

BA

BUSINESS & ACCOUNTING
REVIEW

Barbara Creecy:
Township development
means more work for
accountants

**Working in the
21st century:**
a generational guide

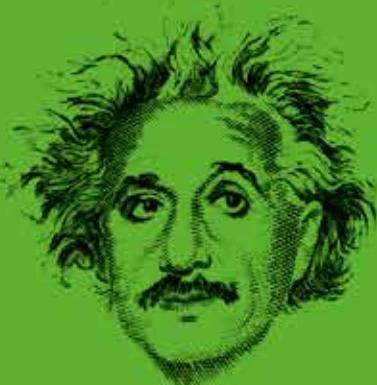
Increasing Influence

The future of the

CFO



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$$E=mc^2$$



+

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FOR BUSINESS ACCOUNTANTS

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Business Accounting Review Online

How does it work?



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Editor's letter

Dream it. Learn it. *Do it.*



As accountants we are faced with many daily challenges – in our personal and professional lives. We need to get food on the table, take kids to school, maintain contact with friends and family and build our personal relationships. We need to maintain our practice income, create opportunities for job promotions, decide on new product lines and manage staff.

As a result of the pressures exerted by these challenges we may make a mistake – it's what philosophers call Utopian Hope or the opposite, Cynical Realism.

We may start to believe in an ideal future, one free from struggle, if only we could rearrange our marriage, study something different or shift the blame to others for our missed utopian or perfect lives.

We may also go the other route and become cynical, believing that we will never succeed and that life is against us. Negative news becomes normal and part of our reality. We "know" that clients don't like us, and won't pay, staff will not work, the project will not be a success and we are eternally bound to miss the best opportunities.

As professionals we need to transcend both these positions. We need to reject Utopian Hope and Cynical Realism. We need to stop ascribing godlike-power to innate objects. We need to stop giving eternal qualities to temporal objects.

What should remain is only hope and realism.

Life is a struggle, but dedication and grace can infuse a sense of hope into a better future. We should actualise who we already are and build on our potential.

In this edition of the *Business Accounting Review*, we have explored the various opportunities available for members and designation holders by conducting interviews with different people, from practitioners to high-ranking government officials, covering the theme of this edition:

Dream it. Learn it. *Do it.*

We believe in you. Enjoy!

A handwritten signature in black ink, appearing to read 'N. van Wyk'.

Nicolaas van Wyk,
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Printed by

Paarl Media, Paarl

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Calendar



"Excellence is an art won by training and habituation. We have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. Excellence, then, is not an act but a habit."

– Aristotle

SAIBA events

November 2015

CFO Talks

Time: To be confirmed
Date and Topics to be confirmed

2 November 2015

Financial Management for NPOs
Cape Town, Western Cape
09:00 - 16:30

3 November 2015

Financial Management for NPOs
Durban, KZN
09:00 - 16:30

4 November 2015

Financial Management for NPOs
Johannesburg, Gauteng
09:00 - 16:30

5 November 2015

Financial Management for NPOs
Pretoria, Gauteng
09:00 - 16:30

SAAA events

13-15 October 2015

Practice Management for Accountants
2nd Annual Conference
Johannesburg, Gauteng
Time: 09:00 – 16:30
Topics: To be confirmed

9 November 2015

Preparing Working Papers for Small Audits and IR Engagements

SAIT

events

- 06 October 2015**
Transfer Pricing Workshop
Durban, KZN
Time: 09:00 - 12:30
- 07 October 2015**
2015 Taxation of Trusts
Pretoria, Gauteng
Time: 09:00 - 13:00
- 12 October 2015**
2015 Tax Administration Act Update
Durban, KZN
Time: 09:00 - 13:00
- 12 October 2015**
2015 Global Mobility and Employment Tax Hot Spots Workshop – Employees' Tax, Dispute Resolution
Johannesburg, Gauteng
Time: 09:00 - 16:30
- 12 October 2015**
2015 Taxation of Trusts
Johannesburg, Gauteng
Time: 09:00 - 13:00
- 13 October 2015**
2015 Tax Administration Act Update
Somerset West, Western Cape
Time: 09:00 - 13:00
- 13 October 2015**
2015 Global Mobility and Employment Tax Spots Workshop: Africa, Exchange Control
Johannesburg, Gauteng
Time: 08:00 - 13:00
- 13 October 2015**
2015 Webinar: Taxation of Trusts
Time: 09:00 - 13:00
- 14 October 2015**
2015 Tax Administration Act Update
George, Western Cape
Time: 09:00 - 13:00
- 14 October 2015**
Transfer Pricing Workshop
Johannesburg, Gauteng
Time: 09:00 - 13:00
- 14 October 2015**
Taxation of Trusts
Polokwane, Limpopo
Time: 09:00 - 13:00
- 15 October 2015**
2015 Tax Administration Act Update
Port Elizabeth, Western Cape
Time: 09:00 - 13:00
- 16 October 2015**
2015 Tax Administration Act Update
East London, Eastern Cape
Time: 09:00 - 13:00
- 19 October 2015**
2015 Tax Administration Act Update
Johannesburg, Gauteng
Time: 09:00 - 13:00
- 19 October 2015**
2015 Taxation of Trusts
Durban, KZN
Time: 09:00 - 13:00
- 20 October 2015**
2015 Tax Administration Act Update
Bloemfontein, Freestate
Time: 09:00 - 13:00
- 20 October 2015**
2015 Taxation of Trusts
Boksburg, Gauteng
Time: 09:00 - 13:00
- 20 October 2015**
2015 SARS Webinar
Time: 09:00 - 13:00

IAFEI

events

- 14-16 October 2015**
45th IAFEI World Congress
Topics: Innovation, the quest for competitiveness



Trend... Hassle or help?

Before the end of year rush, we pause to do a trend check. How did the predictions of the year fare and what can we expect to emerge in the near future? Business Accounting Review's Dante Ludolf explores.

Dante Ludolf | **Business and Accounting Review**

New Years' resolutions are double-edged swords. Looking at what is left of the year, it's necessary to plot or plan a trajectory of sorts. When January strikes we always try to implement change or devise quicker, easier solutions to the problems we are known to face.

But that doesn't mean we necessarily stick to the novel ideas we conjure per annum. Trend forecasts, like resolutions, are catch-22 situations. Sometimes it's good to reflect on these trends, and see where we have succeeded or failed and what has or has not materialised. We had a look at some of the trends that industry professionals forecasted, and whether or not we've seen these come to fruition.

Side note: Do yourself a favour and do a similar checklist with your own New Year's resolutions / financial expectations, and see how you've measured up (or not). The results are often very informative and provide you with criteria to evaluate your next annual plan.

In an earlier edition, we noted that a big accounting trend to surface in 2015 was succession planning. Considering the condition of the global economy, it makes sense that businesses everywhere are trying to alleviate risks of any kind. Thus, detailed and systematic succession procedures were thought to be on the rise. Interestingly, we stumbled upon an article on *Forbes*, regarding Joseph Tarasco's (president of *Accountant Advisory Group*) predictions. He commented on how he thinks we will see a large number of splits in smaller accounting firms due precisely to the emergence of succession planning. Conflicts of interest and misdirected communications in succession planning could mean hurt feelings or neglected personnel, thus making his prediction highly likely.

With the rise of positions like COO and CFO, the general consensus seems to be that there must be firmer reigns in place for any business' success.



Slack, lackadaisical management has never been more unacceptable, and companies big and small had to seriously evolve their business models to secure stronger outputs.

This is also echoed by Tarasco, who goes on to say that corporate structure will become commonplace, and that means partnership structure will also inevitably fade away. Outsourcing operations experts and other niche professionals will ensue, which means larger emphasis on expansion and growth on an individual level. Businesses are starting to care about the people who work for them, as replacement is time-consuming and risky, and as noted, succession planning has proven to be a slippery slope.

While these are only the most globally relevant predictions mentioned by Tarasco, almost all of them tend to veer towards the pessimistic. Although we have yet to see extreme paradigm shifts in the accounting sphere, it remains abundantly clear that changes, in whatever capacity, are going to take place.



This outsourcing and specialisation trend was also noted by Sarah Johnson Dobek, who penned similar thoughts for *Accounting Tomorrow*. She reckons that with the growing need for expertise, business writers will play a larger role in shaping accounting practices' identities.

Now that we're more than halfway through the year, we can safely say that this was indeed a worthy prediction, as the copy being churned out by firms of varying natures are of a highly specialised and remarkable sort.

There is another big trend on the rise begs consideration. Accounting is a serious and steadfast trade. Those versed in the discipline become so to negotiate numbers, statements and financial strategy. But nowadays, like most things, there's an app for that. Computer programmes, done right, are infallible and employ perfect logic.

So whether the role of the accountant will deteriorate and be replaced by Robo-Advisors (a pejorative term now being slung about the

Internet to refer to these programmes), remains to be seen. Being optimistic alludes to the transformation of said role, rather than complete deterioration. Regardless, this trend is something we could do without.

What we can take away from the accuracy of some of the trends, and the shortcomings of others, is that we work in a constantly changing and evolving industry.

This is a very good thing, and something that should keep you motivated. Being responsive and administering change where and when it is needed is an invaluable skill.

Being able to rise and meet new expectations and standards keep you on your toes and ready for anything. Whether or not your own New Years' resolutions or personal trend forecasts were successful, chances are you've had to think on your feet and work something out.

Welcome the change, embrace the change, and negotiate the change. ■

“We will see a large number of splits in smaller accounting firms due precisely to the emergence of succession planning.”



National News

Accounting and finance news, buzzing the South African industry.

SA excels in index for financial services

South Africa was ranked second in an index for its excellent access to and usage of affordable financial services. As of 2014, around 75% of South African adults had bank accounts and 5% used non-bank financial products. ATM/debit cards were more common, with 34% of the banked population owning a South African Social Security MasterCard.

Sugar Tax

essential for SA health



A study has put South Africa second highest ranking, ahead of the USA, with regards to the number of deaths, attributed to sugar, says Etienne Retief, SAIPA. Many governments turn to tax to help cut the sweet and promote healthier lifestyle, probing the idea to consider sugar tax, locally.

Accounting Funny



What does an accountant's husband ask his wife when he can't get to sleep?
"Tell me about your day, dear."

Rand plummets to new low

In more than four years of currency declines, the rand reached a new low. Contributing factors include, electricity shortages, strikes and slowing demand from Asia and Europe.

PwC receives Record Number of job applications

With more than **41000 students**, applying for more than **2000 positions**, PwC sees a record year for intake. 47% of the firm's graduate intake is female, which is up from 41% in 2014.

2015 EY Awards



Ernst & Young published the results of the top 10 integrated reports of SA's top 100 JSE listed companies. Here they are:

- 1 Liberty Holdings Ltd
- 2 Anglo American plc.
- 3 Barclays Africa Group Ltd
- 4 Sasol Ltd
- 5 MTN Group Ltd
- 6 Redefine Properties Ltd
- 7 Standard Bank Group Ltd
- 8 Truworths International Ltd
- 9 Gold Fields Ltd
- 10 Kumba Iron Ore Ltd

Santa unlocks R1.1bn in BEE scheme

South Africa's largest short-term insurer released R1.1bn for participants in its broad based black economic empowerment scheme.

Helping your parents, takes from your children

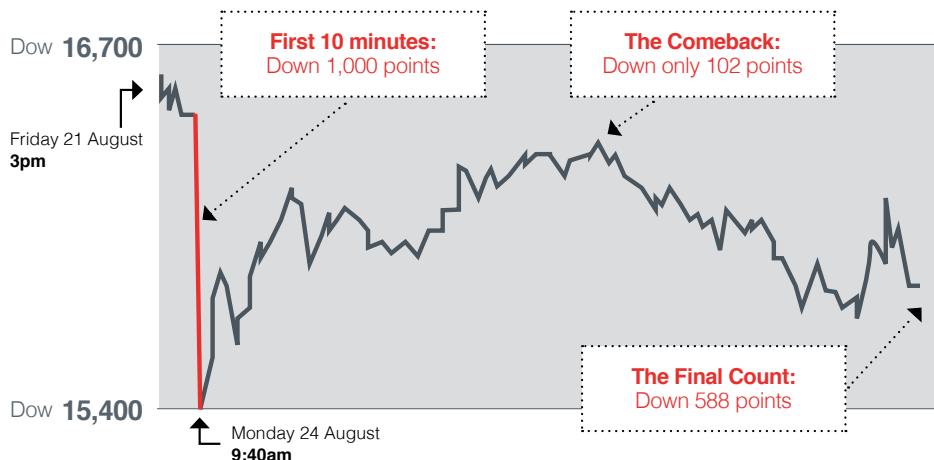


Having to support both their children and parents, has taken its toll on young people seeking careers. This notion prevents many families from saving for their children's education, having an effect on the future South African economy.

International News

International accounting and finance news that every accountant should know about.

U.S. Stock falls with record 1000 points



In August 2015, U.S. Stockmarkets saw a week filled with action, as the U.S. stocks fell with a record 1000 points in a single day. The stocks later picked up with 440 points. The U.S. no doubt took a knock for stock plummet.

Deloitte partners with Sage to target SME market

Deloitte has partnered with Sage, following the recent launch of KPMG Enterprise,

Sub-Saharan Africa Banking Review: 2014 calendar year

The first EY Africa banking review is out. It analyses three of the largest Sub-Saharan Africa (SSA) banking markets: South Africa, Nigeria and Kenya.

PwC and KPMG to audit all government revenue generating agencies in Nigeria. The audit will be on all accounts of the agencies for the period between 2012 and May 2015.

PwC Australia, urges accountants to upskill

PwC urged accountants to upskill in technology, saying they have an important role to play in integrating technological solutions into the operations of their client.



Thousands of US taxpayers' information hacked

The US Internal Revenue Service (IRS) had a recent computer breach, where hundreds of thousands of additional taxpayers saw sensitive information compromised. These taxpayers are taking the IRS to court due to the breach.

First recorded name in history belongs to an accountant

The first recorded name in history belongs to an accountant, says Dr. Yuval Noah Harari in his book Sapiens: A Brief History of Humankind.

Toshiba joins list of biggest accounting scandals

Tesco, Olympus, Tyco International, Enron, the Bank of Credit and Commerce International. Over the past two decades these companies all became famous for the infamous accounting scandals that surrounded them. And now, Toshiba joins the list and the scandal has got Japan's government worried that investors will lose confidence in the country.

Pot Boom hotter than Tech Boom for accountants?

The pot boom can be hotter than the tech boom of the 90s. A CPA in the US, Wayne Harding, is already scouting for opportunities in this lucrative market and says the cannabis opportunities go well beyond agriculture, manufacturing, marketing, spas, stores, dispensaries, and paraphernalia. The field is wide open for accounting, tax, and business consultants.

FRC launches another investigation into KPMG

KPMG is facing another Financial Reporting Council (FRC) investigation, this time into its activities at the New York Mellon.





All things CIPC

From registration requirements to reinstatement of deregistered companies, we give some crucial tips and short cuts to assist you in navigating the CIPC.

CIPC – company registration requirements and guidance

Company registration forms part of many accountants' job spec. To smoothen the process, SAICA has developed a matrix of the various requirements to register a new company. This handy guide identifies the specifications around registering a company. The matrix also provides details as to mains forms, secondary forms, supporting documents, fees, output documents and additional information required.

View matrix here: <http://bit.ly/1Jkh9rg>

The effect of reinstatement of deregistered companies

The CIPC annually deregister thousands of companies due to a variety of reasons, including failure to submit annual returns. In some instances the company may be unaware that it has been deregistered and continue trading.

But the effect of being deregistered is that the actions of the company are no longer valid. Which, translated in terms of legal principles state:

"Deregistration puts an end to the existence of a company and brings to an end its corporate personality;
All subsequent actions purportedly taken on behalf of the deregistered company are void and of no effect; and
The property of a deregistered company passes automatically into the ownership of the State as ownerless property."

In response to the recent SCA decision, clarifying the deregistration and reinstatement of assets and transactions of companies, Siyabonga Shandu, Director, *Tony Tshivhase Inc.* states that if a company was deregistered it can thereafter be reinstated by the CIPC in terms of s82(4) of the Companies Act:

"The property that may have been owned by the company before its deregistration automatically reverts in that company and
All of the corporate activities that the company may have engaged in without knowing that it was deregistered are automatically validated upon reinstatement. There is no need for a court to make a special declaratory relief for revesting of property or validation of corporate activities."

As is, the current Companies Act allows for deregistered entities to be reinstated. The SCA ruled this to be retrospective which means that a reinstated company gets its assets back, it effectively never stopped trading, and its activities in this period are valid and binding.

Further resources available here:

Other reading: The judgment in *Newlands Surgical Clinic (Pty) Ltd v Peninsula Eye Clinic (Pty) Ltd* (086/2014) [2015] ZASCA 25 is on *Saflii*.
Also see "Company reinstatements: End of confusion" on *Creamer Media*.

CIPC short cuts – getting things done faster

Working with the CIPC may sometimes be a daunting task. Use these tips to ensure that you get the correct results.

Internet browser

The CIPC website works best with the latest version of *Google Chrome*, make sure your browser accepts pop-ups to make sure dates are displayed correctly. Regularly clear your caches and history to prevent defaulting to previous browsing results.

CIPC dedicated email addresses for lodgements and amendments
Use the email addresses below to assist with lodgements however it is always better to use online registration or touch screen help desks.

Escalation process

Tracking numbers for their transactions can be checked under "Customer Transactions" under "Customers". Use the tracking number to monitor the progress of the document on "Track my transactions". Click on "Additional Services", select "Customers" and then select "Document Status".

The email escalation channel has been replaced by a ticket allocation system. Applications that are delayed and miss turn around targets should be escalated using the "Enquiries" facility on the CIPC. A ticket number will be issued and should be resolved within seven working days.

If your issue is still not resolved then submit your proof of the above to SAIBA and we will engage directly with the CIPC management:
technical@saiba.org.za.

Service	Channel Of Filing Available	Details
Name reservations	Email	namereservationsandregistrations@cipc.co.za
New on-line company registrations	Email supporting documents for electronic registrations Fax	companiesonline@cipc.co.za 086 5270 538
New manual company registrations and issue of a certificate	Email Fax	companydocs@cipc.co.za 086 6168 960
MOI/Special Resolutions	Email Fax	moiamendments@cipc.co.za 086 6186 960
Company Changes: Registered address and location of company records, and financial year end changes	Email Fax	companychanges@cipc.co.za 086 6186 960
Conversion of close corporations to companies	Email Fax	companydocs@cipc.co.za 086 6186 960
Company and close corporation re-instatements (including re- reinstatement court orders)	Email	re-instatements@cipc.co.za
Company and Close corporation de-registrations	Email	deregistrations@cipc.co.za
Liquidations	Email	liquidations@cipc.co.za
Electronic Filing of Annual Returns	CIPC Website	http://annualreturns.cipc.co.za.aspx
Changes in company director details – Manual	Email	manualcor39@cipc.co.za
Changes in company director	Email Supporting docs to Email affidavits for change of contact details to	CM29Admin4@cipc.co.za COR39emails@cipc.co.za
Changes in CC membership and accounting officer	Email Certified CK2/CK2A form and Supporting docs to	ck2@cipc.co.za
Resolution of corrections of processing	Email	corrections@cipc.co.za
Resolution of disclosure	Email	disclosure@cipc.co.za
Credit notes & refunds	Email	revenue@cipc.co.za



SAIBA News

From the Tax Indaba to NPO Assist and being offered a seat on the technical committee of the Financial Reporting Standards Council (FRSC), the SAIBA team is moving and shaking.

Read some of the highlights.

Membership's Yvonne Nell Steps Down

After 23 years of service, membership administrator, Yvonne Nell is stepping down from her role. SAIBA wants to wish all the best to one of our best and thank Yvonne for excellent work and commitment to SAIBA. Before we bid farewell (or see you soon), we asked Yvonne a couple of questions:

1. What was the highlight of your career at SAIBA?

When SAIBA received recognition to act as Accounting officers. This was after 4 years of negotiations (but that's a story for another day), and then, when we later received recognition for Namibia.

2. What excites you most about SAIBA's future?

SAIBA lies very close to my heart – the fact that SAIBA plays a leading role in the accounting profession, under true leadership. And it's a professional body, where membership comes with commitment and isn't just given for free.

3. What is next for you?

I will still be helping SAIBA, as a consultant.

4. What is your life motto?

Don't do to others, what you don't want done to yourself.



SAIBA appoints Education and Membership Committee (EDCOM)

SAIBA appointed a new EDCOM, to develop policy and provide expertise and advice on all issues regarding the qualification, experience, RPL, assessments and continuing professional development (CPD) of SAIBA members and designation holders. They will also develop the standards of entry for the designation holders, in support of the Institute's objectives and development plan. This will take SAIBA's education department to a whole new level.

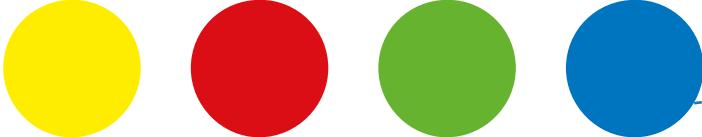
SAIBA recognised as a member of the FRSC

SAIBA has been offered a seat on the FRSC's technical committee – a great opportunity to help shape accounting standards in South Africa.

519 Volunteers! NPO Assist

Starting with a radio interview about deregistration implications for non-compliant South African Non-Profit Organisations, SAIBA and sister organisation, SAIT, partnered to form NPO Assist – a portal, where members could sign up to volunteer and assist NPO's to become accounting and tax compliant.

SAIBA, SAAA & Pick & Pay West Rand I sponsored a community outreach to Thandi's Daycare. Here, children in Slovoville, Kagiso, Krugersdorp spend most of their days. For a brief moment we could share in the joy of jumping castles, balloons, and hot dogs with some cheerful children. We loved getting together to impact one small part of the community.



CFO(SA) prepares the market at Tax Indaba

In September, SAIBA showcased our exclusive designation, the CFO(SA) at the *Tax Indaba*. The *Tax Indaba* 2015, is an event, attracting the Who's Who in the world of Tax and Accounting.

UNISA and CFO Designation

SAIBA has engaged with UNISA, to become the official Leadership School for the CFO (SA) designation. Through this partnership, potential CFOs, can obtain their MBA or MBL through UNISA, who will offer a custom degree to meet the skills requirement for the education part of the CFO(SA) designation.

SAIBA attends IAFEI Conference

SAIBA's executive team will be attending the upcoming 45th IAFEI World Congress for CFOs in Milan to be inducted as the African body for CFOs. SAIBA will meet with key stakeholders and bring upcoming international trends back to our members. Also very exciting – the conference will be hosted by SAIBA in South Africa in 2017!

CPD is fun and affordable

SAIBA continue to provide member with a wide range of CPD opportunities at less than R400 per month. We also offer free monthly webinars and will be hosting the 2nd annual *Practice Management Conference for Accountants* in October 2015. Michael Sass the Accountant-General will be the key note speaker together with more than 30 other experts.

Limpopo Accountants Forum

SAIBA hosted the Limpopo Accountants forum to address the new Limpopo Business Regulation Act, 2003 (LIBRA), whereby all businesses in Limpopo are required to register their businesses through the local municipalities in the province. The Act provides for a transitional process where all businesses are required to register and be licensed by April 2016.

Mandela Day With Members and Staff

For Nelson Mandela Day this year, the SAIBA team and members participated to make a difference in the lives of some very special children.



saiba

ACCOUNTANT OF THE MONTH

Shahied Alie, CEO of *Coral Accounting Solutions* in Fish Hoek, is our July Accountant of the Month. Read more about Shahied, his career, and the things he has learned by having his own practice.

Q: Tell us about your journey, how it started and how you came to work at this accounting practice?

I started the practice in late 2004 after spending twenty years in the corporate environment. I culminated my career as a director of Finance and Operations at a prominent financial services firm, but I always had a keen interest in starting my own practice. *Coral Accounting Solutions* was opened, with the aim to provide accounting and tax solutions to the small and medium-sized business sector.

We essentially cater for clients based in the greater Western Cape area. We have offices in the Southern Peninsula and the Southern Suburbs of Cape Town, but we go to our clients, wherever they are based. We do this, as we believe that our service should be offered with minimal disruption to our clients' everyday life. We have also embraced technology and the majority of operational interfaces are electronic.

The business has evolved over time to provide other complementary services. In 2011, my son (Tashreeq) joined the practice and in 2013, he was made a partner.

Q: Please tell us about the services your practice offers?

Our core services include accounting and tax.

We have a range of complementing services such as business mentorship, financial management, business process design/management, business consulting and infrastructure management services.

We are also approved *Sage Pastel* installers.

Q: What drives you?

Making a difference! Because I essentially never create anything tangible, I enjoy the business successes of clients where I have played a major part in.

Q: Please give us three practical lessons you have learned since the start of the practice.

You have to invest in relationships. Being technically sound and knowledgeable and being able to process efficiently is not sufficient. The business is built on relationship building and maintenance. This is very much a personalised service and the client should be comfortable with you.

You have to embrace new technology. Besides building relationships, you need differentiators to set you apart. We have found that the benefit outweighs the cost when it comes to keeping abreast with technology. It allows us to stay efficient and to be competitive with our processing. You have to upscale the knowledge base and keep abreast of Legislation.

We believe that continued development is not just done because it's mandatory to maintain your professional membership. It is essential for providing a good service to the market. Once again, we believe the benefit far outweighs the investment.

Q: What has your biggest challenge been since the start of this journey?

The financial crisis of 2008 forced me to revisit my business model. At the time we had a number of clients in the financial services sector as well as many SMEs. Many businesses decided to cut costs by taking certain services in-house. Others closed down, or their revenues dropped immensely, due to lower activity levels. This affected our revenue base drastically and we essentially had to close offices across three centres, and start operating from one smaller office. The experience has taught me to diversify revenue streams and to look beyond comfort zones for new opportunities and challenges.

Q: What is your personal work motto?

"Determination is the fuel that propels one to higher virtues."

Q: Please give us insight into a recent case study, which will give our readers a practical lesson from inside an accounting practice.

We obtained a new client, and shortly afterward, we realised that one of their contracts was with a company in Maseru, Lesotho. We quickly realised that we needed better knowledge of the income tax, withholding tax, value added tax and labour requirements of cross-border activity. We had very little experience on how to complete these particulars on various SARS returns and had to up-skill in a very short period of time. We also had no idea what supporting documents and certificates were required. It all worked out in the end, but we had to complete a lot of remedial work, which could have easily been avoided if the client came to us prior to the expansion into Lesotho.

The exercise taught us that you should continually up-skill. The cost of up-skilling must be seen as an investment and cannot be charged to the client. Proper planning is required when venturing into new business activity – timing is important when taking on new clients.

Q: How did SAIBA benefit your practice?

I have been a member of other organisations in the past. SAIBA is more dynamic and practical. I like the broader approach as opposed to the pure accounting approach. The organisation is young and the eagerness to make a difference in the lives of its members is apparent.

It has also been beneficial from a direct marketing and business branding point of view for our business.

Q: What are your practice's future plans?

We are quite keen on Islamic Accounting and we are looking at expanding our offering from an accounting and compliance perspective.

Meet Shahied Allie

From corporate to practice, we sit down with Shahied Allie, SAIBA's Accountant of the Month.



We are also looking into expanding on our value-add pricing model. We have adopted a model where we link our pricing to the value we assign to the client. The implementation is ongoing and we are trying to slowly move away from a pure time-based costing method. As an example, we implemented a business plan charge where we charge two fees from the onset, depending on whether or not the plan was successful, based on its intended usage.

Q: What is your insight on the future of accounting?

Thanks to organisations such as SAIBA, the profession is becoming more dynamic and attracting a different type of individual into the industry. A business cannot exist and strive without dynamic accounting systems and processes, but I think in the future, accounting will move away from only being seen as a necessary evil. I also think that there will be continued emphasis on fees and the value clients receive for fees charged.

I would like to see a standardisation and uniformity of requirements for service providers like banks, development funders, government departments, etc. I would like to see a centralised database with controlled access to service providers. This would be to prevent data duplication.

I would also like to see a meaningful easing in legislation, affecting small businesses. ■

**Determination
is the fuel
*that propels one
to higher virtues.***

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If you want to be the next SAIBA Accountant of the Month,
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Barbara Creecy: Transforming Township Economies

The Business Accounting Review sat down with the Gauteng MEC for Finance, Barbara Creecy to talk about the economy, the future of the province and the role accountants play in current economical shifts.

Helene Cilliers | **Business Accounting Review**

A few words come to mind when interviewing Barbara Creecy, the MEC for finance in South Africa's richest province: dedicated, honest, capable, and in charge. With this approach, accountants in Gauteng may soon find more clients for themselves in the form of budding township entrepreneurs.

That is, if the Gauteng Provincial Government (GPG) succeeds in its plans for its Township Economic Revitalisation (TER) programme. In our interview with Barabra Creecy, she seemed positive that the province would meet its goals in this regard.

Creecy, who was the former MEC for education in the province, managed to lead that department to achieve four consecutive unqualified audit reports.

As MEC for finance, she will be responsible for policy strategy direction and making sure that the policy and budget align with the strategic objectives of the province as well as with national government's objectives as set out in the National Development Plan.

One of these is revitalising the township economy.

In his budget vote speech in June 2015, Gauteng premier David Makhura said the provincial government has already committed more than R160 million to the TER.

More than R300 million was allocated to support township enterprises and cooperatives in the 2015/16 financial year.

The City of Johannesburg has budgeted R3 billion over the next five years to support the township economy and township entrepreneurs. Tshwane's budget is R22 million and Ekurhuleni's more than R150 million.

These township business owners will have access to finance and training, and they will also benefit from the province's undertaking to procure from them to a large extent.

"But they will have to comply with all regulatory requirements," says Creecy.

In her budget speech in June, she referred to a quest to register township enterprises both in terms of the broader regulatory environment and on the GPG supplier database.

"We are also looking at localising procurement and supplier rotation for purchases below R500 000," she said.

Makhura said in his budget vote speech that the provincial government currently spends at least 5% of its R10 billion procurement budget for goods and services on township enterprises, and has committed to set aside 30% of public procurement budget for township enterprises over the next five years.

This should be good news for accountants, as these entrepreneurs will in all likelihood need accounting services. Apart from the province's procurement requirements, there has also for some time now been a drive by the South African Revenue Services and the Department of Trade and Industry to formalise township entrepreneurs in order to expand the country's tax base.

Makhura said to awaken small businesses to the economic benefits of business formalisation, the GPG will be embarking on a campaign aimed at increasing the business compliance levels in the small business sector. "Through the Qondis' ishishini Lakho (Fix Your Business) campaign we will once again visit Gauteng townships to offer onsite registration to 10 000 SMMEs."

In Gauteng, the support for the TER could in many instances be successful, as not only will the provincial government departments procure from township enterprises, but they will also give financial and non-financial support for the establishment of enterprises that they can procure from.

Examples of such enterprises would be the establishment of a globe manufacturing enterprise in Tembisa. The province's Green Technologies unit in partnership with the maintenance unit, will embark on the replacement of inefficient lighting systems with more efficient LED lighting systems. The target for the 2015/16 financial year is 65 200. Currently all of the GPG's globes are purchased from China.

"And what stops other governments from buying from us?" asks Creecy.

Earlier this year Lebogang Maile, MEC for economic development, environment, agriculture and rural development, said an amount of



“This should be good news for accountants, as these entrepreneurs will in all likelihood need accounting services.”



R3 billion has been allocated to spur the industrialisation of the province's western and southern corridors through agro-processing, green industries and tourism.

Public hospitals will source 40% of their fresh produce supplies from black emerging farmers and this is expected to increase to 80% by 2016.

Creecy said the department of education could also procure from these farmers for school feeding programmes.

A total of 53 township-based and black-owned clothing and textile businesses are currently supplying linen to public hospitals in Gauteng.

According to Makhura, three existing township economic hubs in Mohlakeng, Winterveld and Tembisa will be strengthened in the coming months.

New township hubs will be established in Ennerdale, Hammanskraal, Mabopane and Reiger Park and the province will revitalise the Industrial Parks in Katlehong, Orlando, Residential, Khutsong and Ennerdale.

About 160 township entrepreneurs will benefit from a R1.6 billion investment in a state-of-the-art facility at the Riversands / Diepsloot SMME Incubation Hub.

"Businesses based at the hubs will be provided with enterprise development support and incubation programmes", Creecy said earlier in her budget speech.

According to Makhura, intensifying programmes to support township business in this financial year include the following: 345 township businesses operating in labour-absorbing sectors of the economy such as manufacturing, tourism, Information and Communication Technologies, retail and infrastructure businesses which will receive financial support from the Community Fund; 250 township businesses to benefit from the Township Business Renewal Programme which offers grants of up to R50 000 towards marketing, equipment and refurbishment of operational premises; and an invoice discounting system, which allows short-term borrowing to small businesses against outstanding sales invoices.

This gives small businesses access to cash flow and working capital amidst payment delays. Fifty township-based businesses are targeted for this initiative.

As for the banking tender process (which was still underway at the time of writing), all banks have been requested to provide a clear strategy on how they intend to support the development of township enterprises.

Creecy said the township economies are banked through, for example, stokvels and funeral cover, but entrepreneurs don't have access to lending facilities.

Through the provincial banking tender process, the GPG wants to ensure financial support for township enterprises.

In an interview with the *Mail & Guardian* earlier this year, Maile said Gauteng is currently working on a township revitalisation project to transform, modernise and re-industrialise townships in the next five to fifteen years. "We will look at radical economic transformation, social transformation, spatial transformation and modernisation of local economy, and not just



spaza shops, chisa nyamas or the informal businesses, but will bring informal business into the township. We need to integrate the township economy into the mainstream economy."

According to *Sanews.gov.za*, Maile said during a media briefing before his budget vote speech, that a partnership with *Massmart* will result in a R650 million cash injection into various townships across Gauteng, which will give township entrepreneurs ownership opportunities in the shops.

To instil trust in the public and bidders, the GPG has piloted an open tender process with an estimated R50 million upgrade of Cedar Road in Fourways "because there were concerns about how government procurement is taking place", said Creecy.

The Gauteng Government also became the first provincial government to adjudicate its banking tender – to the value of R90 billion to manage the province's central banking services – in public. The open process means that the public can witness the decision-making process around the awarding of tenders.



BARBARA CREECY
WITH SAIBA CEO,
NICOLAAS VAN WYK

Gauteng Economic Facts

- » *Contributes 33% of the National Economy*
- » *10% of the GDP is held by Gauteng*
40% of the world's gold reserves
- » *97% of the province's population lives in urban centres*
- » *The most important economic sectors are: financial and business services, logistics and communications, and mining.*

After the closing of the advertising process, tender boxes are opened publicly and all documents are imprinted to prevent unauthorised switching of documents later in the process.

Additional measures to enhance the transparency of the existing tendering process include appointing an independent team to audit all tenders with a contract value of more than R50 million, and publishing the outcome of each stage of the tender process on the treasury department's website.

Creecy said, based on the outcome of these first two open tender processes, Gauteng Treasury will develop a plan to roll out the process across the GPG for all contracts over R50 million.

This means that by the end of 2016, 60% of provincial expenditure on goods and services will be adjudicated in public. She also said the open tender process taught the GPG that a lot more training is necessary on the supply chain management processes. She stated that a lot of what goes wrong in the tender process is unintentional.

Speaking about media reports that the GPG has spent R8 billion illegally in the previous financial year, Creecy said this has been incorrectly reported by the media as there is a difference between irregular expenditure, unauthorised expenditure, and fruitless and wasteful expenditure.

In the first two instances this could mean that not all the tender processes have been followed correctly, or there could have been an overspend on the wage bill which is a common occurrence in government.

As for fruitless and wasteful expenditure, this could mean that money disappeared into pockets, but it could also mean that a service provider was paid late or that there was an increase in rent.

She said a lot of panic is also spread by people playing politics. "Normally there is about a 3% deviation from the budget."

"But the question is: is there investigation or is there condemnation?" ■



A Business Meeting with CIPC Acting-Commissioner Adv Rory Voller

We interview newly appointed Acting-Commissioner Adv. Rory Voller on the challenges and opportunities facing the CIPC.

Helene Cilliers | **Business Accounting Review**

When Adv Rory Voller joined the institution in the early 2000s as a legal advisor, he soon started taking an interest in commercial law.

So much so, that he specialised in this discipline through UNISA, while working at the institution, which then still went by the name of *Companies and Intellectual Property Registration Office (CIPRO)*.

Coming from a legal background where he practiced mostly criminal law in Durban, the move to the *CIPC* also caused him to be admitted as an advocate and meet his wife.

At the time, she was a company secretary at a large technology company in Cape Town. The pair met via email four years ago, when she asked Voller a question about company law following workshops and training that he was involved in, as part of a drafting team for the new Companies Act.

"I explained the question to her in person, and now we are married."

"I am very honored to have been appointed by the Minister as acting-commissioner and find the position both challenging and exciting. My predecessor started the modernisation program and as CIPC we are fully committed to this process. The near future will see some amazing things being deployed with the company secretarial space."

"I am an avid hiker and tripper," says Voller, who already attempted Mount Everest, where he at least reached the base. "Kilimanjaro is next." Voller often travels to international registrar meetings where best practice is shared.

He is especially impressed with Singapore's *Accounting & Corporate Regulatory Authority (ACRA)*, the country's equivalent of the *CIPC*.

"Singapore has the best registrar with fully automated offices."

“ There are too many intermediaries and agencies that are not part of a professional industry body. *It causes inconsistency in the quality of work.* **”**





"Full automation is something the *CIPC* also aspires to, and to which it is well on its way", says Voller. The most recent function that has been brought online, is auditor appointments or resignations.

"We also partially automated name reservation, which includes a full name search."

Voller states that in order to make the *CIPC*'s service more accessible to the public, it is working closely with banks to offer simple company registration services. This service is already being offered via the *CIPC*'s self-service terminals (SSTs), which was a world first when introduced in 2014. (Read more about these terminals in the first edition of the *Business Accounting Review*).

The technology was developed by the *CIPC* and the *Department of Home Affairs*. The registration process includes real-time biometric verification through a direct link between the *CIPC* terminals and Home Affairs.

"Between 85% and 90% of simple company registrations are currently being done through these services", says Voller.

Services include customer registration, password reset, name reservation, annual returns, company and close corporation address changes, company and close corporation financial year end changes, electronic

disclosure certificates and company registration with or without name reservation. For company registrations at the SSTs a maximum of three directors are allowed and all have to be present for the fingerprint verification.

Through a high-speed link with the *South African Revenue Service*, a tax number is issued immediately when a company is registered.

Businesses with an annual turnover of up to R10 million can also register to get BEE certificates at the terminals instead of getting a declaration stating the turnover, from an accountant.

"The future plan for larger companies is that verification agents will be able to upload verifications onto the *CIPC* system and companies will then be able to get their BEE certificates via the terminals", says Voller.

The terminals are being rolled out in partnership with the *Industrial Development Corporation (IDC)* and *Transnet* business hubs. Terminals are currently established at the Carlton Centre, the IDC and JSE in Johannesburg, Sunnypark in Pretoria, Waldorf Arcade in Cape Town and the West Coast Business Development Centre in Saldanha Bay.

Other parts of the country on the priority list are Buffalo City, De Aar and areas in Mpumalanga and KwaZulu-Natal which, according to Voller, is the second biggest market for company registrations.



A large black and white portrait of Rory Voller, Deputy Commissioner of the CIPC. He is smiling and wearing a dark suit jacket over a light-colored shirt. To the left of the portrait, there is a banner with the text "Companies and Intellectual Property Commission" and "a member of the group". In the bottom right corner of the portrait, there is a small caption: "RORY VOLLE, DEPUTY COMMISSIONER, CIPC".



Voller says the *CIPC* wants to make the SST technology available to third party users such as auditors or other registration agents.

"If they want to utilise the service, we send them a link to download the documents and hardware specifications for free."

"Unfortunately, complex Memorandums of Incorporation still have to be submitted via email."

Voller says the *CIPC* is in the process of filling vacancies where it is most needed, such as call centre operators, trademark examiners and patent examiners.

He says although the *CIPC* website is experiencing 99,9% uptime, users still have a problem navigating it.

The *CIPC* is looking at how to make its website more user-friendly and also at improving the query resolution system.

In June 2015 it launched an Unstructured Supplementary Service Data (USSD), for assisting with resolving customer queries. Research into *CIPC* customer queries revealed that most customers try to contact the organisation to follow up on the status of their application or transaction. The USSD solution addresses the most prevalent queries. Customers can access the USSD solution from any cell phone handset at a cost of 20c per 20 seconds. The solution is open to all cellular networks and enables customers to enquire about company application status, name reservation application status, balance enquiry, *CIPC* banking details and password resets. In order to reset their passwords, customers need to have previously logged onto e-services where they created a security question.

The number to dial from a cell phone is *120*2472#.

Voller says company registrations are increasing year on year, and is currently standing at 240 000 registrations per annum.

What he wants to see in the future though, is that more company secretaries would become more professional.

