

# APPLICATION FORM: NMMU ENGAGEMENT EXCELLENCE AWARDS

(CONSULT THE NMMU ENGAGEMENT EXCELLENCE AWARDS POLICY AND READ THE APPLICATION FORM BEFORE COMPLETING THE TEMPLATE IN ORDER AVOID A DUPLICATION OF INFORMATION.)  
COMPLETE THIS FORM IN TYPESCRIPT.PROVIDE ONLY THE INFORMATION REQUESTED.

## SECTION A: Application category

- Indicate with an **X** in the appropriate box the award you are applying for.
- Your application will only be considered for the award you have applied for

Engagement Excellence Award – Science, Technology and Engineering

Engagement Excellence Award – Social Sciences and Humanities

Engagement Excellence Team Award

Engagement Excellence Project Award – Science, Technology and Engineering

Engagement Excellence Project Award – Social Sciences and Humanities

Emerging Engagement Excellence Awards *(note that Professors and Associate Professors are not eligible for this category)*

**Surname of Applicant/Team Leader**

Venter

**First Name**

Elmarie

**Initials**

E

**Title**

Prof

**Telephone numbers**

041-5042204/0832260806

**E-mail address**

Elmarie.Venter@nmmu.ac.za

**Employment position held at NMMU**

Full Professor

**Faculty**

Business and Economic Sciences

**Department**

Business Management

**Division**

NMMU Family Business Unit

**Immediate line-manager**

Prof Eileen Mazibuko

**Eligibility: Are you permanently employed and/or on a long term (3 years or more) fixed contract? (indicate with an X)**

Permanent  
x

Fixed term contract

**If this is an application for one of the Engagement Excellence Project Awards, provide a brief title and description of the project (250 words maximum)**

**Title:**

**Description:**

**If this is an application for either the Excellence Awards or the Emerging Award, provide a brief description of your engagement activities and initiatives (250 words maximum)**

**Description:**

As a founder and director of the NMMU Family Business Unit, I am driving the engagement activities of the unit. This unit is **the first and only** of its kind in

	<p>Africa and focuses on the research and teaching of Family Business theory. Under my leadership the FBU has <b>grown in stature nationally and internationally</b> by working closely with leading scholars and family businesses to provide excellence in family business research and teaching. Worth noting is the unit's involvement in the global Successful Transgenerational Entrepreneurship Practices (STEP) project, a project that is <b>putting the NMMU, the Eastern Cape and South Africa on the "map" in terms of the field of family business.</b></p> <p>It is also the only FBU in Africa that provides consultation training and other short learning programmes on family business related issues. I presented the fifth Family Business Consultant SLP at the KPMG Head office in Johannesburg.</p> <p>Besides presenting papers at national and international conferences, publishing in accredited journals, serving on the editorial boards of national and international journals, I participated in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the NAMPO Agricultural Show, which was later televised as part of the Nation in Conversation Series.</p> <p>I also presented several family business seminars, for example, to CFBS in Cape Town, GALILEO Capital in Johannesburg and the National Wool Growing Association of South Africa in Port Elizabeth. In addition, I served as a panel member on governance during KPMG's Family Business Conference. I also consult to family businesses all over South Africa.</p> <p>Internationally I presented a Summerschool on Entrepreneurship in the Netherlands and served on the international judging panel of the Family Firm Institute's Best Dissertation Award competition (Boston, USA).</p> <p>Finally I was privileged to win the BWA SA's Regional Business Achiever Award in the Government Category for 2016.</p>
<p>If this is an application for the <b><u>Engagement Excellence Team Award</u></b>, provide</p> <ul style="list-style-type: none"> <li>• the names of all staff members and students participating</li> </ul>	<p><b><u>Staff:</u></b></p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> </ol> <p><b><u>Students:</u></b></p> <ol style="list-style-type: none"> <li>1.</li> </ol>

<ul style="list-style-type: none"> <li>• the nature of their involvement</li> <li>• a brief description of the team's engagement initiatives and activities (250 words maximum)</li> </ul>	<p>2.</p> <p><b>Description:</b></p>
<p><b>Are your Engagement activities/projects/initiatives registered on the Engagement Management Information System (E-MIS) on SharePoint?</b></p> <p>If <u>not</u>, please ensure that they are before you submit this application.</p> <p>Applications that are not registered and updated on the E-MIS will not be considered for Awards.</p> <p>The most recent date on E-MIS for each project update (achieved when 'submit' is clicked) must be in 2015.</p> <p>Provide the exact titles (as featured on the E-MIS) for all of the Engagement activities/ projects/ initiatives with which you are involved.</p> <p>Visit <a href="http://caec.nmmu.ac.za/Engagement-Information-and-Development/Engagement-Management-Information-System">http://caec.nmmu.ac.za/Engagement-Information-and-Development/Engagement-Management-Information-System</a></p>	<p><b>Titles:</b></p> <p>1.</p> <p>2.</p>
<p><b>SECTION B: Engagement categories</b></p>	
<ul style="list-style-type: none"> <li>• You are required to describe and report in detail on a minimum of <u>two engagement categories (these are 1, 2, 3 and 4 below) in order to be considered for an award.</u></li> <li>• If you or your team are involved in three or four of the engagement categories, report in detail on all of these categories.</li> <li>• Applications that describe and can provide evidence of engagement activities across all four categories are encouraged.</li> <li>• <u>Refer to section 5 of the attached Engagement Excellence Awards policy</u> which provides a guideline on the specific activities you should report on under each of the categories you have chosen.</li> </ul>	
<p><b>Report on your:</b></p>	
<p><b>1. Engagement through Community Interaction, Service and Outreach:</b></p> <p>Despite the myriad of opportunities for research on family business in South Africa, the field in this country is still in its infancy. It is estimated that only 50 journals articles on family business have been written by South African authors and the majority of these by only five authors, including myself. I have played a ground breaking role in establishing, nurturing and growing the field of Family Businesses in South Africa and Africa as a whole. As the Director of the NMMU Family Business Unit I will continue to do so. I have been consulting to family businesses on succession and governance since 2005 to family businesses all over South Africa.</p> <p>The NMMU FBU strives to be the leading Family Business Unit in Africa through academic excellence, practical relevance, and the development and dissemination of knowledge and expertise in the field of family businesses. In striving to achieve this mission, the NMMU FBU and its members endeavours to:</p> <ul style="list-style-type: none"> <li>• Offer comprehensive, relevant and quality research products;</li> <li>• Become the driver and leader of family business research and training in Africa;</li> <li>• Value diversity and recognise differences in abilities, beliefs, cultures, education, gender, and professions;</li> <li>• Build partnerships and business affiliations that contribute to the core purposes of the NMMU FBU, as well as the values of NMMU;</li> <li>• Create a platform to share knowledge and best practices with family businesses;</li> <li>• Assist family business leaders and/or managers all over Africa to grow and to prosper by offering executive programmes, workshops, short courses, high-quality research, and consulting;</li> <li>• Gain recognition for the field of family-business research as an independent field of study, in the corporate sector, government, and academia.</li> </ul> <p>I believe it is imperative to transfer knowledge and best-practices gained by scientific research to the</p>	

broader public in general and family business owners in particular through writings in popular media, being a keynote speaker at numerous conferences, on appearing on radio and television, as well books, chapters in books and reports relating to family businesses in South Africa.

In 2016 I was part of an expert panel that shared real life examples and expertise on family-owned businesses during the third KPMG Family Business Conference which was held from 14 - 15 September 2016 in Umhlanga, Durban. The two-day conference was presented by KPMG and industry experts and family business owners attended the interactive workshop which provided many learning and networking opportunities. As a result of our reputation, I, together with my colleague Prof Shelley Farrington, were also invited to write an article for PWC's South African edition 2016/2017 Family Business Survey. I also participated in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the NAMPO Agricultural Show on 19 May in Bothaville. Other members of the panel included Pieter Karsten Jnr, Deputy CEO of the Karsten Group, Tommie van Zyl, CEO of ZZ2 (the biggest producers of tomatoes in South Africa), and Danie Minnaar, Chairman of Senwes Limited. The session was facilitated by Theo Voster, CEO of Galileo Capital. I also conducted a short interview afterwards on RSG radio station. As a result of this engagement both Mega Farmers indicated that they would like to become part of the STEP project. In addition I presented family business workshops for GALILEO Capital and CFBS on challenges facing family businesses, succession and transgenerational success and governance. I also addressed the Business Women Association of South Africa and the National Wool Growing Association of South Africa in Port Elizabeth because I won the BWA SA's Regional Business Achiever Award in the Government Category for 2016. I am currently the only academic that was invited to serve on KPMG's Next Generation Forum. We meet on a quarterly basis with successors from some of the most well-known-family businesses in South Africa. I also consult to family businesses all over South Africa.

Three of my doctoral students are members of the FBU, which enables them to engage with family businesses and their activities, as well as teach in SLPs aimed at family business owners or their service providers. Through the STEP project, they have the opportunity to travel abroad and engage with well-known international academics working in the field of family businesses, as well as family business owners themselves. For example, Mr Matchaba-Hove attended the inaugural STEP Project for Family Enterprise Global Academic Conference in Boston, USA on 13-15 October 2016. Networking was done between the 55 STEP scholars from 35 academic institutions representing 29 countries and opportunities for future collaborative research between STEP members were discussed. Mr Matchaba-Hove also presented a paper and had a round table discussion on entrepreneurial orientation in indigenous African family businesses. On the 10th and 11th May Prof SM Farrington attended the STEP (Successful Transgenerational Entrepreneurship Practices) Academic Meeting in Zwolle, the Netherlands.

**Report on your:**

**2. Engagement through Teaching and Learning:**

The FBU is the only one unit in Africa that provides consultation training and other short learning programmes on family business related issues. During my consultations with family businesses and their stakeholders, as well as presenting workshops to family business owners all over South Africa the past 15 years, I realised that there was a need for a high quality training module to better understand families in business and how to consult to them. As a result the "Family Business Consultation Training" SLP was born. The SLP, which is offered biannually, specifically assists in training service providers in dealing with their family business clients. The NMMU Family Business Unit presented its fifth successful Family Business Consultant Short Learning Programme from 10-12 May 2016 at the KPMG Head office in Johannesburg. All of the attendees were employees of KPMG in South Africa. I provided training on topics such as consulting models and processes, the field of family businesses and the challenges they face,

management and ownership succession and ensuring transgenerational success and potential from one generation to the next. I was joined by psychologist, Mr Robin Farrington, who focused more on family dynamics and consulting processes. The second SLP to be hosted on the NMMU North Campus from 1-3 November was cancelled due to the FeesMustFall protests on the NMMU South and North campuses.

I also teach aspects of family business management to my honours students in the module Entrepreneurship and Small Business Management. We have already applied to teach a Family Business Management module to post-graduate students, but we are still awaiting approval from the Department of Education. My vision is to be the first university in South Africa to present and award a post-graduate diploma in Family Business Management.

I have lectured at German and Dutch universities more than 15 times and have been a moderator and external examiner for many national and international universities. In 2016 I presented a Summerschool at Utrecht University, the Netherlands, to students from all over the world.

#### Report on your:

### 3. Engagement through Profession/Discipline-Based Service Provision:

As the field of family business grew, I deemed it necessary to establish permanent structures to ensure the longevity of collaboration in research, teaching and engagement in this field. In 2010 I was a founding member of the Nelson Mandela Metropolitan University Family Business Unit (NMMU FBU), as well as the Family Business Association of South Africa (FABASA). Since 2014 I have been the Director of the NMMU FBU, which is the first and only of its kind in Africa and strives to achieve academic excellence and practical relevance in the field of family businesses. My vision for the FBU is to work closely with leading scholars and family businesses to provide excellence in family business research and teaching, and to be a valuable resource for family business owners, advisors to family businesses, researchers, and policy-makers interested in the field. The unit takes a strategic, growth-oriented approach and as such strives to assist business families in creating an ongoing legacy of entrepreneurship. **I have played a ground breaking role in establishing, nurturing and growing the field of Family Businesses in South Africa and Africa as a whole and will continue to do so.** Under my leadership the FBU has **grown in stature nationally and internationally** by working closely with leading scholars and family businesses to provide excellence in family business research and teaching. Worth noting is the unit's involvement in the global Successful Transgenerational Entrepreneurship Practices (STEP) project, a project that **is putting the NMMU, the Eastern Cape and South Africa on the "map" in terms of the field of family business.**

In addition, because of the expertise and reputation we have built up over the years on family business research, we are increasingly **attracting doctoral students from all over Africa** that are interested to do their doctoral studies in the field of family businesses and at the NMMU.

Under the auspices of the NMMU FBU, I have **hosted two of the leading international academics and practitioners on family businesses and entrepreneurship**, namely Prof Pramodita Sharma, editor of the Family Business Review (top 4th ranked business journal) and Prof Saras Sarasvathy (effectuation research expert). In return, I have been invited as a judge in the 2014 Family Enterprise Case Competition in Vermont and attended the Price-Babson Symposium for Entrepreneurship Educators in Boston, USA. For the past five years I am also one of a handful of academics who serve on the Best Dissertation Award panel of the Family Firm Institute (based in Boston, USA). I was awarded this award in 2003 for my doctoral thesis focusing on succession in small and medium-sized family businesses in South Africa. I am also working closely together with colleagues from the Netherlands (Prof Roberto Flören and Prof Ilse Matser) and the USA (Prof Pramodita Sharma and Prof Saras Sarasvathy) as well as locally with Northwest University (Prof Stephan van der Merwe), University of Johannesburg (Prof Cecile Niewenhuizen) and University of Kwazulu-Natal (Prof Shahida Cassim) as they do not have independent family business units

at their institutions.

I believe it is imperative to transfer knowledge and best-practices gained by scientific research to the broader public in general and family business owners in particular through writings in popular media, being a keynote speaker at numerous conferences, on appearing on radio and television, as well books, chapters in books and reports relating to family businesses in South Africa. I have been consulting on succession and governance since 2005 to family businesses all over South Africa. In 2016 was part of an expert panel that shared real life examples and expertise on family-owned businesses during the third KPMG Family Business Conference which was held in Umhlanga, Durban. I also participated in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the NAMPO Agricultural Show in Bothaville. As a result of this engagement both Mega Farmers indicated that they would like to become part of the STEP project. In addition I presented family business workshops for GALILEO Capital and CFBS on challenges facing family businesses, succession and transgenerational success and governance. I also addressed the Business Women Association of South Africa in Port Elizabeth because I won the BWA SA's Regional Business Achiever Award in the Government Category for 2016. I am currently the only academic that was invited to serve on KPMG's Next Generation Forum. We meet on a quarterly basis with successors from some of the most well-known-family businesses in South Africa.

I am a member of the Southern African Institute for Management Scientists (SAIMS), a member of the Family Firm Institute (FFI) and the International Family Enterprise Research Academy (IFERA). I serve on the editorial boards and act as a reviewer of international journals such as Family Business Review, Journal of Family Business Management and Family Business Strategy, while national journals include: the South African Journal of Business Management; Management Dynamics, South African Journal of Economic and Management Sciences, SA Business Review; Journal of Development and Leadership and Acta Commercii. I am also on the review committees of the Annual IFERA World Family Business Research Conference; SAIMS Conference; the International Business Conference (IBC) and the National Research Foundation (NRF). Internally I serve on our Faculty's RTI, Post-Graduate and Sub-proposal Committees.

My collaboration also extends across borders and recent projects were completed with the Nyenrode University in the Netherlands on branding and marketing practices of family businesses and with the Utrecht and Windesheim Universities on social capital. These requests from colleagues abroad to duplicate my research confirm the relevance and the quality of my research and standing as an international researcher.

#### **Report on your:**

#### **4. Engagement through Research and Scholarship:**

The NMMU FBU is the first (and currently only) university from Africa to be an affiliate of the global Successful Transgenerational Entrepreneurship Practices (STEP) project. Becoming an affiliate of the STEP project is not only an enormous research opportunity for the NMMU in general, but also provides the opportunity to put the Eastern Cape, South Africa and Africa on the map in terms of the field of family business. As a result of our involvement in the STEP project we have become part of a group of well-known, international researchers in the field of family businesses. As a STEP affiliate, we have access to academics all over the world, as well as business families, in order to explore the entrepreneurial process among family businesses. The STEP project enabled us to expand our inter-disciplinary and international research collaboration and various research projects in partnership with international family business researchers. These partnerships generate solutions that have immediate application for family leaders. Academics and leading business families from around the world have joined as partners on the STEP Project to identify and explore successful transgenerational entrepreneurship practices and to create a stream of powerful practices and cases that empower families to build their entrepreneurial legacies. I am

**one of two project leaders for the STEP project** and was responsible for identifying and convincing the first two leading family businesses in South Africa to participate in this global research project. In addition I have formed valuable partnerships with companies such as Gutche Family Investments, the Tavcor Motor Group, KPMG, Old Mutual, PWC and Sanlam, to name but a few.

Since our first STEP case submission we have published two conference papers from the STEP case, namely:

- Venter, E. and Farrington, S.M. 2016. In search of entrepreneurially-orientated strategies adopted by a successful South African family business 28th Annual Conference of the Southern Institute for Management Scientists, School of Management Studies, University of Pretoria, Pretoria, 4th – 7th September.
- Venter, E. and Farrington, S.M. 2016. The multidimensional nature of family business performance outcomes: Evidence from a South African family business. The 10th International Business Conference (IBC), Langebaan, South Africa, 25th – 28th September. **SECOND RUNNER UP BEST PAPER AWARD.** We are working on two journal articles to submit to accredited journals over the next year.

As we conducted our first STEP case in the Eastern Cape amongst the Tavcor Motor Group, we have also become involved in their CSR and charity initiatives as a FBU. Through this project we are also reaching out to black-owned family businesses in South Africa and Africa. We also have continuous interaction and meetings with the Tavcor family through our involvement in the STEP project. We invited them to attend the STEP Summit with the STEP researchers that will be hosted in November in Switzerland. We also have regular meetings and engagements with the members of Gutche Family Investments who is the financial sponsor for the STEP project over the next three years.

This collaboration with peers, students and family businesses has served as a multiplier to my contribution as a researcher. Locally, I have successfully supervised five doctoral, 16 masters and 18 honours projects, have written more than 20 unrefereed reports on family business management and served as keynote speaker or facilitator at family business conferences or workshops on 23 occasions. I even participated as subject expert in a panel discussion on national television!

My collaboration also extends across borders and recent projects were completed with the Nyenrode University in the Netherlands on branding and marketing practices of family businesses and with the Utrecht and Windesheim Universities on social capital. These requests from colleagues abroad to duplicate my research confirm the relevance and the quality of my research and standing as an international researcher.

Working on the STEP project and being part of the Best Dissertation Award panel of the Family Firm Institute (based in Boston, USA) has enabled me to establish valuable contacts with and host Prof Pramodita Sharma, editor of the Family Business Review (with an impact factor of 4.532) and former global STEP leader twice in Port Elizabeth. Prof Sharma and her husband was scheduled to present several workshops on research and also be the guest speaker for an evening of family business owners in 2016. A week before their arrival Prof Sharma had to cancel due to illness in her family. Prof Sharma visited the FBU in 2014 as well.

As I mentioned earlier, because of the expertise and reputation we have built up over the years on family business research, we are increasingly **attracting doctoral students from all over Africa** that are interested to do their doctoral studies in the field of family businesses and at the NMMU. Current and ongoing post-graduate supervisory responsibilities include five doctoral students who assist with various aspects of the STEP project, for example, developing a framework for enhancing the transgenerational potential and success of African and indigenous family businesses; the role of values and corporate social responsibility and other social outcomes in South African family businesses; and philanthropy in South African family businesses. Several masters and honours treatises are also focusing on particular aspects of

the STEP project. Other non-STEP related doctoral studies include the influence of South African parental role models on the next generations' intentions to take over the family business; the role of accountants in the service delivery process to family businesses; and developing an intellectual capital framework for value creation in the financial planning industry (including many family-owned businesses) in South Africa.

A further important contribution of my research has been the compilation of a database on family businesses and their stakeholders in South Africa. As most of my research was pioneering work in the field, data had to be collected from scratch and today this serves as a building block for building up a database from which non-probability samples could be generated, resulting in more research outputs.

To conclude, the empirical findings of my research projects and the subsequent publication thereof have made a vital contribution to the body of knowledge of family business research, ensuring the successful management of these issues in family businesses. Successful family businesses can contribute to the economic development, wealth creation and poverty alleviation in South Africa and Africa.

### SECTION C: Descriptions

**1. Describe the impact your Engagement activities have made on stakeholders/beneficiaries/communities and provide details on how these activities are acknowledged/recognized by:**

<p><b>1.1. External communities/stakeholders/beneficiaries:</b> (not staff and students of NMMU)</p>	<p>My engagement activities under the auspices of the FBU and working closely with leading scholars and family businesses to provide excellence in family business research and teaching, has a positive impact family business owners, advisors to family businesses, researchers, and policy-makers interested in the field.</p>
<p><b>1.2. Internal communities/stakeholders/beneficiaries:</b> (staff and students of NMMU)</p>	<p>We are currently seven members on the FBU. Especially younger colleagues doing their doctoral studies on family businesses benefit from being part of this unit as it provides them with engagement, teaching and research opportunities, as well having access to some of the best family business researchers in the world. We are also increasingly attracting honours, masters and doctoral students from all over Africa to do their studies with us. They benefit greatly from the expertise we have built up over the years. Finally, the NMMU, the School of Management Sciences and the Faculty of Business and Economic Sciences benefit because being the only STEP affiliate in Africa has put the NMMU and South Africa "on the map" concerning family business research, teaching and engagement.</p>

**2. Describe how your Engagement activities contribute towards faculty/department/entity engagement goals and objectives. (Refer to your Department/Faculty/Entity's strategic plan here)**



The NMMU and the Family Business Unit has to be relevant to the communities it serves. One way of achieving this objective is through applied research, teaching and consultation training. This approach gives the NMMU FBU exposure and credibility amongst international researchers, potential students, family business owners/managers, as well as service providers and consultants to family businesses.

I always try to align my research and engagement activities to the institutional research theme of sustainable local economic development, which is linked to the sub-themes of entrepreneurship, SMMEs and family businesses; local economic development and ethics and social responsibility. It is through my engagement activities and visibility among family business owners, family business forums, presenting family business workshops, giving key-note addresses, attending national and international conferences, amongst others, that I am able to attract more students to do their post-graduate studies at the NMMU, as well as to convince business families to assist us in our research projects. That in turn increase the research capacity of the NMMU, the faculty and the School of Management Sciences.

In addition, we are the only academics in South Africa that teach family business theory and present workshops and SLPs on family business issues. Successful family businesses can contribute to the economic development, wealth creation and poverty alleviation in South Africa and Africa.

**3. Describe how your Engagement activities contribute towards the achievement of the NMMU Vision 2020 Engagement Strategic Goals and Objectives.** *(Refer to the attached NMMU Engagement Strategic Goals and Objectives)*

The NMMU FBU focuses on families and the businesses they own and manage throughout Africa. In doing so, a multi-disciplinary approach allowing for inter- and intra-faculty collaboration will be adopted. As it is the NMMU's vision to be a dynamic African university, recognised for its leadership in generating cutting-edge knowledge for a sustainable future, the STEP project in particular is focused not only to determine successful transgenerational practices in South African family businesses, but also in African family businesses. Culture is a major dimension that influences succession, governance and other management issues in family businesses. In focusing my research, consulting and teaching on family businesses in a non-Western context, I try to subscribe to the NMMU values of diversity, Ubuntu and excellence.

**4. Describe how your Engagement activities contribute towards:** *(Refer to any relevant media coverage, representation on boards or committees, scholarly publications, conference presentations etc.)*

**4.1. Addressing the needs of society and various external communities served by NMMU:**

The most important stakeholders benefitting from my engagement (and research) activities are the family business owners themselves. My research has been disseminated to them through articles in the popular media such as newspapers, television and radio broadcasts, as well as presenting family business workshops or being a keynote speaker on family business related issues. I also address the need for a high quality SLP on consultation training through our Family Business Consultant SLP. In addition, through the STEP project and serving on KPMG's Next Generation Forum, I am serving the needs of private practices and companies such as Gutche Family Investments, the Tavorcor Motor Group, KPMG, Old Mutual, PWC and Sanlam, to name but a few.

An increasing need by South African society is to know more about what contributes to success in black-owned family businesses. In focusing my and my post-graduate students' research on family businesses operating in a non-Western context, this need is addressed. Culture is a major dimension that influences succession, governance and other management issues in family businesses. By comparing strategy making and the distinct resources and capabilities of African family businesses with those in other cultural settings, insights can be gained into the underlying factors that contribute to success under different cultures and

circumstances. There has also been increased calls to focus on the 'family' variable in family business research. This is specifically appropriate given South African history and the fact that several black South Africans have successfully started business under very difficult circumstances, identifying what has allowed these individuals or 'families' to succeed in business can provide valuable insights to all families in businesses.

#### **4.2. Profiling and promoting the NMMU as an engaged university:**

Over a period of 15 years I have published in numerous national and international accredited journals; published several double blind peer-reviewed conference papers at national and international academic conferences; was the co-author 5 times of academic papers that won the Best Paper Award and was the First or Second Runner up 5 times; has written almost 100 unrefereed reports on many topics related to family business management and was invited to be a keynote speaker or facilitator at family business conferences or workshops more than 80 times. I have also been co-editor of 2 books and the author of 9 chapters in books on family business issues and management. The book on family business in South Africa, which I co-edited and published in 2005, is still the only of its kind in South Africa and highly regarded under family businesses. In addition, I have successfully supervised many doctoral, masters and honors projects on family related issues. In addition I have also been consulting to family businesses all over South Africa for more than 10 years. I also won the Best Dissertation Award from the FFI, Boston, USA in 2003. All these activities, under the auspices of UPE and later NMMU, has led to the establishment of the NMMU FBU. The Nelson Mandela Metropolitan University Family Business Unit (NMMU FBU) is the **first and only of its kind in Africa** and strives to achieve academic excellence and practical relevance in the field of family businesses. The NMMU FBU strives to be the leading Family Business Unit in Africa through academic excellence, practical relevance, and the development and dissemination of knowledge and expertise in the field of family businesses.

Worth noting is the unit's involvement in the global *Successful Transgenerational Entrepreneurship Practices* (STEP) project, a project that is **putting the NMMU, Eastern Cape and South Africa** on the "map" in terms of the field of family business. Members of the unit work closely with leading scholars and family businesses to provide excellence in family business research and teaching, and to be a valuable resource for family business owners, advisors to family businesses and policy-makers interested in the field. The unit's "family business consultation training" short course, which is offered biannually, specifically assists in training service providers in dealing with their family business clients.

**In summary**, presenting papers on family business research, especially from a non-Western context, at national and international academic conferences, presenting SLPs to family business owners, consultants and service providers, high visibility in the media through television, newspapers and magazines, as well as successfully supervising numerous post-graduate studies on family business related issues, have profiled NMMU as a highly engaged university in the field of family businesses.

