MAGAZINE FOR FINANCE PROFESSIONALS IN SOUTH AFRICA

CFO

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Finance Indaba Africa
13 and 14 October 2016 at the Sandton Convention Centre


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Risking it in 2016

More than ever, good financial management is about the combination of discipline and taking calculated risks. The most successful leaders are on top of their numbers, but at the same time stimulate initiative, innovation, ideas and investment geared towards growth. “Risk,” says Telesure CFO Jo Pohl in an interview about her first 100 days at the company (page 13), “should not be a ball and chain, but a competitive advantage”.

There is a massive attitude divide between taking risks and avoiding risks, but both come together in the CFO’s office, which lately has become a hot seat for risk management. That is why it is no wonder that Standard Bank has appointed Arno Daehnke as group finance director from May 2016. Just like Barclays Africa’s CFO David Hodnett, Arno has a risk background.

Many successful leaders have taken a great deal of personal risk to get to the place they are in their career. Take Vusi Thembekwayo (page 31), now a successful investor and public speaker, but for many years “living like a pauper in abject poverty”, chasing his dreams. And what to think of Digicore CFO Cobus Grove, who walked into his job interview with Digi-Core CEO Nick Vlok and told him without blinking that he needed to restate many years of financial statements? Our cover CFO Mary Vilakazi – who joined MMI in 2014 – had to fight against a poisonous cocktail of stereotypes to be successful as a young black female. How is that for risk appetite?

As CFO South Africa, we are lucky to have inspiring individuals like those mentioned above willing to offer their time to contribute to our CFO events. Jo has been involved in various events already and Cobus will be sharing his thoughts during a two-part M&A series in April and July (more details on page 54). Vusi will not only be the master of ceremonies at this year’s CFO Awards, but is also one of the most anticipated speakers at the Finance Indaba Africa on 13 and 14 October 2016. You can find all you need to know about this unique event – which finance professionals simply cannot risk missing – from page 22 onwards.

This magazine features no less than three great interviews with specialists from our principal partner KPMG, exploring Alwyn van der Lith’s views on the mining & gas sectors, Michael Rudnicki’s take on the latest trends in private equity, and Jason Kazilimani’s insights into the business opportunities in Zambia. With a number of new CFO South Africa partnerships expected to be announced this year – Thomson Reuters already kicked this off with exciting news in January (page 21) – we’re expecting to be able to keep increasing the quality of our events, magazine and our vibrant website, CFO.co.za. A great way to keep up to date with our articles is by ‘liking’ CFO South Africa on Facebook.

I hope you will enjoy 2016’s first edition of CFO Magazine, which is now a quarterly publication. Must-reads include the chat our MD Graham Fehrsen had with SekelaXabiso CEO Lindani Dhlamini, our article on South Africa’s new ACCA boss Pat Semenya and interviews with various prominent CFOs, like Reeza Isaacs (Woolworths), Mohammed Abdool-Samad (Illovo) and Paul Marten (Microsoft South Africa). Their recipes for success might differ, but mastering the combination of discipline and considered risk-taking is a common denominator that ties all these amazing people together.

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Get ready for South Africa's finance Oscars

Professors Wiseman Nkuhlu and Mervyn King will be among the most eminent of guests at this year's CFO Awards. The event has quickly established its status as South Africa's finance Oscars and the edition on 12 May 2016 at the elegant Summer Place in Hyde Park promises to be bigger, bolder and better than ever.

"The CFO Awards are a highlight on the calendar for our CFO community," says CFO South Africa MD Graham Fehrsen, adding that he is delighted that both former winners have taken a seat on this year's panel of judges. The inaugural CFO of the Year award in 2014 was won by Standard Bank Group FD Simon Ridley and last year the prize was claimed by Deon Viljoen, who was recently named acting CEO at Alexander Forbes.

The awards recognise CFOs of listed companies, large corporations, parastatals and government institutions and honour them for outstanding performance and leadership. The gala dinner will be preceded by a conference, with topical roundtables and master classes focussed on the agenda of the CFO in 2016.

Fehrsen doesn't want to reveal too much about the programme yet, but his working title for the master class is 'Building and leading the 21st century enterprise – CFOs at the helm'. Among the speakers will be futurist and leadership expert Keith Coats, former baseball coach and team building expert Brian Farley and livewire-entrepreneur Vusi Thembekwayo, who will also be the master of ceremonies during the gala event. "We are aiming to make the conference the best CFO of the year – and the gala dinner that follows the best night of the year," says Graham.

Professor Wiseman Nkuhlu, Chancellor of the University of Pretoria and South Africa's first black chartered accountant, will be attending the awards as a special guest of honour. Many CFOs mention Prof Nkuhlu as their professional inspiration and it will be a true honour to have him in our midst. Like last year, our own doyen of corporate governance, Prof Mervyn King, will share his thoughts on the progress companies are making towards the implementation of intergrated reporting and – more importantly – integrated thinking.

The awards

There are a total of 11 awards up for grabs this year, including the one award to rule them all – the coveted CFO of the Year Award. The other awards include Compliance & Governance Award, Strategy Execution Award, High Performance Team Award, Transformation & Empowerment Award, Finance Transformation Award, Finance & Technology Award, Moving into Africa Award, Young CFO of the Year Award, Department CFO of the Year Award, and Municipality & Provincial CFO of the Year Award.

The panel of judges

The judges for the CFO Awards are extensively involved in interviewing the nominees and also receive a dossier on each nominated CFO. They then decide the winners of each category during a simple voting process. Each judge is highly experienced in the field of business and finance, and highly regarded by the CFO community.

CFOs and decision makers from over 100 companies have already confirmed their attendance at this year's awards, and places are limited. Don't miss the fun and fanfare!

Several judges have been on the CFO Awards panel since its inception in 2014, including Victor Sekese (CEO SizweNtsalubaGobodo), Claudelle von Eck (CEO IIA SA), Ben Marx, Vice-Chairperson Accountancy at UJ, Delphine Maïdou (CEO of Allianz GCS Africa) and Jonathan Lang (Head of Africa Bowman Gilfillan). They are joined by previous CFO of the Year winners Simon Ridley and Deon Viljoen and by the previous winners of the Young CFO of the Year awards Brett Tromp (Discovery Health) and Aarti Takoordeen (JSE Limited). The other judges are Sneha Shah (MD Africa Thomson Reuters), Christo Els (Webber Wentzel), Carel Smit (Executive Committee KPMG), Clement Chinaka (MD Old Mutual Corporate) and David Fine (MD McKinsey South Africa).

For a full list of nominated CFOs, please check CFOAwards.co.za/nominated-cfos.html

CFO Awards 2015 – Who won what

- **Deon Viljoen** (Alexander Forbes): CFO of the Year
- **Anoj Singh** (Transnet): Public CFO of the Year & Strategy Execution Award
- **Brett Tromp** (Discovery Health): Young CFO of the Year & High Performance Team Award
- **Bongani Nqwababa** (Sasol): Finance Transformation Award
- **Colin Brown** (Super Group): Finance & Technology Award
- **Imraan Soomra** (Oceana): Finance & Empowerment Award
- **Greg Davis** (Standard Bank Africa): Moving into Africa Award
- **Cobus Grove** (Digicore): Compliance & Governance Award

The difference a year makes – noteworthy achievements by 2015 winners

- **Deon Viljoen** (Alexander Forbes): Deon was appointed interim group CEO of Alexander Forbes, following outgoing CEO Edward Kieswetter's early retirement.
- **Bongani Nqwababa** (Sasol): Bongani was appointed joint-president and CEO of Sasol. His new duties are expected to begin on 1 July 2016.
- **Imraan Soomra** (Oceana): Imraan was pivotal in Oceana's game-changing R4.6 billion purchase of Daybrook Fisheries, which made Oceana the sixth-largest fishing company in the world.
- **Anoj Singh** (Transnet): Anoj was 'redeployed' at Eskom to save the power utility and recently also added the role of treasurer to his CFO portfolio.

Join the CFO Awards and Conference on May 12th 2016, Johannesburg.

Meet 200 CFOs, share knowledge and boost business.

On May 12th, 2016 the annual CFO Awards will be held at the beautiful Summer Place in Johannesburg. This prestigious event recognises CFOs of listed companies, large corporations, parastatals and government institutions and awards them for outstanding performance and leadership.

CFO South Africa invites you to buy a table at the CFO Awards, attend the CFO Conference, join the panel of judges and become our partner. Seats are limited, so book now to avoid disappointment. For more information visit CFOAwards.co.za or contact Graham Fehrsen at gfehrsen@cfo.co.za or on +27 79 8980227

Buy a table at the CFO Awards or join the CFO Conference.
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KPMG CFO South Africa Standard Bank
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What's in an education?

At all levels across countries on every continent, education is a service in demand. The global tertiary-enrolment ratio (the share of student-age population at university) went up from 14 percent to 32 percent in the two decades to 2012; in that time the number of countries with a ratio of more than half went from five to 54 (The Economist, 28 March 2015).

In our CFO community the interest in learning is at an all-time high. With the average CFO participant holding at least one tertiary degree and often more than one post graduate degree, this demand for ongoing relevant learning opportunities may not be surprising. What does surprise me is the frustration expressed by various finance professionals at the lack of opportunity to continue to learn – or that it costs so much. According to local business schools, MBA programmes have experienced a default 30 percent increase in the cost of the travel or immersion portion, which is mostly international. In-house programmes are "frustratingly narrow or simply too time-intensive" in the words of one CFO.

So what is in an education? I would suggest the degree of leverage it creates for you in relation to the cost and your ultimate need, is the simplest way to answer a question that has no single answer. You're unable to gain a foothold in a profession like accounting without an accredited degree. If you want an opportunity to climb the corporate ladder, a postgraduate qualification is almost not negotiable. In-house learning is critical if you want to develop your team and create a sense of shared learning. Professional bodies run regular interventions and there is no limit to corporate or client-focussed learning platforms (often just a cover for a sales pitch).

In our helter-skelter world where time and energy are limited, often the best learning is in peer-to-peer spaces that have focussed outcomes. You have the ability to pick and choose what is relevant and the value you can extract is often determined by the attitude you take to the opportunity. Of course this is a not-so-subtle endorsement for the type of learning opportunities we create.

Education is personal. It needs to be considered against the outcomes you want and the resources required. But perhaps the most important part of any decision regarding professional education is your attitude. During my time with CFO South Africa, I have observed that those who have benefitted most from the learning platform that we offer commit time to the opportunity, arrive with an open mind, have a curious spirit and are very present as they learn. They question openly and they actively build relationships which enhance their learning. Whatever decisions you make about an education in 2016, I'm sure these observations are worth considering.

Happy learning.

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New roles for three CFO Award winners and new jobs for Tsundzukani Mhlanga and Garry Pitta

On the move

CFOs become CEOs, go global, start new jobs or retire. Here are a few recent, noteworthy moves.

Whether it is a step up or a step sideways might be debatable, but two prominent winners of CFO Awards in 2015 have been appointed as CEOs in recent months. CFO of the Year 2015 **Deon Viljoen** (Alexander Forbes) was named acting CEO in February, when Edward Kieswetter surprised the markets with a sudden resignation due to personal reasons. The Alexander Forbes share price rose 11% in the first two days after the announcement, so investors obviously have faith in Deon, who was extensively featured in the last issue of CFO Magazine.

Another CFO who has been acting as CEO is **Dean Subramanian**, who assumed the position at steel manufacturer ArcelorMittal South Africa in February. Finance manager **Gerhard Van Zyl** is taking care of the CFO role, something he also did before Dean's appointment. The job shuffle was prompted by the resignation of CEO **Paul O'Flaherty**, a former Eskom CFO.

Sasol CFO **Bongani Nqwababa**, who won last year's Finance Transformation award for his success at Amplats, will be the new joint CEO of the energy and chemicals firm from the start of Sasol's new financial year on 1 July 2016. Together with Paul Victor, currently Sasol's senior VP of financial control services, Bongani will take charge of an organisation that is deeply entrenched in the South African economy, while having to deal with a volatile oil price. Oversight duties will be evenly divided between the two.

Standard Bank will have a new group FD in May, when **Arno Daehnke** replaces **Simon Ridley**, CFO of the Year in 2014. Simon (60) is retiring, but is expected to stay connected to the bank as non-executive director for one or more subsidiaries in other African countries. Arno has led the bank's treasury and capital management division since 2010.

The Brics New Development Bank appointed its very first CFO in **Leslie Maasdorp**. As one of four VPs, the South African will also be responsible for the treasury, portfolio management, and finance budgeting and accounting functions of the new initiative by Brics, comprising Brazil, Russia, India, China and South Africa.

The energetic and ambitious **Bikash**

Prasad was promoted to Senior VP and CFO of Olam International for the whole of Africa, after previously making a distinct impression as finance boss for east and southern Africa. The Durban-based CFO is responsible for huge growth in profits, thanks to improving operating efficiencies by reducing overheads, recalibrating the pace of investments and focusing on working capital.

Tsundzukani Mhlanga was appointed FD of Ascension Properties, a listed subsidiary of Rebosis Property Fund Limited. The MBA-holder from the University of Cape Town's Graduate School of Business previously built up experience in this role while acting CFO of Alexkor SOC Limited.

State-owned Transnet permanently appointed **Garry Pita** as Group CFO from 1 February 2016. He was appointed acting Group CFO in August last year, after multiple award-winning Group CFO **Anoj Singh** was seconded to Eskom. That secondment was made permanent later that year and recently Anoj also took the responsibilities of treasurer upon him. Garry has earned his stripes over ten years at Transnet. He will be responsible for all aspects of the company's financial strategy, including overseeing its funding and capital investment programmes, managing procurement, financial risks and adherence, to the highest standards of governance and in accordance with internal controls.

There were also some interesting CEO appointments announced in the last few months. **Junior John Ngulube**, former CEO of Munich Reinsurance Company of Africa, was announced as the new CEO of a newly minted division of Sanlam, called Sanlam Corporate. Junior started his job in February 2016 and will be aiming to make a great success of the new unit, which will offer corporate clients a comprehensive employee benefits solution.

Dean Thompson was appointed group CEO of waste management company, EnviroServ, taking over from **Des Gordon**. Dean is a qualified CA. He will be responsible for EnviroServ's overall strategy and day-to-day management decisions.

Trevor Manual, South Africa's former finance minister, was appointed as a non-executive director and member of the board risk committee of the Old Mutual board, effective 1 January 2016. Manual served in the South African government as finance minister from 1996 to 2009, and is currently an advisor and deputy chairman at Rothschild, one of the world's largest independent financial advisory groups.

Making the first 100 days count

CFO Jo Pohl talks about her move from Standard Chartered Bank to Telesure

What does it mean for a CFO to move jobs and industries? How can you benefit most from the window of opportunity in the first 100 days? How do you quickly find colleagues you can trust? We ask these and other questions in a candid interview with Jo Pohl, an early supporter of CFO South Africa who moved from Standard Chartered Bank to insurance group Telesure in October 2015. "I can't wait to go to work every day."

What do you miss from Standard Chartered Bank?
"I enjoyed the energy and diversity of the business and passion for making a difference in Africa. I still serve on the board of one of the banks and as such remain connected. It was a great blessing when I received Christmas and New Year wishes from Standard Chartered people across the region and the globe. It has a welcoming culture and strong values and I miss the people in the Standard Chartered family."

"Capital is a commodity. The more money you have, the more you can do in its simplest form. However the IP, upholding the brand, core values, execution, innovation and service culture are driven by a key asset… our people."

The first 100 days in a job are an opportunity for bold decisions? What did you do?
"To date, I have spent time getting to know the people. Capital is a commodity. The more money you have, the more you can do in its simplest form. However the IP, upholding the brand, core values, execution, innovation and service culture are driven by a key asset… our people."

"Normally I would have started with a fit-for-purpose programme; basically an assessment of the entire finance team. This time I had to be more conscious of how many changes the C-suite and business have experienced. Plus, the energy levels just ahead of the December holidays informed a slightly different approach in the first 100 days. I have focused on walking the floor, meeting people and having some real conversations about what we do well, what we can do differently, any concerns or ideas about what we should stop doing."

"Impact actions include closing out on some pending decisions around in- and out-sourcing, enhancements to the risk and governance framework, stakeholder communications and network introductions, plus product-specific pieces. There is a balance between what we do ourselves and building our own internal competency and what we outsource. External, independent input can help and gives a broader view of the industry, but doing things internally helps the organisation become resilient and broadens our options in terms of growing our own talent and opportunities to step up for our staff."

Why were those changes necessary?
"It is very important to see good conduct, sound governance and changes to legislation as opportunities. Ask yourself what is the rationale behind a law or a change in rules? How do we respond? Regulations are not a necessary evil; the rules are there for a reason. The same goes for risk, which should not be a ball and chain, but a competitive advantage. It is a journey for the finance team at Telesure to buy into that and be genuinely interested in the business. Instead of constantly saying no, we need to be developing things together, knowing that calculated risks are fine. As a risk, finance and compliance team, our people are the spine of the business keeping it all upright and at the same time, we need to be a relevant voice at the table not just risk averters."

Has the move changed your view of the CFO role?
"It has cemented my view on the role we play as CFOs. There is still a need for both operators, stewards and business partners, but in a business that changes as rapidly as ours, the CFO needs to be fleet-footed and aware of what is happening through three lenses – an internal, an external and one that looks at potentials; i.e. what is to come. You also need to earn your stripes. I did a lot of routine and 'box-standard' control function tasks and roles which built up my technical depth and have helped me develop as a modern CFO with a solid foundation. This has been invaluable in developing my ability to articulate or validate my gut-feel with numbers and MI; underpinned by a genuine interest in the profession and our business (what we do, how we do it and where we do it). There is no one-size-fits-all so the ability to view issues and opportunities from multiple angles is a skilled art."

You said you like to work with people who give you a reality check when you need it. How do you find those when you join a new firm?
"I walk the floor and schedule coffee dates and aim to ask open-ended questions without an agenda and allow them to ask the same of me. Asking who is the best Finance, Risk etc. leader they have worked for helps me understand what environment brought out the best in them. What would they do if this was their ship to captain? What does and would add value to them? What is their biggest obstacle? What or who is their or our greatest asset?"

"Over the past months I have spent a lot of this face time with people at various levels. I have found people who give their honest opinion, those who just need to offload, those who need something new (possibly even somewhere new) and some real diamonds in the rough too. People only open up, though, if you have a real interest in them. "Coffee club" is something I try do every time I start somewhere new. Being transparent and authentic when people ask who I am, why I moved from my last role or changed industries and why I joined Telesure and what I think of the business so far has helped too."

"I might still be in the honeymoon phase but I have enjoyed every minute at Telesure."

