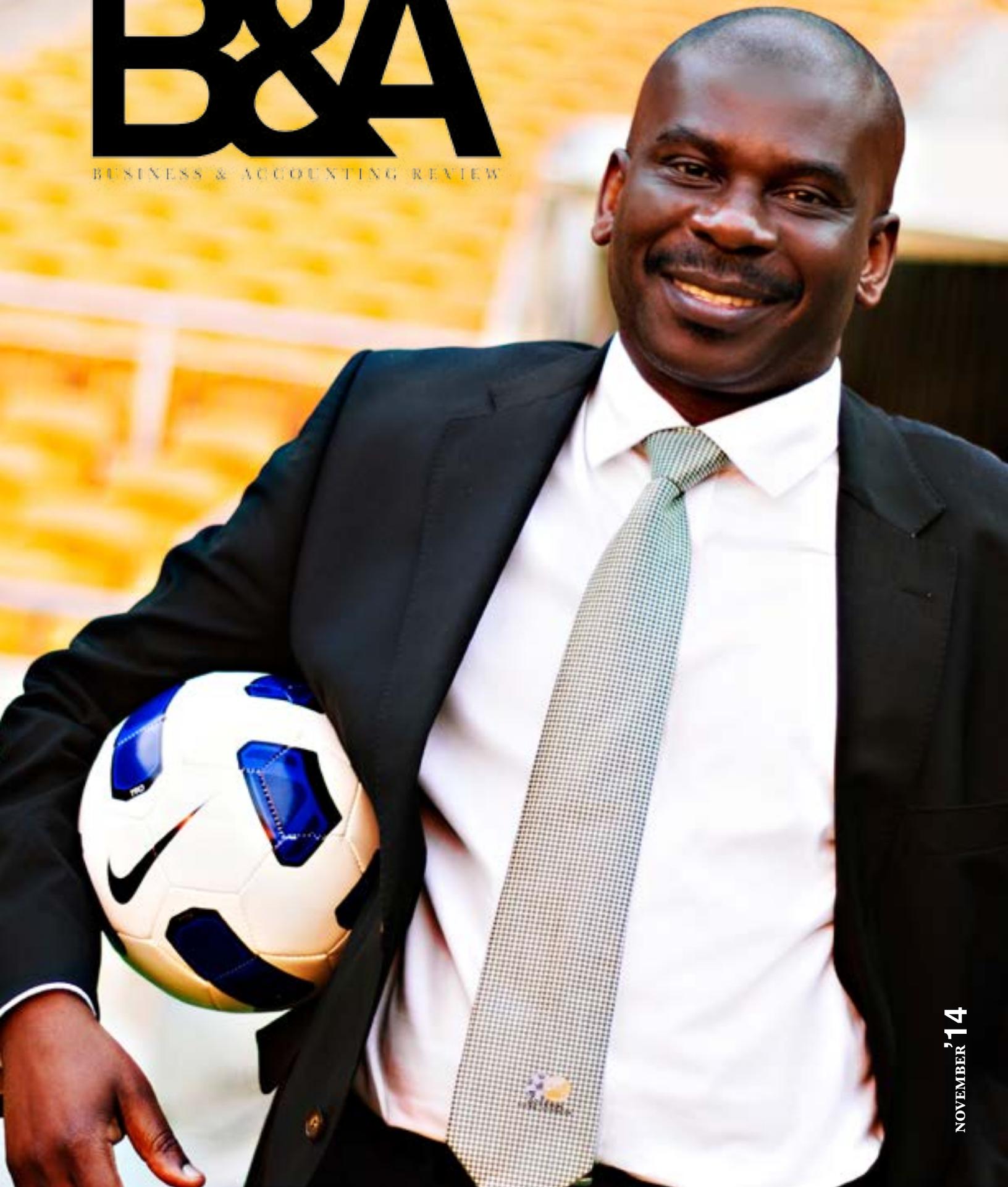