"There are too many intermediaries and agencies that are not part of a professional industry body. It causes inconsistency in the quality of work."

"There is also a lack of education and training because no one is looking after their interests to grow the profession."

"The standards and quality of advice given are also lacking."

The number to dial from a cell phone is

***120*2472#**

As far as accountants are concerned, Voller says they need to get on board electronically and may even implement SSTs in their offices.

Accountants should also educate themselves on *CIPC* procedures and regularly visit the website for notices to make sure they make submissions according to the requirements of the indexing system.

"Their biggest gripe is the rejection rates," says Voller, but adds that the biggest reason for rejections is that information is not submitted in the required formats.

He says another worrying aspect for the *CIPC* – one that will require a policy intervention – is the number of businesses under rescue that go into liquidation because creditors get better returns on liquidations.

"We see too many companies going for this option instead of being saved and returned to profitability."

According to a *University of Pretoria* report in March 2015, the *CIPC* received over 1 500 filings for business rescue procedure since the Companies Act 71 of 2008 came into effect on 1 May 2011.

Asked how long he still sees himself at the *CIPC*, Voller, who is also a member of the specialist committee on company law and the *King Committee*, said he would at least want to be around to see the organisation becoming a fully automated service provider, similar to what Singapore offers. ■



Inside Compliance

Somewhat serious, yet open, Joey Matekga, head of compliance at the Companies and Intellectual Property Commission (CIPC), talks about the ins and outs of compliance and how accountants can help smooth the process over.

Beth White | Freelance Writer

As head of compliance at the CIPC, Joey Matekga is tasked with overseeing corporate compliance and disclosure of all South African companies. The unit's responsibilities include the review of annual financial statements, the investigation of reportable irregularities, the registration of prospectuses, and the administration of annual reports, which should be received from accounting and auditing bodies.

"In terms of the Companies Act, every company, even those that are independently reviewed, must submit a set of financial statements to the CIPC," says Matekga.

Because this requirement was only enforced in 2014, the CIPC has not been able to establish how many companies comply. "Ideally we need an electronic system and we have put in a request to the Information Technology and Computing department to develop such a system."

Matekga says although the enforcement of the new Companies Act in 2011 required companies to submit their financial statements, certain types of companies were exempted. "Only public companies were required to submit their statements." This exemption was lifted in 2013.

All financial statements have to comply with the financial reporting requirements as specified in the Companies Act. This may range from compliance to full IFRS, IFRS for SME or gaap, as

deemed appropriate for the business of the company.

"We verify the statements and raise queries with companies if we find irregularities," says Matekga, "and sometimes even call for an investigation".

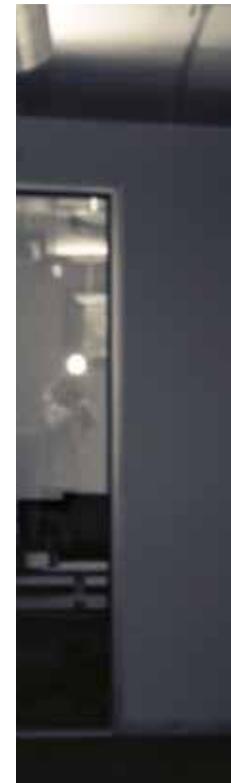
He says the compliance unit follows a risk-based approach to decide which companies to review. "We decide at the start of a financial year whether we will look at, for instance, non-profit companies or mining companies."

This may include looking, for example, at the issuing of dividends before conducting a solvency and liquidity test. These decisions are sometimes also informed by reading news reports.

The unit was only recently employed with 12 employees and receives information on reportable irregularities from the *Independent Regulatory Board for Auditors (IRBA)*, among others.

"Where there is non-compliance, such as a failure to develop financial statements for a previous period, we issue compliance notices. So far we have issued more than 30 compliance notices and five compliance certificates."

He notes that all entities above a public interest score of 100 are expected to comply, not only companies that have to be audited.





There are four streams within the compliance unit, namely the annual financial statements stream, the reportable irregularities stream, the independent review stream and the prospectus stream.

The annual financial statement stream is responsible for review of audited statements, financial accountability supplements or independently reviewed financial statements.

In the reportable irregularities (RI) stream, the *CIPC* receives RIs from auditors and independent reviewers in cases that result from unlawful acts or failure to comply with the Companies Act which may arise as a result of negligence or the intentional act of a person responsible for managing the entity.

The RI is then recorded and referred for investigation to determine the status of the RI, which in some cases may be referred to the relevant regulatory body. Criminal offenses are referred to the South African Police Services.

If a company refuses to comply, a compliance notice is issued.

Since October 2014 the unit has received 602 RI cases.

The independent review of financial statements is governed by Regulation 29 of the Company Regulations and the primary function of this stream is to receive and investigate the irreg-

ularities as reported on by independent review practitioners.

After investigation, the necessary compliance in accordance with the Companies Act, must be ensured and adhered to.

The function of the prospectus stream is to maintain registers relating to prospectuses, employee share schemes, schemes of arrangement, annual certificate employee share schemes, applications concerning rights offers and offers of compromise.

Matekga says the *CIPC* introduced a function of post registration compliance to make sure companies keep to their prospectuses and remain accountable in terms of the specific offerings they made in their prospectuses.

According to the *CIPC*, it experiences some challenges, such as that the culture of compliance is not at a desired level.

It says industry expectations are high in terms of wanting to see the outcome of financial statement processes immediately, but with the constraint of human resource capacity, the implementation process will be incremental in the short to medium term.

Some of the other challenges experienced include the lack of a database. "We would like to be able to record financial statements and

“The culture of compliance is not at a desired level.”

compare them to previous years, but we don't have a database yet.

We would also like to be able to receive financial statements through an automated system that would allow us to pick up red flags."

Lastly, says Matekga, he also looks forward to an automated system which will allow integration with the accounting and auditing fraternity to help communicate requirements.

"The relationship we have with accounting bodies is historical and we get reports religiously," he says, "however, accountants can be more helpful by for instance supplying contact details when requested to do so." ■

Jacob Maphutha, the BEE Unit and SAIBA

SAIBA is building important relations with the Department of Trade and Industry (dti) and the BEE Unit. Here is an insight into a recent meeting and interview with Jacob Maphutha, director of the BEE Unit.

Helene Cilliers | **Business Accounting Review**

The way has hopefully been paved for future talks between the *SAIBA* and the dti. In a recent meeting between Jacob Maphutha, director of BEE Partnerships and Stakeholder Engagement at the dti and Nicolaas van Wyk, CEO of *SAIBA*, Maphutha said he is willing to look into a number of issues concerning *SAIBA* and its members, including *SAIBA* members' eagerness to act as verification agents and *SAIBA*'s BEE standing. "We will have to look at the kind of services that *SAIBA* offers, and how it benefits its black members," he said.

SAIBA members are concerned that their skills and expertise are not being recognised by the BEE unit. Since the *Companies and Intellectual Property Commission (CIPC)* can now issue BEE certificates to exempted micro enterprises (EMEs). Consequently, qualifying members such as BAP(SA)s should be allowed to register as verification agents in order to issue BEE certificates to qualifying small enterprises (QSEs).

Maphutha said although only an affidavit is required for verification of an EME, it is still the procurement officer's responsibility to do further checks and balances and investigations into bidding companies.

"Fronting is rife and the dti receives a daily average of one to two reports on fronting practices", says Maphutha. He adds that accountants can help a lot in this regard by giving their clients the correct advice and by reporting fronting to the dti, whenever they come across such practices. "In my opinion the companies themselves, the consultants who advise them and the verification agents who take bribes are all equally guilty."

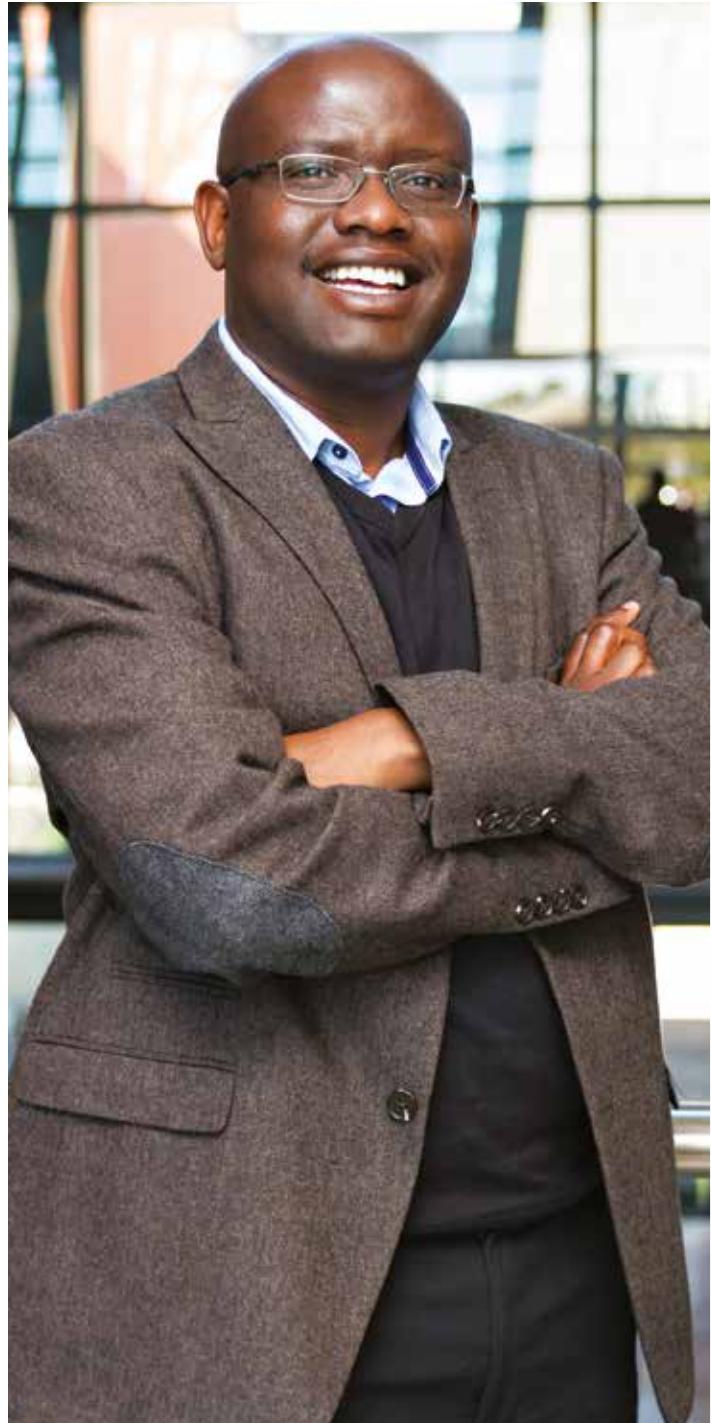
Held at the *SAIBA* offices, the meeting played off in the boardroom, where discourse started off slow. But as soon as the conversation started to flow, there was no stopping the good news and relationship building between *SAIBA* and the *BEE Unit*. And what a promising relationship it is.

Maphutha invited *SAIBA* to get involved with the newly founded *Association of B-BBEE Professionals (ABP)*. This new voluntary organisation is an amalgamation of the existing *ABP* and the *National Association of BEE Consultants (NABC)*, to form a single professional body for the broad-based black economic empowerment (B-BBEE) industry, representing BEE consultants and verification agents.

So far, the *ABP* has signed a Memorandum of Understanding with the *South African Institute of Professional Accountants (SAIPA)* and the *Association of BEE Verification Agencies (ABVA)*.

In the meantime, *SAIBA* members who want to be accredited as BEE verification agents, will have to apply with the *South African National Accreditation System (SANAS)* as, other than in the case for auditors, there is currently no professional body or regulator that can accredit accountants. He also invited *SAIBA* to form a partnership with the dti to address BEE issues.

"At the moment there is a lot of negativity about B-BBEE," says Maphutha. He says that it could be attributed to a misunderstanding of how B-BBEE is structured.





"Each of the five elements has its own focus area and purpose with a specific outcome", he says. "The main beneficiaries of the ownership element will be black entrepreneurs. We devised the scorecard in such a way that it no longer benefits only a few people."

He says the management element should benefit employees who aspire to be promoted to top management structures, and the skills element should also address employees by offering them training opportunities.

"In the case of enterprise development, the scorecard is designed to create symbiotic relationships between established and emerging businesses", says Maphutha, giving an example of Toyota in Japan whose entire supplier base consists of small businesses.

Maphutha – a qualified agricultural economist who became interested in BEE – says this is happening all over the world and his hope is that in South Africa this will also eventually become a way of doing business without it having to be legally enforced. "We want to promote development of and sustainability for small businesses, whether they are black or white. This is one of the reasons why there was a need to expand what is considered to be small", he said.

The result was the revised Codes of Good Practice in which the threshold to qualify as an EME – requiring only an affidavit of its BEE status – has been increased from a turnover of R5 million per year to R10 million per year.

Thresholds for businesses in specific sectors, such as the sector for chartered accountants who have their own charter codes, may differ from these generic codes.

At the time of writing, not all of the ten sectors who have requested their own transformation charters have submitted them to the dti for approval. So far, only the tourism charter has been approved. The other sectors will have to use their old codes for BEE verification until their amended codes are approved. The deadline for submission is the end of October 2015.

Maphutha said nothing stops another accounting sector to also submit a transformation charter if it thinks its industry is subject to peculiarities that cannot properly address transformation through the generic codes.

He said, apart from the manufacturing sector, where the dti and government has a vested interest in terms of its importance to the country's economic growth, the department does not make recommendations for the submission of sector codes, although it does have to approve it.

Other developments in the BEE space at the dti, is the current process of establishing a B-BBEE Commission, whose functions will include investigation into fronting practices; advocacy, research and analysis; and monitoring and evaluation.

"Verification agents will also be pleased to know that the "difficult" B-BBEE Verification Manual which was first published in 2008 is being updated, amended and enhanced with illustrated examples", said Maphutha. ■

BEE Survey Results

SAIBA members filled out a survey, which the SAIBA executive team took to our meeting with the *BEE Unit*. Here are some of the interesting results:

- » **21%** *Satisfied and very satisfied with the BEE Unit*
- » **28%** *Unsatisfied and very unsatisfied with the Unit*
- » **Useful** - *The word that describes the BEE Unit best*
- » **51%** *of members said that the BBBEE legislation does not meet the needs of the South African society*
- » **61%** *of members said the EMEs threshold is appropriate*
- » **62%** *of the members are extremely likely to become a verification agent, given the opportunity*

In the meantime, SAIBA members who want to be accredited as BEE verification agents, will have to apply with the South African National Accreditation System (SANAS) ■

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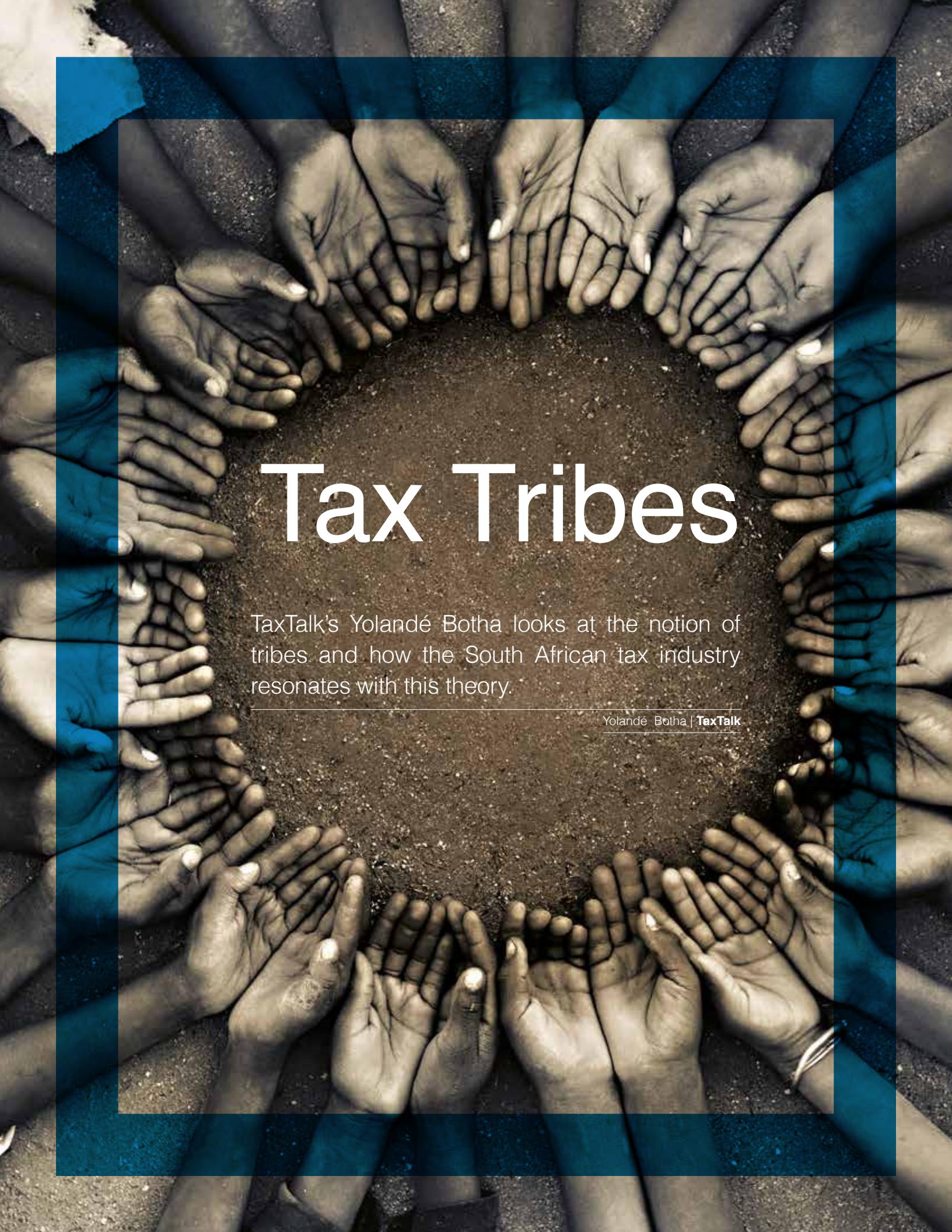
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Tax Tribes

TaxTalk's Yolandé Botha looks at the notion of tribes and how the South African tax industry resonates with this theory.

Yolandé Botha | **TaxTalk**

In his fascinating book, *Tribe*, Seth Godin defines a tribe as a group of people who are connected to one another, a leader and an idea. Without a leader, a tribe is just a crowd. Once a leader steps up to lead a tribe, it is his or her first duty to tighten the tribe: "It's tempting to make the tribe bigger, to get more members, to spread the word. This pales, however, when juxtaposed with the effects of a tighter tribe. A tribe that communicates more quickly, with alacrity and emotion, is a tribe that thrives."

The community of tax and accounting professionals in South Africa represents such a tribe – a tight-knit collective working with a high level of connectivity around a central specialised cause.

Recently, commentators have been speculating that an apex in South African history may have arrived where taxpayers have been pushed too far. There is growing concern at the apparent waste of taxpayers' contributions through highly controversial government spending and South Africans are becoming more belligerent about tax.

Last year a trillion Rand was collected by treasury in the form of taxes, but the ever increasing government expense burden means that additional funding is still required. Many taxpayers question where this will come from and whether they will be squeezed even more. We are in the unfortunate position that South Africa is one of the only countries in the world with a double deficit – this means that we import more than we export and that there is an overrunning of expenditure.

Economist Mike Shüssler calculated that 95% of all taxes are being paid by 3.5 million people – this out of a total population of 55 million people. These 3.5 million people who make up the entirety of the tax base – ranging from income tax, VAT, corporate tax, CGT, estate duties and levies – are thus responsible for ensuring that there is money to pay for public education, grants, healthcare, housing, policing, water purification and sanitation.

Despite these rather depressing realities, Judge Dennis Davis has recently commented, based on a study conducted by the *World Bank*, that we have one of the best VAT collection and tax and transfer systems in the world.

Corporate tax rates have also come under scrutiny with many industries paying an effective tax rate well below the 28% rate once various incentives and allowances are brought into account.

Mining has traditionally been one of the country's most lucrative revenue sources. This industry, which contributes around 7% to South Africa's economy, is now struggling with sinking commodity prices, rising costs and labour unrest and a number of firms have announced plans to reduce jobs. However, the *Davis Tax Committee* recently recommended that South Africa should not consider additional tax instruments such as a windfall tax for the country's mining sector. Although senior ANC officials have called for windfall taxes to be imposed during the recent commodity boom, the committee stated that while it preferred that the tax regime applied to gold producers be brought in line with other companies in the mining industry, it recommended the status quo be maintained for existing mines to protect jobs.

3 Fast Tax and Finance Facts

- 1 2014 marks 100 years of income tax in South Africa
- 2 Globally, tax rates are increasing, with the average around being 20%
- 3 South Africa ranks second worldwide in terms of the transparency surrounding its budgets - just behind the United Kingdom, tied with France, and ahead of New Zealand and the United States - according to the Open Budget Index.

Currently mining companies are taxed at a standard 28% corporate income tax rate, but taxes paid by gold firms are linked to their profit margins, a measure meant to cushion an industry facing its sunset years.

With a dwindling revenue base and ever-increasing expenditure, the Davis Committee still has a tough task ahead in establishing exactly where the revenue to fund the ideals of the National Development Plan will come from.

It is common knowledge that there is a global initiative to eliminate the nondisclosure of funds by taxpayers set on avoiding tax. The use of offshore trusts by high income earners and transfer pricing by companies means the tax burden for those who are compliant is far greater. If all income were to be properly disclosed and taxed, giving regard to double tax agreements in place to prevent double taxation, there would likely be no need to increase tax rates. In addition, government wishes to encourage savings through the expansion of tax savings schemes which will ultimately cut costs.

Tax is an unwelcome burden – the non-payment of tax comes with the far higher risk of a collapsing economy, social upheaval and more. Tax professionals not only carry the onus of conducting their affairs with integrity, but also of ensuring greater tax compliance among South Africans as a whole. Challenges as seemingly insurmountable as these require a dedicated tribe of niche professionals in order to be overcome. It is with the goal of cultivating a cohesive tax tribe that the *South African Institute of Tax Professionals (SAIT)* continues to work within the tax community to promote change to pertinent issues. ■

Combatting Base Erosion through Accounting Standards

A call for more transparent and comprehensive financial statements and documentation, through implementation of proposed base erosion and shifting schemes for multinational corporations.

Nicolaas van Wyk | **SAIBA**

The *Davis Tax Committee* recently released an interim report in which it indicated how the government could address the erosion of the tax base through base erosion and profit shifting schemes (BEPS) of multinational corporations.

According to the *Organisation for Economic Co-operation and Development (OECD)*, whose recommendations is largely adopted by the *Davis Tax Committee*, base erosion and profit shifting occurs when, mostly large multinational companies pay no or low taxation as a result of practices that artificially segregate taxable income from the activities that generate it.

Globalisation for all its benefits is a contributor to this problem by enabling multinational corporations (MNCs), to locate their productive activities in countries that are aggressive tax havens, while selling their products globally. Profits are therefore shifted away from the jurisdiction where the activities underlying the profits take place.

Forum Syd, a Swedish Development Agency, estimates that annually more than US\$ 1 trillion disappears from developing countries by being transferred illegally to tax havens or rich countries.

This amount is significantly more than the amount of aid developing countries receives and the amount of debts owed by them, combined.

To add insult to injury some of these funds are returned to developing nations as foreign direct investment and may also attract favourable tax treatments.

The Davis Committee has set itself the task of addressing this issue by proposing ways and means by which our government should reduce and eliminate illicit capital outflows. However, by focussing only on tax it has missed an opportunity to approach the problem in a more holistic manner.

According to the *OECD* report BEPS activities can be curtailed by requiring MNCs to provide governments with more transparent and comprehensive documentation on their transfer pricing and other BEPS activities. This may include information related to global allocation of the income, economic activity and taxes paid in different jurisdictions.

Yet neither the *OECD* report nor the *Davis Committee* interim report addresses the root cause of this disclosure issue, namely the presentation and disclosure of financial statements as prepared by company directors and their accountants.

The Southern African Institute of Business Accountants (SAIBA) therefore called on the *Financial Reporting Standards Council (FRSC)* to consider and make recommendations on how the presentation and disclosure of financial statements could be improved to ensure better transparency concerning the BEPS activities of MNCs.

This can be achieved in two ways:

1. These activities require disclosure as uncertain tax positions. In our view, a more stringent financial reporting standard should be introduced to specifically address and disclose estimation uncertainties relating to BEPS activities. This should include a detailed report on the source of these uncertainties. The disclosure should also include better provision for uncertain tax positions taken if it is likely that the tax authorities would not accept the tax position of the MNC. It may be a very complex and time consuming exercise for a MNC to estimate the outcome of an uncertain tax position. However, the cost of doing so pales in comparison to the benefit that may be derived in eliminating billions in illicit capital outflows.
2. Enhanced disclosure as to profit shifting arrangements employed by MNCs. Investors and tax authorities, as representatives of the public interest, should have access to information that indicates where productive activities are located and compare this to where the taxes are paid.

In addition MNCs would likely object to disclosing sensitive information regarding the location of their productive activities and the sources of their taxable income, as this may affect their competitive advantage. However, the cost of doing so is less significant when compared to the benefit that may be derived in eliminating billions in illicit capital outflows.

Illicit capital outflows have a tremendous detrimental effect on developing nations. It restricts the ability of governments to build infrastructure, provide service delivery and simply shifts the tax burden to other taxpayers. As a result, we believe corporate governance rules applicable to MNCs should be strengthened by including in the King Code of Corporate Governance clear principles that will hold directors accountable for any decision that may result in illicit capital outflows.

Accountants, by virtue of their professional code of conduct, are required to act in the public's interest. It is high time that the profession takes the lead in fighting this scourge to developing nations. We therefore request the *FRSC* to consider this issue with the aim of an amendment to financial reporting standards to ensure transparency in the reporting of *BEPS*.

SAIBA also requested the *Department of Trade and Industry* to ensure the South African *FRSC* and the *Independent Regulatory Board for Auditors* place this issue high on their agenda to influence international standards to the benefit of South Africa and all developing nations. ■

“Base erosion and profit shifting occurs when, mostly large multinational companies pay no or low taxation as a result of practices that artificially segregate taxable income from the activities that generate it.”



Looking for the Missing Link



Businesses today need fast and accurate financial information. Utilising the latest technology can free up management accountants to play a more wide-ranging role and be more influential in the workplace.

CIMA Whitepaper

To thrive in today's corporate environment, businesses need to engage finance professionals, especially management accountants, as business partners. Their expertise means they can take part in conversations with key stakeholders across the organisation – not only by informing big decisions, but by providing the analysis and insight to manage and improve performance.

"Management accountants have the right skills and a hard work ethic, but they are often so busy with the reporting cycle that they don't have the capacity to provide the support the business needs," says Peter Simons ACMA, CGMA, technical specialist, research and development, at CIMA.

"What many would like, and what they have the ability to do, is to engage better with the business."

In many major multinational corporations the finance function has been transformed to make processes more efficient. Doing this can free up finance professionals to better support decision-making in the business and empower budget holders to take on some of the responsibilities that would have previously landed on an accountant's desk.

The state of play

But is this transformation viable, and are organisations satisfied with the status quo of budgeting and forecasting? To answer these questions, Advanced Business Solutions commissioned a survey to uncover finance professionals' views, concerns and priorities.

Targeting senior accountancy professionals in large UK organisations, the aim was to examine existing budgeting and forecasting systems, and any areas of dissatisfaction. Of particular interest were those working in organisations of more than 1 000 employees because of the levels of organisational complexity.

The key highlights

- There is still a significant reliance on spreadsheets; some 88% of those surveyed are not using cloud-based systems, with 36% still preferring to use spreadsheets.
- Alleviating the impact on staff time and resources was a key concern for more than 60% of respondents.
- Real-time data reporting is another requirement, as is the ability to update information as quickly and efficiently as possible.
- Ten or more people typically get involved in the budgeting and forecasting process.
- Fifty per cent of respondents reported that it takes between four and six iterations for a budget to be finalised.

From information to analysis

To further explore these themes Advanced and CIMA hosted a workshop towards the end of 2014 showcasing businesses that have moved towards a more collaborative model.

Addressing the delegates, Simons iterated the wide remit of accountants. "Employers want accountants to take on a broader role," he said.

“ Downloading information from one system on to a spreadsheet and sharing files involves potential risks when a number of departments or individuals work collaboratively across a single project.

Businesses may leave themselves exposed to serious reporting errors. ”

"They have the data and they produce reports, but if they understand the business they can contribute analysis and influence decisions."

This was echoed by Jimmy McLoughlin, entrepreneurship policy lead at the *Institute of Directors*: "You, as finance professionals, can come in and explain how to use the data and interpret what it means as we gather more and more."

Efficiency, influence and information

But what does this new role look like for accountants? Three words recur in CIMA's conversations with management accountants regarding the role of the finance function: efficiency, influence and information. While system standardisation, process improvement and bringing people together in shared services centres have helped improve efficiency, more timely and relevant information remains "the missing link" that would enable management accountants to be more influential in the business.

So how can accountants harness their organisation's data more efficiently and use their analysis to exert greater influence? One possible approach is to depart from traditional spreadsheet-based strategies and embrace tighter budget management and self-service. This could reduce the burden on the finance team, increase efficiencies and bolster overall financial performance.

The role of the spreadsheet

While spreadsheets are likely to remain a key piece of the accountant's toolkit for the foreseeable future, Simons likens these products to "the not-so-new back of the envelope", which yet again brings the question of collaboration to the fore.

Downloading information from one system onto a spreadsheet and sharing files, for instance, involves potential risks when a number of departments or individuals work collaboratively across a single project. As a consequence, businesses may leave themselves exposed to serious reporting errors.

According to the survey more than 10 different people are involved in the budgeting and forecasting process on a regular basis. Chris Hall, director of finance transformation at consultancy *Gibbs Marshall*, spoke of his difficulties in working collaboratively as a financial controller for a small software company earlier in his career. "I found myself immensely frustrated by the fact that things were slow and it was really difficult to get information from the business," he said. "Our systems didn't really work properly." Hall's experience reinforces the results of the survey: 50% of respondents reported that it takes between four and six iterations for a budget to be finalised.

While the potential for collaboration and business transformation resulting from automation is clear, the data from the survey suggests reluctance among respondents to fully embrace newer technical solutions.

The next generation of finance professionals

As mentioned earlier, 36% of respondents in large organisations still use spreadsheets for budgeting and forecasting, yet Hall urged delegates to consider the next generation of finance professionals.

"Think of the new entrants into business," he said. "What are they used to in technology?

"A lot of larger businesses are still labouring with quite antiquated processes in technology. That is a real challenge and it is going to need to be addressed, because it is increasingly becoming harder for businesses to recruit and retain people." McLoughlin agreed: "In 10 years' time, when Generation Y firmly enters the workforce, everything they'll know is from the perspective of 'digital natives', as the phrase goes," he said. "How people adapt and respond to different generational changes will be fascinating." So what are the alternatives? For Frank Taylor, presales technical consultant at Advanced, the answer lies in automation: "Integration and automation can tie budgeting and forecasting together," he said.

"Poor integration across systems frustrates Generation Y users who are used to seamless interfaces and devices. For example, being able to work between their phone and their laptop."

Purely from a cost perspective adopting a cloud-based model does not necessarily involve significant upfront investment, as a business is essentially renting the system rather than buying it.

88% of large organisations are not using cloud-based solutions

10 or more:
The number of people typically involved in budgeting and forecasting

90% of companies see a budget as a contract to receiving results

Looking beyond larger organisations, cloud-based services also carry the advantage of giving smaller players access to reporting systems that are traditionally the preserve of larger players in the market.

Conclusion

With businesses globally beginning to adopt a more holistic view of their activities, accountants need to have their voices heard in the boardroom. To achieve this, they need to be free to cultivate their insights, which will rely, in part, on the transfer of aspects to budget managers and the potential automation of certain aspects of the budgeting process.

"Producing the actual financials, is the bit the machines can do," said Simons. ■



Leadership and Trends

What the future will hold

Jade Carstens | Freelance Writer

Please take a moment and use it to ponder 'the leader'. . . Start from the very birth of our human existence. Think of the role our leaders have played, how influential some have been, and how the consequences of their thoughts have literally shaped the world as we know it today. The greats have not only helped us to merely survive, but also to flourish and become multi-dimensional complex beings. It is for the most part an impossible endeavour, as we admit to the power the ambitions and ideas of great and not so great persons have had on our lives.

Being the social creatures that we are, we have built nations and developed cultures around the ideals of those we chose to follow. From our humble beginnings as a species, right up to the present state of affairs, our leaders have brought about the changes and set our courses of development, each contributing to the present environment by building on or breaking down concepts from their predecessors. The world we have created has evolved and we have become the individual parts that make up a global network of interrelated and mutually inclusive systems of operations that is now larger than the mere sum of its parts.

For the first time in the 21st century we are subjugated to realities brought about as the result of decisions made externally without any involvement of those affected by the decisions.

Twenty first century leaders find themselves in uncharted territory. Modern industry and business leaders had to relinquish their usual roles as the initiates of transformation. And now they find themselves on the oppo-

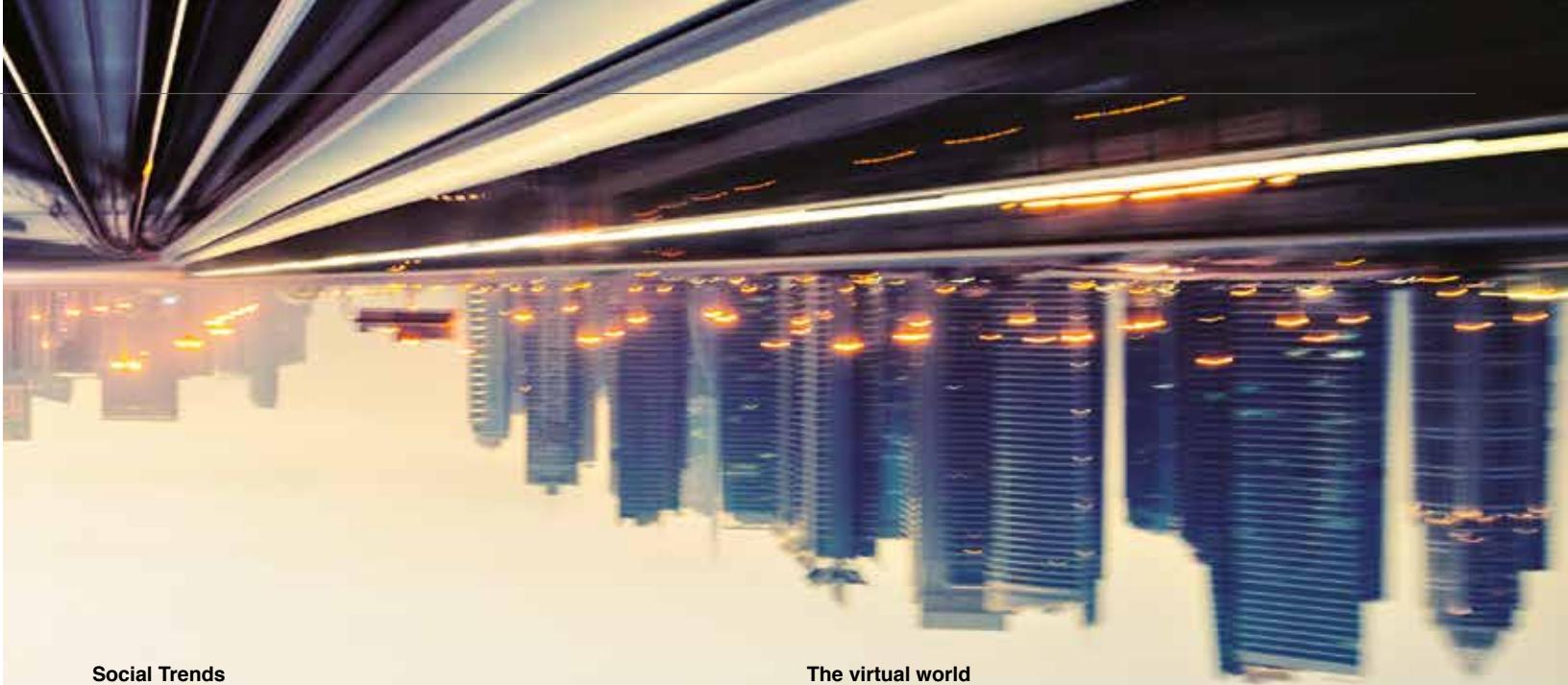
site end of the spectrum. A situation where change is already in motion, and happening at a pace like never before. Their roles have changed and new skills must be applied to overcome new challenges. Creators of change must now become navigators of change. Tasked with guiding those dependent on the survival of the organisation successfully through the various stages of change with the goal to not only survive the changes, but to seek out new opportunities and ways to ensure their stakeholders' future prosperity as well as job-security to those the organisation employs. So-called Change leaders.

Change leaders are responsible for ushering in a new era of business operation. This will require a completely new approach to leadership. By acknowledging the changes and being aware of the latest data interpretations regarding the implications thereof, business development experts have begun to shed light on the new approaches to strategy development and the new roles within the organisation structure. Good, successful leaders will have no choice but to take these changes of social, political and economic trends into account if they wish to be successful and reach long-term goals. Because of the global impact and vast scale of current developments, and their far-reaching consequences, these heavy impact movements have come to be known as global mega trends.

Megatrends

Megatrends are global movement issues which will affect, impact upon and be relevant to all people worldwide for at least the next 20 years, affecting all levels of operations and industry.





Social Trends

Large scale urbanisation: It is estimated that more than 60% of the global population will be living in 'Green', 'Smart', Mega cities consisting of and so connecting populations of millions. As urbanisation develops it will give rise to employment opportunities and shifts in employment patterns as new industries and markets develop.

The reverse brain-drain: Large-scale urbanisation especially in the developing world will lead to professionals going back home in order to fill the employment gaps and enjoy the new opportunities offered.

The Y-Generation: Those between the ages of 15-34 in 2020 will be the target market.

- » More power to and global growth of the middle-class.
- » The empowerment of the woman.

The Healthcare Sector: The problem of an ageing population and lower birth rates will put strain on the health-care systems of many Western countries, with some paying as much as 30% of their GDP to caring for chronic illnesses. This will cause a shift in focus from treatment to prediction and early diagnosis.

- » Personalised medicine; as mobile data technologies and social health solution strategies converge and provide much more research data, which increases knowledge and inspires new drug development.
- » Yet other countries, such as those currently in the third world will have the challenge of integrating huge populations of youngsters into saturated labour markets.

Technological Trends

Satellites:

- » It is estimated that by 2020, 927 Satellites will be in orbit.
- » Galileo will ensure more precise measurements than our current GPS.
- » New technologies for automobile navigation, intelligent traffic control, vast Internet access and wireless networks. Automated guidance of machines, real-time structure monitoring, logistics and site-management developments.

Pervasive robotic technologies:

There are plans to build robotic pets, nannies, waiters, home-makers, companions as well as intelligence focussing on planning and business calculations and strategies.

Robotic industrial applications:

This trend will be rife, replacing human labour forces in various industries such as welding, drilling, space exploration applications, low-invasive surgeries, material handling, packaging, transport and the military.

The virtual world

3-D Simulated environments for interactions and experience affected by personal mobility. Simulations ranging from virtual shopping to surgical and medical training, business meetings and conferencing, classes, lab experiments, trips to different planets, etc.

A digital future

Advancements in digital data storage, the number of 'connected' devices including, social media, and data analytics is influencing and facilitating product services and developments across all sectors and industries.

They are changing in accordance with consumer behaviour patterns and the preferred way of accessing information. From this is generated an endless supply of customer information and consumer data.

Mobility

A totally new market with many entry opportunities. It is estimated that by 2020 more than 40 million electric automobiles will be sold annually around the world.

Global economic factors

Economic power shift from West to East:

The emerging markets of China, India and North Africa are predicted to become big global financial players. This will open up the expansion of global trade and new routes, developing new markets and opportunities for mature economies to invest in. This will contribute to the growth of the global middle class and consequently a more educated and highly skilled labour force.

A new knowledge

The new knowledge will shift world order, as countries such as China invest in engineering and math education, creating new talented labour forces that can enter markets.

The individual will be able to rise in this emerging market climate and make use of new opportunities for entrepreneurial growth.

Creating new trade zones and the emergence of new out-sourcing hot-spots: This trend will no doubt further develop the global economy.

Huge public debts: Debt will be made for urban infrastructure, with increased importance to partake in international trade and relations, increasing the risk of global market exposure risks which will limit the service potential delivery for growing demand of new services.

Innovation will be needed to sustain growth.



