



THE BASICS OF THE BUSINESS CHALLENGE IN SOUTH AFRICA

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As we pass the half-way post in the third year of the seventies we find ourselves in a most interesting and, if I may say so, a most unusual situation. These are some of the things we see today:

- A trend of falling company profits
- An alarming escalation in company operating expenses
- Crippling Personal Income Tax rates
- A disturbing imbalance between Imports and Exports
- A severe shortage of managers
- Also a labour shortage
- General inefficiency to a high degree, which can be seen almost everywhere you look
- A tight money situation
- Economic growth rate slowing down
- Increased political pressures from the outside world
- A highly confused international currency crisis

I do not intend elaborating further on these extremely sobering factors which face us today and perhaps we should rather try to assess what it all amounts to and what is going to happen to us in South Africa in the future.

Whilst the next few years are going to be tough, to put it mildly, there is no reason to be negative in our outlook, particularly as far as the South African economic position is concerned. I am sure you will agree that there are many other countries with serious economic problems and it is hardly necessary for me to elaborate on these.

But our problems are serious and we will

have to face the bare facts very soon in order to bring about a recovery as soon as possible.

So what has to be done?

The problems I have mentioned could be grouped into three main categories:

- Political,
- Economic and
- Business

and in view of the fact that I am not a politician nor can I claim to be an economist, the following are my views on a few possible solutions to some of our business problems.

Firstly, may I suggest that we look upon the present business situation as an exceptional challenge which will give all of us an opportunity to capitalise on our skills as professional managers. Having gotten ourselves into this "positively positive" frame of mind what could be better than to start off by acquiring professional techniques before we tackle the job.

In recent times we have seen newspaper reports of a number of large companies in South Africa which have fallen to their knees as a result of poor management. I know it is easy to be wise after the event but I am sure you will agree that we have witnessed some classic examples of shockingly poor management from companies and from people who should have known better. I think we can learn an awful lot about how "not to manage" from what we have seen.

While looking at recent events let me refer to remarks made by the managing director of a quoted company to a Sunday newspaper. He was referring to the substantial drop in

profits made by his company this year and amongst other things said it was impossible to acquire management. If you were a shareholder of that company what would your reaction be?

It is not my intention to try and tell you how you should "manage" but I do intend giving you some of my ideas on how to handle the situation today.

This may sound elementary to you but the title of my paper is "The Basics of the business challenge in South Africa" and I do want to emphasise the importance of getting back to "Basics" again if we have overlooked the "Basics" during the recent boom years. In order to achieve success today, I think we should get back to "Basics" and, at the risk of being accused of over-simplifying the situation, it could all add up "Basically" — increasing efficiency and productivity.

What does this mean in terms of action to be taken?

1. Longer working hours
2. Reverting to working on Saturdays — many other countries still do work on Saturdays.
3. Adopting a completely intolerant attitude towards any form of inefficiency. At first you may lose a few people, but it will not be long before you collect around you a team of people who will accept the revised standards laid down by you and once the wind of change starts being felt, the efficiency attitude will rub off on everyone and by then you are half-way there.
4. Setting definite goals for everyone and measuring against specific performance. In this exercise I do not think only in terms of sales goals, or production output, nor do I think in terms of remuneration according to performance. What I have in mind is a continuous evaluation of everyone's work output and making them aware of the effect and subsequent loss of productivity as a result of their inefficiency.
5. Develop an attitude amongst your people whereby alibis for sub-standard performance are completely unacceptable.
6. Motivate people to refrain from always attempting to justify their actions but rather

to face up to the facts of low performance and to do something about it.

7. Get back to the "Basics" of whatever job it is and eliminate unnecessary "super-sophisticated" systems which often creep into a business over the years, particularly during a boom, when cost control is sometimes forgotten because of the easy profit making of the period. This action of getting back to basics will be difficult and particularly so if one constantly tries to justify previous actions. Here, one should remember that it is "what is in the suitcase at the end of the month" that counts! I am not suggesting that you don't have to keep proper books of account or drop the essential controls but how about looking at the amount of paperwork being constantly generated that is in so many cases hardly ever referred to other than to file it! If any form of paperwork is not used for essential recording or for positive managerial control — then don't produce it. The classic example of the profitability of this attitude was Marks & Spencer's in London some years ago when they awoke to the cost of superfluous paperwork. Their "new look" attitude improved their profitability by unbelievable sums — I forget the exact amount, which is not really important — it is the principle which I would like to stress.

I have mentioned seven suggestions (there are many more) which I firmly believe will produce a higher standard of efficiency and productivity provided sufficient effort is placed in the application of this thinking. On reflection of what I have said you may express doubts as to the feasibility of the suggestions or you may accept the logic thereof but you may (quite rightly) ask the question: How do you put this theory into practice? — or: What type of management do you look for?

The answer is quite simply this:

Firstly, the attitude and determination of the man at the top must be absolutely positive, definite and confident that he will achieve the goals at which he is aiming and even more important — he must be enthusiastic. Enthusiasm is the basic ingredient and I would like to

quote the words of two very famous people who both made a tremendous success of their lives. The one man was Walter P. Chrysler, who once said — "The real secret of success is enthusiasm. Yes, more than enthusiasm, I would say excitement. I like to see men get excited. When they get excited they make a success of their lives."

The other famous man I would like to quote is Henry Ford, whose fireplace motto reads as follows:

"You can do anything if you have enthusiasm. Enthusiasm is the yeast that makes your hope rise to the stars. Enthusiasm is the sparkle in your eye, it is the swing in your gait, the grip of your hand, the irresistible surge of your will and your energy to execute your ideas. Enthusiasts are fighters. They have fortitude, they have staying qualities. Enthusiasm is at the bottom of all progress. With it there is accomplishment. Without it there are only alibis. Give me the man that ignores that impossible things exist."

The words of these two men have been a constant source of inspiration to me in my career and I make no apology for giving credit to my opposition!

Therefore, attitude is of prime importance, not only at the top of the organisation but throughout the management and all the people in the company.

The second part of the answer is to find people with the necessary talent to manage effectively and profitably and to do so they will most probably possess the following qualities:

1. The desire to succeed
2. The ability to create

3. Energy of a high degree
4. Intelligence
5. Loyalty and integrity
6. Impatience — but blended with a fair amount of tolerance
7. The ability to manage with a firm hand, making the most of and getting the best out of available people resources
8. Flexibility
9. Sensitivity
10. A natural management style consistent with his own personality. This is most important as people who manage in a style contrary to their own personality usually have difficulty in communicating clearly with their staff and chaos usually follows. I am afraid that this is most probably the greatest danger of exposing a young manager to some of the highly sophisticated university management courses and could possibly be taken as a word of caution. This problem could, of course, be overcome if everyone in a company could be subjected to similar training but, unfortunately, this is not always possible.

In conclusion, may I say that I hope you will agree that each of us needs to take a close look at himself at this time. The whole future of South African business institutions is at stake and likewise the entire economy of our country. I would also say that the vitality of South African business may well be the decisive factor in ultimately overcoming our political problems. How wisely we set out goals, how skilful we are in leadership that brings out the best in people, these things are the essence of business vitality and success; and this may spell the difference.

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