See the NMMU Newsletter (2) for media coverage. Below are a few examples:

#### **Prof Venter part of live Nation in Conversation Dialogue Forum on family farming during the Annual NAMPO Show**

Prof Elmarie Venter, Director of the NMMU Family Business Unit, was invited to participate in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the NAMPO Agricultural Show that took place from the 17<sup>th</sup> till the 20<sup>th</sup> of May 2016. This annual event attracts more than 75,000 members from public and takes place just outside

Bothaville in the Free State. Elmarie's panel discussion was recorded on Thursday, 19 May, and will be televised on **Thursday, 26 May 2016, on kykNET, Chanel 144**, at 5h00 as part of the Nation in Conversation Series. It will also be available as podcast from the website <http://nationinconversation.com>. Other members of the panel included Pieter Karsten Jnr, Deputy CEO of the Karsten Group, Tommie van Zyl, CEO of ZZ2 (biggest producers of tomatoes in South Africa), and Danie Minnaar, Chairman of Senwes Limited. The session was facilitate by Theo Vorster, CEO of Galileo Capital. Prof Venter also conducted a short interview afterwards on RSG radio station.



From left to right: Theo Vorster, Pieter Karsten, Elmarie Venter, Danie Minnaar and Tommie van Zyl

## **FBU HOSTS ANOTHER SUCCESSFUL FAMILY BUSINESS CONSULTANT SHORT COURSE**

The NMMU Family Business Unit presented its fifth successful Family Business Consultant Short Learning Programme from 10-12 May 2016 at the KPMG Head office in Johannesburg. All of the attendees are employees of KPMG in South Africa. Prof Elmarie Venter provided training on topics such as consulting models and processes, the field of family businesses and the challenges they face, management and ownership succession and ensuring transgenerational success and potential from one generation to the next. She was joined by psychologist, Mr Robin Farrington, who focused more on family dynamics and consulting processes.



**ABOVE:** Prof Venter together with the Family Business Consultant Short Course attendees of KPMG and Mr Robin Farrington

### **Prof Venter attends the KPMG Family Business Conference**

Prof Elmarie Venter attended the KPMG Family Business Conference which was held from 14 – 15 September 2016 in Umhlanga, Durban.

The two-day conference was presented by KPMG; and industry experts and family business owners, attended the interactive workshop which provided many learning and networking opportunities. The key focus areas that were discussed were succession planning, governance and creating a culture of innovation in this generation and the next.

Mr Christophe Bernard, KPMG's Global Head of Family Business, once again joined the discussion and revealed insights into how European family businesses perceive their growth prospects, business performance,

confidence levels as well as the challenges they face.

The workshop was interactive and for the first time findings based on the European Family Barometer were compared to findings from South African family businesses. The Family Business Barometer is an online survey for family businesses which measures and assesses the confidence levels of family businesses, the challenges they face, and the solutions they seek to ensure sustainable growth and development. As many as 73 % of South African family business respondents were confident about the future despite political uncertainty and an unstable currency.

South African family businesses are key to economic growth in South Africa and it was determined, from the online survey, that overseas markets are an excellent untapped opportunity for South African family businesses.

Prof Venter was part of an expert panel that shared real life examples and expertise on family-owned businesses.



KPMG (back L-R) Alan Barr, Christophe Bernard, Gcina Zondi, Moses Thembe, Abdul Razak Moosa, Nick Matthews, Jay Datadin (front L-R) John Barton, Prof Elmarie Venter and Freya Griffiths

### **Prof Elmarie Venter – Winner of the Government Category for the 2016 Businesswomen’s Association of South Africa’s Regional Business Achiever Awards**

Prof Elmarie Venter was one of more than 100 women nominated by their peers to participate in the 2016 Businesswomen’s Association of South Africa’s Regional Business Achiever Awards. All in all 18 finalists were elected, three for the six different categories, namely: entrepreneur, emerging entrepreneur, social entrepreneur,

professional, corporate and the government. Prof Venter was one of three finalists nominated for the Government Category, which she eventually won. Prof Venter is the first employee from the NMMU and the School of Management Sciences to win the Government category of the BWA. Elmarie was nominated in her role as the Director of the NMMU Family Business Unit, the first and only of its kind in Africa. Prof Venter said it was a privilege to be part of this special group of women who are all successful in their own right. Another highlight for Prof Venter was to meet Dr Precious Matsepe, who expressed her interest in family businesses and the Family Business Unit, being part of a family business herself. She is also the co-founder and vice-chairperson of the Motsepe Foundation.



**From left to right: Mr Cumesh Moodliar of Investec Private Bank (Judge), Prof Elmarie Venter and Dr Precious Matsepe (Guest Speaker)**



**From left to right: Three government category finalists: Dr Charlotte Hendricks - Alpha Primary, Seki Mandaba (NMB Municipality), Prof Elmarie Venter (NMMU)**

The six winners were announced during a gala dinner at the Boardwalk Hotel Convention Centre in Port Elizabeth on Tuesday, 16 June. *Dr Moloji-Motsepe is Co-Founder and Vice Chairperson, Motsepe Foundation; and, Founder and Executive Chairperson, African Fashion International was the guest speaker.*



From left to right: Winners: Berenice Rose (social entrepreneur), Lana Field (emerging entrepreneur), Elana van Rooyen (entrepreneur), Elmarie Venter (government), Candice Parker (corporate), Pumeza Bono (professional)

5. Describe how you have successfully integrated engagement into the Teaching and Learning and Research functions of the university. (Refer to sections 5.1, 5.2 and 5.3 of the Engagement Excellence Awards Policy as a guideline)

As I mentioned earlier, because of the expertise and reputation I have built up over the years on family business **research**, as well as being involved in the global STEP project, we are increasingly **attracting doctoral and masters students from all over Africa** that are interested to do their doctoral studies in the field of family businesses and at the NMMU. Current and on-going post-graduate supervisory responsibilities include five doctoral students who assist with various aspect of the STEP project, for example, developing a framework for enhancing the transgenerational potential and success of African and indigenous family businesses; the role of values and corporate social responsibility and other social outcomes in South African family businesses; and philanthropy in South African family businesses. Several



masters and honours treatises are also focusing on particular aspects of the STEP project. Other non-STEP related doctoral studies include the influence of South African parental role models on the next generations' intentions to take over the family business; the role of accountants in the service delivery process to family businesses; and developing an intellectual capital framework for value creation in the financial planning industry (including many family-owned businesses) in South Africa.

The FBU is the only one unit in Africa that provides consultation training and other short learning programmes on family business related issues. The STEP cases generated are integrated into Teaching and Learning by means of the Family Business Consultant SLP. The first South African STEP case study was used as a teaching case and as the assignment for the attendees to analyse and present. I also teach aspects of family business management to my honours students in the module Entrepreneurship and Small Business Management. I also engage with colleagues from universities abroad by working with them on research projects, teaching in the post-graduate programmes or act as an external examiner and moderator.

**6. Provide details of scholarly outputs/contributions made to a body of knowledge as a result of your engagement activities.** (Refer to publications, new teaching programmes, technical reports, conference proceedings, etc.)

Research Outputs (2016 only)

CONFERENCES

International conferences (Presentations and published papers)

- Perks, S. & Venter, E. 2016. The influence of marketing mix strategies on business performance in small businesses. The 10<sup>th</sup> International Business Conference, Club Mykonos, Langebaan, South Africa, 25-28 September.
- Venter, E. & Perks, S. 2016. The influence of traditional marketing mix strategies on perceived business performance of small family businesses in the Eastern Cape. The 10<sup>th</sup> International Business Conference, Club Mykonos, Langebaan, South Africa, 25-28 September.
- Venter, E. and Farrington, S.M. 2016. The multidimensional nature of family business performance outcomes: Evidence from a South African family business. The 10<sup>th</sup> International Business Conference (IBC), Langebaan, South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. SECOND RUNNER UP BEST PAPER AWARD

International conferences (Presentation – no published papers)

- Matchaba-Hove, T.M. 2016. The entrepreneurial orientation of indigenous African family businesses. The Successful Transgenerational Entrepreneurship Project (STEP) Global Academic Conference, Boston, USA 13-15 October.

National conferences (Presentations and published papers)

- Van Greunen, C. & Venter, E. 2016. A proposed model and measurement of individual-related factors influencing knowledge-sharing intention in knowledge-intensive businesses. 28<sup>th</sup> Annual Conference of the Southern Institute for Management Scientists, Hosted by the University of Pretoria, 4-7 September.
- Venter, E. and Farrington, S.M. 2016. In search of entrepreneurially-orientated strategies adopted by a successful South African family business 28<sup>th</sup> Annual Conference of the Southern Institute for Management Scientists, School of Management Studies, University of Pretoria, Pretoria, 4<sup>th</sup> – 7<sup>th</sup> September.

## JOURNALS

### Articles in accredited journals

- Mataboobe, J., Venter, E. & Rootman, C. 2016. Understanding relational conditions necessary for effective mentoring of black-owned small businesses: A South African perspective. Acta Commercci. 16(1), a327.
- Venter, E. & Farrington, SM. 2016. Investigating values-laden leadership styles among family businesses. South African Journal of Business Management. 47(4): 35-46.

## BOOKS AND BOOK CHAPTERS

- Rankhumise, E. & Venter, E. Discovering entrepreneurship and small business management (Chapter 1). 2016. IN Principles of Entrepreneurship and Small Business Management. Second Edition. Cape Town: Oxford University Press. ISBN 978-0-19- 044107-4. pp 1-25. Co-author. [Van Aardt, I. (Editor) and other authors: Clarence, W., Janse van Rensburg, L., Mmako, N., Radipere, S., Rankhuise, E., Venter, E. & Visser, K.].

## OTHER OUTPUTS

- Prof E Venter and Prof S.M Farrington wrote an article for PWC's South African edition 2016/2017 Family Business Survey. It was titled: In conversation with.... p. 9-10.
- Prof E Venter Participated in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the NAMPO Agricultural Show – 19 May, Bothaville. This annual event attracts more than 75 000 members. Elmarie's panel discussion was recorded on Thursday, 19 May, and was televised on Thursday, 26 May 2016, on kykNET, Channel 144, at 5h00 as part of the Nation in Conversation Series. It will also be available as a podcast from the website <http://nationinconversation.com>. Other members of the panel included Pieter Karsten Jnr, Deputy CEO of the Karsten Group, Tommie van Zyl, CEO of ZZ2 (the biggest producers of tomatoes in South Africa), and Danie Minnaar, Chairman of Senwes Limited. The session was facilitated by Theo Voster, CEO of Galileo Capital. Prof Venter also conducted a short interview afterwards on RSG radio station.
- Prof E Venter presented a family business seminar for CFBS on the business of the family business, transgenerational success and succession and governance. Durbanville Hills Wine Estate, Durbanville, Cape Town. 23 August.
- Prof E Venter presented a family business workshop for GALILEO Capital on challenges facing family businesses, succession and transgenerational success and governance. Galileo Capital Head Office, Hyde Park, Johannesburg. 2-3 November.
- Prof E Venter presented the NMMU Family Business Unit and gave a presentation to the National Wool Growing Association of South Africa. 17 November.
- Prof E Venter served as panel member on governance during KPMG's Family Business Conference on 15 September
- Prof E Venter was a judge in the Family Firm Institute's Best Dissertation Award competition (Boston, USA).

## RESEARCH SUPERVISION

### Honours treatise

- Ntaba, Lerato, 2016. Entrepreneurial orientation among family-owned businesses in the Eastern Cape. Supervisor: Prof E Venter. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University. Supervisor: Prof E Venter.

Masters dissertations

- Carelsen, M. 2016. Measures of success in small and medium-sized family and non-family owned businesses in the Eastern Cape. Supervisor: Prof E Venter; Co-supervisor: Prof S.M. Farrington. Unpublished Masters Dissertation. Port Elizabeth: The Nelson Mandela Metropolitan University.

Doctoral theses

- Van Greunen, C. 2016. Factors influencing knowledge-sharing behavior in knowledge-intensive businesses: An individual-level analysis. Supervisor: Supervisor: Prof E Venter; Co-supervisor: Prof G. Sharp. Unpublished Doctoral Thesis. Port Elizabeth: The Nelson Mandela Metropolitan University.

INTERNATIONAL VISITS

- Prof E Venter presented a Summerschool on Entrepreneurship Theory and Practice at the Utrecht University in the Netherlands, 3-7 July.

AWARDS

- Prof E Venter was the winner of BWA (BUSINESS WOMEN ASSOCIATION) SA REGIONAL BUSINESS ACHIEVER AWARD: GOVERNMENT CATEGORY
- Venter, E. and Farrington, S.M. 2016. The multidimensional nature of family business performance outcomes: Evidence from a South African family business. The 10<sup>th</sup> International Business Conference (IBC), Langebaan, South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. SECOND RUNNER UP BEST PAPER AWARD

**7. Describe the important role performed by you or the team in:**

**7.1. The leadership and management of the engagement activities and initiatives:**

I am the Director of the NMMU Family Business Unit and also the STEP project leader.

**7.2. The level and extent of partnerships/collaborations/networks/linkages formed internally and externally:**

**a. Internally** (*inter-departmental, inter-faculty and interdisciplinary*):


- I have formed research partnerships with colleagues from the ICT department, as well as the Business School.
- Family business research *per se* is interdisciplinary and I would like to increase collaborations with colleagues from other Faculties and Departments doing joined research and engagement projects.

**b. Externally** (*at local, national and international level*):

- Relationships were built with various family business owners, service providers and consultants all over South Africa.
- At local and national level I act as a keynote speaker at family business presentations and/or workshops and regularly publish in the popular

	<p>media on aspects concerning family business management.</p> <ul style="list-style-type: none"> <li>• Internationally I have built networks, partnerships and research collaborations through various research projects and teaching abroad.</li> <li>• Relationships were built with well-known family business researchers globally, especially through the global STEP research project and Summits.</li> </ul>
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**SECTION D: Signature**

Applicant Signature		Date	25 May 2017
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**SECTION E: FOR OFFICE USE**

*(Administered by the Centre for Academic Engagement and Collaboration and the NMMU Engagement Committee)*

Resolution regarding application from Awards Committee:	
Feedback to applicant:	

**SECTION F: Portfolio of Evidence**

Attach any relevant documents as a portfolio of evidence to support your application. **Limit this portfolio of evidence to a maximum of 20 pages.** This can include photographs, promotional material, commendations from stakeholders/beneficiaries etc., publication references, (extracts from) annual or project reports to funders/sponsors etc., or any other relevant materials that may serve as evidence.

**List of supporting documents submitted along with this application as addendums:**

Please ensure that the documentary evidence below is clearly cross-referenced with the relevant section and number in the application template, for example Section B1 or Section C4.

1. NMMU FBU Newsletter
2. FBU Report of 2016
3. Tavcor Motor Group STEP Case
4. The NMMU FBU website (<http://fbu.nmmu.ac.za>) can be consulted more details.



## FROM THE DIRECTOR'S DESK...



The NMMU Family Business Unit (FBU) finished 2016 on a high note, despite the challenges with the #FeesMustFall campaign that altered some of our activities during the last three months of 2016. Prof Shelley Farrington delivered her Inaugural Lecture on family businesses being a legitimate field of study. Mr Tony Matchaba-Hove attended the first STEP Global Academic Conference in Boston, USA, while Prof Farrington attended the STEP Academic meeting in the Netherlands. Both Ms Shelley Saunders and myself lectured overseas in Germany and the Netherlands respectively.

Our members also excelled on different fronts, winning various teaching and research awards, as well as the prestigious 2016 Businesswomen's Association of South Africa's Regional Business Achiever Award for the Government Category. The NMMU FBU also successfully presented its 5th Family Business Consultant Short Learning Programme in Johannesburg and participated in the KPMG Family Business Conference held in Durban. A highlight for our FBU was when I had the opportunity to participate in a discussion forum on family farms that took place in front of a live studio audience during the NAMPO Agricultural Show and which was televised on kykNet. We want to welcome our new members to the FBU as well as new associates and family businesses involved in the unit's activities. We are looking forward to an exciting 2017 and want to wish all our clients, service providers, colleagues and friends all of the best for 2017 and another year of excellence in research, teaching and engagement.

**Prof Elmarie Venter**  
Director: NMMU Family Business Unit

## NEW MEMBERS JOIN THE FAMILY BUSINESS UNIT

The NMMU Family Business Unit welcomed three new members in to the unit, **Mrs Jackie Palframan**, **Mr Welcome Kupangwa** and **Ms Jessica Scheepers**.



**Mrs Jackie Palframan** is senior lecturer and programme coordinator for the Financial Planning programmes in the Department of Business Management at the NMMU. She has over 25 years of professional practice experience in financial planning advice both as a key individual for a licensed Financial Service Provider and a practicing Certified Financial Planner®. She was awarded her MCom degree in April 2014 for her study entitled "Educational requirements of the financial planning industry". Currently Mrs Palframan is a PhD candidate. Her research areas of interest are in social capital and financial planning, as well women and financial planning.

**Mr Welcome Kupangwa** is lecturer in the Management Practice Department at the NMMU. He was awarded his MCom degree in April 2015 for his study entitled "The influence of contemporary leadership styles on the job satisfaction and organisational commitment of SME employees". Currently Mr Kupangwa is a PhD candidate. His research areas of interest are entrepreneurship and technology use in SMEs, and values in African family businesses.



**Ms Jessica Scheepers** is a research assistant in the Business Management Department at the NMMU. She was awarded her MCom degree (*Cum Laude*) in April 2015 for her study entitled "The meaning of success: Perspectives of family business owners using word associations". Currently Ms Scheepers is a PhD candidate. Her area of interest is in family business, in particular focusing on the goals, success and social responsibility of family businesses.

### ► IN THIS EDITION

**INAUGURAL LECTURE 2**

*Family Business*

**STEP PROJECT 3**

*Academic Meeting*

**AWARDS 4**

*Teaching and Research*

**CONFERENCES 5**

*Engagement Activities*

## PROF SHELLEY FARRINGTON DELIVERS INAUGURAL LECTURE FOCUSING ON FAMILY BUSINESSES

*NMMU's Prof Shelley Farrington, a founder member of the University's Family Business Unit, delivered her inaugural lecture on family-owned businesses on July 25.*

Did you know that Volkswagen is a family-owned business, with the Porsche family owning more than 30% of the company's shares, and that the Walton family owns more than half the shares of United States retail giant Wal-Mart? In fact, family businesses are estimated to account for approximately 70% of global GDP annually and for more than 50% of jobs in most countries. And when the financial climate is tough, it is family businesses that tend to outperform their non-family counterparts.

These are some of the insights Nelson Mandela Metropolitan University's Prof Shelley Farrington will be sharing in her inaugural lecture as a full professor on July 25.

"There is a lot of evidence to suggest that family-owned businesses account for the largest percentage of economic activity in the western world," said Farrington, who is a founder member of NMMU's Family Business Unit and one of only a handful of South African researchers in the emerging field of family businesses. It is a field that has only been of interest to scholars for about 30 years.

Through her lecture, titled "Family Business: A legitimate scholarly field", she hopes to introduce more people to the field, and increase the pool of South African researchers. Predominantly overseas research into family businesses has indicated key differences between family-owned businesses and those not owned by families. For a start, the psychology behind each is different: in a family-owned business, the family's values are at the heart of the business. Where many businesses base their decision-making on predicted financial wealth, family businesses have more than financial gain or loss at stake, including the reputation of the family. Thus their decisions are also based on preserving the family's "socio-emotional wealth".

"A family-owned business generally won't take a decision, no matter how profitable it could be, if it will affect the family's reputation, as the family's name or identity is associated with the business, and is linked with pride and confidence."

Other factors that fall under the umbrella of "socio-emotional wealth" include the need for belonging, meeting family expectations, adhering to family values and fulfilling the family's objectives.

Farrington said there was a "reciprocal influence of the family on the business and vice versa". "The affairs of the business are intertwined with the family and there are strong emotional overtones, among them love, hate and jealousy. The boundaries between the family and the business are often blurred."



**I want to show that family business is a legitimate field of study on its own.**

Farrington herself co-owned a family business in Plettenberg Bay with her two brothers for 13 years, so has first-hand knowledge into family-owned businesses. Her doctorate in business management, which she completed in 2009, was titled "Sibling partnerships in South African small and medium-sized family businesses".

"Family businesses should be positioned as an independent field of study. More often than not, studies on family businesses form part of a broader study of management or marketing ... I want to show that it's a legitimate field of study on its own." In South Africa, Farrington said there was virtually no research on black African family-owned businesses, and this was an area she would like to pursue going forward. "The African culture would likely influence the way these businesses operate. I would like to compare their strategies for doing business, with the strategies of other cultures."

She said most of the world's research on family-owned businesses was in the United States, Europe and, increasingly, in South America and Asia.

Farrington, who is a National Research Foundation (NRF) rated researcher, was the Faculty of Business and Economic Sciences' researcher of the year in both 2012 and 2013 and received an NMMU research excellence award in 2013. She has authored or co-authored 39 national and international journal articles, and 80 conference papers, and is the co-author of a book titled "Starting and managing your own business".



## PROF SHELLEY FARRINGTON ATTENDS EUROPEAN STEP ACADEMIC MEETING

*Professor Shelley Farrington attended the STEP (Successful Transgenerational Entrepreneurship Practices) Academic Meeting in Zwolle, the Netherlands.* The NMMU FBU is an affiliate of the global STEP project and falls under the European region. Team members from 10 different European affiliates participated in the meeting. In addition to various administrative issues, project collaborations and funding opportunities being discussed, attendees also visited the family business, Visscher-Caravelle, a global carpet factory with production facilities in several countries around the world.



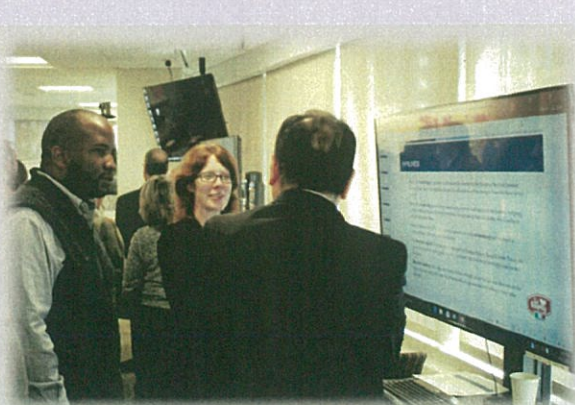
*Prof Farrington also attended the European Institute for Advanced Studies in Management's (EIASM) 12th workshop on Family Firm Management Research held on the 12th and 13th May. At the workshop she met up with world-renowned family business researcher and editor of the Family Business Review, Prof Pramodita Sharma, who visited NMMU in 2013.*

### STEP FACTS IN BRIEF...

- The NMMU through the Family Business Unit, is the **first university from Africa** to be an affiliate of the global STEP project.
- The STEP Project has over **40 institutions and more than 200 scholars** involved in researching transgenerational entrepreneurship in family enterprises, the STEP project is extremely important in its uniqueness as a global applied research project.
- Being an affiliate of the STEP project is not only an enormous research opportunity for the NMMU in general, but also provides the **opportunity to put the Eastern Cape, South Africa and Africa on the map** in terms of the field of family business.

## MR TONY MATCHABA-HOVE ATTENDS THE INAUGURAL STEP GLOBAL ACADEMIC CONFERENCE

*Mr Tony Matchaba-Hove attended the inaugural STEP (Successful Transgenerational Entrepreneurship Practices) Global Academic Conference hosted by Babson College in Boston, USA.* Over 50 STEP scholars from 35 academic institutions representing 29 countries participated in the conference. The conference provided a platform for STEP scholars to present their research within the field of family business as well as strengthening the ties between STEP team members across the globe. Mr Matchaba-Hove presented a paper entitled, "The entrepreneurial orientation of indigenous African family businesses". In total, 29 research papers were presented at the conference in the form of roundtable discussions, full paper presentations and poster presentations.



Achievers section...

## MEMBERS OF THE FAMILY BUSINESS UNIT WIN FACULTY EXCELLENCE AWARDS

*Prof Shelley Farrington was named the **Faculty Researcher of the Year Runner-Up**. Mr Tony Matchaba-Hove was named the **Faculty Emerging Researcher of the Year**. Ms Shelley Saunders was named the **Faculty Emerging Excellent Teacher of the Year**.*

Professor Farrington's research outputs during the 2015 year focused on several contemporary leadership styles among SME's as well as perceptions of success among family businesses. In the context of family business her research specifically focused on ethical leadership among family businesses and how this influences their business performance, and whether family and non-family businesses have different perceptions of success. Several Masters students and various colleagues were involved with these projects.

Mr Matchaba-Hove's research focused on the entrepreneurial orientation and business performance relationship in South African small businesses, as well as financial planning in the South African and greater African context. Furthermore, he supervised several Honours and Masters research projects on topics such as the factors affecting the usage of banking products and services by under-banked consumers, as well as the influence of selected demographic variables on entrepreneurial orientation and business performance and the factors influencing young professionals' perceptions of financial planning services. Mr Matchaba-Hove also engaged in a number of research collaborations with various colleagues in the Department of Business Management.

Ms Saunders teaching philosophy is to facilitate students' learning through creating a dynamic, blended learning and encouraging environment that enables learning and promotes excellence. She approaches teaching and learning from a strong scholarly perspective and is demonstrating academic leadership in the field of blended learning. She obtained the SoTLC certificate and transfer of learning to a blended learning environment is evident in her teaching portfolio.



*Above: Prof Denise Zinn (Deputy Vice Chancellor: Teaching and Learning) presenting Ms Shelley Saunders the Faculty Emerging Teacher of the Year Award .*



*Prof Andrew Leitch (Deputy Vice Chancellor: Research and Engagement) presenting Mr Tony Matchaba-Hove the Faculty Emerging Researcher of the Year Award.*





Achievers section...

## PROF ELMARIE VENTER WINS 2016 BWASA REGIONAL BUSINESS ACHIEVER AWARD



Mr Cumesh Moodliar of Investec Private Bank (Judge), Prof Elmarie Venter and Dr Precious Matsepe (Guest Speaker)

Prof Elmarie Venter was one of more than 100 women nominated by their peers to participate in the 2016 Businesswomen's Association of South Africa's Regional Business Achiever Awards.

All in all 18 finalists were elected, three for the six different categories, namely: entrepreneur, emerging entrepreneur, social entrepreneur, professional, corporate and the government. Prof Venter was one of three finalists nominated for the Government Category, which she eventually won. Elmarie was nominated in her role as the Director of the NMMU Family Business Unit, the first and only of its kind in Africa. Prof Venter said it was a privilege to be part of this special group of women who are all successful in their own right.

Another highlight for Prof Venter was to meet Dr Precious Matsepe, who expressed her interest in family businesses and the Family Business Unit, being part of a family business herself. She is also the co-founder and vice-chairperson of the Motsepe Foundation.