Are you happy with your move?
"Yes, this first period really allowed me to feel the culture of the industry and organisation. One of the things that appealed when I was interviewing for the role is the welcoming environment, diverse asset base and innovation. People are proud to work here and passionate about what we do and live the slogan "finding a better way". I might still be in the honeymoon phase but I have enjoyed every minute at Telesure. It was the right decision to move. It's exciting and an industry shift can be a bit like going on holiday. I had to do a lot of homework and still keep up my night time reading too. I am really enjoying learning. It is energising. I can't wait to go to work every day."

Are you enjoying commuting less?
"I am literally blessed to commute less. We recently had a family dinner and we all had to say what we are thankful for and I mentioned less travel time. My commute has gone from between 90 and 120 minutes per trip to 30 minutes. I used to schedule conference calls in the car to maximise my time. These days, I switch my radio off during the drive and appreciate some quiet thinking time after I have dropped off the kids. That way I can focus on the day ahead. If you start the day more calmly, you feel less overwhelmed. My mind is more structured."

How has sharing knowledge and networking at our CFO events benefited you?
"Networking has enabled me to meet executives and peers from the same industry and other industries. I have established really great connections and go-to people. There is something about being in a room and knowing you face similar issues: a room where collaboration can be fostered; a room where you can ask your peers about their approach to challenges (efficiencies, operational and even strategic or the implications of new accounting standards or regulation for the industry). The CFO events have also allowed me to give my team a network to connect with – or even find another CFO to talk to my team to show them another angle. To make networking work, it needs to go both ways – so I also need to make myself available and reach out to actively collect and connect the dots."

"To make networking work, it needs to go both ways – so I also need to make myself available and reach out to actively collect and connect the dots."

What tips do you have for young CAs who see you as a role model?
"First of all, fail fast and fail forward. You will remember a mistake you made a lot longer than others will … give yourself a break and get up and move on. Learn from what you did, share lessons, ask others about their stories and learn from those you work with and meet."

"Secondly, have a vision for yourself and specific goals. This is your internal compass' true north and helps you remain tenacious and overcome obstacles. I took a couple of detours in my career I shouldn't have, because I wasn't entirely focussed on my goals. Set three targets that you really want to achieve and go for them. Ask for help and celebrate successes that get you closer to your target."

"Thirdly, always put your hand up and take a risk on yourself to the same extent you would want people to reach out and take a risk on you. Lastly, find a mentor and a sponsor. A mentor guides you, provides a safe place to learn and is a sounding board. A sponsor advocates for you in public and is in essence your 'street cred'."

What are your goals for 2016?
"Drive and deliver collectively as a lean and efficient team with an appetite to be the best at what we do in an ever-evolving market. Be part of an executive team that takes the Group to the next level. And most importantly, be an enabler for the industry as I believe financial services really do help people build better lives through our products."

"On a personal level, be sure to articulate what makes me happy and then appreciate those moments … future priceless memories".

KPMG's Alwyn van der Lith shares his insights into mining and the oil & gas industry

Great CFOs look beyond survival

Times have been tough the last two years in the mining and oil & gas industries and many CFOs are struggling to get out of survival mode, says KPMG partner and experienced industry expert, Alwyn van der Lith. "Great CFOs and their teams now need to look beyond survival and focus on the growth, expansion and acquisition that will follow."

Alwyn leads KPMG's oil & gas go-to-market strategy with dedicated partners and teams in Johannesburg and Cape Town. He also used to manage the audit group that provides services to mines, oil & gas companies and power and utility entities. A big focus of the partners is the 'client for life' principle. CFO South Africa spoke to him about his impressive career, the energy crisis and the role of the CFO in mining and oil & gas. "It is a given that CFOs are looked at to maintain controls throughout all the other challenges, with less people and less expenditure on systems and process. In addition, the CEOs are looking for more strategic thinking in CFOs. A challenge indeed."

"Our 'client for life' principle means we want to build up lasting relationships with clients, whether we currently do audits or advisory and tax work for them and knowing that the nature of the work we do now might change in the future."

Why did you become an auditor?
"At school I always liked maths, probably even more than accounting. The CA qualification is a great stepping stone. I really enjoyed working in audit as you interact with the leaders of companies. Even in my third year of articles I already worked closely with FDs of companies. That rubbed off on me and started my growth curve. One of my sons is doing articles at the moment and the other one is also studying towards becoming a CA. I would recommend going the CA route to anyone given the steep learning curve that you are on throughout your articles and beyond."

What is the 'client for life' principle?
"With audit rotation being implemented worldwide, we face huge challenges in our profession. I was the lead partner for the Sasol audit for a number of years and when we rotated off the audit it really challenged our team to look at how we can add as much value to Sasol as possible, given our knowl-


"CFOs that want to create value will have to surround themselves with a team of people with strong commercial, financing and accounting skills."

"The energy crisis could have been much worse if the economic growth was not so subdued. The low commodity prices have resulted in growth plans of many mining companies being delayed, resulting in lower demand on energy, specifically electricity."

edge of their business. Sometimes we have an advisory client, but the global company wants us to pitch for the audit as we know their business – which would mean we have to go out of advisory services. Overall the rotation is a great opportunity for us to grow our market share in audit, advisory and tax."

"Our 'client for life' principle means we want to build up lasting relationships with clients, whether we currently do audits or advisory and tax work for them and knowing that the nature of the work we do now might change in the future."

What role do CFOs play in the mining and oil & gas sectors?

"A number of surveys have been done over the last few years to debate the role of the CFO and how the role has changed from a score keeper to a value creator. KPMG's recent survey 'CEO perspective: The evolving role of a CFO in the Energy and Natural Resources sector' is a good summary of where my views are currently. The next challenges for CFOs are beyond cost optimisation and compliance, being more strategic in nature."

"The biggest challenge is that South African companies are competing with international companies in mining and the oil & gas industry. That makes it tough, as we have added local pressures on top of global developments like plummeting commodity prices. There is regulatory uncertainty which keeps popping up in conversations with executives."

What makes good CFOs stand out in these sectors?

"CFOs have been focussed on survival over the last two years, preserving cash and prioritising expenditure. Great CFOs and their companies now need to look beyond survival and again start looking at expansion, acquisition, technological changes and diversification beyond the current commodity cycle. A lot of companies are struggling to get beyond survival mode, though. They might have thought they had reached rock bottom, only for commodity prices to drop even further. The weak rand has helped some, with gold miners showing good results, for example. In these times, CFOs are looked at to maintain controls throughout all the challenges, with less people and less spending on systems and processes."

"CFOs who want to create value will have to surround themselves with a team of people with strong commercial, financing and accounting skills to tackle the diverse nature of the strategic challenges. The finance team that can interpret information, both from internal and external resources and provide insights that can promote speedy decisions, will be ahead of the pack."

Which CFO have you been most impressed with in 2015 and why?

"In line with the above, I look at where businesses have grown or changed strategy when the rest of the industry has not and I ask myself what was the management team and specifically the CFO's role in this?"

"In this period Sibanye stands out as a company. It started with three South African mines inherited from Gold Fields, but further transactions around land swaps; Cooke operations and Wits Gold are evidence of the team's acquisition appetite. The team also focussed on increasing output and cost containment on existing assets."

"The decision now to acquire platinum assets is a brave move based on views that the commodity cycle will turn soon. In the current climate in South African mining, this team has looked strategically beyond the current commodity cycle and is setting the company up for growth when the commodity cycle turns. The team showed the appetite to be creative in their strategies in difficult times."

"The finance team that can interpret information, both from internal and external resources and provide insights that can promote speedy decisions, will be ahead of the pack."

What is your take on the energy crisis in South Africa?

"The energy crisis could have been much worse if the economic growth was not so subdued. The low commodity prices have resulted in growth plans of many mining companies being delayed, resulting in lower demand on energy, specifically electricity."

"Eskom is focussing on ensuring coal-fired plants Medupi and Kusile come online in the short term. The debate around the feasibility of nuclear and the way forward are long-term in nature. On the gas front, two open-cycle turbines are being converted to gas and various other gas-fired power stations are being considered. A number of wind and solar projects went operational in the past year and a number of projects are in the pipeline. But is this enough if the economy picks up?"

"The recent decline in oil and gas prices challenges the viability of big developments. As an example, the initial timing of off-shore gas developments in Mozambique could have accelerated gas-fired power station potential in South Africa. However, the latest estimate is that this development may only deliver first gas after 2020."

Is integrated reporting and thinking taken seriously?

"People are looking beyond the minimum requirements in integrated reporting. Mining and oil & gas companies were already focussing on this due to the nature of their operations, like safety and social development, even before integrated reporting became a buzz word. If you want to be a responsible business you need to look at the needs of all stakeholders. The focus in the industry is already beyond regulatory compliance and companies see the benefit for all their stakeholders in having an integrated mindset. It is evident through the Integrated Reporting Awards, where energy and natural resources companies are doing well over a number of years. Strikes and unrest in communities have challenged the companies to do better and most companies have made good strides to address stakeholder concerns."

"I do believe that more progress is required. If CFOs unlock this, I think it will differentiate their organisation from the others. Specifically maximising the potential impacts of Social and Labour Plans could truly build relationships with communities and the labour force."

What is your proudest career achievement to date?

"I have held various leadership positions over the years and the most rewarding feeling is when a new role requires different skills and you realise that the experience, training and development you received to date actually sets you up to tackle the challenge head on and make a success of it. I am currently challenged to ensure we focus as a firm on the companies where we can add the most value and grow our business. This challenge requires skills to motivate people to see the benefit of investing in relationships and business development processes to ensure the business grows in the long term. Challenge is what I thrive on." ●

Thomson Reuters first of many new CFO SA partners

CFO South Africa will announce a series of exciting new partnerships during the course of 2016, with global giant **Thomson Reuters** already on board, along with principal partner **KPMG.** "Watch this space, there is much more to come," says CFO South Africa's MD, Graham Fehrsen.

THOMSON REUTERS

Among this year's other exciting partnerships that will strengthen the CFO community, is a relationship with insurer **Aon,** which is hosting a number of CFO dinners, and **Barclays Africa,** which is backing a FinTech event in Cape Town. Software firm **Oracle** and business process outsourcing giant **WNS** were already involved in our **Get Smart in 2016 event** on 23 February 2016, with the latter flying out its global chief capability officer Krishnan Raghunathan from India for the occasion (see report on page 36 and interview on page 38).

However, the largest new partnership that could be announced in this magazine is with Thomson Reuters, the world's leading source of intelligent information for businesses and professionals. Across financial and risk, legal, tax and accounting, Thomson Reuters is a global leader in providing professionals with the intelligence and insights they need to be successful.

The firm will be involved in several events this year and its managing director for Africa, Sneha Shah, will be on the panel of judges for the CFO Awards 2016. "The annual CFO Awards recognise and celebrate excellence in the industry," she says. "CFO South Africa is also helping to spotlight role models for new professionals, and helping leaders amplify the impact they can have on their organisations and communities. There are many incredible leaders in this space, and I am looking forward to what promises to be an engaging and thought-provoking selection process."

"One of the many wonderful things about the CFO South Africa community is that the members help each other and drive innovation and improvement in financial best practices." – Sneha Shah, Thomson Reuters

The next issue of CFO Magazine will feature an interview with Sneha, who is looking forward to being part of the networking and knowledge sharing with South Africa's finance leaders this year. "One of the many wonderful things about the CFO South Africa community is that the members help each other and drive innovation and improvement in financial best practices. This group of key decision makers contributes meaningfully to the economy," she says.

CFO South Africa's Graham Fehrsen welcomes the new partner with open arms. "We are excited about having Thomson Reuters among our sponsors and as key supporter of our future events. As a knowledge business, CFO South Africa is constantly working on ways to bring finance leaders cutting-edge thinking and new ideas and reinforcing this with peer-to-peer learning exchanges. We share with Thomson Reuters a vision to develop our community and the opportunities it brings our partners."

Prof Mervyn King, Vusi Thembekwayo, The Abraaj Group MD Carl Moyo and many prominent CFOs are taking the stage this October

Spectacular line-up of speakers at the Finance Indaba Africa 2016

With more than half a year to go until the inaugural Finance Indaba Africa (13 and 14 October) at the Sandton Convention Centre, the list of partners, exhibitors and speakers is growing on a weekly basis. "We have been overwhelmed by the response. The massive interest confirms that the Finance Indaba Africa is going to be an event that no South African finance professional can afford to miss," says Melle Eijckelhoff, founding director of CFO South Africa, the organisation arranging the event.

The Finance Indaba Africa promises to be a game-changer for finance professionals. It is poised to be the biggest and best event of this nature that the continent has ever seen. The event will consist of a large expo and a conference, which will be based on the agenda of the CFO of the future. "It will be a place where finance people can show case results and best practices, frankly debate challenges and solutions, experiment and try out products and make new connections," says Eijckelhoff.

Topics at the indaba will range as widely as the finance portfolio, with sessions on process automation, big data, recruitment, fast-close, talent management, risk and compliance. "I can guarantee that many visitors will be surprised by how much is possible in the 21st century," says Melle. "We are expecting that at least 5000 finance professional to spend a day listening to presentations, visiting stands and even finding their future employer."
Melle has been blown away by the immediate success of their initiative, with KPMG and Old Mutual

already on board as diamond partners, Sage One and Ince as platinum partners and the leading global accounting bodies ACCA and CIMA as gold partners, along with Futuresense, an Oracle Hyperion consulting company. Many larger and smaller partnerships are nearly finalised, so look out for our regular updates on CFO.co.za. Charterquest will be hosting the final of its CFO Case Study compe-

"The massive interest confirms that the Finance Indaba Africa is going to be an event that no South African finance professional can afford to miss"

tition at the awards (see page 29). The event will also host the first ever FinTech Awards for South Africa, with many influential FinTech businesses and investors expected to join the program.

> **The event will also host the first ever FinTech Awards for South Africa**

There are 81 keynote speakers during the two-day finance feast – and many big names have already publicly announced their participation, with many others expected to be announced in the next months. Among them will be the doyen of corporate governance Prof Mervyn King, irresistible entrepreneur Vusi Thembekwayo (read our interview with him on page 31), The Abraaj Group MD Carl Moyo and many prominent CFOs.

Other speakers to look forward to include Trevor Hoole (CEO Southern Africa KPMG), Brett Tromp (CFO Discovery Health), Shabeer Khan (CFO Department of Trade & Industry), Greg Davis (CFO Africa Standard Bank), Bikash Prasad CFO Africa Olam International, Martijn Aslander (International Speaker) and Morne Mostert, the Director of the Institute of Futures Research at Stellenbosch Executive Education Faculty. Gibs lecturer Matthew Birtch (see interview on page 24) will also speak.

Melle believes the Finance Indaba Africa fills an important gap in the southern African Finance space. Finance professionals do not operate in isolation, but they can use the help of many suppliers, tools and platforms, says Melle. “There is a large service industry and they too are becoming more professional. Through our daily engagements with CFOs we have seen that it is once again ok to invest in the finance function, whereas for a while most of the emphasis was on efficiency. However, there is so much out there – where should the money go? It can be hard to see the wood for the trees. Besides, finance people spend 80 percent of their time on tasks that need to be done now. Who has time to look at the many possible suppliers and services on offer? This is why we’ve designed the Finance Indaba to bring together all the players over a period of days.”

As an experienced organiser of finance events, Melle knows how to make sure that the get-together won’t be dry or boring. “The Finance Indaba Africa is being organised by CFO South Africa and we will make sure – as we always do – that presentations will be based on real life examples, stories will be shared by top CFOs, awards winners will share their recipes for success, inspiring speakers will challenge and disrupt and that you’ll have plenty of opportunities to meet your next employer or employee.” This is because besides being a comprehensive expo, the Africa Finance Indaba will also be the biggest networking event for finance professionals on the calendar.

The event will take over a whole floor of the Sandton Convention Centre for 2 days. “In the future I expect the Africa Finance Indaba to occupy the whole centre for an entire week,” says Melle.

He notes that for service providers, Finance Indaba Africa 2016 offers a unique opportunity to showcase services and products for a relevant audience of influencers and decision makers. “It doesn’t often happen that you meet 1000s of potential clients in one place. With side events for members of professional bodies and alumni of big audit firms, the target audience for many service providers will be sharing the same space. We have diverse packages for partners, offering great opportunities for brand awareness, product presentations, taking the stage and showing creativity.” ●

Find out more at Finance-indaba.co.za

What can African FinTech learn from China? Matthew Birtch explains

FinTech will fail without broadband access

In this Q&A interview, management consultant and Gibs academic Matthew Birtch talks about broadband, the role of formal education in developing the FinTech space and what local entrepreneurs can learn from China. Matthew will be one of the exciting speakers at the Finance Indaba Africa 2016.

Tell us about your background.
"I come from a management consulting and private equity background. I went from improving operations and strategy to actually investing in the companies and trying to get traction from growth prospects. Financial services and technology businesses are lean and compact high-growth companies, can be started at very low cost, have massive impact in terms of scale and users, so I was naturally drawn to them.

I noticed during my consulting work that many large companies have massive staff complements, which is an indication of an outdated business model. Contemporary thinking dictates that the workforce should equate to an eighth of a company's customers, subscribers or users. I gravitated towards the FinTech space because technology is everywhere and I already had a financial services knowledge base from my time in the sector. I am also a faculty member at GIBS, teaching two MBA classes, and I also do a fair amount of executive education, teaching strategy and finance at the C-suite level."

You're familiar with the Chinese market. What can local FinTech entrepreneurs learn from their Chinese counterparts?
"China is driving huge swathes of East Asia through the innovativeness of their products. A lot of Westerners think that innovation comes exclusively out of the USA and pockets of the West, but this is not the case. A big advantage of the Chinese FinTech market is that there is room for experimentation, because even if your initiative was a flop, you've still got 100 million views or 50 million people who've tried your product because the volumes are so big. In Western markets, if you fail, you can lose a lot of money, but in China you can still break even. A company like Youku.com, which offers a Netflix-Hulu-YouTube experience, can get 400 million views when it launches a flop of a programme. The Chinese are very pragmatic and want things done yesterday. They will jump on things very quickly, as we have seen in the online payments space, which has gone absolutely ballistic in China."

Are there any Chinese businesses that stand out for you?
"Besides the usual big players, there are a few smaller guys doing some interesting things with the peer-to-peer lending model, but in terms of your unicorns, you've got the likes of WeChat and Alipay, both of whom dominate the market. Another is Baidu, the largest search engine in China, which also has eWallet functionality. The competition between these businesses is intense, but you have other smaller entities in tier-two cities that are really working wonders with the peer-to-peer model."

> "Technology prices have come down drastically, the world is more connected and youngsters coming out of university do not want to go to work for a big corporate and have to wait 20 years to make it up to a senior level."

