our country and its people. One of the most critical tasks we've focused on is training the leaders of industry.

Many business owners, CEOs and senior management, even shareholders of corporates, fear the mention of BEE and Transformation. The reason is simple: South Africa is not transformed enough, and this is part of our vision. We must ensure that as much as we service our clients and provide the services LFP Group has set out to do, we are slowly but surely penetrating the leadership market to educate and prepare them for transformation.

The policies of BEE are constantly in the spotlight because of the opportunities it can provide. By embracing it, companies and people are able to benefit from it wholly.



**Q What is the role of BEE in South Africa? Why should businesses embrace it?**

If implemented correctly, BEE has the potential to change the current status of our economy. B-BBEE addresses transformation in South Africa through ownership and management in companies, upskilling of employed and unemployed people and growth of the economy and smaller enterprises through enterprise and supplier development.

Investment in B-BBEE and compliance creates massive business opportunities for your organisation in the form of public sector contracts and business from other B-BBEE compliant companies. This provides a competitive edge.

As LFP Group we recognise that BEE and transformation in the labour and corporate sector, will be with us for a long time. As an industry leader we must be on top of our game and always be at the forefront of knowing our industry, and more vitally what is to come. This will allow us to address the historical imbalances and assure that all citizens in our country have skills and an opportunity for a long-lasting and sustainable job.

**Q What does LFP Campus do?**

The LFP Campus is a blended online learnership platform that makes it possible for clients to gain substantial points towards their skills development spend in line with the BEE codes.

Applicable to all industries, this popular offering avoids downtime and loss of productivity, while supporting flexibility, thanks to a blended online offering which can be undertaken outside of working hours.

LFP Training has not only aligned its online initiative to the BEE codes but also made it possible for clients to do so at a fraction of the cost – all while being eligible for government initiatives such as tax rebates, youth subsidies and other grants.

Clients are now able to claim the salary of an enrolled employee for the full duration of the learnership without compromising on their business's operational requirements.

Clients can also claim more than 500% of the actual spend towards their skills development target spend. □



Visit [www.lfptraining.co.za](http://www.lfptraining.co.za) for more information

## LFP GROUP'S OFFERINGS

### Youth Employment Services Implementation Programme

A staggering six million youth aged between 18 and 34 are still unemployed and this is the exact reason why LFP Group is coming to the fore.

With the Youth Employment Service (YES) initiative – officially gazetted on 28 August 2018 – aimed at creating one million jobs within the next three years, companies can now earn additional BEE benefits.

The LFP Group, in support of the YES programme, recognises the critical role that South Africa's youth play in shaping the economy and our country.

LFP now offers YES programme management implementation to benefit clients and individuals.

#### The offering includes:

- » Comprehensive assessment of the employer to determine YES eligibility and management of the entire project.
- » Recruitment of the youth and full registration of recruited youth onto the YES initiative.
- » Registration of the client on the YES initiative.
- » Coaching, mentorship, a personal development plan and key performance indicators.
- » Access to permanent placement opportunities for youth not absorbed upon completion of the YES initiative after 12 months.
- » Compilation of verification file containing supporting evidence for YES and B-BBEE recognition.

### LFP PERMANENT PLACEMENTS

LFP's attentive team of trained experts source talent in line with a company's B-BBEE scale and predominantly recruit for roles in the fields of administration, healthcare, technology, retail and start-up hiring.

With a clear understanding of each clients' needs and objectives,

LFP Permanent Placements has a proven track record with a project completion rate of 97% and the remaining 3% attributed to unforeseen circumstances such as project shutdowns, health issues, relocation etc.

### LFP PAYROLL

More than learnerships, LFP prides itself in providing its clients with a turnkey solution. For this reason, LFP not only handles recruitment, training, facilitation and paperwork for learners, but also takes care of outsourced payroll requirements.

LFP Group has a dedicated and trained administration team to handle the day-to-day management of a company's learners' stipends, temporary employees and permanent employees.

### BEE CONNEX

Changing and adding suppliers is a complicated and tedious task, but as a company's BEE needs evolve to meet the demands of new legislation and accommodate further company growth, the need for more knowledgeable and reputable suppliers becomes inevitable.

BEE-Connex is a first of its kind app, changing the way South Africa does business in the BEE industry.

It's as simple as downloading the BEE-Connex app and signing up to the biggest and most reputable network in South Africa. Here clients receive a host of benefits including:

- » Enjoying hassle-free BEE.
- » Getting connected to the right supplier in just a few simple steps.
- » Gaining access to a comprehensive network of verified suppliers who understand and can meet your specific needs.
- » An easy, cost-effective solution to gain maximum points.



# DO YOU HAVE A BETA CULTURE?

Speed to market, a competitive solution and an innovative organisation are the result of a Beta Culture. Here's how to instil one in your business. **BY GAVIN MOFFAT**

BROADLY SPEAKING, before bygones became bygones, you designed a product, marketed a product and sold a product. This could take ages. Then came seeing a need, understanding how to satisfy that need and then selling it quickly.

Apple seems to epitomise the philosophy of creating and selling products to people who don't know that they want or need them. Do that well and you'll have them coming back for the next version, even though it's not a substantial improvement.

What Apple doesn't do is follow a Beta philosophy. We've all heard of Windows operating systems or Google products being released in Beta versions. This is a way of getting a product quickly to market, so users can access it and give feedback, which the company can use to improve on it. Some companies, like Google, keep products in Beta forever. Others move on to the release candidate version after a period of bug fixing.

This Beta culture of product innovation and development is clawing its way into business ecosystems. Indeed, you can't release a product that is rubbish, but you can release something

that is 93% right and then fix it based on customer feedback. This is particularly relevant with software but can also be seen in smartphones. You also hope that customers will embrace the product as is and then there is no further need for development on that item.

**What does the Beta culture bring? Among other things, speed to market. You get to develop something quickly and get it out there before a clever engineer in China, India or Russia has the time to back-engineer it.** You get to learn on the job. You get customer feedback and can continue development on the fly. Bring down R&D costs because your dev cycle is shorter. You get to release products more frequently, if that's what you want. You get to cut projects or products more quickly if it's clear they're going to fail, with a lighter impact on the bottom line. You get to have a closer relationship with your customers as they will surely be in touch with you if your products stink, although they shouldn't stink if you've already released them to market.

The downside involves less research, potentially meaning

that the product is not what is wanted or needed. You focus less on the big picture and more on the little picture, getting products out as quickly as possible. You get trapped into something akin to the listed company quarterly cycle – driving everything for this quarter's result and not focusing on the long play, which is to build a company that lasts forever.

An easy to understand and not-so-fictional example: My wife and I would like to write a book about parenting. However, our perception of such a book is that it needs to be 300 pages long with loads of research, backed with really good interviews etc. However, a friend of ours produced a 60-page book that is made up of great stories and anecdotes and does the same job. While we are still planning our book, she has released hers and is selling it to a market that was hungry for it. Should we rather have done it the Beta way?

Just start. Get it done. Make it long if it needs to be, even if that means you're going to re-examine your perceptions and filters about what the end product should be, and get it out

**READ THIS**



*Swimming with Sharks: Simple Business Guidelines for a Complex World*, by Gavin Moffat offers advice on how to survive the turbulent economic seas that seem synonymous with building a business in the 21st century.

there. The second edition can be different if required.

Doing it the Beta way isn't easy, but it may mean that you can innovate more quickly than you currently do. Which may mean you will thrive a little longer. Which may mean that it will be worth it. Maybe. **EM**

This article is an excerpt of Gavin Moffat's new book, *Swimming with Sharks: Simple Business Guidelines for a Complex World*.

# TRADITIONAL INDUSTRY, FRESH INSIGHTS

As an independent financial services provider, Fedgroup can focus on customer-service, innovation and staying agile. **John Field** unpacks why this is so critical in today's business landscape. **BY NADINE TODD**



**F**edgroup might have over R10 billion in assets under management, but it's still a family business run on family values – which has been a key differentiator for the award-winning company.

“We are not listed, nor do we have any plans to list. We see this as a key differentiator for our long-term growth, as well as short-term agility,” says John Field, Fedgroup founder and Chairman.

“Retaining our independence means that we can define each business decision we make purely on the basis of what is best for the business, our clients and our future growth. We can also make fast decisions. We're flexible and agile, instead of mired in bureaucratic systems and processes.”

Critically, it also means that Fedgroup is not subject to any external expectations of short-term shareholder rewards. “We've

seen corporate entities make decisions that protect dividends at the expense of customer value,” says John. “While this is of course not always the case, we've chosen to remain independent because this allows us to take the long view. Independence allows our shareholders to withhold paying themselves dividends and rather plough that money back into growing the business.”

Choosing to invest its profits back into the organisation has directly impacted many facets of the business. “We have developed some of the best, bespoke technology in our industry,” says John, adding that Fedgroup even runs the administration for some of South Africa's biggest financial service providers.

#### OVERVIEWING SUCCESS

“My son Grant, who is now the CEO of the business, joined us in 2002 as head of operations. All four of my sons have always

been involved in the business – they are now all part of the team – and because we discussed the company around the dinner table and it was such an integral part of all of our lives, Grant had identified areas where we could improve our operations, particularly through our technology.”

It wasn't long before Grant was spending 16-hour days evaluating every facet of the business, eventually overhauling the company's entire IT infrastructure, which was largely outsourced.

It wasn't a cheap exercise, but there are two key lessons that all business owners can learn from Fedgroup's investment into its own operational infrastructure. First, even though IT platforms can be costly, the return on investment of a well-run organisation is much higher than the initial outlay – particularly if your goal is growth.

Second, it's important for organisations to not function exclusively in silos. Because

PHOTO: MIKE TURNER

## The Genesis of Fedgroup

When Fedbond launched in 1990, its founder, John Field, held a 35% shareholding, and Fedsure the remaining 65%. When Fedsure went under, John had the pre-emptive rights to buy the remaining part of Fedbond, which was the healthy part of the business.

Once he held 100% ownership of Fedbond, John took the business, which he had already grown into South Africa's largest provider of participation bonds, servicing over 10 000 investors, and secured multiple other financial services licenses from the Financial Services Board, including Trust and Life licences, and formed the larger holding company, Fedgroup as a comprehensive FSP offering.

Today, Fedgroup's offering includes pension and provident funds, a life company, trusts, commercial property finance, asset management as well as other investment products.

### PLAYER:

John Field

### COMPANY:

Fedgroup

### WHAT THEY DO:

A family-owned financial services business

### LAUNCHED: 1990

### VISIT:

[www.fedgroup.co.za](http://www.fedgroup.co.za)

Grant spent time in every division of the business, from IT and operations to HR, he was able to glean fantastic insights into which areas of the business were performing and which weren't. This was the foundation for a bespoke IT platform that now runs and monitors every aspect of the business, from logging calls to managing pay-outs to members.

"Too often large organisations have different directors and managers in charge of their specific areas, no-one shares their lessons, and the business as a whole doesn't benefit from departmental successes," says John.

### INNOVATION SHOULD DELIVER ON STRATEGIC DECISIONS

Without consciously making the decision to invest in innovation, Fedgroup would not enjoy the positive benefits of these strategic choices. "Innovation is not always flashy,"

says John. "And it shouldn't be innovation simply for the sake of innovation – it must service the business's road map and underlying principles."

For example, once Grant had developed the IT platform, he started thinking about how to effectively measure daily KPIs and performance, and the solution was gamification – a trendy business term that companies love to throw around, but, if done properly, can be enormously successful.

"Because we weren't just trying to implement something for the sake of ticking a strategy box, but were instead looking for very clear deliverables, we were able to achieve some remarkable improvements in the business," says John.

In fact, in key lines of the business, daily inbound communications have been reduced from 500 at inception to less than 200, the dropped call rate has been slashed from 20% to less than 1%, beating industry norms and Fedgroup's own stricter deadlines and Service Level Agreements. The time for completing Group Risk Benefit quotes has also reduced from seven days to under four hours. "We had a clear purpose when we implemented gamification in the business, which was essential to the overall impact the project has achieved," says John.

### FRESH PERSPECTIVES

But there's a larger lesson at play here. Even though Fedgroup was John's start-up, vision and dream, in 2015 he stepped down as CEO, became Fedgroup's chairman, and handed the reigns to Grant.

"All businesses can benefit from a fresh perspective," says John. "I'm proud of the

business I've built – I've given everything I have to it – but Grant came in and was frustrated by the fact that he had gone from being embedded in individual teams to now having a top-down bird's eye-view of the business and no clear insights into what was happening on a moment-by-moment, day-to-day basis. It was that frustration that led to this project."

John isn't advocating that all founders step aside – what he does suggest however is that business leaders regularly invite different perspectives into the business. "We become comfortable with how things have always been run – and that's where we miss great opportunities."

Almost 30 years since he first launched his business, John is still always on the lookout for new opportunities, which is why Fedgroup recently launched its Impact Farming investments platform together with an app. "Impact farming supports local initiatives, farmers and manufacturers, while giving investors access to the platform for as little as R300," he explains. "We invest in blueberry farms, beehives and solar panels – and so investors can own a beehive, a blueberry bush or a solar panel and receive income from the sale of actual, tangible products."

### SERVICE FIRST

Over the years, Fedgroup has evolved from a financial services business into a company that puts its employees and customers first, and nowhere is this more apparent than John's accessibility to clients.

"We knew that the one thing we could provide that's very, very rare in business, is service," he says "Everyone talks about service, but it's much harder to deliver on that promise than to make it. My cellphone number is on my business card. My receptionist will give it out to anyone who asks for it. Why? Because if there's something wrong I need to know about it. If someone calls me or emails me to complain, I always say thank you very much, I didn't know about it, now I do and we are already fixing it. That's another difference between a family company and a listed company."

It's also a great way to ensure a client-first culture permeates the entire business, as culture starts at the top of an organisation. "When you put people first, service naturally follows," he says.

"Fedgroup is a family business; we treat everyone like family, encourage internal growth, and treat anyone who calls us, walks through our doors, invests in us or emails us as family too." **EM**



# TAKE CONTROL OF YOUR FAST-GROWING BUSINESS

Growth is your primary goal as an entrepreneur, but it can also kill your business. Here are eight ways to stay ahead of the game. **BY PIETER SCHOLTZ**

**T**here is nothing wrong with growing at double digit returns, or scaling a business quickly, as long as emotion and ego don't cloud judgement and planning. There's a saying, "When emotions are high, intellect is low." This common trap catches some entrepreneurs out when they start to see their hard work paying off through rapid growth, but begin basing decisions on ego and fall prey to the cash flow churn and burn.

Cash flow is the greatest measure of the rate of growth. And there are too many cases of companies that have grown at the expense of their profitability, which eventually collapses the business.

These are a number of considerations that entrepreneurs should be aware of, and use to harness control, particularly to cash flow, when their business starts to thrive exponentially. Here are some factors to ponder.

## Negotiate Terms

You always ensure that you get your money in as quickly as possible, but work to push creditors' terms out to 90 days, if doable. Beware not to get sucked into negotiated terms that don't work for you and put your business at risk.

## Interrogate Sales

Often big growth leads to a national expansion, and frequently the logistics of growing from a localised or regional operator are underestimated. **This is one of the fastest ways to burn cash flow. Focus on the target market you want to bed down and remain true to that. It's essential to regularly interrogate sales and base strategies and decisions on fact and sound judgement, rather than on abundance and big-headedness.**

## Prepare for the Squeeze

Ensure your pricing and margins are what they are meant to be – don't give in to dropping your margins for bigger growth. The cost of sales can become tricky once the market starts to observe or learn of your growth. This is especially true for brands in the retail space, who are 'coerced' into confidential rebates and discounts when listing in national supermarket chains. Plan ahead and incorporate these costs into the forecasted growth income statements to avoid problematic cash flow issues later on.

## Smart Distribution Models

Today's consumers demand quick turnaround times and the swift growth of ecommerce is further driving this expectation. So, depending on what sort of business you're in,

you need to look at the type of distribution model you want to put into place. It has to be well thought-through with a long-term view of delivering product in the most efficient and cost-effective manner. Big retailers for instance, are moving towards centralised warehousing, which absorbs fortunes of cash, so reflect on whether or not your distribution model is cost-effective and suitable for scaled growth.

## Plan Ahead for People

Build in capacity for human resources before the growth comes in. If this is not timed correctly from a financial point of view, it will destroy customer value. With accurate forecasting that provides relevant information around how the business is scaling, business owners will be able to better plan and manage the growth impact on financials and the people it needs to continue to grow.

## Plan for Technology Upgrades

While this may seem obvious, sometimes companies don't spend enough time or money ensuring that their IT platforms and software is up-to-date and/or can cope with rapid growth to continue to support the business needs. Ensure that you have expert advice and realistic capex set aside year-on-year for ongoing modernisation or upgrades.

## Don't Ignore the Cash Cow

Be careful not to lose sight of your base business as other segments or divisions of your business suddenly go through a growth spurt. Too often business owners tend to focus on the area where the money is, taking their attention off the base business that usually funds the growth of the other division's performance. You'll need to free up cash and resources to help fund that growth.

## Concept of Leverage

Leverage is the act of dividing efforts and multiplying results, and business owners need to implement this across marketing, time, people and finances to drive continued growth. In the end, it is about spending time where it is needed to build the business, and leveraging all other resources to run the business. **EM**



**PIETER SCHOLTZ** is a leading business and executive coach and South African Master Licensee for global franchise company, ActionCOACH. He specialises in high-level personal and business growth.

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**Lisa Schneider**, Managing Director at the Digital School of Marketing

## NOW'S THE TIME TO GO DIGITAL

The digital age has completely transformed the way businesses market their products and services to their customers. As a result, the playing field of industries both big and small has forced companies to relook their strategies.

**BY DIANA ALBERTYN**

DIGITAL MARKETING is a broad term covering digital channels that people use to market their products. But what makes digital marketing different and unique compared to traditional marketing channels?

It gives the marketer or advertiser the opportunity to hone in on specific audiences that are more likely to purchase or see value in their offer, says Lisa Schneider, Managing Director at the Digital School of Marketing. "Because digital marketing is computerised, it allows the marketer to get accurate analytical data about their campaigns, both in the research phase and when their campaign has finished. This makes digital marketing an easy way to gauge ROI of marketing and advertising efforts."