Resource Stress

There is increasing pressure on global natural resources, including the following:

- » More demands on agriculture due to a growing global population
- » Water and food scarcity
- » Higher energy demands
- » Competition for metals and minerals
- » Risk of resource nationalism
- » A higher supply of unconventional and renewable energy sources which will change the global energy mix dynamics.

Energy use and generation

Increased use and production of alternative energy sources as well as investigating where energy is harvested and how it will be distributed. Changing the economic landscape and global energy players.

Traveling wave reactors, wind energy, solar pvc cell phones, geothermal energy, 3rd generation bio fuels, natural gas etc.

Global Energy generation trends: global co-operation will be needed.

Infrastructure development

There is a call for infrastructure development to help sustain the resources available.

- » Water, sanitation and transport systems development for mega cities.
- » Green and Smart factories.
- » The US High-speed rail and Trans-Siberian Railroad projects.

Now we can continue and draw conclusions regarding the most relevant issues leaders are to take into account when planning long-term business strategy:

1. Megatrends will interact and affect each other. By understanding the eco-system of the megatrend one can connect players in the chain and create opportunities where weak links or gaps are identified.
2. Identifying the weak links and market gaps further allows leaders to focus on the improvement or development of the link which will be the most profitable.
3. This climate allows for strategies to develop as global enterprises.
4. It is not hard to see the benefit of a team focussed on the business potentials of the megatrend movements.
5. The first steps toward basic planning:
 - » Identify and Select relevant megatrends
 - » Build scenarios of this unique megatrend impacts in 2020
 - » Analyse the impact of this scenario on your industry
 - » Analyse the impact on your product and technology planning and so identify and generate opportunities for growth.

For the first time, society, political and business leaders have to work in partnership with one another in order to best deal with societal changes and challenges.

“ Creators of change must now become navigators of change. ”

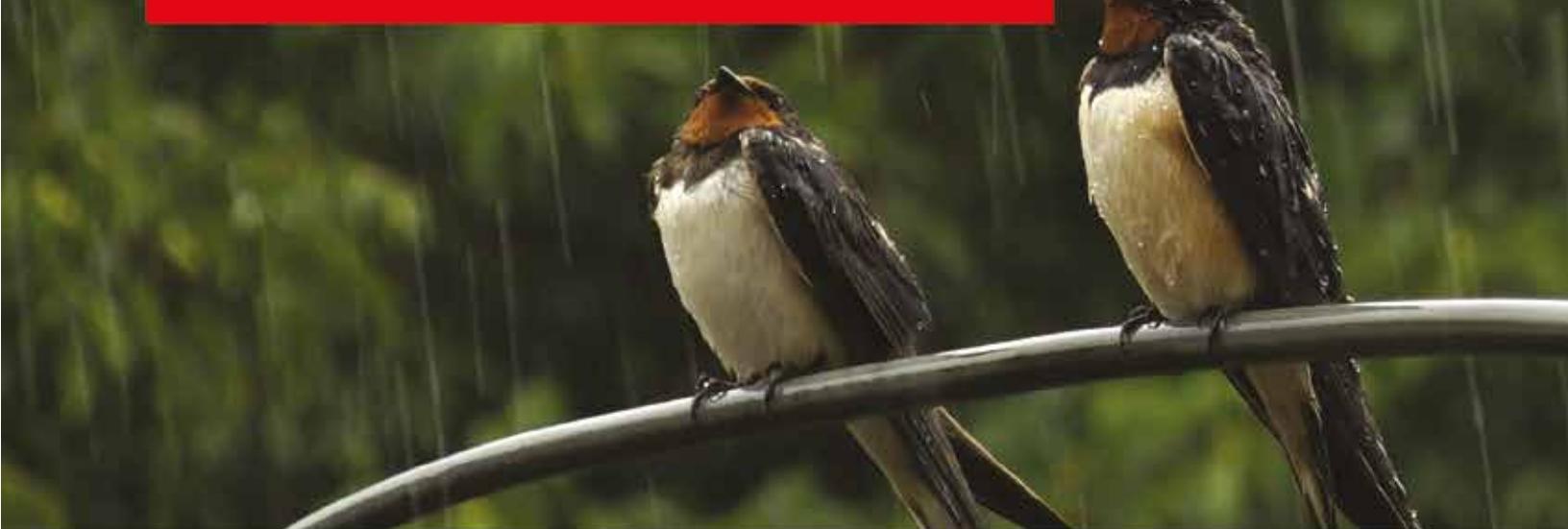
All have to be focussed on the management of these changes for the long-term if we are to successfully navigate this changing global landscape.

Good business leaders will have to focus on the development of the following abilities and add them to their repertoire of skills if they are to be successful in the 21st century:

1. Be aware and capable of seeing the connections between external trends and their implications on your industry and business.
2. Create reliable leadership teams from within the organisation by creating the conditions conducive to help leaders to emerge.
3. Challenge and inspire those around you to encourage innovative thinking.
4. Influence their mind-set and beliefs regarding society and prepare them to embrace the changes and direct its outcome.
5. Always be transparent regarding products and services – sustainable development and corporate responsibility has become very important.
6. Communicate with employees and all affiliated stakeholders of the enterprise, and hold nothing back with the goal to build and protect the high standards of integrity of corporate culture.
7. Remain focussed on the long-term.

A good leader is someone that possesses great mental strength – they know to develop realistic expectations and know that success does not happen overnight. Keep the eye on the prize and work hard towards long-term goals. Failure is part of the journey on the path of learning and experience. In this changing climate it is all about how fast you can turn your failure around and bounce back by trusting your convictions and believing in yourself and your abilities. ■

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From Campaigns to Community

Going beyond the surface to create community engagement with substance

It is time for businesses to stand up, step out of their direct industries and walk closer to the community in which they operate. Yolandé Botha talks about getting involved beyond the need for exposure.

Yolandé Botha | **TaxTalk**

When describing how people come together to work on issues of common concern, Marshall Ganz, the primary architect of the "Camp Obama" workshops, lists three necessary narratives: the "story of self", the "story of us" and the "story of now".

People need to tell the story of self, in order to articulate (for themselves as well as others) why they care about what they're doing. Collectively, they need to weave a story of us that encompasses those shared hopes and concerns. And they must develop a story of now that helps them translate those ambitions into action. By asking them to develop these three narratives, Ganz helped prepare thousands of citizens to work cohesively and effectively on the 2008 US presidential campaign.

In our increasingly digital world, "engagement" is the buzzword of the day, and organisations and agencies are falling over themselves to figure out how to connect with their audience through social platforms and mobile applications. Advertising campaigns are augmented with interactivity (albeit often as an afterthought), and "content marketing" is blurring the line between advertising and storytelling.

All this is good, and important, and often fun. But what it often lacks is heart. When we start to engage with our online communities, purely on the basis of superficial interaction and a digital PR spin, it gains less significance than making an actual impact. The power of business to leverage support for worthwhile causes within their communities becomes watered-down and ultimately ineffective. So, how can businesses create meaningful impact in their communities that goes beyond a few posed photos with underprivileged children for their *Facebook* page and *Twitter* feed?

Legacy

Don't think that your legacy needs to be some big, lofty, solve-world-hunger type of goal. Your business is creating your legacy through the everyday actions that you decide are most important to dedicate your time to. Your legacy can focus on impacting the lives of a small local community, the people you already serve through your work or the people who contribute to your business's success by making their skills available to you.

Participation

This approach allows community stakeholders to influence the process for conducting impact assessments of what work needs to be done within the community. Community participation, rather than a top-down engagement approach where business steps into a community with a presupposed idea of what is needed, provides opportunities for companies to build on the lessons learned from the community and to do work that actually matters on ground-level.

Accountability

Communities should be able to hold companies accountable. Accountability mechanisms typically focus on legal avenues that communities can take after their rights have been infringed. It is more effective to prevent the abuse in the first place by holding companies accountable to a rights-compatible process. This can also be developed in partnership with community leaders. Impact assessments can also help to hold companies accountable throughout the engagement process.



“ Social impact creates a world in which profit and philanthropy can coexist and a business can make a difference without sacrificing revenue. ”

Partnership

Many challenges are not unique to a specific operation, company, or even industry. When challenges appear systemic and intractable, partnerships between key stakeholders can create an effective platform to help companies address some of these tough issues. Social impact creates a world in which profit and philanthropy can coexist and a business can make a difference without sacrificing revenue.

The long-term success of business and that of the communities in which they operate are interdependent. We share many of the same natural resources, and we depend on a local pool of talented individuals.

For all these reasons and more, business should have a vested interest in helping to create safer, smarter and healthier communities where its employees live and work. It is, however, often difficult to define the business case for community outreach, and equally difficult to quantify its social impact. To paraphrase Ganz again, telling the “story of self”, the “story of us” and the “story of now” is the key to getting people to come together to work for a

4 things community engagement does for your business

- » *Employee engagement*
- » *Added brand value and reputation*
- » *Direct financial impact*
- » *Organisational growth*

common cause. Garnering the power of these stories within the communities in which your business operates is a sure way to ensure that you and your business will not only leave a lasting impact, but also a legacy that will surpass the test of time. ■



Working in the 21st Century: Success in a complex workplace

Run your team with more insight – this is the 101 for generational theory. Get insight into different employees, based on their generation.

Raymond de Villiers | **TomorrowToday Global**

The world is changing, but that is nothing new, it is one of the constants that we can track throughout history. That said, the dynamics around change are not constant. Change itself changes.

One of the areas where we can see evidence of these changes, and of the changing dynamics of change, is in the way different generations view the world in which they live. Generational theory says that we all view today's world differently based on the dynamics that were present in the world when we were children. These childhood dynamics influenced our value system formation, and we consequently spend the rest of our lives viewing events through the lenses formed by these childhood experiences.

The Silent Generation was born in the period, roughly between the 1920s and 1930s. Their world was dominated by the impacts of the Great Depression and World War II. Consequently, this generation is conservative, pecuniary, and the very picture of social stability. In the world of work they were dedicated and committed employees who believed in the saying: "Get a good job, in a good company, and stay there for the rest of your life". Promotion was slow and steady. You bided your time and "earned" your next position through hard work and perseverance. Respect was directly proportional to the title an individual held, with no question of how the title may have been earned, or the nature of the person holding the title.

Baby Boomers grew up through the 50s and 60s, as the world was recovering from the devastating effects of the events earlier in the 20th century. They experienced the world being rebuilt, and driven by the power of the visions enunciated for this rebuilding effort. At the same time, the dynamics between Communism and Capitalism dominated the social landscape and so Baby Boomers developed a very clear view of right and wrong. Life was black or white – there was not much grey. Boomers grew up in a world of limited resources, although this was changing, and so they learnt to share and work together at a very young age. This has generated the meeting culture so pervasive in the modern workplace, as Boomers replicate the sharing working-together dynamics of their childhood.

Generation X was formed by the dynamics that dominated the world through the 70s and 80s. This period of history experienced significant





changes and at a level that was more intense than ever before. So, if the Silent Generation were very conservative and the Baby Boomers were very visionary, Generation Xers view life through the lens of persistent change. Change feels normal, and the absence of change is abnormal. If there isn't chaos, Generation X will create it, because they need it to feel normal.

Generation Y grew up through the 90s and early 21st century. They also experienced a lot of change, but the difference between their experiences and those of Generation X, is that Xers' change was socially driven and orientated, but for Gen Y it was dominated by the influence of digital technology. The Internet was invented in 1989. PCs brought computers into the home, and laptops eventually made them mobile. The world shrank into the size of a computer screen. Information became a commodity.

Generation Z is still being born with the vanguard of the group born in the early 21st century. Digital technology, in particular the influence of broadband and digital mobility created by smartphone technology, had a formative influence on the worldview and values of this generation. They have never known a world without the Internet. They have never had to live and work without a keyboard and mouse. They are sometimes called the Selfie, or iTouch generation. They are the first generation who, because of touchscreen devices, has not needed to know how to read or write when they first began to use digital technology, and so have been using it from a much younger age than anyone before was able to.

In South Africa, we sometimes speak of the Born Frees. These men and women were born after 1994 in a world not dominated by the legislative influence of Apartheid. They have, however, continued to work out, and be influenced by the working out, of the social impacts of Apartheid.

Generational theory has also identified a group called the Millennials. This cohort was separated out when the transition into the new millennium was expected to be far more significant than it actually was. Y2K and other similar events, or dynamic that were linked to the new millennium, ended up being less influential, and disruptive, than anticipated. The events of 9/11 in 2001 were more significant and totally unexpected. That said, the Millennial label is one that has moved into common speech. Often, the label is used as a synonym for Generation Y, although at a technical level, there are different dynamics described by each label.

In 2001 a researcher called Marc Prensky coined the phrase Digital Natives. Digital Natives are those who have grown up in a world where digital technology is pervasive and the social implications are the dominant norm. This label is an umbrella term for most of Generation Y and all of Generation Z. It reflects the significant impact that digital technology has had on the worldview and reality of those who grew up with it. Digital Natives have not had to learn how to use technology – it has been something that they have “absorbed” through the nature of the world they grew up in. They have learned how to use technology in much the same way that they learned how to speak their home language – it was just one of the things that they absorbed when they looked at what was “normal” for the world around them.

TomorrowTodayGlobal sees the dynamics surrounding Digital Natives as one of the most significant influences in the evolution of the new world of work. Using digital as a reference point, we are not only able to understand who the new generation of talent is, but also the position of the incumbent and historical corporate generations.

Digital Immigrants, predominantly Generation X and younger Boomers, are functionally competent with digital technology, but only because they have been able to learn how to use it as it has been rolled out. Digital Immigrants have used manuals, courses, expert training, and other similar tools and experiences to be digitally proficient. Just like an immigrant always speaks the language of their adopted country with an accent. So too Digital Immigrants are never as intuitively comfortable with digital technology as the Digital Natives are.



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Older Baby Boomers and Silent Generation individuals also live in this digital world. Their experience in this world is that of Digital Dinosaurs. They are technophobic and constantly afraid of breaking the technology they have to use. This is understandable when we consider that they grew up in the industrial age where the dominant technology was mechanical, not digital. When working with machines, the wrong inputs or functions would break the machine. Or, worse still, incorrect use of machines was dangerous and the user could be broken by the machine. So, when handed digital technology they see the same dangers. Will they break the tech? Or, will the tech break them?

The dynamics that play out between these different groups influence our interactions with customers and staff. The way we market, recruit, train and develop, sell to, and meet customer service expectations are all influenced by the different perspectives that each group has of the same topic or experience.

As customers

Digital Natives want and expect to be able to interact with you using digital channels and tools.

Digital Immigrants also want to use digital tools and channels to connect with you and to have purchasing options. But, they also want the security of the option, should they need it, of connecting with a human being for customer service.

The Digital Dinosaurs need tactile and, ideally, face-to-face interaction with another human being.

Depending on the dynamics of your customer expectation it will be important to align your delivery channels with their values and worldview, if you want to get them to spend money with you. The instinctive orientation of your internal staff also needs to be considered. If your market is predominantly Digital Dinosaurs, having a sales channel dominated by Digital Natives will result in frustrated customers, and ineffective staff, reflected in poor sales numbers.

As employees

Digital Natives want to work with keyboards and screens. Manual processes, extensive face-to-face meetings, and a work environment that is hierarchical and overly structured will not get the most out of them.

Digital Immigrants want to use technology to enable greater efficiency and work-life balance, but still want a workplace dominated by human presence and interaction.

Digital Dinosaurs don't believe anything unless it is on a piece of paper delivered in the hands of a flesh-and-blood human being.

The new world of work is a complex environment, built on the foundations of the past but orientated toward the changing realities of the future. We cannot right off or dismiss the needs and expectations of older customers and employees, but we do need to build a modern workplace. This workplace must enable the employee and customer of the present and future to be comfortable and ultimately successful without being held hostage to the successful dynamics of the past. Younger customers and employees are not just smaller versions of older ones – they are a fundamentally different group, because they were formed by fundamentally different worlds. ■

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Being Great in Leading the Way Forward

Become a better leader with these 8 principles, highlighted by writer and leadership lecturer, Ziglinde de Jager. Be prepared to be challenged – it's time to take off the masks and bring your team into the future with you.

Ziglinde de Jager | **Writer**

Nowadays the idea of the heroic leader who saves the day is something of the past. The world is waiting for a new type of leader to arise that will not only be brave enough to embrace change, but be able to bring a team together to solve problems. It is only in the past two decades that so much attention has been given to leadership development, and in the process many different definitions of leadership were formed. Leadership itself was also boxed in many different styles, and yet, the best kind of leader has always been the one who can adapt into many different styles, and is ready to change.

There is a tremendous difference between good and great leaders. The following points will serve as short guidelines on how to become a great leader, and what a successful culture of leadership looks like in organisations.

1. Leaders are change drivers

All leaders know that growth always costs something, and if the company wants to keep up with the rapid changing business environment, the company should act or be acted upon. The very first habit in the book, *The 7 Habits of Highly Effective People*, is being proactive. This means that the leader will take initiative first, find out which decisions and changes the company needs to make, plan the strategy and go through it. If the company doesn't prepare for change, it will most definitely miss out on opportunities or be paralysed by change at some point.

Leaders should start by building adaptability into the thinking of employees and know how to handle the "what ifs". All changes should further the company's purpose and never distract from it. Leaders need to know their own capabilities to change, keep an open line of communication and be transparent when the change is taking place. Engage your team and keep abreast throughout the process. The only constant in life is change, and leaders should capitalise it.

2. Virtues before vision

Aristotle said the following words: "We are what we repeatedly do. Excellence, then, is not an act, but a habit." As a leader, it is so important to always have a vision, but it is even more important to first establish the "whys" within your company. Every employee needs to understand what the purpose of the business is and how the organisation's existence

is defined. There is a very direct relation between virtue and corporate performance. In 2001, Jim Collins published a book called *Good to Great*, and it demonstrated that top CEOs consistently practised two key virtues: personal humility and professional will.

Virtues are rules that people set for themselves, which serves as a moral compass for their decisions in the future. In business, these "rules" will also set the culture of the organisational structure, and will inspire future leaders to lead with virtue and integrity. All employees should know and agree upon the virtues and manifesto the organisation is striving to uphold. This will not only give them greater purpose, but will also give them encouragement and reason to accomplish the goals the business has.

3. Creating Momentum

Momentum is one of the most crucial things that leaders need to create. If a leader is building momentum he/she won't focus only on their own lifetime, but would want to leave a legacy for future generations. To establish this culture, leaders and employees must simply put the first things first.

They also need to honour where the organisation comes from, learn from the history and know why things were done in certain ways. When they plan the company's new vision, it should reflect the history and virtues the organisation wants to uphold. Besides casting an inspiring vision for the future, the focus should be narrowed down to specific goals the entire team has agreed to.



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4. Steward all connections

In his book, *Tribes: We Need You To Lead Us*, Seth Godin shares many opinions that challenge the way leaders think about the future. According to him, it is very important that leaders build something that people would really want to follow, and when they do, to find a way to lead them. He explained that in the Industrial age, the focus of business was on creating the best product with the best production methods and delivering in bulk. Thereafter, the focus moved to the marketing age where the market was run by the leader who could market his product best, which meant that people were buying products they didn't necessarily need.

As more information become available, people growing tired of the idea that other organisations get to make decisions for them. This caused a new era to be born, which Godin described as tribes. People look for meaning, and they want to be connected to one another for many reasons, across countries, cultures and statuses. They also have certain needs that they want to have met. The next generation leader will be the one who spots these needs, connects and leads the tribes to actually get what they need, and motivate them to stay connected.

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professional will.

5. Development through mentoring

Over the past few years the way leaders are trained has changed. Usually, training was done by sending leaders to seminars and on courses. They then had to implement their newfound skills into their businesses themselves. The development of leaders nowadays provides people opportunities to learn from their work. In this way, the leader can mentor his/her employees more effectively because both have an understanding of what to expect from one another.

Mentoring is defined as a committed, long-term relationship, in which a senior person supports the personal and professional development of a junior person. It differentiates in formality, but there is such a value in mentoring and organisations are increasingly looking at ways to build a mentorship culture. Leaders should be able to see talents in their followers and know how to develop them. A culture of leadership is formed when people are open to inspire and refine each other, for each person only has one perspective. A team will never reach its full potential if its members do not allow leaders and peers to confront them, and allow each other the space to develop.

6. Leading transformation

Most organisations will not need the “Lone Ranger” type of leader as much as a leader who can motivate and coordinate a team-based approach. Leaders of the future’s critical tasks, including giving direction, creating alignment, and gaining commitment of their followers.

Author Gary Yukl provided a few guidelines on how a transformational leader should act like. Firstly, transformational leaders are the types who give a clear and appealing vision of what the organisation could be, and help people understand the purpose, objectives and priorities of the organisation. They also help followers understand how to reach the vision by establishing a clear link between the vision and the strategic plan of action. Transformational leaders also express confidence in their followers and their ability to carry out the strategy, especially when tasks are sometimes difficult, or when members lack confidence in themselves. They always lead by example even if they sometimes are dramatic and unconventional, because they have realised that actions speak louder than words and they know that they should be consistent in their behaviour.

7. Managing complex problems with ease

Pride is the greatest detriment any leader could have when it comes to complex problems. They shouldn’t be afraid to say that they don’t everything, to ask for help or to admit they were wrong. Clear communication and sharing the right information is crucial in managing problems, and conflict should be seen as constructive. Most problems would be avoided if the leaders and their followers were on the same page about the set goals for the company.

The virtue of self-control is so important when it comes to leadership, not only when it comes to time, resources and health, but also in the way they treat their employees. If leaders choose to fill the space between them and their employees with doubt, they will constantly be filled with anxiety and will always assume the worst of their employees and need to micro-manage. This will have a tremendous effect on how the employees experience the environment they work in. It is impossible for leaders to manage complex situations without being vulnerable and trusting other leaders and their own employees with important decisions and tasks.

8. It all comes down to motive

It is time to take off all masks and understand that employees can actually see through the motives of their leaders. It is so vital that leaders will always be able to answer the question “Why are you doing what you are doing?” Leaders should be humble enough to be willing to fail, because mostly it is exactly the way they handle failures, that wins the respect of their followers.

Authors BM Bass and P Steidlmeier noted that leadership is only authentic when it is grounded on the leader’s moral character, concern for others, and congruence of ethical values with action. A leader’s credibility and trustworthiness is critical, and increasing numbers make the case that character represents the most critical quality of leadership.

In conclusion

Business leaders have the power to transform the direction of the economy, but they need to make brave decisions and invest more into their workplace than just their time and energy. What it mostly comes down to is that leaders need to be more adaptable, have confidence in themselves and their employees and have virtue not just in their words but also in their actions, if they want to lead the way forward. ■

Changing Focus: More strategic people, less plans



Take a step back and refocus – organisations need more strategic people to best drive business to future success. Gain key insights into spotting the strategic person in your team and utilise their inherent strength.

Ziglinde de Jager | **Writer**

Think about it. Why is it that the same people who always think strategically, do not like the idea of week-long strategic planning sessions? Why do the people who make the quickest decisions, mostly dislike the idea of having a set plan? What if there is a huge difference between strategic thinkers and strategic planning, which organisations have failed to notice for quite some time? If so, we need to consider that the answer lies not in creating better strategies, but in finding more people who think strategically.

"We need strategic leaders" is a sentence that is uttered in every single business, large or small. Even though all businesses are in need of strategic plans, not all of them understand what these leaders actually look like. In business models from the past, the focus has been on promoting employees with the most experience in the organisation to senior level leadership, where they become the ones, making the strategic plans and decisions.

The truth is, past experiences aren't necessarily the basis for developing future strategies. Normally, strategic planning tends to answer the questions of "how" and "when", but rarely captures what it means to think strategically.





Strategic thinking, on the other hand, answers the questions of "what" and "why" in the process of planning. Leaders without this ability have a hard time with the slight signals of change, and mostly these little signals are their only opportunity to act on the change.

A quick definition of strategic thinking: It is the way people see, think about and create the future for themselves and others.

A strategic plan, on the other hand, is only a plan on paper, because the actual strategies of an organisation lie in the choices people make from day to day.

Businesses need to move away from the focus of making better strategic plans and shift their mind-set to rather be on the lookout for more strategic people. The question is, can strategic people be trained, or should they be found?

Who are the strategic people?

Strategic people aren't only focussed on the future, but consider the whole process of moving from today into the future. Strategic thinkers understand the complex relationship between the broad view of the organisation, its environment and people. They identify connections, patterns and key issues. Usually, strategic people have boundless imagination, flexibility and the ability to bounce back after it seems like their plans hit a wall. They are driven by their instinct, and not always by "correct" thinking or validation from others.

People who are not strategic thinkers are more rigid and defensive in their approach and normally feel the need to be correct and validate their findings by facts. Neither is wrong nor right and both are needed and should be valued within organisations, yet not all people will be able to see their way forward through clutter.

Gallup described strategic people as: "people who are constantly creating alternative ways to proceed. Faced with any given scenario, they can quickly spot the relevant patterns and issues, sort through the clutter and see patterns where others see complexity, always asking "what if this happened" so that they can see, plan and prepare for future situations. They see a way forward when others assume there is no way. They see where all routes are heading and immediately discard paths leading to resistance. Armed with this strategy, they strike forward and make their decisions."

How do strategic people stand out in the crowd?

The key to finding strategic people is not looking at those who are used to seeking and finding the right answer. Fact is, in strategy there is no right answer, as strategy requires you to make choices about an uncertain future. Strategic thinkers are quick thinkers, and most of the time strategic planning sessions are held so that the rest of the organisation can catch up with their thinking and plans.

Their conversations are always future based, anticipating change and looking for opportunities to arise. They will be the ones asking questions, because they are naturally curious about what is going on in the company, industry and larger environment and are always asking for input from others. Strategic thinkers are risk takers and not limited to past or current thinking and thus they are always willing to try new ideas. They naturally know the difference between projects that are urgent and important, prioritise projects, and steward their resources accordingly. They are flexible and can change their approach according to circumstances.

Most strategic people are lifelong learners always willing to be taught, and are never satisfied with what they currently know. They are not predictable and rarely stick to paths that are familiar, because they are creative and will always think out of the box. Adapted from Woolsey, Blake. *8 Characteristics of a Strategic Thinker*.



Differences between strategic thinking and strategic planning

Jeanne Liedtka explained that strategic thinking differs from strategic planning along the following dimensions of strategic management:

- When it comes to the vision of the future, strategic thinking is knowing that only the shape of the future can be predicted, and that strategic planning sees the vision for the future as something that is predictable and specifiable in detail.
- With regards to strategic formulation and implementation, strategic thinkers believe that it is more interactive rather than sequential and discrete, where strategic planning believes that the roles of formulation and implementation can be neatly divided.
- When it comes to the managerial role in strategy making, strategic thinkers say that lower-level managers should also have a voice in strategy-making, as well as greater latitude to respond opportunistically to developing conditions. Strategic planning, on the other hand, believes that senior executives obtain the needed information from lower-level managers, and then use it to create a plan which is, in turn, circulated to managers for implementation.
- Strategic thinking believes that control relies on self-reference which is a sense of strategic intent and purpose embedded in the minds of managers throughout the organisation. This guides their choices on a daily basis in a process that is often difficult to measure and monitor from above. Strategic planning proclaims control through measurement systems, assuming that organisations can measure and monitor important variables both accurately and quickly.
- Strategic thinking sees the planning process itself as a critical value-adding element, where strategic planning has its focus on the creation of the plan as the ultimate objective.



“Great strategists must be able to zoom out and see the greater perspective, and be creative enough to imagine all the possibilities that could exist in the future, and shouldn't be paralysed by uncertainty.”

Can people be trained to be more strategic?

According to *Gallup*, the strategic thinking theme can't be taught as it is a distinct way of thinking and a special perspective on the world at large. It is a natural-born talent in certain individuals, which allows them to see around the next corner and gives them the natural ability of knowing where to look for clues and how to interpret weak signals. This intuitive knowledge gives them the courage to act even when the signals are vague.

However, strategic thinking can always be improved in employees who already have some of the character traits. Organisations should teach employees to constantly question their own opinions and try to find information that contradicts their normal point of view.

They will end up with a broader perspective of situations, and will be able to reason from the different sides of the spectrum.

Organisations should have a clear goal they are aiming for, because strategic thinkers always start at the end. From the very beginning they know what they want to accomplish before the task has even started, and based on this they can establish how to get there and achieve the results and make the necessary changes and choices.

Managers should include people with diverse areas of their team and actually listen to the people in their team who are more intuitive and able to see further than others can. Innovation, change and risks should be welcomed and encouraged because strategic thinkers love thinking about how to improve life around them.

Another and final idea is to give your strategic thinkers a break to think by sending them out of the office, whether overseas or just outside, to go and find new perspectives. The organisation will gain so much value by the creativity and innovation these individuals will bring back to the office.

The strategy behind finding great strategic thinkers

There is a greater need for strategic people than for better strategic plans. There is no way to determine whether a strategy or choice is wrong or right, because in truth no business knows how all the paths not chosen would've turned out. Great strategy comes from a diversity of ideas and approaches, and from people who have experienced failure and success, and where the people respect one another for their diversity in strengths.

Great strategists must be able to zoom out and see the greater perspective, and be creative enough to imagine all the possibilities that could exist in the future, and shouldn't be paralysed by uncertainty. They need to be flexible with their choices, knowing that once a choice has been made it could even completely change as events unfold, so they need to be able to think on their feet as well.

The goal should always be to out-plan and out-manoeuvre the competition, and who better to do this, than the people who already have all the alternatives ready in their mind before the question was asked? Thus, organisations should find the right people to drive the strategic planning and innovation processes forward, instead of trying to improve a skill that might be non-existent. ■

Keeping Up



Keeping up is not a strategy, Rick Telberg looks at what happens when today's practice management principles become obsolete?

Rick Telberg | **CPA Trendlines**

This article is adapted from the forthcoming book, "SevenKeys to Successful CPA Firm Management," launched as a in a pre-conference session at the 2013 Practitioners Symposium and Tech+ Conference, June 9, in Las Vegas.

In today's competitive and rapidly changing business environment, change management may be the single most important skill for every CPA (and indeed all BA(SA), BAP(SA), CBA(SA) and CFO(SA)).

Technology, demographics and globalisation are demanding new business models from accountants. In some ways, the traditional principles of management of an accounting practice (MAP, for short) are under such pressure that they may never be quite the same again. Today, it seems, there is no single best way to run a firm.

For sure, just "keeping up" is a major challenge for many professionals, according to variety of authorities. "Keeping up" with tax and accounting rules or "keeping up" with technology emerge again and again on the short list of troublesome issues for Accountants in Practice.

But "keeping up" is not a strategy. Not a strategy for success, anyway. Many of the most successful firms I'm seeing these days are going beyond "keeping up." Or, I should say, are going around "keeping up."

The lesson from these firms is that you don't need to "keep up," at least not in the traditional sense. These firms teach us that success depends not on doing many things adequately, but on doing a few things with true excellence and distinction.

CPA Trendlines Research shows repeatedly that the firms that embrace change, that are "early adopters" of new technologies, and that breed a culture of innovation most consistently display higher growth rates and superior financial results.

Today, new business models are being invented, tested, revised and tested again. Much is happening within the CPA profession, but real change could come just as likely, and more significantly, from outside the CPA world. Accountants are experimenting with non-partner firms, built more like networks of solopreneurs, than partnerships. Corporate governance structures have been tried at many firms, and seen much success. But just as often today, accountants are creating collaborative collections of people and skills.

Accounting firms have options today they never had before. Options to compete. Options in ownership. Options in staffing. Options in off-shoring and outsourcing. Options in technology. Options in management and governance. Indeed, the chief innovation in the industry in the past 30 years is not, as is often said, technology. Technology doesn't change anything in and of itself; it simply expedites, according to Bruce W. Marcus writing in *Professional Services Marketing 3.0*. No, change in the business is driven by competition. And competition drives innovation. In turn, innovation is creating a diversity of options for progressive firms.

So, is the whole notion of MAP as we know it antiquated? Remember, the term MAP only came into the profession's lexicon in the 1970's. Before that, operating a CPA firm was hardly deemed a science. By the 1980's, with the advent of competition and innovation unleashed by a 1977 Supreme Court decision (*Bates v. State Bar of Arizona*), bringing accounting marketing out of the closet, firms were in dire need of standard systems and procedures to manage their practices like a business. And the profession grew.

Through the 1990's, accounting firms expanded at a rapid clip, so fast and profitably in fact, that they attracted the attention of Wall Street speculators looking to roll up dozens or hundreds of firms into new national companies.



Some worked and are still here today. Most didn't and aren't. Then in the early 21st Century, when the dot-com boom went bust, when *Enron* exploded and Arthur Andersen imploded, and when the government passed the Sarbanes-Oxley Act, the profession took off again, with assurance services in such high demand that the biggest issue was a staff shortage.

Now comes the Great Recession of 2007 and finding staff is no longer the main priority. In a matter of months, the accounting and bookkeeping sector had shed about 80,000 jobs, or almost 10% of its workforce according to *U.S. Labor Department* data obtained by CPA Trendlines.

At the moment, CPA firms are cautiously enjoying a moderate recovery,

“*Keeping up with tax and accounting rules or keeping up with technology emerge again and again on,*

the short list of troublesome issues for Accountants in Practice

chastened about over-hiring, motivated to drive efficiencies with new technologies, and with many feeling more urgent than ever before to make their exit before the economy turns again.

With the options available to CPA firms today, we're now seeing a mix of business models.

- You can start a firm with a laptop and a cell phone in a corner of Starbucks.
- You can do accounting without being an accounting firm.
- You can do no accounting at all, just bring in the clients and ship the back-office work out of state or out of the country.
- You can be global as a soloist, or you can be a global firm that operates like a bunch of soloists.

There's even a model for an accounting business that operates for free; it makes its revenue on advertising.

And how long will the 1040 business be around? Some 12 million customers disappeared from the paid-preparer market between 2010 and 2012 as they adopted do-it-yourself software programs.

The profession seems poised, I believe, for a great leap forward. Who knows what it will be? Maybe, in fact, it won't be one leap, but many. Whatever comes next will be built on the diversity of today's rapidly widening options.

Looking at how diversity has affected other spheres - looking at it through historical, sociological, and technological lenses - suggests that the change will come so quickly we won't see it coming. In fact, the next big thing is probably already here. We just don't know it yet. ■

4 Metrics to Change, Progress and Success

Measure change in your tax and accounting practice.

Sandi Smith Leyva | CPA Trendlines

Think back to this day one year ago for just a minute. Where were you in your business? What were your revenues, salary and profits at that time? What were your clients like? What were your biggest issues?

If we don't occasionally look back to take a snapshot at a point in our history, we may not realise how much we've accomplished in such a short time. I'm not much for dwelling in the past, but this exercise is tremendously useful for a couple of reasons:

1. It helps you appreciate how much you've changed and gotten accomplished, and this boosts your self-esteem and confidence a great deal.
2. It allows you to compare your current goals to see if you are playing too small in your business and need to set more ambitious goals.

Here are some questions for you to consider:

Question 1

What new business skills have you acquired in the last year that you have already used to help your clients? This might be in the area of technical skills, such as new tax laws or accounting rules. It could include new software applications added to your tool belt. It might be new practice management ideas to help you become more efficient. It could also be new marketing skills that have helped you reach and serve more people.

Make a list of all the new skills you've gained and how you've applied them to your business or your clients' situations.

Question 2

What new ideas have you learned that have helped you better reach your personal and professional goals? New ideas can come from anywhere – traveling to a new city, talking with someone very different from you or more structured training from someone who shows you how to see differently. List the new ideas you have implemented since this date one year ago.

Question 3

How have you changed in terms of your professional or personal development? Are you more patient with clients? Do you present more professionally? Have you developed an ability to write or speak effectively?

How have these personal develop skills helped and changed you and your business?

Question 4

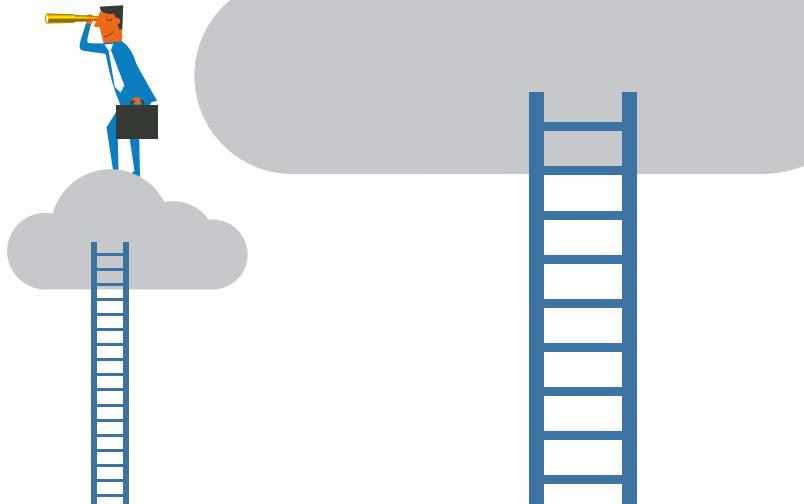
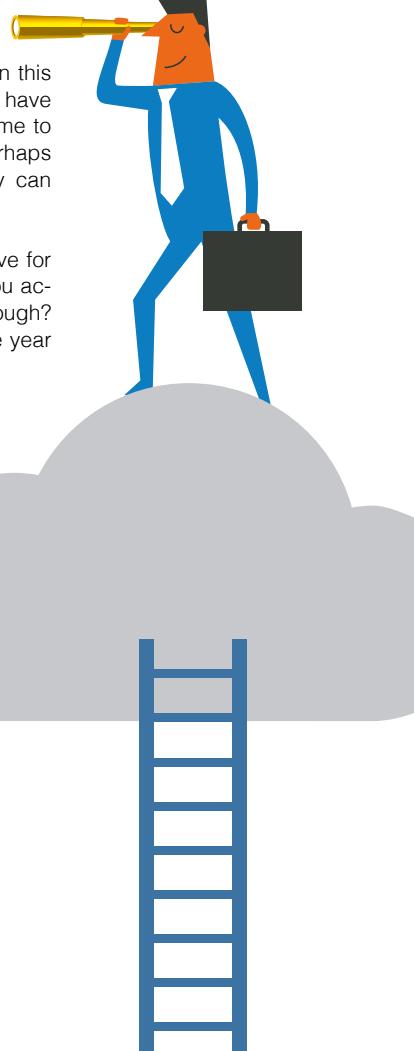
Are you happier and/or healthier than you were last year at this time? Why or why not? What can you do more of (or less of) to be happier and healthier this year?

Stop and examine how you feel emotionally. You might need to hold still for a while to really feel what's going on. Use self-awareness to tune in to what's going on with you.

The celebration

If you don't recognise who you were on this date one year ago, congratulations. You have a lot to celebrate. Please take some time to brag to your closest friends (and perhaps share this exercise with them so they can brag back).

Finally, take a look at the goals you have for yourself for the year. Based on what you accomplished last year, are they bold enough? What will you become on this date one year from now? ■



Practitioner's Diary: The compulsives

Darryl Nunes | **Darryl Nunes Accounting**

Sometime at the beginning of the year, the minute business officially opened, I received a distressed call. The day had barely started – the coffee was still simmering away on my desk, still too hot to drink. It was a new caller, a deeply upset and passionate man, whose mouth knew more curse words than even the hardiest of sailors.

The man began by introducing himself and kindly let me know that someone had referred him to me. That, I'm afraid, is where the pleasantries ended. What followed thereafter was a life story, the grave injustices that his last "tax man" had dealt him and an ever-deepening resentment towards the Receiver and his current employers, whom he swore (several times over) had stolen his tax money and not paid it over to *SARS*.

There was little to do by way of calming techniques. He barely paused long enough for me to get a few words in, never mind a question. I cannot recall how long the call lasted, but it was definitely one of the longest I've experienced. Inevitably, we had to arrange a meeting face-to-face, as the telephone was apparently only working in one direction that day.

At our first meeting, a scruffy, greying man appeared and dropped a huge pile of papers he had retrieved, on the table in front of us. It was the cumulative tax submissions of the past few years. A mess by most people's standards, yet as accountants in practice, an all too familiar sight. As I sifted through the odds and ends, the man began the same tirade he had spoken about over the phone – the life story, the grave injustices of the previous "tax man", the crooked current employers, and *SARS*. It was an exhaustive case of *déjà vu* and a sign that he was to be treated a little differently. I assured him I would examine the case carefully and that once the problems were identified, we would take the next step together.

It was for all accounts, a mess. Yes, he was right. His previous "tax man" had in fact left him with more than a few headaches. Unresolved tax issues at *SARS*, multiple years of incorrect assessments that were not followed up on, not objected against and when the Receiver had requested further documentation, these requests were simply ignored. It was poor accounting, even worse tax advice and simply woeful performance from someone holding an office of fiduciary trust.

This left our distressed character with significant *SARS* debt and outstanding issues when in fact, there should never have been any in the first place. I called him soon after we had pieced together the events. The goal was to explain to him what had actually transpired, because it seemed clear that he had allowed his overly-passionate nature to get the better of him and possibly had facts mixed up, or quite simply, had been blatantly lied to by people.