How has tertiary education evolved to meet the changing demands of students?
"What's interesting from a broad tertiary education perspective is that graduates are no longer seeking jobs on Wall Street and with the banks. These large businesses are no longer the employers of choice. There are a number of reasons for this. It is exciting to do things in the FinTech space and there is anger, particularly among the youth, at the big institutions because of what happened during the global financial crisis and the fact that their parents suffered financially. Technology prices have come down drastically, the world is more connected and youngsters coming out of university do not want to go to work for a big corporate and have to wait 20 years to make it up to a senior level.
Disruptive FinTech businesses appeal to these millennials in many ways. There is a rebelliousness in them that they can express at smaller speedboat companies that take on the big dogs. This is a global theme, whether you're talking about the Far East or North America."

"A lot of success flows through networks and relationships. At business schools globally, what students get is access to a strong network, which over a five to ten year period has a big effect on the success on the deals they put together. There is quite a wide variance in the approaches that business schools adopt. Some institutions like the Massachusetts Institute of Technology are very applied and others are more conceptual, like the Oxford and Cambridge schools."

What challenges do local FinTech entrepreneurs face?
"I hear about regulation all the time in the FinTech industry, and while I agree that it is vital, if it is a company's sole focus, it will never be disruptive because regulations are written and lobbied by the big players. In South Africa, I think we will see a big change in the retail banking space and number of new banking licenses being issued. Discovery has just got its licence and Old Mutual is offering an innovative lending product. It's only a matter of time before the local market opens up. Nigeria has 23 banks and Kenya has 43, even though both countries have far fewer people who are able to use these facilities than South Africa. We only have five incumbents. These big financial institutions have never been able to address the question of how to bank the unbanked. Their cost structures made it impossible, until Capitec came along without any legacy issues. We're going to see a lot of smaller banks popping up. The biggest inhibitor to this is broadband access. We continue to be one of the worst countries in the world for broadband access, and unless this changes, I don't see FinTech being successful here. If, on the other hand, fibre-to-the-home filters down from affluent areas to rural and poor environments, digital banking and FinTech innovation will really take off.

"I've seen a lot of successful FinTech operators come out of relatively boring banking businesses and start something quite nimble and exciting."

Do you have any advice for aspiring FinTech entrepreneurs?
"It is good to work in large financial services businesses because it gives you a much deeper understanding of technology and finance. I've seen a lot of successful FinTech operators come out of relatively boring banking businesses and start something quite nimble and exciting. It is much easier to identify gaps and eliminate the frustrations of consumers when you've seen the market from a corporate perspective."

New South African market head Pat Semenya reveals her ambitions for the global accounting body

Taking ACCA to the next level

Global accounting body and Finance Indaba Gold Partner ACCA has a new market head for South Africa and she is not afraid to play in the big league. We spoke to Pat Semenya about her love for education, ACCA's bright future in Africa and boxing in pink gloves.

> "Economic transformation is not complete in this country and I want to contribute positively to that."

"I want to double our number of members and students and instil a real passion for ACCA," says Pat Semenya, who has been heading up ACCA South Africa since August 2015. After years at Nestlé – "I have contributed immensely to hot and cold beverage sales in my life" – Pat felt it was time for a job that could really make a difference. "Economic transformation is not complete in this country and I want to contribute positively to that."

Pat starts her day at 04h00 with emails and a session of boxing – "with pink gloves". On the weekends she gardens or goes for nature hikes with her family. "My professional life is exhausting mentally, but it is necessary and I enjoy it."

"ACCA provides a global platform to our finance and accounting professionals. We ensure that our Chartered Certified Accountants are practising with professional values, ethics and governance," says Pat. It is frustrating to her that many South Africans do not yet know what ACCA is, despite the fact that the accounting body has a massive following the world over. In South Africa, "we haven't been out there enough to explain that," she says.

ACCA has just under 5 000 students and members in South Africa. "Membership annual subscription fees are a common challenge with professional bodies," says Pat. "A well thought retention strategy, together with a strong brand identity, is imperative in this industry to make sure people are proud to identify themselves as a member. We do have members in very powerful positions in South Africa; however as an organisation we are still to showcase the value of ACCA through our members."

Although the relationship between accounting bodies is often "hostile", Pat prefers to explore collaboration. "Our qualifications offerings are packed differently with different entry points that accommodate diverse people."

Why did you change jobs?
"I have always been commercially focussed as a person. While I was at Nestlé I came to realise how proficient I am in growing markets. I want to use this skill to grow a market that would leave a legacy that can contribute to the economic landscape of our country. Education struck me as a sure way to contribute to this, especially the education of black South Africans. I want to be part of something good. I want to look back one day and realise I contributed to change."

"I love the online learning modules we have. They take away the learning barrier around transport costs and accommodation for potential students in far-to-reach corners of our country. Online learning is very liberating."

How hard was it to move from Nestlé to ACCA?
"Quite hard. I come from a fast-paced sales mindset. Initially I didn't adjust to the edu-

"We do have members in very powerful positions in South Africa; however as an organisation we are still to showcase the value of ACCA through our members."

cation space. The art of selling the intangible was a bit challenging for me. It was my passion to contribute to the greater public value, the remarkable value proposition in the ACCA qualifications, that saw me through my first 90 days."

Does your love for education come from your parents?
"Both my parents are teachers; naturally it was expected of us to go to school. I enjoyed my entire education and I am thankful that my parents never put pressure on me to be the best at everything. They were happy that I was enjoying the experience and that I was a happy, healthy student. It was only much later in life, especially after being a parent myself that I understand what education really means. I realise it is broader than reading books."

"I want to be part of something good. I want to look back one day and realise I contributed to change."

"When thinking about an education, one must not forget about the education offered by life itself. We learn so much from day-to-day. Things like how to be polite and respectable, how to relate to people, how to be a good member of society and related things cannot be taught at a university, but they are also very important. Even people who cannot go to school, or who never get to travel, can get an education in this way."

"I grew up in the Vaal triangle, but my grandparents are in a rural area in Limpopo. We as people are mobile now, learning new languages, cultures, how to be away from family, friends and our comfort zones and how to look after ourselves in those settings is all part of learning and is just as important as the academic education."

"I understand education to be a process where a person gains knowledge – academic, values, reasoning, judgment and maturity, which are all important for both professional and personal development."

What do you want to achieve?
"Besides growing numbers, I will be happy if ACCA starts influencing career choices, educational and broader economic policies in South Africa."

How do you plan to ring in the changes?
"Ultimately it's all about educating the public about the different options available to accessing the accounting profession and contributing to skills development in this country." ●

The R100 000 CFO Case Study Competition

Grooming future leaders

University student societies from across the globe are frenetically forming teams to enter The CFO Case Study Competition, where they will tackle the topic of strategic threats, opportunities, weaknesses and ethical dilemmas facing key decision-makers in the mobile telecommunications sector, all to secure the R100 000 grand prize.

Valentine Nti, Project Executive Director of the competition and CEO of The CharterQuest Institute, an organisation that focuses on grooming financially qualified global business leaders, explains the origins of the Case Study competition: "Over the last ten years our tertiary education has become far too academic, leaving lots of young graduates unable to meet the needs of business. Companies sign up young graduates, only to send them back to pursue a more rigorous professional education path which often involves case studies and scenario assessments.

"Over the last ten years our tertiary education has become far too academic, leaving lots of young graduates unable to meet the needs of business."

> **"The Association of Corporate Treasurers (ACT) recently joined the Association of Chartered Certified Accountants (ACCA) and CFO South Africa to endorse and support the competition."**

A vast majority are battling to make the mindset transition from the 'what-you-know' type education to the 'what-you-can-do' type the corporate world is looking for. This disconnect is a global phenomenon, but we find it to be an even bigger problem in Africa."

Graham Fehrsen, MD of CFO South Africa, a competition partner, agrees that developing strong leaders is crucial for the financial industry. "In the West and in Asia, big businesses like HSBC, Citibank and Coca-Cola invest in case study competitions to scout the brightest young business talents to hire," he says. "We launched this competition, drawing on these global examples, to engineer a case study revolution in Africa that will advocate a deeper incorporation of the case study methodology into the curricula and education systems across the continent." The Association of Corporate Treasurers (ACT) recently joined the Association of Chartered Certified Accountants (ACCA) and CFO South Africa to endorse and support the competition.

Valentine explains how the competition works: "During round 1 the teams will get a 25-page case study on a 'hypothetical' African company faced with real-life business challenges for which they need to provide a business plan or management report. An independent panel will choose the 12 best entries and those will be invited to create a 15-minute video presentation which will be evaluated and six will go through. They will be flown to South Africa to participate in the semi-finals and finals at the Finance Indaba Africa in October 2016.

Before the teams come to South Africa they participate in round 2, which is aimed at creating a video presentation about their team and learning lessons. The teams should work hard to make their videos go viral and the video that does best on social media will get two points credit for the next round.
Round 3 is the semi-final, where teams will be paired up against each other, presenting their plans in front of a mock board. The three winners will go through to the final.

Round 4 is the global finals, which will take place on 13 October 2016 at the Finance Indaba Africa. The teams will be given an extension of their case study, in which new dimensions of the strategic threats, opportunities, weaknesses and ethical dilemmas need to be addressed. They all get three hours to create a PowerPoint presentation and present an action plan to a mock board and take questions.

The final winners will be announced at the gala dinner and receive their awards on stage with the finance world watching on 14 October, the final day of the Finance Indaba Africa 2016."

> **"If you want to position yourself as a leading business in this space, demonstrate your commitment to skills development in Africa, find young talent and hire them, this is the perfect opportunity to get involved."**

The CharterQuest Institute is liaising with university institutions to ensure they field their best team of three (maximum of four) – or multiple teams – with an optional mentor. Students can also enter directly and do not have to wait for their institution in order to submit an entry. Not all entrants need to be accounting majors in order to participate, either. "In Europe, we see successful teams that are made of students of law, medicines, engineering, IT and journalism, entering business case study competitions and doing fantastic work," says Valentine. "The more diverse the team, the better your chances of presenting a well-rounded report and coping with the diverse range of questions the panel of judges will throw at you." According to Valentine, about two-thirds of the case study will require some knowledge of accounting, finance and strategy, as a typical modern-day CFO spends about this much time on these matters.

It is not only easy for corporates to get involved in the competition, Valentine also encourages businesses to do so. "As an institute we have put aside money for the prizes, but we are going on a charm offensive now to find more sponsors. If you want to position yourself as a leading business in this space, demonstrate your commitment to skills development in Africa, find young talent and hire them, this is the perfect opportunity to get involved," he says.

If you have not yet entered your staff into the competition, or if you would like to get a team of peers together to enter, there is still time. Although Round 1 starts on 1 March 2016, teams can still join until 31 March. In addition to the main prize of R100 000 for the winners, there are scholarship packages for the runners up, as well as two prizes of R10 000 available for The CFO Brand Ambassador Award and The CFO Social Media Award.

There has already been much interest in the competition, with some 200 entrants from around the world having signed up. Some of these have also signed up as CFO brand ambassadors, CFO social media contestants, mentors, case study experts, examiners and judges.

"I am deeply humbled that key organisations and institutions from across the world are heeding the call to build Africa's next generation of CFOs and business leaders," says Valentine.

He reiterates that CFOs and business leaders should get involved. They can do this by taking part as judges, by registering their entry-level staff as participants, or by donating a portion of their corporate social investment in support of the initiative, be it financially, logistically or materially. ●

An interview with Vusi Thembekwayo

The black sheep

Successful venture capitalist, celebrated businessman and popular international speaker, Vusi Thembekwayo's impressive CV would make any professional proud. It is hard to believe that Vusi, who grew up in Wattville township near Benoni, is only 31 years old. Since he will play a prominent role during this year's CFO Awards and at the very first Finance Indaba Africa in October, CFO South Africa caught up with him to learn more about what moves this self-styled "black sheep".

"CFOs hardly take risks and love the beaten track," says Vusi Thembekwayo with a provocative grin. Vusi may be a performer with a brilliant sense of humour, but he is not a clown and knows exactly what he is talking about. He says most CFOs are "white sheep" who focus on a product, predictability and success, while "black sheep" value experiences, significance and operating on the edge of chaos. "That's what separates the best from the rest."

Of course, the "black sheep" is a clever phrase, especially for a talented black entrepreneur who stormed the white establishment with such bravado. These days, Vusi's businesses (consultancy and investment company Motiv8 Watermark Africa Fund) have an annual turnover of over R140 million, but it has not been presented to him on a silver platter. The man who now enjoys sharp suits, expensive watches and has a penchant for colourful socks, started as an almost destitute daredevil with a head full of dreams that no one believed in – except him.

In Vusi's world, dreams are not idle hopes but future certainties. "People are a manifestation of their beliefs. Success has very little to do with skills," he says. "If you believe you're mediocre, you will live like you are. If you believe you are the strongest, that is what you are." That definitely seems to be the case when it comes to the extremely well-spoken – and funny – Vusi, who always draws a crowd when speaking. His presence at the Finance Indaba Africa on 13 and 14 October 2016 at the Sandton Convention Centre is already creating a buzz – which is just the way he likes it

"Speakers can no longer be entertainers and provocateurs, but must also have the scars from the trenches of business."

Just for the record: although Vusi is a motivational speaker, he does not rely on airy-fairy psychobabble. Ask him how a company can grow fast and before you can say 'just do it' he starts chatting EBITDA, cash flow reporting and investing time in building technical skills. "Speakers can no longer be entertainers and provocateurs, but must also have the scars from the trenches of business," he says. "I have served on various boards, I have suffered from massive P&L pressure and I know what it is to report to shareholders."

As a child Vusi received a scholarship which allowed him to attend a good school in Benoni, which meant he was spared the poor education in the nearby township of Wattville, where he grew up. On his 17th birthday, Vusi was already known as one of the best young speakers in Africa and he came third in the English Speaking Union International Competition with candidates from around the world.

"I thought we would be able to work as a speaker and we started a company that specialised in forensic marketing," says Vusi.. He was 21 years old and using the word "we" was a bit over the top at the time, he concedes, even though the habit is still firmly ingrained. It was deliberate, he says. "You have to use the royal we as an entrepreneur. You are often lonely and insecure and you move on the fringes of society, where most people behave like cattle and you don't. In that context it sounds arrogant if you always start about me, myself and I."

"I got zero love," say Vusi of those early days. "I had one suit that my mother bought for me at Woolworths. It was a grey suit with a light blue shirt and brown shoes. I can still see it in front of me." One day the same mother, a receptionist, phoned Vusi and told him not to come home, as someone from the bank – "a big boere guy" – had come to repossess his red Toyota RunX with its glitzy wheels and six gears. "I could not afford the monthly rent, let alone the car repayments. My mother had packed an overnight bag for me, which she handed me in a nearby street. I drove to my office in Pretoria – on the reserve tank – and went to sleep there. That was the first night of seven months sleeping in my office."

Slowly Vusi got some work in, until the CEO of wholesaler Metro Cash & Carry heard him speak. "I'm still a little disappointed that I swapped my life as entrepreneur for an office job. There is one percent regret maybe," says Vusi, adding in the same breath, though, that he does advise aspiring entrepreneurs to work in a large company for a few years. "You'll learn what not to do. And you learn to exercise influence in an environment where you have no authority."

Initially Vusi was not a huge hit at Metcash, but when a relative was admitted to the Chris Hani Baragwanath Hospital in Soweto and the hospital food was terrible, he saw an opportunity. "I got a small budget from Metcash to attract large, new institutional clients like hospitals and prisons, and in a few years I grew our new business department from a negligible R16 million to R463 million." Success, especially from a 25-year-old Zulu man in an environment of older, white wholesaler types, quickly lead to jealousy. "The operations department stole my clients and the head of IT blocked an ERP-implementation, which would have exposed what was happening in the business."

"It is not about being big, but about being the best."

By that time Vusi had become a fighter, and he did not back off. "There is a reason that philosophers, monks and people like Ghandi live such a simple life; it brings you closer to your goal. When I slept in my office and received no orders, I discovered myself and I knew there were great things for me in store. Resilience is not a trait, but learned behaviour. If you're in the boxing ring and Mike Tyson is coming at you, you learn to fight back at some point."

Vusi went for the confrontation and won, but when founder and CEO Carlos Santos fell out with the board and left, Vusi's popularity waned, despite or perhaps because of his commercial success. "With Carlos the soul of the company disappeared. The new director and I didn't sing from the same hymn sheet. He comes from a past in which my mother was a cashier at one of his stores and a black man in his twenties like me was raking leaves in his garden. The first thing he told me was that I had had a lucky couple of years, but that he would now put an end to it."

Vusi's best friend at school was white and last year he tweeted that he is done with black South Africans blaming whites and apartheid for their problems, but he admits – grudgingly – that race did play a role at Metcash. "During my exit interview the CEO told me 'young man, one day in your life you will regret this decision'. I said, 'Listen, you taught me more than you will ever know. But this is not the type of curriculum I am interested in'."

On the advice of the former CEO, Vusi bought the 'new business' department of Metro, but it was not easy to remain successful without being able to leverage off the balance sheet of the wholesaler. "They made me take the staff of 16 people. I spent 2.5 years living like a pauper in abject poverty."
The garage of Vusi's house became the warehouse from where the food parcels went to the customers, mostly social welfare and prisons. "I learnt a lot about work ethic and started at 5am every day, before my colleagues reported for duty at our house in Midrand. My wife hated it."

Slowly the success story of Vusi at Metro became known and he started receiving more invitations to speak – and once you hear Vusi speak, you want to hear him again. When Vusi's company won a new tender to provide the food for another prison, he received a call from a much larger competitor that wanted to buy the contract. Vusi did a quick valuation course, attacked the negotiations with bravado and sold his entire firm for a healthy sum – with a multiple of nine on the earnings. "I always say good business is good business. If you do good in the community, you will make money."

These days the man from Wattville traverses the globe delivering his popular keynotes. After a few years as partner in a private equity firm, he now invests in promising, smaller companies in South Africa – including a web florist. For the general public his breakthrough came when he acted as one of the panellists in the television programme Dragons' Den, where entrepreneurs pitch their business ideas to secure finance from a panel of venture capitalists.

Vusi is now doing an executive MBA at Hult International Business School in London "with 47 nationalities in the classroom" and regularly acts as moderator or speaker at CFO South Africa's events. "Our next step is to build a private investment fund," says Vusi, who is able to tap into the wisdom of his ever-growing network of global contacts thanks to his speaking assignments. His investment tips double as a tip for all CFOs who are willing to listen: "It is not about being big, but about being the best." ●


CFO South Africa
Community for Finance Professionals in South Africa
13 & 14 October 2016
FINANCE
INDABA AFRICA
Sandton Convention Centre

Get Smart 2016: people, process & tech

People, processes and technology took centre stage during an incredibly well-attended CFO event on 23 February 2016 at Summer Place in Hyde Park. Thanks to the expert contribution of partners WNS, Oracle and KPMG, CFOs got updates on the latest and greatest in business process outsourcing and cloud computing, but also got to discuss the human side of it.