### DO YOU KNOW HOW TO MARKET YOUR BUSINESSES ONLINE?

Regardless of the size of your business, to remain successful, you need to have a good understanding and grasp of what digital marketing is and train your organisation on the skills it involves. According to Lisa, digital marketing skills encompass aspects that include:

- » Analytical skills
- » Social media skills
- » Search marketing skills
- » Copywriting skills.

"Without a doubt the most important element is understanding who your customers are and what makes them tick.

One of the biggest advantages by far in digital marketing is the ability to market to an audience, assuring that your message will be seen, heard and appreciated," says Lisa.

"The technology that is made available to market products in the digital realm is sophisticated software that allows the marketer's message to be seen as widely or as granularly as they would want. A solid understanding of your target market is absolutely one of the most fundamental and important elements of digital marketing."

### ADVANCE DIGITALLY WITHOUT BREAKING THE BANK

Marketing is an expensive exercise no matter how you look at it, says Lisa. "Digital marketing requires a solid understanding of many different areas that are quite broad, and how to manage and understand a multitude of platforms and analytical data is imperative. This will allow the marketer to extract the most value without burning a hole in their pocket."

As a business owner, you must look at what is out there in terms of online education providers. It's important to do your homework about the company and what accreditation and endorsements the company holds.

Lisa suggests contacting the accreditation body to find out the legitimacy of the educational provider. The Internet provides a wealth of information regarding different institutions and how their courses can benefit the company. □

## What defines a reputable online marketing education provider?

Authentic online education providers have a third-party accreditation or endorsement. In a nutshell, accreditation means that a third party, that is usually government regulated, has looked through the institution's educational material and internal business procedures to see that it has met their standards of approval.

What this means is that the education provider is not self-governed but is regulated by higher government authorities. This makes your course more credible, recognised and respected compared to a non-accredited provider.

### FOR BEST RESULTS, CHOOSE THE EXPERTS

"The Digital School of Marketing stays on top of trends through solid research," Lisa explains. "Google is constantly updating algorithms and adjusting their online marketing platform capabilities. Social networks also come and go and adjust their marketing and advertising platforms."

DSM prides itself on the ability and appetite to constantly research trends by reading industry journals, attending workshops and seminars, but only publishing what is relevant and has longevity. "We also benchmark the changes that are made on online learning platforms, so we can offer our students an experience that is unique and truly fulfilling on their educational journey," says Lisa.



**Call:** 086 142 8710

**Visit:** [www.digitalschoolofmarketing.co.za](http://www.digitalschoolofmarketing.co.za)

# BACK FROM THE BRINK

Most business owners think that once you hit a R100-million turnover, you've made it. All the challenges you faced getting there are behind you. **Tim Legg and Deseré Orrill** discovered that the opposite is true. Growth comes with challenges of its own, including debt and cash flow issues. Here's how they overcame the impossible to build a better, more sustainable business. **BY NADINE TODD**

2015 WAS A GOOD YEAR for Tim Legg and Deseré Orrill. After six years, their business, Ole! Media Group (OMG), was experiencing market success. Turnover the year before was R60 million and thanks to some strategic changes in the business, they achieved R109 million in 2015 and were expecting turnover to increase to R180 million by the end of 2016.

They ended up achieving turnover of R120 million, decent growth, if not quite in line with expectations – and yet the business was on the brink of collapse. What had gone wrong? How had growth actually placed Tim and Deseré in such a perilous position?

The reality is that while growth is the holy grail for many business owners, it comes with its own challenges. Tim and Deseré have experienced many of these first hand. In some instances, they made mistakes – some of which they'd made before. In others, the strategy was solid, but the sales cycle

much longer than expected. And then they experienced their fair share of unexpected bad luck.

Today, the company has a R150 million turnover, 80 employees and a much more solid foundation than it did three years ago. The lessons have been brutal, but worthwhile. Here's what you can learn from Deseré and Tim's journey.

## LEFT-FIELD CHALLENGES

Nothing breeds a gung-ho attitude quite like success. "2015 was a great year. We were profitable, we'd acquired a few small businesses to boost our internal talent and skills pool, and we thought we had finally cracked the magic formula. It was time to expand," says Deseré. They hired five new people in sales and business development, invested in technology and even launched new business units.

"These are all things that you do when you're scaling," says Deseré. "There were no

red flags. We believed the product offering we had and the team we had hired to sell it would secure the contracts we were targeting." And they did. It just took two years longer than expected.

"We completely underestimated the sales cycle," says Tim. "We had geared the business in the expectation of achieving set targets by certain dates, and the sales cycle took exponentially longer than we expected."

The plan was right. The time scale was not. So, what went wrong? First, the product OMG had developed was targeting media companies and seeking expansion in its digital advertising and online business, but the sales team they had hired were all experienced in more traditional media sales. "This was a new field. The skills didn't exist – but it also meant that the connections and experience our team had were not as useful as we'd first believed," continues Tim.

Problem number two was educating the market on programmatic and premium media sales, which also took longer than anticipated. The biggest issue however was the fact that OMG was now focusing on the corporate market. Used to an SME customer base, the long lead times associated with corporates hadn't fully been taken into account.

"When you're a start-up, you tend to service SMEs, which by their nature are faster, more flexible and tend to make quicker decisions," says Tim. "Our focus had now shifted to blue chips. The sales process is longer, the procurement process can be complicated, and we had pivoted from tactical to strategic solutions. When you're having strategic conversations, you're no longer pitching ad hoc projects for R200 000. Now you're pitching to retainer clients seeking sustainable revenues of R500 000 per month. Naturally, that's a different conversation with a much longer sales cycle."

Like so many entrepreneurs before them, Deseré and Tim had based their growth strategy around one positive flag, instead of taking the entire landscape into account. "What's really interesting about what happened to us is that we'd learnt so many of these lessons before," says Deseré. "We'd hit a wobble in the past because we scaled too rapidly following a successful year. We added to our payroll and hired too many people, particularly high-level managers that didn't actually suit our entrepreneurial culture."

"We thought we'd learnt from those lessons and assimilated them into our business so that we wouldn't repeat them, and yet, that's exactly what ended up happening. You think you learn a lesson and move on, that business



**PLAYERS:**

Tim Legg and Deseré Orrill

**COMPANY:**

Ole! Media Group [OMG]

**LAUNCHED:** 2009

**TURNOVER:** R150 million

**VISIT:** [olemediagroup.com](http://olemediagroup.com)

“You look back and you think, ‘why didn’t we do this before now?’ We built this business together and made all decisions together, but this one key shift had a remarkable impact on the organisation as a whole.”

is linear. It’s not. You can repeat the same mistakes.”

It wasn’t only digital advertising that OMG was focusing on. Believing that they could encompass other elements of the media world in their offering, they decided to launch a new division, called Real Time Images, focused on stock photography.

“We used Gallo Images for one of our businesses, TEAMTalk, and we started playing around with the idea of doing our own images and providing the service to other companies,” says Tim. “By July 2016 we were up and running – we’d invested in the platform, hired an experienced team, and even secured an initial contract for the Winter Olympics with one of the mobile

networks to provide them with images. It was a lucrative contract and we thought we’d had a great idea. This was working.”

As it turned out, that was the peak of the new company. “We underestimated the investment required and ended up spending R1 million more than expected, with no new contracts coming in. Instead of adding to the group’s turnover and profits, the business was a drain.”

Bad luck also hit the partners when their financial manager made the decision to leave Cape Town in mid-2016. It was a key position, and Tim and Deseré felt the loss keenly. “This was one of the lessons we’d learnt previously – you need a clear handle on finances. Since neither of us come from financial

backgrounds, we hired a strong group financial manager. It made a huge difference to the business,” says Tim. The risk, of course, was that losing their GFM had a large negative impact on the business.

Each of these issues alone would have been manageable, but together they had an accumulative effect that hit the business hard. “We fund our business ourselves. We don’t have any outside investors, and at that stage, we didn’t even have a bank loan. Everything we did was funded through our cash flow, and that’s where we were hit,” says Tim.

Facing all of these challenges, OMG still achieved a turnover of R120 million that year, around 10% higher than the year before – but at a much higher cost base. Not only was their



cash flow non-existent, but the business had debts that would be difficult to pay.

“We sat facing each other across the boardroom table at the end of 2016 and we couldn’t believe what had happened. We’d gone from cash-flush and geared for growth to in the red, with unhappy creditors at our doors,” says Deséré. It was time to take a serious look at the business.

**REDUCING OVERHEADS AND INCREASING PROFITS**

The reality is that Tim and Deséré could have chosen to close their doors, declare insolvency and walk away from the bad debt they’d accumulated. The partners decided that wasn’t an option. They knew that this was their make or break moment. “Our mettle was tested. We sharpened our pencils, examined the business and started making some tough decisions,” says Deséré.

First, they needed to determine what their core was, both from a product and service offering as well as from an employee perspective. “We looked at which divisions were making money, which divisions were losing money, and which would be making money in the future, even if they weren’t quite there yet,” says Tim. “We also analysed our team members and re-evaluated roles and performance.”

At the time, Tim and Deséré also started working with a business coach. “It was an interesting experience,” says Deséré. “He asked a lot of questions. We needed to explain things that we had taken for granted, and this helped us to clarify our thinking and ended up solving a lot of the problems we were facing ourselves.”

Because they needed cash, they also started looking for potential funders. “We found one business that specialises in purchasing distressed companies for a large equity stake. We knew that was one route we didn’t want to take,” says Tim.

As it turned out, not managing to find a funder might be the best thing that happened to the partners. “For us, it was never a question that we would honour our debts. We felt our reputation was important and we needed to put our money into this. We sold an investment property and emptied out our bond account and personal savings, and then ring-fenced our four biggest creditors and approached them to negotiate payment terms.

“Most of our creditors were angry. We understood, but we also needed to find a



**ABOVE:** Tim and Deséré are fighting-fit and excited about what 2019 will bring.

**RIGHT:** Featured in *Entrepreneur* May 2015, this photo was taken a few hours before Tim took Deséré to hospital to start cancer treatment, a year long ordeal that left the couple wiser, stronger and even more resilient. Deséré has been in remission since April 2016.



solution. The meetings and negotiations were tough, but eventually they saw that we were genuine and wanted to settle our debts and so, despite their initial skepticism, we came to an agreement over payment terms.”

Three of the four creditors have been settled, with the remaining creditor due to have payment in full by February 2019.

On the team side, Tim and Deséré knew they also needed to face some tough decisions. “The fact was that we had been making losses in 2016. To honour our commitments to our creditors, we had to cut costs and make money. There was no other option,” says Tim.

The business restructure meant a careful analysis of profitability and performance criteria. “We consciously set out to

engender a proper performance culture. As a R120 million turnover business, this was imperative,” says Deséré. “Some people were performing, but not everyone. We are nice people to do business with and to work with, and this has its positives and negatives. Some people rise in an environment like this because they appreciate the trust and entrepreneurial freedom, but not everyone rises to the occasion and the business was suffering as a result.”

Tim and Deséré focused on everyone: What they did, their output, how valuable their role was to the business and if they would be better in a different role. Based on this exercise, some employees were offered different positions within the business and others were offered severance packages.

PHOTOS: SARAH SCHÄFER, ALLISTER CHRISTINE

“It was an emotional time for us, but we knew it was for the good of the business as a whole,” says Deséré. “That helped us – to keep our eye on the bigger picture.” Business units that were underperforming and costing the company money were also closed.

“We’d always gone on gut feel – the business needed this or that capability and we’d just add it,” says Tim. “We were putting together the vision of what we wanted the company to be – an all-encompassing digital solutions house – but we didn’t keep our eye on the performance realities. We’ve changed our approach. Now we look at the bottom line and revenues. What makes sense for the business? Pulling ourselves back from the brink was as much about investing in the right things as closing non-performing business units, while assessing individual performance. My background is sales, and sales people always think they can sell themselves out of trouble.

“The reality is that it’s much more than that. By reducing overheads and focusing on profitable areas – as well as our individual skills – we developed a plan to work together to drive the business. Crucially, we also instilled financial disciplines, proper cash flow systems and made sure we could honour our debts through a payment plan.”

#### FINDING THE RIGHT FIT

Tim and Deséré are married, and while a situation like this would put strain on any business partnership, they also had to consider its impact on their personal relationship. “We had to find a solution for the business as well as ourselves,” says Deséré. Part of this was re-evaluating their roles within the business. “Instead of playing to our individual strengths, we had naturally filled the roles of me as CEO and Deséré as chief marketing officer,” says Tim. “The truth was that we had gotten into these difficulties under my watch as CEO.”

Tim knew he had to leave his ego at the door and do what was best for the business. “We knew we needed to improve a few key areas in the business, particularly execution in terms of management systems, process flow, cost control and recruitment. And – very importantly – we also needed to urgently drive sales,” says Deséré. “When we looked at ourselves, we realised that Tim is a salesman at heart and my skills lie in management. He’s the rain-maker, I’m the dam-builder. Without rain, there’s nothing to catch in the dam. Without the dam, all the rain in the world won’t build a sustainable business.”

With this realisation, Tim moved into the

critical role of Director of Sales and Strategy and Deséré took up the management reins as CEO. “You look back and you think, ‘why didn’t we do this before now?’” says Deséré. “We built this business together and made all decisions together, but this one key shift had a remarkable impact on the organisation as a whole. Tim’s focus is outward – it always has been, and yet our roles didn’t reflect that. Sales started immediately once Tim became more involved in client contacts again.”

#### ADDING FUEL TO THE FIRE

While it sounds like 2016 was a tough year, 2017 would turn out to be even tougher – to the tune of R6 million. By this time though, Tim and Deséré had restructured the business and were able to approach the bad debt from a more solid base.

“We secured a large advertising contract for a telecoms client. We paid them each month and our client paid us,” says Tim. It was a R20 million deal, but by the end of the

**We were putting together the vision of what we wanted the company to be – an all-encompassing digital solutions house – but we didn’t keep our eye on the performance realities. We’ve changed our approach. Now we look at the bottom line and revenues.**

contract consistent short-payments from the advertiser meant that OMG ended up underpaid by R6 million, a debt they nevertheless needed to settle with their telecoms client. The increased sales that should have been their fast lane to a profitable year went instead into repaying the advertiser’s shortfall. “Even with firm processes in place, business often comes down to a judgement call,” says Tim. “I wish I could say that we could have cut the client off, but we never believed the advertiser wouldn’t pay, nor that we would end up liable for his debt.”

The case is now going to court, but it could take years to settle, given the debtor appears either unable or unwilling to negotiate constructively.

“We didn’t choose that route for ourselves when we couldn’t pay our creditors,” says Deséré. “We have a strong, sustainable business as a result, and because of the systems and processes we’ve put in place, we’ve now secured a bank facility to help us with our cash flow.”

Deséré and Tim’s patience is also paying off. The deals they were expecting in 2016 are finally coming to fruition. “We’ve secured good, solid recurring business that has

significantly increased our revenue. Our strategy is finally coming to fruition. We also have some strong lieutenants focusing on key areas of the business. This was core. We retrenched non-performers, and then recruited well, and we’ve also started outsourcing. For example, instead of hiring for a project because we need skills, we now tap into freelancers who are high level and want the flexibility of gig economy work. The result is access to great skills without adding to our permanent overheads.

“Finally, we’ve merged the various businesses in the group into two divisions: A strategic digital marketing agency and a mobile media company. We’ve also added a key element to our arsenal, a data division.”

#### A SIMPLIFIED USP

This is one of the investments that the business made in 2016 that had a large impact on cash flow, but unlike the stock images business, it’s proven critical to OMG’s

success today. “We developed a relationship with Oracle that has given us a big unique selling proposition,” says Tim.

“When we were re-evaluating the business and our core, we started by asking who we are. We’re a media business and marketing agency. Those are our roots. Then we looked at what was happening in the world of media and marketing and the fact that there’s a convergence between the two. Brands are looking to become publishers and build up their own audiences, while media companies are having to offer more services and become marketing agencies. We’re where the two meet.

“So, we asked ourselves, what are the key drivers of media and marketing going forward? We see three pillars: Content, technology and data. We had a content offering and tech solutions. We needed data to enable us to offer a real strategic solution to our clients, and so we invested in a data management platform from Oracle that means we’re using our own data and not Google’s to help our clients target the right audiences. Our clients can also overlay their data to improve targeting. We took a big hit investing in it, but we’re seeing the fruits of

that investment now.”

Ultimately, Tim and Deseré needed to survive two years in order to reach the growth they were always aiming for. “We’re on track to achieve R150 million at the end of this financial year, which was what we were aiming for in 2016,” says Deseré. “We have a compelling value proposition and we’ve realised that because of everything we’ve been through, we are able to refine and define it in a simpler and more understandable way. Now we can say that we deliver audience, revenue, ROI and results. Our job is to make our clients money, whether they’re a media partner or a brand or agency.

“Because of everything we’ve gone through, we have a more solid foundation and a lower cost base than we would have had, even if everything had gone smoothly in 2016. Our margins are better and we have a stronger take-to-market strategy. Most importantly, we have been able to recruit excellent people with the specialised skills that are required and the right attitude to succeed. In particular, we now have an experienced senior management team and recognise the need for collective decision making. This is an important recognition – as founders, we need to step back from feeling solely responsible for the business and allow a new generation of leaders to emerge.”

The new team has also chosen to rebrand the business. “Moving from our multi-brand strategy, which served its purpose in the growth phase, we are emerging in 2019 simply as OLE!CONNECT, a strategic marketing and media solutions company,” says Deseré. “We present ourselves under the universal OLE!CONNECT brand, with two divisions – one focusing on partnerships with media houses and telco clients, the other with brands and agencies.”

“It’s been a challenging and, at times, stressful journey. We have learnt some hard lessons, but are now confident that with our simplified structure, a clear value proposition and a great team of people, we have built a strong foundation for solid growth over the next few years.” **EM**

## MAKE MORE PROSPECTS SAY ‘YES’ TO YOUR OFFERS

Give your potential clients and customers something easy to agree on first, then work from there.

BY BRIAN HILLIARD

ONE OF my friends has a business that is all about healthy living and whole food nutrition. She has a number of different products – all based on science and plant-based foods – that people can easily take and get on the road to better health.

In an effort to simplify the process, someone recommended that she should ‘lead’ with their high-end programme, not because it was the highest-value amount, but because it was actually the biggest bang for people’s buck. For folks who were really serious about moving forward with their health goals, this high-end programme was the fastest way to get there.

But, it was a little on the expensive side, and some people simply didn’t have the money. As a result, my friend found herself getting a lot of prospects telling her, “This is great, but I can’t afford it.”