## CONFERENCE PAPER AWARDS

### LECTURERS WIN THE BEST OVERVIEW OF EXTANT LITERATURE AWARD AT SAIMS CONFERENCE

Prof Shelley Farrington and Mr Abdul Jappie recently attended the 2016 South African Institute of Management Sciences (SAIMS) conference hosted by the University of Pretoria. Their paper entitled, "The field of Family Business Research in South Africa. The Who, What and How?" won The Best Overview of Extant Literature Award.



### LECTURERS WIN BEST PAPER AWARD AT the 3RD IISES BUSINESS CONFERENCE

Prof Chantal Rootman, Dr Janine Kruger and Mr Tony Matchaba-Hove were awarded the Best Paper Award at the 3rd IISES Business and Management Conference held in Lisbon, Portugal for their paper entitled: *The South African Financial Services Industry: How To Use Motivational Factors To Ensure Employee Satisfaction.*

### LECTURES WIN THE BEST PAPER AND THE BEST PAPER RUNNER-UP AWARDS AT THE 10TH IBC CONFERENCE

Dr Riyaadh Lillah, Prof Shelley Farrington and Prof Elmarie Venter were all winners at the 10th Annual International Business Conference (IBC) held in Langebaan, South Africa.

Dr Lillah and Prof Farrington were awarded the Best Paper Award for their paper entitled *The Influence Of Ethical Leadership On Job Satisfaction: The Case Of Healthcare Practices.*



Prof Venter and Prof Farrington were awarded the Best Paper Second Runner-up Award for their paper entitled *The Multidimensional Nature Of Family Business Performance Outcomes: Evidence From A South African Family Business.*

## FAMILY BUSINESS UNIT HOSTS ANOTHER SUCCESSFUL FAMILY BUSINESS CONSULTANT SHORT COURSE



Prof Elmarie Venter and Mr Robin Farrington together with the Family Business Consultant Short Course attendees from KPMG

The Family Business Unit successfully presented its 5th **Family Business Consultant Short Learning Programme** from 10-12 May 2016 at the KPMG Head Office in Johannesburg.

All the attendees were employees of KPMG in South Africa. Prof Elmarie Venter provided training on topics such as consulting models and processes, the field of family businesses and the challenges they face, management and ownership succession and ensuring transgenerational success and potential from one generation to the next.

She was joined by psychologist, Mr Robin Farrington, who focused more on family dynamics and consulting processes.

## THE KPMG FAMILY BUSINESS CONFERENCE

Prof Elmarie Venter attended the **KPMG Family Business Conference** which was held from 14 - 15 September 2016 in Umhlanga, Durban.

The two-day conference was presented by KPMG and industry experts and family business owners attended the interactive workshop which provided many learning and networking opportunities. The key focus areas that were discussed were succession planning, governance and creating a culture of innovation in this generation and the next.

Mr Christophe Bernard, KPMG's Global Head of Family Business, once again joined the discussion and revealed insights into how European family businesses perceive their growth prospects, business performance,

confidence levels as well as the challenges they face.

The workshop was interactive and for the first time findings based on the European Family Barometer were compared to findings from South African family businesses. As many as 73 % of South African family business respondents were confident about the future despite political uncertainty and an unstable currency.



(Back L-R) Alan Barr, Christophe Bernard, Gcina Zondi, Moses Thembe, Abdul Razak Moosa, Nick Matthews, Jay Datadin (Front L-R) John Barton, Prof Elmarie Venter and Freya Griffiths

South African family businesses are key to economic growth in South Africa and it was determined from the online survey that overseas markets are an excellent untapped opportunity for South African family businesses.

Prof Venter was part of an expert panel that shared real life examples and expertise on family-owned businesses.

## FBU DIRECTOR FEATURES ON NATION IN CONVERSATION SERIES

*Prof Elmarie Venter participated in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the **NAMPO Agricultural Show** that took place from the 17th till the 20th of May 2016. .*

This annual event attracts more than 75 000 members from the public and takes place just outside Bothaville in the Free State. Elmarie's panel discussion was recorded on Thursday, 19 May, and was televised on Thursday, 26 May 2016, on kykNET, Channel 144, at 5h00 as part of the Nation in Conversation Series.

It will also be available as a podcast from the website <http://nationinconversation.com>. Other members of the panel included Pieter Karsten Jnr, Deputy CEO of the Karsten Group, Tommie van Zyl, CEO of ZZZ (the biggest producers of tomatoes in South Africa), and Danie Minnaar, Chairman of Senwes Limited.



*Above From left to right: Theo Vorster, Pieter Karsten, Elmarie Venter, Danie Minnaar and Tommie van Zyl*

The session was facilitated by Theo Voster, CEO of Galileo Capital. Prof Venter also conducted a short interview afterwards on RSG radio station.



*Panel discussion on family businesses and family farming that took place in front of a live studio audience during the **NAMPO Agricultural Show** was televised on kykNET, Channel 144*

### NAMPO AGRICULTURAL SHOW FACTS IN BRIEF...

- One of the largest privately organised and owned exhibitions in the world and the largest show of agricultural machinery and livestock in the southern hemisphere takes place annually outside Bothaville in the Free State, Republic of South Africa.
- Show draws more than 600 exhibitors, spread over 24 hectares and the demonstration area covers 80 hectares.
- Organised by Grain SA, it provides a unique opportunity to all manufacturers and distributors of agricultural machinery, products and services to exhibit as well as demonstrate their vast range of products to their targeted customers - the farmers of South Africa.

## NEWS IN BRIEF...

### PROF VENTER PRESENTS WORKSHOP AT GALILEO CAPITAL

Prof Venter presented a family business workshop for GALILEO Capital on *the challenges facing family businesses, succession and transgenerational success and governance* at Galileo Capital Head Office, Hyde Park, Johannesburg from 2 - 3 November 2016. Galileo Capital is a Registered Financial Services Provider (FSP), approved and regulated by the Financial Services Board (FSB). Their team consists of highly motivated and qualified professionals with more than 90 years of combined experience in the financial services industry. Apart from their head office in Johannesburg, they also have an office in Cape Town.



### PROF VENTER INTERVIEWED FOR RNEWS

Prof Elmarie Venter was recently featured on a website called RNews. Her interview followed her win of the 2016 Businesswomen's Association Government category. Her interview focused on various aspects of her work and personal life and how she manages to balance the two.



The article can be accessed on the following link: <http://www.mews.co.za/article/10605/meet-the-boss-professor-elmarie-venter-from-nmmu-family-business-unit-fbu>



### MS SHELLEY SAUNDERS LECTURES IN GERMANY

During the week of the 9th - 13th of May 2016, Department of Business Management lecturer, Ms Shelley Saunders, visited Hochschule Osnabruck in Germany to present lectures entitled: *Marketing Communication: A Dynamic Global Environment*. One of the aspects discussed by Ms Saunders was related to family business marketing. Ms Saunders was exposed to a new culture and was able to network with Professors from a number of countries, including the United States, Canada, Brazil and India.



### MR WELCOME KUPANGWA JOINS THE ALUMNI ASSOCIATION EXECUTIVE COMMITTEE

The NMMU Alumni Association members elected a new executive committee at the recent AGM held at the North Campus Conference Centre. Mr Welcome Kupangwa has been included in the committee. The Alumni Association Executive Committee is the body that represents alumni of NMMU (incorporating former UPE and PE Technikon) and serves as a voice to over 90 000 alumni who are scattered around the globe.



## MARK YOUR CALENDARS...

### 17th EURAM Conference - Glasgow, Scotland: 21-24 June 2017

*"Managing Knowledge: Making Knowledge Work"*



Hosted by Strathclyde Business School in Glasgow, the 2017 EURAM Conference is the ideal place for exploring and discussing managerial knowledge for the purpose of managing knowledge. The conference will provide the opportunity for a lively exchange of views and so to enhance our ability to organize and manage ourselves.

### 17th IFERA Conference - Zadar, Croatia: 28 June - 1 July 2017

*"Locality and internationalization of Family Business"*

Family businesses are often grapple with the paradox of being deeply rooted to their origins, tradition and local communities, while, at the same time, exploiting international opportunities in the global marketplace. This conference seeks for a better understanding of the relationship between family firms and their local economy.



### 29th SAIMS Conference - Bloemfontein, South Africa: 10-12 September 2017

*"Management research: Science serving practice"*



**The Southern African Institute of Management Scientists (SAIMS)**

The conference will be hosted by the Business Management Department, University of the Free State, Bloemfontein. For more information contact: [saims@ufs.ac.za](mailto:saims@ufs.ac.za).

### 11th IBC Conference - Dar es Salaam, Tanzania: 24-27 September 2017

The 2017 International Business Conference (IBC) has been diarised to take place from 24 to 27 September 2017. The conference will be hosted in Dar es Salaam, Tanzania. The conference aims to be a truly African event. For more information contact: [IBC.Conference@nmmu.ac.za](mailto:IBC.Conference@nmmu.ac.za)



### Global STEP Summit - Lugano, Switzerland: 8 - 11 November 2017

*"How Family Firms And Entrepreneurial Families Can Flourish In The New Global Disorder and Impact on the Global Economy"*



The Global Summit will be a unique learning experience for family businesses and the academic community. It is being hosted by the Università della Svizzera italiana (USI). USI has successfully organised hundreds of events with more than one thousand participants and is very well known in Tessin for its connections with local firms and the regional government. Many family businesses and family business scholars from different countries will be coming together in Lugano, making it a unique opportunity to exchange solutions and ideas.

## NMMU FBU RESEARCH DATABASE GROWS

During 2016 the NMMU Family Business Unit research database grew to over 1 000 family business names, with many family businesses being prepared to actively participate in research done by the unit. This database is used to disseminate information relating to family businesses and for undertaking research in the field of family business that aims to guide and inform practice.

If you are willing to make a contribution to the field of family business in South Africa and at the same time have access to opportunities and information that could give your family business a competitive advantage, please add your name to the NMMU FBU database by clicking on the link below:

<http://forms.nmmu.ac.za/websurvey/q.asp?sid=1614&k=quqsdvsmrk>

## INTERESTING READS...

### ***Family Business Practitioner***

The weekly Practitioner provides comprehensive news, analysis, trends and research intelligence affecting the family enterprise provider community. Through articles, blogs, interviews (print, audio and video) The Practitioner provides family enterprise professionals with practical, user-friendly content on best practices from across the core disciplines of behavioral science, law, finance, and management science as well as the latest multidisciplinary thinking in these fields. Published by The Family Firm Institute, the leading association worldwide for family enterprise professionals, The Practitioner features the latest thinking, research and trends in the field. The publication is available at: <https://ffipractitioner.org/>

**FFI | Practitioner**

### ***Family Business Magazine***

Family Business is the only dedicated magazine that targets thriving multi-generational North American family companies. Family Business offers a vital and active paid circulation of more than 6,800 committed family company owners, leaders and shareholders.

Family Business is run by a family company for family companies. Family Business Publishing Company is a multigenerational media and investment firm who live and breathe family-owned company issues.

Family Business Publishing Company is the publisher of the highly regarded 11-volume Family Business Handbook Series, in-depth and essential reference works on key family business topics, such as succession, financial management, conflict resolution and compensation.

Family Business's searchable articles archive is available to all subscribers free of charge.

The Family Business Web site is provided by Family Business Publishing Company and its associates. It is intended to help site visitors - especially family company stakeholders - understand the material presented and make informed decisions about managing their own businesses and families.

The publication is available at: <https://www.familybusinessmagazine.com/about-family-business-magazine>



# THE STEP PROJECT: EUROPE

Case Series



**The Tavcor Motor Group (Pty) Ltd. Case**

**TAVCOR**  
MOTOR GROUP

Submitted 30 July 2016

Nelson Mandela Metropolitan University  
Port Elizabeth, South Africa

## I. Executive Summary

The Tavcor Motor Group (TMG), a motor vehicle dealership group, is a privately-owned, second generation family business in South Africa. The business was purchased by the founder, Ray Taverner, in 1962. Today, the Taverner family spans four generations as of that time. The TMG is 100 per cent family-owned with Alan, Ray's oldest son, holding the position of CEO and majority shareholder (60%) and Clive, the second oldest, in the position of Director of Operations and Sales with a 40 per cent shareholding. Third generation family members working in the family business include Megan Stow (daughter of Alan), the Human Resources Director and Martin Taverner (son of Clive), the Customer Service Manager. Garrick Bowker is a non-family employee who is a Dealer Principal and the group's Financial Director. At the time of these STEP interviews, the TMG has an annual turnover of more than ZAR1 milliard (one billion South African Rands) and employs 344 people.

The TMG operates in the automotive industry which plays a vital role in South Africa's economy. The industry is described as technologically sophisticated, extremely fast-paced, risky and competitive. Many of the changes in the automotive industry in South Africa are a result of the political changes experienced after 1994. For this reason, the demographic and social trends of customers have shifted in terms of race, gender and language, and thus the TMG has had to adapt in terms of how they do business.

An entrepreneurial spirit is evident in the TMG and appears to be entrenched in their culture. Both family and non-family employees, at all levels, are not only given the freedom to be creative, to push for ideas and to change current ways of doing things, but are also encouraged to do so. Employees are empowered to do their jobs and to make their own decisions within their scope of responsibility. Although the TMG is not involved in product innovation, creativity at all levels is encouraged. A moderate risk-taking profile in terms of resource commitment has prevailed in the group, but examples do exist where major risks with little certainty have been taken. The group's forward-looking perspective is evident in the many initiatives undertaken in terms of environmental and human development issues. Over the years the group has directly and intensively challenged their competitors by buying them out, closing them down or incorporating them into the group's activities. They have adopted a clear differentiation strategy when competing, which involves positioning themselves as being the *best* at everything and being *first* to do something.

In terms of the various resource pools, Alan has successfully led the business for the last 30 years. His leadership has been an invaluable resource for the growth and development of the TMG. Alan is respected and admired by family and non-family employees, as well as by influential members



of the automotive industry. Although Alan demonstrates participative leadership, his style is often more autocratic in nature which may be a threat to future succession planning. Almost all of the original networks established by the founder still exist in the business today, but all employees at senior level are responsible for creating and managing their own external networks. The family name is well-recognised in the community and its reputation has been identified as being a major factor contributing to the success of the business.

The TMG can be described as conservative in terms of capital expenditure. All major financial and investment decisions take place according to a formal process. Cautious and continuous reinvestment into the business, utilising assets to their full potential and moderate financial return expectations of shareholders are factors that have contributed to the financial success of the TMG. Governing structures for the business are in place within the TMG, which include the board of directors as well as the social and ethics committees. These structures bring stability to the decision-making process. However, strategic decision-making is perceived to be centralised and dominated by Alan, which may negatively influence the next generation's ability to make strategic decisions. In contrast to strategic decision-making, operational decision-making is decentralised. A culture of entrepreneurship and innovation exists in the TMG with management and employees continuously striving for improvements. Their organisational culture is also value-driven, which stems from family values which have been entrenched in the organisation over the generations.

The core values of the TMG are family-based values and are employee- and customer-centric. The relationship between Alan and Clive has been described as volatile and competitive in nature but has improved over the years. The relationship between Megan and Martin is described as very good, focused, functional and professional. This relationship is a strong resource pool for the TMG in the future. Alan and Megan have a close relationship and Alan has been a great mentor to Megan over the years. However, the relationship between Clive and Martin is not as close as between Alan and Megan. A sound relationship also exists between the shareholders of the TMG and Garrick. Garrick is respected by the brothers as well as by Megan and Martin. Over the years the TMG has been managed according to business principles, in a professional manner and solid business structures and procedures have been put in place. A board of directors and a shareholder's agreement are the two main governance structures utilised in the group. In addition, a remuneration committee, a social responsibility committee and an ethics committee are also in place.

With regard to the governance of family issues, no formal succession plan, family council or family constitution currently exists. Failing to plan for succession puts the business at risk, especially in terms of future leadership. All the family members working in the business possess entrepreneurial

and business skills, which have proved necessary to operate this business successfully. Efforts have been made to establish mentoring relationships between the second and third generation family members to facilitate the transfer of knowledge and know-how. Significant knowledge transfer has already taken place.

The entrepreneurial performance of the TMG is evident in the many new business offerings they have initiated over the years as well as in the various entrepreneurial initiatives implemented. In terms of financial performance, the group is a "billion rand company" which has experienced record profits in recent years. Their strong financial position is attributed to their conservative dividend policy, which has enabled them to take advantage of opportunities and to implement their differentiation strategy. Although the business continuously strives to improve its financial performance outcomes, they do not see themselves as profit-centred but as being employee- and customer-centric. The TMG is well respected in the community and the family name is well recognised. They are also actively involved in numerous social and community projects in the Eastern Cape.

The TMG is poised to transfer the business to the third generation. Several factors have been identified that act as enablers for the group's transgenerational potential. These are: the competency and entrepreneurialism of the next generation working in the family business; the relationship between the next generation family members working in the family business; clarity and acceptance of future roles in the business; the willingness of the senior generation to hand over the family business; acknowledging the importance of family and family values to business success; the family reputation and networks; the strong management team; the governance structures that are in place; the entrepreneurial and values driven organisational culture; and being people-centric and having a long-term sustainability perspective. Given these enablers, it can be concluded that the transgenerational potential of the TMG is high. The senior generation has done much to ensure the continuity of the business in terms of instilling an entrepreneurial culture, setting up an appropriate management team and ensuring that the business is governed and managed professionally. However, the real potential for the family business to continue into the future is dependent on the next generation's competencies, entrepreneurialism and willingness to take over. All of these factors are clearly evident in the next generation family members of the TMG.

Possible inhibitors to the continued creation of value across generations are also evident, namely a lack of formal succession planning; a lack of potential share ownership by the next generation; insufficient outsiders on the board of directors; a dependence on the current CEO; the employment of family members and partners of family members; attracting and

hiring skilled employees; Broad-Based Black Economic Empowerment; finding suitable equity partners, and an unstable business environment.

Over the last 10 years the TMG has gone from strength to strength. The group has developed its leaders and decentralised decision-making, professionalised its human resources and become customer, employee and community focused. It has also formalised its accounting and reporting structures and has expanded its operations. These steps have led to an entrepreneurial business that is financially secure with a solid reputation. Despite the potential inhibitors to transgenerational potential, the TMG is a family business poised for transgenerational success.

## II. Introduction and general information

### a. Profile of the firm

The Tavcor Motor Group (TMG) is a privately-owned, second generation family business in South Africa. It is a motor vehicle dealership group which operates in the automotive industry. The group owns dealerships involved with the retailing and servicing of motor vehicles in two cities, George and Port Elizabeth (PE), focusing specifically on the Volkswagen, Audi and Suzuki brands. The business was originally established in 1950 and then purchased by the founder, John Raymond Ross Taverner (known as Ray), in 1962. At the time of the STEP interviews, the TMG had an annual turnover of more than ZAR1 milliard and employed 344 people (see Table 1).

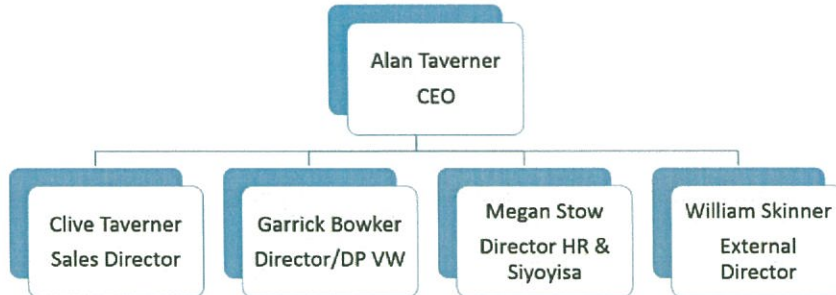
**Table 1: Business information**

Name:	Tavcor Motor Group Pty(Ltd) (TMG)
Form of enterprise:	Private company
Size:	Turnover: ZAR1 134 057 633 (2014) Number of employees: 344 (2014)
Main industry:	Automotive industry
Main markets:	Port Elizabeth, George, and surrounding areas
Main products:	Volkswagen, Audi and Suzuki brands
Time in business:	Established 1950; Purchased 1962

The TMG is entirely (100%) family-owned and the founder's oldest son, Alan Taverner, is currently the CEO. Two other family members are on the board of directors (see Figure1), Clive Taverner (second son of the founder) and Megan Stow (daughter of Alan).

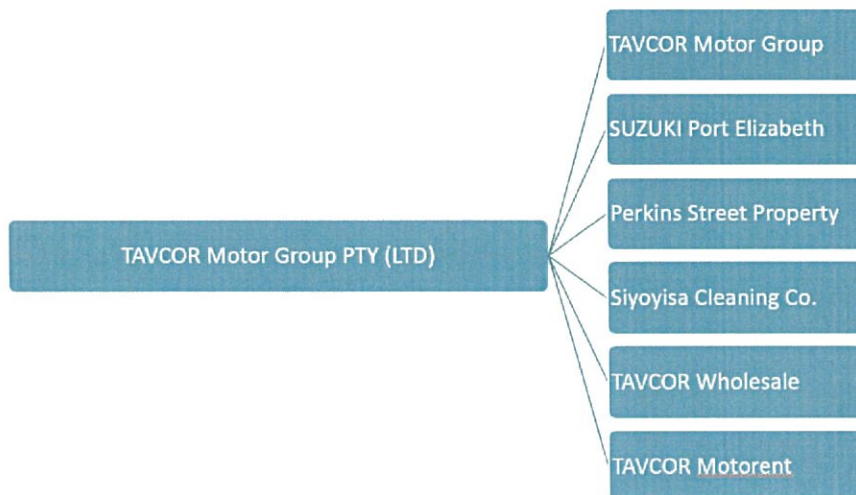
**Figure 1: Organigram (2014)**

TMG Board of Directors Organogram December 2014



In addition to the motor vehicle dealerships, the group also has interests in property, cleaning and motor vehicle rentals. See the TMG's business portfolio in Figure 2.

**Figure 2: Business portfolio**

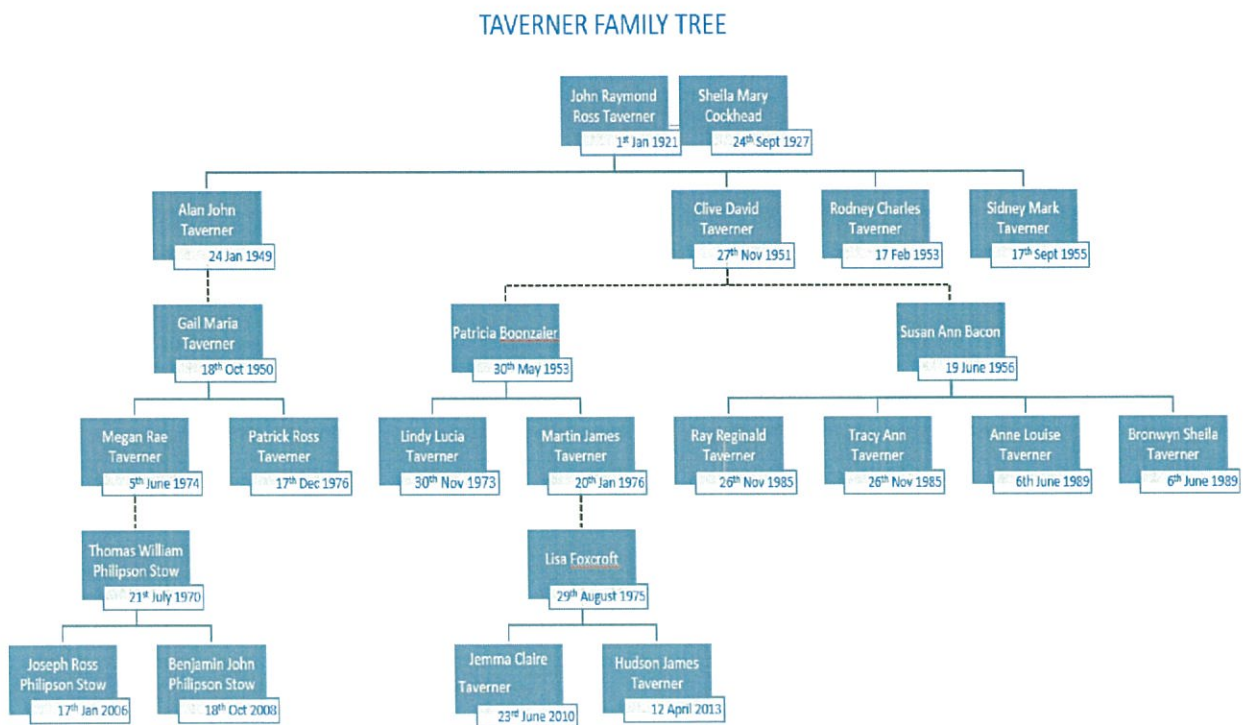


**b. Profile of the family**

The Taverner family spans four generations as of the time that Ray Taverner purchased Embassy Motors in 1962. The Taverner family tree, specifically highlighting the family members involved in the family business, is depicted in Figure 3. Ray Taverner and his wife, Sheila, constitute the family's first generation. They had four sons, Alan, Clive, Rodney and Sidney. Of the second generation only Alan and Clive joined the family business while Rodney and Sidney opted to pursue their own interests. Alan married Gail and they have two children, Megan and Patrick. Megan married Thomas Stow and currently acts as the Human Resources Director in the TMG. They have two boys, Joseph and Benjamin who are eight and six years old respectively. Patrick

has not joined the family business and works in Paris (France) as a financial engineer at Murex. Clive married Patricia and they have two children, Lindy and Martin. Their marriage ended in divorce and he subsequently married Susan with whom he has two sets of twins, Ray and Tracy, and Anne and Bronwyn. Of Clive's children, only Martin has joined the family business. Martin married Lisa and they have two children, Jemma and Hudson, aged four and one respectively. Clive's daughter Lindy has her own business interests and Ray has worked on a fixed-term basis in the TMG. His other children are young adults. More details of the family members involved in the business can be found in Sections II (d) and V.

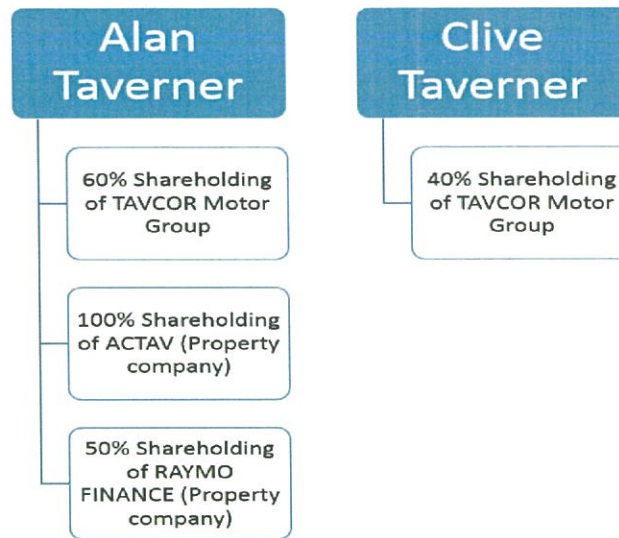
**Figure 3: Family tree**



**c. Profile of the ownership**

The ownership structure of the TMG is depicted in Figure 4. Alan and Clive have 100 per cent of the ownership of the group, with Alan holding the majority shares (60%). Alan also has ownership interests in two other companies, ACTAV (100%) and RAYMO FINANCE (50%). The aforementioned companies do not, however, form part of the TMG.