Krishnan Raghunathan, global chief capability officer at business process outsourcing (BPO) provider WNS, stressed that shared investments that drive outcomes, not inputs, are vital in the cotemporary business landscape. Krishnan is based at the global headquarters in India and had flown out of Hong Kong for the CFO event in Johannesburg.

Among the drivers of future readiness – a balance between efficiency, effectiveness and control – are optimal automation, actionable intelligence and the agility and flexibility to respond to external stimuli, he said. "Everyone talks about the Fortune 500, but we prefer to think of the Forgotten 5 000. If the internal rate of change of an organisation is the same as – or slower than – the external one, the end is near."

A lively CFO panel discussion with contributions from CFO Awards 2016 nominee Bikash Prasad (Olam International Africa) and Sean Doherty (Standard Bank Investment Banking) provided great insight in the nuts and bolts of BPO. Bikash warned that only companies of sufficient size, maturity and with the necessary human capital would be able to take full advantage of BPO.

Sean emphasised the importance of human capital, more efficient utilisation of talent and increased productivity in thriving in a time of constant disruption and digitisation. "Tech and processes are crucial, but without people, they go nowhere. There is a war for talent, but often it is more a question of underutilised talent than a shortage of it. We should also look internally to solve our HR challenges," he said.

His comments tied in with a presentation by Oracle's ERP MD Dee Houchen, who talked the finance leaders through the results of a study conducted with the Chartered Institute of Management Accounting (CIMA) in which 700 CFOs were surveyed about the state of their profession. The results showed that South African CFOs place human capital and strategic decision-making as top value drivers – well above their global peers, who opted for customer satisfaction. ●

KPMG partner Alida Taylor ably summarised the evening for the 120 attending finance leaders, by sharing three areas CFOs should consider to become more agile and flexible and better able to handle change.

"Challenge your operating model – is it time to outsource to be more agile if you are struggling?"
"From a people point of view, what are you going to do to create the capacity with your existing talent to fulfill the value-add services?"
"And lastly, how do you develop your technological environment and processes to be more customer-focused?"

Fascinating insights from Krishnan Raghunathan, global chief capability officer at business process outsourcing giant, WNS

The CFO's virtual extension

"A good CFO is an effective controller, but also has an entrepreneurial flair," says Krishnan Raghunathan, global chief capability officer at business process outsourcing giant, WNS. Krishnan, who was one of the speakers at CFO South Africa's Get Smart in 2016 event on 23 February 2016, hails from India. We spoke to him about his interesting job title, his professional achievements, his take on the position of CFO and the role finance leaders should play in Business Process Outsourcing (BPO), which incidentally is being accepted as Business Process Management (BPM) the world over.

What is your responsibility as chief capability officer?
"WNS is predominantly a knowledge business, wherein knowledge of different industries enables us to build the right capabilities or solutions for our clients. My designation, in fact, gives away the surprise element in the role… my team and I focus on building new capabilities in finance and accounting services, process excellence and transformation, operating model reengineering, supply chain and procurement, and so on. Besides traditional areas like project management, business development and sales, my team also focuses on creating new and innovative commercial solutions."

What is your biggest achievement since joining WNS in August 2013?
"We have expanded on our process maturity model to a much more granular benchmark. A process maturity model helps our clients assess and benchmark their current state of process to create a roadmap for achieving better process performance. We used to use scales of one to four, but what we have now is a much more scientific model. We realised that an industry-agnostic approach doesn't really work for these benchmarks and what a 100-million-dollar company can afford is not the same as what a one-billion-dollar company can afford; what is the best for me is not necessarily the best for you. In a similar vein, a benchmark for credit terms is not the same in the US, Japan or China. To change this was a rather complex exercise that eventually resulted in 150+ granular metric benchmarks, separated by industry and the size and scale of companies."

"An example of the benefit of these detailed benchmarks is the work we did for a French consumer packaged goods company. With the typical high-level benchmarking it looked like they were already performing at best in class metrics. But when we established they were actually a trading, retail and a manufacturing firm, we split those parts and did the benchmarks once again. We found more than €100 million of opportunity in the bank."

> "Our preferred strategy is to deliver finance and accounting solutions for our South African clients from South Africa."


"One of our key values at WNS
is 'Client First' and therefore
we heavily invest in dedicated
finance and accounting delivery
teams for each of our clients,
with every team member trained
in the client's values and culture."

What is the WNS finance and accounting strategy for South Africa?
"South Africa was a strategic market for WNS earlier than for most of our competitors. Unlike some more opportunistic entries, we have invested quite heavily, and that is visible from our presence as we are the largest BPO service provider in the country, and are growing rather fast in the region. Some of our most seasoned experts have relocated to South Africa and I have a dedicated team of 15 to 20 experts working out of India and Romania, with additional people in Poland, all focusing on South Africa." "Our preferred strategy is to deliver finance and accounting solutions for our South African clients from South Africa. We work within the client's requirements, with the ability to deliver most of the work out of South Africa."

Which role do CFOs play during business process management? And which role SHOULD they play?
"We have seen examples of CFOs leaving the BPO of their contracted process to an extended team – sometimes a procurement organisation, resulting in a disjointed relationship. We have found through our experience that the role a CFO should play is that of a partner, and the BPM provider should be an extension of his or her particular organisation. One of our key values at WNS is 'Client First' and therefore we heavily invest in dedicated finance and accounting delivery teams for each of our clients, with every team member trained in the client's values and culture. Employees are rewarded and take significant pride in achieving client objectives. Essentially, we operate as a virtual extension of the CFO's team and therefore, when CFOs work with WNS as a partner, the business impact our teams are able to generate increases significantly and the overall outcomes of the relationship become more rewarding."

What makes a good CFO?
"Many times I have seen CFOs being accountants and very effective controllers. The balance is that they also need the entrepreneurial side of the CEO. They need to balance that with stewardship and the interests of investors, all the while understanding the market and the business model."

How can CFOs get the most value out of a partnership with WNS?
"The key word is partnership. CFOs are experts in their business and we are experts in how to run the finance office. Owing to our experience with many Fortune 500 organisations across industries we have been able to create best practices. We both bring expertise to the table and jointly we can optimise value. Extracting value is not a zero sum game where you fight for your pound of flesh.

"Extracting value is not a zero sum game where you fight for your pound of flesh. In a partnership model the value can be multiplied many times over for both the parties to benefit significantly."

In a partnership model the value can be multiplied many times over for both the parties to benefit significantly. For example, we worked with a company that had a team of 7 accountants each costing about $25 000. Even if you made the price zero or let them all go, you can save a maximum of $175 000. But we reengineered the reconciliation process that those accountants were involved in and freed up more than $20 million.. Our value lies in constantly challenging the status quo."

Why should CFOs consider WNS?
"The global economic environment is changing rapidly. With automation, new and disruptive products coming to the fore, globalisation, data and information, as well as fraud exposures – every element of business is increasingly complex. Tougher decisions need to be made. It is increasingly becoming a specialist economy in which businesses shift and increase their focus on the organisation's core value proposition and allow specialist providers to support the other areas."

"In addition to this, customers also benefit from contractual protection to pre-defined business cases, sharing of risks and gains in driving process excellence and projects to improve business levers. Given these aspects, F&A outsourcing globally, and especially in South Africa, is poised for growth. The value proposition for F&A outsourcing no longer lies in labour arbitrage, but rather in its ability to free up management bandwidth while providing access to best-in-class processes. Therefore, early adopters will stand to gain not only from the attention and investments of service providers, but will also be staying ahead of the industry for a longer period of time." ●

Six burning questions for Standard Bank Investment Banking CFO Sean Doherty

Becoming the CFO of 2020

Sean Doherty worked for Standard Bank, became a consultant and then rejoined the bank as CFO Investment Banking. We asked him what he learnt 'on the outside', how finance can contribute to agility and his doubts about finance transformation.

You worked for Standard Bank, then started a consultancy, but then came back to Standard Bank. What valuable experience have you been able to bring to the bank from your time 'on the outside'?
"There are a few things which I brought back with me. Two major themes that spring to mind are resource availability and alignment, which are very different in a big corporate versus a startup. Coming back to Standard Bank, I am more conscious of the resources at my disposal and aware of how we can look at using these more efficiently or effectively. In a startup construct I learnt very quickly how to stretch and leverage everything to initially survive and then compete, and within this, prioritisation is key. I am also acutely aware of how much more challenging it can be to align people around a single objective in a big organisation and how this can be perceived as a lack of agility. What I have learnt, however, is that there are ways of bringing some of this thinking into a big organisation, which has proved valuable experience to me and my teams."

"I now also have experience in starting and running a business – albeit very small – so have a greater appreciation of what our sales people do and how they feel when we, as finance, don't act with the required urgency. I am not involved on the client side but again now have real experience of being a business customer of the bank and of what does and does not work. These experiences have made me more client sensitive as a finance professional."

The theme for our February event is Get Smart in 2016 - Move like a butterfly - sting like a bee. What could this mean for the finance function?
"I would bucket resources and the agility with which those could be used in three broad groups: firstly the organisation's capital (financial and human) and how and where this is utilised; secondly the finance function's role in this capital deployment and thirdly, the finance function's human capital and how, at what cost and for what benefit this is deployed."

"Another consideration is the need for a balance between medium to long-term strategy and or objectives and being able to take advantage of short-term opportunities. Even in an extremely uncertain and changing business landscape, it is critical for leadership to have long-term strategic convictions and remain consistent to those – obviously if all evidence is screaming otherwise the courage to change is necessary! This medium to long-term strategy sets the tone and the framework for which company resources are deployed and the benefit of that deployment measured, again over a period of time."

"It is extremely difficult in certain industries to shift this capital quickly. However, the manner in which this capital is deployed is where I see the finance function playing an increasingly important role. The ability to be agile and "pivot" are critical traits for companies to learn in this capital deployment process. In Jim Collins' book 'Great by Choice', he speaks about companies firing bullets before they fire the cannon. His reasoning is that by firing many bullets and learning from those that miss, that when a company does fire the cannon, they are empirically sure that it will hit, whereas by just firing the cannon and hoping, chances are that you will miss. Finance plays a critical part in firing the bullets and independently and empirically learning from each bullet and pushing those learnings back into a company. In recent times the 'lean startup' methodology has become popular to test ideas and client needs before 'betting the house'. Finance is the function that is best placed to assist this process. Agility can be created through all businesses and functions in an organisation by applying these kinds of frameworks."

"In the shorter term, opportunities will arrive and teams and people on the ground will need to take advantage of those. I guess this is where the culture of an organisation comes to bear and the trust you instil in those nearest the opportunity. At its most simplistic, centralised versus decentralised organisations could provide part of the answer. I am grappling with this right now and feel it has something more to do with the culture instilled and how this culture is sustained. I understand that that is a 'fuzzy' comment but something tells me that an ordered organisation rather than a controlled one is where the answer lies."

"Lastly, the finance team itself. I've commented on the role of finance in the broader organisation. The function has a dilemma in that business expectation is increasing at a pace similar to that of compliance and regulation, whilst the resource needed to deal with these increasing demands is flat at best. There are numerous solutions ranging from the practical to the more esoteric. While being a believer in efficiency, automation and outsourcing where possible, I think the big change needs to be in the minds of finance people themselves and how they

see their role, which is materially different from even five years ago. No longer is getting the 'glossies' correct and out and obtaining a clean audit the definition of success. The finance function is being asked to be the ‘coach’ of the team and this requires a different outlook. That is not to say that the basics can be ignored but doing the basics is now just expected. Agility will be obtained in our functions when we get the function to believe that this is their role and prioritise and organise accordingly.”

A bank such as Standard Bank is like a big ship that will only change course slowly. How can finance contribute to flexibility and agility in this context?
“A lot of how I answered the previous question speaks to this question as well. In addition I’m a big believer in not throwing stones when in a glass house. So, in my team we are running a number of small experiments to enable us to make better, quicker decisions. These range from running small crowd sourcing campaigns to answer focused questions to using market prediction models in the place of the annual budget in specific markets. Not all are successful but we learn from each and my goal is that that is observed in the organisation and adopted. The flip side of being part of a big ship that may turn slowly is that once you have turned and are aligned the momentum created is massive. This type of momentum can only be created in a large organisation by being consistent in strategy and the messaging of this strategy which speaks to my earlier point around a balance between consistency and agility.”

“A good coach allows a team to ‘play’ by setting out the framework or parameters within which they operate, giving them the resources to enable competitiveness.”

“If a balance is achieved between full and part time staff the ability to scale and descale could be hugely advantageous.”

What does the CFO of 2020 look like?
“The role of the CFO has fundamentally shifted post the financial crises, developing into an increasingly strategic member of the leadership team. In fact I think that strategy is not possible anymore without the CFO at the table and I think that this trend will continue and become even more entrenched. Looking to 2020 I think the CFO looks like the coach of a sports team. A good coach allows a team to ‘play’ by setting out the framework or parameters within which they operate, giving them the resources to enable competitiveness, reminding the team of their strengths and ensuring that the team play to these, being aware of vulnerabilities and having plans in place to protect them, understanding what competitors are doing and how this may impact on the team, ‘protect’ the team from outside distractions or internal politics.”

What role can a flexible workforce play in the evolution of finance?
“In part employees will drive this. Already I am seeing people that want a series of experiences as opposed to a ‘traditional career’. This choice by employees will offer flexibility in how a function is staffed. There needs to be better balance between full and part-time employment and real focus on what skills an organisation needs to differentiate its offering to clients. Skills that offer competitive advantage need to be kept in-house and leveraged. Part-time staff or consultants could be used at bust times to provide capacity or for very specific engagements. If a balance is achieved between full and part-time staff the ability to scale and descale could be hugely advantageous.”

With finance transformation focussed on long-term gain, what can CFOs do in the short term to improve the way scarce resources are used?
"I am a bit of a contrarian here. I recognise the potential in finance transformation programmes, but have never really seen the benefit realised. I am increasingly asking the question as to how what we in finance do assists our clients and the businesses we run and therefore how does this impact the way in which we work and invest into better, more efficient processes and technologies as well as, most importantly, skills. I'm concluding that the way in which we previously did

"What is it that finance adds? At its most basic we add trust to customers and investors."

things is not as relevant anymore. So what is it that we as a function add? At its most basic we add trust to customers and investors. In my environment this is even more important as we look after people's deposits. So investment in ensuring that trust is maintained is crucial and speaks to controls, compliance, regulation etc. This is not only about getting a clean audit but ensuring that an environment of control and integrity is maintained in the organisation."

"Finance has a huge responsibility in setting this tone. Over and above this, the buzz phrase at the moment is business partnership tending to mean aiding business in decision making through various means. The irony of this is that huge amounts of investment is spent on technologies and operating models to assist this, when in fact if the control basics around data and the process of generating this data are in place you have the building blocks to generate the information needed to inform and make decisions. I actually think the long-term solution is very focussed investment on increasing or maintaining solid control through consistent process and then on analytics using this 'clean' data. But there is no silver bullet as 'finance transformation' programmes promise." ●

Public sector CFO forum meeting a "crying need"

"There is a crying need to move beyond talking and to actually have a forum where points are minuted and action is taken." That was the conclusion of Discovery ace Terrence Taylor, who moderated an energetic discussion during the 2016 launch of CFO South Africa's public sector community.

Agility, customer-centricity and changing the way people see public sector CFOs were the central themes dominating the round table, held on 23 February 2016 at Summer Place in Hyde Park, Johannesburg. CFOs also need to identify what they want and how they, as a community, can achieve this, Terrence said. "CFOs need to think about how to 'rehabilitate' the image the public has of them."

Terrence's day job is General Manager: Talent, Analytics, Leadership and Learning at Discovery. His passion for learning permeated the conversation, which also had important contributions by City Power CFO Quentin Green and the formidable Edson Magondo, Head of Public Sector KPMG, though the lively discussion elicited comment from nearly all attendees, as it seems nearly everybody had something salient to say. It was clear that there is a massive need for a forum where CFOs can air their grievances and be heard - and where action can be taken on the matters they raised.

The role of the public sector CFO

"Do not underestimate the role of CFOs in the public sector," said Quentin Green, City Power CFO. Quentin believes the role of the CFO is currently more critical in the public sector than private sector because, in the private sector, CFOs know what is expected of them, whereas in the public sector, CFOs seem to spend an "inordinate amount of time teaching non-financial people about finance".

Shabeer Khan, CFO of the dti, believes it "takes a very special person" to be in the role of public sector CFO. "To me it's about the commitment and passion of people in this room. We need to build public confidence. If we can do that, we will definitely make a difference," he said.

Cox Mokgoro, CFO of Public Works, opined that government departments don't really take CFOs seriously. "If you don't stand up you end up with problems," he said. "It's important that we don't really assert ourselves. Being a CFO is a very important job. It's the only job besides an accounting officer that is regulated by law."

"The public always see the public sector as a half-brother of the private sector. But I think it's so much more," said Lindy Bodewig, Chief Director: Technical Support Services at National Treasury. She added that she thinks it takes a special person to be a CFO in the public sector, to accept that responsibility and to stay there for a period of time."Your stakeholders are more important and vast, and the responsibilities are massive." She feels that CFOs should be more assertive and take positions in the public sector and begin driving certain vehicles. "We need to say this is an important role and

start building on that," she said. "We need to emphasise and celebrate this position."

The problem with irregular expenditure

Another salient point raised by Quentin was the matter of irregular expenditure – a topic that sparked animated debate among participants. Lindy opined that irregular expenditure is over sensationalised, but countered that it is also difficult to demystify. She believes the public could be better educated on what, exactly, this means, as many believe it to mean that someone ran off with the money. "It's something we are struggling with at Treasury. It's difficult because sometimes irregular expenditure is bad behaviour, while other times it is just a mistake. I think it's up to the CFOS to explain it in their annual reports. Hopefully that's what people see," she said.

According to Shabeer it is easy when you are on the other side to pick up irregularities because the current supply chain environment is so regulated. "It's easy to point out mistakes, but difficult to fix them," he said, adding that it took him three years to put a system in place at the dti to reduce irregular expenditure. "But I then became a supply chain expert, and I couldn't focus on being a CFO. I didn't have time," he said.

A forum for change

Vuyo Mafata, CFO of UIF, believes that CFOs are being presented with an opportunity to redefine what the CFO in the public sector is. "We have an opportunity to take a lead in transforming our organisations. We are presented with this opportunity to force our way to the table," he said. However, he countered, while things are changing not enough is being done. "We need to play a greater role," he said.