“No problem,” she thought. “If they say that, I’ll just provide some less-expensive options – let people know they can start with some of my more basic packages.”

This didn’t work though, and here’s why. **If someone can’t afford the high-end package, there are options that can totally work. But, after customers initially say ‘no,’ it’s almost impossible getting them back on the phone.**

When they say ‘no,’ you try to move to a different, less-expensive package in an effort to get a ‘yes.’ And that’s fine. But, in the customer’s mind, they’ve already said no to the entire idea, rather than just a version of that idea. Getting them to say ‘yes’ right after that is very difficult.

### WHAT’S THE SOLUTION?

By adding a medium option and presenting all three at the same time, she could give people an option to say ‘yes’ at the level they’re most comfortable with, rather than just what she thought would provide the fastest results. She can then also talk to them a month or two later, see how things are going, and ask them if they want to upgrade their order once they start seeing results.

I see this in other businesses all the time. We go into the sales process with one offer... what we think will work for someone else’s situation. Even if we’re right, it doesn’t mean the prospective client recognises it.

In those situations, you’re working uphill getting to yes. Instead, try providing some options where they can say yes – even if it’s not ideal from your perspective. You can then work with them as a client in the months ahead to help them see the value of what you were initially saying.

Or to put it another way: Get people to ‘yes’ first, provide excellent service and move up from there. **EM**

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**BRIAN HILLIARD** is a Client Acquisition Coach and the co-author of *Networking Like a Pro*. As creator of the programme, *How to Market Your Business in Less Than 90 Days*, Brian

works with busy entrepreneurs in the areas of Marketing, Mindset and Personal Achievement.

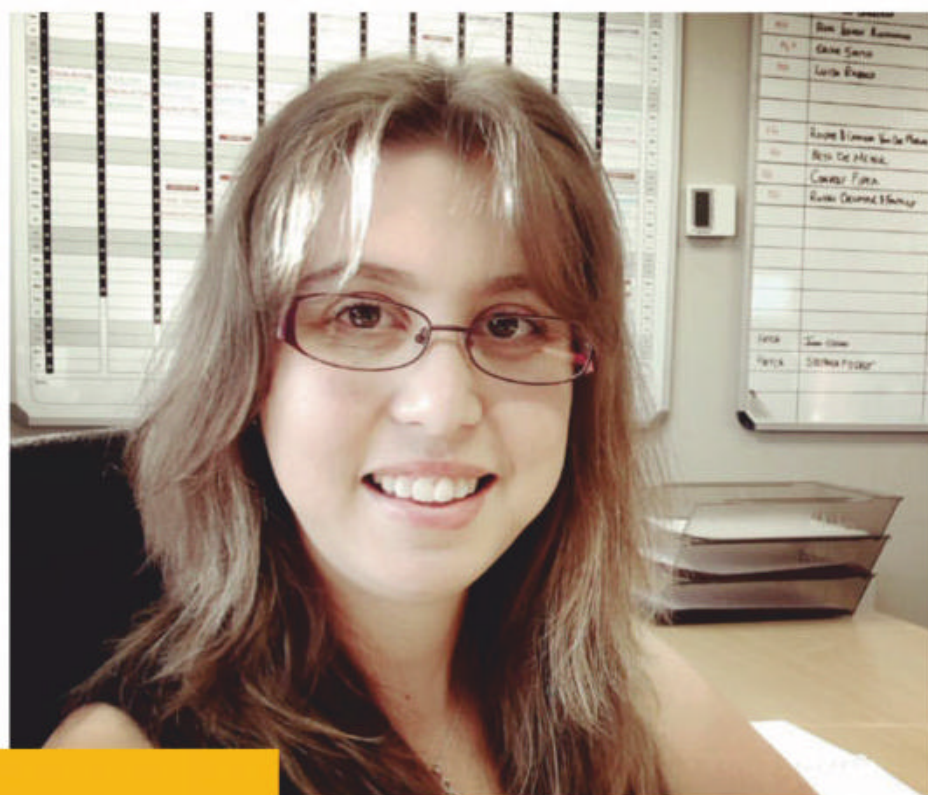
# ACCESS TO THE BEST IN TRAVEL EXCELLENCE

## Q&A

As a global company, business travel plays an important part in Hatch's successful operation.

**Yolandi Coertze**, facilities manager

at Hatch, explains how switching to Travelit changed the way they travelled forever – for the better. **BY DIANA ALBERTYN**



**M**ultinational engineering consultancy, Hatch requires a travel partner that provides easy access to its regional and international offices for meetings, conferences and client engagements. This is why Hatch chose Travelit, and has since experienced reliable and consistently superior service, says Yolandi Coertze, facilities manager. "Travelit allows us to have the flexibility in terms of work sharing with global offices and makes it possible for us to attend to our client requirements in a professional and efficient manner." Here's how partnering with Travelit has helped Hatch soar as a market leader.

### Q What have Hatch's biggest business travel challenges been to date?

Our biggest challenge has been to provide our travellers with an easy booking solution that gives them the best options available at a glance, in line with our travel policy for their travel arrangements, without taking up valuable time when booking their travel. In addition, managing cost against convenience and ease of travel is an ongoing challenge.

### Q Why did you start using Travelit?

We were in the market for an online booking solution. Travelit made an impressive proposal by building the system around our specific needs and requirements. They incorporated our travel policy guidelines, while offering us an easy-to-use booking system which

## What makes Travelit the best in the market?

- » Multi-leg international routings
- » Travel behaviour reports
- » Alternative solution to bill-backs
- » Tracked booking patterns
- » Accommodation feedback solution
- » Comprehensive fare calculator.

decreased our monthly expenditure. The platform also allows us to manage our travel more effectively.

### Q How has Travelit made doing business easier?

We have seen a big change in travel behaviour and travellers are more aware of unnecessary costs that can be avoided when booking travel. Travel booking time [once travel bookers became used to the system] has also decreased, which allows travel bookers to utilise the extra time more efficiently.

## HATCH

### Q What benefits have you experienced as a Travelit client?

We have seen a big decrease in our missed savings, which means that our travellers are booking in line with our travel policy by utilising the parameters that have been set up in Travelit. Our contracts with certain suppliers are also maintained on the Travelit platform, which allows us to utilise the lowest rate to keep in line with our travel policy. The ease of booking online at any time when travel is required is an additional benefit. We have reduced our paperwork by being online, and uploading data into our accounting system has made the process simple and efficient.

### Q Why would you recommend Travelit to other businesses?

Travelit is efficient in terms of booking travel, cost-effective and allows for flexibility where required. □



PHOTO: SUPPLIED



# START WITH WHY

If you want to build a business that is great, makes an impact and can grow, you need to start with why. That way, you will have a vision that you can follow and your team and customers can embrace. **BY PEPE MARAIS**

I FINALLY GOT to meet the man in charge of the creative product of Google since 2011. He could not have known the journey I had taken during the previous eight weeks to get me to that point, as he reached out to shake my hand. 'Hi, I'm Steve, pleased to meet you.'

Our Joe Public Shift team in Johannesburg had designed a set of fonts using the handwriting of 300 children from our partner school in Soweto. We had built a website from which these fonts could be purchased, and each font sold would contribute to the tertiary education of the child who wrote that font. We needed traffic to our 'Fonts for the Future' website, and our idea was to change the Google logo into the handwriting of a child, and so entice people to click through to our website.

Steve was blown away. 'It's an incredible idea. How many

schools do you say you support?' I responded with similar enthusiasm, 'Two.' To which Steve replied, 'I am so sorry, Pepe, but we only get involved with things of the scale of the 2004 tsunami.' My perspective expanded in that moment.

**Vision expands your thinking. Without vision, I will only ever impact two schools at the most. With vision, I will unleash a tsunami of events that may just culminate in a country that is a shining example to the world.**

Yet most entrepreneurs start their businesses without any clarity on exactly why they are doing it, where they ultimately want to head and how to fill that massive space in between. We simply start, hang on for dear life, and hope for the best.

I cannot help but wonder if this could be the reason that nine out of ten entrepreneurial

businesses will fail in the first three years, and another nine out of ten will close their doors over the next seven years. The net effect is that only one entrepreneurial business out of every 100 actually lasts and succeeds beyond ten years.

In June 2012, after 14 years in business and having survived two recessions, we took the time to clarify our vision. We had defined our purpose, our reason for being, and were crystal clear on why we existed, on where we came from, as the core cause of our business. It was finally time to decide where we were heading – our due course; our North Star.

I arranged a Vision workshop on a Saturday, which would run from 8am to 11am sharp. The participants were main shareholders Gareth Leck, Marty Laurent, Xolisa Dyeshana and me. Having attended a five-day

vision workshop for my personal life five years before, I had created a simplified methodology to assist us in finding ours as a business.

One of the tools of my workshop was Otto Scharmer's U-Process, an aspect I remain grateful for to this day because if it weren't for this process, we would never have co-created the vision we strive towards today. And not because the U-Process unearthed our vision; on the contrary, it exposed me to an insight that made me shut my mouth for once and allow those around me to create what they really wanted.

Since I was clear on my personal vision for my life, I wanted the vision of our business to be aligned to my personal vision, literally to the same words, to simplify my approach to life. This need would have completely excluded the opinions of my three partners. However, during

Otto Scharmer's U-Process, I was given a simple insight from the depth of my unconscious mind: *If I allow others to do what they want, I will get exactly what I want.* Based on this little pearl of wisdom, I withdrew from participating and merely managed the process, watching the critical thinking of my partners unfold.

At 10:57am, exactly three minutes before the planned end of our session, they refined their thinking into one simple statement: *To create an organisation that inspires greatness.* The moment was right, the energy within the

**Most entrepreneurs start their businesses without any clarity on exactly why they are doing it, where they ultimately want to head and how to fill that massive space in between. We simply start, hang on for dear life, and hope for the best.**

statement was right. And, just like that, our vision was born.

Joe Public now had a purpose: Growth. To be the fertile soil that grows our people, our clients and our country. And we had a vision: *To create an organisation that inspires greatness.* All that was missing was the how, the daily delivery that would join the two dots between where we came from, and where we wanted to go in the future.

During the next month I again ran a host of workshops, including all our people, towards defining our five key values – the daily behaviour that we would like to instil within our people, a guide for all those within our business and all future Joes who might join our fold. As it turned out, there would be quite a few. Our values would become:

» **Creativity** – to stretch your mind to make magic.

» **Excellence** – to be better than your best, then better.

» **Integrity** – to be true, do what you say you will do.

» **Respect** – to hold yourself and others in the highest regard.

» **And Leadership** – to inspire others to grow by growing yourself.

#### **THE PAIN OF GROWTH IS A PRIVILEGE**

*I was standing in front of the board of directors of a very astute South African corporation. It's a R12 billion enterprise, with 2 500 people in its employ.*

Over the course of the past nine years, I have run 17 purpose workshops for business – 15 for smaller entrepreneurial concerns. The one I was about to conduct would be my second engagement with a large corporation. And, although most of those businesses might not have rigorously implemented the insights gained from our engagement, I remain excited by the opportunity to influence any other organisations that cross my path and encourage them to find their greater business purpose.

In Malcolm Gladwell's *The Tipping Point*, he too talks about 2,5% of people being trailblazers. The methodology he refers to further confirms the insight that only two out of every 100 people who gain new knowledge will have the discipline, desire and drive to implement such learnings into

their businesses. Which means that I would have to conduct another 83 workshops to find that second elusive trailblazer, Joe Public United possibly being the first.

Again, I am reminded that all the knowledge in the world has no power at all. It's the *application* of new knowledge that will assist you in taking your business to spectacular heights.

It was warm in the boardroom, and I was perspiring bullets under my armpits. I had stepped into growth, and the proof was felt through the butterflies in my gut. But I would not be taking off my tweed jacket because there was simply no way that these corporate boys and girls were going to see me sweat. By now everyone was looking at me in anticipation, albeit with a slight sense of apprehension in the air.

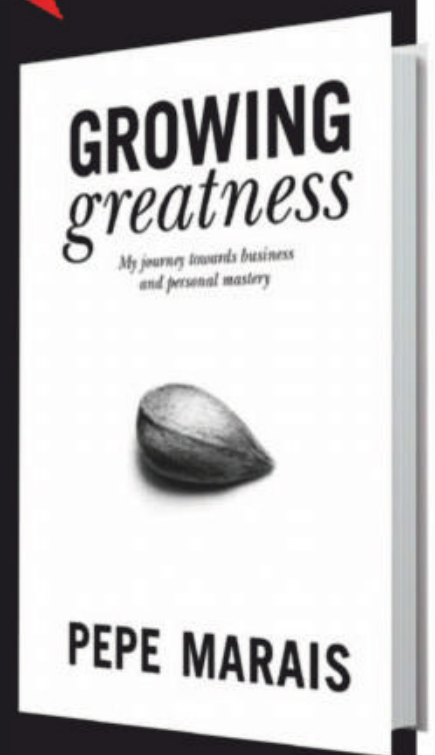
I took a sip of water to drown

my butterflies, and started the session by asking my standard, first round, opening question, 'If you could describe what your business stands for in one word, what would that word be?' One after the other, all eleven executive members of the board responded. I wrote each of their words down on the white board for all eyes to see, the truth staring back at them in black on white. 'One simple question, eleven different answers. If you are this unclear as to why your business exists, imagine the lack of clarity amongst the 2 500 people who work for you.' And, just like that, I had the undivided attention of every person in the room. **EM**

This article is an edited extract from Pepe Marais's book. *Growing Greatness: A Journey Towards Personal and Business Mastery.*

**READ THIS**

*Growing Greatness: A Journey Towards Personal and Business Mastery*, by Pepe Marais is a book filled with scribbles from the mind of an adman. Through *Growing Greatness*, Pepe aims to inspire innovation, creativity and showcase the entrepreneurial spirit. Through his growing awareness of what purpose means in both business and personal terms, Pepe points the way to growing your own greatness. *Growing Greatness* is available in all good bookstores.



**PEPE MARAIS** is Group Chief Creative Officer and a founding partner of Joe Public United. He is Chairman of One School at a Time and the author of *Growing Greatness: A Journey Towards Personal and Business Mastery.*

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# A WORLD AWAITS

Many local manufacturers have achieved unimagined heights of growth and success by exporting their products. Here's how to get started and succeed in foreign markets.

BY NADINE TODD



LORRAINE GOODMAN didn't launch Lavenderlane with the goal of becoming an exporter. In fact, she wanted to become a household name in South Africa as a top-quality brand in the natural healing products space. She thought exporting was expensive and therefore unreachable.

This perception changed when she was introduced to the Cosmetics Export Council for South Africa (CECOSA) in 2016. "I discovered that the Department of Trade and Industry (dti) assists small cosmetic manufacturers to exhibit at international beauty expos, to look for distributors, buyers – everything you need to get started. On top of that, CECOSA helps with all the documentation you need," Lorraine explains. And just like that, exporting Lavenderlane's products became a real possibility.

## Accessing international markets

On the one hand, Lorraine still can't understand why South Africans don't support local products. "I know 35 other small cosmetics brands that will tell you the same story," she says. "If you do manage to get into a big retailer, you often wait 90 days for payment, which many small businesses can't afford."

After ten years of being in business, exporting opened a whole new world of opportunities for Lavenderlane. "I've been blown away by the opportunity that the dti has created. I'd rejected the idea of exporting because I didn't think I could afford to exhibit internationally. Instead, it's a simple process, with a lot of support. I spent so many years wanting to throw in the towel. On my first trip to Australia I almost couldn't believe what

was happening."

Since that trip, Lorraine has travelled to India, Dubai, Kenya and Saudi Arabia. "I've discovered that other countries love South African products because we're known for our quality. As a rule of thumb, it takes three trips to the same country to secure a distributor. You'll also find countries where your product just clicks. For us, that's Dubai and Kenya."

## Focus on exporting

In early 2018, Lorraine received a key piece of advice from the owner of a well-known local brand: Put every cent you have into exporting your products. "She's been operating for more than twenty years and has almost lost her business three times, and this is the lesson she's learnt. In her experience, South African consumers shop on price, which means

Chinese products will beat our local offerings. It's extremely difficult for local manufacturers to rely on South African sales as a result."

Lorraine understands the reality of South Africa's financial situation. As a business owner, she's adjusting her model accordingly.

### Getting started

If you're interested in exporting your product, Lorraine has some key advice. First, ensure your potential buyer or distributor is legitimate. "You'll often be asked for sole distribution rights, but there is fine print involved," she says. "Do all of your paperwork properly. There are a lot of people who will guide you through the process but there are also no shortcuts. In the beauty and cosmetics industry, you will always find CECOSA at beauty expos, but there are many export councils. Find the one in your industry. The dti is also always at industry expos and will guide you in finding different countries that suit your product."

In addition, Lorraine advises that you ensure your product is far superior to anything that your potential clients already have access to.

## SUCCEEDING AS AN EXPORTER

Most markets suffer from the same problem: Everyone is inclined to do the same thing, which floods a market. Add to that a tight economy that often purchases on price alone and doesn't always support local manufacturers, and exporting your product might be a viable growth strategy – provided you understand the landscape. There's also a wide range of funding available for businesses that want to explore this route.

Theresa Möller, executive director of CECOSA, unpacks what you need to get started.

### 1 Choosing the right market for your product

There are two key secrets to choosing the right market for your product. First, is there product acceptability, and second, does the country import more in your category than it exports?

"The first thing we ask our members is why they want to target that country," says Theresa. "What's the benefit to them? Have they done their research or are they just aiming for the biggest market? Big isn't necessarily better if the product/market fit isn't right."

According to Theresa, too many business owners focus on the size of the market and exchange rates instead of their products



**Lorraine Goodman,**  
founder of Lavenderlane

and where they will be well-received. "There are also higher requirements when you're targeting the US or Europe, and meeting those requirements comes at a cost.

"Within Africa, the requirements for product listing are much lower than international markets, and if you comply with South African requirements, you already comply with most of Africa. The barriers to entry are therefore lower than Europe and US, where you need CE and FDA markings respectively. The costs and time involved are huge.

"You might be earning euros, pounds or dollars, but the return on investment might still not be worth it unless you're a higher-end product."

One area that manufacturers must consider is the ingredients they use. "We have members who use goat's milk, yoghurt and even crocodile oil in their products. You can't send crocodile oil to Europe and Australia. They're both very vegetarian and vegan-dominated markets and animal-based products don't perform well. Saudi Arabia and Dubai on the other hand are perfect for those types of products."