**Figure 4: Ownership structure**



**d. Profile of the interviewees**






Interviews, ranging in duration from one-and-a-half hours to three-and-a-half hours, were conducted with five interviewees from the TMG at either their offices or at the group's Volkswagen dealership on the William Moffett Expressway. All five interviews were conducted between 3 July and 1 September 2013. Information on the interviewees is provided in Table 2. Additional case information was collected from the group's website as well as from following up with interviewees in 2014 where necessary.

From Table 2 it is evident that, at the time of conducting the interviews (2013/2014), Alan Taverner holds the position of CEO and Clive Taverner that of Director of Operations and Sales. Although the third generation family members are not yet involved in the ownership of the business, Megan Stow (daughter of Alan) is the Human Resources Director and Martin Taverner (son of Clive) is the Aftersales Manager. Garrick Bowker is a non-family employee who has been employed in the business for ten years and is the Dealer Principal of the William Moffett Volkswagen dealership as well as the Financial Director of the TMG.

Each of these five interviewees contributes unique knowledge and business experience which has led to the success of the business. Upon entering the family business, Alan Taverner (60% shareholder) had already obtained a Master of Business Administration degree (MBA) and had amassed substantial managerial experience. Therefore, Alan not only possesses extensive business knowledge, but also has years of experience in the automotive industry, thus allowing him to understand the dynamics of the industry and to become heavily involved in the likes of dealer councils. Moreover, Alan is seen by the other interviewees as a leader, a strategist and a

well-organised man. Clive Taverner (40% shareholder) joined the family business after a few years in the banking industry and has been recognised as having a more practical approach to business, as he has the ability to put ideas into practice. Although Clive has been identified as being somewhat more reserved at times, he has an unmatched knowledge of the used car industry, a fact which is reiterated by all interviewees. It can be concluded that, although the two shareholders of Tavcor in 2013, namely Alan and Clive Taverner, bring with them separate resources and capabilities, they certainly complement one another in the business context.

**Table 2: Profile of interviewees**

Participant	Kinship relation and generation	Position	Owner	Years employed	Date(s)	Interview length
 Alan Taverner	Son of founder, 2nd generation	CEO	Yes (60 %)	41 years	3/07/2013 & 20/08/2013	3½ hrs
 Clive Taverner	Son of founder, 2nd generation	Director of Operations and Sales	Yes (40 %)	43 years	12/08/2013	2hrs
 Garrick Bowker	n/a	Dealer Principal and Financial Director	No	10 years	14/08/2013 & 23/08/2013	3½ hrs
 Megan Stow	Grand-daughter of founder, 3rd generation	Human Resources Director	No	10 years	22/08/2013 & 1/10/2013	3 hrs
 Martin Taverner	Grandson of founder, 3rd generation	Customer Service Manager	No	2 years	21/08/2013	1½ hrs

Garrick Bowker, a non-family member, was brought into the TMG as the Financial Director in 2003. This happened because none of the family members had the necessary financial background

needed to manage the financial affairs of the business. Garrick brought with him a broad understanding of financial management from his experience overseas. He is described by his fellow interviewees as a man with strong values, people-orientated and an excellent manager overall. Prior to the entry of Garrick, the business was in financial trouble and his expertise and financial knowledge was needed to get the business out of debt, which he was able to do. By financially growing the business from strength to strength over the last 10 years, Garrick has earned the respect of the family members, all of whom acknowledge his importance to the family business.

At the end of 2003, a position became available for a Human Resources (HR) manager in the business, which was perfectly suited for Megan Stow who, at the time, had ten years of HR experience at several well-known businesses both nationally and internationally, and was suitably qualified. Before joining the TMG she worked for KPMG in London, the pharmaceutical Warner Lambert and then for Pfizer in Cape Town, and then she went back to London to work at WorldCom. This experience has provided a dynamic and challenging organisational culture in term of HR. Megan has brought her vast knowledge and experience in the field of HR to the business and has made the business a place where people really want to work. Megan holds a Bachelor of Arts degree in Industrial Psychology and an Honours degree in Labour Relations. Moreover, Megan has been described as a creative thinker, and therefore provides the creativity behind the implementation of practical ideas. Martin Taverner entered the family business with 13 years of business experience at a successful international engineering company, bringing with him a mathematical mind and a lot of practical knowledge on how to do things in the business. Martin worked for Siemens, the second biggest engineering firm in the world, for 13 years before joining the TMG. Martin has been described as being operationally focused, analytical and good at getting the job done. Martin holds a National Diploma in Electrical Engineering and has attended the Gordon Institute of Business's Programme for Management Excellence.

### **III. Industry**

The TMG operates in the automotive industry. The South African automotive industry was established in the 1920s when the first South African motor vehicle assembly plant was founded (Black & Mitchell, 2002:1). The South African automotive industry is responsible for the manufacturing, distribution, servicing and maintenance of motor vehicles and plays a vital role in South Africa's economy (Mbendi, 2016). The automotive industry mainly operates in the Eastern Cape and Gauteng provinces of South Africa (Business Partners, 2014; SouthAfrica.info, 2012), with popular motor vehicle manufacturers like BMW, Ford (incorporating Mazda), General Motors, Mercedes Benz, Nissan, Volkswagen, Daimler-Chrysler, Renault and Toyota as well as component



manufacturers like Arvin Exhaust, Bloxwitch, Corning and Senior Flexonics having established production plants in South Africa (Business Partners, 2014; SouthAfrica.info, 2012).

During 2013, the automotive industry exported components and motor vehicles to the value of ZAR102 milliard, representing 11.10 per cent of South Africa's total exports for the year (Business Partners, 2014). Furthermore, the automotive industry largely contributes to South Africa's employment rate. The motor vehicle industry employs 28 000 individuals in the motor vehicle manufacturing sector, 65 000 individuals in the component manufacturing sector as well as 6 600 individuals in the tyre manufacturing sector. In addition, 200 000 individuals are employed to deal with the retail and aftermarket activities of the motor vehicles (SouthAfrica.info, 2012). The automotive industry roughly contributed seven per cent to the South African gross domestic product (GDP) during 2013 (Lamprecht, 2014:87) and 7.20 per cent in 2014 (EDD Parliamentary Portfolio Committee, 2015).

Nonetheless, the automotive industry is faced with numerous challenges. Sometimes local component manufacturers face deficiencies in their supplier base, resulting in the motor vehicle assemblers having to import several of their required parts. These deficiencies can be the result of a lack of technology, global supply capability, cost competitiveness and their geographic location (Naude, 2013). The automotive industry's exports are also suffering as a result of the South African currency volatility (Poore, 2012).

According to the National Association of Automobile Manufacturers of South Africa (NAAMSA), new vehicle sales in South Africa in 2013 (even though the year on year growth figure for 2013 was not spectacular) marked the fourth consecutive year of year-on-year gains. The expected 7.3 per cent growth figure was not reached primarily because of the slow economy, as well as above-inflation-average new-vehicle price increases. An industry strike in the third quarter of the year also meant the production of 58 000 vehicles worth a total of about ZAR11.6 milliard was lost by the automotive industry. Aggregate sales grew by only 3.2 per cent in volume terms in 2013. This compares to the annual growth in total sales of 24.7 per cent year on year in 2010, 16 per cent in 2011 and nine per cent in 2012 (Car Magazine, 2014). According to Naude (2009:3), the main role players in the automotive industry have been identified as:

- The automotive component manufacturers (ACMs), which is seen as the first-tier supplier in the automotive supply chain (ASC) as it supplies components to all the other role players.
- The original equipment manufacturers (OEMs), also known as automotive assemblers, comprising both passenger and commercial motor vehicle assemblers.

- The original equipment suppliers (OESs), responsible for selling automotive parts and accessories through the OEMs.
- The automotive retail and aftermarket, selling automotive parts and accessories through independent retailers and repair shops.

The interviewees are all of the opinion that the automotive industry is technologically sophisticated, extremely fast-paced, risky and competitive. According to Martin, *"the amount of work that is involved here, and the pace of what happens here. Pace is much faster, much, much faster."* The automotive industry has experienced an immense increase in competition within South Africa since 1994. To elaborate, prior to the eradication of apartheid in 1994, worldwide sanctions resulted in almost no external competition for the five carmakers in South Africa. However, 10 years later (2013) as Alan describes it, *"... there are 700 different makes of cars; nearly 70 per cent of cars that come in that are sold in South Africa are imported, not made in South Africa and the competition situation ... I mean it has just multiplied."*

Owing to the intense competition in the automotive industry, its seasonal nature and shortened product life cycles, the TMG has had to learn to build strong relationships with customers so as to generate a competitive advantage. Garrick comments: *"It's now more about people and business. It's now more about networking than ever before ... the whole thing is a relationship business now."* In order to compete within the automotive industry, the interviewees have realised that it is imperative for the business to be innovative, to take risks, and to be open to doing things differently to their competitors. The rapid improvement in technology globally has been identified as one of the main contributing factors of increased innovation in the automotive industry. The increased innovation has required motorcar dealerships to reinvest large sums of capital back into their businesses to be able to keep up with the innovations taking place. In light of the increase in technological sophistication, Megan observes that *"... the business needed to take steps to ensure that they are able to not only compete within the local market, but also within the virtual market"*.

#### **IV. The South African Business Environment**

Before one can discuss the characteristics of the South African business environment, it is perhaps fitting to give a short description of the South African population, which also constitutes its customer base. The population of South Africa is one of the most complex and diverse in the world and has given rise to the term "rainbow nation". According to the Census 2011 data from Statistics South Africa, in 2011 the country's population was 51 770 560, of whom 26 581 769 (51.3%) were female and 25 188 791 (48.7%) were male. Africans are in the majority at just over 41 million, making up 79.2 per cent of the total population. The Coloured population is 4 615 401 (8.9%), while there are

4 586 838 (8.9%) people in the white population. The Indian/Asian population stands at 1 286 930 (2.5%).

The African (black) population of South Africa is divided into four major ethnic groups, namely Nguni (Zulu, Xhosa, Ndebele and Swazi), Sotho, Shangaan-Tsonga and Venda. There are numerous subgroups within these, of which the Zulu and Xhosa (two subgroups of the Nguni group) are the largest. The majority of the white population is of Afrikaans (Dutch) descent (about 60%) with most of the remaining are of British or European descent (40%). The Coloured population has a mixed lineage, which often comprises the indigenous Khoisan genes combined with the genes of African slaves who were brought to South Africa from all over the continent, as well as those of white settlers. The majority of South Africa's Asian population is Indian in origin, many of them descended from indentured workers brought to work on the sugar plantations of what was then known as the Natal province in the 19th century. They are largely English-speaking, although many also retain the languages of their origins. There are also a significant number of Chinese South Africans (Census 2011).

Given its diverse population, South Africa is also a multilingual country. Its new democratic constitution, which came into effect on 4 February 1997, recognises 11 official languages, to which it guarantees equal status. Besides the official languages, scores of others African, European, Asian and other languages are spoken in South Africa. This is because the country lies at the crossroads of Southern Africa. The number of people who speak English as a first language has increased by more than one million, to 4.9 million people, or 9.6 per cent of the population. Most South Africans are multilingual and are able to speak more than one language. English is, however, ubiquitous in official and commercial public life. Many of the younger generation, from all cultures, have moved to the cities where they lead a Westernised lifestyle, speaking English or Afrikaans as well as their home languages (Census 2011).

From a political perspective, South Africa is a parliamentary representative democratic republic. The President of South Africa serves both as head of state and as head of government in the same manner as prime ministers of other nations. South Africans also elect provincial legislatures which govern each of the country's nine provinces. Since the end of apartheid in the 1990s the African National Congress (ANC) has dominated South Africa's politics. The ANC is the ruling party in the national legislature, as well as in eight of the nine provinces (The Western Cape Province is governed by the main opposition party, the Democratic Alliance).

Having described the diverse and complex composition of the South African population and its political influences, the South African business environment is no different and constitutes a very dynamic and diverse system. In a study conducted by the World Economic Forum (2015), South

Africa was ranked 49th of 140 economies in terms of its global competitiveness. Furthermore, the Forum ranked South Africa 12th for financial market development, 29th for market size, 33rd for business sophistication and 38th for innovation. Despite South Africa's overall competitiveness ranking, doing business in the country is not easy, and the rate of entrepreneurship is low. The World Bank (2015) ranked South Africa 73rd of 189 countries for ease of doing business. Furthermore, South Africa's level of early-stage entrepreneurial activity fell by 34 per cent between 2013 and 2014 (Herrington, Kew & Kew, 2015:18).

The International Business Report conducted by Grant Thornton International (2015) noted that the core constraints which directly impact South African business owners are crime, the lack of available skills in the current workforce and poor government service delivery. The 2014 Global Economic Crime Survey (PwC, 2015) reported that nearly 70 per cent of business executives in the private and public sectors in South Africa had experienced some form of economic crime between 2012 and 2014; the global average being 37 per cent (Institute of Risk Management South Africa, 2015:17).

According to the Institute of Risk Management South Africa (2015), corruption is at the top of the list of risks affecting the South African business environment. The country ranked 72nd of 177 countries surveyed in Transparency International's Corruption Perceptions Index, which ranks countries based on how corrupt a country's public sector is perceived to be (Institute of Risk Management South Africa, 2015:16–18). According to the 2013 Afrobarometer report, South Africa is one of the countries where there is a notable increase in public perception that corruption is getting worse, particularly since 2008 (Corruption Watch, 2014). Arguably, one of the main reasons why many South Africans have such a negative perception of corruption in South Africa is that, although most people are not expected to pay a bribe to access a public service, the public are aware that politicians and public officials divert public funds away from service delivery into their own pockets. In 2011 between ZAR25 milliard and ZAR30 milliard were lost to the government procurement budget each year as a result of this type of fraud. Moreover, there is evidence that incidents of corruption are increasing. A report by Edward Nathan Sonnenbergs, based on documented fraud and malfeasance cases presented to Parliament and contained in Public Service Commission reports, found that the amount involved increased from ZAR130 million in 2006/07 to over ZAR1 milliard in 2011/12. So there is evidence that the heart of the problem lies in the lack of accountability for maladministration and corruption. Corruption Watch states that this problem starts with the president. While there are various efforts by the government to tackle corruption, "these actions were countered by the continuing impunity on the part of those who were politically and financially powerful". It is therefore not surprising that research data supports the argument that corruption committed by politicians and government officials is driving negative public perceptions of corruption in South Africa (Corruption Watch, 2014).

South Africans are also less trusting of their national leaders. This is reflected in the 2013 South African Reconciliation Barometer survey undertaken by the Institute for Justice and Reconciliation. This survey revealed that since 2012 there has been a 10.8 per cent decrease in citizens' confidence in national government. There has also been a 13 per cent increase in the proportion of citizens who feel that government does not care about "people like them". This can partly be explained by the sad reality that some in the ruling elite have jettisoned their principles for political power (Corruption Watch, 2014).

The general trend of corruption in the South African business environment is completely contradictory to the TMG's own business philosophy. According to Alan, *"you never, ever steal, you never, ever cheat, you be absolutely fair in every one of your decisions and considerations that you make. Now that has come straight through in our business philosophies and it just won't leave us. We will not be a crooked business – if I can put it that way."*

In addition to the issues relating to crime and corruption, labour also presents several challenges to the South African business environment. According to Mahadea (2008), it is difficult and expensive for businesses to hire skilled labour in South Africa. The Adcorp Group (2015) attributes South Africa's skills shortage to the emigration of highly skilled workers, immigration restrictions for highly skilled foreigners and an education system that is not responding appropriately to the demands of the workplace. The Institute of Risk Management South Africa (2015) also notes that the "overly prescriptive regulation of labour" exacerbates the already troublesome administrative obligations facing businesses conducting trade in South Africa. For TMG to continue creating value for future generations, it also faces several challenges in terms of human resources, the first being the mindset of the current generation in terms of technical labour. According to Martin, *"we have a problem with people wanting to be managers at 23, they want to work in an office, want to drink coffee all day; they don't want to work long hours and don't want to become technicians, it's a low-end job even though the guy's earning good money"*. The second is the lack of mathematically and technically skilled person available in general, but specifically among previously disadvantaged groups. As Martin comments, *"to get African people or coloured people in, people of colour, with technical qualifications is a problem"*.

In addition to attracting and hiring skilled labour, Megan observes that *"... one of the biggest challenges in our family business is Broad-Based Black Economic Empowerment and how we manage to incorporate legislative changes"*. Broad-Based Black Economic Empowerment (B-BEEE) is the South African government's policy to advance economic transformation and enhance economic participation of black people in the South African economy. The B-BBEE Act, No. 53 of 2003 governs this policy. The Act requires that a business

completes a scorecard, which is a prerequisite when tendering for government contracts and doing business with other BEE-rated companies. The scorecard is an essential tool for doing business, the key to which lies in the number of BEE points earned when being BEE-rated. There are seven B-BBEE elements and each contributes to the outcome of the scorecard. The seven elements are *ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic and sector-specific contributions*. The biggest challenge facing the TMG is to find good equity people in an industry that has historically been dominated by white Afrikaans males.

Protecting the environment has become a major focal point globally, whereby countries, including South Africa, have implemented regulations to encourage businesses to protect the environment. Operating in the automotive industry, the TMG is well aware of the carbon footprint which they are a part of, and thus strive towards taking initiatives to preserve rather than harm the environment. Clive states that the TMG “... *was the first motor car dealership in South Africa to be ISO 14001 accredited*”. Wherever possible, the TMG have put eco-friendly or “green” systems in place to help decrease the negative impact the business has on the environment. Megan has been particularly instrumental in this process, and the business has installed rainwater harvesting tanks (from which the water collected has been used to wash more than 250 000 motor cars to date), and also makes use of imported “green” chemicals, and actively recycles wherever possible. Furthermore, all proceeds generated from recycling are invested into social investment projects, which are managed by an employee representative council. Megan stresses that “... *our whole industry has a carbon footprint that we should really be concerned about ... we went through the ISO 14001 accreditation process, and that is the environmental standard and a lot of the work that we do is aiming to preserve and do no harm ... we can't stop selling the cars that cause the carbon disaster, but we can control what we need to control.*”

## **V. Family Involvement**

### **a. The first generation**

The beginnings of the TMG as a family business can be traced back to the founder, Ray Taverner. Ray was a disciplined man who was “soft on people and strong on results”. At 16, he lied about his age and joined the army to go and fight in World War II. He was captured and spent nearly four years in a prisoner-of-war camp. It was during this time that he developed his ambitions, his plans and his entrepreneurial side. He was freed by General George Paton and was awarded the military cross for bravery, one of the few South Africans who were awarded a military cross in the field. After the war he joined a company called Mobil Exxon and was a sales representative travelling around the Transvaal (a province of the country

prior to 1994). On one of his trips, he came across a business and bought a share in it. This was the start of his many entrepreneurial endeavours. Alan says of his father: *"... he was very entrepreneurial, using everything he had, he started growing, he did some crazy things, he started growing rice in the Eastern Transvaal, he had a furniture manufacturing company, he ran a car rental company through the Kruger Park. He was farmer, he grew tobacco, he planted one of the first forests in the Eastern Transvaal. So he was an incredibly entrepreneurial man."*

Living in the Transvaal, the entrepreneurially minded founder sought a new business venture in a city where he could raise his four sons. In 1962 he came across a bankrupt motorcar dealership in the Eastern Cape, Embassy Motors, which he purchased as a going concern. The founder spent the rest of his working years growing the business to its success, before suffering an aneurysm which claimed his life in 1981.

#### **b. The second generation**

Four years prior to the death of Ray, his son Clive Taverner joined the business, and a mere 18 months prior to his death, his eldest son Alan Taverner also joined the business. At the time of Ray's death, a trust had been established whereby each of the four sons, namely Alan, Clive, Rodney and Sidney, would inherit and acquire shares in the business when they reached the age of 27. Specific instructions surrounding the trust stipulated that Alan, the oldest, should run and administer the estate.

In his will, Ray Taverner also stated that no changes in the structure of the company leadership should be made until 1991, which was 10 years after his death. This allowed for a window period in which the business could continue to grow and in which the four sons could all reach an age by which they could be expected to have the maturity to make sensible decisions. Adding complexity to the situation, about 35 per cent of the business's shares were owned by external shareholders, who were given shares in exchange for signing surety for the business during the initial purchase of Embassy Motors. The two younger sons Rodney and Sidney, who by this stage were over the age of 27, did not want to be a part of the business and, like the external shareholders, requested their money to be paid out. This request led to immense friction, and a 10-year fight (1981–1991) between the four brothers ensued. During these 10 years, the relationship between the four brothers was extremely volatile. Christmases were spent separately and the brothers had holiday homes in different parts of the country. After the trust was finally dissolved in 1991, the relationship between the brothers gradually improved. In recent years, the relationship between the brothers has improved further, and efforts have been made to strengthen these family ties.

In 2013/2014, the family business is entirely owned by the family members of the second

generation, Alan being the majority shareholder with 60 per cent of the business's shares, and Clive the minority shareholder, with 40 per cent of the shares.

**c. The third generation**

The third generation of family members do not own shares in the family business, but two are actively involved in the management and governance of the business. As was mentioned earlier, at the end of 2003, Megan actively became involved in the HR department of the business. With the vast amount of knowledge and experience Megan has brought in the field of HR, she has made the business a place where people want to work. Moreover, Megan has been described as a creative thinker, and therefore provides the creativity behind the implementation of practical ideas. Martin entered the family business in 2012 after working at a well-known international engineering company for 13 years. Martin brought with him a mathematical mind and considerable practical knowledge of how to do things in business. He is described as being operationally focused, analytical and good at getting the job done. Martin's stepbrother, Ray, also currently works in the TMG but is not part of management. Ray's appointment is temporary and the permanency of this appointment is subject to passing several examinations.

**VI. Family and Firm Life Stage**

**a. Historical development of the family firm**

The start of the family business can be traced back to the buying of a bankrupt motorcar dealership (Embassy Motors) in the Eastern Cape in 1962 by Ray Taverner. At that time the largest finance house in South Africa was owned by Volkswagen (VW). A deal was arranged between Ray and VW which allowed him to purchase the business, provided he paid back all the money within five years of the purchase date. With external shareholders signing surety for the business, four years later in 1968, the full amount was paid back and the business was up and running. That same year the Eastern Cape experienced a big flood, flooding the entire business. Being the entrepreneurial man that he was, Ray moved and rebuilt the business in another area close by. As such, Ray did not start the motorcar dealership but rescued it and put it on its feet.

In 1970 the Volkswagen and Audi franchises owned by Embassy Motors were consolidated in Mount Road, North End. At that time, North End was the geographic heart of Port Elizabeth. In 1981 Ray Taverner passed away while travelling in New Zealand and the business was passed on to his sons Alan, the eldest, who was tasked with managing the business and Clive, who headed up the sales division. In 1986 their main opposition VW Dealership in Port Elizabeth went bankrupt and was taken over by Embassy Motors. York Motors (situated in George, in the southern Cape)



was added to the company's portfolio in 1987. It was also in 1987 that the Audi and Volkswagen brands were separated when the Audi Centre was built, also in North End. In 1990 brothers Alan and Clive launch a "management buy-out" strategy and acquired all the shares of the organisation. This event was marked with the renaming of the business to the TMG. Between the years 1990 and 2011, several business developments and acquisitions transpired: Autohaus was closed and the VW brand consolidated into Mount Road; the Tavcor Technical Centre was developed and the Tavcor MotorRent was launched. In addition, the Suzuki franchise was taken over in 2008. After many successful years at the premises where the business was rebuilt, and with pressure for expansion from VW, the TMG purchased land on a busy motor expressway (William Moffett) in 2009 with the aim of developing a new and bigger VW franchise. Several other well-known motorcar dealerships are also situated along the William Moffett Expressway in Port Elizabeth. In 2011 ground was broken and building for the new VW dealership commenced. In November 2011 the TMG's business interests in Port Elizabeth were consolidated with the purchase of Market Square Commercial in Sydenham. Since 2012, the TMG is well represented at multiple sites in the Eastern province and the south-western Cape. Table 3 provides a summary of the history sequence of events and incidents that took place during the establishment of the TMG.

**b. Ownership succession**

In 2013/2014 the two second generation family members Alan (60%) and Clive (40%) held all the shares in the TMG. Going forward, however, ownership succession appears to be a complex issue as the current shareholders have not disclosed their future intentions with regard to their shares in the family business. In the first generation, the founder Ray Taverner left the shareholding in the business equally to his four sons. In terms of ownership succession from the second generation to the third, the current understanding is that Alan's shares will be passed on to his two children or nominees, and Clive's shares will go into a trust. Should this understanding materialise the majority shareholding will remain in the hands of Alan's family in the future.

**c. Leadership succession**

It is evident from the family life stage that the second and third generation of family members are currently involved in the business. The second generation bring with them a lifetime of knowledge of, and experience in the business and the industry, whereas the third generation have brought with them new ideas and insights. Furthermore, the third generation has been found to seek change, whereas the older generation are more reluctant to change. This reluctance to change is evident in terms of succession, as to date no formal steps have been undertaken by the second generation to plan for succession, while the third generation are encouraging succession planning as they understand its importance for the future of the family business.

**Table 3: Historical overview of the events of the Tavcor Motor Group (TMG)**

Year	Event
1950	The story of the TMG begins on Embassy Street in North End, Port Elizabeth and the founding of Embassy Motors. It soon acquires the rights for the Volkswagen franchise for the entire Eastern Cape and opens branches in Uitenhage, Kirkwood and other regional towns.
1962	Ray Taverner purchases Embassy Motors as a going concern and relocates it to a location nearby. The workshops of the business are in another area.
1970	The VW and Audi franchises are consolidated in Mount Road, North End. At this point, North End is the geographic heart of Port Elizabeth.
1981	Ray Taverner passes away while travelling in New Zealand and the business is passed on to his sons Alan, the eldest, and Clive, leading the sales division.
1986	The main opposition Volkswagen dealer in the Eastern Cape goes bankrupt and is taken over by Embassy Motors.
1987	A dealership, York Motors, situated in George in the southern Cape, is added to the group's portfolio and the Audi and Volkswagen brands are separated with the establishment of the Audi Centre.
1990	Brothers Alan and Clive launch a "management buy-out" strategy and acquire all the shares of the business. This event is marked with the renaming of the business to the TMG.
1996	Another dealership owned by the TMG (Autohaus) closes down and the Volkswagen brand is consolidated into Mount Road premises. This area undergoes a major makeover at this time.
2004	The Technical Centre is developed around the corner from the group's headquarters. This centre houses the Audi and Seat service, group stock control, as well as a 140-strong underground parking area. Garrick joins the business as the Financial Director and Megan joins the business as the Human Resources Manager.
2007	A motorcar rental division, MotorRent, is launched, which holds 70 rental vehicles.
2008	The Suzuki franchise is taken over from Seat in Greenacres (a suburb of PE).
2009	Land is purchased on a William Moffett Expressway (Suburb of Fairview) for the development of a new Volkswagen franchise.
2011	In June, the building of the new premises on the William Moffett Expressway commences. In November, the interests of the TMG are consolidated through the purchase of another motorcar dealership (Market Square Commercial in Sydenham).
2012	The TMG opens on the William Moffett expressway. The 120 staff move from the company's premises of 42 years. Martin joins the business.