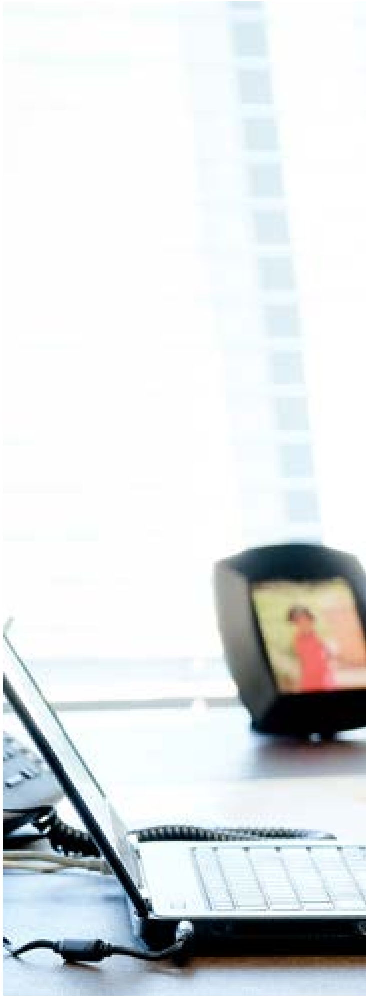
Dumisani Dlamini of the National Arts Council argued that while forums with government do exist, the powers that be don't use them as opportunities to listen to CFOs but rather, to dictate to them whatever they have decided regarding various matters. He further opined that the biggest challenge for CFOs in the public sector is that they believe they are serving the public but really, they are serving the Auditor-General. "Then quality of service takes a back seat, because we are all trying to achieve a clean audit," he said, adding that a lot of time and money is wasted through procurement policies and unnecessary, extensive reporting. "That's the challenge. How do we get around so much compliance, bureaucracy and reporting?"

Key takeaways

The importance of creating a forum to share frustrations and solutions. It was deemed critical that decision-makers be part of this forum, and that feedback and actions on the issues discussed were tracked and action points and responsibilities drawn up. It was also deemed crucial to get a mandate and to take suggestions to the Office of the Accountant-General and to National Treasury. It was also seen as important to share the feedback, action plans and successes with stakeholders.
The current system of compliance and reporting needs to be simplified. A suggestion as to how this could be done was to implement smart regulation.
There is a need to elevate forums held with the Office of the Accountant-General to levels that can influence cabinet and policy.
The ultimate goal would be for South Africa to have an "e-government". This would help with agility and customer-centricity. Also, an electronic procurement check list might simplify matters.

SekelaXabiso's CEO Lindani Dhlamini talks about transforming intent into action to build South African businesses

Putting people first



It should be no secret that fast-growing internal audit and consulting firm SekelaXabiso is growing in confidence by the day and is ready to offer its services – already much-praised in the public sector – to the country's big corporates as well. CFO's MD Director Graham Fehrsen visited CEO Lindani Dhlamini and found a leader full of commitment for South African Inc, with ambitions to play a bigger role than ever before in business transformation. This is Graham's write-up of a frank conversation about people management, race and changing the status quo.

"Of course it is convenient for us to be a black-owned firm. We have benefited tremendously from the opportunities that legislation has provided. We are proud of our accomplishments, but it isn't enough," says SekelaXabiso CEO, Lindani Dhlamini as she confidently wades into the often murky waters of race and business in South Africa.

"We have a long-term vision to be truly South African and we believe this will be accomplished by lifting up the people around us."

While Lindani happily admits that her firm has benefited from being black-owned when landing big jobs in the public sector, like the Transnet internal audit mandate, the other side of the same coin is that it remains hard to penetrate the corporate world, still largely dominated by networks of white South Africans. "We have a long-term vision to be truly South African and we believe this will be accomplished by lifting up the people around us."

Lindani's path to the top of one of South Africa's leading internal audit and consulting firms began with an education in computer science and then, following an inspirational mentor, further studies to become a CA. At that time she was only the second black female chartered accountant in the country. "I should have studied HR," she jokes when asked about her journey to become CEO of the new firm, after the 2012 merger between Sekela Consulting and Xabiso Chartered Accountants.

BY GRAHAM FEHRSEN

"People hold the key to our future as a company and I am very aware that, if we can tap into the potential of our people, we will become even more successful," she notes. If there is any doubt that she means what she says, a look at the firm's multiple corporate social investment strategies provides ample proof that Lindani is concerned with actions, not just words when it comes to developing human capital.

SekelaXabiso offers a bursary programme and has a chairman's fund for those within the organisation needing financial assistance to take the next step in their lives. They also offer training schemes, both externally and internally, and believe that their early engagement approach – working with learners from as early as Grade 10 – gives young people the best possible support network not only to succeed but to excel in the business world.

And what of her personal efforts to lift people up? "It is easy to get caught up in the rands and cents of everyday business, so I work hard to be present as a leader by taking everyday actions that put people first. I attend internal meetings as a participant where my presence as the CEO isn't necessary, but it makes a difference to show how approachable I am and it helps me understand the people in our business. We also launched a 'shadow-the-leader' programme that gives staff a day with me to learn how I go about my business and to see that I am a normal person at work, just like them."

SekelaXabiso's genuine intent toward transformation has other benefit too. "A client insisted that we partner with a smaller firm on a particular project. We understood the rationale behind the request and embraced it. What we didn't realise is what an impact successfully completing the assignment was going to have on people in both organisations and on our ability as SekelaXabiso to win further mandates. It was one of the moments where our notion of being truly South African – lifting those around us – was reinforced. This approach is good for South Africa Inc and will benefit everyone."

"We know business is done on the back of relationships, often long-standing networks of social capital, which reinforce the status quo. The challenge is to extend that network for the greater good."

Is this a reason for private sector companies to offer SKX an opportunity? "Yes, if you buy into this notion of South Africa Inc, of course it should be! But not out of pity or a sense of charity. We know business is done on the back of relationships, often long-standing networks of social capital, which reinforce the status quo. The challenge is to extend that network for the greater good."

While SekelaXabiso carves out a niche for itself and grows in confidence as a company, Lindani wants to be clear that she isn't the only leader in the firm. It's a moot point, though, as it's evident that the business is flourishing because people are empowered to become leaders themselves, on the back of Lindani's example. Looking well beyond the confines of their business alone, SekelaXabiso is a glimpse of the future of business in South Africa. No doubt, Lindani has a major role to play. ●

MMI CFO Mary Vilakazi talks about her personal journey to the top of the corporate world

The power of opportunities

After being made partner at PwC as a 27-year-old in 2005, Mary Vilakazi was "under enormous pressure not to fail". Since then Mary has morphed from hardworking auditor to group CFO at MMI Holdings, the umbrella for insurers Momentum and Metropolitan – with a period as a dynamic consultant in between. "I think my success is proof that you cannot underestimate the power of being given opportunities," she says.

In this interview we speak to Mary about her success at an early age, her role models, being black in a white finance world, the merger between Momentum and Metropolitan, the attitude that young accounting talents need to succeed, and what business leaders need to do to make transformation successful. "I would especially like to influence the direction of MMI's strategies around financial wellness for communities."

Born and raised in the Alexandra township in Gauteng, Mary has had to fight against prejudice and stereotypes throughout her career. Having faced some of the most demanding audit tasks imaginable, Mary Vilakazi is more familiar with tough times than most. The previous year, however, has been particularly taxing, with her appointment as MMI CFO, the pressure of South Africa's economic crisis and – first and foremost – the death of her first-born daughter, all weighing on her mind.

Were you one of the smartest kids in Alexandra?

"On the contrary, I think my success is proof that you cannot underestimate the power of being given opportunities. There were children that were a lot smarter than me and when I drive into the township today, I still see them there as adults. They never benefited from tertiary education, while I got lucky and got exposure to some education programmes. As part of the Gifted Child programme. I followed a Saturday programme. at the Redhill School in Morningside. After that, I attended St Enda's Community College with a Rotary Fund scholarship and PwC later provided me with a bursary to study for a BCom degree. That made all the difference."

How special was it for someone from Alexandra to become an accountant?

"When I grew up there was no information available on those types of careers. We knew about bookkeepers – my mother was one – but there were no accountants in my environment. I did read about people like Wiseman Nkuhlu, the first black CA, and others like him. The existence of those people made it possible for me to aspire to become an accountant. They were role models, even though I had never met them."

You mention your mother's support as crucial. Why?

"My mother is still a big supporter. She is my resident au pair and makes it possible for me to work as a full-time executive. When I grew up, she was a bookkeeper and was always very supportive. She worked as a creditors and debtors clerk and was completely self-taught. She did a lot of courses to stay up-to-date. She is very entrepreneurial and very hard working to this day."

"Instead of pocket money, my mother gave me lollypops and amaskopas (coloured popcorn popular in townships), to sell on the street during my holidays. The profit was my pocket money, but I soon realised I could buy more packets from my income and sell those too. At the time I thought it was unfair that other kids got pocket money and I didn't, but I liked selling and it was exciting to turn R100 into R300."

In 2005 you became one of the youngest partners at PwC in the world. What were your strengths that convinced your colleagues?
"Again, I was lucky. I had done some vacation jobs at PwC during my studies and when I signed up to do articles, so I had a two week advantage over most people in my group. During articles I gained great experience in the financial services sector, especially working in insurance, working with firms like Fedsure, African Life, Alexander Forbes and Regent Life."

"During articles I used to win the awards for the most productive employee in my group – and billing hours is what counts at a firm like PwC. During the last year of articles I was given a lot of responsibility, because I was always dedicated to ensuring I added value and went the extra mile for the client. The quality of the companies I worked with on audits was high and I worked with some really smart PwC people, some of whom I am still in contact with now."

"For me, having two female partners was quite important in a male-dominated environment, although I might not have realised the extent of this at the time."

What lessons did you learn from those smart people?
"While doing articles I worked for two female partners, Marna Roets and Catherine Dugmore. From them I learnt to always aim for excellence. Their approach was very thorough, ranging from managing people well to being very good technically. For me, having two female partners was quite important in a male-dominated environment, although I might not have realised the extent of this at the time. It was very enabling and it prevented me from setting my expectations too low. I knew it could be done, because I had two role models. I looked up to Futhi Mtoba as well. She was a very senior partner at Deloitte [and currently chairperson of the firm, JR] and she was the chairperson of ABASA, the Association for the Advancement of Black Accountants of Southern Africa. She is a great leader and is very passionate about making a difference."

How was it to work in an environment dominated by whites?
"That was a bit of a struggle. It probably still is, but I think it is less of one now. You feel you have to disprove stereotypes and prejudices all the time. It may feel that there is unfairness in the system. At the same time I also worked with white people who felt they didn't get a chance. I guess that is the story of South Africa. That is why I took a personal approach, focussing on my abilities to prevent getting bogged down. Even my age was an issue, as I was still in my twenties."

You were – and are – young, female and black?
"I had to work on myself, think hard and gain perspective. Those three tags were quite a load to carry. They put me under enormous pressure not to fail and let any of those three constituencies down. I couldn't drop any balls. I came from a society that was dominated by white males, so in a way I also believed in that and carried my own stereotypes, but I realised that was not helpful. I examined my own strengths and managed to free myself from those things. That would also be my advice for others in similar positions: focus and perform to the best of your abilities."

Why do you look back at your stint as a partner in Cape Town as a fun period?
"When I joined as a partner I moved to Cape Town and started working with Metropoli-

“When we offer clients solutions, it needs to be good for us, good for them and good for the shareholder. We need to be a good corporate citizen, cognisant of the bigger picture and striving for sustainability. This comes from my personal values and informs where I want to work.”

tan. I have always been a Joburger, so there were some things that I battled with in Cape Town, but it was an immediate culture fit with Metropolitan. There were a lot of capable people under the leadership of CEO Peter Doyle, who did some amazing things. He was also very progressive regarding transformation. I saw senior black people going through the ranks at Metropolitan, which was inspiring. It was an empowering environment.”

What did you think of the merger with Momentum?
“After I left PwC in 2008 and joined the Mineral Services Group (MSG) as a CFO, I was asked to join the Metropolitan board in 2010 after the compulsory cooling off period. I have been a non-executive member at MMI ever since, until I became an executive in 2014. During my first board meeting the merger was on the table. As a smaller firm, Metropolitan was vulnerable, so it was better to be proactive about its future and diversify its earnings. With Momentum being a traditionally Afrikaans company, the firms came from very different cultural backgrounds, but the business case spoke for itself because the companies were very complementary. It was a necessary merger. Interestingly, I am now based at the old Momentum head office – and I am glad to be back working in Johannesburg.”

Why did you leave PwC?
“My eldest daughter started high school and I wanted to be more present, so I had to slow down a little bit. At an audit and advisory firm there are always deadlines and it is difficult to carve out some family time. I was also interested in working in an environment that was not a big corporate, but more entrepreneurial.”

“In 2011 I left MSG, but I stayed on the board and kept consulting for them two days in the week. During that period as a consultant, I also helped lots of small companies putting together business plans and did a lot of referrals. My proudest achievement is that I managed to spend more time with my family, while still staying up to speed with the industry and developments in the business world.”

In May 2014 you joined MMI. How has your life changed?
“Quite a bit! I started as head of balance sheet management with the end view of being considered as the next CFO. I was, once

again, lucky that the existing balance sheet management CEO wanted to go to the UK and the CFO was about to retire. Balance sheet management is a great place to start for a CFO, because it gives you the whole picture of the business from a balance sheet point-of-view, especially since it concerned two merged firms who were still in the process of integrating."

What do you like about being CFO?
"After December 2015 I am not sure if being a CFO is still an enjoyable role, because the economic environment is difficult, but what I like is being involved in business opportunities and working with hard working, passionate people. It is a broad role, where you can really influence the drivers of the business as a custodian of financial resources."

What do you want to achieve at MMI?
"I want to ensure that we give shareholders good returns and we exceed the expectations of our investors. Internally, I see my role as providing insights to the other exco members – to help improve the level of profitability and performance."

"Another thing I am cognisant of is that there is a growing feeling in South Africa that transformation is slowing down. As a CFO I want to play a big role in shaping and contributing to our response to that. I would especially like to influence the direction of MMI's strategies around financial wellness for communities. When we offer clients solutions, it needs to be good for us, good for them and good for the shareholder. We need to be a good corporate citizen, cognisant of the bigger picture and striving for sustainability. This comes from my personal values and informs where I want to work. Luckily my view is shared by CEO Nicolaas Kruger and the other exco members."

What needs to happen to speed up transformation and increase the number of high level black CAs?
"There are no quick fixes. It starts with increasing the number of black accounting students, but it is also a matter of creating opportunities. My personal view is that the rate of transformation is slowing down. There needs to be a deliberate effort from senior leaders to appoint talented black professionals in influential positions."

You are a role model now yourself – how do you make that practical?

"My personal view is that the rate of transformation is slowing down. There needs to be a deliberate effort from senior leaders to appoint talented black professionals in influential positions."

"It is something that is very close to my heart. I want to use my influence and make a difference in people's lives, especially young black women. I am part of various networks, have individual relations with people and am also involved in some trusts in the fields of education and entrepreneurship."

What's next? General management or CFO of a bigger company?
"I haven't quite decided. My role started in July 2015 and at the moment I am working to ensure we have a finance community within MMI that I can be proud of. I am involved with strategy and am in a sweet spot at the moment, so I am not really thinking of the next step. Of course things can change and like in the past, I will be guided by my intuition. I listen to myself and what my needs are." ●

Kamogelo
Mary brings last year's car accident that killed her beloved, 20-year-old daughter Kamogelo up herself. "What made me come back to work was the supportive environment at MMI, but also the fact that Kamogelo was very excited about my job that I had started on 1 July. After she died, a lot of her friends showed me text messages where she had mentioned how proud she was of me." Mary admits her life has always been "a tussle between work and being present for my children," but she says, Kamogelo was her biggest fan, and succeeding as chief financial officer will be the best way to honour her memory.

CFO South Africa goes M&A in 2016

Mergers and acquisitions are a major part of the jobs of many finance leaders and will be a focus area for CFO South Africa in 2016. In February we sponsored the Reporting Accountants category during the 15th DealMakers Annual Gala Awards Banquet and in April and July we will be hosting two much-anticipated CFO events about M&A.

"CFOs across our community have been involved in some of the biggest transactions of the last 18 months and the role of the reporting accountants in successful M&A transactions is crucial," says CFO South Africa MD **Graham Fehrsen**, explaining their involvement in the DealMakers gala. "The role of accountants is becoming increasingly challenging, given the speed of change of global accounting standards and the cross-border complexity of Africa-focussed deals."

During the gala, **Graham** hosted a table of prominent CFOs, including **Imraan Soomra** (Oceana), **Sean Doherty** (Standard Bank Investment Bank), **Sharon Horsten** (Thomson Reuters Sub Saharan Africa) and **Jo Pohl** (Telesure). Both Reporting Accountants awards were won by professional services firm KPMG, CFO South Africa's principal partner. **Graham** had the pleasure of handing the two prizes (Deal Flow & Deal Value) to KPMG's Corporate Finance MD **John Geel**, in the presence of DealMakers director Marylou Greig.

In the following capital & finance section of this magazine, Woolworths CFO **Reeza Isaacs** talks about their spectacular David Jones acquisition in Australia (page 63) and KPMG's **Michael Rudnicki** shares his insights as the new head of PE at the firm (page 60). He reveals he wants to use this year to "specifically focus on deal origination as well as grow our M&A team".

A brainchild of our MD Graham, this series aims to bring the best CFOs and deal professionals together for a peer-to-peer learning experience. According to a Thomson Reuter's report published in September 2015, businesses with resources will continue to look at opportunities that can drive growth in the longer term. Some growth will be organic, but much is likely to be through acquisition and merger and other forms of business tie-ups, tapping into already established businesses to ease market entry and leverage expertise and market knowledge.

We would love for you to join us as we hear from CFOs and deal professionals later this year as they share first-hand insights and give us the opportunity to learn from leading finance professionals.

CFO event Wednesday 6 April – Preparing your business

In this first part of the series we hear from CFOs like Cobus Grove (Digi-Core) and Imraan Soomra (Oceana), who have been immersed in M&A activity in the last two years. We get insights from deal makers and advisors on what CFOs should focus on, to be in the driving seat when M&A opportunities present themselves.

CFO event Thursday 21 July – Integration and post deal success

There can be little doubt that once a deal is done, CFOs are judged by investors on their ability to deliver on promises made and achieve synergies which can be justified by the numbers and a time frame-specific return. How do CFOs meet the multitude of market, investor and board expectations? What is required of CFOs to attain post-deal synergy? What advice do the most experienced CFOs have for those just cutting their teeth? Together with CEOs we will learn how finance teams and the CFO play a part in delivering commercial success to transactions over time. ●

Visit CFO.co.za/events today to find out more about 2016's events and register.