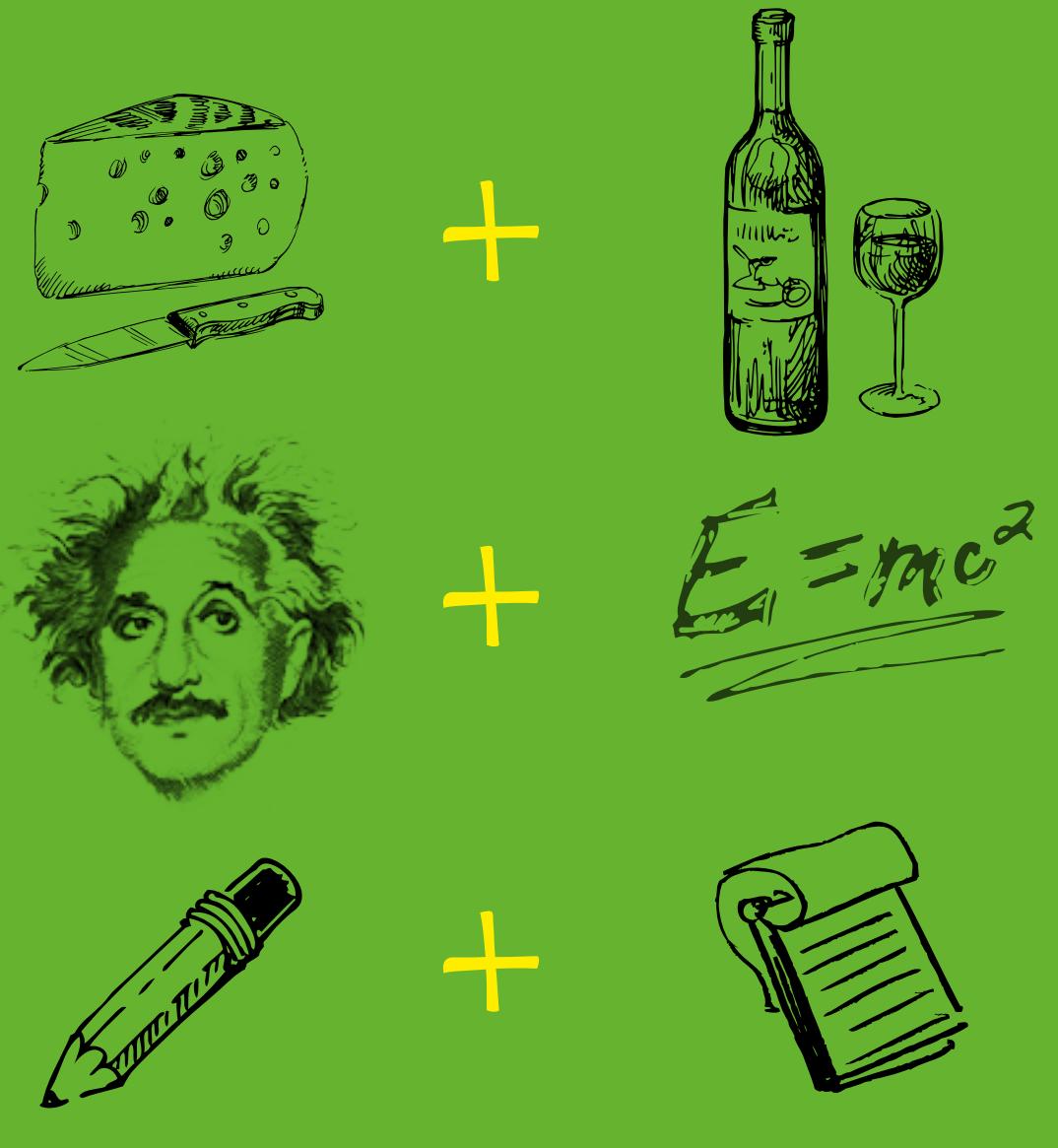