(Sources: Adapted from Tavcor Motor Group, 2016; Internal company source, 2014)

## VII. Culture

### a. National and regional culture and influences

South Africa is divided into nine provinces. The provinces of Gauteng and KwaZulu-Natal account for 42 per cent of South Africa's population, with Gauteng taking top spot as the most populous province from KwaZulu-Natal: 12.3 million people (23.7%) live in Gauteng, while 10.3 million (19.8%) live in KwaZulu-Natal. These are followed by the Eastern Cape with 6.56 million (12.7%), the Western Cape with 5.82 million (11.3%), Limpopo with 5.4 million (10.4%), Mpumalanga with

4.04 million (7.8%), North West with 3.51 million (6.8%), and Free State with 2.75 million (5.3%). Although the Northern Cape is the largest province with almost a third of South Africa's land area, it is an arid region with the smallest population – only 1.15 million people (2.2% of the total population) live in this province.

The premises of the TMG are based in Port Elizabeth. Port Elizabeth is the largest city in the Eastern Cape province of South Africa, on the south-east coast of the country. Although the business operates a dealership in the southern Cape city of George, the head office and main activities occur in Port Elizabeth. The metropolitan economies of Port Elizabeth and East London (second largest city in the Eastern Cape) are based primarily on manufacturing, the most important being automotive manufacturing. The Eastern Cape is seen as the hub of South Africa's motor industry. Volkswagen South Africa, the Ford Motor Company of Southern Africa, General Motors South Africa and Daimler, through its subsidiary Mercedes Benz South Africa, all have assembly plants in the province. Businesses in the Eastern Cape have access to well-equipped harbours and airports as well as an extensive road and rail infrastructure. The premises of the TMG in Port Elizabeth are situated approximately 30 kilometres from the VWSA manufacturing plant, and less than 10 kilometres from the harbour.

Over the years, the national and regional business culture has played a minor role in the development of the TMG. Although the TMG used to get work from both provincial and local governments in the past, Volkswagen South Africa has taken over these accounts. According to Alan, *"I tried to cut the business out of provincial and local government many, many years ago, long before 1990 ... away from government, principally because they did not pay their bills ..."*. Similarly Garrick comments: *"... we do not get government work and that goes direct to VW..."*.

One of the major contributing factors towards the changes in the automotive industry in South Africa has been the political changes experienced from 1994 to 2014. As a result, the demographic and social trends of customers have shifted in terms of race, gender and language, and thus the TMG has had to adapt the way in which they do business. For example, the demographics of the automotive industry have shifted from customers being predominantly white to being predominantly African. As Clive describes the situation: *"... we can talk about the disappearing white market, because some of our divisions have got 50 per cent African purchasing ... the whole demographics of our dealership has changed."* Therefore, in order to accommodate the increasing number of African customers in South Africa, the business has begun employing more African employees and African salespeople to help tap into this affluent market. However, this has not been an easy task, and one of the major challenges facing the business is finding suitable African employees. Megan notes: *"Our political structure has facilitated the change in buying pattern of*

*our customers, who are we selling cars to, the language they are speaking, the gender they are, the race they are, all of that has changed how we do business ...”.*

In terms of the local business environment, one of the biggest challenges facing local businesses in Port Elizabeth is dealing with the local authorities, namely the Nelson Mandela Bay Municipality. It is the view of the interviewees that the municipality appears to have a short-term orientation. To elaborate, money paid by businesses for rates and taxes is not being spent where it is needed, such as on infrastructure, but is rather being paid out in the form of salaries and other overheads. As a result, businesses have been forced to take on the task of doing things that the municipality should normally be doing. Clive remarks: *“... if we want things done, we have to go and do it ourselves, so its street cleaning, garbage removal, we do most of it ourselves ...”.*

#### **b. Religion**

Even though South Africa has never had an official state religion, the government has positively been encouraging Christian beliefs throughout much of the last century. Despite the wide-ranging spectrum of South Africa's religions, 80 per cent of all South Africans consider themselves Christians. Ray Taverner and his wife had strong Christian beliefs and a very high work ethic. It is these Christian values that were instilled in their four sons at an early age. The TMG is built on the values of the founder and his wife, and these values have filtered down through the generations and are still apparent in the business today.

#### **VIII. Entrepreneurial orientation**

An entrepreneurial spirit is evident in the TMG. This spirit can be traced back to the founder, Ray Taverner. It is this entrepreneurial nature that has been passed on to the founder's oldest son and to other family members, as well as from the founder's oldest son to the next generation. According to Alan, *“... I think it [entrepreneurial spirit] could be in the genes”.*

This entrepreneurial spirit evident among the members of the business-owning family permeates the business and manifests itself in the entrepreneurially orientated manner the business operates. As Megan suggests, *“... our entrepreneurial spirit is probably entrenched in our culture ...”.* This entrepreneurial culture or spirit is described in terms of the dimensions of entrepreneurial orientation, namely autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness.

**a. Autonomy**

Individuals working inside the TMG, both family and non-family employees, at all levels are not only given the freedom to be creative, to push for ideas and to change current ways of doing things, but are positively encouraged to do so. Individuals thus often show independence of actions in bringing forth ideas and carrying them through to completion. Employees are empowered to do their jobs and are able to make their own decisions within their scope of responsibility. Autonomy, specifically in terms of innovation, is encouraged and innovation is rewarded. As Megan comments: *"I think there is a lot of faith given to employees when ideas are offered and authorised ... there is even an award annually for innovation ..."*.

Senior managers are particularly encouraged to act autonomously, to push for ideas and to change current ways of thinking. As Martin comments, *"Managers are given that leeway, not necessarily all the staff, but managers are told to be one step ahead, come with ideas, what have you done differently."* Garrick goes so far as to say *"I've got freedom as if I was a shareholder."* For senior managers reporting structures are flexible, debate is encouraged and failure is tolerated. As Garrick explains: *"... to get into Alan's office if you're an operating manager or like myself, it's very easy ... there's an element of allowing us to learn and cut our teeth and make the errors"*.

**b. Innovativeness**

As previously mentioned the automotive industry in which the TMG operates is dynamic and highly innovative. Alan comments: *"The motor cars you drive today, versus the motor cars we drove then, are just worlds apart and that innovation will continue to happen. The pace of innovation is getting quicker as we get electric motor cars, as we get cars that think we get cars that talk, we get cars that drive themselves and see for themselves and goodness knows what else is coming down the road"*. The group's years of experience in the automotive industry has enabled them to identify opportunities. According to Clive, *"There is like a sixth sense that you know what is good and bad and you know where there is an opportunity; you can smell the bloody thing coming."*

Although the TMG is not involved in product innovation as such (vehicle innovation occurs at VW factories), they have realised that to compete in a dynamic and innovative industry requires encouraging creativity at all levels and a constant search for new ideas in terms of retailing, service delivery and interactions with clients. A willingness to create newness and novelty is clearly evident. Over the years the group has started several new businesses, innovations and creative initiatives, and they continue to do so. As Alan comments, *"Too many, too many,*

*we've started new businesses, we've started so many new businesses and so many new initiatives".* These initiatives include selling vehicles outside Port Elizabeth by opening up a national team to handle national sales, using technology to appraise cars, the introduction of express servicing by appointment, making motor rental available to clients. Many of their initiatives have received national recognition. According to Martin, *"VWSA came to us for a pilot; they saw what we did and said right, now snapshot, so a lot of the things that we do are cutting edge and very ahead of everyone else"*.

Innovativeness in the TMG is mainly driven by Alan. Clive comments: *"Alan is the wide thinker and he is always very creative and thinking about new opportunities..."*. Garrick notes that *"Alan will challenge each operating head to be as entrepreneurial as they can, look for ideas; if you're not coming up with ideas, I'm sure Alan would be prompting"*. Garrick does, however, believe that *"... everyone is encouraged to think differently, put their ideas forward"* and that *"not all entrepreneurial ideas are Alan's, they are some of ours ..."*.

### **c. Risk**

A moderate risk-taking profile in terms of resource commitments has prevailed in the group over the tenure of the second generation. Alan points out: *"My attitude was, certainly up until 1994, was one of great uncertainty as to how things were going to work out in South Africa and I wasn't going to stick my head out and I didn't. So I played it very cautiously."* Clive agrees, saying, *"We are definitely conservative; many opportunities have come flying past us that we have refused or not taken the bait."*

According to Alan, decisions relating to resource commitments are made *"... where we believe there is the best possible outcome for us and that's it"*. Similarly, Clive comments that *"... we're looking for about an eight out of ten on green lights before we will actually press into something, so, no we are definitely not a high risk-taking business. We look at it properly and make an educated decision before going forward."*

Alan has the greatest influence on the approach to taking risks by the group and opportunities are researched and analysed carefully before decisions to invest are made. According to Garrick, *"If Alan doesn't like the risk, he won't go into it. Alan will look at something from every single side, from a strategic point of view, before just jumping; he doesn't rush in. Alan never shoots from the hip, never ever."*

Although it appears that a more conservative approach to risk-taking exists, there are

examples where major risks with little certainty have been taken. As Megan points out: *"I think that there are plenty of examples where they've taken major risks, with little certainty and I think this building [the new VW dealership on the William Moffett Expressway] is a great example of that. I mean they sweated it, it was not an easy decision. There was no certainty that the market would work, that we'd be able to create the returns that we'd be able to pay for the building, so I think there's lots of examples where they've taken a leap of faith."*

#### **d. Proactiveness**

Alan drives proactiveness in the group. He is well-read, a visionary and good strategist. According to Garrick, *"Alan is a strategist through and through, so he's visionary, so he's, at any stage, he's sitting here, he's three years ahead of anyone, he's thinking where is the business going to be in three years' time and he's strategising where it's got to be and he's leading like that."*

The group's forward-looking perspective is evident through the many initiatives undertaken in terms of environmental and human development issues. These initiative include:

- the first motor dealership in South Africa to receive the International Organisation for Standards (ISO) accreditation 9001;
- the use of rain-harvested tanks to wash cars;
- the use of "green" products in the group;
- the recycling of all waste materials with funds raised going to social projects;
- replacement of light bulbs with light-emitting diode (LED) downlighters;
- HR development projects: apprentice programme, disabled learner programme, sales cadet programme;
- various centres of excellence in the group: sales forum, service forum, finance and insurance forum, a management forum; and
- a centralised fleet of cars for use by all divisions .

Although Alan drives proactiveness in the group, other members of the family have also acted proactively. Megan, for example, says that *"... the auditors said to me that of all the companies that he audits, we have the highest skills development spend out of any other company."* Similarly, Martin comments: *"I put together something called a KPI list, which is what do I do every day to make sure that the job is done ... and we rolled it out with the group ..."*

**e. Competitive aggressive**

Over the years the TMG has directly and intensively challenged their competitors by buying them out, closing them down or incorporating them into the group's activities. In this way they have improved their market position and expanded their influence. As Martin describes it, *"I think the purchase of Autohouse in Kempston Road and then closing it, the purchase of Commercial Volkswagen in Sydenham and then moving it into our premises and the opening of the Audi dealership. Essentially expanding our own influence and closing everyone else out."*

The TMG has adopted a clear differentiation strategy when competing. In striving to be different and ahead of competitors, their strategy has been to position themselves as being the *best* at everything and being *first* to do something. This is evident in Alan's remark: *"we chose a long time ago, at my direction, that we would work on being different. So on differentiation we said right from the start we will differentiate in three ways: one is our people, two is our buildings and three is the equipment we use. We will run the business with the best computers, the best systems, the best equipment, the best buildings and employ the best people that we can possibly do in this area and that was the differentiation"*. Furthermore, they are *"known in the VW world as the people who always tried things first ..."*. The implementation of their strategy is clearly described by Garrick who says, *"You come and visit me in this dealership, I want you to feel like a king and a queen. I want you to come in here and feel that the coffee that you're having is superior to the coffee ... You must always feel different ..."*.

The group's differentiation strategy has paid off as Garrick remarks, *"we are three years ahead of most dealers in the country ... and offer a service better than any of their competitors"*. As Martin comments, *"... what we are doing here is benchmark compared to other dealers because no one has got a service reception or a process like we have"*. His comments are supported by Garrick who says, *"... what we've tried to do is add on value items, so anyone can sell a car, but no one can offer the value that Tavcor can offer you"*.

Although the actions of competitors are monitored, they do not focus on them but focus on their own strategy, on being different, being ahead of competitors and outperforming them. According to Alan: *"I actually try not to look at my competitors, I watch ... I'll go and see what's happening, but ... we are more focused on doing our thing"*. With regard to their competitors, Garrick comments, *"Be ahead of the competition, so Alan's always done things differently and not listened to what the motor industry is doing. If you look, all Market Square's [competitor] stuff, they've followed us in everything that we've done"*.



The TMG has also continuously sought to embrace new non-traditional ways of competing in the industry. According to Alan, *“we tried various means of selling cars, oh gracious me. From putting them in containers and encapsulating them with the story of the car to, oh, the selling methods we chose were different and we tried just about everything”*. Garrick gives another example: *“... it’s going to be Polos, it’s going to be selling them with a flower on top or something, so all those ideas of giving the boot away for free ...”*.

Furthermore, all employees are expected to contribute towards the TMG being different. As Martin describes it, *“What Alan does do at the end of the year, in your performance appraisal, he says, what have you done outside your normal job to do something different and take this company further and you actually have to give a written document of which he returned 90 per cent of them and said, don’t waste my time, think again ...”*. In addition, *“... managers are told to be one step ahead, come with ideas, what have you done differently”*.

Their ability to compete aggressively is attributed to family ownership where decision-making does not need to go up the chain of command as in a corporate venture. This is described by Clive, who says *“... our ability to put something onto the ground fast, besides saving us a lot of time, it doesn’t give our competitors too much breathing space”*.

Although the activities of the group are competitively aggressive, there are also occasions where they have not directly and intensively challenged their competitors. As Megan describes it, *“I think we’ve got lots of examples where we have been ahead of our competitors ... but there are some elements of the business where we’ve done wait-and-see and from a technology point of view, if you think of McCarthy Call-A-Car and businesses like that, we are behind the trend, you know, we should have been virtually selling used cars to the degree that they are three years ago, four years ago”*.

## **IX. Familiness and resource pools**

### **a. Leadership**

Alan, as the major shareholder and CEO of the business, has successfully led the business over the past 30 years. His leadership has been an invaluable resource for the growth and development of the TMG. Alan is a strong leader, a strategist, a thinker, well organised and a person who stands up for what he believes in. His strength as a leader is related to his experience and expertise in business and in the automotive industry, as well as his capacity to spot opportunities in the industry and his ability to take advantage of these opportunities. Alan's vast knowledge of the automotive industry and his influence over it, illustrates expert leadership. This leadership style is prevalent in

the way that Alan is respected and admired by family and non-family employees as well as by influential members of the automotive industry. Alan also has a vast amount of legitimacy in that he is a highly respected businessman in the Eastern Cape whom many external stakeholders look up to. Alan demonstrates a participative leadership style in the way that he delegates operational decisions to the various managers within the TMG. This participative leadership has generated commitment and satisfaction among the interviewees and has given the employees of the group a sense of belonging.

Although Alan demonstrates participative leadership, his style is somewhat autocratic in nature. His position as the oldest son of the founder, the current CEO and the majority shareholder of the TMG, lends itself to such a style of leadership. The advantage of this autocratic style is that sometimes a company needs a strong leader. On the downside, however, he is known to be very tough. Alan's dominant leadership style has at times made it difficult for other members to voice their opinions because of their fear of being completely disregarded. Although a non-family member at senior management level and a non-executive director on the board has in recent years brought more objectivity into the business and allowed other voices to be heard, Alan still wants to lead projects without a clear intention to delegate major business decisions to the next generation.

Alan's dominant and somewhat autocratic leadership style has also caused the employees and the business as a whole to become too reliant on Alan, which may be a threat to the future of the business. As Garrick comments, *"If Alan died tomorrow, I believe this company would battle a little bit. There would be a leadership vacuum ... I believe I could go into the role, however, I believe I would need him ... so what I believe needs to happen to overcome that leadership vacuum is Alan in the next two years or so, needs to move into a chairmanship role and then move someone into the CEO role where we can get over that leadership vacuum."*

Alan's approach to the future leadership of the TMG has been to contract the best professionals available, whether they are family members or not, provide them with development opportunities, allow them to grow within the company and provide good compensation with a view to creating a strong management team to lead the business. Currently, Alan is working closely with Garrick, training and mentoring him with a view to having him potentially become the next CEO of the business, despite not being a non-family member. According to Garrick, *"He [Alan] has focused on leadership skills in this business for the last, from 2005 ... he's equipped us to be able to run this business properly, given me all the tools to be able to make the right decisions and not just me, every level and then what he's done, every year, trained the next level, trained the next level and the next level ..."*

Both next generation family members (Megan and Martin) acknowledge the role and

importance of qualified non-family members at senior level for the coming years. As Martin remarks, *"So when Alan retires, Garrick will step in, which makes sense; he's a very clever guy, very knowledgeable, but if it was between Megan and myself, I would take the helm and Megan would continue as HR director."* As a non-family member, Garrick is respected, believes in the family business and is willing and able to take of the CEO position of the family business, which serves as a positive resource for the business going forward. As Garrick himself comments: *"I'm not saying it has to be someone like me, I sincerely hope so ..."*.

Furthermore, the future leadership roles of Megan and Martin are clear and have been agreed upon. Megan has clearly indicated that she is not interested in the CEO position; in her own words: *"I think that there is one significant bonus in this in that I certainly would never want the job ... I want the balance, I don't want the position"*. Martin on the other hand has clearly indicated his willingness to take on the CEO position in the future. He does, however, realise that he needs much more training and experience within the TMG before this can happen. In response to being asked whether he would be willing to serve as CEO in the future, Martin comments: *"Definitely. It's a long road to get there, for sure, a lot of school fees to pay."*

#### **b. Networks**

The networks created by the Taverner family span more than 50 years. Almost all of the original networks established by the founder still exist in the business today. It is evident that the successive generations of the family have leveraged these networks for corporate gain. As Alan comments: *"I haven't broken a single connection that my father had. Every single one of them still remains today."* Alan and Clive, the second generation, have themselves established several key networks over their years of involvement in the family business. Today, all directors and employees at senior level are responsible for creating and managing their own external networks within their relevant spheres of responsibility. According to Martin, *"... everybody has to do it individually. We are actually pushed to do it; Garrick has his own network, Clive has his network, Alan has his, Megan has hers ... every manager is encouraged to have a network of people that they deal with."*

The family name is well recognised in the community. Owing to the business family's surname being incorporated into that of the name of the business, customers and external parties are quick to put the family surname and Tavcor together. According to Megan, *"If I think of Clive's presence on the radio for all of those years and how he almost became a household name. You know, if you extricate the Taverner-ishness out of Tavcor, there will be a void."* The

business family's history, reputation and goodwill have been found to assist in the establishment of networks for the business. Customers of the TMG often reminisce about business experiences with the founder and remain loyal to the business, based on the history and goodwill established. As Alan describes the situation: *"... they are quick to tell you: I knew your father, I bought 16 cars from him."* Family employees have at times found the family surname to be advantageous in business dealings, owing to the respected reputation of the business in the Eastern Cape. As Martin comments, *"The ability to diffuse a situation by having the Taverner surname and being in the business is immense"*.

The reputation of TMG has not only helped attract non-family leaders, such as Garrick, but has also helped attract and retain other well-qualified employees in the business. Thus, the family reputation has been identified as being a major advantage and a constituting factor to the success of the business. Megan observes, *"... in a small province like the Eastern Cape I think it [family name] has played a significant advantage"*. However, a challenge for the business going forward is for the next generation to become associated with the family name. As Megan comments, *"... if I look at the goodwill invested in the company in terms of the family brand, I would definitely say it is linked to Alan and Clive; it is definitely not linked to Martin and I – Martin because he is too new to the business and I do not have the surname anymore."*

#### **c. Financial capital**

The TMG can be described as conservative in terms of capital expenditure. All major decisions pertaining to financial capital and capital expenditure take place according to a formal process, primarily requiring approval from Garrick, the Financial Director, and/or through Alan, the CEO. As the trust between Alan and Garrick has increased over the years, Garrick has increasingly been able to make capital expenditure decisions independently. With this being said, as the Financial Director, Garrick encourages Alan to consult with him before signing contracts so as to ensure mutual understanding surrounding the capital expenditure and for Garrick to highlight information that Alan may not be aware of. Once a month Garrick produces a set of financial accounts which include a figure for capital expenditure on the cash flow statement. These financial accounts are presented to the board of directors once per quarter. Should any queries arise, Garrick is required to elaborate and explain. As such, there is no specific capital expenditure budget. However, as the business grows, so too does the need for controlling capital expenditure.

Cautious and continuous reinvestment into the business, utilising assets to their full potential and moderate financial return expectations of shareholders are factors that have contributed to the financial success of the TMG. The group continuously invests and favours capital expenditure on new technology and equipment, which has been a key resource for the success of the TMG. For

many years no dividend was paid to the shareholders of the TMG. The business was growing and all profits were reinvested. As Megan comments, *"I look at what they have reinvested into the business and I think they have always had the objectives that the business needs to develop and it has to be sustainable ..."*. The approach of the shareholders has also been one of financing business opportunities with internal funding rather than seeking funds externally.

Today the shareholders still have modest expectations with regard to dividends, and the group adopts a conservative dividend policy. Only 20 per cent of the net profit after tax is paid out as dividends, and the remainder is reinvested into the business. Clive explains, *"... I also think that due to our conservative financial position, we have always reinvested in the company heavily, so to fund our growth ... has not been difficult because we have been putting the money back ... For a long time we did not pay out dividends because we were growing, we had those high interest rates and debt was killing us, so we went out of our way to plough as much back into the business as possible ... And in terms of dividends, now we have got a policy now where we pay 20 per cent of net profit after tax."*

Their dividend policy has resulted in a strong cash flow position for the TMG which has sustained the business and has allowed it to grow, seize opportunities as they arise and to implement a differentiation strategy. According to Garrick, *"we've got a huge net asset value, huge cash amount. As a financial director my job is pleasurable because the only time I've really found cash problems was my first day at work."* Martin comments: *"... but I think it's because we're a profitable business and the cash flow is a given. I think if we weren't making money and the cash flow was a mess, different story"*.

Although the dividend policy has been agreed upon by Alan and Clive, the different financial return expectations, based on share ownership, as well as different personal financial situations, pose a challenge for the business going forward.

#### **d. Decision-making**

Within the TMG, strategic decision-making is perceived to be centralised and dominated by the majority shareholder and CEO, Alan. Although important strategic decisions appear to be made in consultation with other role players in a formal and professional manner, Alan ultimately makes all the final strategic business decisions in the group. As Garrick explains, *"Strategic stuff will all go through the board, but on the board Alan has got the majority say, so if Alan does not want to do it, it will not happen ... if Alan wants it, it will happen ... he has got the control, he has got 60 per cent shareholding ... so any strategic decision I can be as blunt to say that it will be Alan's decision ..."*. Alan, however, is of the opinion that he refrains from making dictatorial decisions or power-

based decisions. Instead, he believes that decisions *“are made around the table and are made in consultation, always”*. He believes his power *“lies in my ability to influence those around the table to come with me on a particular approach to an issue ...”*. Given Alan’s strong influence on the strategic decision-making of the business, the business operates more like a non-family business than a family business, which could be a factor contributing to the success of the group.

There are business governance structures in place within the TMG, which include the board of directors as well as the social and ethics committees. These structures bring stability to the decision-making process. However, Alan’s dominance in strategic decision-making may negatively influence the next generation’s ability to make strategic decisions.

In the TMG, strategic decision-making does not need to go up the chain of command as in a corporate venture. As Clive comments, *“we have an ability to put that on the ground fast ....the speed that we can react to changes or when we see an opportunity ... our ability to put something onto the ground fast, besides saving us a lot of time, it doesn’t give our competitors too much breathing space*. This speed with which decisions are made is definitely a resource that has allowed the TMG to take advantage of opportunities as they arise, in a timeframe that cannot be matched by non-family businesses.

In contrast to strategic decision-making which is centralised, operational decision-making is decentralised. The operational decision-making process is considered to be fast-paced, which is largely the result of a flat operational decision-making hierarchy in the business. Alan as CEO has passed on the authority for making operational decisions to the various line managers. This authority rests within their respective lines of work and has contributed to the speed with which operational decisions are made in the TMG. As Garrick explains: *“I’ve done everything the way I wanted to do it and he’s allowed me, he’s allowed me that distance to make the decisions, not him, and that’s his leadership style, he is actually quite decentralised, he knows what’s going on in this building, but he hasn’t got involved at all. He built the building for us and said, here are the keys, you now run it and that’s that.”* Within the TMG, there is an acceptance and tolerance of poor operational decision-making, provided responsibility and action are taken to remedy wrong decisions. Alan is the first to admit that he has made some bad decisions and is therefore tolerant of erroneous decisions.

#### e. Organisational culture

From the STEP interviews it is apparent that the values, ethos and organisational culture existing in the TMG are closely linked to those of the founder and his wife, and are still experienced in the business in 2014. This values-driven culture stems from the family values that have been entrenched in the business over the generations. As Alan comments: *“Let’s go back to*

*Dad and look at some of his values ... and let's have a look at how they came through to me and how they've come through to Clive and how those values have gone through to the organisation and there is a very, very strong line of that happening".*

These values have also evolved over the years. Prior to Megan joining the TMG, even though the values of the business were present, they were not explicitly expressed or openly discussed. Megan has been influential in formalising the values of the business. Today there is broad consensus among family members and the executives interviewed that the core values of the TMG are family-based values and are employee- and customer-centric. These values are: *respect, integrity, customer-centric, progressive, people-powered and organisational excellence*. These values are formalised and as Megan comments, *"we may not necessarily be living them all yet, but we want them to, these are our goal, it's what we want to achieve"*. Employees are rewarded for living out the values of the business and photographs of winners are displayed in a "people gallery". Going forward, employee performance will also be measured against the values of the business. As Garrick comments: *"Tavcor fits my values and Tavcor is run on a set of values ... so all behaviours at Tavcor are aligned to those values, so any staff member, and by the way, any customer who, outside of those values as well, I will go against them ..."*. Therefore, the values of the TMG create a homogenous and stable way of thinking and acting for the business and its employees.