Talking tax and private equity with KPMG's Michael Rudnicki

PE in 2016 – what CFOs should know

A little entrepreneurial flair goes a long way, even in the finance world, suggests KPMG's Michael Rudnicki. In this exclusive interview with CFO South Africa, he talks about how his tax background has helped prepare him for the role of head of Southern African Private Equity. "PE houses are looking at asset growth north of South Africa."

Over the years, Michael Rudnicki has developed himself as a popular tax expert on TV and radio and as an occasional guest lecturer at universities such as GIBS, Wits and Rhodes, his alma mater. A KPMG partner since 2005, he has spent most of his working career as a tax specialist within the M&A and Financial Services tax teams of the firm, but since September last year, he also leads the PE team. "I need to be clever about how I spend my time," he admits during this interview with CFO South Africa. But he has no regrets: "It is a lot of fun: breakfast, lunches and travel – and we have gained some great new client relationships."

What is your proudest professional achievement to date?
"First of all, my admission as partner to KPMG in 2005 was a very proud moment, but I am also very proud of my personal professional growth development over the years. I have developed a degree of confidence that clients buy into, first at Arthur Andersen and then at KPMG. As an advisor in a competitive market you also need a bit of entrepreneurial flair. I learnt that by working with the best people in the business. The CEO of the global Andersen tax practice once told me 'Michael, make sure you are famous one day'. I think it's an important philosophy for every business professional and to accomplish that you need to be bold and confident."

Has this professional growth changed you personally as well?
"I think so. My wife would say I am a complete introvert, but most of my colleagues and clients see me as an extrovert. I'm not sure who I should believe. I guess, with my clients, I can put on a bit of a show if required. I have consulted in tax for 22 years and have worked with a variety of personalities, extroverts, those with a degree in flamboyancy and introverts who were and are really successful. You don't have to be a loud, flamboyant professional to generate fees."

What makes KPMG's PE offering unique?
"We provide a complete, comprehensive solution, which gives us a very competitive advantage. From tax, to legal, to corporate finance, to BEE advisory… we have been extremely successful, I believe, in helping clients explore new markets and broaden their business objectives. Clients in South Africa that would not consider expanding to countries like Nigeria, Zambia or Kenya, have made the leap because of our hand-holding."

"Our PE advisory team was established in 2005 and I was part of its establishment. We started with very little experience but we have built great client relationships and still work with most of those clients we met at the time. I have also always

"I have always consulted, but now I need to be a leader and make the team feel connected but sufficiently independent to approach the hard-core PE environment."

"From an advisory perspective, we say 'get tax into the boardroom'."

had a good working relationship with the PE regulatory body, South African Venture Capital Association (SAVCA). This year we are partnering with them again to deliver the 16th Annual SAVCA Private Equity Survey."

How has your life changed since the appointment as head of PE?
"I have more commitments and longer hours which I need to manage very carefully. Luckily I have a great team; interestingly consisting of three females, which is a breath of fresh air in the male-dominated world of private equity. I am enjoying meeting with clients, which has increased with the new role. It involves a lot of fun; breakfasts, lunches and travel. I have also enjoyed interacting with our many business units within KPMG South Africa, other parts of the continent and outside of Africa. I see these as our clients too."

What have you done during your first 100 days at the helm?
"We have achieved quite a lot since I started in September last year. I have met with almost every single major PE firm in South Africa and abroad. We meet the CEOs and teams (a number of which are tax clients of mine) and talk about their needs and our compatibility. Together with the Heads of PE from East Africa, West Africa and North Africa we travelled to London to meet five of the top PE houses in the world to showcase the capability of our team in our respective countries. All of these meetings have resulted in great relationships and various advisory assignments. Some of the people we met have not visited South Africa and now we do business with them."

"As a newcomer I want to create confidence with our client base and the industry given my experience up to now as a tax specialist."

What is your leadership style like?
"I spent the first month making sure that the team bought into each other's ideas. One of us has a television production background, one comes from corporate finance and I am an accountant who has always worked in the tax space. That means we are a very diverse team. I have always consulted, but now I need to be a leader and make the team feel connected but sufficiently independent to approach the hard-core PE environment. That is why the team is client-facing in one way or the other."

What goals have you set yourself for 2016?
"I want to give sufficient attention to my tax and PE clients and as a team we want to increase our PE market profile. I work from a great platform, built by my predecessor Warren Watkins. As a newcomer I want to create confidence with our client base and the industry given my experience up to now as a tax specialist. I also want to spend more time with the team this year and specifically focus on deal origination as well as grow our M&A team."

What are the most important PE trends CFOs should know about in 2016?
"PE houses are looking at asset growth north of South Africa. While the South African economy grows at a slow rate of between 1.0% and 1.2%, there is more growth potential in other African countries, with percentages ranging between 8% and 12%. CFOs should know that private equity firms are looking for market entry in other African countries."
"Manufacturing, retail and infrastructure are still sectors of interest for the PE industry in South Africa. Manufacturing and retail have the advantage that they can be scaled up to countries north of South Africa; investing in infrastructure brings longer-term yielding assets."

"CFOs should know that private equity firms are looking for market entry in other African countries."

How much do CFOs know about tax issues and how much SHOULD they know?
"From an advisory perspective, we say 'get tax into the boardroom'. Ten to 20 years ago tax was a small, compliance-related section of the business. Times have changed dramatically, especially in the last five years. The media has also played an important role in exposing tax themes within large multi-national organisations. Base Erosion and Profit Shifting (BEPS) is a global phenomenon (but relevant in a South African context) that contemplates the shift of profits to low tax jurisdictions and the use of legislation to prevent the consequent tax avoidance. Every organisational risk committee considers tax and so should CFOs. Recent legislative changes in South Africa around the limitation of interest deductions is a consequence of the BEPS intervention."

"CFOs still need to be more internally focussed to understand the tax sensitivities around transactions, for example. You don't have to be an expert, but you do need to be alert to changes in legislation, the theme of tax morality within an organisation etc. Relevant tax training with an organisation is also important. The head of accounts payable doesn't need to know the principles of employees' tax, but should have a reasonable understanding of transfer pricing principles." ●


"In a nutshell, we had to make sure that common sense trumped emotion. We now have to ensure that the business is focused on delivering on the deal synergies."

Woolworths CFO Reeza Isaacs reflects on the David Jones acquisition

Agility through discipline

"Discipline helps agility, even if it sounds like a contradiction." Woolworths CFO Reeza Isaacs is living proof that a dynamic retailer can be agile if it hires a conscientious, precise chartered accountant as money chief. "At Woolworths, finance plays a governance role. This means that sometimes finance has to say no," says Reeza.

In an exclusive interview CFO South Africa spoke to Reeza, who was nominated for the CFO Awards in both 2015 and again in 2016, about transformation, agility and about the famous acquisition of the Australian department store chain David Jones, when the CFO had to make sure that finance executed but also "held the line" during the process.

What do you like about your job?
"I like being a CFO in retail. Retail is a dynamic environment, with an exceptionally quick pace. Feedback on how the business is doing is immediate. We get text messages every morning about how we did the previous day in terms of sales and margins across the three businesses. Sometimes quick decisions are required. As a CFO, you can impact the business and what it does quite significantly."

"Retail is very dynamic and can be very pressurised, but on the flip side, it is also very rewarding. As a CFO you are at times required to put in many hours. In 2014, with the acquisition of David Jones – an upscale Australian department store chain – and everything related to this deal, work was all-consuming. The professional experience l gained through this process, however, was amazing and we were very proud of what was achieved. Being part of a new chapter in the group's history is very exciting."

"There is no substitute for hard work. You have got to put in the hours."

Why are you successful?
"There is no substitute for hard work. You have got to put in the hours. As a CFO, you can't do everything on your own, so you need a good team around you. That is key. You have to make sure that you have competent people around you. In addition, you need to be strategic, yet you need to know when it is time for you to go into detail."

"The CEO, Ian Moir, is an exceptionally good trader, but also values finance. He is a product person who understands clothing and food, and he is very focused on what our customers want, understanding what drives margins and the bottom line. We also have a very competent and supportive board – very senior, respected businesspeople from SA, the UK and Australia who challenge but also support the executive team. I experience this directly through the audit and treasury committees."

How big was the decision to spend serious money in Australia?
"The David Jones deal, and buying the minority stake in Country Road, were transformational – probably the most transformative decisions that we have ever had to make. The group will never be the same again. As finance, it was our job to work with our advisors to make sure that the deal metrics made sense and stacked up, and that – from a shareholder point-of-view – this would be reflected in increased value to shareholders."

"There were many ups and downs and there were a few points during the deal where we thought: 'That is it, we are not going any further'. In the end it all worked out fine."

"There were many ups and downs and there were a few points during the deal where we thought: 'That is it, we are not going any further'. In the end it all worked out fine. In a nutshell, we had to make sure that common sense trumped emotion. We now have to ensure that the business is focused on delivering on the deal synergies."

"The acquisition of David Jones had a big impact on the way we approach certain aspects of finance at Woolworths. Before the deal, we had no debt on our balance sheet. It is a big number now, but it is manageable. Profitability has always been a key focus but we have also brought in measures to focus on Return On Capital Employed (ROCE)."

How does finance contribute to agility?
"Woolworths is very agile. As a retailer, it needs to be. A key part of the finance role is to fund and enable strategy. We see this as one of our most important roles – as we have a business that is fortunately growing. We have to do this effectively while making sure that we follow through on due process and financial governance. We have very disciplined finance and investment processes at Woolworths. Discipline helps agility, even if it sounds like a contradiction."

What is your take on B-BBEE?
"Woolworths is very much focused on transformation. We probably have one of the most transformed management teams and boards in the country. Transformation and empowerment resonate in our entire ethos. Our chairman and previous CEO Simon Susman was a visionary in terms of corporate social responsibility and sustainability transformation. He did these things before they were fashionable."

"If you look at our exco team, more than half is black and half is female. We also help emerging black businesses and suppliers through an enterprise development programme. We also influence our supplier base and encourage them to follow the same ethos."

"We looked at the new B-BBEE codes, which came into effect in April 2015, and have said to ourselves that there are certain things that we have to do on top of what we are doing now. For instance we have an enterprise development programme, which we use to fund emerging black businesses that supply us. We agreed to increase that fund significantly over the next three years. Fundamentally, transformation is about doing the right thing."

"Fundamentally, transformation is about doing the right thing."

How does Woolworths give back to society?
"If you look at our Good Business Journey which is part of our holistic sustainability story - there are many different examples. Job creation, sustainability, the environment, education, through the MySchool initiative – there are many areas on which we are focused."

"On the issue of supplier development; it is well known that the clothing and textile manufacturing industry in South Africa has a productivity and competitiveness issue. Sourcing products from low-cost centres like China is a consideration because it is more price-competitive. We do, however, actively support local suppliers. For example there are local suppliers who manufacture core products for us, including T-shirts, and can do this very competitively. One particular business started with 20 employees. We provided them with seed funding, which was invested in machinery and equipment. This company has grown to such an extent that after 12 months it had to find new premises. Today, this business owner is employing 200 people. In a sector that is battling the way it does, this is significant. We are not only creating direct jobs but also indirect jobs. We have more of such examples on the food side where 93% of our product is sourced locally." ●

Fit to compete or last over the line?

Moving into Africa

Is your business fit to compete in Africa? Do you run the risk of finishing last? Many have tried but only a few have truly succeeded. In 2016 your competitive advantage in Africa will be defined by whether you have clear and simple strategies for people and knowledge – or not. In this section of CFO magazine we explore those strategies – and during our CFO event on 16 March 2016 at the Standard Bank building in Rosebank, we'll dive deeper into the issues.

"During our Moving into Africa event we explore how institutional knowledge is being backed up with smart platforms and local insights," says CFO South Africa MD Graham Fehrsen, who put together a great programme and line-up of speakers for the March event. "Being fit enough is about having a plan and building incrementally. You can't afford to be left behind," he says.

Given that local know-how and insights are key if you plan to work in African countries, it is no wonder that Standard Bank Africa CFO **Greg Davis** talks about it in his guest article. It's also a common theme in the interviews with both KPMG Zambia CEO **Jason Kazilimani** and Illovo's **Mohammed Abdool-Samad**. All three talk about what really works around talent development to accelerate your business potential on the continent, based on their personal experience.

"To succeed, you need to have a deep understanding of the political and macroeconomic landscape," says Mohammed Abdool-Samad, finance director at Illovo (page 72), adding that the continent is a complex and diverse place to operate in. "This can only be done by having skilled and experienced local people who understand the business environment as a resource. Overreliance on expats can result in the business being 'unplugged' from the local business environment."

Firms like KPMG are certainly not lacking such local insights, as our interview with KPMG Zambia CEO Jason Kazilimani (page 69) shows. The ACCA-trained accountant has an interesting personal story to share, along with crucial insights into business opportunities in his country of birth. Although he feels agriculture has the biggest potential in Zambia, his short-term bet is on the energy sector. With talented professionals returning from the diaspora, he believes the country is geared for growth. "Zambia is not a backwater anymore. You find almost all the facilities here in Lusaka that you find in Johannesburg."

In his guest article about regulations in African countries (page 67), Greg Davis notes that the required approach in each country can be vastly different. "The challenge is in recognising that most countries feature different economic circumstances and regulations," he writes. "It is important therefore, that each country has its own well-defined strategy and that these strategies are supported by key themes as areas of focus. ●

Avocado farming has been identified as an area for growth in Zambia

Standard Bank's Africa CFO shares his expert insight into the finance function and how navigating the regulatory environment is key to doing business on the continent

Playing by the rules

"As the CFO for Africa at Standard Bank, I spend a large amount of my time addressing and ensuring regulations are adhered to. As a bank it is imperative that we embrace regulation, that we recognise regulators enhance the economic systems in which we operate and see this as a source of strength as a global financial services organisation," says Standard Bank's Africa CFO, Greg Davis. Here are his insights into the role of regulators in Africa and the role of the CFO.

When I visit countries across the continent, I always try to find time to spend with the regulators as their sound view not only ensures we are focusing on the right areas to be regulatory compliant, but also provides direction as to how we can effectively serve our clients in the markets in which we operate. After all, we are in business to serve our clients and our clients demand us to be compliant.

As Standard Bank Group, with multiple regulators across multiple countries, best practice is definitely a key differentiator for us. Being at the forefront of compliance with global standards and risk management across many developing markets differentiates us in the eyes of all our stakeholders, from regulators to clients. Because the finance function is typically tasked with all the risk-based regulatory reporting to the central banks, finance becomes a trusted window into the bank and the CFO is often the first point of contact for a regulator.

"When I visit countries across the continent I always try to find time to spend with the regulators as their sound view not only ensures we are focusing on the right areas to be regulatory compliant, but also provides direction as to how we can effectively serve our clients in the markets in which we operate."

The role of regulators in African countries

The importance of regulators in managing the risk of the financial system can never be understated. It is evident from the increasing focus on Africa and the current economic headwinds we are facing, that regulators play a critical role in influencing the economy.

All African countries recognise the value of their central bank as a source of economic stability as well as growth. Since many of these developing countries do not have well-developed money and capital markets, the central bank also has the crucial function of developing the banking and financial system of the country.

This may at times give rise to areas of overlap between the central bank and other regulators, where priorities compete. However, it is imperative in these situations that the apex regulator of the banking industry is respected.

The role and oversight of the home regulator in the headquarters or home of the group

BY GREG DAVIS

"As a bank it is imperative that we embrace regulation: that we recognise regulators enhance the economic systems in which we operate and see this as a source of strength as a global financial services organisation."

is important for financial services providers like us, which span multiple countries. In fact, the concept of home and host regulation is key.

The linkage between the home and host regulators
At Standard Bank, we recognise that a solid relationship with our home regulator, the South African Reserve Bank (SARB), and host regulators elsewhere in Africa, is necessary to ensure that cross border activities comply with all policies and regulations.

We have regular interaction with the SARB in reviewing and monitoring our businesses. This gives them sound insights into our organisation, thus enhancing the effectiveness of their regulation.

In a complex and dynamic landscape, staying abreast of changes and benchmarks is imperative and we hold 'supervisory colleges' with central bank regulators from the markets in Africa in which we operate. Hosted by the SARB, these events foster communication and result in an environment where we as a group can be more effective. These supervisory colleges include executive management for key stakeholders.

The role of a CFO in linking this
In the context of the role of the CFO, a primary responsibility is to ensure that the financial risks of the company are managed, regardless of where they operate. Much of their activity is around building the correct relationships with both the home and the host regulators, and staying abreast of the policies and laws in place.

This is particularly pertinent as company activities come under increased oversight by regulators. While there are similar characteristics across countries, the challenge is in recognising that most countries feature different economic circumstances and regulations. It is important, therefore, that each country has its own well-defined strategy and that these strategies are supported by key themes as areas of focus. ●

Exclusive insights from KPMG Zambia CEO Jason Kazilimani

Where to invest in Zambia

"CFOs that don't read and don't network, won't grow," says Jason Kazilimani, senior partner and chief executive officer at KPMG Zambia. According to the senior partner there are two types of CFOs in the country: modern, world-class finance executives with international experience and "some others that call themselves CFOs, and yet only do the bean counting". That is why there is enormous potential to improve the skills and networking capacity of Zambian CFOs, he says. "I would like to see much more emphasis on strategy."

Jason was born in the mining town of Kabwe and is midway through an impressive career that has seen him rise to become CEO for KPMG in Zambia. CFO South Africa spoke to him about the reason he became an accountant and not a lawyer, his experience as an ACCA-trained professional, his experience in the UK and Nigeria, and about the business opportunities in Zambia. "The power sector and agriculture provide massive investment opportunities!"

Why did you become an accountant?
"I always enjoyed my debates at school and because of that I wanted to become a lawyer. While I was waiting for the results of my application for the school of humanities, my dad said I should broaden my horizons and talk to some of his friends about career options. That is when I met with Emmanuel Hachipuka, the then MD of Zambia Railways, who was one of the first fully qualified chartered accountants in Zambia. I still remember I walked six kilometres to see him and I was very impressed with his office. He told me there that there were not enough qualified accountants in Zambia, while there was a surplus of lawyers. I also spoke to a cousin who was studying for an ACCA qualification and she told me all about it. That is when I changed my mind and I successfully applied for a scholarship with ZCCM, Zambia Consolidated Copper Mines."

"Upon finishing my training, I joined ZCCM and worked there for two years. KPMG was our auditor and I worked with them in my group accounting role. They must have been impressed with my work, because they asked me to join them and I took the job because of the diversity working for KPMG promised."

What was the ACCA training like?
"It is an international qualification that, unlike in South Africa, is very well recognised in Asia and countries like Zambia, Zimbabwe but also increasingly in West Africa. At the time, Zambia didn't have its own accounting qualification, so ACCA and CIMA were our only options. It stood me in good stead when I worked for KPMG in the UK and Nigeria, because the ACCA qualification is well-respected all over the world."