# B&A

BUSINESS & ACCOUNTING REVIEW



NOVEMBER '14



**saiba** + **sait**

**SAIT members who perform an accounting function qualify for a 50% discount on SAIBA's membership fees. SAIT and SAIBA, a partnership working to create an affordable solution for members.**

*the essential credential....*

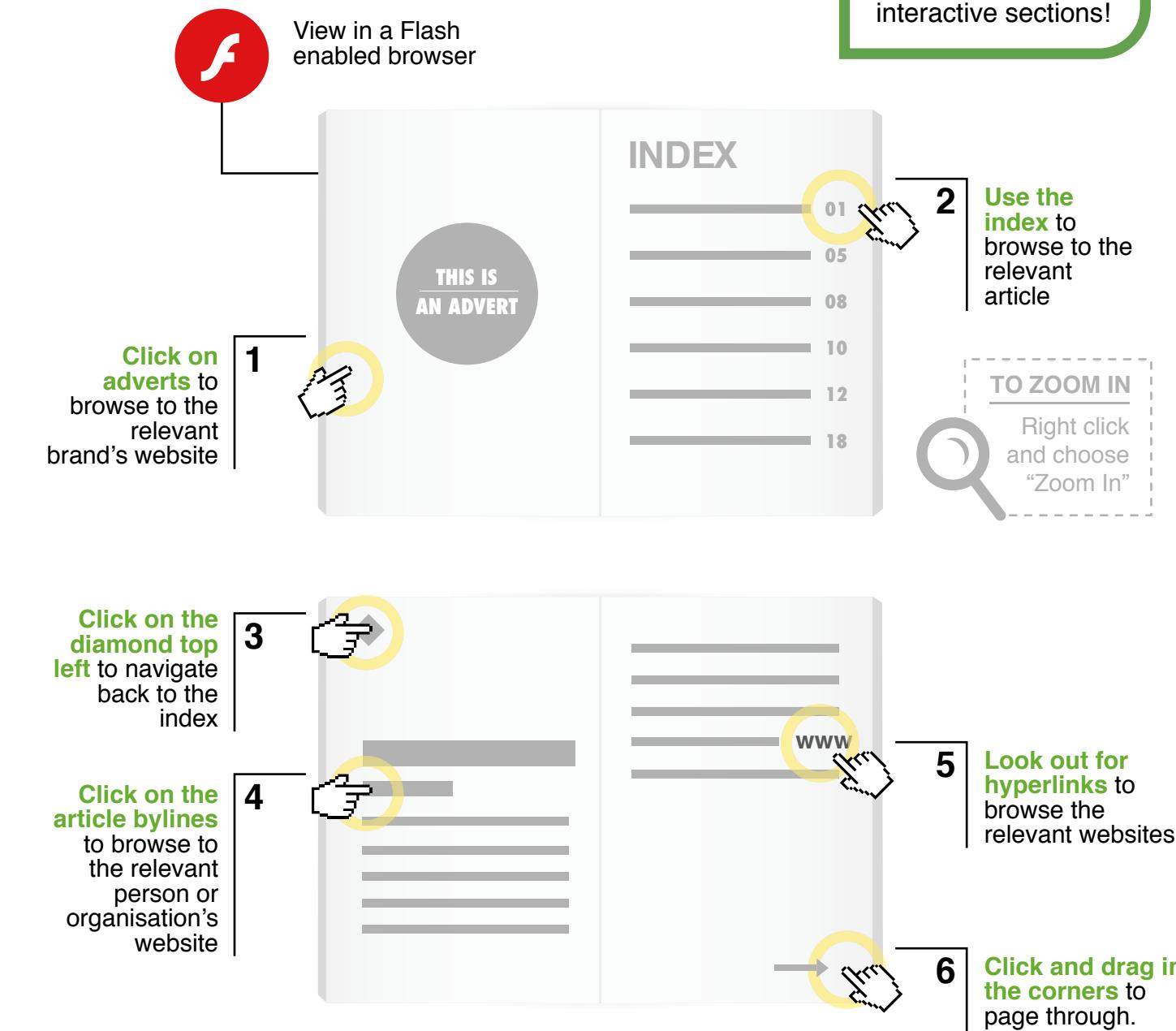
**Join  
SAIBA**

Go to [www.saiba.org.za](http://www.saiba.org.za)

# How does the digital magazine work?

## Magazine

— Functionality —



# in this issue

## news *section*

- Fun Finance Follows **08**
- Calendar **09**
- International News **10**
- National News **13**
- Industry Analysis **14**
- 10 Things **16**
- 8 Reports to Avoid **18**
- SAIBA News **20**
- Welcome to our Members **22**
- Lucky Number 13 **23**
- 12 Key Facts about SAIBA **23**