This values-driven culture is perpetuated by the high moral and ethical standards of the management team. As Megan comments on Martin and Garrick, *"... both of them have incredibly high work ethics ..."* and on William Skinner, the non-executive director, *"... he's very principled, he's quite strict, when you meet him, he is like a school teacher"*.

A culture of entrepreneurship and innovation also exists in the TMG with management and employees continuously striving for improvements. Megan notes: *"I think our entrepreneurial spirit is probably entrenched in our culture ... we continuously seek improvement in all aspects of our business, our people processes and our culture"*.

The importance of the family culture described above constitutes a competitive advantage for the TMG. Both Garrick (who is a non-family employee) and Martin (who is a family employee) believe that the family involvement in the business is what makes it so successful and is what separates it from their non-family counterparts. As Garrick comments: *"... the business will not succeed, it will only succeed if the culture is kept and the leadership that was built under the family name, is kept ..."*. Similarly, Martin suggests that *"... the fact that it is a family business is encouraged at the top level and throughout the business, which makes a big, big difference ... Being a family business is the reason we are ahead. I think if somebody else owned it and ran it like a corporate, we would*

*have issues.*" It is believed that if the business were sold, the culture and dynamics of the business would change as it would lose the family culture which is fundamental in the success of the business.

#### **f. Relationships**

##### **Relationship between second generation family member employees**

The relationship between Alan and Clive (the second generation family member employees and shareholders) has been described as volatile and competitive in nature, but has improved over the years. The brothers respect each other and tolerate each other in their working relationship. Their interaction with each other outside the working environment is minimal and their relationship is described as "not warm". Although the relationship between the brothers has been impersonal and lacked closeness over the years, it has not negatively influenced the performance of the business. Their relationship may, however, influence family harmony within the Taverner family.

##### **Relationship between third generation family members**

The relationship between Megan and Martin is described by Alan as *"... very good, focused, functional and professional"*. They have a high level of respect for and openly communicate with each other. They also recognise and acknowledge each other's contributions and strengths, as well as their own limitations and what is needed for continuing business success. Both Martin and Megan are of the opinion that their relationship is strong and that they are close, as well as respectful of each other from a personal and professional point of view. As Martin comments, *"We grew up together, so our relationship is good. She tells me straight, I tell her straight."* This is supported by Garrick who says, *"... Megan and Martin are very close ... I do know Megan and Martin respect each other really well, so I think it all hinges on the relationship that Megan and Martin have got because that's where it will work."* This relationship is a strong resource pool for the TMG in the future.

##### **Parent-child relationships**

There are two parent-child relationships that exist within the TMG, namely between Alan (father) and Megan (daughter), as well as between Clive (father) and Martin (son). Alan and Megan have a close relationship and Alan has been a great mentor to Megan over the years. As Garrick comments, *"Megan's obviously been mentored a lot more by Alan, so Megan understands how Alan operates, so I believe Megan's got a lot of strengths that she's learnt over the years, the way that she's been brought up and that to be able to play a significant role within the company into the future."* Despite their strong relationship, the overlap of family



and employee roles in a family business has at times presented challenges for their relationship. Megan remarks: "... to divorce work and home has at times been really challenging, and at work I call him 'Alan' and then I go home and I have got to call him Dad ...". On the other hand, the relationship between Clive and Martin is not as close as between Alan and Megan. As Megan describes it, "*I think it's solid, I don't believe it's a warm father-son relationship and I know at times it has been challenged, or challenging. There's not a lot of communication between ...*". It was also not Clive that brought Martin into the business, but Megan who initiated the idea and Alan who concluded the negotiations.

Both Martin and Megan do not believe that they are treated any differently because they have a parent as a shareholder. In fact, they believe that being a family member in some ways is harder as it increases the expectations and the pressure on them to perform.

### **Relationships between family and non-family employees**

A sound relationship exists between the shareholders of the TMG, Alan and Clive, and Garrick, who is a non-family employee. Garrick is respected by the brothers and as Clive remarks, "... we are lucky to have somebody like Garrick Bowker as a director ... we are lucky we have got somebody like that and he is very bright". With this being said, Garrick has had to learn to work carefully alongside Alan and Clive, due to the volatile relationship between them. According to Garrick, "*Alan and Clive have a steamy relationship all the time. I'm like the middle ... I get to hear about the stuff more than the mediator, so I don't say it, but I am the director in the middle*".

The strong, healthy and trusting working relationships that exists between the third generation (Megan and Martin) and the non-family employee (Garrick) are embedded in trust and respect, and are an important resource pool for the TMG. Both Megan and Martin have a high regard for Garrick, and vice-versa. Megan felt that Garrick was significant in her development with the company and that she, Martin and Garrick "*have unique characteristics that work well together ... I have great respect for Garrick, I have great respect for his capability and professionalism and I feel that that respect is returned. Garrick is a valued colleague, if I have got a problem, I can really go to Garrick ... he has a very sound council ... He is a wonderful colleague, he really is and as I said, trust, I really trust him*." The same respect for Megan and Martin is evident from Garrick, although he has worked with Megan for a longer period than he had with Martin. According to Garrick, "*I rate my relationship with Megan good, good business relationship ... we've got a respect for each other, we've been in the business for a similar time, I think there is a lot of respect between the family members and non-family, on the level, you know, so Martin and Megan, as I said, Martin and I have only really worked together closely now for about three months ... I still think we need to prove to each other a little bit more ...*".

## **g. Governance**

Over the years the TMG has been managed according to business principles, in a professional manner and solid business structures and procedures have been put in place. According to Alan, *"... the business unit ... it's very disciplined, it's run on public company lines, so we have governance and we have norms and practices and standards that is almost public company lines and it always has been."* This is supported by Garrick who comments: *"So Alan's always run it like a corporate and kept it like a corporate, so he hasn't pandered it for family reasons"*.

A board of directors and a shareholder's agreement are the two main governance structures utilised in the TMG. Aside from one non-executive director (William Skinner), four executive directors constitute the makeup of the board of directors, namely Alan, Clive, Garrick and Megan. Garrick and William are the only two non-family members to serve on the board. As Garrick is employed in the family business, only William Skinner can be considered an outsider. According to Megan, *"William is a longstanding industry champion; he worked for Barlow's and now he's a consultant with Sewells [a global company which provides motor dealer development services], so he knows the motor industry extremely well and he's not afraid to say, this is not right or this is right and he chairs our social and ethics committee and I think that's quite pivotal, is that for the first time, we've bought objectivity into our organisation"*. Martin will most likely serve on the board of directors in the future, depending on him gaining the necessary experience in the group.

The board of directors exists to professionalise the business and to provide objectivity to the governance of the business. In addition to the board of directors, other structures have been established to enhance governance in the business and also form a part of the board structures, namely a remuneration committee, and the social responsibility and ethics committees. As Megan commented, *"the governance structure is professional. I think there are formal structures, I think our board meetings are regulated, plus the social and ethics committee now feeding into that board means that there is another regulatory body in the organisation, chaired by an independent shareholder. I think it is definitely giving us a more objective approach to the governance of the organisation."*

With no set timeframe, the directors meet on a regular basis to discuss matters concerning the business. The format of these meetings varies. They are either conducted in a formal or informal manner. In contrast, the formal board of directors, which includes the non-executive director, meet once per quarter and this meeting is always conducted in a formal manner. Formal procedures such as having an agenda and taking minutes are followed at these board meetings. Only strategic

decisions about the business, such as an investment into a new venture, are made by the formal board of directors. Operational decisions are made by the executive directors within their particular areas of responsibility, and operational issues rarely go as far as reaching the formal board for discussion.

The board reviews Alan's performance and supports and guides him in his role as CEO. Despite the existence of a board of directors to govern the strategic decisions of the TMG, it is evident from the responses of interviewees that Alan holds an overwhelming amount of decision-making power and thus strongly influences the decision-making of the board.

With regard to the governance of family issues, no formal succession plan, family council or family constitution currently exists in the TMG. Failing to plan for succession puts the business at risk, especially in terms of future leadership. The interviewees expressed the view that a family council or family constitution would be greatly beneficial to the family in terms of ensuring that family members not included in the business are aware of what goes on in the business, as well as to prevent miscommunication between the active and inactive family members. As Martin remarks, *"... with the family members outside the business not understanding the true dynamic of what's in the business is a major issue, and that is why Megan and I are pushing hard for the family council, for annual meetings, to get everyone into a room and to explain the scenario so that everyone understands what really goes on versus the broken telephone messages and dilemma that has happening at the moment and has been happening for 20 years."*

#### **h. Knowledge**

The core tacit knowledge that members of the Taverner family possess is the knowledge and experience to successfully lead and manage several car dealerships and related services within the automotive industry in the Eastern and Southern Cape provinces of South Africa. Alan, for example, not only possesses extensive business knowledge, but also has years of experience in the automotive industry, thus allowing him to understand the dynamics of the industry. Clive on the other hand has an unmatched knowledge of the used car industry. It can be concluded that, although the two brothers have separate skills sets, they certainly complement one another in the business context which serves as a competitive advantage to the TMG. All the family members working in the business possess entrepreneurial and business skills which have proved necessary to operate the business successfully.

While academic qualifications have been paramount with the Taverner family, knowledge of the working of the business is equally important. Children have only been allowed to work in the business if they are able to add value. To enter the family business, family members are required

to gain business experience outside the family business first. As Clive comments: *"We have always said that children should actually come with some skill into the business and that because it is a family business, it's not a right to employment so they would still need to apply, they would need to be interviewed and they have to fight their way in"*. As previously mentioned, Megan for example had 10 years of HR experience at several top businesses nationally and internationally. Martin entered the family business with 13 years of business experience at a successful international engineering company.

Efforts have been made to establish mentoring relationships between the second generation and the third generation family member employees to facilitate the transfer of knowledge and know-how accumulated by the second generation to the third generation. Alan, however, believes that although he shares much of his wisdom and knowledge as CEO with the other interviewees, knowledge cannot be simply transferred from one generation to the next, but is gained through experience and mentoring over time. Moreover, employees will bring new and different opinions and insights into the business. The other interviewees are of the same opinion as Alan in this regard, adding that learning is done through a continuous process, which involves making mistakes, and that this occurs over time.

Alan has played a fundamental role in the transfer of knowledge to the next generation family members. As Megan observes, *"Alan has been very fundamental, I've learnt so much from him ... there has been a huge amount of influence from him and a huge amount of transfer of knowledge. From that perspective, I think he's been a great mentor ..."* Similarly, Martin remarks: *"I learnt a lot from him [Alan], a lot about how he deals with people and our customers etcetera ... I do learn a lot about handling issues and crisis management etcetera"*. Garrick is of the opinion that *"Megan's got a lot of strengths that she's learnt over the years, the way that she's been brought up, and that will enable her to play a significant role within the company into the future"*.

Significant knowledge transfer has also taken place between Alan and Garrick. As Garrick comments, *"... every year my knowledge is going up so much more and I put it 99 per cent down to Alan"*. Given Alan's mentoring, Garrick believes he has the skill to take over the position of CEO from Alan. Garrick continues: *"I believe that would be one of their key success factors if they can have someone [as CEO] who has been mentored by Alan. I've worked close with Alan now for the 10 years. I've been with Alan the most out of anyone in terms of the fixing up of the stuff. I believe I'll have the skill to be able to do the CEO role."*

One of the key issues surrounding the transfer of knowledge in the TMG involves the knowledge embedded in Clive. Unlike Alan, there is no reporting structure beneath Clive and thus there is no

system in place to tap into the vast amount of knowledge he has built up over the years, especially concerning the used car industry. As Megan comments: *"... there's lots of knowledge in Clive that we're not tapping into and it will be dreadful if we lost it. I mean he has knowledge of the used car industry and his ability to trade is unsurpassed. I mean, he really is the master ..."* As a result, this lack of knowledge transfer could negatively influence this important resource pool in the future.

## **X. Entrepreneurial Performance**

### **a. Entrepreneurial performance**

The entrepreneurial performance of the TMG is evident in the many new business offerings they have initiated over the years. According to Alan, *"... we have started so many new businesses and so many new initiatives"*. Martin says that their most notable entrepreneurial outcomes have been *"... the purchase of Autohouse in Kempston Road and then closing it, the purchase of Commercial Volkswagen in Sydenham and then moving it into our premises and the opening of the Audi dealership"*, as well as the building of their new premises on the William Moffett Expressway. As Garrick comments, *"the watershed moment is building this building"*.

Their many business offerings (all of which have been referred to earlier in the case), include:

- expanding their product offering (additional motorcar brands) by buying out existing competitors;
- the selling of motorcars nationally (call centre);
- the use of technology to appraise used motorcars;
- having motorcars serviced at booked times for set time periods (Express servicing); and
- rental cars made available to service clients (MotorRent).

Several other entrepreneurial initiatives (all of which have been referred to earlier in the case) are evident in terms of environmental and human resources management, namely:

- ISO accreditation 9001;
- the use of rain-harvested tanks to wash cars;
- the use of "green" products in the group;
- the recycling of all waste materials with funds raised going to social projects;
- replacement of light bulbs with LED downlighters;
- HR development projects: apprentice programme, disabled learner programme, sales cadet programme;

- various centres of excellence in the group: sales forum, service forum, finance and insurance forum, a management forum; and
- a centralised fleet of cars for use by all divisions.

**b. Financial performance**

The TMG is a "billion rand company" with an intention to double its profits in the coming years. According to Garrick, *"we're having record years on record years, so 2009 was the second most profitable year in our history; 2010 was the most profitable year in history; 2011 was the most profitable year in history; 2012 was the most profitable year in history. But the problem you're talking about, the profits are jumping almost above 50 per cent every year, so if it's going from 10 million to 20 million ... if you looked at my profits two years ago, 12 million, my profits last year, 20 million, my profits this year looking like 30 million"*. The group benchmarks to ensure that it continuously meets and improves its financial goals, and attributes its financial growth to the entrepreneurial activities of the business.

Alan, however, measures performance in terms of the operating efficiency of the business. According to him: *"I am focused on the operating efficiency of the business and making the business sweat its assets, so I need a return on assets. That is to me the best way of measuring whether you are working properly. So we work very hard to get a return on assets. In doing that, we are able to pay out that 20 per cent dividend which is pretty extensive, and my thinking stops there."*

Because of their conservative dividend policy over the years (only 20% is paid out to shareholders), the TMG has a strong cash flow position. According to Garrick, *"we've got a huge net asset value, huge cash amount, as a financial director my job is pleasurable because the only time I've really found cash problems was my first day at work"*. It is this strong position that has enabled them to take advantage of opportunities and to implement their differentiation strategy. As Martin comments, *"... but I think it's because we're a profitable business and the cash flow is a given. I think if we weren't making money and the cash flow as a mess, different story."*

**c. Social performance**

Although the business continuously strives to improve its financial performance outcomes, it is believed that profits follow when the business is primarily concerned with looking after its employees and customers. As Garrick notes, *"We're not a profit-centred company, it's never been Alan's take on it. Profit will follow when you do other things, but profit is not off the radar, but you know, if you look after your staff, look after your customers, profit takes care of itself ..."*

From a stakeholder satisfaction perspective the TMG is seen as an employer of choice. Their employee-centric focus has enabled them to employ the “best” people and have a workforce that believes in the company. Martin comments: “... *something in the ethos and the way we do business and how happy people are, is resonating outwards ... people want to work here, if people leave, they come back quickly ...*”. Today the TMG employs 344 people and has shown significant growth in recent years. According to Megan, “... *in the last three years we have seen a 40 per cent increase in staff*”.

Their customer-centric focus has also paid off. As Garrick comments, “*the Taverner name is strong, Tavcor is a well-known name, got a great following, just through the sheer number of cars that were sold at the time and the sheer number of people that we’ve made happy. The customer satisfaction indexes have jumped, huge.*” The company is well respected in the community and the family name is well recognised. According to Garrick, “*We’ve got a strong, strong name and Tavcor’s brand is very strong ... Alan is highly respected, he’s done a lot in his career and outside stakeholders look up at him, you just need to go to a dealer meeting and you see the respect that he commands.*” Similarly, Megan comments: “*If I think of Clive’s presence on the radio for all of those years and how he almost became a household name. You know, if you extricate the Taverner-ishness out of Tavcor, there will be a void.*”

The TMG is actively involved in numerous social and community projects in the Eastern Cape. These projects are headed up by the Megan (as HR director) and managed by an employee representative council. Both company money and money raised by the employee representative council is used to finance the various projects. Examples of these projects include supporting Kuaya Cheshire (a day-care centre for disabled children who are uneducable), Miracle Kids (a stimulation centre for disabled children) and a feeding scheme, Buyisele Kuaya, in Walmer township. Moreover, several learnership programmes have been created to assist previously disadvantaged and disabled individuals, and several local school sports teams are sponsored. According to Megan, their goal is to “*help people become upwardly mobile and improve their circumstances*”.

Their reason for being involved in social development and upliftment projects is to help the community, and is not seen as a way of getting the business recognised. As Garrick comments, “*I believe as a profitable company, we need to be giving back to our communities as much as we can ... we can’t just do it for the sake of doing it because you want to have a marketing opportunity. I mean a lot of the stuff that we have actually done, we have not even marketed it ... I think the important thing is to give back to the community, but give back in the right way so that you are not just giving for the sake of looking good. You are giving because there is heart there ...*”.

## **XI. Analysis, Comments and Transgenerational Potential**

The TMG is poised to transfer the business to the third generation. To understand the factors contributing to the continued success of the business and to assess the transgenerational potential of the TMG, several factors have been identified that act as enablers or inhibitors to the group's transgenerational potential. These factors are discussed below.

### **a. The competency, entrepreneurialism and commitment of the next generation working in the family business**

The current shareholder agreement stipulates that family members can only join the business if they have the relevant qualification and experience. As a result, the next generation of family members working in the family business are suitably qualified and have gained a vast amount of experience outside the family business. Not only do these family members have the necessary qualifications and experience, but they are individuals who demonstrate initiative and entrepreneurship. The next generation family members working in the TMG have been mentored by the senior generation, specifically Alan, and as a result a significant amount of knowledge transfer has already taken place. Both Megan and Martin acknowledge that they have learnt a lot from Alan. In addition, they believe that they have what it takes (self-efficacy) for the family business to succeed in the future and are committed to its success. As Megan comments: *"There is 100 per cent commitment from Martin and I that we want to tackle the odds against us for being a third generation family business and I definitely think we can do it"*. Megan and Martin also display evidence of being entrepreneurial. According to Alan, *"... if you're talking about Martin ... he has the ability to see opportunities, grab opportunities, do something about those opportunities, drive and promote those opportunities. Megan is the same. I think Megan has strong entrepreneurial qualities ..."*.

### **b. The relationship between the next generation family members working in the family business**

The relationship between the next generation family members working in the family business is characterised by a high level of respect for each other and by open communication. As Garrick comments, *"... Megan and Martin are very close ... I do know Megan and Martin respect each other really well, so I think it all hinges on the relationship that Megan and Martin have got because that's where it will work"*. They also recognise and acknowledge each other's contributions and strengths, as well as their own limitations and what is needed for continuing business success.



**c. Clarity and acceptance of future roles in the business**

Not only are the next generation family members working in the family business committed to the TMG, but their possible future roles are clear and have already been agreed upon. Both Megan and Martin, however, acknowledge the role and importance of the inclusion of qualified non-family members at senior level for the coming years. The TMG is also in a fortunate position in that they have a non-family member who is respected by all stakeholders, believes in the family business, and is willing and able to take up the CEO position of the family business.

**d. Willingness of the senior generation to hand over**

Increasingly the senior generation (Alan and Clive) are moving into the background and the next generation is being pushed to the fore and given more responsibility. Martin observes: "... *they've got a very background approach and leaving everyone else in the front, which means they're stepping out of the public eye a bit*". Similarly, Garrick comments: "... *slowly the public are knowing we're the heads, we're the face, we will sort it out, not Alan, if you phone Alan he's just going to direct you back here*". The older generation also believe in the potential of the next generation to take over the family business. According to Alan, "... *they [Megan and Martin] have the potential to play a strong leadership role going forward, both of them*".

**e. Acknowledging the importance of family and family values to business success**

Within the TMG it is acknowledged that the involvement of family in the business has been and is a major contributor to the success of the business. The business has always been marketed as a family business, and family values have been entrenched in business activities. As Martin comments: "*Being a family business is the reason we're ahead*". According to Megan, "*I think that the values-based organisation that we've created is very much influenced by the fact that it is a family business and I think it's translated to our customers ... they know it's a family business ...*". Similarly, Garrick believes "*that the Tavcor success is the family business*" and that "*our customers can feel that ... in terms of that whole family spirit, coming here, you're part of us and it will be a key success factor going forward*".

**f. Family reputation and networks**

The family name is well recognised in the community. According to Megan, "*If I think of Clive's presence on the radio for all of those years and how he almost became a household*

*name. You know, if you extricate the Taverner-ishness out of Tavcor, there will be a void."* Similarly, Martin comments: *"The ability to diffuse a situation by having the Taverner surname and being in the business is immense"*. As a result of their family and family business reputation, strong networks have been built over the generations.

**g. Strong management team**

A strong management team currently exists and the role of this team in the future success of the business is considered of great importance. According to Alan, *"Taking the business forward is going to be the key role of the management team"*, and Martin is of the opinion that *"... the key in successful transition of ownership is having the right management team, not necessarily all family-based."* Over the last few years, Alan has actively worked towards building a strong management team. As Garrick comments: *"... he's equipped us to be able to run this business properly ..."*.

**h. Business governance structures are in place**

Over the years the TMG has been managed according to business principles, in a professional manner and solid structures have been put in place. According to Alan, *"... the business unit ... it's very disciplined, it's run on public company lines ..."*. This is supported by Garrick who comments: *"So Alan's always run it like a corporate and kept it like a corporate ..."* Board meetings are regulated, and the social and ethics committees which are chaired by independent persons, are regulatory bodies that feed into the board. The aforementioned all lead to an objective approach to governing the family business.

**i. Entrepreneurial and values-driven organisational culture**

A culture of entrepreneurship and innovation exists in the TMG with management and employees continuously striving for improvements. Their organisational culture is also values-driven which stems from the family values that have been entrenched in the organisation over the generations. This values-driven culture is perpetuated by the high moral and ethical standards of the current management team.

**j. People-centric**

The focus of this business is not just on profits but on serving their stakeholders, their customers, their employees and their communities. Garrick, for example, notes that *"... the strategy of the group has become much more customer-centric, much more employee-*

*centric, and that has led to the success". Furthermore Garrick believes that "as a profitable company, we need to be giving back to our communities ... giving because there is heart there ...".*

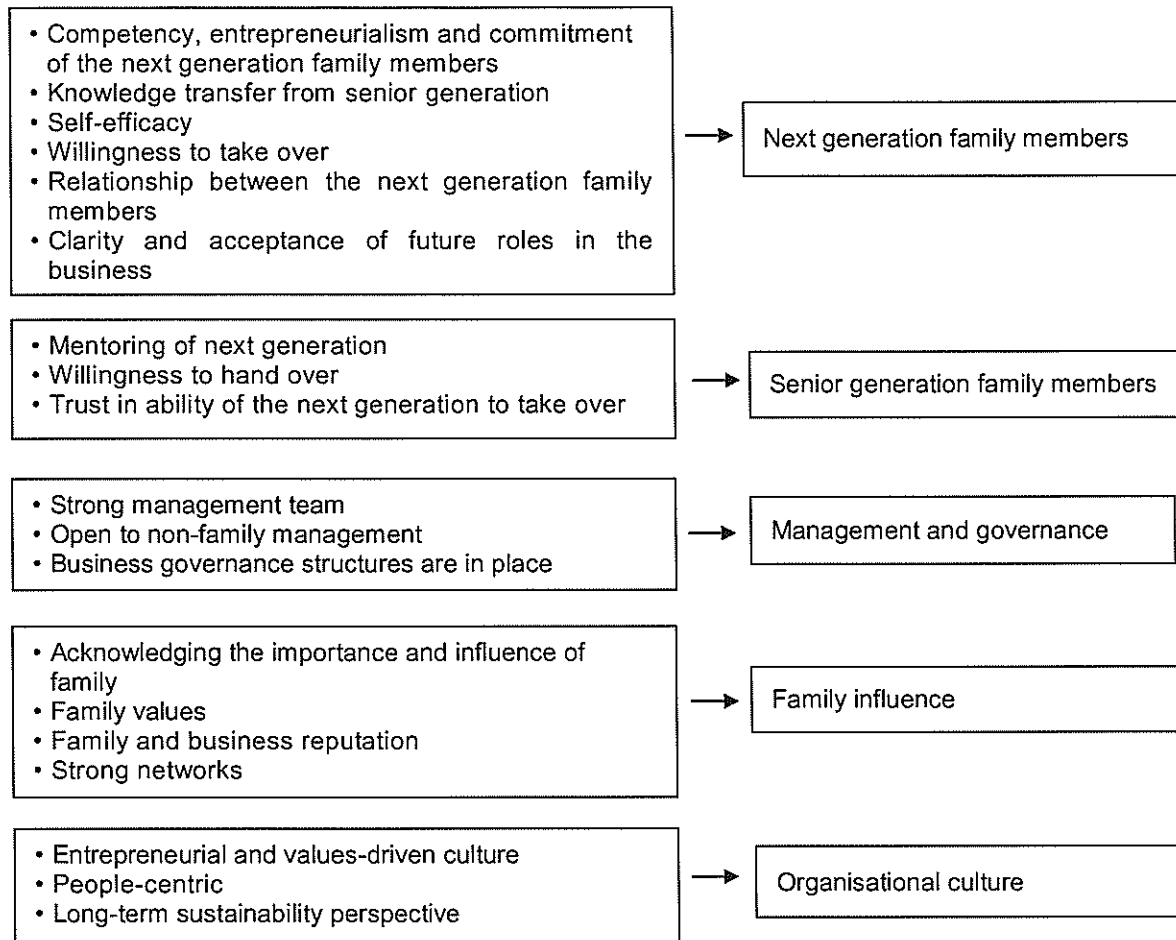
There is a strong focus on people and family within the TMG. As Martin comments, *"People first and look after your staff and look after them well, a big focus for all of us is to look after the people. Alan has this statement of: happy staff, happy customers, equals good profits."* Martin goes on to say that *"we are very strong on families, there's a lot of husband and wife teams, father/son teams, there's a lot of family orientation ..."*. This focus has resulted in a motivated labour force who are considered and who participate in business and social responsibility initiatives.

#### **k. Long-term sustainability perspective**

The TMG recognises that their long-term objective is ultimately the sustainability of the business. As Megan comments, *"I think at a very high level, the sustainability of the business is our major objective ... for all intents and purposes, the idea is to build something that is completely sustainable"*.