I thought the call went rather well and that he genuinely understood what had actually transpired. I said goodbye and hung up. Later that night, in fact at precisely 5:30 pm, he called me back. He repeated the life story, the grave injustice, the crooked employer who stole his tax money and *SARS* who just did not understand him. I told him he needed to relax and that we were working on it, but that unfortunately, it was going to take time to rectify. This pattern, however, would repeat itself day after day, without fail.

There were times when I saw his number appear on the caller ID and simply ignored it, for fear of losing more time and truthfully, simply not wanting to hear the entire episode repeated. This began to get a bit too much for



me, and I devoted many hours to resolving the issues at hand, as quickly as possible. We were able to rectify the old issues and finally, after receiving the last reduced assessment and completion letter, I breathed a sigh of relief. I said to myself, "Let me give him a phone call for a change, and give him some good news."

In my mind, that seemed a great idea. I imagined him grabbing his forehead with his free hand, his eye bulging nearly out of his head. I pictured him slumping down into the nearest chair and leaning back with a big beaming smile. I even went so far as to envisage him trading his work shoes for slippers, kicking his feet up and pulling out his favourite newspaper to read.

The phone rang and he answered. I told him I have great news for him, that the problems had all been rectified. No sooner had my words gone cold . . . He started again with the life story, the grave injustice his previous "tax man" had dealt him, his crooked employer, *SARS* who didn't understand him.

So, there I sat, hand on forehead, eyes bulging in disbelief, slumped in the nearest chair. I could not believe it. It was a moment of insanity and all I could do when the call ended, was laugh. We had several meetings after that, and I have since learned much patience. We even have an understanding on how to talk to each other. He remains passionate and outspoken and still swears like a drunken sailor. But that's ok. He taught me patience and I like to believe that I taught him patience too.

Now we have a good relationship that always involves a laugh over a lunch. As a gesture that I really appreciated, he brought me his papers for the current tax year, no longer a pile of crumpled up papers tossed on the table. No, he brought me a huge neatly organised box of documents. Inside the box, all his slips had been correctly categorised according to expense type and supplier, and each of these neatly labelled in empty coffee jars.

Better yet, when he calls, there are no more life stories to discuss, no grievances about his old "tax man" and he's actually quite happy with his employers again! As for *SARS*, well, who's ever happy with them? ■

Going Solo

Starting your own practice

Do you ever think of taking that first step to simply start your own business? Going solo is never an easy decision to make – SAIBA's Marketing Manager Cara-Ann Carstens looks at what it takes to take the leap.

Cara-Ann Carstens | **SAIBA**

Think about your career, placed on a gambling table. Would you bet on "job security" or the idea of "high risk, high reward"? When faced with this question, no doubt that most of us would choose the more secure option. Not many people ever embark on the adventure of "stepping out" to work for themselves. The truth is, South Africans are pioneers, adventurers and risk-takers at heart, and it shows in the fact that small and medium sized enterprises (SMEs) make up 91% of South African entities.

Don't take the role of SME's lightly. Statistics released by *GAA Accounting* shows that the SME market contributes to 61% of South Africa's employment. The truth is that all big businesses started as small businesses – a big dream, with small beginnings.

It all starts with taking that first step.

In this article we look at taking that first step towards starting your own business or practice.

1. The vision

Starting your own business begins with a vision, or a dream. You must have a clear idea of where you want to go and what your goals are. The dream is what ignites the drive to step out and start your business. Test your vision, by checking whether it's SMART (Specific, Measurable, Reliable, Timeous).

2. The scale

Before you start your practice, weigh the pros and cons. Things to consider include flexibility, time, investment, stability of income, leave and sick leave, retirement annuities and other employment benefits.

Nicole Holborow-Browne, Business Accountant in Practice (SA), started her own practice as she mostly enjoys the versatility of the role: "I love the diversity of clients that I get to meet in running my own accounting practice. Despite common misconception, I spend very little time behind a desk."

I am always meeting with clients and spending time at their premises, and as I get to manage my own appointments and schedule, I rarely miss my children's events. It can be crazy at times with a lot of late nights, but I love every minute of it."

When Sally Hansen, owner of *S Hansen & Associates* in Polokwane, started her business, she found it both challenging and rewarding: "Starting my own practice as an accountant and being a professional woman in business has not only helped me balance the demands of my family and business lives, but has provided me with the platform to pursue my passion of working with finance and people. Being an accountant puts you in a position of trust and calls for personal integrity. The relationships we build with our clients, by virtue of our acquired skills and knowledge supporting our clients to achieve successful and profitable businesses is very rewarding."

Look at your decision from all possible angles, and still be prepared to be caught off guard with some of the challenges and victories.

3. The impact

Why do you want to start your own business? Think about what your business can provide for the environment in which it operates.

The most successful businesses are rooted in passion, and its owners think holistically. Businesses don't operate in isolation, but in an environment. It is important to see that your success or failure is determined by this. Approach your business with the drive that knows you make a difference around you – in the economy and in the environment.

4. The finances

One of the biggest risk factors and consequently, one of the biggest questions, surround that of how you start and support your business financially? There are a few options, including:

- » Financing
- » Obtain a loan from a financial institute
- » Investors
- » Get finance pushed into your business by key partners, in return for shares
- » Governmental funding:

In an article published on *GAA Accounting*, Afzal Khan writes about government funds to SMEs, saying: "The South African government has benchmarked against the global economy and understands the importance of providing fertile ground for all types of SMEs to spawn and grow."

A few checks before you go solo:

- » Are you ready for the start-up lifestyle?
- » Are there customers interested in your type of business?
- » Is the market opportunity large and growing?
- » Is this a crowded space?
- » Do you have intellectual property to defend?
- » Have you realistically looked at the costs?
- » Do you have stamina and the necessary skills?

References: *Inc.com / Forbes.com*



Many government initiatives are under way but perhaps we are not aware of them. Our government together with technology, to provide such support via a few helpful mechanisms, namely:

- » Tax incentives for entrepreneurs and big businesses who work with entrepreneurs
- » Provision of grant funding and soft loans
- » Crowdfunding
- » Try crowdfunding on sites such as kickstarter.com to raise money for a relatively low cost.
- » Pledge your future earnings
- » Exchange a percentage of your future lifetime earnings in exchange for upfront, undesignated venture funding.
- » Raise money the traditional way
- » Raise money from friends and peers to help start your business.

5. The first step

The good news is, having gone through 1 to 4, you have actually already taken your first (few) steps, and your dream is well on its way to becoming a reality. Next, it is all about giving the picture some colour. Take these outlines and write down your business plan, and it will become clear what you should communicate to investors.

The business plan is the blue print, foundation and guide to help focus your business objectives. Taking the first step is done with clear outlines of where you aim to go. With your business plan at hand, it is time to step out. For many in the accounting industry, starting your own practice starts with part-time or freelance consulting, which turns into practicing full-time. But for many others, starting your own practice will require an immediate

jump. To jump means to commit full-time from the get-go. Stepping out can seem daunting at first, but with all the risks, there are also rewards.

With a Business Accounting in Practice (SA) designation, you immediately gain recognition and credibility to practice in accounting, which will open doors to more business opportunities.

"SAIBA (*The Southern African Institute for Business Accountants*) has benefited my practice as a reputable professional body of business accountants. Being a member of SAIBA indicates competence, integrity and ethics, since the institute monitors its members to ensure that they remain abreast of this ever-changing accounting landscape."

Clients and third parties have confidence in us, since they believe that accounts and financial information prepared by a member of a reputable professional accounting institute add more credibility and trust," says Modibedi Moloi of Moloi Incorporated.

Then there is the personal growth which only comes from taking that leap. Darryl Nunes from *DNA Accounting* said: "Starting a practice from scratch has offered me the most surprising and eye-opening revelation of my own inner workings. It revealed drive, indomitable determination and a hunger to be successful."

"Success leads to the doors that open to more success, but it is hard work, passion and determination that unlock those doors."

If anything, the risk of going solo will no doubt be exhilarating and self-discovering. So, win or lose – there is always something you take with you. ■



Every Social Channel has a language

Better to pick one spot and be devoted to it, than take a scattershot approach across three.

Jody Padar | CPA Trendlines

Each social media channel has its own language, culture and dialect. You need to make sure that your culture (aka your voice and how you post) matches the specific channel; otherwise it's going to seem awkward.

Social media has to be understood and used properly, and even though you're going to experiment, there are also some unwritten rules. Make sure you follow the basic rules of the social media channel you're using. A few examples of how a firm might use social media channels:

- Facebook, to consistently send out marketing campaigns and attract new customers
- YouTube to send proposals to prospects
- A combination of Facebook and LinkedIn to attract new, qualified employees
- Twitter to announce key dates, like quarterly estimate payments due
- You can use any social media channel to foster regular, positive internal staff communications

It is important to understand the different cultures of social media, because the engagement is distinctive in each environment.

- Facebook to me is my backyard barbecue. It's casual and friendly. You may or may not invite more friends to come, depending on how you feel.
- LinkedIn is a work party. It's formal and you're wearing your best suit.
- Twitter is a cocktail hour with your friends from work.
- They all have their place, but you would not post the same thing on all three spaces.



5 Advantages of Social Media for Accounting firms

LinkedIn, Facebook and Twitter are the major channels out there and it's critical to have a presence on each. That said, you don't need to be all over every social media platform available. I don't even think you need to be tweeting or updating all three of those communities all the time, but I think you need a presence on each one.

Try to figure out where you can have a strong presence, pick it and go with it. One strong presence in one community is going to be better than having three half-baked accounts. My belief is this: You can no longer sit and wait. If you're not participating, you're probably going to be left behind.

I recommend at least 15 minutes a day for a minimum of six months. That should give you enough time to see some return on either attention or investment. Remember, pick one channel and own it!

I spend about 30 minutes a day on social media, plus whenever I play with my phone while I wait for something. I also tweet and am busy on various social networks while I watch TV. I multitask. It's become part of my lifestyle.

Figuring out Facebook

Facebook has really become my customers' service channel. They message me and ask me customer service related questions. They also respond to tax inquiries while they do other things.

Even though it's still fairly big, *Facebook* has a bit of a local feel to it. I seem to get better customers on *Facebook*. *Twitter* is still more of a newsfeed. I have gotten new business off of Twitter, but still get better results from *Facebook*.

Don't be surprised when you make huge deals through *Facebook*. Yes, people may mess around and have fun on *Facebook*, but they also do business. Just think: you are in contact with your network's network. I believe that the unexpected big leads are often due to many office managers headhunting candidates for new firms.

Facebook is like eight degrees of separation.

Oh, Twitter, how I love thee

Twitter is my favourite social media platform. It moves fast, it's a little bit sassy. It's just where I like to hang out.

What's your handle? Whatever you decide to call yourself, make sure it's easy and fairly short. It could be your name or the name of the firm you work for. A great example is that of my dentist. Her handle is @Parkridgedds, – Park Ridge is the town she works in and she's identifying what she does.

How can you really know someone on *Twitter*? Start following them. Engage with them and then watch them engage with you.

Just because you're an accountant, doesn't mean you have to give out tax advice on *Twitter*.

Don't get confused. You're developing a relationship. You're developing trust. You're developing transparency and intimacy, so that by the time the conversation gets to a phone call you feel like you've known that person for years.

And once you're in that place, it's usually just a follow-up phone call or email to close the deal.

1 Influence

Form thought leadership through social media.

2 Community

Build your own community with employees, clients and other industry professionals.

3 Traffic

Increase visibility and drive people (traffic) to your website.

4 Brand

Utilise social media to make people aware of your products and services.

5 Talent Pool

Use online media to source talent for your business.

“Just because you're an accountant, doesn't mean you have to give out tax advice on Twitter.”

Are you blogging?

Have you read my blog on *Accounting Today*? The problem with blogs is that if you create one, you really, really have to commit to it. You have to make sure you're a regular blogger. If you don't update it regularly, the blog becomes static. Blog at least a couple of times a month.

Blogs are an absolutely awesome way for firms to develop thought leadership. Blogging will amplify your firm's experts and your reach, because people share other people's content.

If you decide to blog, develop your expertise in a specific area. Anywhere you can niche it, is good. Create specific content so that your customers are compelled to share your blog with their network. Remember, it's not only your network that you're concerned about. It's your network's network that you want to connect to. ■



Corporate Reputation: Build it, guard it, gain from it

In recent years, the reputation of organisations has emerged as a strategic asset. Many senior managers regard this as a top priority. For CEOs to accept responsibility for the management of corporate reputation, it is essential that this is understood properly and measured consistently. Dr Marietjie Theron-Wepener, marketing and stakeholder relations director at the University of Stellenbosch Business School, recently developed an instrument to measure corporate reputation from the perspectives of clients who make use of particular organisations' services. This formed part of her PhD studies at the Business School. In this Think Tank article, she explains why corporate reputation should be carefully guarded

Dr Marietjie Theron-Wepener | **University of Stellenbosch Business School**

It's a matter of trust. Although the phenomenon of corporate reputation has been with us for a long time, there has been an upsurge in interest by both academics and businesses over the past twenty years. Executives now recognise the importance of a strong and favourable corporate reputation as a critical strategic asset, which translates into a source of competitive advantage.

One reason for the focus on reputation is the huge reputational losses of companies such as *BP* (Deepwater Horizon disaster in the Gulf of Mexico in 2010), the *US Catholic Church* (priest sex abuse), *Martha Stewart OmniMedia* (executive misbehaviours), *Arthur Andersen* (accounting scandals) and *Toyota* (huge recalls of certain models). Another reason is the worldwide economic crisis of the late 2000s.

Reputation is built on trust. In the last number of years, the business world has been characterised by economic disruption, unethical and fraudulent practices, bad publicity, cracks in the foundations of capitalism and climate change, to name a few. People have lost trust in organisations and a climate of anti-business activism, scepticism, pessimism, blame and cynicism has emerged.

Reputations of organisations and governments are under pressure, and this is fuelled by the media, Internet, social media and the behaviour of NGOs and pressure groups. To add to this, stakeholders increasingly show interest in the way large companies behave and call for transparency,





“*Ethics, values and stakeholder democracy are buzzwords in corporate boardrooms and business schools*”

than not – rely on the corporate reputation of a company when they make investment, career, product and other decisions. Reputation is a value signal in the case of incomplete information. Research shows that 61% of buying decisions are influenced by the reputation of the company and 39% by perceptions about its products and services.

A favourable corporate reputation has many beneficial consequences: high levels of trust among stakeholders, commitment, loyalty, satisfaction, perceptions of lower risk and positive word-of-mouth recommendations. The company will have the luxury to charge a price premium for products and services and there will be higher entry barriers for potential competitors. History has shown that organisations with a favourable reputation will receive the “benefit of the doubt” from their stakeholders when faced with a sudden crisis.

The benefits of a positive reputation also play out if the excess value investors are willing to pay for the company's shares – the amount by which the market value exceeds the book value of its assets. A leading academic, Charles Fombrun, invented the term reputational capital to describe this excess value.

There can be little doubt that an unfavourable reputation can be harmful and even fatal. In the case of *Enron*, its market value was \$75.2 billion and its book value (balance sheet equity) was \$11.5 billion in December 2000 – a market-to-book gap of almost \$64 billion. This value disappeared overnight. *Enron*'s quick decline illustrates the vulnerability of a company that loses its reputation and thus also its market value. The case of Andersen at the time of the *Enron* disaster also serves as an example of reputational damage. The organisation's clients did not abandon it because of the poor quality of services or higher prices, but because they did not wish to be associated with an organisation of questionable reputation and ethics.

accountability and social and environmental responsiveness. Ethics, values and stakeholder democracy are buzzwords in corporate boardrooms and business schools. The New York-based Reputation Institute talks about the reputation economy, where people watch a company's behaviour before they buy products and services from it.

A strategic intangible asset

Today's global economy is characterised by intangible assets such as reputation, brand, knowledge, innovation, leadership and loyalty. These intangible assets have the potential to create value because they are difficult for competitors to duplicate, change or imitate. The development of unique relationships with key stakeholders serves as an example of why reputation is so difficult to imitate.

Because services are intangible, a favourable reputation could be even more important for organisations providing services than for those marketing tangible products. A service is difficult to evaluate. Therefore, a client's evaluation of the organisation's reputation would be valid for all its service offerings under the corporate umbrella. Stakeholders – more often

It's in the eye of the beholder

Everything and everyone has a reputation, wanted or unwanted. This includes organisations, individuals and countries. Stakeholders evaluate organisations based on their own expectations, experiences and value systems, and consciously or unconsciously form an opinion.

Reputation thus lies in the eye of the beholder, cannot be controlled by organisations and is thus only partly manageable.

An organisation's reputation also differs from stakeholder group to stakeholder group. Investors disappointed by recent investment return may hold a very different point of view to that of satisfied, loyal clients.

**What reputation is NOT**

Reputation is often confused with image (the short-term picture in our heads, based on day-to-day impressions) and brand (the expectations created and the promises made by organisations, expressed by communication messages, signals and behaviour).

Brands and reputations are, however, closely linked. Meeting the expectations created by the corporate brand and fulfilling the promises are important factors that underpin a positive reputation. A brand is owned and managed by an organisation, while corporate reputation is owned by its stakeholders and therefore much more difficult to manage. However, corporate reputations can be managed – in a sense – by keeping promises!

How reputations come into being

Before corporate reputation can be properly managed, one needs to understand how it is formed. Here, three groups of inputs are important:

- Direct (personal) experiences of an organisation or direct observation of an organisation (behaviour of employees, experiences with certain services provided),
 - Indirect experiences of the organisation (hearsay or opinions about an organisation, carried forward by others such as the media and analysts),
 - Corporate messages and initiatives (advertisements, sponsorships)
- Contrary to popular belief, reputation is not formed through an organisation's communication and corporate branding efforts. People form impressions and act based on limited information or the opinions of others without even having had direct contact with the organisation. It is not factual knowledge alone that creates the sense among stakeholders that they know an organisation. The media plays an important role in spreading the word about organisations' reputations.

Research has proven that, unless some crisis hits an organisation, its reputation tends to 'stick'. However, despite the staying power of reputations, they can be easily harmed or even lost in the face of a crisis.

It has become clear that emotion plays an important part in the evaluation of an organisation's corporate reputation. This study indicated that the Emotional appeal dimension forms the 'main pillar' of any service organisation's corporate reputation with its clients. Without being liked by clients and without having earned their admiration and trust, and without clients feeling positive about an organisation and being proud of it, the possibility of a positive reputation score among clients is slim indeed. Managers responsible for an organisation's reputation will thus have to ensure that an emotional link is established with clients.

The Corporate performance dimension refers to the assessment of the financial soundness of the organisation and the regard in which its management is held.

The Social engagement dimension refers to whether the organisation is perceived to support good causes.

The Good employer dimension refers to the organisation's ability to pay attention to the needs and well-being of its employees.

When it comes to the Service points dimension, the functionality of an organisation's online service delivery in terms of effectiveness, user-friendliness and ease of use come into play. The significance of this dimension can be partly explained by the fact that two rather 'sophisticated' sectors in the service industry were investigated, namely banks and airlines. Their clients expect modern technologies such as online booking facilities (in the case of airlines) and online banking facilities to function smoothly. This study thus confirms that fully functional and up-to-date point-of-service information and communication technologies (ICT) are important differentiators in the case of large service organisations. The emergence of service points means that organisations should pay attention to their interaction with clients at face-to-face level as well as at online service points. ■

What is reputation?

Leading academics agree that corporate reputation is the overall estimation or evaluation over time of the attractiveness of the organisation for its stakeholders, when compared to its main competitors.

“Research shows that, 61% of buying decisions are influenced by the reputation of the company”

How to measure client-based corporate reputation in services

The five dimensions that emerged in the PhD study were:

- ① Emotional appeal
- ② Corporate performance
- ③ Social engagement
- ④ Good employer
- ⑤ Service points

Read more in Journal of Services Marketing

An article titled *An instrument to measure the customer-based corporate reputation of large service organisations*, based on Dr Marietjie Theron-Wepener's PhD thesis and co-written by her and Stellenbosch University's Prof Christo Boshoff, appears in the latest edition of global publisher Emerald's *Journal of Services Marketing*.

Find the article at:

www.emeraldinsight.com/doi/abs/10.1108/JSM-01-2014-0026 and her PhD thesis on SUNscholar at <http://scholar.sun.ac.za/handle/10019.1/96085>.



Unified Messaging Boosts Security

Productivity? You can have more of that, too.

Ronan H Kepczyk | CPA Trendlines

Firms should strive to capture all data in a digital format at its "root" source. This goes for services such as fax and voicemail systems too.

Traditional inbound faxes are usually printed from a fax machine and then hand delivered to the recipient's desk. In some cases this is actually rescanned and emailed to the recipient. While this is a step toward digital delivery, today's digital fax systems deliver a digital image to the recipient via email so they can access this immediately in their inbox. Higher-end duplicators have integrated fax cards that will deliver the image to a designated administrative person who will update the subject and forward the fax to the recipient.

For after-hours delivery of faxes, these systems can publish the fax to a public folder in *Outlook* or on a network drive that all authorised staff members can access (the same as a printed fax in the fax machine). If the company's equipment does not have an integrated fax card, this can be either

- » placed in a server using *GFI FaxMaker* or *Castelle FaxPress*, or
- » outsourced to a service such as *Nextiva* or *eFax*.

According to the AAA 2015 Survey, 62 per cent of firms utilise Unified Messaging technology for all staff and 54 per cent of respondents use video/conference calling.

Companies should also consider the benefits of delivering voice messages through email system, rather than having a separate system. Most of today's phone systems have the ability to transform a voicemail message into a .wav file that can be listened to on the recipient's computer, forwarded to others and even saved in the company's client file.

The advantage is that end users consolidate ALL communications (email, fax, voicemail) in one place that can be made accessible through the Internet from any web-connected console.

The 2015 AAA survey found that 47 per cent of firms had implemented a collaboration tool with instant messaging and 54 per cent had implemented video calling.

Digital communication within firms is expanding to also incorporate video calling, screen sharing, file sharing and integrated instant messaging, which are known as collaboration suites. *Microsoft's* free *Skype* service is the most prevalent individual video calling system used by businesses. We recommend that every firm have at least one video calling account set up. Make sure that you train personnel on how to use it – just in case a client asks you to make use of this facility. In 2014 *Microsoft* announced that they will rebrand their *Lync/Office Communicators* tool to "Skype for Business," which is expected to be part of the overall *Microsoft Office* suite that CPA firms use.

Unified messaging will eventually bring all firm communications to one platform, so it is important to highlight that proper access security must be in place. Having all firm communications in one location will make it easier for your IT personnel (or a cloud provider) to do comprehensive backups and provide better security for your communications. ■

The 2015 AAA survey found that

47% of firms had implemented a collaboration tool with instant messaging and

54% had implemented video calling

62% of firms utilise Unified Messaging technology for all staff and

54% of respondents use video/conference calling

Recommended Actions:

1 **Capture** faxes and voicemail digitally at the root source and make available securely in *Outlook* via the Internet.

2 **Implement** collaboration tools and train personnel on usage.

Six Tech Tools every Business should own

Abraham Molelemane | **Godfella Production Studios**

Technology makes it easier for businesses to maximise efficiency. With the right tech tools we can easily manage our finances, market our products and services, make payments and more, just about anywhere and anytime. This is great, but there are so many tech devices on offer, that it can be difficult to keep up or determine which are important. To help you with this, we review six tech devices and applications every business should own.

Cloud

Cloud computing is computing based on the Internet. In the past, people would run applications or programmes from software downloaded on a physical computer or server. Cloud computing allows users to access the same kinds of applications through the Internet. This solution is growing in popularity, especially among SMEs. Why move to Cloud, you ask? Cloud computing increases efficiency, helps improve cash flow and offers many other benefits. Learn more about Clouding here.

Accounting software

As far as your business finance is concerned, every penny counts. It is important to keep close tabs on your income, costs and customers. Accounting software monitors all your data and provides the reports and tools necessary to more effectively manage billing, inventory and payroll. Although accounting software can save you lots of time and energy, the challenge is selecting the right one. There are many things to take into account and the wrong choice of accounting software can cause chaos in your business and even damage your financial records, such as *Pastel* or *Quickbooks*.

Website

Increasing visibility and exposure for your business is a major factor. Simply put, having a website is vital. Even if people hear about your business, chances are they'd want to learn more. Having a website will allow you to add all the important information you want to get across to your customers. Advertise your own products or services, list your contact details, display a map and give directions to your business' shops or offices and more.

Social Media Profile

Social media is exploding. As people realise the benefits of being active on social media networks, businesses are also coming to the party. They have realised the power of online communication channels and accepted that social media marketing has to be part of their marketing and PR mix. Businesses benefit through:

- Increased exposure
- Developing loyal fans
- Generating leads
- Improved search ranking
- Growing business partnerships
- Reduced marketing expenses
- Improved sales
- Providing marketplace insight

Google Analytics

In business, it's all about numbers. How much traffic does your website generate? Where does it come from? What are the key demographics of your target audience? These are questions every entrepreneur should ask. However, tracking all this on your own is not easy – this is where *Google Analytics* comes in. Users can view the countries of the users that have visited their sites, the percentage differences in traffic drivers, including key numbers broken down daily, weekly, monthly, or yearly. *Google Analytics* uses easy to understand and clearly marked charts and graphs.

Online data backup

Despite backing up your data, you're still at risk should something happen to your computer, hard drive or server. That is why it is important to use online backup services for safekeeping. Learn about the best online backup services here.

Dropbox

Dropbox is the multitasker's saviour. It creates a link between all of your Internet connected devices. With cloud saving capability, users can save images, documents and video clips to their account, which can be accessed from anywhere. Maintain organisation for all your files and easily share files with other users. Learn more here.

Technology certainly gives smaller businesses access to tools that in the past were only available to larger and better funded counterparts. A lack of information can prevent businesses from taking advantage of these tools, but fortunately the Internet allows easy access to trends. That said, I hope that this article will help you to better understand some of the basic tech tools that could help your business to progress. ■



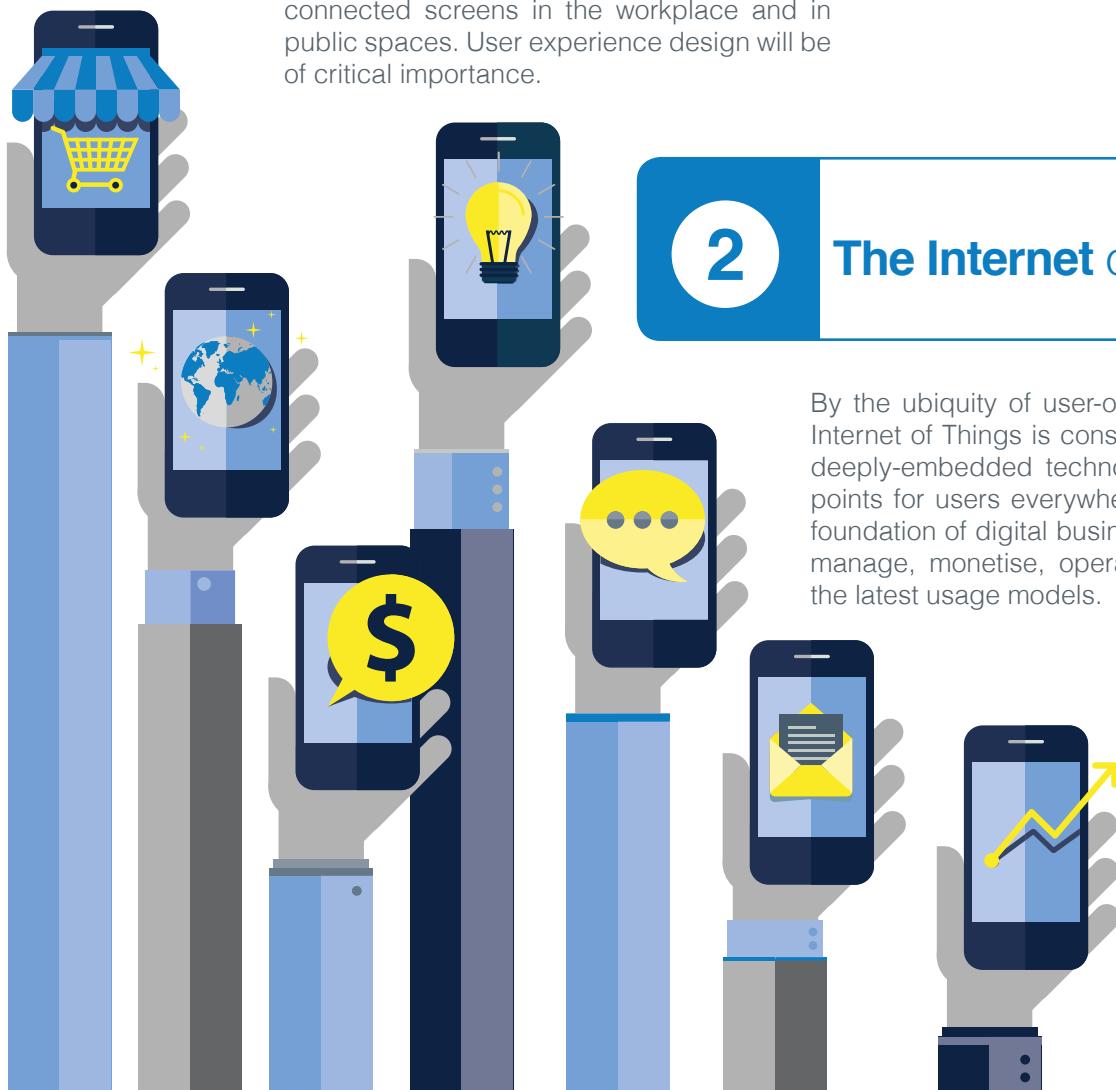
IT Trends for 2015

Stay abreast the latest trends, it might steer your business into a new innovative space.

1

Computing Everywhere

From smart-phones and wearable devices to a broader computing offering, which includes connected screens in the workplace and in public spaces. User experience design will be of critical importance.



2

The Internet of Things (IoT)

By the ubiquity of user-oriented computing, the Internet of Things is constantly expanding. More deeply-embedded technology will create touch points for users everywhere, which will form the foundation of digital business. The four internets, manage, monetise, operate and extend depict the latest usage models.

References:
Trendwatching
Forbes
Gartner, Inc
CSC



3

3D Printing

The cost of 3D printing will decrease, which will expand the use of this technology.



4

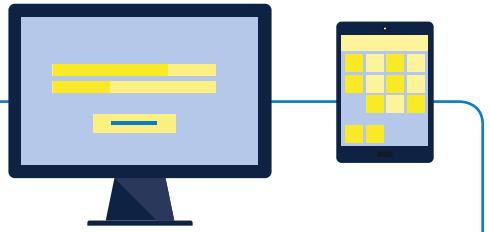
Cloud Architecture

Mobile and cloud computing converge and lead the growth of centrally coordinated applications that can be delivered to any device. "Cloud computing is the foundation of elastically scalable, self-service computing for both internally and externally facing applications," *Forbes.com*.



5

Web-Scale IT



Gartner notes that more companies will think, act and build applications and infrastructure the same way *Amazon* and *Google* or *Facebook* would.



6

Crowdfunding

Put your latest project on the internet to be crowdfunded. Get funding and support from the public.

7

Outside-In Accelerates

With today's interconnected markets, many of the most important new business forces are shaped outside the walls of a business. To respond to these changes, businesses

Practical Implementation of Technology:

Amazon – New Storefront Sells Products by over 200 Startups

In July 2015, Amazon announced *Amazon Launchpad*: a new storefront that aggregates and sells products from startups and successful crowdfunding projects. Launchpad draws products from 25 crowdfunding platforms, venture capital firms and startup accelerators, and also provides assistance for startups to market and distribute their products via *Amazon's* global network of warehouses. So, PRETAIL is the new retail. How can you ride this trend? CrowdFund your next product? Partner with a new project? Launch a platform of your own?



8

Analytics

At the center stage of everything today is the volume of data, generated by embedded systems, which increases the vast pools of structured and unstructured data to be analysed. Organisations need to best filter the huge amounts of data, which needs to be processed.

Destination: Your Career

Chrizelda Walters | **FAB Consulting**

There is a Japanese proverb that literally goes "Raise the sail with your stronger hand", meaning you must go after the opportunities that arise in life that you are best equipped to do. A career and career choice, comprises such a vast part of who we are, what we do and of life in general.

From a very young age we are urged to prepare ourselves for the world of work; getting ready to do something . . . to choose a job or a career. In reality this is an ongoing process – a process that is an integral part of being alive, of being human. More and more, I have come to terms with the idea that a career is not a destination to arrive at, but rather a journey to embrace. Hence, I like to refer to the process as Career Journeying.

Journey

n. pl. journeys

The act of traveling from one place to another, especially when involving a considerable distance; a trip. A distance to be travelled or the time required for a trip.

According to theory, important career development tasks include the ability to make choices, and the development of certain attitudes. I would like to highlight three of these tasks:

1. **Career orientation:** a person's active involvement and commitment in the process of career choice (that is, knowing what is expected, and using information and abilities to solve career-choice problems),
2. **Career information and planning:** requires the ability to explore careers and gather the necessary information to plan for and decide on a certain career.
3. **Wisdom of vocational choices:** relates to a realistic choice, based on an assessment of abilities and interests compared with the demands of possible jobs and careers.

The Career Journey, as I like to refer to it, encompasses a process that entails exploring, engaging, designing and creating. A journey that, if you are willing to embark on it, will ultimately lead you to discovery and accountability. "In the long run we shape our lives, and we shape ourselves. The process never ends until we die. And the choices we make are ultimately our own responsibility." Eleanor Roosevelt

Know yourself

"The self is not something ready-made, but something in continuous formation through choice of action." John Dewey

What does The Career Journey entail? From the career development tasks as mentioned above it involves you as the centre point, and you need to know yourself.

George Bernard Shaw said: "Life isn't about finding yourself. Life is about creating yourself."

What do you need to know? You need to understand what you are good at; understand what energises you and what drains you of energy; and review your values.

Career journeying has to do with choices and executing those choices, making the right decisions and making decisions right. Self-knowledge is critical. With self-knowledge you are armed to make informed decisions.

But How?

An assessment is an integral part of career guidance. It could offer insight into your career interests, personal qualities and, optionally, some brief form of reasoning assessment can be conducted to provide the career adviser with objective and reliable information concerning you. During the assessment you are asked questions to elicit information concerning yourself, while in the aptitude approach you are 'tested' for your maximum level of performance on a range of work-related aptitudes. It would often be beneficial to combine the interest assessment with either a general reasoning test or a test of technical aptitudes.

Extensive research conducted over many years, consistently demonstrated that variance in job performance can be attributed to personality differences. Moreover, a person's potential for burnout, their trainability and subsequent job satisfaction, have all been shown as strongly influenced by personality. Thus, a personality assessment forms a central part of most career guidance and counselling programmes, with the aim to help individuals maximise their potential by finding an optimal match between their personality and their choice of career. An assessment acts as a career development opportunity.

Hence, the findings can assist you with the development of a realistic and grounded view and the development of an appreciation of your strengths and challenges. This could enable you to evaluate your personal effectiveness, and could assist you with your career path decisions. The assessment findings may be used as a cornerstone for coaching, renewal and growth.

Holland's Theory is the best known and most widely researched theory on career choices and personality traits.

It can be summarised in six statements:

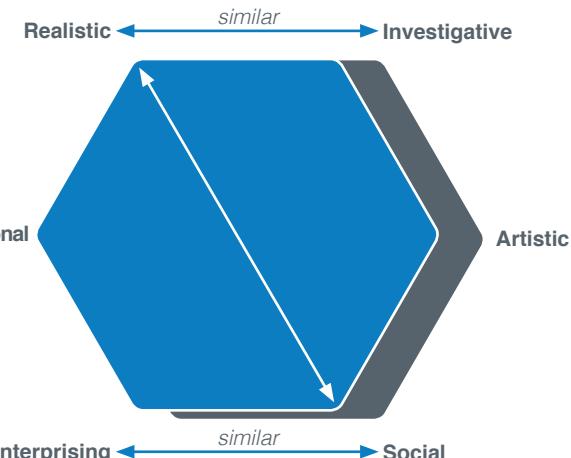
1. Most people are one of six personality types: Realistic, Investigative, Artistic, Social, Enterprising, and Conventional. Some refer to these as Holland Codes or RIASEC (Realistic, Investigative, Artistic, Social, Enterprising, and Conventional).
2. When people of the same personality type work together, this creates a work environment that fits their type. For example, when Artistic persons work together on a project, they create a work environment that rewards creative thinking and behaviour – an Artistic environment.
3. There are six basic types of work environments: Realistic, Investigative, Artistic, Social, Enterprising, and Conventional.
4. People search for environments where they can use their skills and abilities and express their values and attitudes. For example, Investigative types search for Investigative environments; Artistic types look for Artistic environments, and so forth.
5. People who choose to work in an environment similar to their personality type are more likely to be successful and satisfied. For example, Artistic persons are more likely to be successful and satisfied if they choose a job that has an artistic environment, like choosing to be a dance teacher in a dancing school – an environment "dominated" by Artistic type people where creative abilities and expression are highly valued.
6. How you act and feel at work depends to a large extent on your workplace (or school) environment. If you work with people who have a personality type like yours, you will be able to do many of the things they can do, and you will feel most comfortable with them.

According to Holland's Theory, you want to choose an occupation whose personality type is the same as, or similar to, yours. This will most likely lead to your job satisfaction and success.

A good match-up is called "Congruent", meaning "compatible, in agreement or harmony". For example, imagine that your highest score is for the Realistic type. The most compatible job environment is Realistic. It is a congruent match. Most people, in reality, are a combination of types – like Realistic-Investigative, or Artistic-Social. Therefore, you will probably want to consider occupations in more than one category.

In summary, you are most likely to choose a satisfying job if you choose one that fits your personality type.

John Holland created a hexagonal model that shows the relationship between the personality types and environments.



Notice that the personality types closest to each other are more alike than those further away. You can see this most clearly when you compare the personalities opposite each other, on the hexagon. For example, Realistic and Social. You will see that they are virtually the opposite of each other. On the other hand, Social and Artistic are not that far apart.

Info check; what now? Manifestation.

"Goals are useful and motivating; having a career goal is helpful and beneficial. Goals are dreams with a deadline." — Tony Robbins

Getting what you really want should create enthusiasm and energy. What's most important to you as an outcome (a result) and why it is important to you (your purpose), will give you the juice to move forward toward realising your dreams. If you have a strong enough reason and a strong enough purpose, you will figure out how to pull it off. By setting a goal you help yourself to create the results you aimed for as part of your Career

Journeying

According to Tony Robbins, goal setting should not mean a lot of work; it should mean enjoying yourself as you reach your dreams. If you find yourself faced with substantial resistance and negativity, look carefully to make sure that you really want the goal.

In short, set SMART Goals:

A **S.M.A.R.T.** goal is defined as one that is specific, measurable, achievable, results-focused, and time-bound.

Specific: Goals should be simplistically written and should clearly define what you are going to do. A specific goal has a much greater chance of being accomplished.

Measurable: Establish concrete criteria for measuring progress toward the attainment of each goal you set.

Attainable: When you identify goals that are most important to you, you begin to figure out ways you can make them come true. You develop the attitudes, abilities, skills, and financial capacity to reach them. You start seeing previously overlooked opportunities to bring yourself closer to the achievement of your goals.

Realistic: To be realistic, a goal must represent an objective toward which you are both willing and able to work. A goal can be both high and realistic; you are the only one who can decide just how high your goal should be. Be sure that every goal represents substantial progress.

Timely: A goal should be grounded within a time frame. With no time frame tied to it, there's no sense of urgency.

And then life happens

The world of work is constantly changing. For instance, certain jobs are made obsolete by new technology. On the flip side, that same technology may create entire new fields. Not only does work change, but at different times in our lives our priorities may shift as well. One of the most important challenges we all face is to keep up with these changes. Change is often not by choice.

You know yourself, you have SMART goals and then . . . life may throw you a curve ball. Unfortunately, we need to deal with curve balls – setbacks can leave us feeling frustrated, discouraged, defeated, anxious, angry and depressed. It's not about avoiding them or wishing for everything to go as planned. You are on a journey, only a step or a part of the road you are travelling on. It is about "how" you handle curve balls. We need to possess resilience. For successful career journeying, resilience is critical. If resilience is lacking, you need to cultivate resilience.

Resilience is a skill that is defined as an individual's ability to adapt to stress and adversity. Stress and adversity can come in the shape of family or relationship problems, health concerns, or workplace and financial worries. Resilience is that ineffable quality that allows some people to be knocked down by life and come back stronger than ever. Resilience, as any other skill, is something that can be acquired – it is something that you can cultivate and own. Psychologists have identified some of the factors that make someone resilient. Among them are a positive attitude, optimism, the ability to regulate emotions, and the ability to see failure as a form of helpful feedback.