**20**



**28**



## business *section*

- Practitioner's Diary **26**
- It's all about the Game **28**
- Accounting Regulation **32**
- What SAIBA would like to See **36**
- What the Accountant-General has to Say **38**
- Get in the Game: Tax **40**
- Do you Really Understand **44**
- Accountants as Leaders **47**
- Mirror, Mirror on the Wall **49**
- All Great Strategies **50**
- Adapt or Die **52**
- The Future of the Profession **54**
- What Skills Entrepreneurs Need **57**
- Professional Communication **58**
- Know your Touchpoints **60**
- HR Manager **62**
- Lessons Learned from the CIPC **64**
- Boost your Business **69**
- Coaching Counts **70**

**89**



## lifestyle *section*

- Book Review **76**
- Documentary Review **78**
- Tech Review **80**
- Accountant of the Month **83**
- The Meal Maketh the Man **88**
- Greece: Memories **89**

## student *section*

- Professional Accounting Bodies **94**
- 18 Ways Sponsors can Help **96**
- Accounting Career Ladder **99**
- Quick Questions **100**



**93**

# Editor's letter

This first edition of SAIBA's member magazine, The B&A Review, is dedicated to the memory of the late Steve Biko, who lead the way towards liberating our minds and allowing us to fulfil our potential.



**Nicolaas van Wyk,**  
CEO, SAIBA

As Business Accountants we carry within us the potential to improve the lives of our families, our clients, our country and ourselves. We can only achieve this if we take up the mantle of those that went before us.

"The basic tenet of black consciousness is that the black man must reject all value systems that seek to make him a foreigner in the country of his birth and reduce his basic human dignity".

Today these words from Steve Biko continue to ring true. At a systems level, the late corporate law expert, Professor Dirk du Toit, expressed the same sentiment when he motivated for the adoption of the Close Corporation Act in 1984, "Thus the legal system looks beyond the class interest of the business elite, doing justice to all classes, applying the moral imperative".

At SAIBA, we see the words of Steve Biko as empowering to all accountants, regardless of their colour may be subject to a disabling environment that prevents them from reaching their full potential. South Africa has undergone a political transformation heralded as ground-breaking across the world. However, on an economic level, it remains essential that we develop an indigenous accounting profession.

And this is what SAIBA has set out to do.

The first edition of our magazine showcases our members and their influence in our culturally rich and diverse country. This should be our beacon of hope - enabling us to ignore distractions, balance criticism and focus on our objectives.

The B&A Review is a business magazine with an accounting flavour, it sees Business Accountants as managers whether they are employed or in working in private practice. The first edition includes interviews with SAFA CFO and SAIBA member, Gronie Hluyo and Companies Commissioner, Astrid Ludin. Experts provide guidance on management, marketing, HR and many more issues that are pertinent to accountants as managers.

The approach towards the accounting profession, adopted in the B&A review has the potential to deliver freedom to all accountants living and working in South Africa. We believe that the unshackled profession can make an important contribution to the development of the South African economy and its people. ■



## Contributors

### Abraham Molemane

Media Coordinator, Fetola  
[www.fetola.co.za](http://www.fetola.co.za)

### Bettie Geater

Ultimate Travel  
[bettie.ultimatetravel@galileosa.co.za](mailto:bettie.ultimatetravel@galileosa.co.za)

### Catherine Wijnberg

Graduate Asset Programme  
[www.gogap.co.za](http://www.gogap.co.za)

Catherine is passionate about the potential of internships to reverse the ailing economic growth and add value to SMEs in South Africa. She built a programme and an online platform dedicated to make this happen. It's quick, it's free and it already has a database of thousands of graduates and SMEs finding each other and making it happen.

### Chrizelda Walters

FAB Consulting  
[www.faabconsulting.co.za](http://www.faabconsulting.co.za)

### CPA Trendlines

[www.cpatrendlines.com](http://www.cpatrendlines.com)

*Books by authors, featured from the CPA website are available at <http://store.cpatrendlines.com>*

### Dante Ludolf

Freelance Writer

### Darryl Nunes

Darryl Nunes Accounting Services  
[www.dnaccounting.net](http://www.dnaccounting.net)

### Lesedi Seforo

Technical Tax Assistant, The SAIT  
[www.thesait.co.za](http://www.thesait.co.za)

Lesedi studied accounting at the University of Cape Town, whereafter he completed his Postgraduate Diploma in Tax Law at the same institution. He then

worked as a tax consultant, before joining SAIT in April 2014 where he currently writes tax articles and assist members with SARS operational matters.