Theresa's advice is to look at the stats. "It's a pointless, costly exercise to go into a market that is exporting more than it's importing of your line of product. We, like all industry councils, do a lot of market research through our foreign offices. Research firms also exist. The data is out there – you just need to tap into it."

What you're looking for in particular is import parity: Every product has a tariff

number. Find your tariff number on Stats SA and IT Trade Map's database – and the local equivalent in the country you're researching – and then see how much of your product is imported from South Africa to that country, and how much is exported from that country into South Africa.

"If they're exporting more than they're importing, it's not a great product/market fit. They've flooded their own market and need to get rid of excess product. If it's the reverse of that, but they're only importing 10% from South Africa, then you need to look at world statistics and extrapolate from there.

"You're trying to determine if it's a good market for you. If, for example, you're looking at the UK as a potential market, and the UK exports 10% to South Africa, but 80% to Europe, then this is not a market that they see. They do however see potential in Europe. Why? Start researching that market."

Before you look across the ocean, however, Theresa advises looking a bit closer to home. "From a logistics point of view, the closer the market is to you, the lower the freight and logistics costs you're incurring."

### 2 Be as cost-effective as possible (without sacrificing quality)

At the end of the day, all manufacturers are competing with Chinese imports, so cost is an issue. "You can be cost-effective and still offer quality products," says Theresa. One way many manufacturers – particularly start-ups – achieve this is through joint ventures with bigger manufacturers and by outsourcing to contract manufacturers.

"There are high start-up costs to manufacturing, particularly in our industry, which requires pharmaceutical evaluations and specialised equipment and ingredients," says Theresa. "Smaller businesses that are linked to larger manufacturers can start producing and trading while they build up their cash reserves, until eventually they are large enough to manufacture on their own, if they choose to do so. Many companies continue to outsource production to contract manufacturers."

The good news for business owners who choose to start manufacturing themselves is that there's a lot of funding available to assist them in their initial set-up costs. "Once you've built up cash reserves and you're ready to start manufacturing, you can join a buyer park, like Riversands Incubation Hub or the Innovation Hub. Funding then helps with rentals and equipment, although there is a time limit – business owners are expected to ween themselves off the funding."



**“Smaller businesses that are linked to larger manufacturers can start producing and trading while they build up their cash reserves, until eventually they are large enough to manufacture on their own, if they choose to do so. Many companies continue to outsource production to contract manufacturers.”**

**Theresa Möller,**  
executive  
director of  
CECOSA



PHOTO: DEVIN LESTER

### **3 Get assistance**

With government funding and assistance comes paperwork and bureaucracy. It's a time-consuming activity and you must understand the process. "This is a big barrier, and one we encounter all the time. So many business owners don't understand the documentation – and why would they? This isn't their area of expertise.

"The reality is that you can't just ask for money. You need a growth plan, a development plan, a business plan, and a marketing plan. You need to understand the industry and why you need funding. You need to be able to demonstrate what you want to achieve, what growth you expect and your long-term view. You need to answer every 'why' and 'how' the funder might have. What is your intention with this business and why? What do you want to achieve? How many jobs are you wanting to grow? You need to provide a one-year plan, three-year plan and five-year plan. Bear in mind, most government funding doesn't require equity and either doesn't need to be paid back at all or is interest-free. That's why the process is

so thorough and often arduous."

Fortunately, this is one of the reasons export councils exist – they are the experts in the processes and paperwork that government funders require.

"Too often, paperwork goes backwards and forwards for six months because it's not done correctly, until eventually the business owner just gives up. It's not necessary to do this alone. We have service level agreements with provinces, reserves and resources of provinces to assist our members in that area. For example, if Western Cape growers, farmers or manufacturers need assistance in logistics, funding for a show or expo or training, we send them to our partner in that province. There's a lot of assistance available if you know how to tap into it."

This assistance includes money for advertising, banners, promotional material and even a business or marketing plan. It's all there – you just need to do the legwork and fill in the paperwork.

"We also host weekly training sessions for start-ups. They're free and any member can come and spend the day with us

to learn how to do market research, complete documents, what incoterms are (this is the set of rules that define the responsibilities of sellers and buyers for the delivery of goods under sales contracts), contracts of sale, export licences, and basically what all these terms mean. You'll lose your business if you don't understand them – particularly if you're planning to export your goods."

### **4 Find a buyer or a distributor**

Just as you need an export licence, which you receive through the SARS customs office, your customer needs an import licence, or your goods won't be allowed off the ship.

"You can find a distributor through expos and market research. Sole agents are expensive and a lot rests on you, from market research to supply advertising material and managing them on a day-to-day basis. Distributors on the other hand should already be plugged into the industry with retail contacts. They do business based on a distribution

fee that is usually between 10% and 30% based on product volume and pricing.

“A distributor also has a warehouse and distributes your product as part of their overall offering. To choose the right distributor, look at their product mix. You want to choose someone who has the right connections and who you can train on your product, but who isn’t also distributing a competitor product. You want a deal in place that promotes volume – the more they sell, the higher their margins, for example. You can also give extra product as an incentive if you can’t discount on your margin. Make sure you know exactly what you need to make from each sale so that you can give clear pricing and discounting directives. There’s a balance between incentivising your distributors and ensuring you make the margins you need.”

According to Theresa, if someone offshore wants to do business with you, you need to start with a credit check. “Do some research on them. Are they a legitimate company? You want proof of banking details, company documentation and registration documents.”

You need a fool-proof contract that details your distribution agreement and includes your landed price, your selling price, your three discounted prices and any other selling criteria.

“Pricing is critical and will be based on your market research. What pricing will your target market tolerate? Can you make the margins you need or does it make more sense to walk away? If you have a higher-end product that can ask for more, can you afford the level of advertising you’ll need to do? Can you justify your price? These are all points to consider.

“And if you’re wrong, withdraw from that market and look for other markets as quickly as you can. As soon as you discount, you become a commodity.”

If you find you’re priced incorrectly for your market of choice, you can try to find a way to cut costs, possibly through slight adjustments to your ingredients. “Perhaps you don’t use the ingredients or components you wanted, which allows you to come in at a slightly less expensive option that the market still wants. You can offer leather uppers in shoes for example, instead of 100% leather. There are a lot of ways to adjust costs.

“If you can’t adjust your costs, you need to market or promote your products heavily. The dti offers primary market research funding, based on approval, at an 80/20 ratio – they give you 80% and you cover 20% of the costs. They want you to have skin in the game.”

## 5 Market your product

There are many ways to market your product internationally. If you’ve gone the distributor route a lot of this will rest on them, but you can also get involved through social media channels.

Theresa’s advice is to always ride on the back of the success of high-end multinationals. “If the likes of a L’Oréal or Proctor and Gamble have just done a whole promotion into Kenya, opened a new company and sold some great new products, go onto your social media and give them accolades. You’re sharing the good news: ‘L’Oréal has just opened in Kenya, shouldn’t South African products be focusing on this great market? Maybe our product should be in Kenya too...’ by using a multinational, you’ve just promoted your product and company.

“Too many brands do the exact opposite. By giving recognition you’re actually placing your brand and Brand South Africa on an almost equal footing with multinationals.”

Theresa’s advice is to always ride on the success of the world’s biggest brands. “When we do research for our members, one of the first things we look at is where the multinationals are, how long they’ve been there, and whether they’ve opened their own factories or are only supplying into another entity there. This gives us a benchmark because they’ve already done the homework.”

### Q&A

## EUSTACE MASHIMBYE

### Q What sectors are best for South Africans exporting to other markets?

Almost any sector can compete in international markets, certainly on quality and often in technical innovation, but it’s always important for companies to do their homework first on prevailing conditions, competitive products, prices, import duties and so on in the country they have identified for export before they rush in.

### Q How do local manufacturers benefit from exporting their goods?

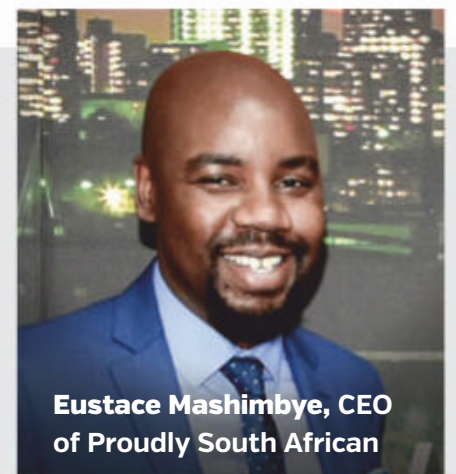
An international profile is always a good thing for any company and for the country. We love

seeing Made in SA products on shelves and in industrial applications overseas. Obviously, the opportunity to earn in hard currency – exchange fluctuations notwithstanding, is another benefit. The more diversified your markets, the better placed any company is if any one market should take a dip, so spreading the markets in which you are operating and selling is another.

### Q What are the potential dangers business owners should be aware of if they’re interested in exporting their goods?

There is always the danger that without proper ground

work, it can be an expensive exercise if the export project fails. Local agents, distributors and third parties can also prove difficult and expensive, so it’s important to source reliable local representation, if you need it. Translation of all packaging to the local language can be expensive and adherence to different local norms and standards must always be adhered to, and could push up the price of your product if you pass these costs on to the customer. Sales and after-sales service is something that also needs to be managed well.



**Eustace Mashimbye, CEO of Proudly South African**

### Q What government-funded programmes are available to assist entrepreneurs access new markets?

There are a number of programmes of the dti, including Trade & Investment South Africa and the Export Marketing & Investment Assistance Scheme (EMIA). South African embassies around the world have trade attachés who are there to help and are a critical point of contact for any exporter.

**BECOMING EXPORT-READY**

Exporting is not a quick fix for growth or poor local sales. It requires a strategic intention to implement, and dedicated efforts in assessing the potential in export markets. It's therefore important to commit to the process.

That said, there is a lot of assistance available to businesses interested in exporting their products. If you do want to tap into these options, however, you need to ensure you have all the detailed information at hand that will be asked of you, and this means you need to have covered all of your bases.

Nadia Rawjee, director of strategy and finance at Uzenzele Holdings unpacks the seven key steps to becoming export ready.

**Select and research countries and potential export markets**

- » Desktop research: Understand different countries and how the markets work by reading industry news and papers, trade data and other material online.
- » Field research: Given the ability to connect with global buyers through digital and electronic means, a fair amount of research can be done from the office with email, video-conferencing and other tools to connect and communicate with prospective buyers before even setting foot on a plane.
- » If you're already exporting to a specific country, ask yourself, "how can I strengthen the market?" Can you look into the wider region?

**Export readiness assessment**

- » Are you in a position to finance your export endeavours for a period of 12 to 24 months without necessarily generating any immediate income?
- » Do you have any prior experience in exporting, or do you have experts that are able to assist you?
- » Is your firm established and successful locally?
- » Are you competing well with imported products?

**Obtaining finance for your exports and managing FOREX risks**

- » You'll need to budget time and money to research, promote and become export ready and then you'll need to be ready to finance the export orders and manage exchange rate risks.
- » Make use of the dti's export marketing incentive EMIA to assist you exhibit and promote at up to six tradeshows per year.



**Nadia Rawjee, director of strategy and finance at Uzenzele Holdings**

**CHECKLIST DTI ASSISTANCE**

- You must be an export registered company
- You must have traded for 12 months in South Africa
- Your products must be acceptable, conforming to the requirements of your industry
- You must be a local manufacturer or a trader of locally manufactured products

**THE dti's SUPPORT INCLUDES:**

- » Cost of the exhibition stand
- » Freight of samples to the expo
- » Plane tickets
- » Accommodation

**For a full list of South Africa's export councils,** visit [www.thedti.gov.za/trade\\_investment/export\\_organisations\\_contacts.jsp](http://www.thedti.gov.za/trade_investment/export_organisations_contacts.jsp)

Visit: [www.dti.gov.za](http://www.dti.gov.za)

**Promoting your products in foreign markets**

- » Make a hitlist of ten or more prospective buyers, agents or distributors of your product.
- » Advertise and promote to potential buyers before leaving the country and make use of tradeshows to seal the deal.

- » Promoting your products in a country should be well planned, and exhibiting at trade shows in foreign markets allows for your product to be on display.

**Selling in foreign markets**

- » Sell through local distributors or agents who have access to the buyers of your products.
- » Pricing must take tariffs, marketing and distribution costs into account.

**Handling, export logistics and paperwork**

- » Deciding between air, rail, road or sea is dependent on various factors, including the weight of your product, the infrastructure available both in South Africa and in the destination country which will affect cost, distribution lead times, the value of your product and the life of the product.
- » With all these options, and more, it's best to have a freight forwarder that has experience in transporting your type of product to the destination country to ensure the best logistics solution and that all paperwork is in place.

**Collections and international receipts**

- » Remember that there are different monetary regulations in various countries, including tax considerations.
- » There is also a significant amount of paperwork attached to the process of receiving payment from foreign countries.
- » When researching countries, assess whether there is liquidity or if getting money out is a challenge – this is particularly important when exporting into developing markets.

For those already exporting, being more focused and deliberate about expanding your markets, making use of financial support – such as EMIA – and exposing your business networks to exports will show growth in your business and is a crucial element to the growth and re-industrialisation of the South African economy.

**ADDITIONAL RESOURCES**

**Export Marketing & Investment Assistance Scheme (EMIA):** [www.thedti.gov.za/trade\\_investment/emia.jsp](http://www.thedti.gov.za/trade_investment/emia.jsp)  
**Empowerment Fund:** [www.nefcorp.co.za](http://www.nefcorp.co.za)  
**dti:** [www.dti.gov.za/trade\\_investment/nedp.jsp](http://www.dti.gov.za/trade_investment/nedp.jsp)

PHOTO: MIKE TURNER



**CASE STUDY**  
**UZAIR ESSACK, CAPECROPS**

Uzair Essack is a born entrepreneur. He started importing rice from India and Pakistan while he was still a university student, but he soon saw the problems his business model presented. “This market is extremely saturated, which resulted in low margins due to the excessive competition I was facing,” Uzair explains. “I was looking for something else. When a colleague introduced me to a customer in Saudi Arabia that wanted pineapples, I completed a few deals, saw the potential, and CapeCrops was born.”

It’s an important lesson: Always keep your eyes, ears and most importantly, your mind open for an opportunity. From there, work hard and learn as much as you can. “Exporting was completely new to me, so I needed to learn as much as I could, and quickly.” The learning hasn’t stopped. “Every day I learn something new and I’m sure that will continue to be the case for many more years.”

**The benefits of exporting**

There are a number of key benefits to exporting your product, as Uzair shares. “Exporting allows us to earn in foreign

currency. With the depreciation and volatility of the rand, owning foreign currency is always a bonus. The buying power overseas, in most cases, is stronger than the buying power locally. Through exporting, we’re able to earn more for the same product when compared to selling it locally, on condition that there is a global demand for that product.”

Of course, there are always dangers, particularly when continents and oceans separate you from your customer. “It’s important to ensure that you’re dealing with honest people on the other side of the deal, that favourable terms are in place and that there is some level of security in case things go wrong. To try and fight a legal battle when dealing with an overseas customer is extremely expensive and difficult. You can’t take things on face value – do your research, know who you’re dealing with, do reference and credit checks and have your paperwork in order.”

**Capitalising on opportunities**

Uzair’s business is two-fold. He sources produce from farmers and sells to buyers

overseas. He therefore needs to ensure both sides of the business are successful. “I provide farmers with better terms than other exporters, which means I get better prices. I could then pass these better margins on to my customers,” he explains.

“My focus is on Qatar and Bangladesh, which are two markets that have just recently increased their imports of South African produce. Because of this, there were opportunities for new players such as myself to get involved.”

Uzair believes there are still opportunities for local entrepreneurs to get involved in these markets. “You need to pay attention to the world – that’s how you spot opportunities. For example, Qatar previously sourced produce from its neighbours, such as Saudi Arabia and the UAE. However, once political sanctions were implemented and the borders between these countries were closed, Qatar needed to import its own produce directly. This was when I decided to jump on a plane and find my own customers in Qatar. I saw the opportunity before my competition and took advantage of it.

“Whether it’s technological, political or social, the world around us is changing daily. There is always room for improvement. The key is to identify these changes and act upon them before anyone else.” **EM**

Visit [www.capecrops.com](http://www.capecrops.com)

**TOP ADVICE**

- » If you’re considering the export route, study the product, your target market and the global competition. If you’re extremely knowledgeable about all of these aspects, your chances of success are higher.
- » Start small and take your time. If you don’t go all out in the first few deals, mistakes won’t impact the future of your business too much. You can use the initial deals as lessons and when the big deals come, you’re prepared and have some experience in dealing with potential issues.
- » Don’t force anything. Based on my beliefs and experience, if something’s meant to happen, it will. Once you start trying to force deals, you end up losing.

**NAME:**

Khudusela Pitje

**COMPANY:**

New GX Capital

**EST:** 2005

**TURNOVER:**

R1,6 billion

**VISIT:**

[www.newgx.co.za](http://www.newgx.co.za)

# BE GOOD

# WORK HARD

# BUILD A LEGACY

WORDS BY NADINE TODD | PHOTOGRAPHY BY DEVIN LESTER

South Africa's future is in the hands of entrepreneurs and industrialists.

**Khudusela Pitje** is embracing his role in the economy and his part in positively impacting communities. From his first pay cheque of R1 250 per month at Lindsay Saker Rosebank to spearheading a R1,6 billion turnover business that in many ways is still just getting started, here's how he's laying the foundations of exponential growth.

**K**hudusela Pitje spearheads New GX Capital, a R1,6 billion turnover company that he still calls a family business. Having built a diversified utilities infrastructure-focused investment holding company structure, his ten year goal is to reach a market cap of R10 billion. He's focusing on utilities infrastructure projects and companies because of their social and economic impact across the African continent. His strategy delivers on a clear market need as well as meaningful community upliftment. Infrastructure development boosts economic growth and in the process creates much needed jobs in South Africa and across the continent.

**But that's all external success. What Khudu is achieving is much more personal. When his father passed away in 1997, he kept the newspaper article announcing the death of the former Mayor of Mamelodi and wrote five words across it: I will make you proud.**

HM Pitje isn't here to see what his son has achieved, but that isn't stopping Khudu. He has a vision that is vast and long-term in what he sets out to achieve. There are no shortcuts to greatness. Just focus and dedication to the end goal.