The various factors contributing to the transgenerational potential of the TMG are summarised in Figure 5. Given the factors identified, it can be concluded that the transgenerational potential of the TMG is high. The senior generation has done much to ensure the continuity of the business in terms of instilling an entrepreneurial culture, setting up an appropriate management team and ensuring that the business is governed and managed professionally. However, the real potential for the family business to continue into the future is dependent on the next generation's competencies, entrepreneurialism and willingness to take over. All of these are clearly evident in the next generation's family members of the TMG.

**Figure 5: Enablers of the transgenerational potential of the TMG**



Although several factors have been identified as contributing to the transgenerational potential of the TMG, possible inhibitors to the continued creation of value across generations are also evident.

#### **I. A lack of succession planning**

As in many family businesses, there is a lack of succession planning, as well as a lack of open communication around the succession process and the ownership of shares. According to Megan, *"if Alan and Clive are gone tomorrow ... it's definitely going to be a constraint ... we're going to have a lot of issues"*. Exacerbating this problem is the situation that in terms of *"... discussions about shareholding, discussions about succession, discussions about inheritance, it's been a closed book"*. Initiated by the second generation, some progress is, however, underway regarding future formal succession planning. As Martin comments, *"Everyone is open to it ... Clive and Alan have both said, we're ready to talk ..."*. This is confirmed by Garrick who remarks that *"the shareholders agreement is a stuff-up at the moment, which is getting sorted out, by the way, and hopefully the next step can be taken"*

*at the same time ... and I can tell you it is getting worked on, so we've already had a meeting with the auditors".* Given the large number of family members financially dependent on the family business, the current shareholder agreement should be amended and a formal succession planning process should be initiated. If not, the family runs the risk of losing valuable employees. In addition, the TMG should strongly consider involving outside consultants to facilitate a formal succession planning process.

**m. A lack of potential share ownership by the next generation**

A lack of potential future ownership (shares) by one member of the third generation (Martin) working in the family business exists. As Megan comments, "*... currently what we assume is that all of Clive's shares will be inherited by his wife ... that possibly could exclude Martin who is critical to the sustainability of this business as a family business ... If Martin doesn't get shareholding, he'll leave and that's not a threat ... he's come back to Port Elizabeth to join this business because he will be a shareholder; it's his family business*". It is thus critical that the potential future shareholding of all next generation family members be discussed and structured in such a way that shareholding opportunities are available to active family members in the business.

**n. Insufficient outsiders on the board of directors**

Although business governance structures are in place and a formal board exists, currently only two non-family members serve on the board. The important role of outsiders is acknowledged by the next generation and the family business would be well advised to increase the number of outsiders on their board so as to enhance their access to expertise and increase objectivity in decision-making.

**o. A dependence on the current CEO**

The dependence on the current CEO is also considered a challenge facing the TMG. Alan is seen as the driving force behind the business and the key to its success. Garrick comments that "*if Alan died tomorrow, I believe this company would battle a little bit. There would be a leadership vacuum.*" Similarly, Megan says: "*it's going to undeniably be a massive loss when he retires or when he exits the business*". Although Alan is taking an increasingly passive role in the operational management of the business, he is still the majority shareholder and thus most influential in strategic decision-making. In order to reduce the TMG's dependence on Alan, the advice of Garrick should be followed, in that Alan needs to move someone else into the CEO role and he, Alan, move into a

chairmanship role on the board of directors. Alan can then continue to mentor the new CEO until such a time that he feels assured that the new CEO has the leadership skills and the experience necessary to keep the family business on a future path satisfactory to both Alan and the next generation family members working in the family business. The current financial director, Garrick Bowker, a non-family employee, has the respect of all family members working in the business, and has the competencies and the value orientation to take up this position.

**p. Employment of family members and partners of family members**

Although the policy of the TMG has been to not employ inexperienced family members, a job has been created for one individual. As Megan comments: *“So they broke their rule and brought him into the business ...”*. Another concern is the issue of bringing in the partners of family members. As Megan explains, *“One of his [Martin’s] sisters is involved with a boyfriend ... he’s got all his credits and now he’s knocking on the door ‘cause he wants a job ... I’ve got alarm bells going all crazy ...”*. Potentially there are eight family members of the next generation who could enter the family business, eight family members who have eight partners. Given this large number of family members who could in the future be dependent on the family business and who could come looking for employment, it is vital that a family constitution be compiled that clearly indicates the rules for family members and their partners entering the family business.

**q. A lack of availability of skilled employees and equity business partners**

Much of the success of the business can be attributed to the people employed at the group. For the business to continue creating value, the TMG needs to deal with the challenge of changing the mindset of the current generation in terms of managerial positions and technical labour. The current generation needs to be made aware that any of them wanting to become a manager and be paid as one, first needs several years of experience. The availability of mathematically and technically skilled labour in South Africa in general, but specifically among previously disadvantaged groups, is also a challenge facing the TMG. Providing bursaries to students with potential and getting involved with university programmes is a possible solution for the group.

**r. Broad-Based Black Economic Empowerment (B-BBEE)**

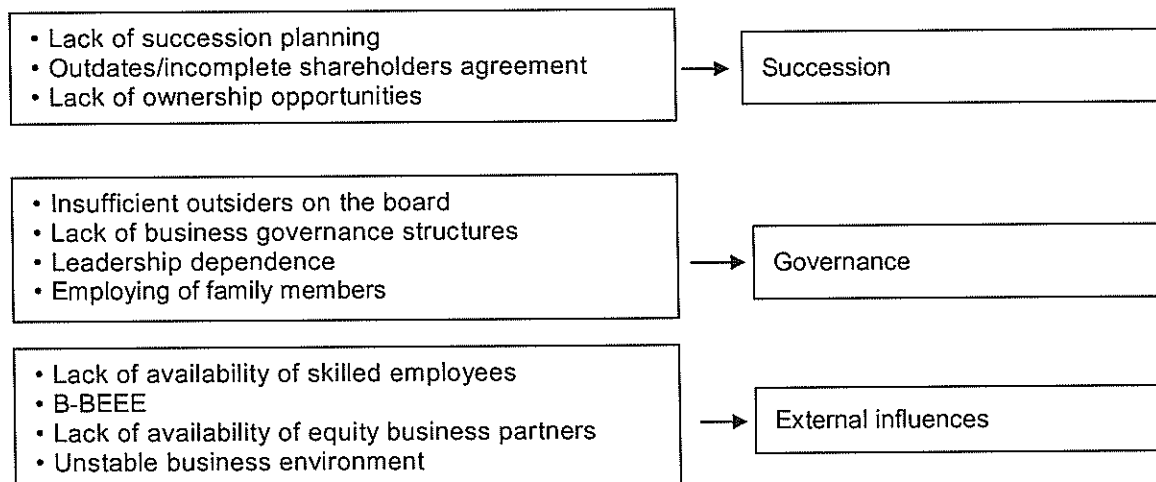
As mentioned by Megan, B-BBEE is one of the biggest challenges facing their family business. One element of the B-BBEE scorecard that is specifically problematic for family

businesses relates to *ownership*. Having to sell a percentage of ownership to a B-BEEE or equity partner will dilute the family ownership. Another challenge is that B-BEEE partners often come with different value orientations that are not aligned with those currently in the family business. Concerning the element of *employment equity*, one of the biggest challenges facing the TMG is to find good equity people in an industry that has historically been dominated by white Afrikaans males. The TMG is encouraged to adopt a strategy of "grow your own timber", where young people of colour with potential are identified both inside and outside the organisation. These people are then employed and developed within the group.

#### s. Unstable business environment

In addition to legislation imposed on businesses such as B-BBEE, the South African business environment is unstable in terms of the threat of the country being downgraded to junk status, high inflation and volatile exchange rates. Unemployment levels, especially among the youth, are unacceptably high and labour strikes and political unrest occur often. Corruption is rife and violent crime is commonplace. If anything, it is this environment that threatens the transgenerational potential of the TMG. The potential inhibitors of the transgenerational potential of the TMG are summarised in Figure 6.

**Figure 6: Inhibitors to the transgenerational potential of the TMG**



## XII. Conclusion

The findings of the TMG case support the STEP model. There is evidence of "fit" for each part of the model. The TMG is influenced by the environment and industry in which it operates, the dimensions of entrepreneurial orientation are evident and the familiness resource pools are almost all present in the family business. Furthermore, evidence of financial, social and entrepreneurial

performance outcomes having being achieved also exists. Over the past 10 years, the TMG has gone from strength to strength. The group has developed its leaders and decentralised decision-making, professionalised its human resources and has become focused on customers, employees and community. It has formalised its accounting and reporting structures and has expanded its operations. The results of these moves have led to an entrepreneurial business that is financially secure with a solid reputation. Despite the constraints to transgenerational potential evident, the TMG is a family business poised for transgenerational success.

Specific themes outside the STEP model that could influence transgenerational potential relate to aspects such as *family pride, traditions, legacy and heritage*, as well as those relating to *feelings of responsibility towards the family business and stewardship*. It is possible that the resource pool "culture" accounts for these themes, but it is the view of the researchers that they justify specific attention and possible inclusion in the model as additional resource pools

#### **Postscript** (June 2016)

Since participating in the STEP interviews, several changes have taken place within the TMG. Participation in the STEP project itself drew the attention of all interviewees to the urgent need for succession planning. Discussions were initiated and succession options were considered. The end results were that Clive sold all his shares to Alan, and Alan became the sole owner of the TMG, effectively leaving Clive's side of the family, including Martin, with no direct access to inheriting shares in the group. In 2014 Clive resigned from the group, after being bought out by Alan, and has since distanced himself from the family business. In 2015, Alan moved out of the CEO position, appointing Garrick Bowker in his place. Alan now holds the position of executive chairman of the board. In addition to being executive chairman, during the period 2013 to 2015, Alan project-managed the building of a new Audi Centre on the William Moffett Expressway, alongside the Volkswagen dealership. In 2016, the new state-of-the-art Audi dealership opened its doors. In addition, the TMG added several motor vehicle brands to their collection, Chrysler, Jeep and Alpha Romeo. Ray (Clive's son) passed his examination and now works permanently in the information technology department at the TMG. At the time of finalising this case, the TMG is still going strong with Garrick at the helm, and both Megan and Martin still actively involved in the family business. Martin has been promoted to General Manager: New VW Sales, and in the footsteps of his father, Clive, his family name and voice can regularly be heard advertising on local radio.

#### **Acknowledgements**

To the Taverner family and Garrick Bowker for their willingness to participate as a STEP family case and to Gutche Family Investments (Pty) Limited for their financial contribution which has made it possible for NMMU to participate in the STEP project.



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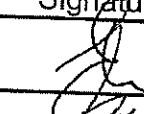



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**ANNUAL REPORT (2016)**

**NELSON MANDELA METROPOLITAN UNIVERSITY FAMILY BUSINESS UNIT  
(NMMU FAMILY BUSINESS UNIT)  
Prof E Venter (Entity leader)**

**Faculty of Business and Economic Sciences**

This annual report and the audited financial statement were approved by the Faculty on the <b>day of March 2017</b>			
	Print name	Signature	Date
Entity leader	<b>Prof E Venter</b>		<b>March 2017</b>
Finance	<b>Mrs M Jogee-Jamal</b>		16/03/2017
Chairperson of Governing Board (If applicable)	<b>Prof M Tait</b>		14/03/17
Chairperson: Faculty RTI Committee/ Faculty Board	<b>Prof H Lloyd</b>		17/03/17
Executive Dean	<b>Prof I Lagardien</b>		
DVC: RE (when applicable)			

## 1. Mission / purpose

The Nelson Mandela Metropolitan University Family Business Unit (hereafter referred to as the NMMU FBU) strives to be the leading Family Business Unit in Africa through academic excellence, practical relevance, and the development and dissemination of knowledge and expertise in the field of family businesses.

In striving to achieve this mission, the NMMU FBU endeavours to:

- Offer comprehensive, relevant and quality research products;
- Become the driver and leader of family business research and training in Africa;
- Value diversity and recognise differences in abilities, beliefs, cultures, education, gender, and professions;
- Build partnerships and business affiliations that contribute to the core purposes of the NMMU FBU, as well as the values of NMMU;
- Create a platform to share knowledge and best practices with family businesses;
- Assist family business leaders and/or managers all over Africa to grow and to prosper by offering executive programmes, workshops, short courses, high-quality research, and consulting;
- Gain recognition for the field of family-business research as an independent field of study, in the corporate sector, government, and academia.

### 1.1 Alignment with vision and mission of the NMMU

The NMMU FBU focuses on families and the businesses they own and manage throughout Africa. In doing so, a multi-disciplinary approach allowing for inter- and intra-faculty collaboration will be adopted.

In line with the academic and research focus areas of the Nelson Mandela Metropolitan University, the activities of the NMMU Family Business Unit will focus on the following.

#### **Teaching and learning:**

- The offering of short courses, customised workshops, seminars, and executive programmes that address the challenges faced by students and their family businesses;
- The offering of a Family Business Management elective at post-graduate level, focusing on both the theory and practice of managing family businesses.

### **Academic and applied research:**

- Producing high-quality research outputs in the field of family business by partnering with international scholars and institutions;
- Producing high-quality post-graduate learners;
- Cultivating a diverse community of family business researchers;
- Contributing to multi-disciplinary research in the field, by undertaking contract research;
- Creating a direct link between business families and the research and study of family businesses at a national and international level.

### **Engagement:**

- Creating forums that provide opportunities for networking and research;
- Developing international collaboration with partner universities and institutes performing related research, education and consulting;
- Drawing on global faculty resources and developing long-term relationships and networks with leading family businesses and institutions such as the Family Business Association of South Africa (FABASA), Family Business Network (FBN) and the Family Firm Institute (FFI).
- To main and develop knowledge exchange with universities and FBU units abroad, such as Nyenrode University, The Netherlands; Windesheim University, The Netherlands; Utrecht University, The Netherlands; Babson College, USA; and Vermont University, USA.
- Undertaking community-service activities that advance family business sustainability, through education and research, both nationally and internationally.

### **Human resource development and transformation:**

- Development of black-owned family businesses;
- Identifying and researching the needs of black-owned family businesses and developing short courses to address these needs;
- Building a community of black-owned businesses.

Collectively, all of the above objectives converge in economic and business development with a focus on job creation and entrepreneurship. The NMMU FBU also strives, as far as possible, to align some of its research activities to the **institutional research theme** of sustainable local economic development, which is linked to the sub-themes of **entrepreneurship, SMMEs and family businesses**; local economic development and ethics and social responsibility. Many of the outputs reflected in this report are testimony of research conducted within these institutional research themes.

## 2. Governance structures

The **NMMU Family Business Unit** of the School of Management Sciences and its Advisory board, which was established at the end of 2013, serve as the main governance structures of the Unit. The Advisory Board includes, inter alia, suitably qualified academic staff, relevant support staff, representatives of professional bodies or councils (where applicable), spokespersons for particular interest groups, leaders and experts in their fields.

The director is responsible for the overall management and leadership of the unit and is elected by the management committee. Each member on the management committee has a portfolio based on their expertise and interest. In 2016 the NMMU FBU Unit consisted of Prof E Venter (Director), Prof S.M Farrington (Finances and STEP project), Ms Shelley Saunders (Website and social media), Mr Tony Matchaba-Hove (Networks and newsletters), Mrs Jackie Palframan (Researcher), Mr Welcome Kupangwa (Researcher), Ms Jessica Scheepers (Researcher) and Mrs Nasreen Adams (Office manager, website administrator and contact person for the Unit). See Section 3.1 of this report. Postgraduate students of the Faculty of Business and Economic Sciences are known as co-researchers. Several ad-hoc members of the Unit include academics from other universities in South African and abroad, as well as people from the private sector (See Section 3.3 of this report).

### 2.1 Governance structure meetings

Dates of formal meetings held by the NMMU FBU members during 2016:

- 29 January (Meeting with Alan Barr of KPMG concerning SLP Training, Prof Venter)
- 3 February (Meeting with Megan Stowe of Tavcor Motor Group concerning STEP case, Proffs Venter & Farrington)
- 24 February (Meeting all members of Unit)
- 26 February (Next generation forum meeting at GFI Gallery)
- 26 April (Next generation forum meeting at Tavcor Motor Group)
- 28 June (Meeting with Megan Stowe of Tavcor Motor Group for finalising STEP case)
- 15 July (Meeting with Dorothea Moores, Unit Sponsor, Proffs Venter & Farrington)
- 27 July (Meeting with Dorothea Moores, Unit Sponsor, Proffs Venter & Farrington, concerning Kunene Family for next STEP case)
- 29 July (Meeting with Alan Barr of KPMG and Ed Gutsche, Prof Venter, concerning Director's Training Workshop)
- 30 September (Strategic planning meeting: All members of Unit)
- 23 November (Next generation forum meeting at GFI Gallery)
- Several STEP meetings took place from February-July to finalise first STEP case (Prof Venter and Prof Farrington)

The minutes of Unit meetings are available on request. Several informal meetings took place during the year especially concerning the STEP project.

### 3. Human Resources

#### 3.1 Staff members

Name and Title	Highest Relevant Academic Qualification	Position within entity (e.g. Director, researcher etc)
PROF ELMARIE VENTER	DCOM	DIRECTOR, RESEARCHER AND STEP PROJECT LEADER
PROF SHELLEY FARRINGTON	DCOM	RESEARCHER AND STEP PROJECT COORDINATOR
MS SHELLEY SAUNDERS	MCOM	RESEARCHER, WEBSITE AND SOCIAL MEDIA
MR TONY MATCHABA-HOVE	MCOM	RESEARCHER AND NETWORKS
MRS JACKIE PALFRAMAN	MCOM	RESEARCHER
MR WELCOME KUPANGWA	MCOM	RESEARCHER
MS JESSICA SCHEEPERS	MCOM	RESEARCHER
MRS NASREEN ADAMS		OFFICE MANAGER

#### 3.2 Postgraduate students doing research on family businesses during 2016

Surname and Name	Registered degree	Degree completed in 2016
Carelsen, M.	MCom	Yes
Kupangwa, W.	Phd	No (registered in 2016)
Matchaba-Hove, Tony	Phd	No (registered in 2014)
Palframan, Jackie	Phd	No (registered in 2015)
Saunders, Shelley	Phd	No (registered in 2014)
Scheepers, J.	Phd	No (registered in 2016)

#### 3.3 Human resources issues

Prof Adendorff and Prof Cullen from the Business School were both only involved in the FBU on a part-time basis. Prof Cullen resigned as a member of the FBU in 2015 due to her commitment and interest in research fields other

than family businesses. Due to workload and other research interests, Prof Adendorff resigned in 2016 as a member of the FBU. As a result of this and a need to expand the research capacity of the FBU, Mrs Jackie Palframan, Mr Welcome Kupangwa and Ms Jessica Scheepers joined the FBU and enrolled for their doctoral studies in 2016, which are focussing on family business topics.

We are also working closely together with colleagues from the Netherlands (Prof Roberto Flören and Prof Ilse Matser) and the USA (Prof Pramodita Sharma and Prof Saras Sarasvathy) as well as locally with Northwest University (Prof Stephan van der Merwe), University of Johannesburg (Prof Cecile Niewenhuizen) and University of Kwazulu-Natal (Prof Shahida Cassim) as they do not have independent family business units at their institutions. People from private practice involved in activities in the FBU include Mr Alan Barr from KPMG and Mr Ed Gutsche from Edge Financial Services. The latter also serves on the School of Management Sciences Advisory Board.

#### 4. Goals / targets for the year (2016) under review

##### 4.1 Statement of goals/targets

Our **first and main goal** for 2016 was to submit our first STEP case study to the STEP Board. The Successful Transgenerational Entrepreneurship Practices (STEP) project involves rigorous qualitative and quantitative research. Active dissemination of evidence based knowledge is done through Summits with families and publications. Established in 2005, STEP is a collaborative research initiative that aims to understand how successful long lived family firms ignite entrepreneurial thought and action across generations. STEP explores the important questions relating to sources that enable continuous innovations to create new streams of wealth and value across generations.

##### **We achieved this goal in the following manner:**

The first South African STEP case study on the Tavcor Motor Group was submitted to the STEP Board on 22 July 2016. Since its submission we have published two conference papers from the STEP case, namely:

- **Venter, E. and Farrington, S.M.** 2016. In search of entrepreneurially-orientated strategies adopted by a successful South African family business 28th Annual Conference of the Southern Institute for Management Scientists, School of Management Studies, University of Pretoria, Pretoria, 4th – 7th September.
- **Venter, E. and Farrington, S.M.** 2016. The multidimensional nature of family business performance outcomes: Evidence from a South African family business. The 10<sup>th</sup> International Business Conference (IBC), Langebaan, South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. **SECOND RUNNER UP BEST PAPER AWARD**

Our **second goal** for 2016 was to **present two Family Business Consultant Short Learning Programmes.**



**We achieved this goal in the following manner:**

- The NMMU Family Business Unit presented its fifth successful Family Business Consultant Short Learning Programme from 10-12 May 2016 at the KPMG Head office in Johannesburg. All of the attendees were employees of KPMG in South Africa. Prof Elmarie Venter provided training on topics such as consulting models and processes, the field of family businesses and the challenges they face, management and ownership succession and ensuring transgenerational success and potential from one generation to the next. She was joined by psychologist, Mr Robin Farrington, who focused more on family dynamics and consulting processes.
- The second SLP to be hosted on the NMMU North Campus from 1-3 November was cancelled due to the FeesMustFall protests on the NMMU South and North campuses.

Our **third goal** for 2015 was to **conduct new research projects and activities.**

**We achieved this goal in the following manner:**

- The FBU got involved in an international research project with Nyenrode University. Prof Venter and Prof Farrington adopted a research questionnaire on Branding in family businesses and the empirical investigation on this project has been completed.
- One masters project has been generated from this research.
- Also see the research outputs generated from several research projects in Section 4.3 of this report.

Our **fourth goal** was to be involved in a one day Family Business Conference with KPMG.

**We achieved this goal in the following manner:**

Prof Venter was part of an expert panel that shared real life examples and expertise on family-owned businesses during the third KPMG Family Business Conference which was held from 14 - 15 September 2016 in Umhlanga, Durban. The two-day conference was presented by KPMG and industry experts and family business owners attended the interactive workshop which provided many learning and networking opportunities. The key focus areas that were discussed were succession planning, governance and creating a culture of innovation in this generation and the next. Mr Christophe Bernard, KPMG's Global Head of Family Business, once again joined the discussion and revealed insights into how European family businesses perceive their growth prospects, business performance, confidence levels as well as the challenges they face. The workshop was interactive and for the first time findings based on the European Family Barometer were compared to findings from South African family businesses.

The Family Business Barometer is an online survey for family businesses which measures and assesses the confidence levels of family businesses, the challenges they face, and the solutions they seek to ensure sustainable growth and development. As many as 73 per cent of South African family business respondents were confident about the future despite political uncertainty and an unstable currency. South African family businesses are key to economic growth in South Africa and it was determined from the online survey that overseas markets are an excellent untapped opportunity for South African family businesses.

Our **fifth goal** was to improve our research outputs for 2016. This was achieved. See **Section 4.3** for research outputs indicating how we achieved this goal.

Our **sixth goal** was to host Prof Pramodita Sharma, editor of the Family Business Review (with an impact factor of 4.532) from 6-12 March. Prof Sharma and her husband was scheduled to present several workshops on research and also be the guest speaker for an evening of family business owners. A week before their arrival Prof Sharma had to cancel due to illness in her family. Prof Sharma visited the FBU in 2014 as well.

Our **seventh goal was engagement**. See **Section 4.5** of this report for visits and engagement activities of the members of the FBU.

Our **eighth goal** is to keep on developing a comprehensive database with the contact details of family businesses in South Africa. **We have achieved this** by adding 200 new businesses to the database during the course of 2016. In addition, 50 names were added to a research database of family businesses explicitly agreeing to participate in research.

#### 4.2 Strategies employed to achieve goals/target

Our first **strategy** was to focus our research on the general theme of trans-generational entrepreneurship and the STEP framework, which include the following research areas:

- Entrepreneurial orientation (EO)
- Moderating and mediating influences on the EO-performance relationship
- Environmental factors influence EO (including culture)
- Aspects of African culture and the influence thereof on EO
- Entrepreneurial resources in family businesses
- Measures of success in family business (performance)
- Value creation: Focussing on social, intellectual and human capital
- Trans-generational success
- Leadership in family businesses
- Marketing issues in family businesses

Our **second strategy** was to actively seek postgraduate students to participate in the research projects identified within the above research areas.

Our **third strategy** was to build collaborative relationships with private sector businesses and institutions such as KPMG and PWC who are also actively involved in the field of family business consulting. It was anticipated that these external relationships would assist in the building of networks, hosting of public events and access to financial assistance and other resources.

Our fourth **strategy** concerning the STEP and other research projects was to maintain existing networks, relationships and cooperation with other family business units and STEP partners abroad.

#### 4.3 Research Outputs

##### CONFERENCES

###### **International conferences (Presentations and published papers)**

- Antoni, X. & **Matchaba-Hove, T.M.** 2016. Factors influencing black consumers' financial planning intentions: An exploratory study. The International Business Conference (IBC) 10<sup>th</sup> Annual Conference, Langebaan, South Africa 25-28 September.
- Goliath, J.E. & **Matchaba-Hove, T.M.** 2016. Banked consumers perceptions of cardless banking: an exploratory study. The International Business Conference (IBC) 10<sup>th</sup> Annual Conference, Langebaan, South Africa 25-28 September.
- **Matchaba-Hove, T.M.** 2016. Young professionals' intentions to make use of financial planning services: A South African perspective. The 3rd Business and Management Conference, Lisbon, Portugal 22-25 March.
- Perks, S. & **Venter, E.** 2016. The influence of marketing mix strategies on business performance in small businesses. The 10<sup>th</sup> International Business Conference, Club Mykonos, Langebaan, South Africa, 25-28 September.
- Rootman, C., Kruger, J. & **Matchaba-Hove, T.** 2016. The South African financial services industry: How to use motivational factors to ensure employee satisfaction. The 3rd Business and Management Conference, Lisbon, Portugal 22-25 March. **BEST PAPER AWARD**
- **Saunders, S.** & Zeka, B. Factors influencing customer loyalty to family businesses in the Eastern Cape, South Africa. 24th International Academic Conference. 28 June - 1 July 2016, Barcelona, Spain.
- **Saunders, S.B.,** Antoni, X. & Smith, E.E. 2016. Perceptions of customer service among three different customer categories. 10<sup>th</sup> International Business Conference. 25-28 September 2016, Club Mykonos, Cape Town.
- **Venter, E.** & Perks, S. 2016. The influence of traditional marketing mix strategies on perceived business performance of small family businesses in the Eastern Cape. The 10<sup>th</sup> International Business Conference, Club Mykonos, Langebaan, South Africa, 25-28 September.
- **Venter, E. and Farrington, S.M.** 2016. The multidimensional nature of family business performance outcomes: Evidence from a South African family business. The 10<sup>th</sup> International Business Conference (IBC), Langebaan,

South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. **SECOND RUNNER UP BEST PAPER AWARD**

- Zeka, B. & **Matchaba-Hove, T.M.** 2016. Determining retirement intentions: A study of working individuals in the Eastern Cape - South Africa. 24<sup>th</sup> International Academic Conference, Barcelona, Spain 28-30 June.
- Zeka, B., **Saunders, S.** & Oosthuizen, N. 2016. Family versus non-family businesses in the Eastern Cape: A review of customer loyalty. The 11th Annual Conference of the Australian Centre for Entrepreneurship Research Exchange. 02-05 February 2016, Gold Coast, Queensland, Australia.
- Lillah, R., **Farrington, S.M.** and Hlongwana, N. 2016. The influence of ethical leadership on job satisfaction: The case of healthcare practitioners. The 10th International Business Conference (IBC), Langebaan, South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. (Won the **PAPER AWARD**)

#### **International conferences (Presentation – no published papers)**

- **Matchaba-Hove, T.M.** 2016. The entrepreneurial orientation of indigenous African family businesses. The Successful Transgenerational Entrepreneurship Project (STEP) Global Academic Conference, Boston, USA 13-15 October.