### Mark Lloydbottom

Mark Lloydbottom Consulting  
[Marklloydbottom@marklloydbottom.com](mailto:Marklloydbottom@marklloydbottom.com)

"Mark cares deeply about the profession, and it shows. As one of the founding fathers of the practice management era, Clients 4 Life and Defining Edge represent the culmination of a lifetime of research and learning. In my view they should be in every practitioners library because, while you may not agree with everything he says, you will find your own gems that will make a real difference to your client service, productivity, cashflow and profitability," Steve Pipe, AVN. You can follow Mark on twitter: @marklloydbottom

### Matthew Slabbert

Owner, New Normal  
[www.newnormal.co.za](http://www.newnormal.co.za)

Matthew co-founded New Normal and leads the company as Business Coach and Strategist. As a Life Coach, Matthew guides all entrepreneurs through their Brand Building processes with a focus on Personal, Entrepreneurial Development and Business Strategy. New Normal is a team of creative problem solvers who are passionate about setting up start-ups and expanding existing businesses. They like to turn big ideas into reality. Research, strategy, coaching, business tutorials, design, website - they do it all in a neat package tailor-made for the new generation of entrepreneurs, the New Normal.

### Michael Sass

Accountant-General, National Treasury  
Professor

### Professor Dovhani Thakhathi

Chairperson, SAIBA

## The Team

### Editor at Large

Cara-Ann Carstens  
[caraann@saiba.org.za](mailto:caraann@saiba.org.za)

### Editor

Nicolaas van Wyk  
[NvanWyk@saiba.org.za](mailto:NvanWyk@saiba.org.za)

### Creative Director

Bianca Geater  
[bianca@thisisy.co.za](mailto:bianca@thisisy.co.za)

### Designers

Tertia Nourse  
[tertia@rockberry.co.za](mailto:tertia@rockberry.co.za)

Bianca Geater  
[bianca@thisisy.co.za](mailto:bianca@thisisy.co.za)

### Feature Writer

Dante Ludolf  
[dante@thisisy.co.za](mailto:dante@thisisy.co.za)

### Marketing

Este Niemandt

### Publisher

This is Y  
[www.thisisy.co.za](http://www.thisisy.co.za)

### Printed by

Paarl Media Paarl

### Digital

Miranda Rautenbach  
[miranda@thisisy.co.za](mailto:miranda@thisisy.co.za)

# now



# Fun Finance follows

We sourced Social Media fundis and wannabe experts with a global platform by which to spread the word and have their voices heard. So, if you find yourself frustrated at the lack of comprehensive financial articles being served up in the newspapers, why don't you give these new kids on the block a try:

Dante Ludolf | Writer



## Blogs:

- [Business Insider](#)
- [Dealbreaker](#)
- [The Wealth Report](#)
- [WalletPop](#)
- [Naked Capitalism](#)
- [DealBook](#)
- [The Big Picture](#)
- [Zero Hedge](#)
- [Planet Money](#)
- [The Consumerist](#)
- [Freakonomics](#)
- [Calculated Risk](#)



## Best Tweeters:

(As per *The Wall Street Journal Online*)

**Clayton Christensen** (@claychristensen) is a professor of business administration at Harvard Business School. He is the author of several books on disruptive innovation, including "The Innovator's Dilemma."

**Gemma Godfrey** (@GCGodfrey) is the head of investment strategy at Brooks Macdonald, a wealth management group. She is a frequent co-host on CNBC and writes for The Investment Insight blog. She was voted the most popular businesswoman on Twitter by AdvisorOne, a news source for financial advisers.

**Jerry Kerns** (@jerrykerns) is the editor-in-chief of financial communications at Morningstar. He was the founding editor of Morningstar Advisor, an investment publication for financial advisors. He frequently tweets links to interesting business news and analysis.

**Tim Seymour** (@timseymour) is the founder of EmergingMoney.com. His tweets are a resource for tips on investing in emerging markets. He is a partner at Triogem Asset Management and a regular contributor on CNBC.