The first step to becoming resilient is awareness; having an innate belief in yourself and believing the path that you're on, is meant for you. Thus, as part of your career journey, stay open to and aware of life, cultivate resilience and remember a journey of a thousand miles begin with a single step. Happy (and successful) career journeying. ■

Using Clifton *StrengthsFinder* in your business

It is important to build your team based on their strengths and what they are naturally good at. We look at internationally used growth tool *StrengthsFinder* and how it could benefit your team.

Ziglinde de Jager | Writer

If you spend your life trying to be good at everything, you will never be great at anything." This is a quote by Tom Rath, the founder of *StrengthsFinder*, author of many inspirational books and believer in the fact that people should do what they are naturally good at.

During the early part of the 21st century, positive psychology caught the attention of the public, and Clifton *StrengthsFinder* is probably one of the most well-known programmes which purposes on encouraging people to focus their time and energy on what they do well, rather than to improve on what they can't do. The process of fixing is slow, tiring and filled with resistance, whereas focussing on strengths pays off in confidence, productivity and hope. With the availability of these tools, strengths development programmes are becoming a custom in schools and in businesses.

The fundamental problem in all industries is that most training programmes focus on what people are not. They also purpose on developing people to be what they are not, instead of helping them to be who they truly are. Most people know exactly what they can't do, but not many are aware of the things they do far better than anyone else.

This mindset was born out of a generation that purposed itself to fit in and to be uniform instead of allowing people to stand out. By doing this, they unknowingly rejected individuality. This left a lot of people with action plans on how to fix weaknesses, but no understanding of how to be themselves. It's easy to measure talents when it comes to sports or numbers, but it gets tricky to analyse when it comes to measuring things like strategic thinking, including of people or winning others over. This tool measures the talents that people are naturally good at, and will give CEOs a good understanding of where their employees' strongest strengths lie.

So what are strengths?

First of all, I would like to suggest that the words "talent" and "strength" need new explanations. Talents are recurring patterns of thoughts, feelings and behaviour that can be productively applied. A strength, on the other hand, is the ability to provide consistent near-perfect performance in a specific activity with fulfilment and sustainability.

“ If you spend your life trying to be good at everything, you will never be great at anything ”

If an individual can know and understand what their strengths are, they can grow them exponentially. Many times weaknesses are actually mismanaged strengths that have become detriments. When you invest in your talent by spending time practising it, developing your skills and gaining knowledge in that area, your talent becomes a strength. This means that you are able to consistently perform perfectly in that area.

StrengthsFinder helps in the process of discovering hidden or mismanaged talents and coaching the individual to trust, own, honour and grow his/her strengths so that their potential is developed from good to great.

In layman's terms, a strength is a characteristic or a task that gives you energy when you do it, instead of being drained by something that doesn't come naturally.

Weaknesses can be fixed through a slow process, but strengths are proven to grow exponentially when given the opportunity to grow in them.

There are 34 different themes of strengths included in *StrengthsFinder*. Moreover, as this has taken more than 40 years of research and over 4 million testers of the programme, a new perspective on life can be guaranteed.

StrengthsFinder will be beneficial to companies on two levels: motivating the individual and helping the manager to encourage his/her employees.

The individual level

"Wellbeing is about the combination of our love for what we do each day, the quality of our relationships, the security of our finances, the vibrancy of our physical health, and the pride we take in what we have contributed to our communities. Most importantly, it's about how these five elements interact." Tom Rath, founder of *StrengthsFinder*.

As an individual, *StrengthsFinder* will help you identify your own Talent Themes, make you aware of different Talent Themes in your team, allow you to see how unique you are and help you celebrate what is good about you. Although there is no good or bad theme, the way the strengths are applied in your life, can cause it to have an either positive or negative effect. For example, the Deliberative theme causes the holder of the Talent to see all risks in everything they do, which may cause them to feel like they are always the negative voice. When looking from a different angle, this theme causes the employee to make very sound and thought-through decisions, which means that the company will always have a filter for quality choices in the long run.





When you, as employee, understand your strengths, you can develop the skills of switching or turning certain strengths on and off. For example, if you know that you have a strong Empathy theme in your life, you can learn how to turn it down in certain circumstances, or how to use it where needed to change the atmosphere of a cold business decision. You will experience the difference through the high energy levels, the love for what you do and the fulfilment you experience in the areas you invest your time when you are passionate about it. It is so important that each person brings their diverse strengths to the table, for if they don't, a very important element of the team will be missing. When you play to your strengths, you naturally will perform better, and you will feel more engaged at work, leading to a better culture of engagement in your workplace all around.

The managerial level

One of the greatest problems big and small companies face, is increasing disengagement in the workplace. The moment employees see that their company wants to invest in their personal strengths, the whole epidemic can be cured.

After many interviews, the main benefit of using *StrengthsFinder* in the office, came down to the fact that it raised the employee engagement and helped the team understand one another better and allowed them to feed off each other's strengths. Other benefits are that stress levels and conflict decreased in the office and that there were increased levels of self-confidence and team collaboration. The organisations had a higher ability to reach their goals, because everyone knew what they could bring to the table and had confidence in it.

As a manager, imagine what difference you can make in the lives of your employees if you know all their strengths, and are able to give employees the chance to leverage and grow in them. Managers will be able to build well-rounded teams with different strengths best suited for the projects. If the manager has done the *StrengthsFinder* assessment themselves, they would be able to know their own strengths, as well as the filters they look through and how they manage. It will also guide them to know where to place or how to interact with his employees so they will contribute the most to the business. This isn't a personality test that sends up fireworks for a moment and is forgotten quickly. If managed well, *StrengthsFinder* can be a tool that will grow the potential of employees to be purpose driven in everything that they do.

Passions are the building blocks of strengths, and it is the responsibility of each individual to manage their own positivity and passion towards the job they spend their time doing. *StrengthsFinder* is only one tool of many to help inspire passion, but each organisation should have a plan of action to encourage their employees to be more engaged at work. Each person will also use their strengths differently, but if they are allowed to do what they are passionate about every day, they will flourish in whatever they set out to do. ■

We look at two of the strengths listed on StrengthsFinder and give you a sneak peek into what there is to find on the other side of getting to know your top 5 strengths.

Connectedness:

People exceptionally talented in the connectedness theme have faith in the links among all things. They believe there are few coincidences and that almost every event has meaning.

Strategic:

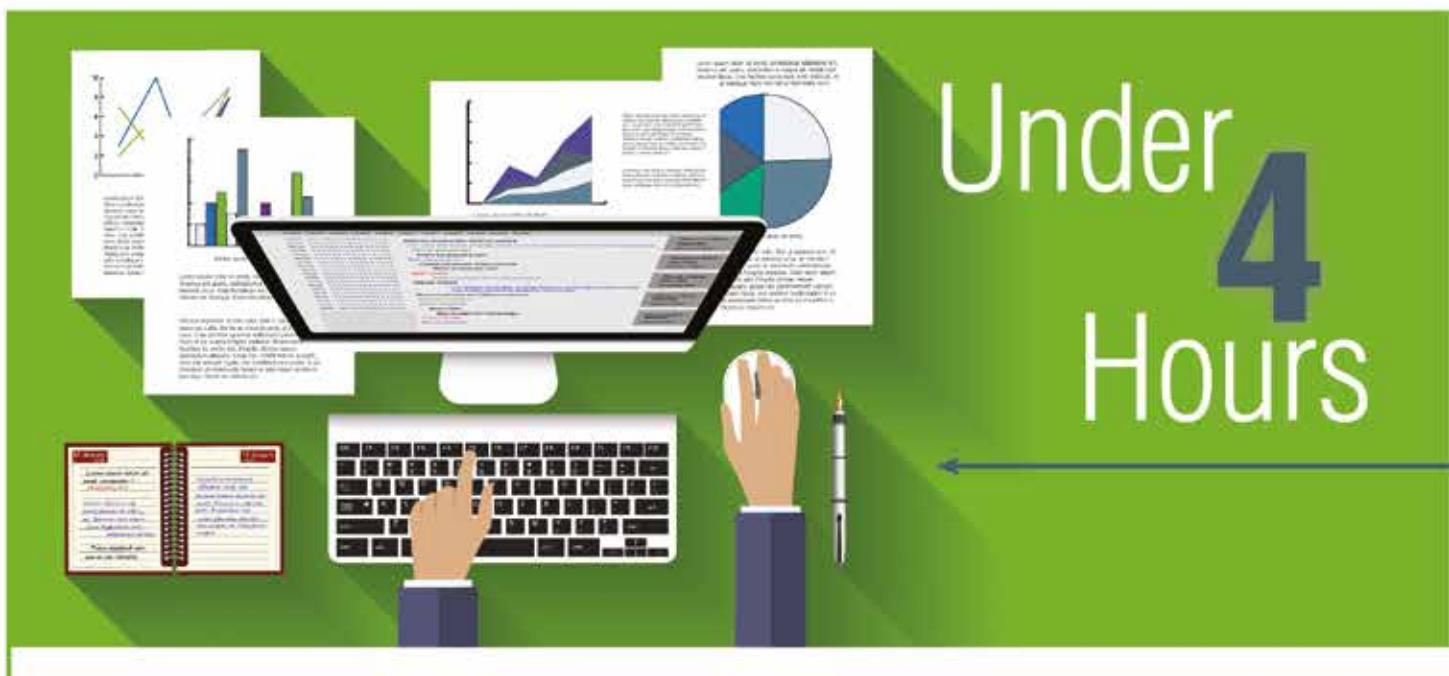
People exceptionally talented in the strategic theme create alternative ways to proceed. Faced with any given scenario, they can quickly spot the relevant patterns and issues.

“ **When you play to your strengths, you naturally will perform better, and you will feel more engaged at work,**

leading to a better culture of engagement in your workplace all around. ”

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How Perfect is that perfect job?

Considering the psychology behind job satisfaction and how you are influenced by your company's reputation, Prof Anton Grobler, Area Head of Organisational Behaviour and Leadership at Unisa's Graduate School of Business Leadership (SBL) looks at the truth about that perfect job.

Prof Anton Grobler | **Unisa Graduate School of Business Leadership (SBL)**

Suppose that you work at a company that has recently received some negative attention in the media. You're on a solid career path and each day brings with it, satisfaction in your achievements. Imagine that you are at a cocktail party and someone asks you where you work. Despite having a good job and positive career prospects, you find yourself hesitating before mentioning the name of the company.

Now let's suppose that you work for a company that has just been voted as one of the most innovative companies to work for. Your job is fine, although, if you're honest, at times frustrating. And yet the same question posed, at the same cocktail party might evoke a very different response in you. According to one of the theories of industrial and organisational psychology, the company that we work for represents a concrete, public expression of our values, and can be more important than the job itself.

The company we work for is important, as it sends a signal to society about who we are, and, ultimately has implications on our own self-definition, regardless of the job level. Termed 'value congruence', this can be more important than the job itself.

The way we look for jobs and seek job satisfaction is a complex psychological and behavioural process upon which we embark, from the moment we read the job specification. This journey continues throughout our duration of employment at the company. This complex process can be distilled into three probable behaviours: conform; confront; capitulate. These behaviours provide insights into what we do, when we look for our perfect job and how we appraise it – often without consciously acknowledging that we're doing it.

Good job fit boils down to a 'sameness' or similarity that we recognise in the organisation and ourselves. As individuals, we use our personal values as criteria to select and justify actions and to evaluate people and events. 'Person-organisation fit' (P-O fit), ascertains how congruent our values are to the norms and values of the organisation. This P-O fit is dynamic and can change over time. It can become better or worse, as the company or individual changes. Furthermore, as they go along, both the individual and the organisation seeks to attain higher levels of fit. For the individual this might mean conforming, confronting or capitulating in various ways which can mean leaving the organisation to seek a higher level of fit somewhere else.

There are two ways to conform. One way is healthy, and signifies the typical adjustment to workplace realities that is required of any working individual. The other is known as dysfunctional conforming and occurs when the individual behaves in a way that is not appropriate to their own values, but is behaviour that is practised and reinforced by the organisation, a relatively new construct within the business ethics domain. Known as prosocial rule-breaking, it describes an act that is motivated less by deviant intention and more by a desire to assist the organisation in meeting its objectives. We would say that prosocial rule-breaking is the knowing violation of a formal organisational policy, regulation, or prohibition in order to promote the welfare of the organisation or one of its stakeholders. Prosocial rule-breaking brings to mind the crash of financial markets in 2008, which unearthed widespread rule-breaking among financial institutions in the United States.

Confronting is the second probable behaviour outcome. This will occur when the individual becomes aware of a dissonance between the values of the organisation and themselves. The individual will feel their own internal pressure to take steps to set the balance right. They might attempt to change things in the organisation – at the extreme level, consider the whistle-blower who takes things beyond the internal organisational structure in the attempt to effect change – or they could decide to leave the organisational environment altogether.

While leaving the organisation might seem like the easier route, it can have momentous consequences for the individual, both practically (how easy is it to leave; what are the alternatives?) and psychologically (a shock to the system which prompts reassessment of values).

The final behaviour is one of capitulation. Staying in an organisation where poor P-O fit manifests has negative effects. The individual might withdraw from their job. On a physical level, this would include absenteeism, and on the psychological level this could present as lowered levels of job commitment. Research has shown that capitulating has the potential to negatively impact on the emotional psychological states and well-being of the individual.

P-O fit is a powerful aspect not only when choosing a job, but staying in it. Companies have a responsibility to ensure that the P-O fit remains positive for employees and encourages behaviour in sync with their values. Programmes such as the Unisa Graduate School of Business Leadership (SBL) or Master of Business Leadership (MBL), propel leaders to adopt innovative business approaches that can support enhanced selection systems and ensure alternatives are created for their employees beyond confrontation and capitulation. ■

“ **This complex process**
can be distilled into three
probable behaviours:
> conform > confront > capitulate

These behaviours provide insights into what we do, when we look for our perfect job and how we appraise it – often without consciously acknowledging that we’re doing it.

”

Top 10 Finance Companies to Work for, according to *Forbes.com*

- 
- 1 *Susquehanna International Group*
 - 2 *The World Bank*
 - 3 *Mastercard*
 - 4 *ING Direct**
 - 5 *Goldman Sachs*
 - 6 *GE Capital*
 - 7 *Fidelity Investments*
 - 8 *Standard Chartered*
 - 9 *PwC*
 - 10 *American Express*

A composite image featuring a woman in a red swimsuit on a beach, a large white wave, and a yellow vertical bar.

life

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On the Shelf: Book Review

The Finance Books that the richest people read.

We take a look at what the world's wealthiest people read, and what an interesting read it is.

Anel Louw | Freelance Writer

We stumbled upon this article

on *lifehack.org*. It includes a list of books the world's richest and most prosperous take to bed at night. It is quite an interesting selection, and their choices really do allude to the fact that the alternative and less obvious give way to success and growth.

1 Think and Grow Rich

By Napoleon Hill

Rating:



Written after the great depression of 1929, this book served as the ultimate rag to riches guide and still contains insightful and sage advice for those who want to climb the fiscal ladder. It took Napoleon Hill two decades of research to compile the book, and being a poor, struggling journalist interviewing bigwigs the likes of Rockefeller and Schwab could not have been an easy task. With over 500 interviews with uber-successful individuals, this book serves as a complex and thorough guide to making it big.

2 The Law of Divine Compensation: On work, Money and Miracles

By Marianne Williamson

Rating:



Marianne Williamson is a world-renowned teacher and inspirational thinker, and in this book she sets her sights on the act of money making and the construction of a fiscally prosperous life. She writes rather poignantly that our thoughts create our financial reality. Great for people who are in need of an attitude adjustment and alternative mind-set when it comes to making money, it shows you how to gear up on positivity and apply the right demeanour to the right situation. It also teaches you to be mindful of fear and have faith in your own ability.



3 The Little Book of Common Sense Investing

By John C. Bogle

Rating: 

This little gem is concise and easy to apply Mutual fund industry veteran John C. Bogle, writes on how to safely score with your investments, how to wangle the investment industry and how to make it work for you. And yes, it basically boils down to acquiring investments and holding on to them. He advocates patience and goal-oriented planning, and you'll find most of what he says in *The Little Book of Common Sense Investing* genius and simple. A great book for would be investors or those looking to make the most of their current investments.

4 The 50th Law

By 50 Cent and Robert Greene

Rating: 

Now, we know what you're thinking. A finance book by 50 Cent? Genius or ludicrous? The former we can assure you. Robert Greene is known for being a savvy and unusual author, and for his work regarding strategy, power and seduction. Here, coupled with the savvy and unusual 50 Cent, he elaborates on and decipher the journey to riches like never before. With a central theme of fearlessness, this book goes to show that with the right attitude and single-minded perseverance, anyone can make it big. Despite 50 Cent's recent very public bankruptcy, the book brings some great advice to the table. You will never think about wealth the same way again.

Tech Review

Get your groove on! We look at music apps, perfect for various occasions.

Dante Ludolf | **Business Accounting Review**

Music makes the world go round

Seeing as we're practically glued to our smartphones, and life seems to be revolving around our ability to use them, it seems obvious that music and the musical experience have evolved to meet our new needs. Music has never been as accessible as it is now, and our approach to music has never been so dedicated. Music has evolved from a recreational activity to an everyday staple.

We are constantly providing our own lives with a worthy soundtrack, and the rise of the music app has made this effortless. Roughly 63% of online global consumers use mobile devices to listen to music and make use of music apps. A staggering 39% of smartphone users in America purchased music via their devices in 2014, up by 34%.

The online music business is expanding rapidly, and the wide variety of apps out there means more choice and specificity to suit users of different tastes and for different purposes. See our infographic and figure out which service would work best for you.

SHAZAM

This nifty app is ideal for those among us who struggle to remember an artist's name or song title. Just turn on the app, hold it close to where the song is playing and it'll do the search for you. You can then purchase and download the song you like! It's genius and incredibly handy.



Roughly 63% of online global consumers *use mobile devices to listen to music and make use of music apps.* A staggering **39%** of smartphone users in America purchased music via their devices in **2014, up by 34%.**



PAJ

PAJ was designed for patients with PTSD or severe depression, but its uses are so much more than alleviation of spirit. As mentioned in our article on cognitive reserve (p), doing new things and exposing yourself to unfamiliar situations does wonders for the brain, and that's exactly why apps like *Positive Activity Jackpot* can make all the difference. The app uses your GPS to locate you, and when you 'pull the lever' it randomly selects a location/event in your vicinity. PAJ was developed from a form of behavioural therapy called pleasant event scheduling, a form of therapy that encourages you to place yourself in situations that uplift you and reinforce positivity. Either way, *Positive Activity Jackpot* is sure to get you exploring and soaking up some new experiences!



TUNEIN RADIO

This app is perfect for professionals and busy bodies on-the-go who are in need of sound waves to keep the day in motion. If you like the activity and intimacy of tuning into a radio station, but want the ease and accessibility of your smartphone at the same time, this one is for you. With many global radio stations to choose from, you'll have access to everything from talk, music and sports. Plus, you can assemble your own curated list so you can flip through stations with ease.



SPOTIFY

By far the most popular music app out there, Spotify is really the go-to app when it comes to streaming and listening. At only \$9.99, you can have a whole world of music to stream and listen to at your convenience. You can also save tracks to your library for offline listening, which is amazing for everyone who likes a variety of tracks at their disposal. Plus, it is integrated with Facebook so you can find your liked music pages with ease. Perfect for the socially active music fan who enjoys long playlists.

(Not available in SA)



Fast Music Facts you might be able to relate to:

- » Listening to music while working out measurably improves physical performance.
- » You don't like the original version of a song because it's better, you like it because it's the one you heard first.
- » Your favourite song is probably your favourite because you associate it with an emotional event in your life.
- » Your heartbeat changes and mimics the music you listen to.
- » The type of music you listen to affects the way you perceive the world.
- » Musicians have the same life expectancy as Zimbabweans: the lowest on earth.
- » Loud music can make a person drink more in less time.
- » Music triggers activity in the same brain structure that releases the "pleasure chemical" dopamine during sex and eating.
- » For every US\$1000 of music sold, the average musician makes just US\$23.40.
- » Revenue from digital music downloads and subscriptions outpaced CD sales in the US for the first time in 2014.

* Quick facts as per factslides.com

Documentary Review

In this edition we look at the documentaries that focus on the power monopolies that govern our lives.

Anel Louw | Freelance Writer

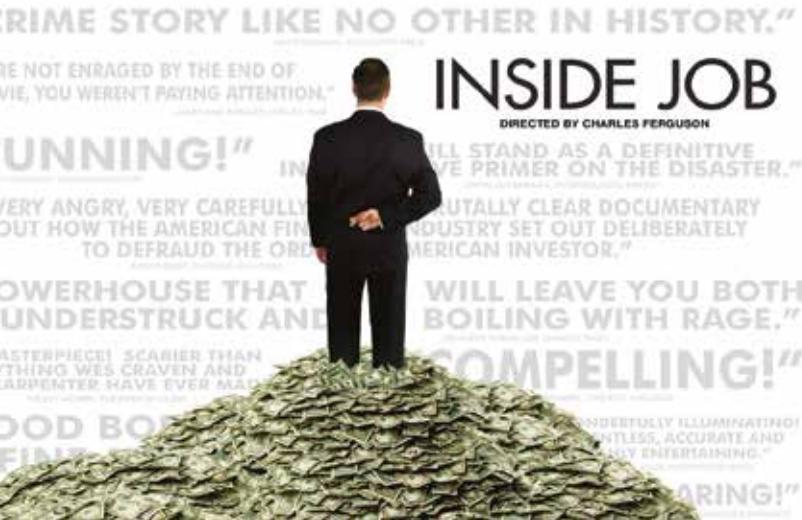
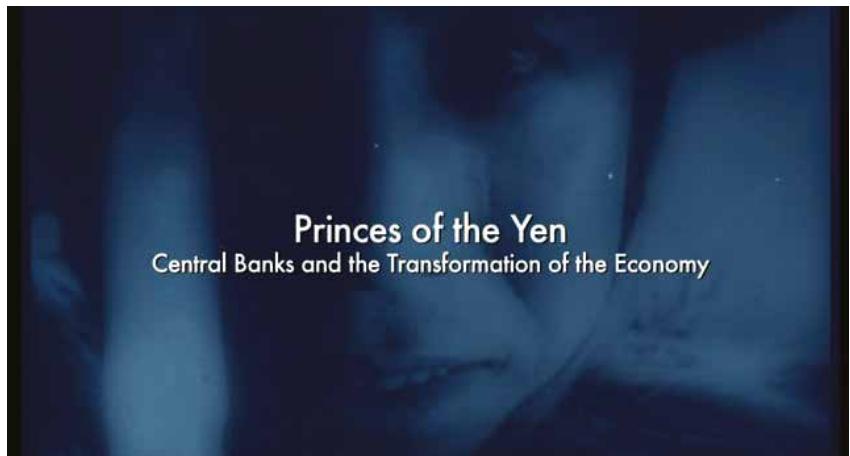
Princes of the Yen

Micheal Oswald

Rating: 

Simply put, this film tries to illustrate how central banks influence and shape the world around us, and ultimately how they affect the way we live. While not overtly aggressive, the documentary does a good job of raising questions regarding financial monopoly and the autonomous mentality with which these institutions affirm and reaffirm their control.

Dating back to World War II and how the Japanese swooped in to save the debt-ridden American industry, *Princes of the Yen* elucidates the means and method that these powermongers employ in trying to secure their lot and coercing us in what to do with ours. The result is staggering, unbelievable and severely disconcerting. If anything, *Princes of the Yen* makes the viewer feel like a cog in someone else's machine, a mere tool for someone to exploit.



Inside Job

Charles H. Ferguson

Rating: 

Inside Job, an Academy Award winning documentary narrated by Matt Damon, is the go-to source of the inner workings of the 2008 financial disaster. Scarier than a horror film, and paced like a thriller, this film takes no prisoners and sincerely introduces the viewer to the heinous miscalculations and logic with which the Wall Street bigwigs conducted the stock market.

With a wide variety of interviews with culprits and commentators alike, this slick film takes a well-timed sledgehammer to the reputation of the individuals responsible for the mess. You will want to tear your hair out in frustration and wonder how this could have happened, as well you should. A flawless, gut-wrenching documentary.

The Unsung Heroes: Memorable Accountants in Film

Dante Ludolf | Writer

Accountants in film are usually subjected to paranoid and neurotic representation. From the buzz-kill-OCD-type, to the philandering-extortionist. Let's face it, the creatives in Hollywood obviously don't think very highly of the profession. I think we can all recall moments in film, where the accountant gets shot by the gun-toting hero to hilarious effect, or when the accountant, who is way too tightly wound, gets killed by the ominous monster stalking the gang and even the accountant who falls for the girl but is ultimately robbed of love by the dashing hero. Poor accountants! This month, we've decided to compile a list of memorable accountants that were anything but meek and irritating. Brave men and women, who fought hard to save the general ledger and punch the numbers in all the right places. Here's to the accountants, we're rooting for you!

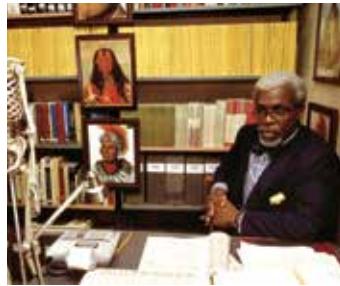


Our TOP Movie Accountant:
Andy Dufresne
Movie: *The Shawshank Redemption*

Accused of murders he didn't commit and faced with impossible legal odds, the hero, Andy Dufresne, is left to his own devices to make the best of his unfortunate situation. So, he does what any level-headed and capable accountant would do:

To quell the violent advances of his fellow inmates, Andy resorts to do the tax returns of his compatriots and thereby offer them a service that doesn't put him in a questionable (and criminal) position. Using his knowledge of tax law loopholes, he helps himself by helping others.

Unfortunately, Andy proves to be a little too useful, and his case is severely halted by the villainous prison warden who wants Andy and his accounting excellence all to himself. But as to be expected from this courageous man, even that does not stop him for long. It is exactly this ingenuity and resourcefulness that makes Andy our top movie accountant of all time! You go Andy, we'll always root for you.



Accountant 2: Henry Sherman
Movie: *The Royal Tenenbaums*

Henry Sherman represents a different kind of accountant. Mr Sherman is charismatic, bold and very industrious. Amid the maladjusted and undeniably crazy Tenenbaums, Mr Sherman has a calm and collected air about him, that perfectly juxtaposes the hilarity and chaotic natures of the Tenenbaums.

Even though all of the eponymous Tenenbaums are successful in their own right, Henry is perhaps the most successful of all, having published a book on personal finance. Plus, he raised a capable and well-rounded son, something the eccentric Tenenbaums have been unable to do with their own offspring. The only time Henry ever seems less than capable, is in his relationship with Etheline, who has him feeling giddy and light on his feet.

We chose Henry Sherman as one of our most memorable movie accountants, because he is a perfect example of the orderly and rational accountant that knows how to promote himself and lead a level-headed life in a chaotic world.



Accountant 3: Harold Crick
Movie: *Stranger than Fiction*

Stranger than Fiction really is an unexpectedly great film, and it's all thanks to Will Ferrell's underplayed and sincere performance as accountant Harold Crick. Being an agent of the IRS assigned to do tax audits, Crick is a person who is obsessed with the details, and his life is overly concerned with minutiae and particulars.

His sensitive and detail-driven existence is then sent into overdrive, as he slowly starts questioning whether his life is real or simply a narrated story, as the voice in his head implies. As expected, the answer to that question is what makes Crick's story so interesting and his reactions to the world around him so memorable.

Any and all accountants with a taste for art films should watch this movie and if anything, it's nice to see how the accountant is portrayed in a strange and compelling little fable. If that doesn't sell it to you, Will Ferrell's nuanced and complex performance will seal the deal.



Accountant 4: Loretta Castorini
Movie: *Moonstruck*

Played by Cher in an Academy Award-winning performance, Loretta represents the reluctant accountant.

A bookkeeper for various local businesses in Brooklyn and born into a chaotic family of Italian immigrants, Loretta does not have it easy. Her safe and mundane life is disrupted when she meets her fiancé's fiery and rebellious brother. Loretta does not harbour much of a passion for her job or her financial and filial situation. We chose her because she represents the accountant who would rather not be honing discipline.

Thus, if you find yourself relating to Loretta more than any other on this list, maybe it is time for a little introspection and devising an alternative. Still, her experience as an accountant paints a hilarious and often familiar picture, so you're bound to enjoy a few laughs at her expense.

Table View, and a taste of Cape Town

We sit down with John Bernard from Jubilee Accounting to talk about his accounting firm, the future of the profession and life in Cape Town.

Diane Livingston | Freelance Writer

We're shining the spotlight on Cape Town, the Mother City of South Africa. Cape Town is one of the most recognisable places in the world, with Table Mountain acting as the timeless background to the beautiful city.

The city is known for its relaxed approach to working, and for its crazy drivers. But there is so much more to Cape Town than the popular opinion.

Cape Town contains a wealth of culture, and its diversity is second to none. There is always something to do, and the splendour of the natural surroundings has proven time and again to be incredibly encouraging to healthy activities and weekend meandering.

So without further ado, let's delve into what makes Cape Town tick.

Cape Town or Kaapstad, has over time acquired the moniker of Slaapstad. This is, perhaps unfortunately, a very apt nickname as both the citizens and establishments that punctuate the Capetonian cityscape has a distinct shut-off time.

The uncomfortable pace of its daily to and fro might suggest otherwise, but Cape Town is essentially a very chilled and relaxed town.

Things move at their own pace, and residents and visitors alike are granted relative control over their

schedules and curfews. Just don't expect an incessant urban experience to the likes of New York.

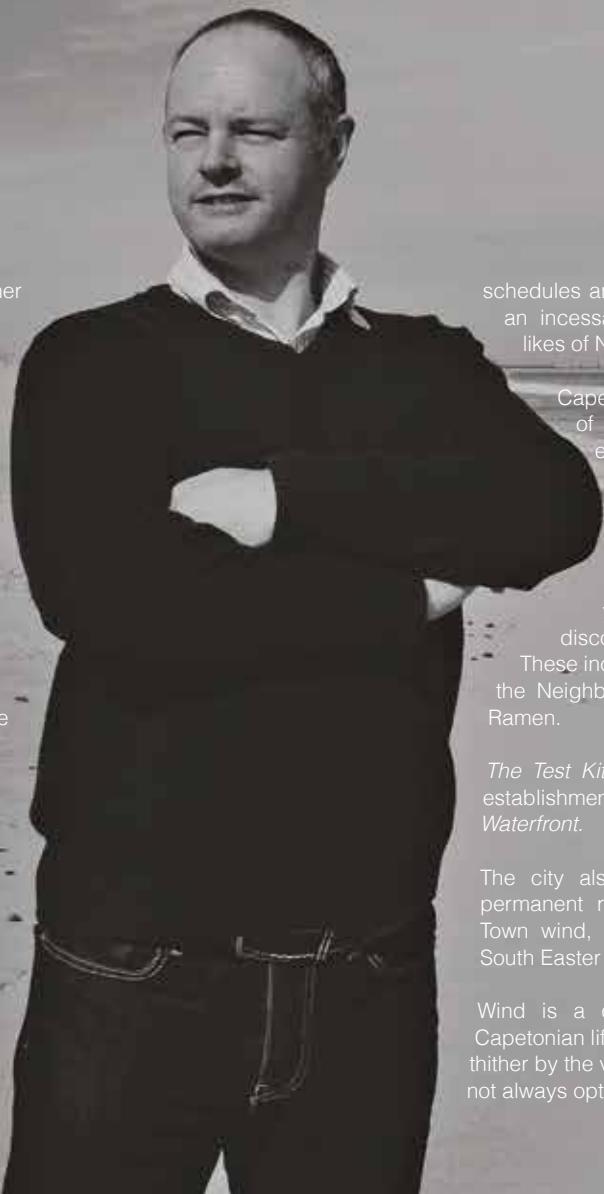
Cape Town also boasts a wealth of chic and eclectic dining experiences, so much so that the restaurant scene has become one of the city's defining features. In terms of eating out, there is actually too much to do and you could spend an aeon discovering tucked away gems.

These include, but are not exclusive to, the Neighbourgoods Market, Downtown Ramen.

The Test Kitchen, Nobu and the various establishments strewn along the V&A Waterfront.

The city also boasts a rather intrusive permanent resident – the famous Cape Town wind, or The Cape Doctor as the South Easter is known.

Wind is a quintessential component to Capetonian life, and being blown hither and thither by the vicious squalls is a staple, and not always optional, experience.



A black and white photograph of a coastal landscape. In the foreground, the ocean's surface is visible with small waves. In the middle ground, a sandy beach curves along the left side. In the background, a range of dark, rugged mountains or hills stretches across the horizon under a sky filled with soft, layered clouds.

“ Always pass on what
you have learnt ”
Yoda – Star Wars



With sites like Lion's Head and the Camps Bay Pipe Track, Capetonians agree that leading a healthy, active life is made easy by the surrounding natural environment. The views that one can look forward to when traversing said areas are also beyond spectacular, and it's easy to see why these places rack up more geo-tags on Instagram than almost anywhere else in the country.

Cape Town is a wonderful place, and although the people can be exclusively gregarious within their own circles, you can expect a laid-back and casual lifestyle with lots of merriment and activity to go round.

But as always, we want to get the inside scoop. We spoke to John Bernhardt, from *Jubilee Accounting*, and asked him to give us an insider's perspective on the finer details surrounding his business and Cape Town as a whole.

Born and bred in Cape Town, John matriculated at *Maitland High* and then studied for the Higher Diploma in Cost Accounting at the *Cape Technikon*. He is married to Vanessa, a school teacher. They have two wonderful children, Sarah-Jane and Andrea.

After completing his studies, John joined *SARS* in Cape Town and worked there for five years as a VAT Auditor, the last year in VAT legal interpretation.



“My favourite thing to do in Cape Town, besides working, is spending time with my family and friends over a meal or coffee **”**

Thereafter he was appointed Admin Manager at *Hartenberg Wine Estate* in Stellenbosch.

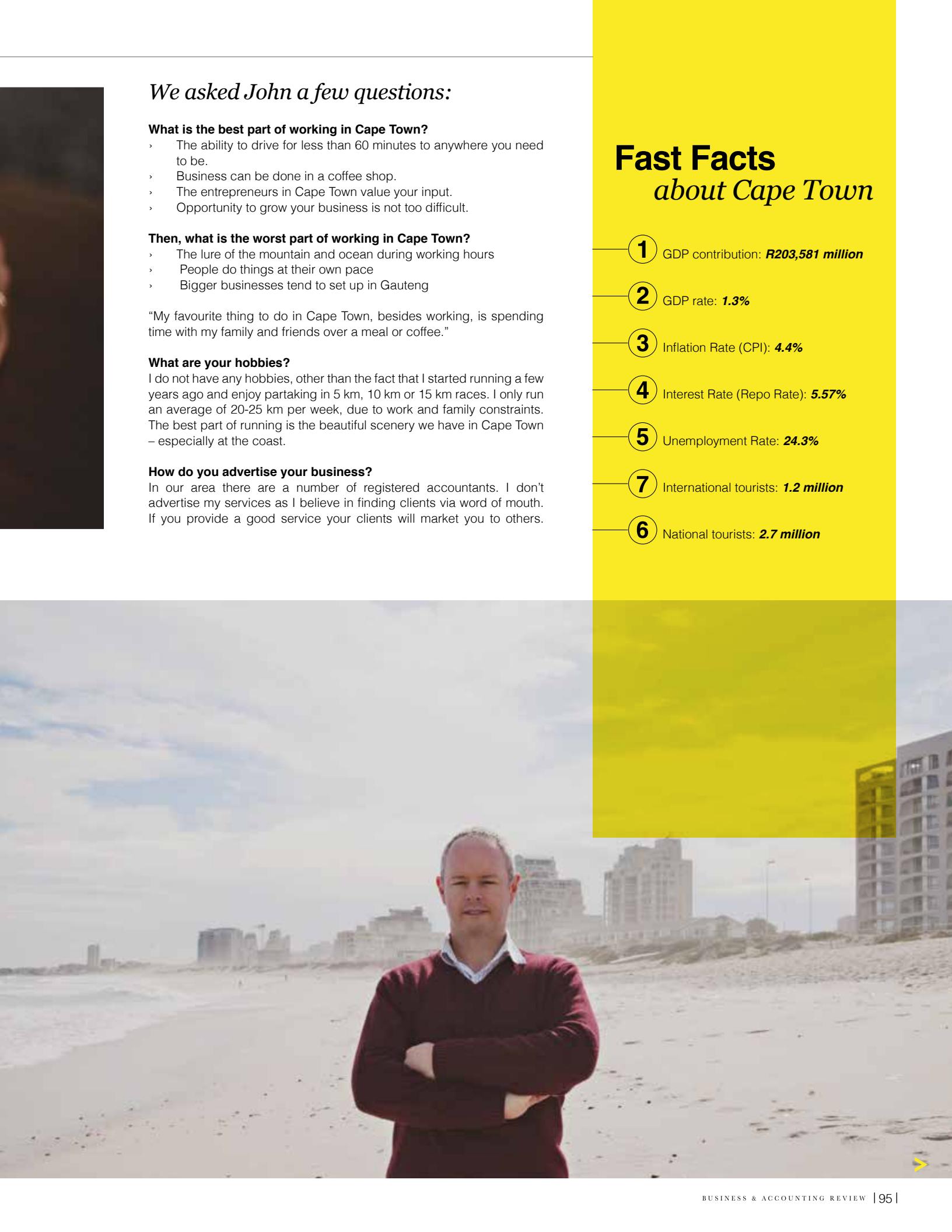
"I was responsible for the full accounting function and reported to the managing director. I worked on the wine estate for 6 years and loved every moment of it."

"It was during this time that my eldest daughter (Sarah-Jane) was born. She was born with Down's syndrome. Two years later I was approached by a friend who was immigrating, to take over her small accounting practice. Working from home made more sense as I was available to help with the challenges a child with a disability faces."

In September 2001, I took the leap of faith and started *Jubilee Accounting* on my own. Today, I have eight staff members and a host of great clients."

Jubilee Accounting's mission statement reads: "A strong competent accounting firm who efficiently provides a value for money service within a friendly environment".

Jubilee provides a wide range of accounting services to small and medium enterprises. They also do individual taxes and specialise in helping taxpayers with disabilities to maximise their tax claim.



We asked John a few questions:

What is the best part of working in Cape Town?

- › The ability to drive for less than 60 minutes to anywhere you need to be.
- › Business can be done in a coffee shop.
- › The entrepreneurs in Cape Town value your input.
- › Opportunity to grow your business is not too difficult.

Then, what is the worst part of working in Cape Town?

- › The lure of the mountain and ocean during working hours
- › People do things at their own pace
- › Bigger businesses tend to set up in Gauteng

"My favourite thing to do in Cape Town, besides working, is spending time with my family and friends over a meal or coffee."

What are your hobbies?

I do not have any hobbies, other than the fact that I started running a few years ago and enjoy partaking in 5 km, 10 km or 15 km races. I only run an average of 20-25 km per week, due to work and family constraints. The best part of running is the beautiful scenery we have in Cape Town – especially at the coast.

How do you advertise your business?

In our area there are a number of registered accountants. I don't advertise my services as I believe in finding clients via word of mouth. If you provide a good service your clients will market you to others.

Fast Facts about Cape Town

- 1 GDP contribution: **R203,581 million**
- 2 GDP rate: **1.3%**
- 3 Inflation Rate (CPI): **4.4%**
- 4 Interest Rate (Repo Rate): **5.57%**
- 5 Unemployment Rate: **24.3%**
- 7 International tourists: **1.2 million**
- 6 National tourists: **2.7 million**

**What is your opinion of the current Cape Town economic climate?**

I find that quite hard to describe. We have a broad spectrum of entrepreneurs and it is tough doing business here. The positive side is that not many give up, and entrepreneurs keep looking for innovative ways to change the current business climate to a positive one. I believe that as more people see and experience Cape Town, both foreign and local, the economic outlook will be more positive.

Tell us more about Jubilee Accounting

The focus of my practice is helping the "small guy" or start-up business. I believe there is place for everyone as competition is healthy. As mentioned, I specialise in helping people with disabilities accurately complete their tax forms. I have found that many persons with disabilities are unaware of what they may claim. I freely give advice to combat this lack of knowledge.

At *Jubilee Accounting*, we love to eat. Our clients will often pop in at our offices with some muffins or cake for the staff as a token of appreciation for our friendly and efficient service. Working in a amicable and comfortable environment spills over to the clients, who in turn become co-operative and do not see their accounting function as a boring repetitive one, dreading to see the accountants.

What are your favourite quotes?