"A lot of upskilling needs to be done of our local CFOs. I would like to see much more emphasis on strategy."

What did you learn while working abroad?
"When I went to the UK with my wife and son in 1998, I was a 29-year-old assistant manager. It was a great career move, especially because I didn't go to KPMG's London office where I would have been pushed into a specialist role. Zambia was a small office that required generalists, so I went to our regional office in Southampton where I worked with a variety of clients and it really helped me gain confidence and kick-start my career."

"When I went to Nigeria in 2007, I had already been made partner in Zambia. I joined the financial ser-

vices team as an audit partner. We had banking and insurance clients and I led some IFRS conversion projects, as Nigeria was moving away from its own accounting standards at the time. It was a turbulent time in the country, during which I learnt a lot and I came back to Zambia as a pretty well-rounded professional."

How does Zambia compare?
"The funny thing is that the banking sector in Zambia was more advanced than the one in Nigeria in 2007, but we have now been overtaken. Nigeria has managed to encourage many of its diaspora with world-class skills to return and that has really helped that country move forward. Having said that, Zambia is also moving in the right direction. We now have new developments such as a bond and derivatives exchange and a properly functioning credit rating agency."

"The pace of development has not been as fast as I would have liked in Zambia. Between 2002 and 2012 things were going well and we had a steady economic growth of 7%, but with the depreciation of the kwacha, high inflation, the low copper price and load shedding we have our challenges now."

Where are the biggest investment opportunities in Zambia?
"Because of load shedding the energy sector provides big opportunities. A while ago there was a lot of excitement when the government announced raising the tariffs for electricity, which would make the market viable for other players. Unfortunately that decision was reversed. Where I live, we have load shedding for eight hours every day. The power supply to mines was cut, reportedly by 30%. At home we're now cooking on gas, we're making smarter choices. Increasingly, companies are now buying generators. There are a number of big power projects in the pipeline, but only the Maamba coal mine thermal facility is coming online this year with an extra 300 megawatts. The other projects will take longer. Combined with the low copper prices, that is a double whammy for the Zambian economy. It is not an easy time to be financial policy-maker at the moment."

"The greatest potential in the country is in agriculture, which has been paid lip service for a long time without much happening."

"The greatest potential in the country is in agriculture, which has been paid lip service for a long time without much happening. Around 58% of the country is suitable for agriculture, yet only 14% is currently used. We could feed the whole of southern Africa. Despite the drought, we also have a lot of water sources in Zambia to provide irrigation."

"The Nigerian business of Aliko Dangote built a huge cement plant on the Copperbelt and had to build its own power plant, but not a lot of companies can afford that. At the moment, everything hinges on the power sector, especially because investments in agriculture will take a long time to start yielding."

"You find almost all the facilities here in Lusaka that you find in Johannesburg."

What is the biggest misunderstanding about Zambia with investors?
"The biggest frustrations and irritations are load shedding and the intermittent internet connectivity. But the road network is improving, as all of our main roads are being tarred. The quality of human resources is also good, especially with some returnees from the diaspora. I am expecting this to continue as the new constitution provides for dual citizenship, which helps significantly for people considering returning. Zambia is not a backwater anymore. You find almost all the facilities here in Lusaka that you find in Johannesburg. The level of sophistication has increased in the cities, although outside Lusaka, Kitwe and Ndola not much has changed."

What are the most important developments to watch in 2016?
"The presidential and parliamentary elections in August 2016, the inflation rate and the copper price are the most important. These three are interlinked. Having said that, Zambia's elections are always peaceful – even when the power is transferred to another party."

Globally CFOs are making the transition from number crunchers to business partners – how do CFOs in Zambia fit in that picture?
"There are two types of CFOs here. CFOs at multinational companies like Barclays or Unilever have the same approach to work as their colleagues all over the world. Those are the real CFOs. Then there are some others that call themselves CFOs, who only do the bean counting. At KPMG we mostly deal with blue chip companies, which have real CFOs. In my experience, the best CFOs are the ones that work at multinationals or have worked abroad, although there are a number of exceptions, either way."

"A lot of upskilling needs to be done of our local CFOs. I would like to see much more emphasis on strategy. I'd like local CFOs to take a more active role in their businesses. What is needed is more exposure, more effective networking, more training and more reading. I have noticed that a lot of people, once they have acquired their qualification, stop reading and stop learning. CFOs that don't read and don't network, won't grow."

An interview with Illovo CFO Mohammed Abdool-Samad about sugar wars, refinancing debt and developing local talent

Empowering Africa

Africa is complex and diverse, so here's a tip from Mohammed Hoosen Abdool-Samad, finance director at Illovo Sugar: "To succeed, you need to have a deep understanding of the political and macroeconomic landscape. This can only be done by having skilled and experienced local people that understand the business environment as a resource. Overreliance on expats can result in the business being 'unplugged' from the local business environment."

CFO South Africa spoke to Mohammed, nominated for the CFO Awards in 2015 and 2016, during an exclusive interview last year. Mohammed has been instrumental in driving the strategy to transform Illovo "from a traditional pure sugar business into a business that is fully integrated with downstream activities such as co-generation, ethanol and furfural production". He says refinancing a loan in Zambia was one of the toughest decisions he had to make, but it has led to significant savings despite volatile currency risk.

What has been your toughest decision in the last few years?
"Refinancing significant high interest local debt in Zambia with a relatively cheaper USD loan funded offshore. The difficulty was weighing the currency risk against the interest saving. Funding African operationsis particularly difficult due to the volatility of the FX markets and the high cost of local debt, in addition to the liquidity of the local banks."

What is your recipe for success?
"Making sure I have the right people with the right skills who are motivated and committed. The key is setting objectives upfront in terms of what we're going to achieve in the year. I spend a lot of time with the team going through what we expect. Linked to this, empowering people to deliver on their objectives is important, as is holding them to account when objectives are not met."

Can you describe your relationship with MD Gavin Dalgleish?
"It is important that he sees me as a trusted advisor in just about all matters. Fortunately, his management style and my management style are similar. We work on the same principles, so we get on. When he was operations director, we worked closely together and built a strong relationship. Gavin appreciated the role I played, so when he became MD the relationship was already strong. But I don't think you can take it for granted, you've got to work at it all the time."

How do you deal with the sugar price war in Europe?
"Our businesses have duty free access into Europe, but that continent has just gone through a price war and they're abolishing quotas in 2017. They used to restrict European producers to producing 13 million tons of sugar and the other three to four million tons used to be imported duty free from African countries."

"We've had to build a strategy around how we reduce our European exposure by diverting sugar into the regional markets. We supply bulk, raw sugar to Europe, but we also supply specialty, direct consumption sugar that gives us a premium brand with Fair Trade labels. Part of our strategy is also to increase the specialty market.

"Funding African operations is particularly difficult due to the volatility of the FX markets and the high cost of local debt, in addition to the liquidity of the local banks."

What do you enjoy about your job?
"It gives me the ability to operate across the entire value chain, from strategy to risk management. The job of a finance director is about managing the future and delivering on strategy, and not only on reporting. I enjoy strategy and growth the most, because that is where we can really move the needle in the business."

"Building local capability is key in retaining talent in Africa."

We recently announced a R800-million investment in Zambia to increase our refined sugar capacity for the domestic and regional markets."

How do you as CFO deal with external influences on Illovo's results?
"Interest rate exposure is a big issue and one of the responses to this issue is around very strong working capital management programmes. We track everything in terms of debtors' days, stockholdings and fertiliser and packing material. We get quite granular in terms of all the dimensions we track."

"If you are sitting in overdraft in Malawi and paying 25-30% interest rates, then the focus on cash flow management becomes very important. Foreign currency rates change overnight and you need to be fairly agile in terms of how you respond to consequent inflationary pressures and opportunities created in the export markets."

"In short, we have world sugar prices at seven-year lows, FX volatility, high interest rates, and often foreign currency liquidity issues. We need to know exactly what's happening, when it's happening. The finance team needs to be adequately skilled and experienced to support the operations and proactively manage these risks."

"Empowerment for me is also about trying to get more local people in our African operations into senior management, which we have been successfully doing for many years."

"We've got a very robust risk management process. We try and make sure that when things move, we either anticipate that it was going to move, so we already know what the response needs to be, or when things happen and it's not anticipated, we react quite quickly. Our risk management process extends across finance, treasury, operational, SHEQ, people and regulatory risks."

How does Illovo contribute to a transformed South Africa?
"True empowerment relates to your own people. We provide bursaries and scholarships and training programmes for new graduates. Empowerment for me is also about trying to get more local people in our African operations into senior management, which we have been successfully doing for many years."

"We also support a lot of new small scale growers, who are also land claimants. They provide about 10 to 15 % of our cane supply in South Africa and we provide access to funding, mentoring and seed cane. We provide similar smallholder schemes in other parts of Africa, which results in communities benefiting significantly from our sugar operations."

What are the opportunities for your business in Africa?
"Africa is growing in terms of sugar consumption at around 3.5 % per annum. We are well placed to capture that growth based on our footprint in Africa. There are also other significant downstream opportunities from by-products such as ethanol, co-generation and furfural. We are currently building a refinery in Zambia, and evaluating an ethanol project in Zambia as well. In Swaziland, we are conducting studies to build a furfural plant. We are also continuously looking at footprint expansion opportunities across the continent."

Where do you go for advice about doing business in Africa?
"It's important to know who to talk to in different situations, so we don't work with a single advisor model; we work with individuals who have certain skills. For tax in a particular country we go to a certain individual because he or she is the specialist in that country. If we want to do a transaction that involves borrowing money, then we have certain trusted advisors who understand our business and can advise appropriately. We try and develop fairly bespoke positions around who advises us. It's quite hard to develop that network. It takes many years."

What about attracting and retaining talent in Africa?
"It's important to have the right skills and experience at head office and at the operations, who focus on the P&L, working capital, tax, cash flow and forecasting. I have an FDs' meeting three times a year, where I get all the guys from Africa down. We do talent management; succession planning; talk about any key IFRS updates, tax issues, funding, projects or opportunities. This forum allows me to build trust and relationships and identify and manage the talent out there. Building local capability is key in retaining talent in Africa."

What is your biggest success outside South Africa so far?
"The work we've done around refinancing our businesses. The work we've done in Zambia and Swaziland has made a significant contribution to the bottom line. It's the work around making sure we get out of Europe; the refinery, ethanol and furfural expansion work. Those would be the key things because what they do is transform our business from a traditional pure sugar business into a business that's not reliant on Europe and that has at least 20 % of our business from downstream operations. The other success would be our achievements in terms of people. We need skilled and experienced people in Africa and we've managed to build good capability across all our operations, which has given us a level of credibility and stability in our respective operations." ●

Oracle Cloud Day 2015

Lessons from the Cloud: disrupt, transform, compete

Cloud is no longer optional for any serious business, the question is what to do with it. Our senior editor Toni Muir attended the Oracle Cloud Day 2015 and noted it is all about disruption and transformation.

”We have to be willing to be disrupted or we die. As the finance department we need to recognise this.” This was one of the conclusions by Oracle’s Dee Houchen during the CFO South Africa master class on digital finance, which was part of the successful Oracle Cloud Day held on 24 November 2015. The master class, facilitated by Melle Eijeckelhoff, CFO South Africa director, offered insights from various industry experts and discussed topics including disruption, trends, risk, and the role that CFOs play in this changing landscape.

The changing role of the CFO

“We are going through a big transformation globally. Big businesses are finding themselves challenged when it comes to their future,” said Nkosi Kumalo, Executive Head of Business Development: Cloud Computing at Vodacom. “You need to think about who you are disrupting in that space and ask yourself as a CFO, do you have a role to play in the business to support the business being a disrupter?”

According to Kumalo, there are four types of finance people: the cost-cutter, the scorecard man, the finance functionalist, and the growth guru. “If we looked at things from a growth point of view, we would change our way of working,” he said, adding that elements such as growth, data explosion, generation y, legacy apps, and cloud are problems for businesses as entire entities, and not just for CIOs. “We need everybody to look at these challenges differently. Cloud is a disruptor and an opportunity. You have to look at the opportunity and ask what it can do for you,” he said.

“Cloud is a disruptor and an opportunity. You have to look at the opportunity and ask what it can do for you.” - Nkosi Kumalo, Executive Head of Business Development: Cloud Computing at Vodacom.

Anees Mayet, Senior Finance Director of Oracle, argued that while Cloud in South Africa is taking off, CFOs need to be more strategic, and really get an understanding of Cloud in order to use it to best advantage. “In this economy companies want to see revenues going up and costs coming down. Ultimately, where do we save costs? It may be things in our business, it may be things in IT,” Mayet said. “It is important to understand how Cloud might help us. We don’t want competitors affecting us and leaving us behind. We all want to grow and Cloud is a way to support that growth.”

Juan Mostert, Head of Finance Sub-Saharan Africa at Hitachi Data Systems, believes the role of the CFO is changing. “Gone are the days where we were just record keepers,” he said. “We’ve been asked to become more business partner orientated and look at data analytics. In doing so, we have huge exposure to data – internal or externally generated data. We become data custodians. We are moving into the Cloud and out of our comfort zone.” And with such changes comes a shift in skillsets he said: “If I look at the traditional CA skill set, I don’t want that anymore. The future for me as a finance

person is not 'can you do a debit and a credit?'. It's about how you think about big data, put it together and tell a story. What do the next three or six months hold, and how do you hold a business to that? That's the skill set I see going forward."

Disrupting the marketplace
"If you don't embrace the disruption you are going to be irrelevant," said Kumalo. According to him, the telecoms industry currently is facing tough times, from which Vodacom is not exempt. He said Vodacom has found itself in a situation where it used to be a big revenue spinner but is now at the point where, instead of pleading with the regulator to be merciful, it is instead pondering ways it can disrupt the market.

Businesses need to be proactive rather than reactive, he continued. "Don't be the blocker, be the enabler. Cloud is relevant in making some of these things available because it's a risk-free investment," he said.

Dee Houchen, Senior Principal Product Marketing Director of Oracle EMEA-ER, echoed Kumalo's sentiment: "One thing is that we have to either be willing to be disrupted or we die."

She added that companies need to be willing to invest in technology, particularly when it stands to improve their business functions. "I think a CFO has a responsibility to be all four of the things Kumalo mentioned – the cost-cutter, scorecard man, finance functionalist, and growth guru. I think Cloud is affected by all of this," she continued. "What started as cost-cutting has moved to agility and speed."

"We are moving into the Cloud and out of our comfort zone." - Juan Mostert, Head of Finance Sub-Saharan Africa at Hitachi Data Systems.

Sean Doherty, CFO of Investment Banking at Standard Bank, believes that disruption comes from having strong data analytical skills. He says Cloud comes down to performance: "For every R1 I spend, I want R2 back. So how does this make me more agile as a business?"
While it's all good and well to be disruptive, companies also need to stay current and keep abreast of market trends. Doherty believes the only way to do this is to experiment. "We all have smartphones with apps and I take that into my daily life and use it for things," he said. "You have to experiment and try."

Adopting Cloud
Megan Pydigadu, CFO of Mix Telematics, says her company has embraced the Cloud in terms of how it delivers to its customers. According to her, Mix Telematics has its sales pipeline and CRM tool, as well as its email, in the Cloud. "When you are growing a business you need to enable your people out there who are selling," she said. "Technology is key."

Doherty agreed, saying technology offers great scalability. He posed several questions: How does this respond to my or my client's needs? How do my customers' needs make my business model look or shift in the future? What does that do to my business model? He then tackled the topic of security, arguing that security is far superior in the Cloud than elsewhere.

"Breaks or hacking into the system are disruptive and have huge consequences. You've got job security and you've got intellectual property. Losing that can be catastrophic to the business as a whole," he said. Mostert agreed, adding that while there have been some failures in

the Cloud, such failures are few and far between.

For Mostert, the Cloud is about leverage and how companies use their IT infrastructure to get the best solution. However, moving to the Cloud requires planning and a solid understanding of the company's infrastructure. It also requires companies to monitor their actual needs. "We think we need some things but in reality, we don't," he said.

Of course, there are various considerations that need to be factored into a move to Cloud, or from one kind of Cloud – public or private – to another. Mostert advised companies considering a move from public to private Cloud to first determine where their risk lies from a business perspective. "So consider, what are mission-critical services in your environment? What is critical to one entity is not to another. Determining what is critical will help you determine what you put into Cloud and what not, and also, what you put into public and what into private Cloud."

He further said to consider such things as whether your company's infrastructure can support your present business needs, and to think about both the availability and scalability of the technology, as well as the quality, affordability and adaptability. "These will help you create elasticity and help you manage your IT infrastructure to support your finance department," he said, adding that it is also necessary to look at computing patterns to determine usage – daily, weekly and monthly. "Then you can see what you need to invest in to accommodate that requirement," he said.

Cloud and the future

What about the long-term impact of the Cloud and what this means for staff redundancy? "That's not an easy question because I'm one of the people driving the Cloud message and always telling business about the positive impact of it," Kumalo said cautiously. "But it will declare some people irrelevant. How do you redirect that skill? Decisions you make as a CFO contribute to that. The world has a way of working itself out. There are opportunities for this change into the Cloud. If you look at the peripheral applications to Cloud, customer-facing applications, they are being transitioned into the service provider space. Once you are driving the Cloud story I don't believe that every single workflow will land in the Cloud. There are regulations that companies need to comply with. The hybrid capability of Cloud makes it more comfortable for people to move into. I think there's a responsibility to start developing people to leverage the opportunities that come. We redeploy resources all the time. There's an opportunity to redirect resources, but to what extent you can save everybody's job, I don't know. It's a change management process." ●

"We are seeing IT being used to create true business disruption. Information increases exponentially in value the more there is of it. But how do you compete, and how do you differentiate? The answer lies in transformation."
Dr Andrew Sutherland, Senior VP Technology and Systems, Oracle Europe

"When Cloud first came onto the scene it was like salvation for business people who were chomping at the bit to go out and do new things. The use of Cloud technology requires a close collaboration between IT and other parts of the business. Digital is about exploiting information at speed for business use. Digital innovation is about accelerating innovation. I cannot emphasise enough the importance of the digital partnership; collaborate, co-design and co-create."
Abbie Lundberg, President of Lundberg Media

"If people see the product as reliable, that leads to more growth. Uber is exactly how it is in the user experience. You have to harvest big data and mine it to build new products."

Dave Kitley, Driver Operations and Logistics Manager of Uber Johannesburg and Pretoria

An interview with Microsoft SA CFO Paul Marten about driving change internally and externally by walking the talk

Leading by example

"As a finance team we can bring our own products into the conversation with our business partners and our customers, by talking about how we do things at Microsoft." Discussions about finance transformation and the evolution of the CFO can sometimes sound theoretical and dry – not so with Paul Marten, finance director at Microsoft South Africa. Using the same tools that his famous firm is selling, he embodies the outward looking finance leader of the 21st century.