Khudu has a life and business philosophy that he follows unwaveringly: Be a good person and the rest will take care of itself. He doesn't mean be a perfect person – no one is perfect – just be good. Have good intentions and be aligned with the universe. Don't take shortcuts. Have a long-term view. And if you feel yourself drifting into areas that make you uncomfortable, pull yourself back before they start to become comfortable. Draw a line in the sand and stick to it.

Hand-in-hand with this is transparency, clear communication, and having a bigger vision and mission that leaves a lasting legacy. Some of these practices have been ingrained in Khudu his whole life. Others he learnt the hard way.

"Business takes its toll on family. You put everything into it, particularly in the early years. There's no off switch. This entrepreneurial journey has partly cost me one marriage and I'm determined it won't cost me two. I also always tell my team that mine will be the only divorce in this company. There is nothing more important than family. We need to remember why we're doing this in the first place."

After his divorce, Khudu spent over a hundred hours in personal development workshops that focused on wellbeing,

brought him clarity on the Foundation he had launched and helped him to stop his endless procrastination in implementing township school programmes. He discovered what he stood for and what his inner core was telling him. "I've become very honest and direct in the way that I deliver a message. I've been told I'm often too direct, but it's a lesson I learnt from my divorce process. You need to be tactful, but also direct.

"It's too easy to not communicate; to get drawn into daily 'busyness' and not touch base. I approach my marriage today with absolute honesty and directness, but it's a critical element in my business as well. If there are no grey areas and everyone knows where they stand, then we can all move forward on a basis of trust.

"If one of my shareholders hears I'm having a meeting with a competitor for example, they know I'm not doing something behind their back, but something that's in the best interests of our business together. If I'm unhappy about anything, they're the first to know. My team all know exactly what's expected of them.

"I've done more deals post my self-understanding and it's because I'm more at peace with myself and clear in my direction, mission and vision."

This clarity has helped Khudu build up New GX, but it's also given him the mental and physical room to focus on the HM Pitje Foundation, which he founded in 2009 in memory of his late father. The Foundation is managed by his wife, Kgomotso Moloantoa, who grew up five houses from Khudu's home in Soshanguve and is as passionate about the same community.

"New GX is essential to the Foundation because you need a strong sponsor to make a difference, but I realised that I also hadn't fully understood that I was the custodian of my father's legacy. I needed to find something that would give me direction – I knew I wanted to give back to the communities from our upbringing and that I wanted to do it in the name of my father, but I was always too busy. Now I understand that you will always make time for something that's truly important.

"Khudu in Sepedi is a turtle. What I discovered during my personal development workshops was that I needed to articulate the vision. Turtles outlive humans. They have a shell that's hard and that you can't pierce. The turtle as a legacy-builder and protector of the HM Pitje vision is something we captured in the emblem of the Foundation. We all need a vision that we can articulate. We need something to believe in. Once I

could visualise what I was doing, I had a better direction that I could follow through with." Within six years, Khudu plans to spend 40% of his time on the Foundation. His focus is becoming clearer and clearer.

"You also need clarity to be able to share it. The first person to benefit from my first dividend was my mom – I bought her a house and a car. You need to start at home. But from there, it's become an ethos not just of the Foundation, but also New GX. The Foundation is part and parcel of the family business and my staff know it. A Foundation function is a company function."

For Khudu, life goals and business goals are interwoven – they each feed the other. And nothing has happened by accident. There is a degree of luck – right place at the right time deals – but on the whole it's been a carefully planned and constructed journey, always focused on the long term.

#### **LAYING THE RIGHT FOUNDATIONS**

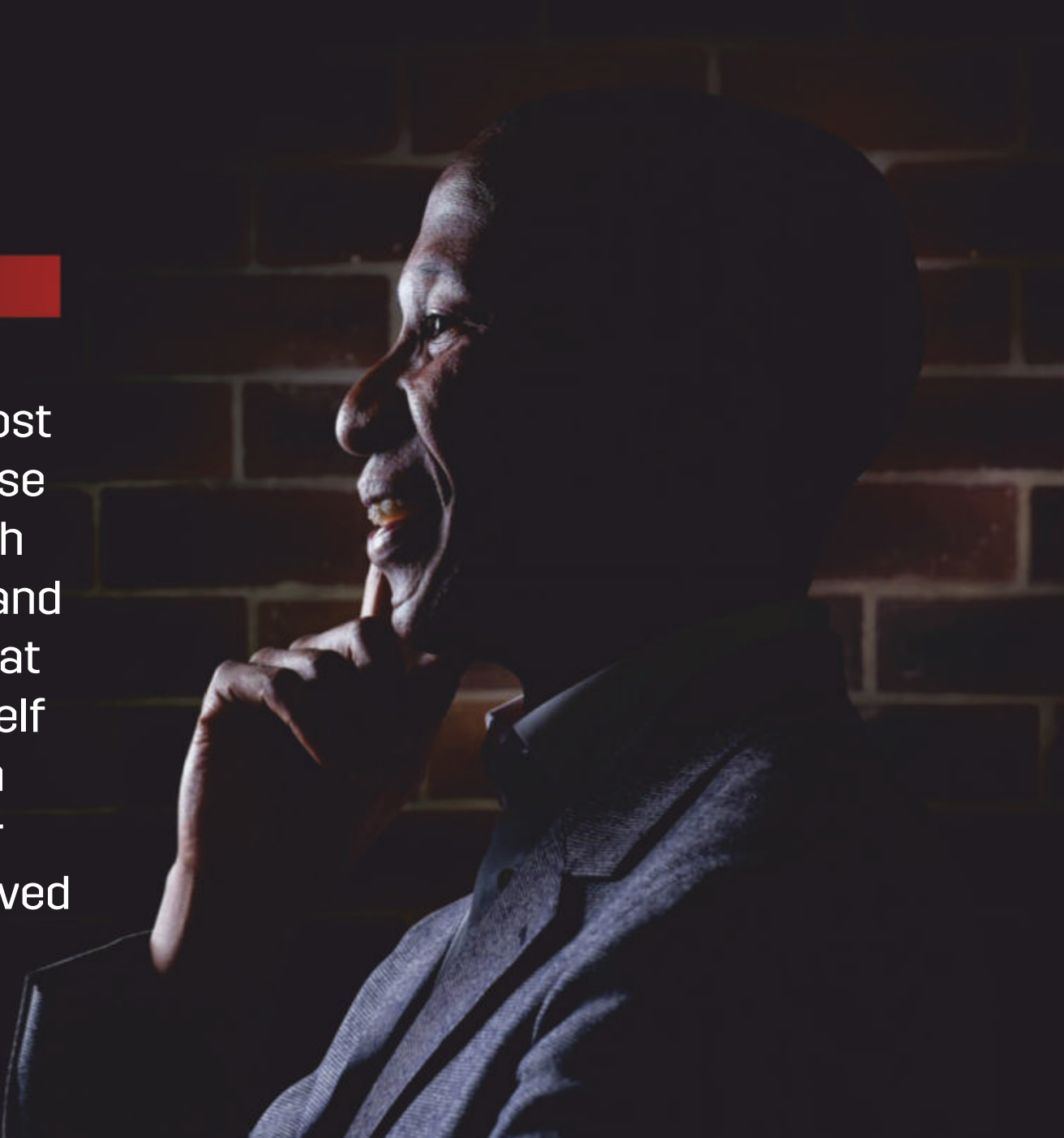
In 2006, Khudusela Pitje was one of the shareholders of Community Investment Ventures Holdings (CIVH) listening to a pitch: A friend of one of the shareholders had seen a truck in France that could cut slits along the side of suburban roads for fibre lines. His pitch included the truck and the rehabilitation of roads after fibre was installed. All he needed was R7 million.

**This was the launch of Dark Fibre Africa (DFA), an open-access fibre company that has invested in over 10 000 km of fibre infrastructure in South Africa, and has positively transformed the local telecommunications sector.**

New GX has a direct and indirect stake of 35,3% in CIVH, DFA's holding company. It's not his only impact on this sector. At age 35, Khudu was part of the team that connected the first privately-owned undersea cable, SEACOM to mainland South Africa in Mntunzini, unlocking potential for research institutions in South Africa.

In addition to DFA, three operating companies of New GX's businesses didn't exist pre-2007.

So, where did New GX begin? In 2004, Khudu and a friend invested in their first business, Shangoni Management Services, a South African-based environmental risk management business whose largest contract was in the Nigerian delta region. The business's annual turnover was R5 million and the founders wanted to strengthen their base in South Africa. The problem was that for them to secure additional mining clients in South Africa, they needed a BEE partner. Khudu needed a business that he could invest in, and he needed something relatively small



“My dad was 76 when he lost everything, and his response was, ‘I think if I save enough money, I can buy a bakkie and we can sell vegetables.’ That was it. He just picked himself up and carried on. My mom and dad pulled us together and made sure we all believed it would work out.”

that he could afford. It was a win-win. They bought 51% of Shangani for R500 000, paid for from the dividends of his shareholding because he didn't have upfront capital.

It was Khudu's first deal. The second was Alan Dick, a large multinational entering South Africa. By 2005, New GX was a start-up born from Khudu's vision to launch an operational BEE investment company that could execute larger deals, with the support of Absa Capital private equity.

**Khudu is a dealmaker, but from the word go, his goal wasn't to just be another holding company. He was 30 years old and his aim was to become an African industrialist.** Why? Because if experience had taught him anything, it was that in developing countries, governments will always fail in delivering utilities services. New GX's 2028 goal to reach a market cap of R10 billion is based on a micro-utilities strategy that recognises an opportunity to implement private-public partnerships or outsource the running of utilities, from fibre to waste management, water and energy.

“The days of large-scale water plants are limited,” says Khudu. “Instead, if someone is building a large commercial park or residential estate, they're going to look for water and waste solutions that can be

funded and run by institutions with capital and skills – and that's where we come in. Everything we do is tied together by this golden thread.

“South Africa and Sub-Saharan African governments are drowning in debt. Our GDP growth is lagging behind the rest of the world and it's because there isn't enough power and infrastructure investment across the continent. You can't rely solely on parastatals, and so we have a business opportunity as well as an impact investment opportunity to grow economies and communities through access to infrastructure.”

Khudu is currently raising R4,3 billion from local and international investors to build on the foundations he's already laid over the past 14 years. New GX recently concluded a R1,6 billion capital raising mandate with Nedbank and is working on raising R2,7 billion in infrastructure equity in 2019. “All relationships are important and you need to treat them as such. Never burn bridges. Don't step on someone else to get where you're going. If you're always focused on the long-term, you won't take short-cuts that damage relationships.”

#### **BECOMING AN INDUSTRIALIST**

**Khudu didn't wake up at the age of 29 and decide he was going to become an industrialist. This level of growth and planning doesn't happen by accident. It takes time, practice, an extraordinary vision – and the right background.** “From an early age, I planned to do something that would take my family out of the circumstances we were in after my father lost everything when politicians in those days destroyed his businesses. I didn't know exactly what it would be – that would only come later – just that I needed to do something.”

Khudu was a trader's son. His father, HM Pitje, was a township businessman in the 1970s and 1980s who poured everything he had into the communities of Soshanguve and Mamelodi. “When I was doing my articles, I'd meet colleagues in the profession who'd recognise my name and ask me if I was HM's son. Some of them were there because he'd helped them pay their fees when they couldn't afford to do so.”

HM loved his community. Mamelodi Stadium is named after him because, as Mayor of Mamelodi, he built it, raising the funds himself and encouraging soccer teams to play there. He set up the first Post Office and was planning Mamelodi's first mall.



“His politics didn’t align with the local council. When I was 14, they went after him. They either needed to kill him, or kill his businesses and so that’s what they did – they went after him for R400 000 in rates and taxes. He had a bad lawyer and eventually he was sequestered.”

A commission of enquiry proved that HM was targeted, but by then it was too late. He had gone from prosperous businessman to bankrupt. “I grew up listening to my dad talk about community upliftment and business around the dinner table. By the time I was in my early teens I could read bookkeeping ledgers. I understood cash flow and trading. I’d watched my dad build everything we had from the ground up.”

At the time, Khudu and his brothers were all in a private school. “My dad was uneducated, but he wanted more for us. He had to pay our school fees in cash when he had the money. He’d arrive at school with envelopes and pay for a few months, until he could get enough cash together again for the next payment.”

**It was this determination to make sure his sons got a good education that put Khudu on the path he’s on today.** “When everything was taken away from us, my mom got a job at Netcare in Rosebank. She was able to cover our mortgage and keep us alive, but she couldn’t afford our school fees.”

Khudu left St Andrew’s College (SAC), but two months later, SAC contacted him – the headmaster had reached out to Lindsay Saker, who had agreed to pay for Khudu’s all-inclusive bursary. “If I hadn’t already been there, that wouldn’t have happened. My dad laid this foundation for me.”

More than that, his dad’s attitude and perseverance shaped Khudu’s mindset as well. “My dad was 76 when he lost everything, and his response was, ‘I think if I save enough money, I can buy a bakkie and we can sell vegetables.’ That was it. He just picked himself up and carried on. My mom and dad pulled us together and made sure we all believed it would work out.”

As a result, Khudu didn’t resent what had happened to his family. He focused on the future instead – on how he could make a difference.

“I was in Standard 7 (Grade 9) when our family lost everything, and then my dad died seven years later. He had laid such an incredible foundation for me by then.

“What we do at New GX is a culmination of being a trader’s son and the technical expertise that I got from being a chartered accountant and working at JP Morgan in London and South Africa. The trader’s son

loves risk. He sees an idea or a person and wants to back it. The technical person asks how they can raise enough money to execute the idea and grow it into a big organisation.

“I studied accounting – that was clearly my strength at school, I was always top of my class in high school – and from there I went into investment banking. Accounting and auditing is the opposite of risk, it’s all about mitigating risks, and I needed that to balance the inherent appetite for risk that I got from my dad. After that, I needed to learn how to structure deals. That was my focus.”

### **KNOW YOURSELF AND WHERE YOU’RE GOING**

While studying to be a CA, Khudu convinced Lindsay Saker to let him go to follow his dream. “My bursary from Lindsay Saker had continued after matric. I was studying at Wits University and working full time through their traineeship programme, earning R1 250 a month. But I wanted to work in an accounting environment – I knew that was the foundation I needed if I was going to build something incredible.”

Khudu still sees himself as a product of Lindsay Saker’s support and recently organised a meeting with the CEO of Imperial Holdings to discuss what they can do together to help educate disadvantaged kids. “We need to better people’s lives. I’m doing what I do today, through the business and the Foundation, because SAC and Lindsay Saker took a chance on me and supported me. Imagine how many kids are out there with the ability to change the world. They just need support and a solid education.”

Once Khudu was qualified as a CA, he started looking into investment banking. “I very purposefully went out to secure the skills and experience I needed. JP Morgan offered me a position and one of my conditions was that I be deployed to an international office. Nine months later I was on my way to London.”

Khudu had been completely upfront in his interview – he only planned to be an investment banker for five years. After that, he would strike out on his own. It was hard but rewarding work. “We worked 18-hour days. If someone left the office before midnight we’d jokingly refer to it as a half-day.”

By the time Khudu returned to South Africa, he’d saved enough money to support himself for 18 months and he understood the investment banking landscape. He’d also started building a network. He got off the plane, and the next day arrived back in the

Joburg office with his letter of resignation.

“I’d always been upfront that I wouldn’t leave JP Morgan for another bank, but that when the time came, I would leave to start my own business. When I resigned, I was clear that the time had come, and I didn’t want to use their money to launch my company because I was still working there, earning a salary, but focused on my side business. I was going to sink or swim on my own.

**“Every person, every entrepreneur, needs a code that they won’t break. You have to have lines in the sand. The bigger we get, the more important this becomes.**

I have an understanding with all of our CEOs and MDs: When you think your toe has touched that line, call me. Let’s discuss it. I do the same. I call someone I trust or one of my mentors if anything makes me feel uncomfortable. We can then openly and honestly discuss what we’re comfortable with, whether we should walk away or if there’s a way to restructure things in such a way that the toe is no longer on that line. We’ve walked away from many projects because things have entered grey areas that don’t align with our code.

“Once you start straying over that line, it moves further away, and you don’t stop. Eventually, you lose sight of it entirely. That’s not how I want to operate. We’re thinking long-term, large-scale infrastructure investment projects. Reputation is everything. It takes years to build and yet you can lose it in an instant if you don’t have clear lines that you stick to.”

That’s not to say Khudu and his team haven’t faced serious challenges and litigations. “We discovered that one of our businesses, which held a large contract with Eskom, was being lied to by the management team – a team I knew and trusted. We were missing R60 million and didn’t know where to begin.”

It was devastating for Khudu and his team, not only because of the personal betrayal, but from a business perspective.

“It was value-destroying. This was not why I went into business. I always want to have fun while working hard, but our reputation is everything. We parted ways with the entire management team of this business to send that message home. It has a short-term material cost, making a decision like that, but long-term I believe it’s the only way forward.

“I had to take personal responsibility – I hired and trusted the CEO of the business – and part of that responsibility is acting decisively. All we have is our name and brand.”

This attitude extends to everything New GX is involved in. “Always look at your exposure to any decision or deal holistically,” says Khudu. “We’re currently invested in a project that is facing some challenges as a result of the client not complying with its part of the contract. Our exposure is R20 million, but I also used my name to convince another partner to invest R20 million in the deal – which means our exposure is actually R40 million. I need to take responsibility for decisions that were made because my brand and reputation are trusted in the market.”

### **BUILDING ON SUCCESS**

It’s a reputation that has taken over a decade to build, but it’s been done slowly and consciously. It’s the reason Khudu can climb onto a plane to the UK to raise R2,7 billion in funding. “I’m able to explain to the investors I meet who has given me money in the past, what their returns have been, who we’ve supported as an owner-managed business, the returns they’ve received, and what our returns were – and I’m covering 14 years. I’m immediately lowering the risk of any investment we receive.”

The journey started off slowly, but soon gathered momentum, thanks in large part to the networks and industry knowledge Khudu built up before he launched New GX.

Khudu launched his business career with Shangoni, but it was his second investment that put him on the map. “My financial advisor, Michael Strauss, told me that AlanDick wanted to enter the South African market. But they were facing two obstacles. First, they needed a BEE partner. Second, even though AlanDick is a global telecoms company and local telcos like MTN and Vodacom were asking them to enter the market, it would be a small local subsidiary – too small for the big players in this space to take any interest.”