"What we do in life echoes in eternity".
Maximus – Gladiator

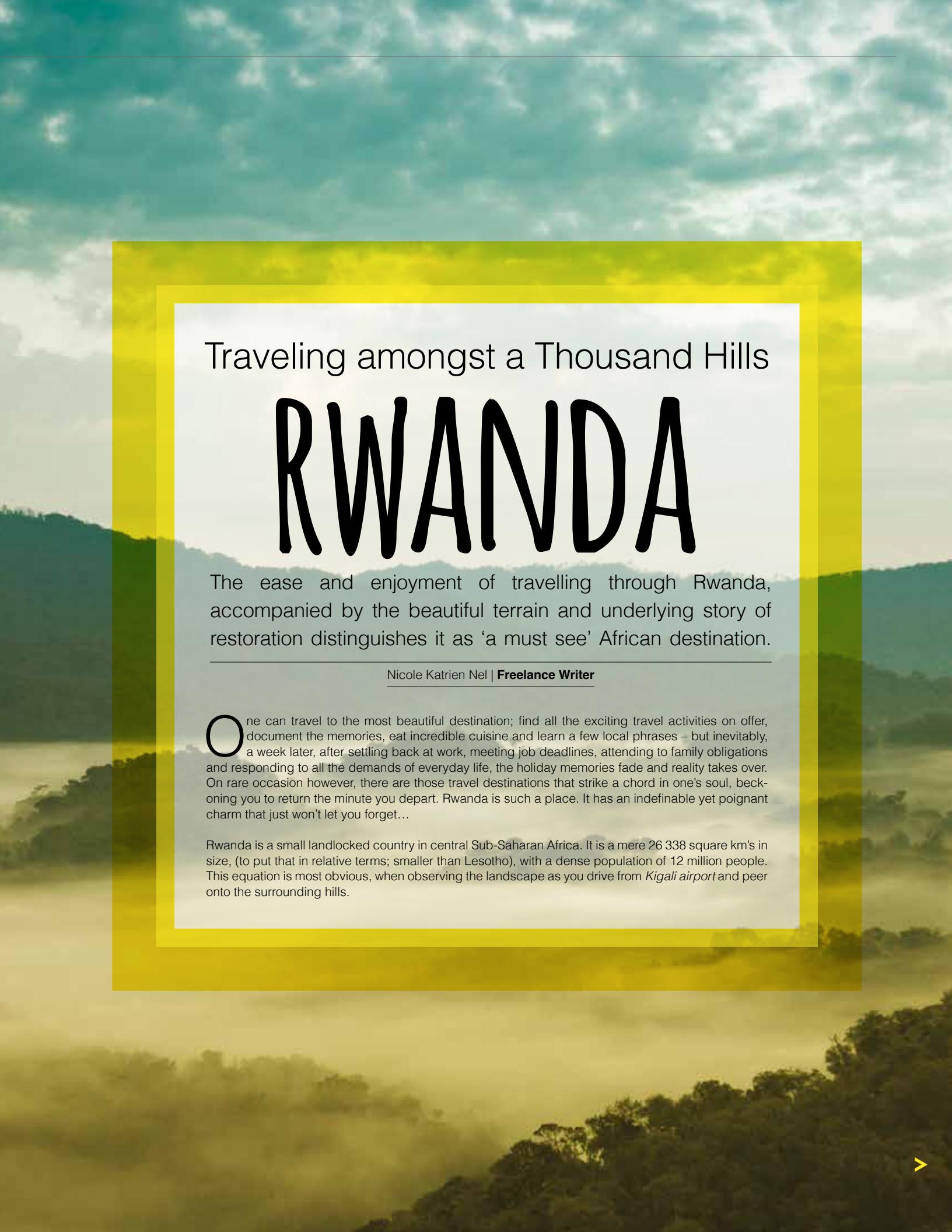
"Always pass on what you have learnt".
Yoda – Star Wars

What is your advice to young accountants?

Take pride in your work. It's not always about the money. You are an important element in society as the economic wheel cannot turn without accountants. People rely on your advice and they trust you with their livelihood. It is important to gain a broad knowledge of just about anything and never stop learning. Do the accounting profession proud! ☺



“I specialise
in helping people
with disabilities
accurately complete
their tax forms”



Traveling amongst a Thousand Hills

RWANDA

The ease and enjoyment of travelling through Rwanda, accompanied by the beautiful terrain and underlying story of restoration distinguishes it as 'a must see' African destination.

Nicole Katrien Nel | **Freelance Writer**

One can travel to the most beautiful destination; find all the exciting travel activities on offer, document the memories, eat incredible cuisine and learn a few local phrases – but inevitably, a week later, after settling back at work, meeting job deadlines, attending to family obligations and responding to all the demands of everyday life, the holiday memories fade and reality takes over. On rare occasion however, there are those travel destinations that strike a chord in one's soul, beckoning you to return the minute you depart. Rwanda is such a place. It has an indefinable yet poignant charm that just won't let you forget...

Rwanda is a small landlocked country in central Sub-Saharan Africa. It is a mere 26 338 square km's in size, (to put that in relative terms; smaller than Lesotho), with a dense population of 12 million people. This equation is most obvious, when observing the landscape as you drive from *Kigali airport* and peer onto the surrounding hills.



“The gorillas remain a top tourist attraction to Rwanda, and a great asset to the economy as well as the natural world. ”

Interesting Rwandan Facts:

- » More than **80%** of Rwandan people are farmers.
- » According to the World Bank, **45%** of poverty reduction can be attributed directly to agriculture.
- » The nation's per capita GDP now stands at **\$730**
- » Over the last decade economic growth has exceeded **8% per annum**.
- » The country has ambitious economic targets – Rwanda aims to become a middle income nation by **2020**.
- » Exchange rate of Rwandan Franc with South African Rand; **1 Franc = R 0,017**

The rolling hills resemble a patchwork comprised of self-sufficient farms that occupy every inch of land possible. The majority of Rwanda's population are farmers hence the only uninhabited land left are the three national parks; namely Volcanoes, Nyungwe and Akagera National Park.

Kigali is the only city in Rwanda. Its lush gardens, winding boulevards and immaculate streets are a favourable sight when one first enters the country. This vibrant city attracts a diverse group of people, from locals to foreign aid-workers, giving it a distinct cosmopolitan feel. We thoroughly enjoyed discovering the coffee shops and restaurants, and found it to be a safe and accessible city to get around. There's a great blog 'Living in Kigali' which provides excellent tips on where to eat, drink as well as find the latest gigs and up and coming events.

Naturally, and quite rightly so, travel itineraries vary from person to person. However, here is one itinerary tip every person visiting Rwanda for the first time should consider; start your trip with a day dedicated to the *Kigali Genocide Museum*.

The genocide, which consumed this small nation for a total of 100 days, killing over 800 000 people, is a tragic event that cannot be erased from the history, nor separated from the future. Every Rwandan person you pass on the street, meet and interact with was affected directly or indirectly by the genocide. Although the past no longer defines them, it forms part of their story and most importantly points to their incredible resilience and determination to rebuild a new collective Rwandan identity. I would have had a poorer Rwandan experience, had I not taken the time to spend a day at the memorial. One can only truly appreciate the miracle of current peaceful Rwanda, if you have spent time and listened to the stories presented at the museum, contrasted with the stories of hope, revealed as you travel the beautiful country and get to know the people.

My friend and I used public transport to get around, and found the bus systems the most convenient, reliable and affordable way to traverse the country.



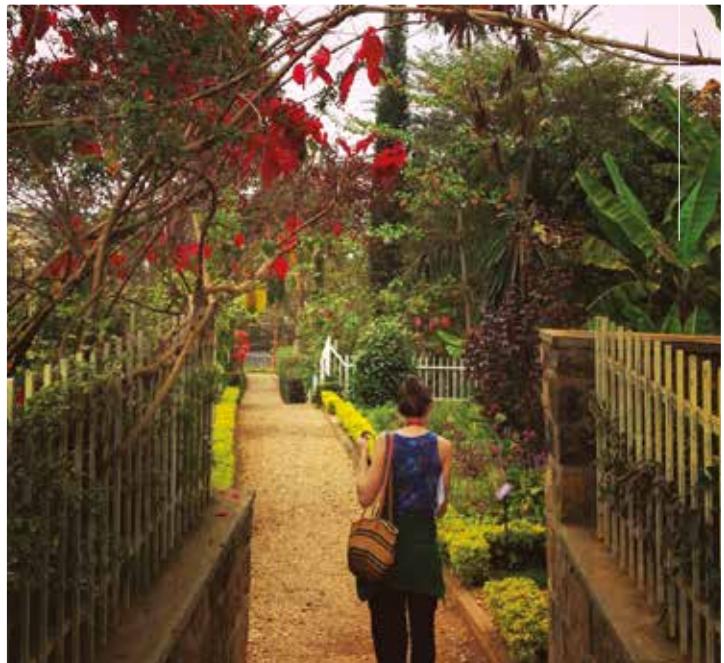
No town is further than three to four hours away, so every bus trip is within comfortable distance. My most memorable moments were on the longer bus stretches. Here, one has time to contemplate and enjoy the country's vast surroundings from an elevated seat with a clear unobstructed view through the large bus windows. Often, the bus driver would play enjoyable eclectic music and the interactions between the locals on the bus were entertaining, at times even comical. The buses operate from the Kigali Nyabugogo Station, which appears to be chaotic but is actually an organised and functioning system. We found the *Implala Express* and *Virunga Express* to be the most reliable and available services.

Rwanda is home to one of the great lakes of Africa - Lake Kivu. It lies along the Albertine Rift on the western side of Rwanda, straddling the border of the Democratic Republic of Congo. The lake is 88kms long and 48kms wide. At its deepest it reaches an astounding 480 meters. Lake Kivu has been in the spotlight most recently due to the methane gas that resides at the bottom of the lake, caused by what is suspected to be volcanic activity. The government, alongside foreign partners are busy with the Kivuwatt biogas project that hopes to harness the potentially lethal methane at the bottom of lake to solve Rwanda's energy poverty. The project needs complex funding to get off the ground. If it is successful it will not only be life-changing for millions of Rwandans, 78% of whom currently live without electricity, but Kivuwatt will also have a colossal impact on driving economic growth.

We travelled via bus to Lake Kivu and spent several days at Gisenyi and there after, moved further south to Kibuye. Gisenyi is a quaint town that hints strongly at its Belgian colonial past, with many of the lakeside mansions and corridor of tree's aligning the beach road reflecting the colonial history. We enjoyed a drink at the famous *Serena Hotel*, which has some of the nicest views of the lake, followed by strolls on paths that snake along the shore. Swimming is safe and enjoyable, the water temperature reaches a comfortable 24 degrees Celsius and the local swimming team might even let you join their sessions from the jetty if you're lucky!

Kibuye falls south of Gisenyi along Lake Kivu. It is an incredibly picturesque town nestled neatly between steep hills that fall almost immediately into the encroaching lake. Most guesthouses or hotels overlook the lake from the surrounding hills, which makes for the most beautiful views. We stayed at a guesthouse, belonging to the Catholic Monastery called Home of St. Jean. It is situated right on top of a hill with the most breath taking views over the lake. The rooms were clean and neat and the service friendly, and the price is affordable and well worth it. There are a number of noteworthy accommodation options to choose from that accompany the same impressive views; *Bethanie* and *Moriah Hill Resort* to name a few.

I WOULD HAVE HAD A
POORER RWANDAN
EXPERIENCE, HAD
I NOT TAKEN THE
TIME TO SPEND
A DAY AT THE
MEMORIAL.





A popular activity whilst staying in Kibuye is to hop on the fishing boats to visit two nearby islands. One is called 'Amanhoro' which means Peace Island, the other Bat Island. It is a day's trip, which includes lunch; tilapia (fish) and chips, a walk around the island and a swim. Kibuye is also home to a genocide memorial marking the massacre of 90% of the town's Tutsi population during the genocide.

The Catholic Church on the hill was the massacre site for many of the Tutsi's who sought refuge there during the civil war. Burdened with this heavy story, the church serves as a reminder; 'never again', written on the outside wall. Even though it carries a sad story, there's a surprising peace within the church. One is able to reflect and spend time there in honour and respect to those who were so tragically murdered.

Being start-up freelancers and hard on cash, my friend and I didn't have enough money to see the mountain gorilla's in the north of Rwanda (about an hours drive from Gisenyi), although we desperately wanted too. We met several travellers along the way who had the privilege of sitting with the gorillas and said it was worth every dollar! (Needless to say, it's gone straight onto the bucket list for our second trip one day when the budget allows).

The gorillas reside in the *Volcanoes National Park*, home to eight volcanoes, covered in rainforest and bamboo. This was the very first official park in Africa and later became the base for American naturalist Dian Fossey, whilst doing her research on the mountain gorilla. Visitor numbers to see the gorilla's are tightly controlled to 80 people a day (thankfully), hence, one needs a permit. There are permits and guided tours which are imperative should you want to see the gorillas and should you want to see them on a particular day you need to book a near a year in advance. Needless to say, this whole 'outing' costs a near fortune, but every single person who has gone genuinely declares, "It's worth it!"

What is particularly nice to hear is that the groups, who go with you on the hike, to find your allocated gorilla family are small, eight people in a group. There are 19 recognised gorilla families in the Rwandan section of the park, in total about 380 individual gorillas, while the park as a whole is home to close to 1000. Of those 19 families, ten can be seen by tourists, and the rest are studied by researchers. The gorillas remain a top tourist attraction to Rwanda, and a great asset to the economy as well as the natural world. They're a true privilege to see!



An absolute must and perhaps somewhat overshadowed by the hype of the Volcanoes Park visit, is the rich biosphere of the ancient Nyungwe rain forests, situated in the South-Western part of Rwanda.

We took a bus from Kigali, via Butare toward the winding mountainous pass that leads you into the heart of the forest. The narrow curving roads allow for the most dramatic views of the forest canopy stretching as far as the eye can see. It is believed that during the Ice Age this elevated area was a 'retreat forest' for animals and plants and thus served as protection from the ice age which devastated most of the earth. It is home to a rich variety of fauna and flora; 200 types of trees, hundreds of flowering plants, over 100 species of orchids as well as 13 recorded species of primates. The Nyungwe forest area is a conservation area, thus any exploring or hiking requires a guide as well as a conservation fee. One needs to either book into the Park for accommodation or alternatively at one of the surrounding guesthouses, bordering the park to secure access.

We stayed at the *Gisakura Tea Plantation* and organised our guided tours with registered guides that operated from there. We went on several hikes with different guides and found them all to be a deeply knowledgeable and passionate about the forest. One of the many highlights of the park is tracking the Ruwenzori Colobus monkeys, spotting chimps as well as walking through the ancient fern forests. If you're a birder then you probably won't want to go anywhere else – the park boasts a diverse range of 300 species including 24 Albertine Rift endemics. All in all the experience of walking in the pristine forests and learning of the ancient heritage not just in story format but through physically seeing the evidence makes for a truly magical experience.



On your way home from Nyungwe, passing through Butare (also known as the university town), be sure you take a detour stop over at Rwanda's one and only ice cream parlour! It has become quite famous, to the extent of drawing people from all over Rwanda, even parts of Burundi to stop over and taste their delicious ice cream. The little shop is called 'Inzozi Nziza' (Sweet Dreams). One can buy ice-cream scoops in sweet cream, passion fruit, strawberry and pineapple flavours, with toppings such as fresh fruit, peanuts, honey, chocolate chips and granola. To dine for!

It's been exactly two years since I backpacked through Rwanda, yet the memories unravel from my mind as though we were traversing the country a month ago. The familiarity and warmth I feel in reference to Rwanda is somewhat surreal. I savour the memories and gape in awe at the ability they have to take me out of my day-to-day work reality into a terrain of beauty, heart wrenching stories and hope. It's enough to make me pack my backpack a second time and discover it all over again! ☺

Helpful Traveling Tips:

- » **Besides the local language** Kinyarwanda, French is widely spoken, in some instances we found it more useful than English.
 - » **Cell communication** in Rwanda was very reliable. On arrival we bought a SIM card and had good reception throughout the trip.
 - » **Free WIFI** is easily available and prevalent throughout the country at most of the guest houses and established coffee shops.
 - » **It is seen as disrespectful** and culturally unacceptable to take a photograph of someone without asking permission. The adults get especially offended when you take photo's of the children.
 - » **Do not photograph** the President, police, soldiers, military installations, prisons, prisoners and airports.
 - » Most shops with tourist appeal in the town centres and in hotels/lodges will accept major credit cards and travellers cheques.
- Elsewhere you will need cash.**
- » Make sure you try the **Rwandan delicacies**: Tilapia (a fish also known as the Nile perch) or goat/beef brochettes!



Why Taking a Holiday is Good for Your Business and your health

Right in the middle of health and travel, our latest feature looks at how traveling can truly be a benefit to your business. Read this article to ensure you take the right kind of holiday to maximise relaxation and minimise stress.

Jade Carstens | Freelance Writer

The average South African almost has no choice but to just let go, wave the white flag of no resistance and bite down for the perpetual grind. Yes, physically, culturally, linguistically, religiously and in many other -ly's. South Africans are definitely a rainbow nation, diverse in many, many ways. But we are also very much the same. One of our most unifying traits as a nation is our profound work ethic.

Excluding our politicians and *Eskom's* management, all of us work hard for whatever living we manage. We as South Africans are renowned for our labour skills all over the world, and our professionals are sought after commodities. No matter where we are or what we are doing, it seems we are forever having one foot, apron or tool in our workplace, whether we are actually working, listening for new opportunities or marketing ourselves socially. We grab opportunities and are always on the lookout. Ready, willing and able to earn some extra cash. We are a working culture.

Focussed on meeting our deadlines, making those crucial decisions, managing various tasks and fulfilling various roles. In this way we all contribute to our own rising stress levels. All adults, even those (un)der-employed suffer from some sort of work related stress or financial worry.

The effects of chronic stress can be self-defeating and may actually be undermining and undoing all our hard work. Therefore, being a workaholic actually has the opposite outcome to the desired ends. Although our reasons are well intended we are actually sabotaging ourselves.

What is the point of aiming and focussing so much effort towards a goal and then failing or losing an account or job due to the fact that physically, your body could not keep up with your ambitions? It is much better to guard against such an unnecessary mistake and take care of your body. If you are experiencing any of the following symptoms, you know that it's time to take a brake . . .

The physical and mental effects of chronic stress:

1. Your body's ability to resist infection is affected negatively.
2. It becomes harder for your body to maintain your vital functions, such as a normal heart rate, stimulus reacting neuron firing and internal functioning such as detoxification or white blood cell manufacturing.
3. Increased chances of injury. Whether you accidentally harm yourself or fail to avoid harm, it is caused due to a lack of essential brain functioning or lagging thereof.
4. Increased chances of falling ill due to various factors to do with stress effects.
5. Your arteries take a beating.
6. Bad or restless sleep.
7. Bad food digestion, thus further loss of energy, vitamins and minerals essential for health.
8. The alteration of the genetic material in the cells of your body.
9. Being more irritable, depressed, anxious and or suffering from a combination of mood disorders.
10. Poor memory.
11. Poor decision-making and rational negotiating skills.
12. Becoming less fun-loving, which could increase isolation and feelings of loneliness and depression.

Mentally strong people, however, do not let go of their power and make good decisions based on knowledge and rational thoughts. To be a good leader requires one to be balanced – to be capable of balancing business, family and our own personal needs for growth. If not in business, we are all leaders in our own lives.

The number of reasons to go on holiday is as many as the number of persons able to enjoy one. Research has, however, been able to identify different tourist types or rather tourist typographies and profiles. It has been proven that the length or number of days on holiday make little difference,

if it is not in line with your personal needs. Research also shows that if you take even a short vacation to the destination which best fits your personal tourist need profile, the benefits are irrefutable and very much a necessity (and not a luxury) in terms of the contribution made to your overall health. These types of vacations are called successful holidays.

The impact of a ‘successful holiday’ on your physical health:

1. Increases your body's ability to recover from stress and its effects.
2. Increases your quality of sleep, so that you need less sleep, which means you have more time in a day.
3. Stabilises blood pressure.
4. Lowers blood glucose which decreases the risk of diabetes.
5. Healthy effects on the shape of your body, decreasing the risk of heart disease, attacks and the possibility of having a stroke.
6. Stability of energy and mood levels.
7. Overall positive effects on the brain and nervous system, which heightens your mood, increases concentration and promotes good sleep.
8. Vitamin D promotes healthy bones.

The impact of a ‘successful holiday’ on your mental health:

1. Makes one feel ready to once again take on the world – mental rejuvenation.
2. Puts your problems into perspective and allows time to review and reflect.
3. Relaxation for increased energy.
4. Improved brain functioning.
5. Rest, recuperation and mental restoration.
6. New experiences – broadening your horizons and expanding your frames of reference.
7. New unique opportunities for learning.
8. Promotes feelings of peace and understanding.
9. Personal and social development.
10. Increased levels of productivity, empathy and creativity.
11. Reconnection opportunities – with partner, self or family.
12. Good memories give meaning to life leads to motivation.

Luckily for South Africans our country offers something for each of the 15 tourist typographies identified so we all can enjoy successful holidays locally:

1. The sun-lover:

Enjoys relaxation and time spent on the beach basking in the sun.

Ultimate South African Destination: Anywhere along the South African coast. South Africa boasts the most spectacular and diverse scenery in the world. From the solitary beaches of the West Coast to the sandy white beaches of Cape Town up along the picturesque garden route all the way to the tropical waters of Northern KwaZulu-Natal.

2. The Action-seeker:

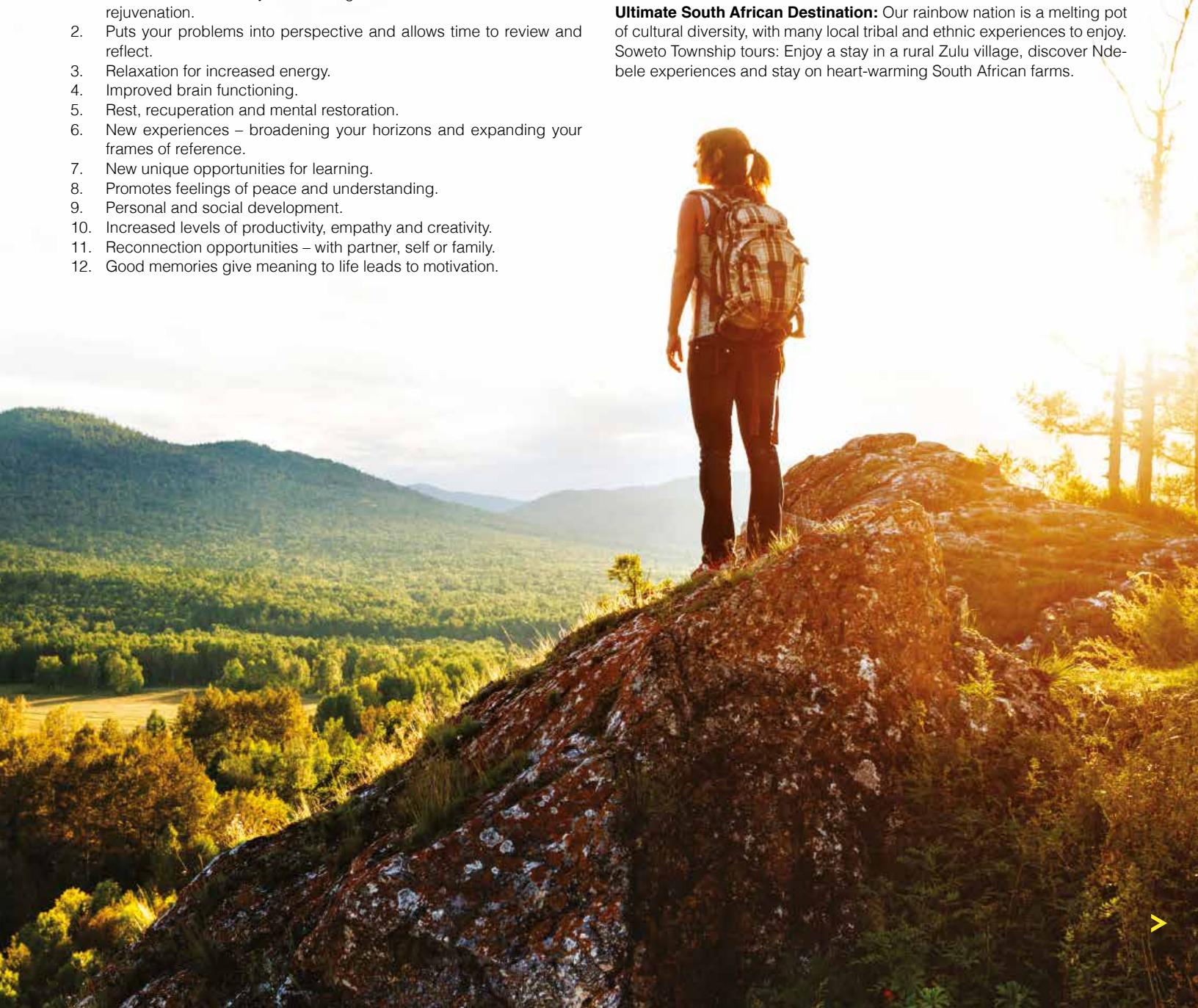
These individuals want to party, go clubbing and seek intimate encounters of all kinds.

Ultimate South African Destination: Enjoy outdoor festivals during the summer time as well as great world-class party scenes and international DJ's playing live in all our cities.

3. The Anthropologist:

Interested in learning about the locals and enjoy immersing themselves in new cultures.

Ultimate South African Destination: Our rainbow nation is a melting pot of cultural diversity, with many local tribal and ethnic experiences to enjoy. Soweto Township tours: Enjoy a stay in a rural Zulu village, discover Ndebele experiences and stay on heart-warming South African farms.



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4. The Archaeologist:

Passionate about history and visiting historic landmarks and places.

The Ultimate South African Destination: South Africa has a very rich history for such a young country. Feel free to visit a number of historic places, such as Nelson Mandela's cell during a Robben Island Tour. Or, explore the origins of modern man at the Cradle of Humankind.

5. The Organised Mass-Tourist:

Pre-organised and booked group tours to ensure all the main attractions are covered.

The Ultimate South African Destination: Any good safari company will take you on a game-viewing trip, where you will be almost guaranteed to see the big five. Or, enjoy a Cape Town tour on the sight-seeing bus. If you prefer, there are many great tour and overland companies ready to take you on a country-wide sight-seeing expedition of a lifetime!

6. The Thrill-seeker:

These are the individuals who enjoy taking risks and partaking in adrenalin-pumping activities.

The Ultimate South African Destination: SA is known as an adventure capital throughout the world, with a huge number of activities on offer, including the world's highest bungee swing at Bloukrans, Great white shark cage diving expeditions, skydiving and river rafting to name but a few.

7. The Explorer:

These individuals like to explore new, hard to get to destinations.

The Ultimate South African Experience: South Africa is rife with multi-day hiking, mountaineering, rafting, kloofing and 4x4 trails that will take you into bushveld, open scenery and uncharted territory!

8. The Jet-setter:

The celebrity seeker, they are all about luxury resorts and exclusive clubs.

The Ultimate South African Destination: This country is a well-known destination for international celebrities around the world. Our capital cities boast some of the most exclusive events and luxury accommodation in the world. It's not what you know but who you know . . . a well informed local guide should be able to point you in the right direction.

9. The Seeker:

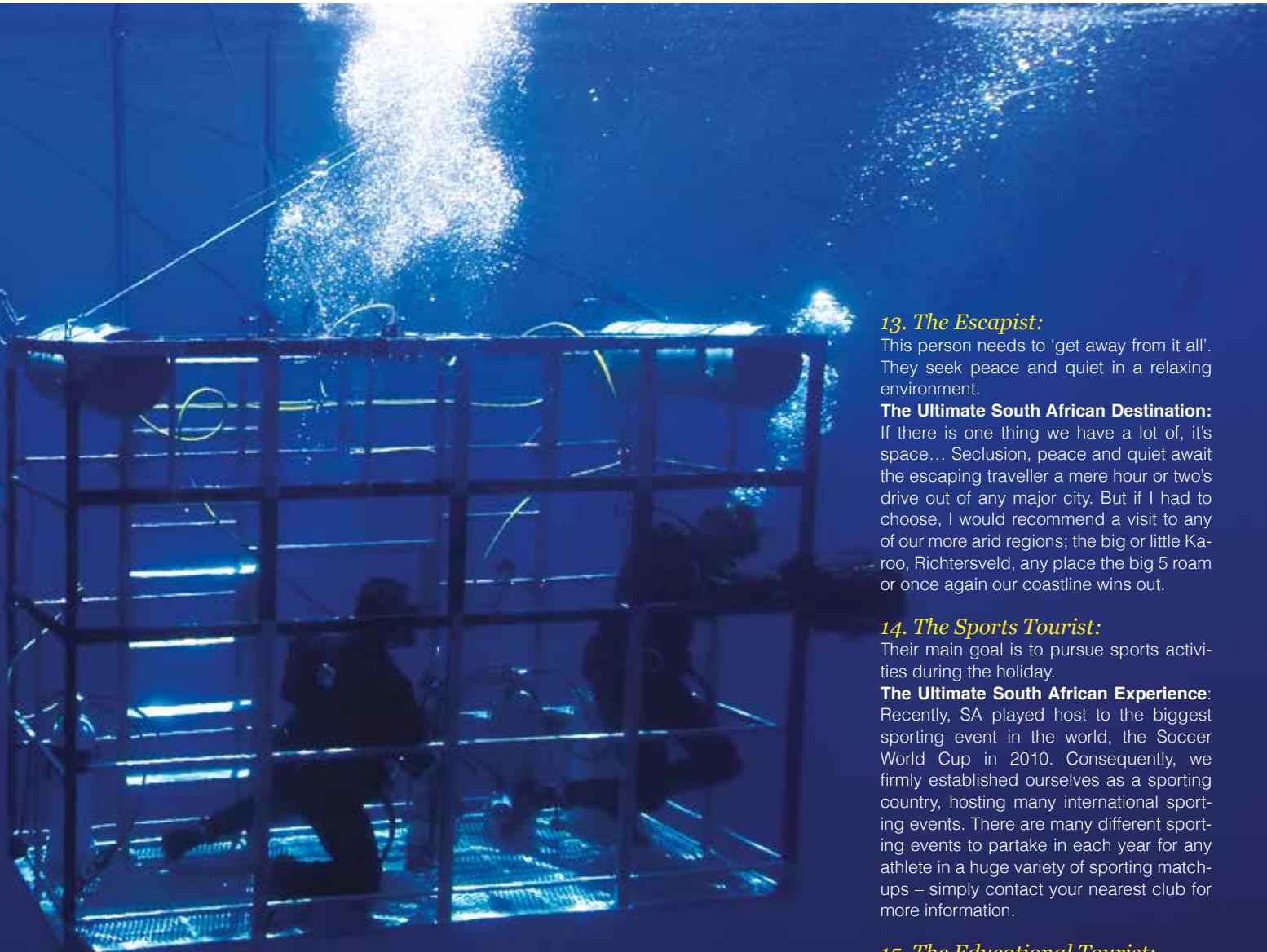
These are people in search of the meaning to life. They wish to enhance their personal knowledge and want to grow spiritually.

The Ultimate South African Destination: Due to the fact that SA has such remote locations with vast distances between settlements, an individual traveling with a friendly word and open mind, will find many life lessons to be learned from many interesting and individualistic people. Many poets, artists and philosophers are easily found in any local hotel or pub . . . After a couple of glasses of wine you'll find them more than happy to impart some wisdom and share their amazing stories, or a theory or two.

10. The Independent Mass Tourist:

These individuals stay on the beaten track. All the main tourist attractions are covered, just like the organised mass tourist. The difference is that as the name states, these individuals like to travel independently, in their own time and on their own terms.

The Ultimate South African Destination: There are many, many different options for the independent tourist to take advantage of. Some include 4x4 Self-drive safari's and overland tours – make use of the services offered by a good and well-informed freelancing guide or simply use Google, or grab a map and go. Unfortunately, our public transport services are not very well developed and might interfere with your freedom to get to where you want to be. Our advice is to hire your own vehicle to ease this tension.



11. The High-Class Tourist:

These individuals travel first class all the way. They stay in luxury resorts and hotels and dine only at the finest restaurants.

The Ultimate South African Destination: South Africa boasts world-class accommodation and master chefs, spas and all the pampering and luxury an individual could need. From our major cities, to our sea-side villages and even – believe it or not – in our bushveld.

12. The Drifter:

These individuals, like the rolling bush, don't stay in one place for too long.

The Ultimate South African Experience: For these individuals, I recommend backpacking our coast. With more than enough towns and accommodation options, the scenery is nothing short of spectacular and the people are great. An added bonus is the fact that the towns are not too far apart, which makes traveling in-between and to and from them, not too difficult.

13. The Escapist:

This person needs to 'get away from it all'. They seek peace and quiet in a relaxing environment.

The Ultimate South African Destination:

If there is one thing we have a lot of, it's space... Seclusion, peace and quiet await the escaping traveller a mere hour or two's drive out of any major city. But if I had to choose, I would recommend a visit to any of our more arid regions; the big or little Karoo, Richtersveld, any place the big 5 roam or once again our coastline wins out.

14. The Sports Tourist:

Their main goal is to pursue sports activities during the holiday.

The Ultimate South African Experience:

Recently, SA played host to the biggest sporting event in the world, the Soccer World Cup in 2010. Consequently, we firmly established ourselves as a sporting country, hosting many international sporting events. There are many different sporting events to partake in each year for any athlete in a huge variety of sporting matchups – simply contact your nearest club for more information.

15. The Educational Tourist:

Goes on holiday to adopt new skills and expand their knowledge.

The Ultimate South African Destination:

There are many recently launched astronomy and photography tours that cover everything from wildlife to underwater photography. Enjoy a weekend in Sutherland to learn more about the stars or enrol in a skills development workshop for a weekend or two.

With this new information anyone can feel free to take that vacation. The only thing left to do is to choose your ideal setting and book that much needed vacation! ■



Ready, Set, Detox

Give your health a Spring kickstart with our detox guide.

Angelique Harper | Freelance Writer

Okay, so you're probably thinking, a detox in spring? Yes! It's the perfect time to start getting ready for the new season.

Truth is, when winter rears its ugly head we're all too quick in grabbing carbs and fatty food stuffs. While bulking up to quell the cold's advances are most certainly biological and a natural instinct, the result is not that fun to deal with. We throw caution to the wind and complain when getting into summer shape is proving rather difficult. So, we've decided to devise a few realistic and accessible detox ideas that'll help you get back on track and (relatively) toxin free. Besides, a bit of extra energy is never a bad thing!

Detoxes unfortunately can't be undertaken at random or whenever the mood strikes. The first step should be to allocate a week with no social obligations and dedicate it to your impending detox. You will have to be strict with yourself, so plan in advance and get in the right head space. The whole point of the detox is to give your digestive organs a break, and clean them out to enhance their performance.

This means a complete cut off from things like:

- Grains (bread, biscuits, cakes, rice, pasta etc)
- Sugar
- Milk & Dairy (except unsweetened yoghurt because it is rich in pro-biotics)
- Coffee
- Alcohol
- Cigarettes
- Dried Fruit

Initially, abstaining from regular, fatty food stuffs could and usually does result in headaches, loose bowel movements and general uneasiness. This is the 'cleansing' everyone keeps talking about, and while it is not exactly a nice experience, it thankfully subsides within about 24-48 hours. It also goes to show how intoxicated you truly are, and how seriously you were in need of a detox in the first place.

Now, the foods you should stick to during your detox, and the foods that'll aid in digestive cleansing, are:

“So, the first step is to allocate a week with no social obligations and dedicate it to your impending detox. **”**

- Raw Nuts. Nuts are great for you and filled with protein, so keep these with you for snacks and such
- Legumes like kidney beans and chickpeas are pretty much a detox staple, so try to incorporate as many as you can into your detox meals.
- Lean red meat and skinless chicken. You should only consume around 2-3 portions of meat during your detox. Less if possible.
- Fish – canned or fresh. Fish is rich in omega-3, and can be prepared in a variety of healthy ways. Try to have your fish supplement your meal instead of it being the main focus.
- Seeds. Raw, unsalted seeds should also replace snacking on sweet things and can be sprinkled over meals and salads.
- Fresh fruit & vegetables. Try to cook as little as possible, and stick to raw and fresh produce that can be consumed as is. If roasting or cooking is necessary, use very small amounts of extra virgin olive oil or coconut oil.
- Important! Consume about two quarts of water a day and stick to green tea or weak black tea for warm drinks.

A few helpful tips and tricks to aid in your detox process really helps smooth the process over. Remember, detoxing is by no means effortless. So try to make it as easy as possible. When we mentioned that it is necessary to get in the right headspace, we meant it. Take some time to muster the courage and dedicate yourself to the task. Then, when the process is underway, eat lots of fibre. Fibre helps the detoxification process, and is an enormous asset to digestion. So be sure to keep lots of fruit such as apples at hand.

Try to incorporate fibre-rich vegetables as well. Remember, raw consumption is always a better option. Vegetables rich in fibre include broccoli, beetroot, artichokes and radishes. In addition to consuming these kinds of foods, it would also be wise to take a few supplements. Detoxes should not be taken for granted, or done on a whim, and supplements are helpful

for those up for the challenge. Vitamin C supplements helps the body produce glutathione, which assists in getting rid of toxins. It also keeps you healthy and glowing. To protect the liver, try homeopathic tablets like milk thistle and burdock. And remember to breathe deeply as this helps blood circulate throughout the body more evenly.

It is imperative that you exercise in conjunction with a detox, as strenuous exercise accelerates the cleansing process and gets rid of toxins quicker. Alternating between hot and cold water helps blood circulation, but seeing as our climate is not yet amenable to such ideas, you can stick to the sauna.

People with high blood pressure and/or pregnant women should by no means attempt a detox. If you have any concerns, health or otherwise, consult a doctor before you start. Let us know how it went! ■

Detox Timeline

Day 1

Create your detox timeline – choose how long you want to commit for

Day 2

Drink tons of water

Day 3

Get enough sleep

Day 4

Don't spend unnecessary money to detox

Day 5

Breathe in deeply – you're halfway there

Day 6

Get sweaty – exercise!

Day 7

Avoid gluten, dairy, sugar and other processed foods

Day 8

Eat three meals a day

Day 9

Avoid that glass of wine

Day 10

Soak in old-school Espom salt





Work Lunches with a twist

The be the envy of your colleagues! These easy, healthy lunches, are straight from the Gwyneth Paltrow diet.

Angelique Harper | Freelance Writer

Generally, the lunch you take to your workplace is anything but exciting. Ranging from leftovers, scoped into a Tupperware container, to a sandwich haphazardly slapped together in a last minute effort to save money. Hell, even a few muesli bars will do when the hour of need is upon us.

Going out for lunch is a staple of the professional experience, and a costly one at that. But somehow, the lunch someone else will serve you always seems more appealing than the 'goods' you packed in for yourself. Maybe it's your own culinary shortcomings, or maybe it's how we've been conditioned as consumers. The workday lunch seems unavoidable, even though it hardly proves complimentary to the financial situation. So, in trying to solve this lunch time mystery, we've enlisted the aid of the Internet. How can we make packed lunches exciting? Is that even possible?

Enter Gwyneth Paltrow. Mediocre actress you might say, air-headed blogger etc. But her blog, *Goop*, albeit extraordinarily expensive, often provides a few gems in terms of innovative and novel ideas. It figures that packed lunches would be no exception. Gwyneth has it under control. These recipes, compiled by *Hemsley & Hemsley* for *Goop*, will permanently change the way you think about packed lunches, and have your co-workers' mouths watering. Noodle pots are the future, people!



Ginger Sesame Chicken Noodle Pot

It's safe to say that sesame plus chicken is a culinary match made in heaven. Add ginger for kick and carrot noodles for crunch and you've got a delicious and healthy lunch in minutes.

Serves 1

Ingredients

- › 1 teaspoon Chinese five spice powder
- › 1 small handful cilantro leaves + a few fresh mint leaves
- › 1 pinch chilli flakes or cayenne
- › 1 small garlic clove, finely minced
- › 3 tablespoons freshly grated ginger, squeezed to get 1.5 tablespoons ginger juice
- › 1 tablespoon Tamari
- › ¾ teaspoon toasted sesame oil
- › 1-2 scallions, thinly sliced
- › 1 handful cooked shredded chicken
- › 1 handful spinach leaves or shredded red cabbage
- › 1 handful sliced mushrooms
- › 1 small carrot, roughly grated or spiralized into carrot noodles
- › 1 lime wedge

Method

1. Combine all ingredients in a heatproof jar and refrigerate until ready to eat.
2. When ready, boil the kettle and remove the lime wedge from the jar.
3. Let the boiled water sit for a minute or two before adding it to the jar, leaving a half-inch gap at the top.
4. Stir, cover and allow to sit for five minutes.
5. Remove the lid, stir again, squeeze in the lime juice and enjoy.



Curried Egg Squash Noodle Pot



Italian-style Quinoa Noodle Pot

The coconut milk makes this noodle pot creamy while the turmeric adds a pop of colour and a ton of health benefits – it's an anti-inflammatory, blood purifier and aids in digestion. If you don't have a spiralizer, try this with pieces of roasted butternut squash instead. It's also great with zucchini noodles (also called zoodles) in the summer.