#### **National conferences (Presentations and published papers)**

- **Farrington, S.M.** and Jappie, A-G. 2016. The field of Family Business Research in South Africa. The Who, What and How? 28th Annual Conference of the Southern Institute for Management Scientists, School of Management Studies, University of Pretoria, Pretoria, 4<sup>th</sup> – 7<sup>th</sup> September. **BEST OVERVIEW OF EXTANT LITERATURE PAPER AWARD**
- **Matchaba-Hove, T.M.** & Goliath, J.E. 2016. The entrepreneurial orientation and business performance relationship: A study of young-adult owned small businesses. 28<sup>th</sup> Annual Conference of the Southern African Institute of Management Scientists, Pretoria, South Africa 4-7 September.
- **Matchaba-Hove, T.M.** 2016. Factors influencing financial planners' perceptions on professionalism: An exploratory study. The Association for Business Communication (ABC) Cape Town Regional Conference, Cape Town 6-8 January 2016.
- Van Greunen, C. & **Venter, E.** 2016. A proposed model and measurement of individual-related factors influencing knowledge-sharing intention in knowledge-intensive businesses. 28<sup>th</sup> Annual Conference of the Southern Institute for Management Scientists, Hosted by the University of Pretoria, 4-7 September.
- **Venter, E.** and **Farrington, S.M.** 2016. In search of entrepreneurially-orientated strategies adopted by a successful South African family business 28th Annual Conference of the Southern Institute for Management Scientists, School of Management Studies, University of Pretoria, Pretoria, 4<sup>th</sup> – 7<sup>th</sup> September.

## JOURNALS

### Articles in accredited journals

- Dubihlela, J. & Kupangwa, W. 2016. Employee perspectives of factors influencing e-business technology adoption and use by small and medium retail enterprises. International Journal of Business and Management Studies, 8(1): 1-19.
- Kupangwa, W. & Dubihlela, J. 2016. Influence of selected demographic variables on the adoption and use of electronic business technologies by small and medium-sized retailers. International Journal of eBusiness and eGovernment Studies, 8(1): 40-56.
- Mataboee, J., Venter, E. & Rootman, C. 2016. Understanding relational conditions necessary for effective mentoring of black-owned small businesses: A South African perspective. Acta Commercci. 16(1), a327.
- Venter, E. & Farrington, SM. 2016. Investigating values-laden leadership styles among family businesses. South African Journal of Business Management. 47(4): 35-46.

## BOOKS AND BOOK CHAPTERS

- Botha, M., Rossini, L., Geach, W., Goodall, B., Du Preez, L., Palframan, J. & Rabenowitz, P. 2016. Fundamentals of Financial Planning. Durban: LexisNexis.
- Rankhumise, E. & Venter, E. Discovering entrepreneurship and small business management (Chapter 1). 2016. IN Principles of Entrepreneurship and Small Business Management. Second Edition. Cape Town: Oxford University Press. ISBN 978-0-19- 044107-4. pp 1-25. Co-author. [Van Aardt, I. (Editor) and other authors: Clarence, W., Janse van Rensburg, L., Mmako, N., Radipere, S., Rankhuise, E., Venter, E. & Visser, K.].

## OTHER OUTPUTS

- Farrington, S.M. 2016. Family business: A legitimate scholarly field. Professorial inaugural address. NMMU Business School, Port Elizabeth, 25th July.
- Farrington, S.M. & Venter, E. 2016. The Tavocor Motor Company. STEP case study. Available in the STEP case database. July.
- Mrs J.B. Palframan presented to the first year NMMU VC Scholars on managing and budgeting their bursary awards. Port Elizabeth. 26 February 2016.
- Mrs J.B. Palframan served as a member of the Communication Subcommittee of the Nelson Mandela Metropolitan University Retirement Fund in 2016.
- Mrs J.B. Palframan served as a member of the Investment Subcommittee of the Nelson Mandela Metropolitan University Retirement Fund in 2016.

- **Mrs J.B. Palframan** served as a Trustee of the Nelson Mandela Metropolitan University Retirement Fund in 2016.
- **Prof E Venter and Prof S.M Farrington** wrote an article for PWC's South African edition 2016/2017 Family Business Survey. It was titled: In conversation with.... p. 9-10.
- **Prof E Venter** Participated in a discussion forum on family businesses and family farming that took place in front of a live studio audience during the NAMPO Agricultural Show – 19 May, Bothaville. This annual event attracts more than 75 000 members. Elmarie's panel discussion was recorded on Thursday, 19 May, and was televised on Thursday, 26 May 2016, on kykNET, Channel 144, at 5h00 as part of the Nation in Conversation Series. It will also be available as a podcast from the website <http://nationinconversation.com>. Other members of the panel included Pieter Karsten Jnr, Deputy CEO of the Karsten Group, Tommie van Zyl, CEO of ZZ2 (the biggest producers of tomatoes in South Africa), and Danie Minnaar, Chairman of Senwes Limited. The session was facilitated by Theo Voster, CEO of Galileo Capital. Prof Venter also conducted a short interview afterwards on RSG radio station.
- **Prof E Venter** presented a family business seminar for CFBS on the business of the family business, transgenerational success and succession and governance. Durbanville Hills Wine Estate, Durbanville, Cape Town. 23 August.
- **Prof E Venter** presented a family business workshop for GALILEO Capital on challenges facing family businesses, succession and transgenerational success and governance. Galileo Capital Head Office, Hyde Park, Johannesburg. 2-3 November.
- **Prof E Venter** presented the NMMU Family Business Unit and gave a presentation to the National Wool Growing Association of South Africa. 17 November.
- **Prof E Venter** served as panel member on governance during KPMG's Family Business Conference on 15 September
- **Prof E Venter** was a judge in the Family Firm Institute's Best Dissertation Award competition (Boston, USA).

## RESEARCH SUPERVISION

### Honours treatise

- Barnardo, C. & Blumberg, A. 2016. The role of social capital in financial planning businesses. Study leader: **Ms J.B.Palframan**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University.
- Campodonico, M. and Petzer, L. 2016. The influence of psychological well-being on the financial performance of SMEs. Study leader: **Prof S.M Farrington**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University.
- Hanisi, L & Skweyiya, S. 2016. The influence of psychological capital on the performance of financial planning businesses. Study leader: **Ms J.B.Palframan**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University.

- Mabija, T. & Ndolo, C. 2016. Entrepreneurial orientation and performance of indigenous African businesses. Supervisor: **Mr. T. Matchaba-Hove**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University.
- Mathapersadh, D. & Baartman, L. 2016. The influence of green marketing tools on the financial business performance of family businesses in the Nelson Mandela Bay Area. Supervisor: **Ms S.B. Saunders**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University.
- Ntaba, Lerato, 2016. Entrepreneurial orientation among family-owned businesses in the Eastern Cape. Supervisor: **Prof E Venter**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University. Supervisor: Prof E Venter.
- Raga, J. & Saaiman, R. 2016. The influence of low or no cost marketing techniques on small business performance in Nelson Mandela Bay. Supervisors: Study leaders: Prof S. Perks and **Ms S.B. Saunders**. Unpublished Honours Treatise. Port Elizabeth: The Nelson Mandela Metropolitan University.

#### **Masters dissertations**

- Carelsen, M. 2016. Measures of success in small and medium-sized family and non-family owned businesses in the Eastern Cape. Supervisor: **Prof E Venter**; Co-supervisor: **Prof S.M. Farrington**. Unpublished Masters Dissertation. Port Elizabeth: The Nelson Mandela Metropolitan University.

#### **Doctoral theses**

- Van Greunen, C. 2016. Factors influencing knowledge-sharing behavior in knowledge-intensive businesses: An individual-level analysis. Supervisor: **Prof E Venter**; Co-supervisor: Prof G. Sharp. Unpublished Doctoral Thesis. Port Elizabeth: The Nelson Mandela Metropolitan University.

### **ACADEMIC ENGAGEMENT**

Most staff members acted as reviewers for academic journals and conference papers in the field of Business Management in general and family businesses in particular. They also serve on the editorial boards of journals. All members acted as external examiners/moderators for examinations and post-graduate studies of other universities. See other engagement and visits under Section 4.5.

#### 4.4 Self-assessment of goals

Overall we are satisfied that the NMMU FBU has achieved what it set out to do in 2016 despite limited resources and members, as well as the FeesMustFall protests during the last three months of 2016. See Section 4 for a detailed discussion of goals and how they were achieved.

#### 4.5. Highlights and special achievements

##### VISITS AND ENGAGEMENT

- **Mr Matchaba-Hove** attended the inaugural STEP Project for Family Enterprise Global Academic Conference in Boston, USA on 13-15 October 2016. Networking was done between the 55 STEP scholars from 35 academic institutions representing 29 countries and opportunities for future collaborative research between STEP members were discussed. Mr Matchaba-Hove also presented a paper and had a round table discussion on entrepreneurial orientation in indigenous African family businesses.
- On the 10<sup>th</sup> and 11<sup>th</sup> May **Prof SM Farrington** attended the STEP (Successful Transgenerational Entrepreneurship Practices) Academic Meeting in Zwolle, the Netherlands.
- **Prof SM Farrington** also attended the European Institute for Advanced Studies in Management's (EIASM) 12<sup>th</sup> workshop on Family Firm Management Research held on the 12<sup>th</sup> and 13<sup>th</sup> May. She was invited as a track chair to the workshop. At the workshop Professor Farrington met up with world-renown family business researcher and editor of the *Family Business Review*, Prof Pramodita Sharma, who visited NMMU in 2013.
- **Ms S Saunders** - International teaching: 2016 – Lectured a block week entitled: Global Marketing Communication at Osnabruck University, Osnabruck, Germany, 9-13 May 2016.
- **Prof E Venter** presented a Summerschool on Entrepreneurship Theory and Practice at the Utrecht University in the Netherlands, 3-7 July.

##### GRANTS RECEIVED

- Farrington, S.M. Received NRF incentive funding for 2016.



## AWARDS

- **Farrington, S.M.** and Jappie, A-G. 2016. The field of Family Business Research in South Africa. The Who, What and How? 28th Annual Conference of the Southern Institute for Management Scientists, School of Management Studies, University of Pretoria, Pretoria, 4th – 7th September. **BEST OVERVIEW OF EXTANT LITERATURE PAPER AWARD**
- Lillah, R., **Farrington, S.M.** and Hlongwana, N. 2016. The influence of ethical leadership on job satisfaction: The case of healthcare practitioners. The 10<sup>th</sup> International Business Conference (IBC), Langebaan, South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. **BEST PAPER AWARD**
- **Mr T. Matchaba-Hove** won the Faculty of Economic and Business Sciences: **EMERGING RESEARCHER OF THE YEAR AWARD 2016**
- **Ms S.B. Saunders** was awarded the Business and Economic Sciences Faculty winner of **EMERGING TEACHER AWARD 2016**
- **Prof E Venter** was the winner of **BWA (BUSINESS WOMEN ASSOCIATION) SA REGIONAL BUSINESS ACHIEVER AWARD: GOVERNMENT CATEGORY**
- **Prof SM Farrington** won the Faculty of Business and Economic Sciences: **RUNNER UP FACULTY RESEARCHER OF THE YEAR 2016**
- Rootman, C., Kruger, J. & **Matchaba-Hove, T.** 2016. The South African financial services industry: How to use motivational factors to ensure employee satisfaction. The 3rd Business and Management Conference, Lisbon, Portugal 22-25 March. **BEST PAPER AWARD**
- **Venter, E. and Farrington, S.M.** 2016. The multidimensional nature of family business performance outcomes: Evidence from a South African family business. The 10<sup>th</sup> International Business Conference (IBC), Langebaan, South Africa, 25<sup>th</sup> – 28<sup>th</sup> September. **SECOND RUNNER UP BEST PAPER AWARD**

## 5. Finances

### 5.1 Financial review

We want to especially thank Mr Phil Gutsche and his siblings of Gutsche Family Investments for their financial investment that enabled the Unit to conduct the STEP research project.

### 5.2 Financial statements

See attached.

**6. Additional information**

None

**7. Mandatory Summary for Senate**

Our biggest goal for 2016 was to submit our first STEP (Successful Transgenerational Success Practices) case study on the Tavcor Motor Group to the International STEP Board. In addition, the focus of the NMMU FBU, now in its sixth year of operations, has been on building a reputation in the field of family business by delivering high quality research outputs, providing research supervision and being engaged with family businesses and professionals who work in this field. From a zero base, the Unit has managed to establish a database of more than a 1000 family businesses, deliver on its commitment to research and provide access to specialists and leaders in their field, such as Prof Pramodita Sharma and other STEP scholars and researchers.

**ANNEXURE A  
RESEARCH OUTPUTS/ACTIVITIES (2014)**

<b>OUTPUTS/ACTIVITIES</b>	<b>NO</b>	<b>DETAILS</b>	<b>STAFF INVOLVED (Unit members highlighted in bold)</b>	<b>OTHER (Specify)</b>
<b><u>CONFERENCES</u></b>				
International Conferences (Published Papers)	12	See Section 4.3		
National Conferences (Published Papers)	5	See Section 4.3		
International Conference (presented but not published papers)	1	See Section 4.3		
National Conference (presented but not published papers)	None			
<b><u>JOURNAL ARTICLES</u></b>				
International indices (ISI and IBSS)	1	See Section 4.3		
DoE list of South African Journals	3	See Section 4.3		
Other Peer-reviewed Journal Articles				
<b><u>BOOKS AND BOOK CHAPTERS</u></b>	2	See Section 4.3		
<b><u>RESEARCH REPORTS</u></b>	None			
<b><u>CREATIVE OUTPUTS</u></b>				
<b><u>MASTERS AND DOCTORAL DEGREES COMPLETED</u></b>				
Masters by Coursework and Treatise				
Masters by Research	1	See Section 4.3		
Doctoral Degrees	1	See Section 4.3		
BCOM Honours Treatise	7	See Section 4.3		
		See Section		

<b><u>HUMAN CAPITAL DEVELOPMENT</u></b>		4.3		
Emerging (Staff and PG Students)	7			
Established Researchers	2			
<b><u>ACADEMIC ENGAGEMENT</u></b>		See Section 4.3		
<b><u>GRANTS RECEIVED</u></b>		See Section 4.3		
<b><u>KNOWLEDGE PRODUCTS</u></b>				
Intellectual Property				
IP Commercialisation				
Disclosures				
<b><u>OTHER (Specify)</u></b> Keynote speaker, workshops, panel member or judge, international lecturing	10	See Section 4.3		

**ANNEXURE B  
FINANCIAL STATEMENTS (2016)**

**NMMU FAMILY BUSINESS UNIT  
(Cost centre 4891)  
INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2016**

Opening balance 1 January 2016		226465.35
<b>Income</b>		<b>0</b>
No income for period	0	
<b>Expenses</b>		<b>166662.67</b>
Babson College STEP project	153344.3	
Babson College STEP project	745.61	
Advertising - invite design	50	
Photoshoot	800	
STEP meeting (entertainment and gifts)	673.92	
Boomtown - brochures	1938	
KPMG conference - E Venter	1500	
KPMG - Directors workshop (Farrington, Matchaba-Hove)	500	
KPMG - reimbursement*	-7677.8	
KPMG - Accommodation E Venter	3476.7	
Travel and subsistence	11311.99	
<b>Profit / Loss</b>		<b>-166662.7</b>
Closing balance 31 December 2016		<b>59802.68</b>

\*Invoice issued to KPMG is still outstanding

**Notes:**

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	4891 - FAMILY BUSINESS UNIT
Account	0605 - Sundry Expenses

Date	Type	Transaction Originating Document	Subsystem Number	GL Notes	Budget	Actual	Commitments
10- FEB- 2016	7070	PM	<u>2015- 6/30/20</u>	PO272701 BABSON COLLEGE	0.00	153344.25	0.00
10- FEB- 2016	7070	PM	<u>TT5345</u>	PO272701 BABSON COLLEGE	0.00	745.61	0.00
09- MAR- 2016	8210	GL	8892206	Ref:1373 Design invite GN 2/1	0.00	50.00	0.00
14- MAR- 2016	1010	CT	796828	PROF E VENTER	0.00	800.00	0.00
24- MAR- 2016	1010	CT	797975	PROF E VENTER	0.00	673.92	0.00
24- JUN- 2016	7070	PM	<u>27984</u>	PO283569 BOOMTOWN S	0.00	1938.00	0.00
11- AUG- 2016	1030	CT	816556	KPMG INCORPORATED MAIN ACCOUN	0.00	1500.00	0.00
01- SEP- 2016	1030	CT	819245	KPMG INCORPORATED MAIN ACCOUN	0.00	500.00	0.00
25- OCT- 2016	6019	AR	<u>AR- SUMMARY</u>	SUMMARY CREDIT POSTING FROM A	0.00	(7677.80)	0.00
07- NOV- 2016	1010	CT	824434	PROF E VENTER	0.00	3476.70	0.00
<b>Account Totals</b>					0.00	155350.68	0.00
<b>Account Budget</b>							
<b>Difference</b>					155350.68		

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	4891 - FAMILY BUSINESS UNIT
Account	1205 - Travel And Subsistence

Date	Type	Transaction Originating Document	Subsystem Number	GL Notes	Budget	Actual	Commitments
18-MAY-2016	9005	GL	8903279	5/16DNR-1692770640-PO279723	0.00	1409.63	0.00
19-MAY-2016	9005	GL	8903463	5/16DNR-1692770639-PO279723	0.00	1970.63	0.00
19-MAY-2016	9005	GL	8903463	5/16DNR-10815419-PO279723	0.00	144.78	0.00
26-MAY-2016	9005	GL	8904671	DNRS-1692770641-PO279723	0.00	1101.83	0.00
26-MAY-2016	9005	GL	8904671	DNRS-1692770638-PO279723	0.00	2107.43	0.00
26-MAY-2016	9005	GL	8904671	DNRS-10815327-PO279723	0.00	144.78	0.00
11-OCT-2016	7070	PM	<u>LB34796R01/A</u>	PO288598 BIDVEST CA	0.00	316.67	0.00
01-FEB-2017	9005	GL	8935108	9/16DNR-9148825726-PO288435	0.00	1587.03	0.00
01-FEB-2017	9005	GL	8935108	9/16DNR-11305659-PO288435	0.00	144.78	0.00
01-FEB-2017	9005	GL	.	9/16DNR-9148825727-PO288435	0.00	2384.43	0.00
<b>Account Totals</b>					0.00	11311.99	0.00
<b>Account Budget Difference</b>					11311.99		

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	4891 - FAMILY BUSINESS UNIT
Account	4998 - Transfer to Accumulated Funds

Transaction Originating Document						
Date	Type	Subsystem Number	GL Notes	Budget	Actual Commitments	
31- DEC- 2016	8060	GL YEND-2	4891 GL YE REVE & EXP TO O/S	0.00 (166662.67)	0.00	
Account Totals				0.00	(166662.67)	0.00
Account Budget Difference				(166662.67)		

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	4891 - FAMILY BUSINESS UNIT
Account	8570 - Accum Funds-Profit/Loss

Transaction Originating Document						
Date	Type	Subsystem Number	GL Notes	Budget	Actual Commitments	
01- JAN- 2016	8070	GL YEND-3	GL YE B/SHEET TO NEXT YEAR	0.00 (226465.35)	0.00	
31- DEC- 2016	8060	GL YEND-2	4891 GL YE REVE & EXP TO O/S	0.00 166662.67	0.00	
Account Totals				0.00	(59802.68)	0.00
Account Budget Difference				(59802.68)		



**NMMU FAMILY BUSINESS UNIT SLP**  
**(Cost centre 3232)**  
**INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2016**

Opening balance 1 January 2016		9500.5
<b>Income</b>		60079.08
KPMG SLP November	60079.08	
<b>Expenses</b>		51774.98
Salaries - SLP presenters	42690.12 73 9011.86	
Printing		
NMMU Programme administration fee		
<b>Profit / Loss</b>		8304.10
Closing balance 31 December 2016		17804.60

**Notes:**

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	3232 - S/C FAMILY BUSINESS UNIT
Account	4120 - Fees - Short Courses Unrestrict

Date	Transaction Type	Originating Subsystem	Document Number	GL Notes	Budget	Actual	Commitments
22-APR-2016	6019	AR	AR-SUMMARY	SUMMARY CREDIT POSTING FROM A	0.00	(60079.08)	0.00
05-AUG-2016	3082	CB	IB PAYMENT F	1/8/16 MORLEY (10241-4)	0.00	(4500.00)	0.00
28-OCT-2016	1030	CT	823857	KA Morley	0.00	4500.00	0.00
<b>Account Totals</b>					0.00	(60079.08)	0.00
<b>Account Budget Difference</b>					(60079.08)		

Year/Cycle	2016 12		
From Cycle	0		
To Cycle	12		
Cycle 13	Incl		
Cycle 14	Incl		
Cost Centre	3232 - S/C FAMILY BUSINESS UNIT		
Account	0117 - Sal Instruc/Res External Funds		
23-FEB-2016	7500 PR PR-EARNING	SUMMARY DEBIT POSTING FROM PR	0.00 4109.84 0.00
23-FEB-2016	7535 PR PR-EARNING	SUMMARY DEBIT POSTING FROM PR	0.00 41.00 0.00
21-JUL-2016	7500 PR PR-EARNING	SUMMARY DEBIT POSTING FROM PR	0.00 38426.96 0.00
21-JUL-2016	7535 PR PR-EARNING	SUMMARY DEBIT POSTING FROM PR	0.00 112.32 0.00
<b>Account Totals</b>			<b>0.00 42690.12 0.00</b>
<b>Account Budget Difference</b>			<b>42690.12</b>

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	3232 - S/C FAMILY BUSINESS UNIT
Account	0720 - Operating Expenses

Transaction Originating Document						
Date	Type	Subsystem Number	GL Notes	Budget	Actual	Commitments
10-MAY-2016	8221	GL	PRINT_185909 REPROGRAPHICS	0.00	73.00	0.00
<b>Account Totals</b>				<b>0.00</b>	<b>73.00</b>	<b>0.00</b>
<b>Account Budget Difference</b>				<b>73.00</b>		

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	3232 - S/C FAMILY BUSINESS UNIT
Account	1490 - Prog Admin/Agent Fee

Transaction Originating Document						
Date	Type	Subsystem Number	GL Notes	Budget	Actual	Commitments
05-JUL-2016	8007	GL	8910273 10% X R60079:08 (JAN-JUN)	0.00	6007.91	0.00
05-JUL-2016	8007	GL	8910273 5% X R60079:08 (JAN-JUN)	0.00	3003.95	0.00
<b>Account Totals</b>				<b>0.00</b>	<b>9011.86</b>	<b>0.00</b>
<b>Account Budget Difference</b>				<b>9011.86</b>		

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	3232 - S/C FAMILY BUSINESS UNIT
Account	4998 - Transfer to Accumulated Funds

Transaction Originating Document						
Date	Type	Subsystem Number	GL Notes	Budget	Actual	Commitments
31-DEC-2016	8060	GL YEND-2	3232 GL YE REVE & EXP TO O/S	0.00	8304.10	0.00
Account Totals				0.00	8304.10	0.00
Account Budget Difference				8304.10		

Year/Cycle	2016 12
From Cycle	0
To Cycle	12
Cycle 13	Incl
Cycle 14	Incl
Cost Centre	3232 - S/C FAMILY BUSINESS UNIT
Account	8570 - Accum Funds-Profit/Loss

Transaction Originating Document						
Date	Type	Subsystem Number	GL Notes	Budget	Actual	Commitments
01-JAN-2016	8070	GL YEND-3	GL YE B/SHEET TO NEXT YEAR	0.00	(9500.50)	0.00
31-DEC-2016	8060	GL YEND-2	3232 GL YE REVE & EXP TO O/S	0.00	(8304.10)	0.00
Account Totals				0.00	(17804.60)	0.00
Account Budget Difference				(17804.60)		

**INCOME STATEMENT OF FAMILY BUSINESS UNIT**

ENTITY NAME : FAMILY BUSINESS UNIT  
 ENTITY LEADER : PROF E. VENTER  
 COST CENTRE : 4891

INCOME STATEMENT FOR PERIOD :	Year 2016	Year 2015
Opening Balance	226 465	2 810
<b>INCOME</b>	-	250 250
Private grants unrestricted	-	250 250
<b>EXPENDITURE</b>	166 663	26 595
Sundry Expenses	155 351	24 619
Travel and Subsistence	11 312	2 974
Prog Admin/Agent Fee	-	(898)
	<u>59 803</u>	<u>226 465</u>
Project invoices not paid	7 750	
Closing Balance	<u><u>52 053</u></u>	<u><u>226 465</u></u>

Signed off by Finance Dept.

Name : Marlam Jogee-Jamal

Title : Director Corporate Finance

Signature : 

Date : 2017-03-10

**INCOME STATEMENT OF S/C FAMILY BUSINESS UNIT**


ENTITY NAME : S/C FAMILY BUSINESS UNIT  
 ENTITY LEADER : PROF E.VENTER  
 COST CENTRE : 3232

INCOME STATEMENT FOR PERIOD :	Year 2016	Year 2015
Opening Balance	9 501	-
<b>INCOME</b>	<b>60 079</b>	<b>30 450</b>
Fees - Short Courses Unrestricted	60 079	30 450
<b>EXPENDITURE</b>	<b>51 775</b>	<b>20 950</b>
Salaries	42 690	12 700
Operating Expenses	73	3 682
Prog Admin/Agent Fee	9 012	4 568
Closing Balance	17 805	9 501

Signed off by Finance Dept.

Name : Mariam Jogee-Jamal

Title : Director Corporate Finance

Signature : 

Date : 2017-03-10