This made it the ideal play for Khudu and his partner. “In corporate finance I’d spent a lot of time structuring telecoms deals. I understood the telco space and it ticked the infrastructure box that interested me. I pitched for it.”

Khudu’s bid secured him a 30% stake in AlanDick’s R2 million South African start-up, with the international holding company retaining a 70% stake. Khudu became the business’s MD and got to work.

“In many ways, AlanDick was a launchpad for us. I started doing deals with Vodacom, MTN and other big local telcos – relationships that have been crucial to my growth. It was also a big factor in Absa’s

## **LESSONS LEARNT**

» **As an entrepreneur, you’re a storyteller.** If you can tell it well and accurately and make sure everyone can understand the punchline, you will get buy-in.

» **Understand which risks make sense and which don’t.** One of our powers as entrepreneurs is that we love risk – we embrace it. But be careful: Risk that you can control is good. Risk that is outside of your control and that relies too much on the integrity of others is a danger.

» **Ask yourself this question when you make a decision:** If I cut this, what drops? What will be affected down the line? There are always consequences to every action. Have you considered them all and mitigated against them?

» **Always know where you came from.** I am the product of my parents, St Andrews College, Lindsay Saker... don’t forget who helped you get to where you are today. Give back to the people and organisations who have supported you, and then, when you have the time and finances to do so, give back to the community at large.

» **Cash flow is king.** Find an honest, good and dynamic Financial Director. New GX has that in Graham McGregor. Have a budget for everything and stay liquid.

R97 million private equity investment in one of my later deals through New GX.”

At the time, Absa’s private equity arm was looking for BEE investment vehicles to invest in. “They’d only executed a meaningful BEE partnership deal with Mvelaphande and were looking for other models to back. I managed to get a meeting with the heads of wealth and private equity and pitched

New GX to them. Their key question was what I’d done so far, which at that stage was invest in the environmental risk business and launch AlanDick in South Africa, but what really piqued their interest was my plans for AlanDick – I had a strategy to buy AlanDick Africa operations, a \$100 million business, off the back of the R2 million turnover entity I was involved in.

“They liked that idea. A few months later we were on a plane to the UK to pitch the deal to AlanDick’s head office. They turned us down, but the Absa team had seen my potential and wanted to invest in New GX, provided I found a ‘grey-hair’ to support me. At 30 they felt I was too young to be doing this on my own.”

Once he found a ‘grey hair’ partner, Absa pitched its offer: An equity stake in Pretoria-based holding company, CIVH, set up by ex-Dimension Data executives who were investing in other owner-managed businesses.

“It was my first experience in structuring an *en commandite* partnership, which is often used by private equity investors, and I needed to use some of my personal savings to come up with R100 000 to put some skin in the game. In return, I managed a 37% equity stake in CIVH as a general partner.”

It was CIVH that developed DFA into South Africa’s leading open access fibre network. “New GX Partnership II owns a significant stake in the asset, but the family, through New GX, has also invested a significant amount into CIVH. The platform is poised for growth and we see enormous potential.”

To date, New GX has invested in multiple businesses across the infrastructure sector. As a business entity, it plays an active role as an advisor to all of the companies it invests in, for the benefit of all investors.

For the most part, New GX has funded its own growth through dividends and by gearing its balance sheet. To take the business to its next level of growth, it is now necessary to raise additional capital. “Over and above the capital we are raising and the preference share facility we’re secured, we’ve created a Joint Venture with RMB Ventures. The JV gives us R1,2 billion to invest in education, health tech, Fintech and general industries.”

How did Khudu get here? “We promote our track record and our niche sector focus in micro-utilities, which together with proactive portfolio management has delivered superior historical growth. Our future is in infrastructure within the continent and the Middle East. We are a socially conscious impact investor with a strong management team. We focus on both economic and social returns.” It seems to be a magic formula. **EM**

# A CREATIVE BUSINESS IN A BOX

Thanks to her investment in a Brother ScanNCut machine, **Mary-Anne Shaw** has doubled her income while keeping her hours flexible and costs low. **BY NADINE TODD**



**Geraldine Eveline (left) is the product marketing assistant and sales representative for ScanNCut machine, and Mary-Anne Shaw (right)**

WITH AN EYE for creative detail and an interest in electric machines, Mary-Anne Shaw has carved a niche reputation as a seamstress who produces perfect finished goods. Her reputation is such that she's even had the opportunity to add some Shaw flair to a collection of Mandela family outfits in recent years.

Mary-Anne's sewing and stitching services began as a hobby almost 45 years ago. Thanks to word-of-mouth referrals from friends and family however, it soon grew into a business. "I've been extremely lucky to build a small speciality business over the years selling sewing machines and teaching sewing skills, drawing business from repeat and new clients based on recommendations," she says.

**The business became more serious when, a few years ago, Mary-Anne made the decision to invest her earnings in a Brother sewing machine.** "I started attending Brother training sessions and workshops to gain more knowledge and meet more people."

Mary-Anne's relationship with Brother grew. At a Hobby-X exhibition in Johannesburg she came across a Brother ScanNCut machine. Already familiar with the Brother brand and the training and support that customers can access, she was drawn to the 'novelty' machine.

"I watched a few demonstrations and immediately saw how the ScanNCut could add value to my existing business and generate some exciting new creative projects."

**Mary-Anne was right. In just two short years, she has doubled her business income, while keeping her hours flexible and her costs to a minimum.** "The Brother ScanNCut is a remarkable little machine," says Mary-Anne. "The cutting and scanning quality is superb, and it's easy to set up. Brother provides a number of tutorial videos and case studies and, after a few days of viewing and practising, anyone can get up and running."

Mary-Anne began showcasing her ScanNCut capabilities at quilting events in Gauteng, gaining orders for applique work,

and enquiries from people who wanted to buy the machine. "Since the quilting events began, I haven't stopped," she says. "I now sell ScanNCut accessories and kits daily to existing owners, and I teach groups and individuals how to use ScanNCut to extend their skills into a variety of creative areas such as applique work for gift boxes, cushions and lamp shades, as well as card making and more. People buy the machine for their own use, or ask me to create personalised items for them on my own machines."

**Knowing who her customers are has been important to Mary-Anne's growth.** "My advice to anyone who wishes to start a small business with ScanNCut is to first understand who you want to sell to and how. Most of my work is word-of-mouth, but I also exhibit

at crafting exhibitions, and work with crafting associations with an interest in the products I sell. I use email specials and post tutorials and projects on my Facebook page. I'm finalising a new website that will feature my products and training tools."

**Mary-Anne is supported by local Brother ScanNCut distributor, Kemtek Imaging Systems and its highly-qualified sales and business development team, who provide training, sales and marketing support for promotions and events.** Mary-Anne's set-up costs for ScanNCut included the machine, and a range of accessories, kits and materials, totalling R45 000. Two years on, her first machine is still in operation and she has invested in a second unit – the latest ScanNCut CM900, which offers a WiFi set-up. □

## Introducing the Brother ScanNCut CM900

The latest ScanNCut CM900 is a revolutionary home-cutting machine with a built-in scanner. Its uniqueness lies in the 300 dpi built-in scanner that makes it the only cutting machine able to turn scanned images, photos or hand-drawn sketches into unique cutting designs. What's more, the ScanNCut CM900 has a 12" x 24" scanning capability for larger projects, with the cutting mat doubling up as a scanning mat. Enhanced scanning quality with RGB colour recognition automatically distinguishes hues to extend design opportunities.

Once scanned, this fuss-free machine allows crafters to put their own creative spin on images, providing the option to customise using the 30% larger LCD screen with rotate, weld and resize functions, as well as an innovative 'Pen Draw' feature.

The interchangeable blades can easily cut shapes from a host of different materials to cater for numerous craft projects. The machine can read SVG files,

PES files and PHC files containing appliqué stitch data. Fabric shapes can be cut out to then appliqué with an embroidery machine.

The ScanNCut CM900 comes with built-in wireless LAN, plus a total of 1002 built-in designs and 15 fonts.



PHOTOS: DEVIN LESTER

# Turn your creative hobby into a business!

Brother's ScanNCut CM900 promises new creative heights with over 1000 built-in designs, wireless connectivity and a huge 12" x 24" scanning and cutting area. That's no wires, no worries and no limits.



## ScanNCut Home and Hobby Cutting Machine

- Large 12.3cm LCD touch screen display (30% larger than before) for ease of use
- Large 12" x 24" scanning and cutting area
- SVG data readability - Supports a universal design file format
- PES and PHC data readability - compatible with embroidery machines
- Plus, it's wireless network ready!

## Accessories included in the box

- Standard Cut Blade Holder
- Standard Cut Blade
- Touch Pen and Spatula Stand
- Spatula
- 6 Colour Pen Set
- 2 Type Erasable Pen Set
- Standard Mat
- Low-tack Adhesive Mat
- Pen Holder
- 2 High-tack Adhesive Fabric Support Sheets
- 2 Iron-on Fabric Applique Contact Sheets
- Touch Pen



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# LAUNCH

EXPERT ADVICE, YOUNG ENTREPRENEURS,  
INSPIRATIONAL PROFILES & IDEAS CENTRE

**PLAYER:** Greg Tinkler  
**COMPANY:** Slender You  
**LAUNCHED:** 2017  
**VISIT:** [slenderyou.co.za](http://slenderyou.co.za)

“Unless you have investment capital, keep lean. With eCommerce you can be up and running within a few hours and making sales for a small cost of entry.”

PHOTOS: DEVIN LESTER



## GETTING IT RIGHT FROM THE WORD GO

While there are no shortcuts to start-up success, there are proven ways to improve your chances. **Greg Tinkler** shares his lessons in launching and scaling a new-product based business in a short time frame. **BY NADINE TODD**

ENTREPRENEURSHIP teaches you how to persevere and build businesses. This is one of the reasons why many business owners either pivot or launch second or even third businesses based on lessons they've learnt, contacts they've built up and industry and market changes they've observed.

Greg Tinkler launched his latest brand, Slender You, based on the principles he learnt through eight years as a business owner. Here's what you can learn about start-ups from his experiences.

## BUILD ON YOUR DOMAIN EXPERIENCE

**What it is: Doman Experience** is actual experience in an industry or field. While this is not essential for start-up success, it will give you key insights into the market you're targeting, competitors and what key pain points you can solve.

**In action:** Greg has been in the sports supplementation industry for eight years, primarily on the marketing side. "This has given me invaluable contacts and expertise within this industry," he says. "I understand the market, what's available, where the gaps are and what consumers are looking for."

While Greg understood the end-user of the industry, he needed to research emerging trends in supplements and slimming products. "Safety and transparency are important – in fact, consumers demand both. After extensive research, we chose to base our products on vegan-friendly ingredients, not because we want to be a vegan brand, but because there are so many advantages to plant-based protein and herbal ingredients for the body and the environment, both of which our target market care about."

Working with some of the biggest brands in South Africa from an agency and marketing perspective has given Greg an unparalleled view of what does and doesn't work. "I've experienced these things first hand. I've seen bootstrapped start-ups thrive and multi-million-rand campaigns fail.

"This experience played a key role in the immediate growth of our brand once we launched, because we had already developed a playbook to follow. I'm also lucky to be surrounded by professionals in every aspect of the business, from our graphic designers to our digital marketing, logistics and promotions teams. That doesn't mean we can rest on our laurels. This landscape changes daily and consumers are spoilt for choice, so we need to continue innovating every day, especially on the eCommerce and social media front."



## TOP ADVICE

### 1. START WITH A GOOD PRODUCT.

Experience, expertise or budget will not make a bad product tick and scale. Run a few tests, chat to people about the brand, do some surveys. Find out if there is interest in your product, does it solve a problem and see if people like or need it.

**2. KNOW YOUR AUDIENCE.** Make sure you've done your research, figured out who your exact target market is and what currently holds their attention. We found that our target market (women aged 25 to 40) were spending most of their time on Facebook and Instagram, but also searching Pinterest and google for recipes, workouts and advice.

**3. KEEP UPSKILLING YOURSELF.** I built the first Slender You Shopify store myself by watching tutorials online. I was up and running and making money in a week, without outsourcing the site's development. The Internet has everything you need: You can learn about Facebook and Instagram ads, how Google Adwords work and how to tap into influencer

marketing strategies just be googling them. Learning these skills will help you enormously and save you a ton of cash. You can also listen to blogs like the Shopify Blog for eCommerce tips.

**4. BUILD FOR ECOMMERCE.** Retail is a beast. Build a strong online brand, create loyal customers and physical stores will follow because you can prove you've already got a captive market.

If you approach stores first, you have to accept their trade terms. If you create a demand before going to stores, you have more room to negotiate.

**5. THE STRUGGLE IS GUARANTEED, SUCCESS IS NOT.** Don't give up. It took me nine months of weekly meetings, calls and back and forth communications to get Slender You listed in Shoprite. It's not easy starting your own brand. My philosophy is simple: If you spend most of your day and life working, you might as well be working on something that you enjoy and that makes you want to wake up each morning.

## HAVE A PARTNER

**What it means:** Most successful entrepreneurs agree – **partnerships** tend to be more successful than entrepreneurs who launch and run businesses alone. The reasons? First, no entrepreneur has all the skills necessary to make a business successful. You either hire the right skills or partner with someone whose skills complement your own or fill your gaps. Second, you share the risk and have someone to discuss ideas and strategies with.

**In action:** Greg has expertise in marketing and vast domain experience in the sports and supplements industry but doesn't have product manufacturing experience, so he partnered with someone who does. "My business partner, Jaco Serfontein, is the owner of South Africa's top manufacturing facility, which means we can do everything in-house, from the physical product to packaging and labels. In addition to the cost benefits, we have tighter control over quality and innovation."

**GO-TO-MARKET STRATEGY**

**What it is:** A **go-to-market strategy** is an action plan that specifies how a company will reach target customers and achieve competitive advantage.

**In action:** To achieve competitive advantage, you need to understand your target market. From there, you can develop a solution that meets their needs – and that they will pay for.

In Greg's case, experience had taught him that the average corporate employee, working mom or entrepreneur doesn't have the time to prep six healthy meals a day or go to gym five times a week – and yet they still want to be slim and healthy. "Based on this and people's willingness to spend money on diets and weight-loss supplements, we developed a range of healthy, 100% natural weight-loss and weight-control supplements and meal solutions. Our core principle is convenience. Taste is also a factor in the development of our products."

From there, you need to reach your target market. "Our aim is to become the 'go to' resource in South Africa for a healthy lifestyle, weight loss, exercise, diet and recipes. To do that, you need to provide your followers with excellent content, not just products or product-pushes. We have combined influencer marketing, paid media advertising and content creation to build a database and follower base of authentic customers and leads. Telling people what you do and what your products are isn't enough. You need to become an expert that offers valuable advice, over and above your products."

**BLEND DIGITAL WITH PHYSICAL STORES**

**What it is:** Products can be sold through physical stores or online, or both.

**In action:** "From day one, our focus has been on becoming an eCommerce-first brand. I believe the future of retail shopping is online and all brands should have a strong eCommerce presence.

"In South Africa, eCommerce is still growing trust among consumers. So, it was essential for us to gain listings in physical stores to become profitable, scale and get our products into consumer hands. Shoprite, Wellness Warehouse and Dis-Chem stock our products.

"On the other hand, unless you have investment capital, keep lean. With eCommerce you can be up and running within a few hours and making sales for a small cost of entry." **EM**

# DON'T LISTEN TO THE SIRENS

As an entrepreneur, there will always be too many things trying to drag your attention away. You need to keep focused on what matters. **BY ALLON RAIZ**



IN GREEK MYTHOLOGY, sirens were part-female, part-bird creatures who lived on a rocky island. They sang songs of such beauty that sailors were irresistibly drawn to them, usually dashing their boats upon the rocks surrounding the island or drowning in their attempts to reach them.

The call of the sirens exists in every entrepreneur's life, particularly during tough times. Today's sirens usually drive fancy cars and work in a corporate environment. They will either subtly tempt you to join the corporate ranks or directly solicit you to give up your business and join them. In some instances they are right, and in others they are wrong. But, either way, they are a very distracting and alluring voice in your mind that can consume all of your imagination and distract you to the point where you lose all focus on driving your business forward. The more you listen to the siren song, the louder their voices grow and the more distracted you become.

I, too, was a target of these sirens during the early years of Raizcorp and

I understand how difficult they are to resist. Here are five techniques to help you withstand the lure.

## 1 Decide if you are or aren't an entrepreneur

As simple as this question may sound, most of the entrepreneurs I've engaged with have never asked themselves this question formally or haven't given sufficient thought to the answer. In his book *The E-myth Revisited*, Michael Gerber talks about how 96% of small businesses fail because their founders have suffered what he calls "an entrepreneurial spasm." In other words, the delusion that a business can be built on a single opportunity or a particular skill-set without considering any further thought to its longevity or sustainability. As a result, people enter into poorly thought-through business ideas without their ability to execute them or their desire to undertake the hard work and risk associated with their decision. You need to know that you have what it takes to be an entrepreneur with all its stresses and the tremendous toll it can take on your physical, emotional and spiritual wellbeing. If your answer is that you are not an entrepreneur, by all means, respond to the call of the sirens.

## 2 Expect the sirens

If you listen carefully to the stories of entrepreneurs, you will know that the sirens are always there – sometimes obviously, sometimes subtly. They take on different guises and communicate in different ways, but their tempting message that the grass is always greener on the other side and that you should give up is ever-present. By always expecting the sirens to appear and by having



the ability to identify and label them, entrepreneurs can put them back into their cages and get on with the business of business.

**3 Co-opt your life partner**

Life partners are an incredible influence on whether or not you will persist during the tough times. It is important to co-opt your life partner into your decision to become an entrepreneur – even before you start your venture. Their support is critical and acts as a protection against future threats from sirens. During your weakest moments, your life partner will become your most critical support, blocking the siren call and helping to refocus your attention on your dream.

**4 Solve your current problem**

Sirens take up an inordinate amount of space in your mind and distract you from the task at hand, namely, solving your current business problem (most likely sales or profit margin). By becoming 110% focused on solving the problem – to the level of obsession – you effectively muffle the sounds of the siren in your head, giving you the highest chance of getting through your current crisis.