Serves 1

Ingredients

- › ½ cup full fat coconut milk
- › 2 teaspoons garam masala or medium curry powder
- › ½ teaspoon turmeric, ground or freshly grated
- › 1 small garlic clove, finely minced
- › 1 pinch chilli flakes or cayenne
- › 2 tablespoons grated ginger squeezed to get 1 tablespoon ginger juice
- › 1 tablespoon Tamari
- › 1 small handful cilantro leaves
- › 1 or 2 scallions, thinly sliced
- › 1 hard-boiled egg, quartered
- › 1 handful butternut squash noodle
- › 1 handful spinach leaves
- › 1 lime wedge

Method

1. Combine all ingredients in a heatproof jar and refrigerate until ready to eat.
2. When ready, boil the kettle and remove the lime wedge from the jar.
3. Let the boiled water sit for a minute or two before filling the jar (leave a half inch at the top so it doesn't overflow).
4. Stir, cover and allow to sit for five minutes.
5. Remove the lid, stir again, squeeze in the lime juice and enjoy.

Originally featured in Ingenious Noodle Pot Lunch Recipes

A bit of leftover tomato sauce, fresh basil and some finely crushed garlic inspired this Italian-style noodle pot. We used grated zucchini to keep it fresh and cooked quinoa for a protein hit. While these little seeds may resemble grains in look and taste, they are completely free of gluten and rich in amino acids not found in regular grains.

Serves 1

Ingredients

- › 1 small garlic clove, finely minced
- › 1-2 tablespoons very finely chopped red onion or shallot
- › 6 tablespoons cooked quinoa
- › 1 small zucchini, roughly grated or spiralized
- › ¾ cups leftover tomato sauce
- › ¼ teaspoon dried oregano or thyme
- › generous pinch sea salt and black pepper
- › pinch chilli flakes or cayenne
- › 1 tablespoon grated parmesan
- › 1 small handful basil leaves
- › optional: 4 chopped olives or sundried tomatoes

Method

1. Combine all ingredients in a heatproof jar, and keep refrigerated until ready to eat.
2. When ready, boil the kettle and remove the basil leaves from the jar.
3. Let the boiled water sit for a minute or two before adding it to the jar, leaving a half-inch gap at the top.
4. Stir, cover and allow to sit for five minutes.
5. Stir again, tear the basil leaves into the pot, and enjoy.

Originally featured in Ingenious Noodle Pot Lunch Recipes

You can thank the ladies behind these genius inventions at:
www.hemsleyandhemsley.com

A young woman with long, dark, curly hair is laughing heartily. She is wearing a light-colored beanie, a white button-down shirt over a pink top, and blue jeans. She is sitting on a set of stone steps. In the background, there's a red brick building and some greenery. The word "stuff" is overlaid in large, semi-transparent letters.

stuff

cent



What you should look for in an internship

Abram Molelemane | Godfella Production Studios

It is well documented that internships is a proven way to gain relevant knowledge, skills and work experience while establishing important connections in the field. In fact, many employers have expressed that what stands out for them are students who have work experience by the time they graduate. This automatically makes them more marketable, as they may require less training and are able to handle more responsibilities.

Although this is great, there are a high percentage of students who are doing internships that are not adding value to the development of their careers. In most cases, it's the lack of knowledge on what to expect from an internship, and the lack of guidance in what they should look for in an internship, that leads to this dilemma. So, if you are reading this article and looking to do an internship anytime soon, you are in luck. We share some great tips on what you should look for when applying for internships – see them below:

Find a paid internship

Just a mere completion of your internship is not enough to get you a job after your internship is finished. This is especially true for students doing unpaid internships. In fact, according to a survey by the *National Association for Colleges and Employers*, the hiring rate for college graduates who completed an unpaid internship is 37%. It was also discovered that students with unpaid internship experiences find it just as difficult to find a job as students without any work experience. On the other hand 67% of students who have a history of a paid internship are more likely to be hired.

Establish professional networks

As a student intern, you must make it your mission to know as many of the people you work with as you can, and socialise with them outside of work, too.

You will be surrounded by professionals in the industry, you need access to. It's about more than just a degree, or getting a good reference, or earning money. See your internship as an opportunity to learn from everyone around you, and take advantage of this. Ask questions, and impress your colleagues with eagerness. Everyone you meet is a potential member of your network, and the more people who know you and your work, the more champions you will have when it comes to turning your internship into a job.

Career or study alignment

Before jumping full force into an internship search, it is important to do your research. Conducting research will impact the direction of your search by helping you to identify fields and careers more clearly. Also, doing careful research will help you to market yourself more strategically, and allow you to have a more focussed plan about your interest with potential employers. For example, if you are pursuing a degree in Internet marketing, an internship that gives you the experience working on email marketing campaigns could potentially give you an edge over the other applicants in your field. Use your interview as an opportunity to gather information about the specific job tasks you will be performing during your internship. If any of these duties do not align with your career goals, you will have to carefully evaluate if it's the right internship for you.

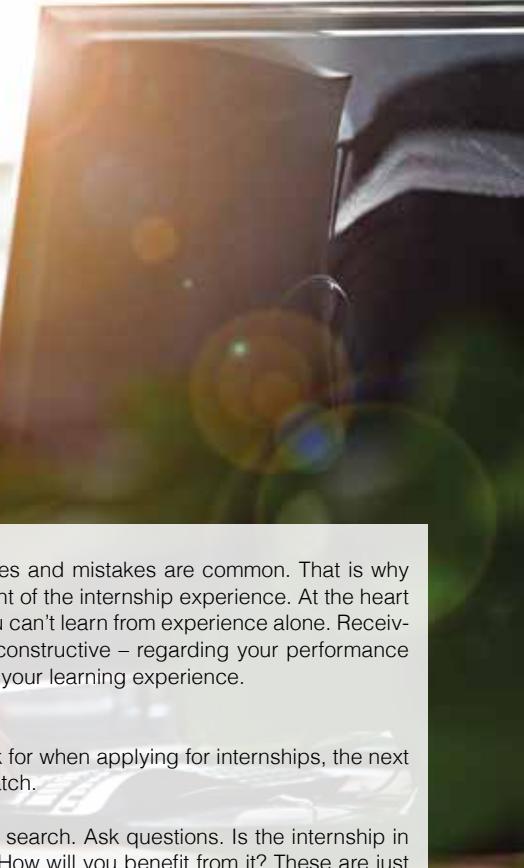
Meaningful work experience

Performing minimal tasks like making coffee for the boss or taking calls the entire day is a no-no! Remember, your internship should provide you with hands-on experience that allows you to apply what you have learned during your studying period. Your internship experience must meet both the needs of the organisation and your learning goals. So, if you feel that your internship experience is not challenging you and helping you learn in ways that contribute to your educational and career goals, you should consider moving on.

Receive professional mentoring

Having a mentor or advisor to assist in reflecting on your internship, can help you see your progress from another perspective. Having a good mentor will not only help you learn the professional knowledge and expertise in your field of interest, but it will also help you answer some questions you might have concerning your career.

However, you should remember that a good mentor and mentee relationship is a two way street. If you want a good relationship with your mentor, you will need to become a good mentee, which requires a genuine interest in your mentor and an attitude to do what it takes to become a successful intern.



You can also make use of sites that offer jobs or internship opportunities.
See some of them below:

Careers Portal

<http://www.careersportal.co.za/internships.html>

Internship South Africa.com

<http://internships-sa.co.za>

Constructive feedback

Internships are learning experiences and mistakes are common. That is why feedback is a necessary component of the internship experience. At the heart of an internship is learning, and you can't learn from experience alone. Receiving feedback – both positive and constructive – regarding your performance will help you in the development of your learning experience.

Asking important questions

Ok, now that you know what to look for when applying for internships, the next step is to help you find the right match.

First, you need to ponder into your search. Ask questions. Is the internship in line with your studies and career? How will you benefit from it? These are just some of the important questions you need to ask yourself before saying 'Yes' to that internship.

Think about your goals too

To start the process of finding the right internship for yourself, you must think about the fields you want to explore or skills you want to learn. Do you love management accounting? Do you want to know what being a journalist is like or what doctors do all day? By doing this, you will have clear goals in mind, making it more likely that you will find an internship you can get excited about!

Take advantage of the Internet.

Once you have your goals mapped out, you can start applying for internships. Begin by searching for local businesses and organisations in your areas of interest and see if they offer internship programmes.

Once you are confident that you have asked yourself the right questions and have answered them truthfully, your next step is to map out your plan. Consider what you want to accomplish when your internship ends. Focus on opportunities that are realistic and most beneficial to you at this stage of your career development, course work and skills.

In closing, career advisors can help you with your internship searches.

However, it is still your responsibility to find the best fit for your short and long-term needs. And although there is no such thing as a perfect fit, there are definitely good ones out there. In the end it is about the opportunity. How will you benefit from it? ■

Exams are Coming: and preparation is half the battle won

Get ready for your exams with a proper preparation plan. Be alert, as Roland Arendse shares some crucial tips to help you breeze through these exams.

Roland Arendse | University of Western Cape

As we head into the final semester of the 2015 academic year, exams are on the tip of every academic's tongue. "This will be part of the exam," you may hear in class, or "Remember this for the final exams," or even the slightly subtler "You really need to understand this..." These are pretty clear indications that exam preparation needs to start – and it needs to start now.

Planning thoroughly for your examinations and deadlines, managing exam stress before your exams and during your exams is vital. And the sooner you start, the easier it will be. Here are some tips that might help with that.

Plot your submission deadlines and assessment dates. Start by working backwards from your due dates and allowing yourself ample time to complete crucial tasks and study time for major assessments (be realistic!). Using your google calendar is great, as you can set reminders and alarms, as well as colour code your items. The calendar helps you set dedicated slots and block out time for your study sessions.

Avoid distractions, such as your mobile device, watching a movie or conversations with friends during your dedicated study times. Check the mobile application *SelfControl*, listed in the information box. Research shows that multitasking can negatively impact on your studies and is not beneficial when you're trying to understand content or complexed problems.

Stay organised: file your class notes (using speed tabs is essential for any business or accounting student as a form of reference in your textbooks); and collect and file all your assessments (along with the assessment instructions and memorandum). There is no doubt that good notes and good study methods assist in obtaining good grades.

But don't focus on writing too much during a lecture (pre-reading is an essential aspect here); instead record the lecture on your mobile device and work with the lecturer in class, staying focused on class examples and exercises .

Find out which study environment works for you: Some students study better in groups,

Digital Tips to Help you Study

Using mobile applications to enhance your time management and examination preparation process is possible with the technology available. The following apps are particularly useful for students:

1

Pomodoro: A nifty little time keeping and time management tool which uses the pomodoro technique (pomodorotechnique.com) to help you maintain uninterrupted flow, while rewarding yourself with regular breaks.

2

Wikipedia: You probably already use this all the time, and you know you're not supposed to use it for serious academic writings – but it is an important quick, mostly thorough and readily available reference tool. But remember, Wikipedia is just a refresher – your class notes are the ultimate authority.

3

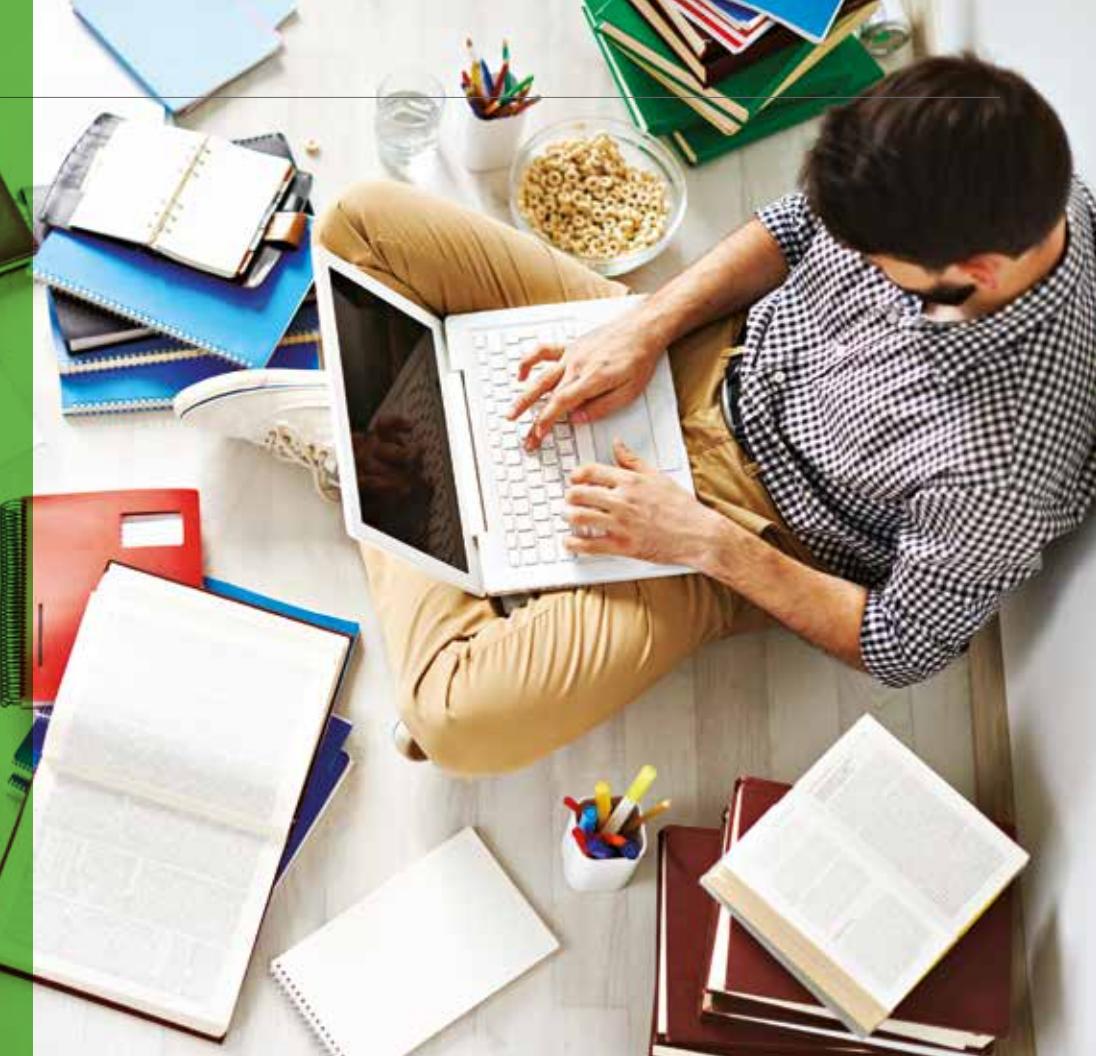
Sleep If You Can: With alarms, it's too easy to hit the snooze button. But this app as will get you out of bed when needed for sure – you have to set a particular condition that you have to fulfil before it stops blaring at you. Ideal for early morning tests and examinations, since you have to have your wits about you just to switch it off.

4

Self-Control: A great app for helping you focus, which allows you to set controls and block notifications from selected apps for a particular period of time. Sure, you never mean to spend your time on Facebook or Youtube or whatever instead of studying – but with this, you take away the temptation.

5

gFlash+: So you've made all your notes, and now you need some way of testing yourself. That's where this comes in – slot your notes into flashcards, and you can set up a memory game that's sure to educate and frustrate you.



while others like to listen to music and some require complete silence. It's good to start now on finding which study environment works best for you – there might not be time when exams roll around.

Take regular breaks: either 5 minutes after every 20 minutes of studying, or a 10 minute break after every hour, as well as taking one full off day a week, will allow you to rest and reenergise for the next week. So go take a walk, or play a game, or read a book, or have a bath – just get your mind off all that exam stress for a bit. It's good for you.

Create flow charts or mind maps for your specific modules: is a great technique to gain a conceptual understanding of each topic (it works for sections within each module as well, of course). Concentrate and focus on areas which require the most or the sections you feel uncomfortable with. Ask questions in class and in tutorial sessions.

Test yourself: Doing mock exams under exam conditions is a great way to develop or enhance exam technique, and following guidelines of past exams is good practice.

If you're really keen, and you're studying in groups, you can even write up little mock exams for each other. Just remember, you're trying to help each other, not break your buddies down...

Teach someone: You don't really know what you know, until you try to explain it to someone else. So why not pick a victim- sorry, friend – and try to explain to them some important aspect of your studies in 5 minutes or less? If they don't have any idea what you're talking about, you might not really have any idea either.

Of course, you'll need to get their consent first – nobody likes to get a lecture out of nowhere. And most importantly, do NOT expect to master these techniques first time.

Reflect on your previous exam techniques and study schedules and see how you can learn from and improve on, in order to excel. Managing your schedule and deadlines takes time and practice and is a continuous process. And don't forget you can consult your lecture and tutors at your university for assistance.

Happy Studying! ■

What the World of commerce is looking for in future employees

Does the graduate gap theory really exist in terms of what employers expect, versus what is received when employing new graduates? Herewith a perspective from the divisional manager of finance and controlling at the *East London Plant of Mercedes-Benz South Africa Limited* (MBSA), Taryn Woodbridge (CA)SA.

Taryn Woodbridge | **Mercedes-Benz**

Mercedes-Benz South Africa Limited has been manufacturing from its East London facility since 1950. Currently, it manufactures the C-Class for export to both right-hand and left-hand drive markets on each continent of the world, as well as for the local market.

From its start as CDA in 1948, until the name of the company first changed to *Mercedes-Benz of South Africa* in 1984 with the purchase of 50.1% shares by Daimler-Benz AG, and now after the local company became a wholly-owned Daimler AG subsidiary in 1998, MBSA has always conducted its business in South Africa as a proud responsible corporate citizen.

Throughout this time, MBSA has received various accolades which include six consecutive *JD Power Initial Quality Survey Awards* from the United States-based global market research company, as well as consistent recognition locally by *Ipsos* as the best passenger car plant in South Africa.

Having worked in the company for the past eleven years, I've had the opportunity to interview and employ many graduates in the financial accounting field. In addition, I became the training officer for the Chartered Accountant (South Africa) MBSA training programme when this was first introduced in 2008. This further broadened our graduate landscape, as the entry-level was a completion of CTA, thereby employing graduates with a three-year degree, thus training and developing qualified CA's.

As an employer that is driven by a high performance culture, with continuous excellence as our foundation, we look for these specific characteristics in our employees. Not only do prospective employees have to display our company values of Passion, Respect, Integrity and Discipline, but we expect excellence and the demonstration of the will to succeed in all that they do.

In our financial accounting and controlling division, we typically employ two types of graduates – those that have an interest and ability in pure financial accounting and those who are more attuned to a management accounting type function. Both functions require a high level of analytical reasoning, problem-solving, strategic business thinking and the ability to "connect the dots" – in other words have an understanding of both areas of the business to be able to assess the impact when making decisions. Although these functions would appear to be quite different in nature, in today's business environment, we more often see these roles overlap.



Financial accountants are expected to also display management accounting skills with strategic thinking and should have a far broader business-based skill set, than that of the purely traditional financial accountant role. There is no longer a pure accounting function, where simply transactions are processed or financial statements prepared.

In addition, we require graduates that are proficiently computer literate, who are able to work their way around a spreadsheet and prepare a basic *PowerPoint* presentation. These are the day-to-day tools that enable the business to function and allow for information to be made available to management.

In reality, we find through the interviewing process and subsequent hiring, that more often than not, accounting graduates battle to display these capabilities. Fresh graduates are often unable to display adequate information technology skills and only the basic knowledge is evident. This makes the learning curve a very steep one, after entering the working world. We acknowledge that on-the-job development is of critical importance and it is the employers' responsibility to adequately train and develop employees and provide them with the tools necessary to perform the job. We do expect, within reason, that graduates have a certain skill set that will enable practical application and use of knowledge gained at university, in the working environment. The graduate must have a certain level of efficiency – further enrichment can take place during employment.



The following key attributes are fundamentals from an employer's perspective, as MBSA, that any new graduate should display:

1. Interpersonal skills

Communication is a key component in any successful business environment. Graduates must be able to express the ability to communicate in the working environment as there is a lot of interaction with senior management and colleagues from all areas of the business. Therefore, they need to articulate their messages in a professional way to ensure that they give clear and concise information, that they bring across the purpose of the message clearly and that they show confidence in their ability to communicate.

2. Information technology skills

The use of *MS Office* applications is critical to ensure day-to-day efficiency and effective time management, including analysing results and preparing presentations for decision-making purposes. Being proficient in *Excel*, for example, helps with short-term data analysis, preparation of calculations, data comparison for deviation analysis, etc.

3. Strategic thinking abilities

Graduates need a broader business sense, to be able to think outside of the box and see the bigger picture. They need to realise inter-dependency between the other areas of the business and the diverse business environment. This is especially true in a global company such as ours, where networking and information sharing with our German colleagues are of critical importance.

4. Hybrid accountant vs traditional accountant

The traditional accountant role is evaporating more and more, and employees need to display the flexibility to handle more diverse topics within an accounting and controlling environment. The ability to connect the dots between the impact of budgeting on the financial statements and using the actuals from the financials in developing the forecast is vital.

“ **There is no longer a pure accounting function, where simple transactions are processed or financial statements prepared.** ”

The next question is, what can be done to close this gap? Do graduates and tertiary institutions know the employers' expectations and are they geared up to make some changes? Employers have a responsibility to engage with tertiary institutions to inform them what we experience when employing new graduates.

Institutions such as *SAICA* and *SAIBA* could facilitate such interactions with institutions of higher learning and give input. Institutions could perhaps adopt their curriculum to ensure that various computer applications are used on a more regular basis. For example, that tutorials are prepared on spreadsheets where applicable, that *PowerPoint* tools are used to submit certain assignments, and that the link between the various subjects is tested through practical examples. Tutorials should be reviewed to ensure that they are relevant and relate to today's business world.

In conclusion, I am sure there are many more ideas that can help us work towards closing the gap, the most important being to take the next step forward and engage with institutions to find ways of better equipping graduates to enter the world of commerce. After all, we believe it is the people behind *Mercedes-Benz South Africa* who make the difference; therefore we have a role to play in equipping them for the future. ■

When Choosing Your Career Path

Choosing your career is one of the most important decisions to make. Equally important is taking responsibility for this choice. Ruan Swanepoel writes about simple steps to help you back your career choice.

Ruan Swanepoel | **Defining Moment**

Children often dream about what they want to be when they grow up. Certain jobs appeal to and seem to capture the imagination of a young mind in the same way that a superhero would. There is a certain excitement at the prospect of being able to save the world in a sense, not to mention the status that goes with it.

Role playing is an essential part of growing up. It explores different options that might be limited in current reality. As we grow up, we learn about more options, when it comes to choosing one's career path. Often times, as young adults, we tend to make choices based on what other people are saying or doing. If it's not parents or teachers urging us to go in a specific direction based on our talents, grades or often simply based on tradition, it's a more social influence that gets to us when we consider what our friends are going to study. This raises the question: When do I start taking responsibility for my career choices?

Many bright students are completing their degrees in Medicine, Accounting, Science, Engineering, etc, while still not being sure what they truly want to do with their careers. Specialist degrees often lead to students committing themselves to the idea that they are closed off to any other route than the direction they have decided to study in. In accounting, the obvious path is set out as follows: completing a BAcc, BCom with Accounting or related business study degree so that they can eventually complete CA qualifications, get accreditation and join a leading Accounting firm.

The first thing that needs to be established, is the fact that most people need to work in order

to provide food, shelter and other basic necessities for themselves and others. Yet, contrary to popular belief, work doesn't have to be a joyless, draining experience. There is something incredibly empowering about the authority given to each of us in determining and managing our own career path. Sadly, not everyone will truly come to the place where they understand the potential they have within them, that can be reached. You have a specific set of skills, talents, personality traits, interests, experience and knowledge that is unique and if you use those elements wisely by applying them to the correct context, you will be able to create something that you will enjoy, be good at, which will add to a greater cause by contributing to society in some way.

Every job is important. We enjoy rating and comparing jobs, usually with the intent to determine our own status and standards, but often fail to see that every job ties into a greater picture that ultimately brings something to the community in which it operates.

To harness this potential, it is necessary to do proper career planning and to think outside the box when considering your options. The world is changing every day and there are more and more opportunities that weren't available to previous generations. Innovation has skyrocketed and the bar is constantly being raised in all industries and markets around the world. There is a unique opportunity for young people today to truly dream bigger and have an expectation for those dreams to come to pass within their lifetimes, because of the rapid developments in technology, innovation and growing international relationships, allowing cultural and procedural ideas to be exchanged.

1. Self-Assessment

A great place to start your journey is with self-assessment. To know who you are, what you are capable of, what resources are available to you, what you enjoy and are good at, and what you dislike and are not good at, are all important aspects of self-assessment before you start with your career planning. You are the sum of your parts – a body, soul and spirit made up of various aspects.

Knowing yourself is vital to knowing what role you have to play in society and how you will fulfil that role. A man constantly trying to change his behaviour is lost, if he does not know that who he is, determines his behaviour.

“Knowing yourself is vital to knowing what role you have to play in society, and how you will fulfil that role.”



There are various resources available today that can assist you in your self-discovery. These include tests and assessments to determine the abilities, aspects and limitations relating to your physical body, personality, intellect and emotional intelligence, etc.

Knowing who you are ties in with what you enjoy and dislike doing, what you are great at and what you are terrible at. Let's face it, we all have areas that we are not that great in and there are things that we don't enjoy doing. Understanding this, will help us avoid careers that mainly consist of those areas. Even though there will always be some aspects of our jobs that we don't like as much as others, it is unnecessary to build a career on weaknesses and dislikes.

Apart from our likes and strengths, there are often passions or causes that people feel strongly about. Looking back at history, there are many examples of passion birthing excellence, bringing revival and renewal in a way of doing and thinking about things. Just be sure to still do proper planning and assessing what is needed to make your dream a reality.

2. Research

Once you've completed the self-assessment section, it is time to consider your options by doing research on different career paths. Apart from doing Internet searches to see what options are available, you can also see a career consultant or visit a university registration office to find out more about different types of courses and what type of jobs they prepare you for. You might be surprised by the great variety of courses and career options that are available. Apart from study options, accreditation is often required for professional career paths. Make sure that you understand what all the steps involved in a specific career option are before you make a decision.

Another way to expand your horizons is to gain practical experience in different jobs by interning, job shadowing and working at different companies during holidays. This is probably the best way to see if you've romanticised opportunities and what the work truly entails. Even while you are studying in a specific field, you can gain great insight about the actual application of what you've learned so far.

Gaining the practical experience will give you a glimpse into what the future could look like. This can also be a great opportunity to find out what

people in that line of work are going through, how they do the job and what the benefits and drawbacks are.

3. Job options

Once you've decided on a few career options, have a look at the different types of entry-level jobs and where they lead to according to the corporate ladder. When doing this, try to consider what skills you'd be applying and developing while doing various jobs so that you know what those jobs are actually preparing you for in the future. These skills could be applied to different kinds of jobs in the future, not necessarily only in the field you are currently considering.

To have more flexibility, you need to also bear in mind what knowledge is required should you wish to apply your skills to other potential career paths. If, for instance, you have been working in a customer service role and you know that you are great with people and service, you can also consider going into a sales role, but you'll have to find out what additional product knowledge and techniques you'd need to make the shift.

4. Identify the end goal

Having an end goal in mind is quite important. We are all motivated by different things. Some people want to work hard to achieve great success in terms of status, authority or money. Others want to be respected for their commitment and dedication. Then there are those, who simply want to do their part and provide for their families and retirement. Knowing what your end goal is, helps you determine what you need to do during your career to get there. Remember that you also have certain goals while on your journey. You might have a desire for more stability when you need to make payments on your house or car or greater flexibility when your children are growing up. Different life stages have different requirements and this impacts your career decisions as well.

There is a great need to be flexible, alert and motivated in the job market today. Do regular self-assessment and re-evaluation exercises of your career, at least once a year, not with the intention of making a change but to ensure that you remain motivated and keep moving forward towards achieving your goals. Identify people who you can share your dreams with, and ask them to help you think even more outside the box. It is good to get feedback from those who know you and support you throughout the process.

SA's Generation of uneducated leaders

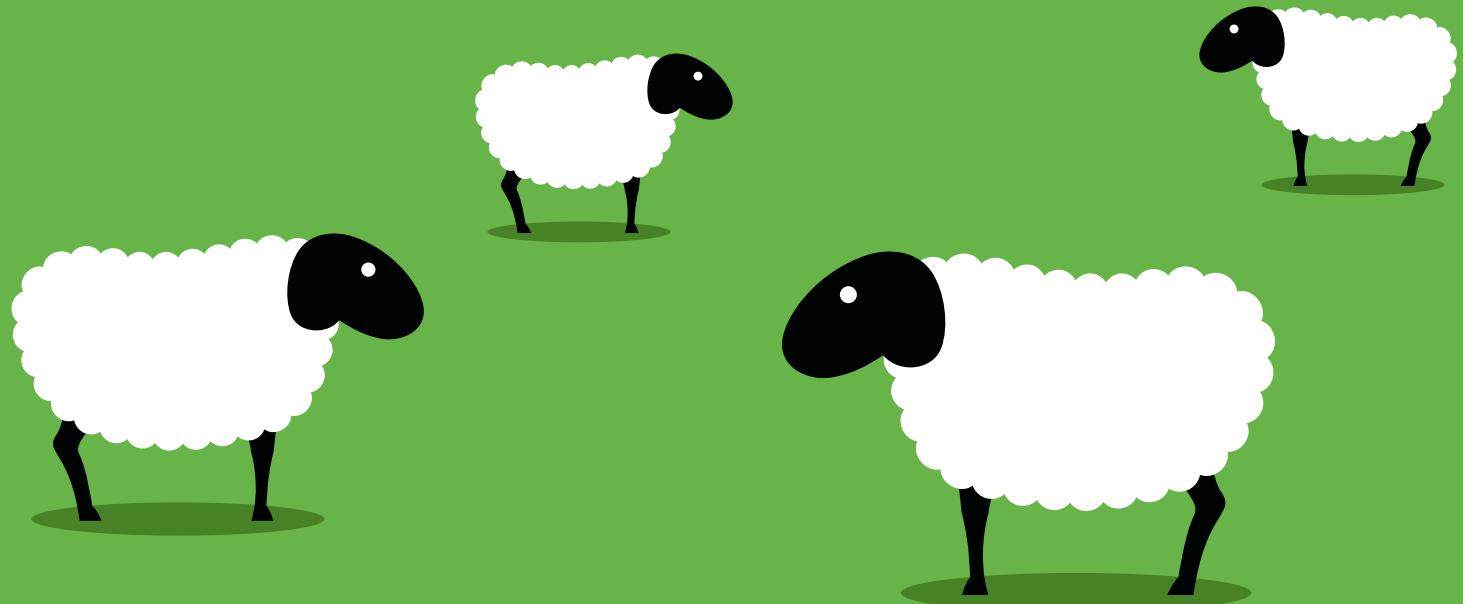
On a more serious note, writer Abram Molelemane looks at education fraud among South African leaders

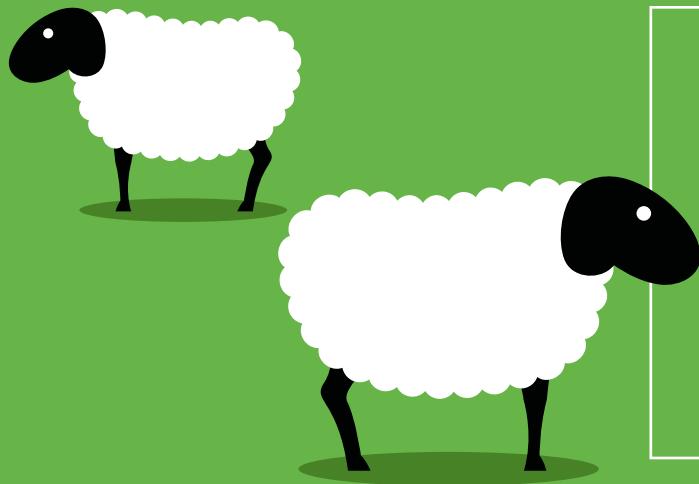
Abram Molelemane | **Godfella Production Studios**

The media recently published several articles on South Africa's prominent leaders, many holding top positions in government, claiming they had obtained certain academic qualifications. First was former Minister of Arts and Culture and ANC stalwart Pallo Jordan, who often used the fraudulent title of "Dr". Second was SABC's former chairperson, Ellen Tshabalala, who reportedly registered several modules with Unisa but failed to complete most of them. As if that wasn't enough, ambassador to Japan, Mohau Pheko also got into hot water. She wasted no time in setting the record straight, admitting to SABC that she too lied about having a Doctorate.

These findings are worrying; they belittle the value of education in South Africa, set a bad example for our youth, and tarnish and put into question the credibility of our leaders. It's bothering to learn that even as he still holds one of the most prominent positions in the country, SABC's chief operating officer, Hlaudi Motsoeneng, is legally not qualified for the position earning him over R2.4 million per annum (as reported by the *Public Protector*), while over 600 000 qualified graduates, some more qualified than Motsoeneng for that very position, remain jobless.

Our country is widely acknowledged as having one of the worst education systems in the world; one would think improving it would be top priority. Unfortunately this has not been the case, despite the hundreds of millions of Rands being splurged to improve our learning system. In fact, according to Nicholas Spaull, Department of Economics researcher at the *University of Stellenbosch*, our government spends the equivalent of \$1225 per child on primary education, yet accomplishes less than Kenya which roughly spends \$258 per child. It is no surprise that South Africa's education system has been strongly slated.





“ If we have learnt anything from economics, it’s that education leads to prosperity ”

There are several frank reasons for this:

- The textbook shortage, school infrastructure backlogs, and general poor state of equipment
- The Grade 9 Annual National Assessments mathematics results (where the average mark scored by students was 10%)
- The fact that grade 3, 6 and 9 schoolchildren are functionally illiterate, don’t understand simple English, and can’t grasp basic mathematical concepts

Such cases question our commitment as a society to providing quality education to South African scholars.

As a young person who acknowledges the prominence of education and understands that the prosperity of our country’s future depends on us, I have reason to emphasise my concern. If we want a better future for our country we need to invest in projects that matter, and few matter more right now than education.

We might disagree on specifics, but we have rarely faltered in our recognition that education is a right, and that higher education is a priority, for the sake of the country’s present and future.

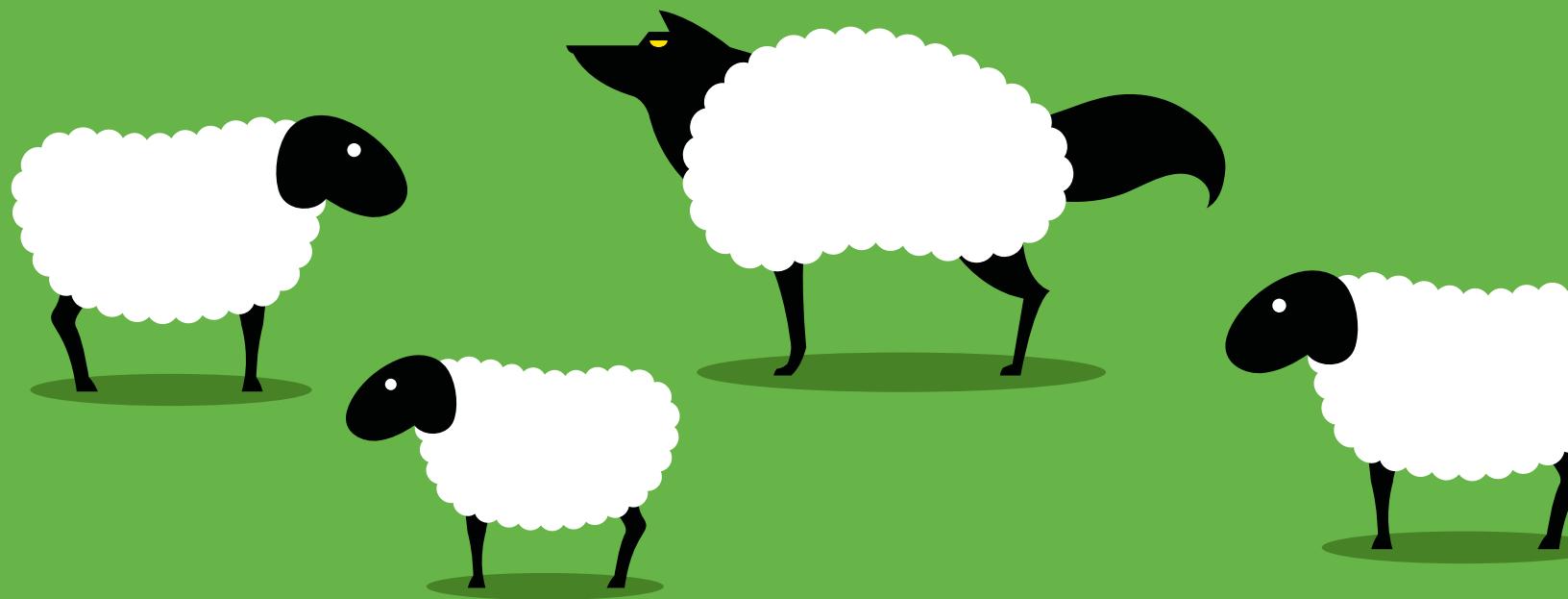
If we have learnt anything from economics, it’s that education leads to prosperity. I am reminded of prosperous countries that fall under two categories; the first being nations that own vast and valuable natural resources – these are countries that possess large gold reserves, oil, rich farmland, and so on. They have an advantage over those that are not so fortunately endowed.

The second category — a much larger one — consists of countries that have an educated society. Most of the countries that have long been the wealthiest in the world have maintained that status by having universal pre-college education and a strong commitment to higher quality education.

Resource-poor countries of Northern and Western Europe are enjoying much higher living standards than many resource-rich countries (like SA) that do not devote themselves to educating their youth.

The lesson is, if we want SA to thrive, our commitment should be firmly focused on creating a system of high-quality education. In case we need another example, Japan possess very few natural resources, consists of a handful of densely –populated islands (remote from Europe and the United States), and came out of World War II with its industrial base all but destroyed. Despite this, the Japanese people committed themselves to building a first-class education system, and are now among the world’s most powerful economies. Apartheid cannot be solely blamed for our current education state – after 21 years of democracy, our education should have improved! But, it’s not too late. Our education system can be improved through mass social action. The first step should be for government to employ state officials based on merit and insist on academic qualifications that meet the requirements of the job.

With Youth Day behind us, we can truly honour and celebrate the lives of those who fought for a democratic South Africa by providing quality education – ignoring this is dangerous and self-destructive. ■



Q&A

Many times, we are too shy to ask questions that should seem so obvious. We look at the basic finance accounting questions. Test yourself and see whether you can learn a tip or two in explaining these concepts to someone else.

Taken and slightly adjusted from www.accountingcoach.com, we look at Financial Accounting questions that so often arise. Whether explaining these concepts to a client or a friend, don't miss these explanations of some basic questions.

What are accounting principles?

Accounting principles are the common rules that must be followed when preparing financial statements that will be distributed to people outside of the company (or other organisation).

The accounting principles include the basic underlying guidelines and assumptions such as the cost principle, matching principle, full disclosure principle, revenue recognition principle, industry-specific regulatory rules, materiality, conservatism, consistency, and others.

How are the balance sheet and income statement connected?

The balance sheet reports a company's assets, liabilities, and owner's equity as of the last instant of an accounting year. Generally, the amount of the owner's equity will have changed from the previous balance sheet amount due to:

- » the company's net income
- » the owner's additional investments in the business
- » the owner's withdrawals of business assets

If the owner did not invest or withdraw, the change in owner's equity is likely to be the amount of net income earned by the business. The revenues, expenses, gains, and losses that make up the net income are reported on the company's income statement.

What is an operating cycle?

The operating cycle is also known as the cash conversion cycle. In the context of a manufacturer the operating cycle has been described as the amount of time that it takes for a manufacturer's cash to be converted into products, plus the time it takes for those products to be sold and turned back into cash. The operating cycle has importance in classifying current assets and current liabilities. While most manufacturers have operating cycles of several months, a few industries require very long processing times. This could result in an operating cycle that is longer than one year. To accommodate those industries, the accountants' definitions of current assets and current liabilities include the following phrase: within one year or within the operating cycle, whichever is longer.

What is periodicity in accounting?

In accounting, periodicity means that accountants will assume that a company's complex and ongoing activities can be divided up and reported in annual, quarterly and monthly financial statements. For example, some earth-moving equipment may require two years to manufacture but the activities will be divided up and reported in quarterly financial statements. A similar situation occurs at a company that develops complex digital systems.