CFO South Africa spoke to Paul – who hails from the cathedral city Chichester in the south of England – about the 'new Microsoft', the fascinating journey that finance is undergoing at the IT firm and the blessings – and jitters – of his move from the United Kingdom to South Africa.

"When I talk to my team I always use the analogy of the rally driver and the co-pilot," Paul explains. "As finance people we are not the guys in the pit stop, waiting for repairs or maintenance to be done, or to change tyres. We should be the person next to the driver, looking forward through the window at the road ahead and giving directions." And reading the map? "Those are our strategic plans."

You can spend a lifetime reading articles, white papers and books on the role of the modern CFO, but one of the common denominators is that the focus of the finance chief should no longer lie internally. "The role of the CFO continues to be more outward looking and external facing. In the future I expect the job to be even more out there and involve meeting with customers and engaging with communities. Understanding external factors that impact a business is crucial for sound financial guidance and I can even imagine partnering with CFOs from competitors on some issues."

"Understanding external factors that impact a business is crucial for sound financial guidance and I can even imagine partnering with CFOs from competitors on some issues."

The transformation of finance teams across Microsoft comes on the back of the shift from software company to device and services company, something CFO South Africa spoke about in depth with former Microsoft SA CEO Mteto Nyati in 2014. "Microsoft is

“We aim to be the leading productivity and platform company for today’s Cloud-first, mobile-first worldview.”

transforming itself,” Paul confirms. “We were a company that aimed to put a computer on every desk and in every home, but the new global CEO Satya Nadella is all about collaboration. Now our mission is to empower every person and organisation on the planet to achieve more. We aim to be the leading productivity and platform company for today’s cloud-first, mobile-first worldview. That has been a massive mindset shift.”

Up until five years ago Microsoft still had Office and Windows as its cash cows, Paul says. “The decision has been made to become a more transparent company and work together, even with competitors, to ensure that people are able to be more productive regardless of the device they use.”

To stay with the rally riding analogy, Paul says that Microsoft’s transformation meant that finance has had to shift gears. “Priorities have changed, with big data, business intelligence, social, cloud and mobile all being relatively new things that weren’t here ten or even five years ago. Globally, we have taken three specific steps to transform our finance organisations. The first step was to centralise the finance function. Every country had their own team with their own ways of doing things. Now all transactional work is outsourced to companies who can do it faster and probably also better than us. That means the finance teams in the countries have to become strategic business partners.”

The second step was “getting decent data to work with”, Paul explains. The third and last step – and probably one that’s only really happening now – was to gear all Microsoft’s finance teams up to better utilise Microsoft products like OneNote, Skype, Sharepoint, Power BI, OneDrive and Yammer.

It has been a fundamental shift, allowing much better interaction with internal business partners who are selling those very same products – and helping finance play a role in the continuous improvement of Microsoft’s products. “When my business partner comes off the plane, he already has the right documents on his devices through the Cloud without having to email them. As a controller for South Africa I can get a quick glimpse of month closing figures and I don’t have to go and talk to at least ten people. It increases my efficiency as a finance leader and fits with our philosophy of ‘one message, one experience’.”

The benefits for the finance team are multiple, Paul says. “When we do a demo of what we do, people’s eyes light up. When you see the reactions, it is a good reflection of the way we operate and how we are enabled, because most people are so impressed when we explain how we operate – with our own products – as the finance team at Microsoft.” Paul makes a point of emphasising that the shift is not a case of just plugging in some or other software. “The key thing is that people are the enabler. It has been a big culture shift from policing to becoming a member of the leadership, being an advisor.”

The changes at Microsoft and the changes in the very nature of the finance function of the organisation have suited Paul. “For me it has been fantastic. I believe Microsoft has a fantastic culture. It is open, honest and collaborative. The MD comes to me and asks me what I think. Being able to influence the business and having the opportunity to learn globally is something not a lot of companies offer. Through Yammer I can talk to peers across the globe and, for example, learn how the FD in Brazil has dealt with issues that are similar to the ones we are facing.”

Change has not only come for Microsoft and the finance function, it has also rocked the lives of Paul, his wife and their two young sons. After a Microsoft career in the United Kingdom that dates back to 2005, Martens came to South Africa in December 2013, ready for a new adventure. “I have been with the company for ten years, where I have grown and developed a lot, plus there have been opportunities to travel the world. Moving outside of the UK, which is a developed country, was something I was keen to do.”

Paul says he has enjoyed his time in South Africa so far, both personally and professionally. “If you haven’t been to South Africa, your image is skewed through the media, which sell papers by focusing on the negative things. But I had friends here and we went on holiday to check it out before I decided to take the job.

When you sit down and think about it, Johannesburg has the same challenges as other big cities around the world, whether it is London, Birmingham or Paris. The culture and the lifestyle is great and my sons love all the sports.”

“One thing I am proud of is the external work we do across education, with small ISVs and in the public sector space. To be able to be deeply involved in the conversation and to make decisions about rolling out connectivity that makes a difference in rural areas and in the country is very cool.”

The job in South Africa is also a significant career leap for Paul and the first time he is a ‘real’ CFO. “In the UK I was responsible for about a third of the business. The breadth of this role is Microsoft-wide. Obviously the transactional stuff is outsourced, but I am still responsible for the audits and the accounts. The most exciting aspects of the job are the challenges and opportunities. As finance we can challenge the status quo.”

At the same time, the move to South Africa – and into the CFO role – was a “big change,” Paul admits. “I spent time understanding the part of the business that I hadn’t worked in before. The challenge was to leave that business and trust the business partners there, not make a nuisance of myself. That can be challenging for a finance person who relies on numbers. I want details and control. On top of that I was doing everything in a new country and culture, which brings an extra layer of complexity.”

To deal with the change, Paul relies on more open communication with his team, a ‘journey’ they are still on together. “Feedback is a powerful thing. People should tell me when they want to run with something. When I ask questions, it is not to catch them out but to understand what is going on. It takes time for this to bed-in and it doesn’t come automatically. For me as a CFO, being comfortable with uncomfortableness is hard. You don’t always know what's is coming. There will be things that surprise you. That causes stress. You need to be mature enough to realise this is the norm.”

For Paul the impact his company makes is also one of his great motivators. “One thing I am proud of is the external work we do across education, with small ISVs and in the public sector space. To be able to be deeply involved in the conversation and to make decisions about rolling out connectivity that makes a difference in rural areas and in the country is very cool. For a CFO that is fantastic. Being personally involved isn’t something that happens in many other countries.” ●

"A blockchain is essentially a computer protocol that enables the storage of assets and facilitates the transfer of those assets."

An exclusive interview with Bankymoon CEO Lorien Gamaroff about the tech revolution CFOs cannot ignore

Are you afraid of the blockchain?

For many CFOs, the blockchain sounds like a futuristic technology with little current relevance. But it already enables distributed ledgers, which record global transactions almost in real time. Our senior editor Toni Muir chatted to Bankymoon CEO Lorien Gamaroff and learned that there is a tech revolution brewing that CFOs cannot afford to ignore.

”Blockchain is going to be a massive disruptive force. This is the next revolution, the next Internet, if you like. It is not an understatement to declare that a new technological revolution is upon us,” says Lorien Gamaroff, founder and CEO of Bankymoon, a software company focusing on Blockchain technologies, particularly those for the finance sector. But just what is blockchain, what can it do, and why are some people so afraid of it? Gamaroff unpacks the technology, and elucidates why it has been pegged as such a disruptive one.

What exactly is a blockchain?

“There are many blockchains, though the first and most well-known is the Bitcoin blockchain. A blockchain is essentially a computer protocol that enables the storage of assets and facilitates the transfer of those assets. It takes the form of a decentralised, immutable and transparent database or ledger. This ledger is not stored in a single location but is distributed among thousands of independent computers around the world. These computers work together in a network to contribute resources to ensure that the system remains secure and robust. They are incentivised by earning rewards in the form of a crypto-currency. Records of transactions cannot be edited or deleted and parties involved in the transactions can only be known pseudonymously.”

“Blockchains can be public or private. An analogy would be the public internet and an internal corporate intranet. A private blockchain is controlled by the owner, who enforces the rules permitting access by known entities. Also, the validators of the transactions would be known by the owner of the blockchain.”

What are the capabilities of a blockchain?

“The most important and revolutionary feature of a blockchain is that it allows assets to be transferred among parties who don't trust or know each other without the need for an intermediary or central authority. Typically, if two parties want to send and receive money electronically, a bank is required to manage the transaction. The bank acts as a middleman and ensures that the transaction is settled. Because of this, transactions take time and are expensive to clear. With blockchain technology, no bank is required. The funds can be transferred securely and quickly directly between the two parties. The time and cost implications are drastically reduced. In the same way, other assets like cars or shares can be transferred directly between people."

"The full implications of this technology are yet unknown but the disruptive potential is enormous. There are large industries which depend on the fees they earn for intermediating the transfer of assets. It may very well be that in a few short years those incumbents will be having their Kodak moments. It is not an understatement to declare that a new technological revolution is upon us."

What opportunities does this technology offer?
"There are many pros to this technology. For securities it's going to be a massive disruptive force. Stock exchanges are able to instantly match the trades of securities between buyers and sellers but the settlement which happens after the trade takes several days. This is because there is a long line of intermediaries, including clearing houses and custodians, which need to process the transfer of the security to the buyer and to settle the payment with the seller. This adds time and costs to the trade lifecycle. By issuing securities on the blockchain, buyers and sellers can instantly trade between themselves and without the costs of the legacy post-trade systems."

"Remittance of cash across the world is an expensive and time-consuming process. Traditional remittance companies such as MoneyGram and Western Union charge high fees and it may take several days for the money to be transferred. Transferring small amounts is impossible. Blockchain currencies allow people to send any amount of money around the world in minutes and at barely a fraction of what it would typically cost. This is because there is no concept of geographic borders with blockchain technologies. As long as there is an internet connection people can transact using the protocol. Remittance companies will probably be the first to have their business models disrupted to such an extent that they may cease to exist altogether."

"An immutable decentralised ledger also can improve record keeping. Sensitive documents can be registered on a blockchain. If the information in the documents needs to be confirmed or checked for unauthorised amendments, the blockchain record can be compared. The blockchain record can be time stamped and used to prove a registration date. This can be used for copyright enforcement."

"Smart Contracts allow rules between people to be agreed upon and then enforced autonomously. For example, two people can enter into an agreement about the outcome of a football game. The agreement will state that if Team A wins the first person will get paid a reward, and if Team B wins the second person will get paid. The rules will be inserted into the Smart Contract and, depending on the outcome, it will pay the correct person without a third party needing to execute the terms of the contract. This has huge implications for industries which focus on enforcing contracts."

"There are many use cases for the technology beyond that of a decentralised currency, yet it remains to be seen how far reaching it will be. A huge amount of venture capital has been injected over the last few years into startups that are busy developing prototypes. Blockchain technology is still relatively new and will need to be further development before it can scale to process transactions at the same speed as the major credit card companies. The internet had a similar stage in its evolution when speeds were slow and so it is reasonable to believe that these technologies will follow the same trajectory. Also, as it was with the early internet, it requires a certain level of skill, and consumer-friendly services are yet to be developed which will make it easy for non-technical people to use it. We are still waiting for the killer apps of blockchain."

"Blockchain technology has enormous disruptive potential and will unquestionably affect the finance industry."

How will blockchain technology affect the finance industry?
"Blockchain technology has enormous disruptive potential and will unquestionably affect the finance industry. Even Deutsche Bank said that banks must partner with FinTech and digital currency businesses or risk disappearing. If there is no proactivity to establish partnerships with blockchain service providers or to develop blockchain prototypes internally by those within the industry, then the future will certainly not have any place for them."

"The finance industry has much to gain from blockchain technology. For instance, interbank settlements can be streamlined and cross-border payments can be made cheaper and quicker. The information on a blockchain ledger is transparent, albeit pseudonymous, and so the money flow around the financial system and markets can be known. There is no central authority, as the system is decentralised, so there is no risk of a single point of failure. Smart Contracts can automatically execute insurance claims without the administrative overhead, and wages can be paid automatically. Asset ownership can be verified and the provenance of those assets can be recorded."

"According to the World Bank, 80 percent of Africans have little or no access to traditional banking services. They live predominantly in a cash economy, which is expensive, insecure and inconvenient. They have no access to loans and other financial services. Banks are struggling to capture this segment of the market for a number of reasons. Mistrust, local availability and costs are some of these. Those who are not banked do, however, have access to mobile and internet services, so a blockchain-based currency will open up the global economy to them. New financial services which utilise blockchains will be developed and will target large, unbanked populations."

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What should CFOs know about blockchains, and what do they stand to gain from this technology?
"CFOs stand to gain a lot from blockchain technology. The blockchain distributed ledger technology is transparent and records global transactions in nearly real time. This allows for accurate and simplified audits of transactions, which can be immensely beneficial to CFOs. The ledger tracks the flow of money accurately and immutably, so payments can be viewed right through a supply chain. The blockchain ledger is secure and cannot be tampered with, which minimises fraud. Payments can be made instantly around the world without incurring remittance fees and time delays. Interbank settlements can be cleared in minutes."

"It is necessary that CFOs become familiar with distributed ledgers. It will become a vital part of the technology stack and will determine the financial success of organisations going forward. CFOs should apply their experience and drive innovation in this area. Not doing so could limit the efficiency and cost effectiveness of business processes."

Who could best benefit from blockchain technology?
"Banks and traditional financial service companies are eagerly studying the technology to see how to benefit from it but it seems that individual people will initially have the most to gain. Cheap and quick payments will transform the lives of millions of people who remit money to families around the world. New services will be available by using electronic payments outside of the banking system. Businesses will save money and services will be able to reach markets that were previously inaccessible."

How could blockchains be used in Africa?
"Utility companies throughout Africa are rolling out prepaid utility meters to their customers. This is because it is exceedingly difficult for the utilities to recover the costs of supplying the utility after it has been consumed. Most municipalities around South Africa are in arrears and are threatening to cut off their customers if they do not receive payments. Customers find it difficult to make payments because the only channel they have access to is cash payments. Cash is inconvenient, insecure and vendors need to be appointed who require infrastructure, which greatly increases the costs. I spent many years developing prepaid vending solutions for the African market and realised that because of these difficulties, the perfect payment channel would be blockchain-based currencies like Bitcoin. I developed the world's first blockchain-aware prepaid vending solution which allows customers to make electronic payments for their utilities. This solution greatly reduces the costs and increases the convenience of making utility payments."

"We are now developing a crowd-funding platform for poor schools across Africa. They will have

The tech behind the tech
Blockchain technology uses a network of databases held on various computers that record transactions in "blocks" which provide proof of who owns what at any given time. Each computer on the network must approve a transaction before it is recorded in a new block and added to all the previous blocks, forming a "chain" of computer code. The ledger is public, allowing every participant to check that transfers come from rightful owners, and distributed rather than central. It is also secured by sophisticated cryptography. There are two clear advantages to distributed ledges: security and reliability. Because the ledger is shared by many parties, it is near impossible to tamper with. It also provides very reliable records on the history of asset ownership.

blockchain meters installed and foreign donors can make payments directly to the meter. This is a revolutionary concept where foreign donors can directly fund the causes they believe in without having to send money to an organisation which opaquely distributes the funds. They will not have to pay the transaction and administration fees and so the entire donation will go to the school."

"As more merchants and service providers start accepting blockchain currencies like Bitcoin, so people will gravitate toward it. The potential to transform Africa and emerging economies is great."

Blockchain makes some people nervous. Why is this?
"Blockchain currencies like Bitcoin allow people to send money around the world without using traditional channels. Money can be sent anonymously and without controls. Law enforcement agencies are concerned that this will enable terrorists and criminals to operate under the radar. Governments and central banks are concerned that this will greatly diminish their ability to recover taxes and enforce capital controls."

"Blockchain currencies are pseudonymous and not anonymous, and so some intelligence can be gleaned by analysing transaction patterns. Companies that offer services where blockchain currencies are exchanged for fiat currencies should follow all AML and KYC regulations. By doing this it will be very difficult for nefarious activities to take place."
"Interestingly, Britain's HM Treasury recently released a national risk assessment report which listed blockchain currencies in the lowest category of risk of money laundering."

Are there any companies successfully using blockchain technology?
"Every major bank around the world is actively researching blockchains and developing prototypes. They are partnering with blockchain companies and trialling new systems modelled on distributed ledgers. The NASDAQ in the US has released a blockchain-based securities trading platform, and the Australian Stock Exchange has released a roadmap for replacing their existing trading system. Microsoft has released a blockchain as a service for their Azure cloud, and IBM is actively researching and developing blockchain integrations into their 'Internet of Things' initiative."

Where is South Africa in the adoption of blockchain?
"Companies in South Africa are hearing the buzz around blockchains but few are investing any effort into understanding it. Banks are slowly looking into the possibilities but no investment or partnerships have yet been made. This trend will soon shift as the necessity to adopt blockchains becomes too apparent to ignore. I am convinced that soon local businesses will feel the pressure of being left behind and will become motivated to act. This is the next technological revolution; one that will take us into a future we can scarcely imagine." ●

What is happening in the rest of the world?
The blockchain has been hailed as such a strong disruptive technology that even the Deutsche Bank remarked that "Banks must partner with FinTech and digital currency businesses or risk disappearing altogether". Deutsche Bank is a member of the R3CEV consortium of 42 banks that are developing a protocol for blockchain technology for the banking sector. Deutsche Bank has also been quietly running its own blockchain experiments for some time, and currently operates two innovation labs in Berlin and London, with a third soon to be launched in Silicon Valley. In early December last year, Deutsche Bank successfully tested a corporate bond platform based on blockchain technology. Blockchain technology "Smart Contracts" were used to issue and redeem bonds that paid out coupons automatically.

Bank of America, JPMorgan, UBS and Bank of England recently also confirmed that they are looking at ways to adapt blockchain technology. So, too, did Commonwealth Bank of Australia, and the Australian Securities Exchange is already busy building a blockchain to test whether the technology will replace its existing settlement systems, moving them close to real time. Indeed, the potential cost savings from blockchain have been acknowledged at the very highest levels of Australian finance. "Every now and then, something comes along that might just change everything. And this is one of those moments," Elmer Funke Kupper, ASX chief executive, was quoted as saying in the Sydney Morning Herald. Glenn Stevens, governor of the Reserve Bank of Australia, said that if banks could demonstrate that using blockchain was more efficient and cheaper, it would rapidly drive wider adoption. He also described the bank's work testing the systems as both "fascinating" and "important".

Various governments are also rolling out tests to determine whether blockchain can help them better service their citizens. The US state of Vermont, for example, is testing a blockchain to store government records, while the central American nation of Honduras is working on similar testing for property transactions.