**5 Never, never just go and listen**

Sirens, it seems, all go to the same siren school where they are taught the art of salesmanship in Siren Sales 101. The first module of Siren Sales 101 teaches sirens to use language like, “It won’t hurt you to come and have a coffee, and just listen to my proposal.” The problem is once you’ve heard the proposal, you can never un-hear it; it will bore into your mind and start creating a seductive picture of an alternative future. If you ever hear the words, “Just come and listen. What can it hurt? No obligations,” you should politely decline. Refocus on your crisis and soldier on.

The research firm, Dun & Bradstreet, showed that 90% of entrepreneurs who give up, give up voluntarily. They wake up one morning and can’t handle the pain any longer. I always wonder how many have been lured by those sirens. **EM**



**ALLON RAIZ** is a WEF Young Global Leader, a member of the Global Agenda Council on Fostering Entrepreneurship, the Entrepreneur-in-Residence at the University of Oxford’s Saïd Business School and founder of Raizcorp.

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# DO MORE, BE MORE

Personal values, passion and always believing in himself has set **Damian Michael** on the path to serial entrepreneurship. Here’s how. **BY NADINE TODD**

DAMIAN MICHAEL is a serial entrepreneur. He has launched and operates four different businesses, all of which require his time and attention, and he’s winning awards in the process.

Damian is an innovator. His first business, Innovo Networks, focuses on helping SMEs expand and grow through connectivity, communications, the Cloud and cyber security. From there, he launched AirSME, Innovo Tours and Alvarita, a food technology business that tests nitrate levels in food. Technology is the golden thread running through his various companies, but in each case he’s also been innovative. Alvarita, for example, is the sole distributor of the only portable nitrate tester in the world in South Africa and Africa.

While many business owners find it challenging to run just one business, Damian thrives on the challenge of being involved in different projects. It’s an important lesson – if you can tap into what you care about, what excites you and what energises you, you *will* find the time to achieve your goals.

Here are his five lessons on building – and sustaining – multiple businesses.

**1 Understand yourself.** “I’ve started a lot of different businesses because I believe it’s good to have multiple revenue streams, but more importantly, it gives me a rush,” says Damian. “I understand what drives me, and I tap into that. Being involved in so many projects and companies helps me to stay fresh and updated with technology or the latest craze. I help contribute to job creation, upskilling and leading

people, networking and meeting new people, travelling, and I become more influential. These are all elements that are important to me, and align with my personal goals.”

**2 Have a golden thread that runs through everything you do.**

For Damian, that golden thread is providing leadership. “20% of my time is focused on upskilling, developing and raising leaders in my business. I want all my staff to know that they are leaders in their positions and they must act according to the values of the business and lead. Each and every one is empowered to make decisions that are beneficial to themselves and the company.” Damian hasn’t always managed to get this right – as he says, people are influenced by many factors and won’t always adhere to the expectations or culture you’ve put in place. But that doesn’t mean you stop trying.

**3 Follow set systems and processes.** “We have processes for everything: All four businesses follow ISO 9001, ITIL, which aligns IT services with the needs of business, a clear marketing process and a reporting structure. My systems, processes and tools give me enough access to view activities from anywhere in the world to ensure I am placing the right amount of time on each business, and they also give our employees a blueprint to follow. Time management is critical though. Processes are useless unless you take the time to follow them.”

## BUILDING A PERSONAL BRAND

Before you can build a personal brand, codify your values. For Damian, that's integrity, excellence, communication, leadership, love and fun. "I incorporate these values into my daily life and businesses. Whatever I do or post on social media or my personal website adheres to this overall messaging. It needs to be clear what you stand for. This means some people will disagree with you – that's okay. You can disagree with someone and still respect them."

You also need to be active in your chosen community. Damian provides mentorship to the Allan Gray Orbis Foundation, thought-leadership content to Standard Bank, he contributes to social responsibility causes and he mentors young entrepreneurs.

**PLAYER:** Damian Michael  
**COMPANIES:** Innovo Networks; Alvarita; AirSME; and Innovo Tours.

**CLAIM TO FAME:** Winner of six awards, including: Eskom Business Award [2016]; IT Personality of the Year [2016]; FNB Business of the Year 2017 [Innovation]; National Gazelle 2017

**VISIT:** [innovonet.co.za](http://innovonet.co.za); [innovotours.com](http://innovotours.com); [alvarita.co.za](http://alvarita.co.za)

**4 Foster a Success Mindset.** "The mind is the greatest untamed frontier of humanity. Your mental attitude is the X factor that determines your destiny. I truly believe this. You can't improve your outer world until you have renovated your inner world. When you control your mind, you control the way you live. Thoughts control everything we do. If we control our mind, we control our world. Our mind is the master power that moulds and makes us."

**5 Build a personal brand.** "Building a personal brand gives you visibility and credibility, sets you apart in a crowded marketplace and opens up business opportunities. You also create a strong network that people associate you with it, and which you can leverage in the future. You want to be seen as a thought-leader; an individual with character and potential, and none of that is possible without a personal brand." **EM**



# SUPER FANS, SUPER BUSINESS

**Mike Sharman, Ben Karpinski and Bryan Habana** spotted a gap in the market for a digital agency that focused on aligning clients and brands with sports. Here's how finding a niche, the right team and being a little obsessed are the ingredients you need for a successful start-up. **BY DIANA ALBERTYN**

**PLAYERS:**

Mike Sharman,  
Ben Karpinski,  
Bryan Habana  
and Shaka  
Sisulu [Retroviral  
Chairman]

**COMPANY:**

Retroactive

**MAJORITY**

**SHAREHOLDER:**

Retroviral

**VISIT:** [www.retroactive.digital](http://www.retroactive.digital)

ONE'S A RETIRED sporting legend, another a sports fundi and the last guy happens to be a digital marketing maven. Together they've launched a business that's set to conquer their worlds combined. Retroactive was borne out of a love for sports and creative marketing.

"We are massive sports fans at heart. Not just fans of teams, but of everything that sport represents and provides people with

in life," says Mike Sharman, co-founder of Retroviral Digital Communications.

"It's a religion to many people, primary entertainment to others. But we felt that many times it was just treated as this secondary thing that people in the agency world would pay token attention to."

Mike, along with former Springbok rugby player Bryan Habana and sports authority Ben Karpinski, believed sport needed just as

much, if not more attention than anything else, as sport is a living breathing thing in life.

"Sport gives brands and companies unique opportunities to showcase themselves, and within sporting fans we have people who are loyal, dynamic and have focused interests that are worth engaging with. We believe we can tell the stories of this world, gather the insights, and translate it to relationships and content that will be unforgettable," says Mike.

PHOTOS: DEVIN LESTER, SUPPLIED

### 3 STEPS TO LAUNCHING A SUCCESSFUL START-UP

#### 1 Spot a gap

There are always opportunities, and if you can't see them you just aren't trying hard enough, says Mike. The first step is to find an underserved niche and then get to know your industry thoroughly.

"Entrepreneurs are a special kind of creature," says Ben. "Street smarts almost always trump book smarts, so it's important to simply get out on the streets so to speak. You need to know what your audiences and markets want, you need to have a hunger for finding solutions to their problems, and you need to not stop until you find them."

#### 2 Create a dream team

"The magic number is two co-founders," says Dan Newman, founder of web and design agency Druff Interactive and CEOwise. "Teams build entities, individuals might start them, but teams build them." Andrew McLean, founder of the Cycle Lab agrees that every good business venture has a better chance of succeeding when you don't go it alone. "Get great partners," says Andrew. "It's better to earn 10% of an industry than 100% of nothing."

Like any relationship, there needs to be some genuine attraction. "When you start any sort of venture you must have a clear goal in your mind. You then work out who or what kind of people are needed to help you get there."

**Mike's** ability to lead from the front and his clear vision of what makes an idea great, and how it will come to life, made him a great choice to lead the agency. "Many creative people have that trait, but Mike knows exactly how to include the client in this, not because that is good for business, but because when agency and client get the most out of each other, the finished product is nothing short of brilliant," says Ben. "He also has more fight in him than a new born turtle crossing a beach of seagulls, and when he believes in something, he makes it happen."

**Bryan** is a sporting icon for many reasons, some of which have very little to do with him being on a rugby field. "He has a superb understanding of what professional sport is all about, the importance of all the roleplayers, and how things vary across the globe,"

explains Mike. "Marketability isn't just about having a nice smile and a bag load of playing talent. Bryan is a perfect example of this and his desire to tackle an array of new challenges post his glittering career is a huge asset to Retroactive."

**Ben** is simply obsessed with sporting content. Every waking minute of his day revolves around creating something in sport. From podcasts, to videos, to written articles, he identified early on that social media could get sports fans more involved in sport than anything else previously could. "With a marketing background that he took to the world of advertising, then broadcasting, he has a great deal of experience around brands that have worked in the sports space. But his fan insights and interest in modern media trends are what really make him tick," Mike says.

#### 3 Be obsessed

It's not their first entrepreneurial play, but this time passion and partnership took the reins. "When initially approached by Mike Sharman, a mutual friend who I have known since school days, about the opportunity of joining Retroactive, I was attracted to the concept, because of their passion for creating fresh, exciting and authentic digital content in an environment where authenticity is so diluted," says Bryan.

"I enjoy the social media space and also love to engage and network with brands. This recipe made the opportunity even more enticing. I look forward to being part of an environment with Mike and Ben – both have vast experience and knowledge of the space. This allows me an opportunity to learn and grow, too."

## GETTING DOWN TO BUSINESS

#### Q Why is it important to diversify business models and business channels?

**Mike:** The smartphone changed our lives and continues to do so at a rapid rate, with evolving technology and improving accessibility to new demographics. So, what worked around mainstream media in the past could be obsolete now. It's not enough to know where the eyeballs of your target market are going nowadays – you need to be operating in those spaces, continually evolving. Today's consumers are spoiled for choice and expect personalised ways of doing things. We must find ways of being part of that.

#### Q What advice can you offer other entrepreneurs on identifying market opportunities and spotting gaps?

**Ben:** You need to know what your audience wants, you need to have a hunger for finding solutions to their problems, and never stopping until you find them. There are always opportunities, and if you can't see them then you just aren't trying hard enough.

#### Q How are you aligning your skills and market knowledge with a business venture?

**Bryan:** The transition period from a professional athlete to the life after is

currently one of the most talked about topics in sport. While it is challenging rediscovering yourself and where you fit in or what you want to be doing, I've kept myself busy engaging with people within the network I was able to create while playing rugby.

I was fortunate during my career as a rugby player. At the start of my journey, social media opportunities were very limited, yet the landscape exploded with so many different channels towards the twilight of my playing days.

Now that I am a former player, I look at things through the lens of a 'regular member of the public'; I'd like to see authentic, fresh, engaging content being posted onto social media. This is where I can use my knowledge as a player (and understanding of the inner-workings and constraints) and my connection with some of the biggest brands, globally. I've worked incredibly hard to cultivate a personal brand that I believe will have longevity long after my career.

I also studied a Business Manager course during my last season of professional rugby that allowed me to learn basic skills and concepts from various fields of expertise like accounting, law, digital strategy, and marketing, to name a few. **EM**

# DREAMS, IDEAS AND FINDING SOLUTIONS

The start-up journey is fraught with perils, but also incredibly rewarding. From funding to finding partners, if your aim is to be an entrepreneur, there's a plan to be had. **BY ALAN KNOTT-CRAIG**

**Q** 13 months ago, I started a pharmaceutical company. As founder and current CEO I'm experiencing a fair share of challenges, mainly because my ex-partner and equal investor decided four months ago to make a 180-degree U-turn, leaving me stuck with cash flow issues.

I have completed a comprehensive business plan, with three-year realistic financial projections and a

ten-year projected Income Statement to calculate Internal Rate of Return as well as future Company Value using the pharma industry average PE Ratio of 1:10 What are my next steps? – Riaan

If you need investors, it's best to approach people in your industry that understand your business. It's good to have the valuation and numbers ready to go, but the most important step is finding the right investor. Get

used to meeting people, selling your dream, and getting rejected. Eventually, you'll find someone who shares your vision, and then you can justify your valuation.

Ideally, you want two or three interested parties. That way you can play them off one another to increase your valuation. Just remember: The right partner is more important than the right valuation.

**Q** I sold my business and now work for a new company. I am not happy. Should I stay or take a sabbatical? – Zach

You will never regret a sabbatical. Ever. The only question is whether you can afford to not earn a salary for a while. If you can afford it, do it. By definition, a sabbatical is a leave of absence. Your position should be waiting for you when you get back. Regardless of your future job security, you must do what makes you happy. If you're not in a financial position to take a sabbatical, suck it up and start saving.

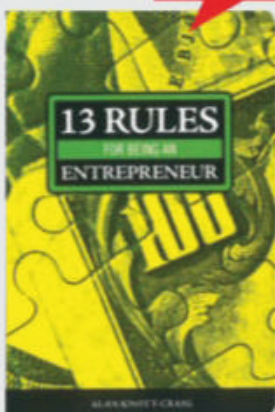
If you have enough cash, take a break. See the world, meet new people, learn new things. When you return to the real world your mind will have changed and you will be more likely to find your path.

**Q** I'm interested in technology and have some ideas to provide a service/solution in South Africa and then the rest of Africa. Who are the best possible partners that I can work with to bring this to the market since I don't have the financial muscle?

– Mambambo

Ideas without capital are like guns without gunpowder. Interesting but useless. You are right to be thinking about finding financial muscle. The trouble is that finding financial partners doesn't happen with a simple email intro. People only entrust capital to people they know.

READ THIS



Alan Knott-Craig's latest book, *13 Rules for being an Entrepreneur* is now available.

#### WHAT IT'S ABOUT

It's easy to be an entrepreneur. It's also easy to fail. What's hard is being a successful entrepreneur.

For an entrepreneur, there is only one important metric

of success: Money. But life is not only about making money. It's about being happy.

This book is a collection of tips and wisdom that will help you make money without foregoing happiness.

#### GET IT NOW

To download the free eBook or purchase a hard copy, go

to [www.13rules.co.za](http://www.13rules.co.za). To browse Alan's other books, visit [bigalmanack.com/books/](http://bigalmanack.com/books/)

#### ASK AL

Do you have a burning start-up question? Email: [alan@herotel.com](mailto:alan@herotel.com)

Your first step in chasing your entrepreneurial dreams is to build a network. The way to do that, assuming you were not lucky enough to be born to famous parents or go to a fancy school, is to find a reputable company (like Allan Gray), get a job, any job, and spend a decade building a reputation as honest, hard-working and likeable.

Then when you have an idea that needs capital, you have a network of people who trust you and have the financial muscle to back you.

**Q I registered my company in 2016. It's a financing company but it hasn't started to operate due to lack of funds. I'm scared to apply for funding because I'm worried I won't be able to repay the loan. What can I do? — Anele**

There are two kinds of funding: Equity and debt. Debt has to be repaid. If you don't repay, the lender comes and takes your house, car and everything else of value. The good news is that debt is very difficult for start-ups to access, so you don't need to put too much energy into this option.

That leaves equity. Equity refers to taking money from family, friends, and third-party investors in exchange for shares in your company. The good thing about equity is that if you don't give the money back no one repossesses your house, car and all other assets. The bad thing is if you make profits one day, you must share those profits with your investors, forever.

If you have the entrepreneur bug, you have no choice: You must try to start a start-up. Fear is easier to overcome when you have no choice. If you raise capital (equity) you need not fear losing all your possessions if you fail. If you do fail, it will just be much harder to raise capital again. **EM**

# THE PATH TO START-UP SUCCESS

Avoid mistakes other entrepreneurs have made and speed up your path to success.

**BY MARK HOPKINS**

BEING AN ENTREPRENEUR is really hard work. Get rich quick schemes don't work. There are, however, ways you can avoid making the same mistakes others have – and there are ways you can speed up the path to success. But you cannot get around the fact that it takes hard work and sacrifices. Lots of hard work and lots of sacrifices in fact. So, here are some of the key mistakes that we see when working with businesses and business owners to help you avoid making the same ones.

## Are you really good at everything?

No-one is perfect and good at everything (although there may be a few out there who disagree with me on this one). The reality is that we all have things that we are really good at and things that don't interest us or we are rubbish at. This is completely normal and doesn't make you less of an entrepreneur. The businesses that thrive are those that are led by individuals who are comfortable to admit this and then surround themselves with experts who can deliver what the business needs. This can be in the form of outsourcing or support. The entrepreneurs who are too proud to admit they are not perfect increase the chances of their business failing. So, write down a list of things you don't enjoy doing or aren't good at and decide if they can trip you up. If they can, outsource them or work with an expert who will protect you and your business.

## Do you really have a good idea and will it make money?

There are people in our lives who will tell us what we want to hear. They love us and want us to be successful and so will struggle to have the conversation with us that says, 'actually this isn't really a good idea.' Being a business owner is not about getting told you are perfect and right, it is about getting

the truth about whether you have something that people might buy or not. Once you have confirmed that it is a good idea you then need to work out if you can make money from it. Can you sell it at a price that people will purchase and give you a good profit at the end? There is no point building a business where you are only going to lose money. Do the maths before you do anything else.

## Do you understand your business pipeline?

Every business is reliant on getting enough customers to buy your products. The only way your business survives and grows is if you are clear on your business pipeline. The pipeline begins with understanding what problem you are solving and for whom. You then need to test the solution. Now you plan how you are going to market and then sell your product to your target audience (while making a profit). Product build and delivery becomes the focus, underpinned by your administration, finance and people processes. The pipeline then repeats itself. A business is like a puzzle; if you miss a piece of the puzzle the picture is never complete. If you miss a step in your pipeline, profit will just leak out of your business.

## Do you have a plan?

Creative people plan their lives to be creative. Without some form of a plan how do you know if you are being successful? Having a plan allows you to ensure everyone is aligned to the destination you are working towards and that you can focus on doing the things that are a priority for your business and not those that are the noisiest. Be clear on what you want to achieve, why you want to achieve it, how you are going to achieve it and who is responsible for achieving what. Start by answering these questions and you will have a great plan for everyone to follow.

The path to success is never a straight line and it's always full of challenges and pitfalls. Accept that you will make mistakes but by following the above four guidelines, you will avoid falling into the trap of making the most common mistakes of entrepreneurs. **EM**



**MARK HOPKINS** is the co-founder of Tetrakey, a performance-focused business and personal coaching company. Mark is a serial entrepreneur who has launched businesses across four continents.

He is the South African Men's hockey coach.