Even a company that manufactures small consumer products will have ongoing activities and costs that overlap two years or more. Again, the accountants will assume that the revenues and costs can be assigned or allocated to the appropriate accounting periods. Hence, the accountants will report the company's net income and cash flows for each accounting period (year, quarter, month, etc.) and the company's financial position at the end of each accounting period. Periodicity is also known as the time period assumption. ■



SOUTHERN AFRICAN INSTITUTE
FOR BUSINESS ACCOUNTANTS



A young man with short dark hair and a small earring in his left ear is smiling broadly at the camera. He is wearing a grey zip-up hoodie over a light-colored collared shirt. A brown leather strap from a bag hangs across his chest. He is leaning against a red brick wall. In the blurred background, other students are visible in a hallway.

Home For *Student Accountants*



**SAIBA is the home for all student accountants.
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As a SAIBA student member you gain access to life-changing opportunities, giving you that career edge. Joining SAIBA as a student member gives you access to a vital community in which young and aspiring Business Accountants can seek advice and answers regarding career challenges and opportunities, while building the supportive network of professional relationships you need to be successful in your career path.

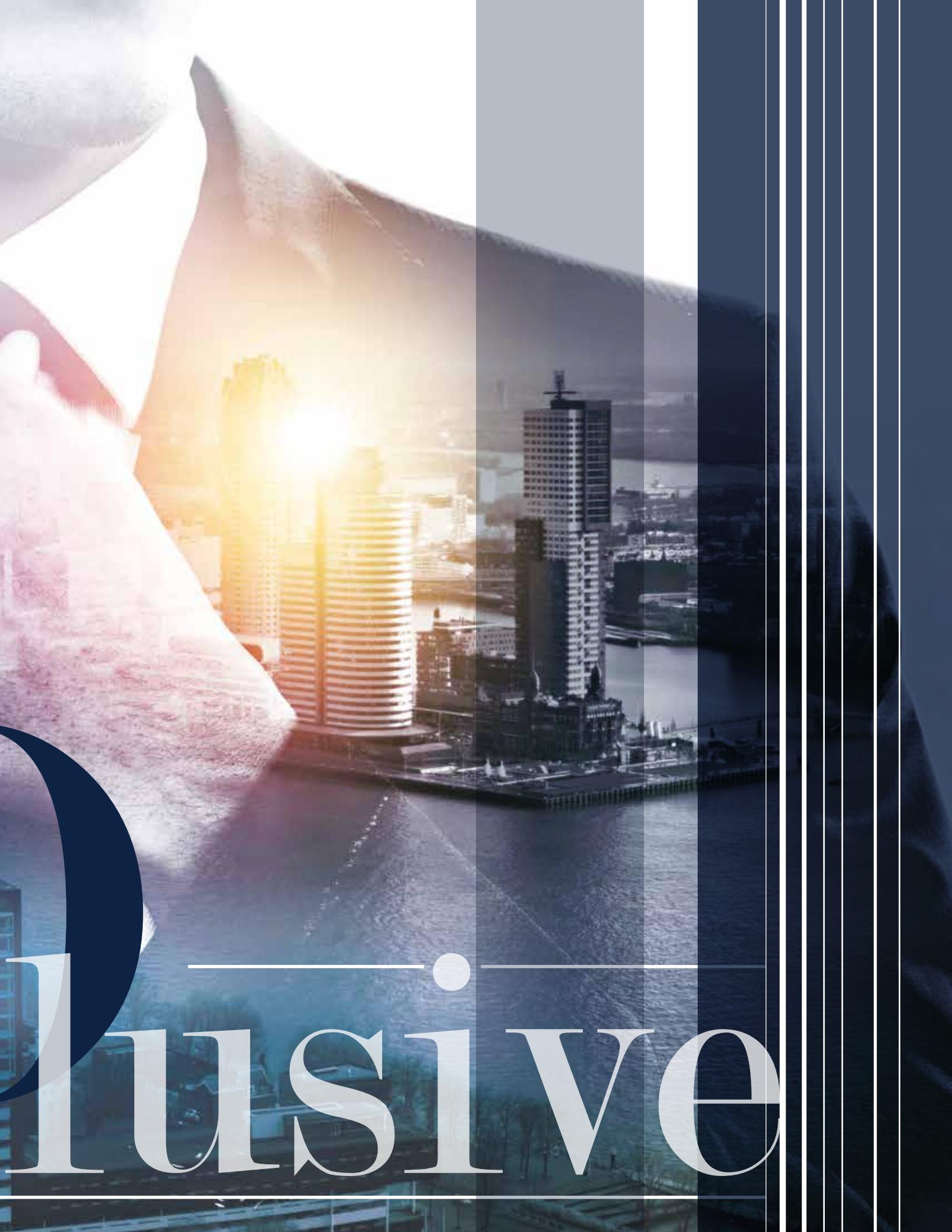


CITY
exec

The background of the text features a collage of images. At the top left is a cable-stayed bridge over a river. To its right is a modern city skyline with several skyscrapers. Below the bridge is a view of a city with many buildings and a bridge. On the far right, there is a close-up of a person's face and a hand holding a pen.

P

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Got the CHOPS?

(Communication Heart Objective Performance Strategy)

The chief financial officer of the dti (Department of Trade and Industry), Shabeer Kahn, discusses his career and the role of the modern CFO.

Dante Ludolf | **Business Accounting Review**

Our CEO, Nicolaas van Wyk, recently conducted a video interview with Shabeer Khan to discuss the rise and role of the CFO. Khan was kind enough to take the time away from his busy schedule to talk to us about the CFO designation, and just what exactly is needed to enjoy a successful tenure therein. Being able to offer wisdom and sound recourse amidst annual audits, parliamentary meetings and Ramadan is a feat of note.

He enjoys a high-ranking position as the chief financial officer of the dti, one of the biggest government companies in South Africa. We thus thought it fitting that he should shed some light on the role itself, the relevancy and possibilities the CFO designation can afford. Khan might have dreamt of becoming a famed astronaut or fireman, but thank goodness he didn't, because his success within our economic sector has been an invaluable asset.

He studied BComm at Wits, and when it was his ambition to become an accounting officer, he conducted research into the position that revealed to him the accounting bodies of South Africa. Now, after many years of honing his skill, he can offer sage advice in terms of what is to be expected from a CFO, and how a CFO should operate within the parameters of any given objective.

With the role gaining more prominence and esteem in the workplace, it comes as no surprise that there now is a need for criteria and means of evaluation when it comes to assessing a CFO. It's not so much about what they actually mean to a company's structure, but rather what they should mean.

Let's find out.

If there is one quote out of the thought-provoking interview that begs recognition, it is Khan saying the following:

"It is no longer only about the numbers, there is a strong need for performance review against the pre-determined objectives."

The link between the two has become of utmost importance to the CFO designation, as the cut-throat pace of conducting business in this day and age necessitates efficiency.

This point is essentially echoed throughout Khan's interview, as he stresses repeatedly how the CFO can make major changes in the supply chain. Quite simply put, the designation has the potential to implement solution and solve problems on a fiscal level as well as a managerial one.

But Khan admits that the role of the CFO is given direction and priority according to the sector in which they are employed. Whereas the corporate sector requires a growth and accumulation-oriented approach, the private sector CFO needs to look after the interest of the shareholders and stream finances in such a way that enables the maximization of profits. Adversely, the public sector is not profit oriented, and the emphasis is rather placed on service delivery and funds allocated to the success of established programmes.

Thus, a CFO is required to be highly adaptable, with on-your-feet thinking not so much a pre-requisite but an utmost necessity. For instance, Khan's own responsibility lies in the guarding and safekeeping of the South African economy, and suggesting course of action and implementation that facilitates growth. Obviously such an objective requires way more than a 'by the book, numbers oriented' approach. He mentions that the CFO position is not a one size fits all designation, and pigeon-holing the individuals who undertake the task is both unrealistic and unfair.

What serves as a primary paradigm by which CFOs need to operate, is the integral part they serve to play in planning. Advising and steering planning and procedures is a quintessential component to the operations of a CFO, and it is here where they stand to do the best work.

We see performance reviews become ever more popular, as clients and companies alike are striving toward quality service that places them in higher esteem than their competitors. The CFO, however, needs to take a hard look at what exactly the performance reviews are saying and translate them according to the pre-determined objectives, as mentioned by Khan.

He or she must be up front, direct and open. High stakes mean high risk, so there is a deep level of complexity surrounding the output that is expected of a CFO. It also essentially entails traipsing the middle ground, and taking all parties and their specific goals into consideration. So, the CFO needs to be versed in communication skills of the highest order.

This is obviously a recipe for high pressure and calls for an incredible sense of responsibility from the individual who has chosen to assume the position. All the more reason to sing the praises of those who choose to do so, because the highly regarded title has the potential to benefit the economy in more ways than one.

Shabeer, being a part of the dti, mentions how difficult navigating the supply chain has proven to be.

“The CFO needs to be focussed on diverting expenditure and funnelling trapped funds into areas that need it most. **”**

Because this institution is closely related to the South African government, their tasks are often caught in the middle of serious crossfire from both the leading party and the opposition. In such conditions, playing bipartisan while still keeping your eye firmly on the matter at hand, is an arduous and demanding task. But this does not come across as a complaint, rather a testimony to Khan's tenacity and resilience as a CFO par excellence.

He goes on to stress how the CFO needs to be focussed on diverting expenditure and funnelling trapped funds into areas that need it most. By alleviating clogs in the system and allocating the numbers to the right places, the CFO can do something that not many positions can – create and stimulate effective change.

In his own words, “Being a CFO requires a balance between compliance and performance”.

Compliance, however, is a tricky business, as the metric of compliance and non-compliance is often buried between complicated terminology and indirect means of execution. To combat this confusion, Khan instructs his co-workers to take into consideration that not everyone is an accountant, so not everyone will grasp the protocol with ease. He believes that by packaging data in such a way that makes both the information and the procedures easy to understand and to apply, everyone that needs to know how, will do so. See? Efficiency!

Khan also mentions that positions pertaining to accountancy, such as the CFO, are so much more than making sure salaries get paid and accounts get settled. In short, it is all about making sure that adequate funding is secured for the appropriate departments, and that the supply chain leading to and from the departments is operating successfully.

As SAIBA CEO, Nicolaas van Wyk, mentions in the interview, hearing the intentions and mechanics that underscore the workings of government and service is a welcome departure from that which is foregrounded by the press.

It is highly comforting to be able to acknowledge that the people behind the scenes are hard at work and striving towards a better system that will prove to be a more efficient and well-rounded standard.

To see the interview for yourself, please go to the Accounting Weekly website and search for Shabeer Khan under the video section. You are sure to learn a lot. ■

Shabeer Kahn: Inspired By Taken from The Legacy Project

- » **Maintaining a positive attitude.**
- » **Leading a healthy lifestyle.**
- » **Setting realistic goals and expectations.**
- » **A firm belief and conviction in his faith.**

Inside information: the South African Auditor and IRBA

An interview with CEO of Independent Regulatory Board for Auditors (IRBA), Bernard Agulhas, to discuss the importance and relevance of the auditor in today's economy and the regulation of the profession.

Helene Cilliers | **Business Accounting Review**



He may come across as soft spoken and gentle, but Bernard Agulhas, CEO of the IRBA, is fierce in his defence of the importance of auditors to the South African economy, especially following some recent criticism from within the accounting industry that questioned the usefulness of this profession.

Looking deceptively laid-back in IRBA's neat but unassuming boardroom in Modderfontein on the East Rand, Agulhas passionately sets out to explain how much the work of auditors is being relied upon.

"Banks, investors and governments make decisions that depend on auditors' opinions of the financial statements, prepared by accountants", says Agulhas. "That is why it is crucial for auditors to be independent and regulated – unlike accountants who have never been regulated, although that may soon change."

The difference between auditors and accountants

"You'd be surprised to know that even accountants don't always understand the difference between an accountant and an auditor", says Agulhas, who then explains: "An accountant can be compared to a generalist. If compared to, for instance, the medical profession, an accountant will be a general practitioner and an auditor will be a specialist."

"Accountants perform functions such as preparation of accounting work, for example preparation of books, financial statements and general functions that any accountant can do."

"However, an auditor is an accountant that specialises in assurance work. An accountant can never give assurance. An auditor is qualified to give assurance on financial statements and those financial statements could have been prepared by an accountant. But the difference between an accountant and an auditor is that the public or investors would rely on the opinion of the auditor. The auditor will sign off the financial statements to say everything is in order, or not in order."

"If an accountant pretends to be an auditor and signs off an audit opinion, it becomes a criminal offence."

Only chartered accountants can become auditors. In South Africa, SAICA (the South African Institute of Chartered Accountants) regulates the CA (SA) designation and is the only accounting body, of about twelve in the country, that is accredited by the IRBA for its qualifying members to practice as auditors.

"Of the 39 000 chartered accountants who are members of SAICA, only 4 500 are auditors who are registered with the IRBA and licensed to sign off financial statements," he says. "An auditor can also be described as a public accountant or an accountant in public practice, meaning they can sign off opinions for the public. An accountant in public practice would be someone who works for an accounting firm, but normally when you hear the word public practice, this refers to an auditor. If you are in public practice, it means you hold out your services for a fee for, for example, preparing books, doing tax, and doing secretarial work."



"And although other accountants also perform some or all of these functions, they cannot sign off financial statements unless they are auditors."

The importance of the audit

Akulhas explains that audits started hundreds of years ago when companies grew bigger and were no longer being managed by the owners. "Someone independent had to tell the owners and shareholders how the companies' finances were being managed."

If this is not done by an independent person, the owners will not get an independent opinion. "Whether the auditor gives a qualified or clean opinion, either way, the investor can take an informed decision." In South Africa, such decisions may mean that investment could flow into the country. And investment creates employment. "Thus the role of the independent auditor is critical to this economy and that is why the independence of auditors is critical. Auditors don't report to company directors, they report to the shareholders or the owners of the company. They can't be on the side of the directors."

To this end, IRBA has adopted a new auditing report standard that was issued by the IAASB (*International Auditing and Assurance Standards Board*) in January 2015.

"Investors and shareholder activists have raised concerns that they don't want only the one piece of paper that auditors currently issue to give a clean or qualified opinion", says Agulhas.

"There are a lot of enhancements to the auditor's report to make it more useful to the reader. Auditors now have to disclose information about the audit. They can no longer simply say it's a qualified or unqualified report.

They must disclose the procedures that were followed, the risks that were identified, in what way the risks were addressed in the auditing, and which material discussions were held with the auditing committee."

"All of this must now be included in the auditor's report."

Agulhas notes that in South Africa, the new standards will become effective after December 2016, because audit firms and companies will need time to implement it. "Auditors will have to change their audit methodologies. For instance, they'll have to change their templates and we'll have to educate auditors to provide greater transparency about the audit."

Agulhas says the IRBA, as a regulator, doesn't protect the interest of auditors, whereas SAIBA (*the South Africa Institute for Business Accountants*), for instance, is a professional membership body that protects the interest of its members.

Regulating of auditors

"We protect the interest of the public against auditors. We regulate auditors. If members of the public have a complaint against an auditor, they can report the auditor to us, we'll investigate and we'll take action against said auditor." IRBA's public function includes ensuring that accountants are properly qualified to register with them as auditors.



It issues standards and a code of ethics which must be complied with. It also does inspections on auditors.

"The auditing profession is one of few professions that are inspected to see if the professionals comply with the standards", says Agulhas. "If auditors fail an inspection, they get sent for investigation and if the investigation concludes that the auditor is guilty, disciplinary action is taken and they can lose their licence and get struck off the role."

"We follow a very strict procedure and sometimes, in the case of a serious offence, we expose the auditor."

Agulhas says that may also be the reason why South Africa does not give as many penalties as for instance the UK. "But I can't say whether we are stricter than the UK FRC (the UK's Financial Reporting Council) or whether they have more rogue auditors." He says if auditors are properly regulated they won't issue incorrect opinions.

Regulating of accountants

"And that is why the minister feels that all accountants should now be subject to regulation." Agulhas explains that about ten years ago, several audit failures around the world such as at *Enron*, Arthur Andersen and, in South Africa *LeisureNet*, prompted the minister of finance to request that auditors be more closely regulated.

"The perception was that auditors were to blame for the failures and could have prevented it, even if it was not always their fault."

Agulhas says at that point new legislation was in the pipeline to regulate accountants in addition to auditors, but given all the audit failures around the world, the minister said the auditing profession, which serves a public function, needed immediate attention.

"He also wanted the *Public Accountants and Auditors Board (PAAB)* to become more independent of the profession because there was a perception that if we were not independent of the profession we regulate, we would not regulate the profession properly. For example, the board consisted of auditors, which meant that the profession was self-regulated."

"Since 2003 the whole world moved away from self-regulation to independent regulation."

And that was when *PAAB* became *IRBA*, and the planned regulating of all accountants was put on hold.

Adoption of a new regulating model

Ten years later, the minister of finance invited the *World Bank* to see if South Africa could further improve the auditing and accounting landscape. After the banks' visit in 2013, it issued a report on the Observance of

“If compared to, for instance, the medical profession, an accountant will be a general practitioner and an auditor will be a specialist.”

Standards and Codes (ROSC) with certain recommendations – all of which were accepted by the minister.

One of the recommendations was to regulate accountants.

“The reason for that was that accountants were starting to do a lot of work that only auditors were allowed to do in the past,” says Agulhas. This included, amongst others, tax work, accounting work, consulting work, secretarial work and more.

“Any accountant can provide these services due to the fact that there is no regulating of the services and *IRBA* has no mandate to regulate accounting work or any other services apart from audits.”

Agulhas says according to the minister, these services by accountants were being relied on by for instance the *South African Revenue Service* (for tax work), banks (for financing) and the stock exchange or listed companies who rely on financial statements.

“Therefore, the minister said all accountants should be regulated.”

When this will happen is not yet clear, but Agulhas reckons that it could be in two years' time at the soonest.

There is also no certainty about whether the minister would want an independent regulator for accountants in addition to the *IRBA*, whether the Auditing Profession Act will be changed to allow for the *IRBA* to regulate accountants as well, or whether accountants and auditors will be regulated by a new body.

IRBA's regulating experience

“It makes sense that the *IRBA* should take on that role, as it has been regulating in various capacities since 1952”, says Agulhas.

A new regulatory body will have to incur a lot of cost to become established and build skills. “We know how to regulate, we know standards, and we understand accreditation. The minister has asked us to come up with a proposal and a plan of how we will implement it,” says Agulhas.

In any event, it has already proposed to the minister of finance to adopt the UK *FRC* model in as far as it regulates various professional bodies.

In South Africa the model will be followed to regulate not only *SAICA*, but most other accounting bodies such as *SAIBA*, *SAIPA* (*the South African Institute of Professional Accountants*), *SAICA* (*the South African Institute of Chartered Accountants*), *CIMA* (*the Chartered Institute of Management Accountants*) and *ACCA* (*the Association of Chartered Certified Accountants*). “South Africa is unique in the sense that we have about twelve professional bodies in the accounting profession whereas most countries have about two.

“In total, there are about 50 000 accountants in South Africa. About 35 000 perform all kinds of services, but are not regulated.”

While waiting for the minister's decision about an inclusive regulator, *IRBA* is busy preparing itself internally and its board has already approved comprehensive regulating to include other services apart from regulating only auditors.

If a new regulating body or *IRBA* starts regulating all the accounting bodies, it will mean that their members will be able to register as auditors if they meet certain minimum requirements.

Accreditation of accounting bodies

“We will be accrediting the professional bodies for the professional services they perform and we will set the minimum standards for all these services.”

For instance, *SAIBA* may be accredited to do audits, tax and BEE certification and *CIMA* to do cost accounting and tax.

Agulhas says if *IRBA* gets the go-ahead to become the regulatory body for accountants as well, it will start a process which will probably take about two years to change legislation to include the regulating of accountants in its mandate, as well as various other changes that will be required. “We'll have to see what capacity and funding we require. We don't foresee that we will double in size. We just foresee that we will have to appoint people to have oversight over these bodies to make sure that they do what they're supposed to do.”

“During the two years we will work on the accreditation model and we will consult with the different accounting bodies and get their inputs, because we can't just start regulating them without understanding what their members do.”

“So the next two years will involve a lot of consultation and discussions.” “It will also give us time to conduct workshops and explain the difference between the two models. We will also explain to the public the new audit report which they now can rely on, and explain that if auditors don't give them that, they can report those auditors to us.”

Agulhas says the adoption of a new regulatory model does not mean that the standards of new standard-setting bodies will be adopted.

Auditors will still have to comply with *ISA* (*the International Standards on Auditing*) issued by the *International Auditing and Assurance Standards Board* (or *IAASB*) and accountants with *IFRS* (*the International Financial Reporting Standards*) developed by the *International Accounting Standards Board* (or *IASB*).

Future strategy

One of the *IRBA*'s future strategies is to do in the rest of Africa what it is already doing in South Africa: to explain the new regulatory model.

“We've already had some round table discussions in South Africa and we've met with Zimbabwe to discuss the new auditing standards with them. We have met with their stock exchange and the country's deputy president to explain the importance of this new standard.”

“If they can support us from a political level, it means the model will be supported in that country. And we intend to do that for other African countries as well.”

CFO Types, profiles, focus and approaches to shared services and outsourcing

A table, taken from our international affiliate institute, the IAFEI's quarterly, 26th issue. Refer to this table to identify which CFO profile describes you best.

Armand Angeli | **DFG International** & Anne Duncan | **Lumiú Ltd**

***Table amended to better suit the Southern African market.**

Source: Typography by McKinsey and Company, Today's CFO: Which profile best suits your company?

McKinsey on Finance Number 45, Winter 2013; Analysis and approaches to SS/Outsourcing by Armand Angeli and Anne Duncan (2014)

CFO Type: Generalist

<i>CFO Profile</i>	<i>Focus</i>	<i>General approach to SS/Outsourcing</i>
(60% of new hires since 2009) Broad experience outside finance (operations, strategy, marketing, general management). Valued more management, communication and personal influence skills than for deep technical expertise (twice as likely to have MBA or other advanced degree rather than CA qualification).	Drive corporate business strategies through building and leveraging capabilities and effectively allocating resources across geographies and businesses.	General approach to SS/outsourcing: Champion for captive shared services across a wide range of functions, ultimately configured in global business services (GBS). Views GBS as strategic capability providing competitive advantage that competitors cannot duplicate. The optimal combination of cost control, operational excellence and agility is best achieved through internal GBS delivery centres, and centres of expertise/excellence, functions and geographies, over time transferring less value-added/transactional activities to outsourcing providers as GBS goes up the value curve, or else used for specific needs (ITO, analytics, coverage in some local geographies, compliance, languages).

CFO Type: Performance Leader

<i>CFO Profile</i>	<i>Focus</i>	<i>General approach to SS/Outsourcing</i>
Strong track record in transformations both within the finance function and throughout the organisation.	Optimise performance by focusing on cost management, promoting the use of metrics and scorecards, and working to standardise data and systems.	General approach to SS/outsourcing: Conductor who supports clear strategy for transformation and generating measurable value from a combined SS/outsourcing model. Most likely to support hybrid model optimisation (SCC plus outsourcing leveraging specialist/niche providers). Believes the distinctive value-creating capability lies in integration (rather than the buy versus sell decision). Ready to accept the company outsourcing to partners (BPO/ITO/etc.) to address capability or talent gaps, obtain faster transformation and cost reductions. Supports strong retained organisation to create / manage / leverage outsourced activities for agility and value. Use of analytics and regular benchmarking of both internal-external capabilities, and tendency to push the model where possible to more activities / functions and to generate higher gains in performance

CFO Type: Financial Expert

<i>CFO Profile</i>	<i>Focus</i>	<i>General approach to SS/Outsourcing</i>
Advanced accounting / finance qualifications and subject mastery for relevant industry mastery for relevant industry, plus years of experience rotating through multiple roles within finance function (controlling, treasury, audit, financial planning and analysis, business unit finance).	Leverage rigorous analytics to compare performance across businesses, meet aggressive growth or cost targets in the near term, carefully allocate scarce resources.	General approach to SS/outsourcing: Depending upon the company's situation either; Champion of outsourcing compelled to reduce costs and regain competitiveness quickly, with undistracted focus on core business. Inclined to support outsourcing-based model, leveraging specialist providers to bring innovation while containing costs. Caretaker, favouring conservative approach, mostly retaining functions and control internally. If quality and scale advantages exist, supports process transformation and shift to functional shared service model for individual activities / functions. Concerned about risks and security of outsourcing viewing it essentially non-sensitive, low-risk, transactional or commodity activities, often technology-enabled.

CFO Type: Growth Champion

<i>CFO Profile</i>	<i>Focus</i>	<i>General approach to SS/Outsourcing</i>
Usually external hires valued for networks, M&A experience, independent thinking and strategic insight gleaned through working as CFOs, or in professional service firms, investment banking/private equity.	Lead dramatic changes in resource allocation, either to respond to industry disruptions or else achieve rapid growth or portfolio reshaping through aggressive M&A or divestiture programmes.	General approach to SS/outsourcing: Champion of common platforms and services capabilities as principle vehicle for standardisation and integration of businesses across a changing portfolio. Particularly interested in cross-business data (visibility, timeliness, analytics) deployed rapidly and flexibly with scale (services provider, in which case CFO is actively growing the strategic capability). Combined with lean finance function, CFO may have limited oversight of SS/outsourcing configurations, but leans heavily on key functional heads to be accountable for delivering world-class platforms and services.



The Future of the CFO

A perspective from employee to owner

We look at some of Michael Lasch's Truth Statements, as this entrepreneur reflects on his career to help guide the future of CFOs in South Africa.

Michael Lasch | **The Global Platform**

My working career spans 30 years, of which two thirds were spent in an 'employee' state, and one third was in the space as commonly referred to as 'owner-managed'.

In this article, I am firstly commenting on my perception, experience and view of these two differing states, admittedly where I have a bias toward 'owner-managed'. I believe each individual's preference has much to do with his / her psychometric profile, something we are born with. Secondly, I will make some comments on my experience in the role of CFO. And lastly, I wish to comment on the business discipline I am involved in, which is still rather unknown and often misunderstood, and that is of Good Governance.

How it all started

My career started two weeks after my 18th birthday. I went straight from Matric into serving a five year Articles Contract with *Alex Aiken & Carter* (now KPMG). I was studying towards a BAcc (Bachelor of Accountancy) degree, part-time.

I landed up doing seven years' Articles, as SAICA penalised me for two years for having broken my studies and articles in the fourth year, to 'sail the world' on a 47 ft yacht. It was worth the penalty, and I would do it again!

I completed the BAcc degree at *Wits*, and wrote the Board Exam to hold the designation CA(SA). I joined a multi-national company as cost accountant, and in the second year, I was appointed the CFO, a role, I held for 10 years. My exposure to operational business was tremendous, where at first we 'unbundled' all the different operations, to sell off and close those that were not contributing to the company's sustainability. Thereafter, it involved implementation of stringent controls and the management of working capital, inclusive of sales and production planning. Ultimately, I initiated a 'merger' transaction with two competitor firms (here in SA) to realise synergies and greater profitability for shareholders.

After 11 years with the same company, I realised that there was a big decision at hand (I was only 36 years old). I could stay on as an executive director, and manage the growth and profitability in return for a reasonable package for more years.

Alternatively, if I needed a bigger challenge (and bigger package), this was the time to put my CV into the market. A third option was to pursue what I believed was my passion and skill, namely, "business turnarounds". I opted to pursue option three, and effectively went for 'owner-managed' employment.

Initially this meant selling my skill and any value I could offer to any organisation that saw merit in the contribution I could make. It comes with two immediate challenges:

1. Unsustainable work, providing a regular income stream and
2. Immediate confidence in one's skill and value offering

I was fortunate; I immediately got an engagement as an interim CFO of a listed company, employing over 4 000 staff members and commanding a turnover of over a billion Rand.

By virtue of a relationship made in this role, my next bigger assignment was as a financial advisor to SARS on one of their biggest tenders that went to market.

Concurrently to these engagements, I was approached to be part of multiple start-up companies. I currently sell my skill and value to three of these start-up companies that I was involved with as a 'founder member'.

That is enough to give you context. It is from this that I share some of my experiences as 'Michael Lasch Truth Statements'.

(My disclaimer: These have held true to me. I imagine I will not be alone in these observations. However, I also recognise that some may have had different experiences. I have also limited these to just 10 for this article).



As a CFO

ML Truth Statement # 1:

The CFO is the executive director that needs to know the most about the company: "Knowledge is Power".

The big plus of being CFO is that you can make anything and everything in the organisation your business – from strategy and feasibility studies, to risk management and applying financial measures to every risk. By virtue of the target setting / forecasting and budgeting responsibilities, the CFO is intimately familiar with product performance, major customers and suppliers, commodities sourcing, staffing levels and remuneration policies, financiers and related interest rate trends. The CFO must have an intimate understanding of the product range and production, as the monitoring of costings and margins is critical for bottom line profitability.

He / she is also the one that takes responsibility for controls to be in place to prevent pilferage of stock or company consumables, unauthorised usage of company assets, or misappropriation of funds.

ML Truth Statement # 2:

The CFO has the greatest influence by applying the most significant and effective control mechanism, namely "holding the Purse strings": Approving every invoice for payment.

MICHAEL LASCH
FROM THE GLOBAL
PLATFORM
DRINKING COFFEE
AT ONE OF THREE
BEAN THERE
COFFEE COMPANY
ROASTERIES, ONE OF
MICHAEL'S BUSINESS
VENTURES.



Here I propose that the CFO apply the *Pareto Principle* (80/20 Rule), where every invoice must be sighted of those that make up 80% of the monthly spend (it will only be 20% of the pile of invoices). Do random reviews of the balance of invoices, and allow 'Murphy's Law' to kick, in order to hit the invoice with the irregularity. During the listed company assignment, it took me one whole day in the first month, and then only half a day from the second month onward, as I knew what I was looking at by then. The monthly spend was in excess of R50 million, and in excess of a thousand invoices.

ML Truth Statement # 3:

The CFO's biggest Risk (that I will name 'inhibitive risk'), is one that comes from shareholders and boards, namely being relegated to "director of administration and finance": The only expected deliverable is monthly management accounts.

I have witnessed CEOs becoming insecure about knowing less than the CFO, to the point where they limit the CFO's responsibilities. The greater unfortunate occurrence is that the CEO does not always recognise the contribution the CFO should be making to the CEO functions (ie the CFO is like a 'wing man'), and excludes the CFO from discussions where there are risk and financial consequences to the Organisation.

My advice is to clarify roles and functions ahead of accepting an appointment, purely based on 'designation', having performed a due diligence of the organisation, to know the extent of the challenges ahead.

As an Owner-Manager**ML Truth Statement # 4:**

Sustainability only prevails where the owner-manager has a skill to sell. Knowledge alone is usually not enough. As an 'owner-manager' one needs to be prepared to do every other discipline required in the business. One must be able to Sell, one must be an expert on the Product, over and above the disciplines of Financial Management, encompassing controls and administration.

I believe the greatest obstacle to the sustainability of start-up owner-managed organisations, is not being able to do the selling part of business growth. Clearly, the product must be of sufficient substance to have a market.

ML Truth Statement # 5:

Avoid investors that only bring 'cash' like the 'pest'. Investor is just another form of financier. They are willing to share in 'downside risk', but generally are studious enough not to invest in start-ups that have downside risks. The returns, sought are similar to those of 'loan sharks'. Everyone knows that 'loan shark debt' would be debilitating, and yet the same warning lights are not there for investors that want even higher rates of returns.

The consequence of getting such investors, is that the effort of the entrepreneur is not met with the fair reward. The cash investment gets a disproportionate equity assignment in relation to the time and effort of the founder member doing all the work.

In my experience 'optimal' Investors are those that don't just bring Cash, but bring synergies or additional market opportunities, which value contribution in itself yields a sufficient return to service the 'Cash Investment'

**ML Truth Statement # 6:**

Initial Cash flow constraints are directly correlated with the extent of ultimate reward benefit when achieving profitability and dividends (read in conjunction with ML Truth Statement #5)

Initially, instead of drawing earnings for effort, there is a high likelihood of needing to 'invest' in the venture. The cash flow goes in the 'wrong' direction, and this can last up to five years, depending on the nature of the venture. 'Selling time' (and by this I mean selling one's skill at an hourly charge) is the closest to an 'employee' engagement, and similarly requires the least 'investment'. However, developing a product to be sold in the future has far greater risk attached to it, and the lead-time for earnings is longer. My advice is to start with a hybrid: if you are developing a product, fund it by selling your skill concurrently on a time and materials basis.

ML Truth Statement # 7:

Most working people must come to terms with the fact that there will be multiple years of NIL earning in their lifetime. The difference from person to person is the timing of when that happens, and how many years it lasts for. The normal end time as 'employee' is at the age of 65. In my family, with a genealogy of longevity, this prospect is scary, as 95 years of age is not unlikely. That means that potentially for 360 months, I will have living costs with no income.

My alternative is to have taken a 100-month break from 'consistent income' in my forties. My expectation, with a successful venture, is that I will have an income stream for the remainder of my lifetime, certainly as a minimum, 100 months beyond 65, but hopefully closer to 300 months.



“By virtue of the target setting / forecasting and budgeting

the CFO is intimately familiar with product performance, major customers and suppliers, commodities sourcing, staffing levels and remuneration policies, financiers and related interest rate trends. ”

In the practice of “Good Governance”:

ML Truth Statement # 8:

Governance is grossly misunderstood.

Most think of Governance as an additional compliance exercise, one that entails abiding by rules and having paperwork in order.

‘Governance’ is rather a term that describes the collective of the aspects that the leadership aspire to and get right. To me, the major aspects are:

- » ‘Ethical behaviour’ by all (from board member to every staff member)
- » ‘Competence’ by all to fulfil respective functions
- » ‘Fairness’ toward and with all stakeholders and encapsulated by the common sense practice of aspiring to have good relationships with customers, staff, suppliers, regulators, unions, shareholders, the media, SARS etc
- » ‘Strategy’ and ‘risk management’ done properly (this the biggest indicator of sustainability, ie consistent long-term profitability)
- » ‘Internal and financial controls’
- » ‘Transparency’ primarily achieved in the quality of communication and reporting

ML Truth Statement # 9:

Good Governance will be a product of seeking to be a responsible corporate citizen with the objective of fairness to all stakeholders being prioritised by its board.

My idealism dictates that all organisations should have as a priority the responsibility to be good corporate citizens. By that I mean that organisations should seek to exist for the benefit of the multitude of stakeholders and not primarily for the shareholders alone. The manner by which this can be achieved: a genuine pursuit by the board and executive directors to make sure that every transaction and relationship that the organisation has is fair and just.

ML Truth Statement # 10:

The realisation of what I set out to do: “business turn-a-rounds” I have come to realise that the most proficient manner for a ‘business turn-around’ is by the application of robust risk management thinking. The biggest risk that makes for business failure is bad stakeholder relationships. It most often materialises in poor staff (the good staff leave early), consequential breakdown of relationships with customers, contractors and service providers. Some bad press from the media, and the writing is on the wall for a business failure.

I look forward to the opportunity for the stakeholder management interventions that we are embarking on, whereby we assist organisations to identify their material stakeholders, the related risks, and then provide the measurement of the quality and strength of the relationship, and the means to improve these.

Ultimately, a company that has good relationships with all its stakeholders is a sustainable organisation. ■

CFO Buzz

News in fast buzz-words, here it is, the most important global CFO news



Former Enron CFO gives business advice

Andrew Fastow, the former chief financial officer of *Enron Corp* and an architect of one of the biggest corporate frauds in history, recently offered advice to Canadian governance experts, urging company boards to make decisions as though the business was family owned.

HP's layoffs will exceed 55000 people, CFO says

HP's CFO, Cathie Lesjak says the company will cut up to an additional 5% more people from its workforce than the **55000** people it had planned to eliminate.



Goodrich Petroleum CFO jumps ship

Goodrich Petroleum Corp CFO and vice president, Jan Scott has left the financially strapped oil company, amidst its battle to avoid bankruptcy. Scott, is said to join an unnamed private company, while president and chief operating officer, Robert Turnham takes over the CFO duties, while the vacancy is being filled.



IFRS Publishes briefing for executives

The IFRS foundation has published its 2015 IFRS, a briefing for chief executives, audit committees and board of directors. The briefing provides a broad, non-technical overview of standards, required for annual reporting, beginning on 1 January 2015.

SAIBA goes to IAFEI conference

SAIBA is going to the international cfo conference to join many other internatoinal CFO's to discuss innovation and leadership in the role of the CFO.

SAIBA launches international CFO designation, along with the first ever *CFO Talks*. In October 2015, the official launch of *CFO Talks* will be held in Johannesburg. Based on the concept of *Ted Talks*, CFO's globally can live stream or download short, innovative *CFO Talks*.



Can Twitter CFO rescue marketing function?

The appointment of *Twitter*'s chief financial officer as the company's new chief marketing officer left many mouths agape in the marketing and tech community. The appointment of Anthony Noto as CMO has raised many questions about the future of *Twitter*'s marketing department as well as the abilities of a CFO to run a marketing department.



Neotel down two executives

Two *Neotel* executives – CEO, Sunil Joshi and CFO, Steven Whiley – have been placed on special leave pending an investigation into alleged bribery and corruption in connection with a *Transnet* deal worth **R1.8 billion**.

Hollard appoints new CFO

Absa's chief executive of wealth, investment and management, Willie Lategan will be joining *Hollard Group* as chief financial officer in January 2016, taking over from Brooks Mparutsa. Mparutsa will take over from Ian Ross, due to retire 2017, as executive director of international.

5 Famous CFOs that became CEOs

1. **Ian Dyson**, best known for his role as CFO for *Marks & Spencer*, now the CEO for *Punch Taverns*, UK's largest pub operator.
2. **Indra Nooyi**, from CFO to CEO: in 2006 Nooyi became the 5th CEO in *PepsiCo* history.
3. **Ian Livingston**, he joined *BT* as group financial director, where he was left to tackle more than £20bn. By 2005, he had become CEO.
4. **Peter Voser**, *Shell* CFO turned CEO, worked for the company nearly 25 years.
5. **John Rishton**, in 2011, Rishton was made CEO of *Rolls-Royce*.

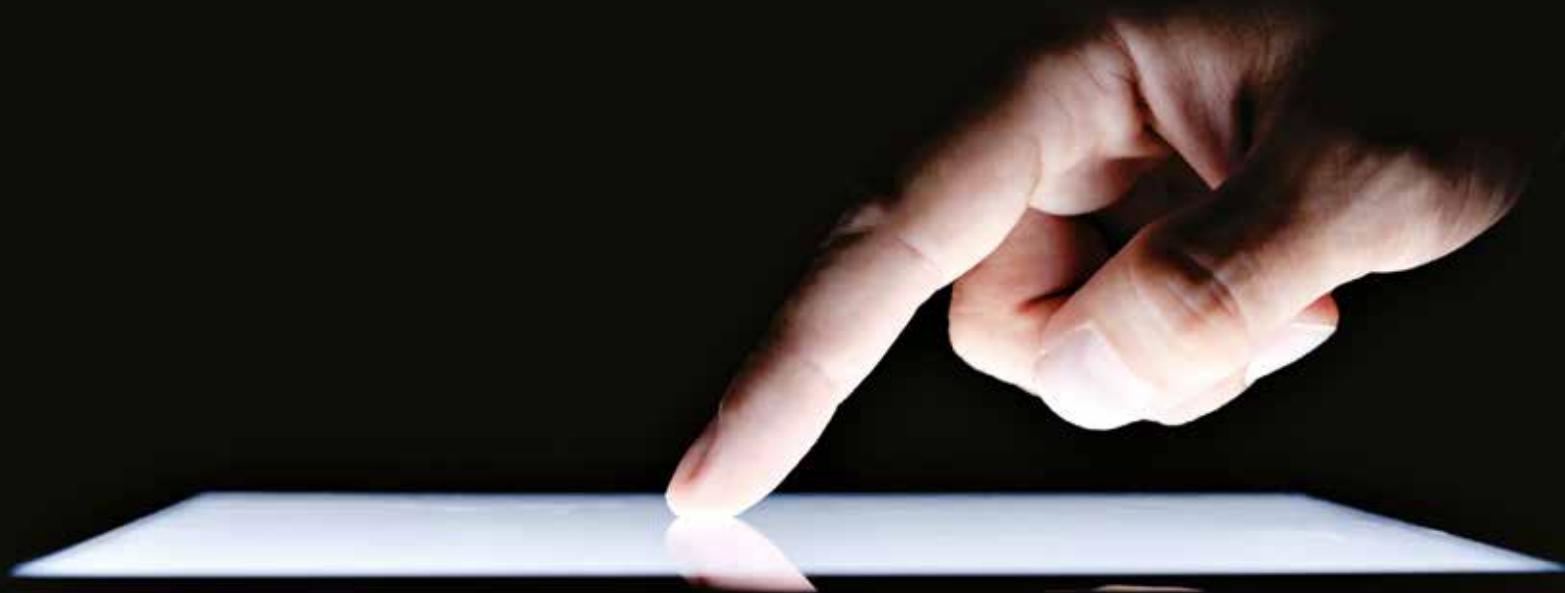


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