**Manisha Thakor** (@ManishaThakor) is the founder and CEO of MoneyZen Wealth Management. She is a Harvard MBA and chartered financial analyst (CFA). She worked in financial services for 15 years before founding her firm, which is dedicated to helping women master their money. It focuses on families with more than \$1 million in investable assets.

**Howard Lindzon** (@howardlindzon) is the CEO and co-founder of StockTwits, a social network for investors and traders. He founded SocialLeverage, an angel-investing firm. He is also a hedge fund manager and a partner in Knight's Bridge Capital Partners.

# Calendar

"The only person you should try and be better than, is the person you were yesterday." SAIBA believes that training and education will help develop our members and so improve the accounting profession. These events are hand-picked for our members:

### SAAA

**November**

**Independent Review: Analytical Procedures**

*Presented by Nicolaas van Wyk*

**Legislation and liabilities affecting the accountant**

*Presented by Chris van Dyk*

11 Nov: Johannesburg

13 Nov: Pretoria

24 Nov: Cape Town

**Business Rescue**

*Presenter to be confirmed  
Webinar*

**Labour Legislation - Basic Conditions of Employment Act**

*Presenter: Adv. Marié Beän*

**December**

**Independent Review: Reporting on the Engagement**

*Presented by Nicolaas van Wyk  
Webinar*

### OTHER

**17-19 November**

**Professional Bodies Summit**

*Location: Emperors Palace,  
Johannesburg*

### SAIT

**10-12 November 2014**

**2014 Trust Law Workshop**

*Location: Bloemfontein, OFS*

*Time: From 09:00 until 13:00*

**2014 Trust Law Workshop**

*Location: Wapadrand, Gauteng*

*Time: From 09:00 until 13:00*

**10-12 November 2014**

**2014 SARS Webinar**

*- topics to be confirmed  
Time: 12h30 - 14h30*

**2014 SARS Webinar**

*- topics to be confirmed  
Time: 15h00 - 17h00*

**13 November 2014**

**2014 Tax Administration Act Update**

*Location: Somerset West,  
Western Cape*

*Time: From 09:00 until 13:00*

**18-20 November 2014**

**2014 Trust Law Workshop - Durban**

*Location: Durban, KZN*

*Time: From 09:00 until 13:00*

**2014 Webinar Trust Law Workshop**

*Time: From 09:00 until 13:00*

**2014 Trust Law Workshop**  
*Location: Johannesburg, Gauteng  
Time: From 09:00 until 13:00*

**2014 Trust Law Workshop**  
*Location: Somerset West,  
Western Cape  
Time: From 09:00 until 13:00*

**27-28 November 2014**  
**Tax Prof Knowledge Competency Assessment Paper 1 & 2 - Johannesburg**  
*Location: Midrand, Gauteng  
Time: 08:00 - 13:00*

**Tax Prof Knowledge Competency Assessment Paper 1 & 2 - Durban**  
*Location: Durban, KZN  
Time: 08:00 - 13:00*

**Tax Prof Knowledge Competency Assessment Paper 1 & 2 - Other**  
*Location: Durban, KZN  
Time: 08:00 - 13:00*

**Tax Prof Knowledge Competency Assessment Paper 1 & 2 - Cape Town**  
*Location: Cape Town,  
Western Cape  
Time: From 08:00 – 13:00*

# International news

## Brazil enters recession while India continues to grow

Brazil, Latin America's largest economy, has slid into recession. According to reports by Channel News Asia Brazil's national statistics institute said in August that Gross Domestic Product (GDP) shrank by 0.6 per cent in the second quarter and revised its formerly positive growth estimate for the first quarter down to 0.2 per cent. Coming ahead of October presidential and general elections, those figures will damage already low industrial and consumer confidence in what once was a fast-growing regional powerhouse.

The BBC reports that India has experienced growth a second year in a row. India's economy grew by 5.7 per cent in the three months to June, its fastest pace in two-and-a-half years, according to an official estimate. The economy was helped by strong growth in electricity, gas and water supply, and financial services, the Ministry of Statistics said. The growth figure was higher than analysts expected. India's new government has launched policies designed to encourage business investment, including changes to tax.