Visit [tetrakey.com](http://tetrakey.com)



# ON POINT

Through Property Point, **Shawn Theunissen and Desigan Chetty** have worked with more than 170 businesses to help them scale. Here's what your start-up should be focusing on, based on what they've learnt. **BY NADINE TODD**

THROUGH PROPERTY POINT, Shawn Theunissen and his team have spent ten years learning what makes entrepreneurs tick and what small business owners need to implement to become medium and large business owners. In that time, over 170 businesses have moved through the programme.

While Property Point is an enterprise development [ED] initiative, the lessons are universal. If you want to take your start-up to the next level, this is a good place to start.

## RISK, REPUTATION AND RELATIONSHIPS

"We believe that everything in business comes down to the 3Rs: Risk, Reputation and Relationships. If you understand these three factors and how they influence your business

and its growth, your chances of success will increase exponentially," says Shawn Theunissen, Executive Corporate Social Responsibility at Growthpoint Properties and founder of Property Point.

So, how do the 3Rs work, and what should business owners be doing based on them?

**Risk:** We can all agree that there will always be risks in business. It's how you approach and mitigate those risks that counts, which means you first need to recognise and accept them. "We always straddle the line between hardcore business fundamentals and the relational elements and people components of doing business," says Shawn. "For example, one of the risks that everyone faces in South Africa is that we all make decisions based on unconscious biases. As a

**PLAYERS:** Shawn Theunissen and Desigan Chetty

**COMPANY:** Property Point

**WHAT THEY DO:** Property Point is an enterprise development initiative created by Growthpoint Properties, and is dedicated to unlocking opportunities for SMEs operating in South Africa's property sector.

**LAUNCHED:** 2008

**VISIT:** [www.propertypoint.org.za](http://www.propertypoint.org.za)

business owner, we need to recognise how this affects potential customers, employees, stakeholders and even ourselves as entrepreneurs."

**Reputation:** Because Property Point is an ED

initiative, its 170 alumni are black business owners, and so this is an area of bias that they focus on, but the rule holds true for all biases. “In the context of South Africa, small black businesses are seen as higher risk. To overcome this, black-owned businesses should focus on the reputational component of their companies. What’s the track record of the business?”

A business owner who approaches deals in this way can focus on building the value proposition of the business, outlining the capacity and capabilities of the business and its core team to deliver how the business is run, and specific service offerings.

“From a business development perspective, if you can provide a good track record, it diminishes the customer’s unconscious bias,” says Shawn. “Now the entrepreneur isn’t just being judged through one lens, but rather based on what they have done and delivered.”

**Relationship:** “We believe that fundamentally people do business with people,” says Shawn. “There needs to be culture match and fluency in terms of relations to make the job easier. As a general rule, the ease of doing business increases if there is a culture match.”

This relates to understanding what your client needs, how they want to do business, their user experience and customer experience. “We like to call it sharpening the pencil,” says Desigan Chetty, Property Point’s Head of Operations. “In terms of value proposition, does your service offering focus on solving the client’s needs? Is there a culture match between you and your client? And if you realise there isn’t, can you walk away, or do you continue to focus time and energy on the wrong type of service offering to the wrong client? This isn’t learnt overnight. It takes time and small but constant adjustments to the direction you’re taking.”

In fact, Desigan advises walking away from the wrong business so that you can focus on your core competencies. “If you reach a space where you work well with a client and you’ve stuck to your core competencies, business is just going to be easier. It becomes easier for you to deliver. Sometimes entrepreneurs stretch themselves to try to provide a service to a client that’s not serving either of their needs. This strategy will never lead to growth – at least not sustainable growth.”

Instead, Desigan recommends choosing an entry point through a specific offering based on an explicit need. “Too often we see entrepreneurs whose offerings are so broad that they don’t focus,” he says. “Instead,

## NETWORKING, COLLABORATING AND MENTORING

Property Point holds regular networking sessions called Entrepreneurship To The Point. They are open to the public and have two core aims. First, to provide entrepreneurs access to top speakers and entrepreneurs, and second, to give like-minded business owners an opportunity to network and possibly even collaborate.

“We believe in the power of collaboration and networking,” says Desigan. “Most of our alumni become mentors themselves to new entrants to the programme. They want to share what they have learnt with other entrepreneurs, but they also know that they can learn from newer and younger entrepreneurs. The business landscape is always changing. Insights can come from anywhere and everywhere.”

The To The Point sessions are designed to help business owners widen their network, whether they are Property Point entrepreneurs or not.

**To find out more,** visit [www.ettp.co.za](http://www.ettp.co.za)

understand what your client’s need is and address that need, even if it means that it’s only one out of your five offerings. Your likelihood of success if you go where the need is, is much higher.

“Once you get in, prove yourself through service delivery. It’s a lot easier to on-sell and cross sell once you have a foot in the door. You’re now building a relationship, learning the internal culture, how things work, what processes are followed and so on – the client’s landscape is easier to navigate. The challenge is to get in. Once you’re in, you can entrench yourself.”

Desigan and Shawn agree that this is one of the reasons why suppliers to large

corporates become so entrenched. “Once you’re in, you can capitalise from other needs that may have emanated from your entry point and unlock opportunities,” says Shawn.

### BUILDING A SUSTAINABLE START-UP

While all start-ups are different, there are challenges most entrepreneurs share and key areas they should focus on.

Shawn and Desigan share the top five areas you should focus on.

#### 1. Align and partner with the right people.

This includes your staff, stakeholders, partners, suppliers and clients. Partnerships are the best thing to take you forward. The key is to collaborate and partner with the right people based on an alignment of objectives and culture. It’s when you don’t tick all the boxes that things don’t work out.

**2. Make sure you get the basics right.** Never neglect business fundamentals. Do you have the processes and systems in place to scale the business?

#### 3. Understand your value proposition.

Are you on a journey with your clients? Is your value proposition aligned to the need you’re trying to solve for your clients? Are you looking ahead of the curve – what’s the problem, what are your clients saying and are you being proactive in leveraging that relationship?

**4. Unpack your value chain.** If you want to diversify, understand your value chain. What is it, where are the opportunities both horizontally and vertically within your client base, and what other solutions can you offer based on your areas of expertise?

**5. Don’t ignore technology.** Be aware of what’s happening in the tech space and where you can use it to enable your business. Tech impacts everything, even more traditional industries. Businesses that embrace technology work smarter, faster and often at a lower cost base.

Ultimately, Desigan and Shawn believe that success often just comes down to attitude. “We have one entrepreneur in our programme who applied twice,” says Shawn. “When he was rejected, he listened to the feedback we gave him and instead of thinking we were wrong, went away, made changes and came back. He was willing to learn and open himself up to different ways of approaching things. That business has grown from R300 000 per annum to R20 million since joining us.

“Too many business owners aren’t willing to evaluate and adjust how they do things. It’s those who want to learn and embrace change and growth that excel.” **EM**



# 6 SECRETS FOR GIVING YOUR NEW BUSINESS THE MOMENTUM TO KEEP GROWING



Follow these tips to get a critical mass of customers so your business grows on its own. **BY JIM PRICE**

IN GREEK MYTHOLOGY, Sisyphus was condemned to a hellish eternity of repeatedly rolling a boulder up a hill, only to have it roll back just before he crested the summit.

Note to entrepreneurs: Don't be Sisyphus.

## NETWORK-EFFECT BUSINESSES AND HOW THEY WORK

If you're launching a network-effect business – one for which the network is more valuable as more users or customers join – it can be especially challenging. If you don't play your cards right, you run the risk of forever rolling the boulder up the hill, never achieving positive momentum. Built and scaled properly, network-effect entrepreneurs are able to crest the hill and achieve the positive momentum of the boulder rolling down the other side: Your target users join of their own volition with little or no impetus from your company.

Generally speaking, we're talking about two types of businesses here: One-sided networks, and two- or multi-sided networks. A classic (albeit ancient) single-sided network

would be the original landline telephone. [They're in old movies; they plugged into the wall and had those adorable rotary dials.] Being one of the first owners of a telephone had to have been pretty useless, since you had nobody to call and nobody to call you. At that point, the network had negative inertia and was a difficult boulder to budge. But, once the number of users on the network reached critical mass – probably city by city – everyone 'needed' to instal a phone because it became the standard medium for remote, real-time communication.

With the advent of email, we encountered the same phenomenon. Until lots of people in your circle used it, it wasn't a useful medium to send and receive messages, but once email had accumulated a critical mass of business and personal users, it became a 'must-have' communication medium.

Multi-sided network-effect businesses are very popular today, yet they're equally challenging to get off the ground. Think of some typical examples. The value of Airbnb was quite limited at first, before there was

much 'inventory' of properties for rent; vacationers or travellers might log on and fail to find a satisfying amount or quality of listings in their target location. Hailing an Uber in your city of choice wasn't always possible, and there had to be a balance of drivers and passengers; too many of the former would lead to dissatisfied drivers unable to earn a living, while an inadequate supply of drivers could quickly lead to dissatisfied passengers.

Similarly, when Apple first launched the iPhone, there were only a relative handful of apps; it only became the pocket supercomputer cum Swiss Army knife it represents today once many tens of thousands of app developers had made their wares available to users on the App Store. eBay needed to have a balance of sellers and buyers in each product category to create a vibrant marketplace.

## SECRETS FOR SUCCESSFULLY LAUNCHING YOUR NETWORK-EFFECT BUSINESS

Each of the examples we've touched on so far clearly managed to roll the proverbial

boulder over the crest of the hill and achieve the glorious positive inertia that comes with a critical mass of users: More users automatically join the network, and rapid growth just seems to magically happen with dramatically less work, time and expense on the part of the company. So how do we, as entrepreneurs starting our own network-effect businesses, achieve that momentum? Here are some suggestions based on observing hundreds of start-ups and large businesses through the years:

**1 Roll out geographically.** Let's say you're launching a vertical marketplace to match owners of pet hamsters with hamster walkers. (Hey, it could happen.) Do you launch nationally at first? The problem there is that a hamster owner in, say, East London may not find a sufficient local supply of hamster walkers, while conversely a plethora of walkers in Cape Town might struggle to find sufficient pet owners to generate business.

If you choose to roll the boulder up the hill nationally (forget globally), you're taking on a gargantuan – and probably lengthy and costly – challenge. But, if you break it down by geography, you're tackling a series of much smaller hills. That is, building a critical mass of people on each side of the network, for each locale, becomes a far more manageable task.

In this case, instead of needing to recruit hundreds or thousands each of hamster owners and walkers nationally, you might need only a dozen walkers to launch successfully in Durban and attract owner-clients. Then, once you've successfully created a local network-effect in your chosen launch city, you can expand.

**2 Roll out by category.** Whether your network-effect start-up is geography-dependent, you may also want to consider rolling out by category. A site specifically for buying and selling band instruments, for instance, may want to start with woodwinds, or narrow it even further to clarinets, and only expand from there once you've developed a critical mass of buyers and sellers in that focused category.

**3 Create a playbook.** As you're working to build a two-sided marketplace effect at your selected local launch site, take the view that this is a national (or global) business in which best practices will be captured and replicated. From the outset, develop a playbook for how you're going to roll out in each local area. Do you build up a critical mass of walkers first before 'going live' in a new locale and promoting to pet owners? How? Going door-to-door in hamster-friendly neighbourhoods? Gumtree ads?

Similarly, if you're launching a non-geography-based business – let's go back to our musical instrument example – be sure to develop a dynamic playbook so you can apply best practices from clarinets to other woodwinds such as saxophones, flutes and oboes, and how to apply lessons learned from the broader woodwind category to expand into brass instruments when the time is right.

**4 Be deliberate, but also opportunistic.** While being very intentional about rolling out your network by geography and/or product/service category can reduce launch costs and help ensure success, you can still leave some things open to chance. For instance, in parallel with your deliberate hamster-walking roll-out city-by-city, you may wish to also encourage users to 'plant seeds,' suggesting or even launching a new area for you. If you're starting your hamster network in Durban and a couple of service providers want to offer their hamster-walking services in Pretoria, you may want to be geographically opportunistic.

By the same token, you may find unanticipated user demand for new product or service categories such as buying and selling gerbil-walking or snake-grooming services. (Who knew?) While you need to be careful about diluting your focus, listening to your customers as you grow might suggest opportunistic paths you hadn't originally considered.

**5 Make it viral.** WhatsApp no longer needs to overspend on marketing, since its users do it for them. Expats, international students, travellers, virtually anyone with family and friends in other countries, seems to flock toward the platform as an easy, cheap way to communicate globally. As another viral example, Instagram is the social app du jour for Millennials – in niches ranging from foodies to fitness fanatics, it's established itself as the place to see and be seen.

Even for niche network-effect businesses, it's critical to look for characteristics that can make your service viral within its target audience. For instance, can you provide discounts or other financial incentives for

users to recruit their friends and family, or even for service/product providers to recruit their erstwhile competitors (e.g., hamster-walkers in adjacent neighbourhoods of the same city)? Be creative.

**6 Don't get out over your skis.** Entrepreneurs who get out over their skis lose their balance and face-plant; that can be painful, or even ruinous, to your start-up. So, as optimistic as we all tend to be, exercise caution as you expand to new geographic markets or categories, making sure you always offer a critical mass on both sides of your network. Listen to your customers and ensure customer satisfaction.

Finally, as you launch and scale your network-effect business, remember that there is no formulaic 'correct answer' to many of the variables that will create success. It's okay to consider starting your business where you live and then expanding in a logical way. If you're connecting buyers and sellers of used band instruments and are a passionate trumpeter, you may want to start there. If, alternatively, you've found a great source for used alto saxophones, that may dictate a logical starting point. As important as it is to be thoughtful and considered, don't overthink things looking for a magical right answer. **EM**

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# Waking up at 5 am isn't enough to make you a successful entrepreneur

It's what you do with your hours — and how you identify your 'prime time' — that makes the difference.

MANY BUSINESS EXPERTS and life-hackers swear by their morning routines. They believe these habits are key to continuous learning and developing the kind of self-discipline it takes to achieve success.

That's a lot to accomplish before the work day begins. And if you have kids to get out the door or a dog that needs walking, your sunrise to-do list is even longer. I don't know when morning routines became entrepreneurial dogma, but these virtuous, foot-long checklists have spread like wildfire.

Habits and routines can be effective, but science tells us there's often a misplaced emphasis on morning. Research reveals we all have different peak hours. Whether you're a lark (a naturally early riser), a night owl or some bird in-between, you can enhance your productivity and create habits that serve your goals. It's better to know yourself than to follow 'expert' advice to the letter.

"Your internal prime time is the time of day, according to your body clock, when you are the most alert and productive," author and speaker Brian Tracy wrote. Leveraging those prime hours can supercharge your focus and derail procrastination.

I discovered my own natural rhythms through experimentation. Harnessing this resource has enabled me to navigate the ups and downs of a 12-year entrepreneurial journey. Every day is different, but tackling the most important, strategic work during my best hours helps me stay motivated.

## PRIORITISE YOUR WELLBEING

One-size-fits-all rarely fits anyone. It's a mistake to treat someone else's detailed routine as the universal path to productivity.

I have my own to-do list. I eat a light breakfast and then meet with my personal trainer, whether I'm feeling motivated or not. About 20 minutes into the workout, my blood is pumping and I'm wide awake. I shower, drive to the office, fill my mug with coffee and open a blank document. I write morning pages. Sometimes this exercise stretches across an hour or two. It's the most productive part of my day.

In the now nearly 30-year-old bestseller, *The 7 Habits of Highly Effective People*, Stephen R. Covey wrote, "Sharpen the saw means preserving and enhancing the greatest asset you have — you. It means having a balanced programme for self-renewal in the four areas of your life: Physical, social/emotional, mental, and spiritual." He suggested free writing, reading and listening to music.

Prime hours are a great time to tackle projects that require creativity, clarity and focus, but they can also be a chance to renew and prepare yourself for the day.

## OWN YOUR SCHEDULE

Entrepreneur and investor Paul Graham in 2009 published an influential blog post about the difference between a manager's schedule and a maker's schedule. "The manager's schedule is for bosses," he wrote.

"It's embodied in the traditional appointment book, with each day cut into one-hour intervals. You can block off several hours for a single task if you need to, but by default you change what you're doing every hour."

The schedule is different for creative workers such as designers, writers and programmers. They need a maker's schedule, which splits their time into half-day units — at a minimum. Focused, flow-based tasks (like writing and coding) demand undivided attention, and that can be difficult to manage in one-hour blocks. That hour evaporates amidst meetings, phone calls, questions from colleagues and staff announcements.

Ultimately, breaking time into small chunks can crush a maker's day and kill productivity. "If I know the afternoon is going to be broken up, I'm slightly less likely to start something ambitious in the morning," Graham wrote.

There are distinct differences between a software developer (a maker) and an HR professional (a manager). But founders, entrepreneurs and CEOs are both makers and managers. These leaders must collaborate with employees, contractors, suppliers or board members. They also need to think strategically, which requires space to plan and then create.

Technology or content-based founders also need large time blocks for their own hands-on work. When you're building a team, a business or a strategy of any kind, you're operating as a maker.

As a CEO, I break my day into two parts. My prime post-gym hours are dedicated to maker's work. Later, I schedule meetings, conduct interviews and operate as a manager. After much trial and error, I've found this approach works best for my natural energy cycles.

## PROTECT YOUR PEAK HOURS

Your personal prime time is valuable. Protect it at all costs. Instead of letting those precious hours slip away with email, social media or other distractions, use them for brain-intensive work. Don't schedule meetings or let anyone interrupt you.

It's worth taking some time to map your natural rhythms. After all, the 9-to-5, 40-hour workweek originated way back in 1817. But in more flexible work environments (especially for founders, solopreneurs or freelancers) that's not always the best way to work.

Your prime time is your ultimate weapon in a highly competitive market. Use it wisely, and your productivity may soar. **EM** — AYTEKIN TANK

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# MEDICAL AIDS, WE DESERVE CHOICE!

ENOUGH OF MONTHLY RATES THAT ARE OUT OF MY CONTROL  
ENOUGH OF PRETENDING THAT YOU'RE MADE FOR ME WHILE I'M  
JUST GETTING THE SAME AS EVERYONE ELSE  
ENOUGH OF HAVING NO SAY OVER WHAT MY COVER SHOULD BE  
ENOUGH OF TAKING MY MONEY FOR DAY-TO-DAY BENEFITS  
BEFORE I'VE EVEN USED THEM

I DESERVE TO BE IN CONTROL  
I DESERVE BENEFITS THAT FIT ME AND ONLY ME  
I DESERVE FLEXIBILITY  
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