## IASB Chairman discusses Japanese modified international standards and the dangers of ignoring unrealised income

Deloitte reports that International Accounting Standards Board (IASB) Chairman Hans Hoogervorst gave a speech at an IFRS Conference in Tokyo titled 'The dangers of ignoring unrealised income'. He discussed an overview of the current use of IFRS around the world and Japan especially focusing on the recently issued Japanese Exposure Draft 'Japan's Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications' and connected the modifications made to the IASB's project to update its Conceptual Framework and the dangers of ignoring unrealised gains and losses. Mr Hoogervorst commented that the increase of the voluntary use of IFRSs in Japan was especially encouraging as Japanese companies have the choice of several sets of standards and would only choose to adopt IFRS if they thought it was a strong business case.

He explained that IFRSs are a cost-effective alternative for companies with subsidiaries as they can apply one single financial reporting language for both internal and external reporting. In addition, the use of IFRS would make it more attractive to foreign investors to invest in Japanese shares if the financial statements were prepared in a reporting language they understand. Yet Mr Hoogervorst pointed out that following a recommendation by Japan's Business Accounting Council (BAC) regarding the use of IFRSs in Japan, a set of 'endorsed IFRSs' called JMIS that would offer an additional choice of accounting framework to Japanese companies, was developed and published as an Exposure Draft (ED) in July 2014. As JMIS in essence consist of most IFRSs as issued by the IASB combined with two major modifications relating to the treatment of Goodwill and recycling of some Other Comprehensive Income (OCI) items, he connected the modifications to the IASB's project on the Conceptual Framework and especially the meaning of Profit or Loss and OCI.

## Number of auditors declined second year in a row

The UK regulator, the FRC, recently revealed figures that indicate a declining auditing profession. There were 6,962 registered audit firms on 31 December 2013, down about 4 per cent from 2012.

It is reported that around 36,000 businesses in the UK provide accounting, bookkeeping, auditing activities and tax consultancy services, meaning that roughly one in five practices is now qualified to audit company accounts.

The decline is attributed to constant increases in audit exemption thresholds in UK company law.

## KPMG appoints 52 new partners

KPMG has announced the appointment of 52 partners, of which 29 have been promoted from within the firm over the last financial year. The appointments bring the total number of partners in the Big Four firm to 613. Female partners make up a third of the promotions, but currently just 15% of their total number of partners is female.

## Lawsuits against big four audit firms

The Guardian reports that Hewlett Packard plans to sue the UK arm of accountancy firm Deloitte over its role in auditing Autonomy, the software company HP acquired, but later accused of inflating financial figures.

HP's allegations of accounting improprieties, misrepresentation and disclosure failures at Autonomy have prompted an investigation by the US Securities and Exchange Commission and the Federal Bureau of Investigation, as well as the UK's Serious Fraud Office. HP announced a \$8.8bn (R97bn) write-down in November 2012, just over one year after buying Autonomy, and linked more than \$5bn (R55bn) to accounting fraud and inflated figures by Autonomy executives. The British company and its executives have denied any wrongdoing.

Reuters reports that a federal judge on Wednesday ordered PricewaterhouseCoopers to face a \$1 billion (R11.2bn) lawsuit claiming that its bad accounting advice was a substantial cause of the October 2011 bankruptcy of MF Global Holdings Ltd, a brokerage run by former New Jersey Governor Jon Corzine. U.S. District Judge Victor Marrero in Manhattan said PwC's [PWC.UL] advice on "repurchase-to-maturity" transactions through which Corzine bought \$6.3 billion (R69bn) of European sovereign debt affected how MF Global implemented its strategy and in turn contributed to its alleged losses. "This line of causation gives rise to a plausible claim that PwC proximately caused harm to MF Global," Marrero wrote.

Accountancy Live reports that PwC has been fined \$25m (R27m) and suspended from consulting work for New York-regulated banks for two years after the New York State Department of Financial Services (DFS) found the firm had watered down an official report to the regulator and failed to provide details of a Japanese bank's US sanctions violations. The DFS has not found PwC guilty of breaking the law, but said that it had 'improperly altered' and 'whitewashed' an oversight report on sanctions and money-laundering compliance for one of its clients, the Bank of Tokyo-Mitsubishi (BTMU).

## IFRS for SME translated

The International Accounting Standards Board (IASB) has issued an update on the translation efforts of the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs). The standard is suitable to SMEs that publish general purpose financial statements and has been translated into the following languages: Albanian, Arabic, Armenian, Bosnian, Bulgarian, Chinese (simplified), Croatian, Czech, Estonian, French, Georgian, German, Hebrew, Italian, Japanese, Kazakh, Khmer, Lithuanian, Macedonian, Mongolian, Polish, Portuguese, Romanian, Russian, Serbian, Spanish, Turkish and Ukrainian. In progress: Azeri and Turkmen.

## Auditors move to consulting services as audit threshold increases

AccountingWeb reports that one in five medium-sized accounting firms reckon that about half of their clients will decide not to have an annual audit after the turnover threshold for having an audit is increased in 2015.

In the UK businesses with gross assets of less than £3.26m, or turnover of less than £6.5m are not required to get an annual audit. When an EU accounting directive is introduced in the UK, probably in late 2014 or early 2015, these thresholds are expected to increase to £5m-plus and £10m respectively.

Once the audit threshold is raised, most accountants surveyed expected that their practice would lose significant revenue.

About half (53 per cent) of respondents believed that their revenues will fall, compared to 37 per cent who felt their revenues would not be affected.

## Grant Thornton continues its merging strategy

The International Accounting Bulletin reports that Grant Thornton International has carried out 22 mergers and acquisitions across Canada, Taiwan, Switzerland and Vietnam in the 10 months leading to 1 August 2014. This latest announcement suggests the international network continues its external growth strategy started in 2012 with the addition of several PFK International member firms around the world, and most notably in Australia and South Africa. According to the International Accounting Bulletin 2014 World Survey, Grant Thornton International ranked as the sixth largest international network with a reported 8 per cent average growth rate, to \$4,519m (around R44 190 000) in the year to 30 September 2013. Making it the best-performing top-10 network in 2013.

## Growth of Deloitte UK slows

Deloitte UK has seen its growth slow to 1.4 per cent, as revenue increased to £2.55bn (around R45bn) for the year ending 31 May 2014, compared to £2.52bn last year, reports the International Accounting Bulletin. The growth figure marks the lowest level in four years and a sharp fall compared to the 8 per cent revenue increase witnessed in 2013 and 11 per cent growth in 2012, which was mainly on the back of strategic investments. Among the firm's service lines, audit fell 1.8 per cent, from £719m (around R12.7bn) in 2013 to £706m (R12.5bn).

The decrease comes after last year's 12 per cent increase in fee income in audit. The decrease in audit is likely down to pending mandatory audit firm rotation and many FTSE350 already retendering their audit contracts. Last week PwC forecasted 56 of the FTSE350 are to put their audit out to tender this year. For Deloitte UK tax revenues remained flat at £562m (R9.9bn), compared to £563m last year. Consulting increased slightly (0.5 per cent) from £619m (around R11bn) last year to £622m, while corporate finance bucked the trend with a 4.7 per cent increase to £424m (around R7.5bn) from £405m (R7.1bn) in 2013. Profit distributable to partners for 2014 fell from £571m (R10.1bn) in 2013 to £554m (R9.8bn) at the end of May, with the average profit earned by partners also decreasing in 2014 to £750,000 (around R13.3bn) from £772,000 (R13.7bn) the previous year.

Overall, employment figures increased from 3,000 to 3,500, with 72 new partners and 1,500 new entry-level positions added.

## South Africa slips in recent competitiveness survey

The World Economic Forum recently issued their competitiveness survey. The reported results are as follows: Switzerland remained the world's most competitive economy. Singapore came in second, holding its ranking from the previous year.

The US moved up to third position. Finland and Germany, which had been ranked third and fourth respectively, both dropped down one level. The highest climber in the top 10 was Japan that moved to sixth place from its previous ninth. Hong Kong and the Netherlands held their berths of seventh and eighth, while Britain gained one place, rising to ninth. Sweden fell from sixth to 10th.

Examining emerging markets reveals that Saudi Arabia fell to 24th from its previous ranking of 20th, while Turkey dropped one notch from 44th, and South Africa dipped to 56th from 53rd.

## Mazars fined £750,000

Mazars was fined for £750,000 (around R13 326 000) as they admitted to conduct that fell short of the standards reasonably to be expected of a professional accountant. The fine was issued in relation to their engagement to provide advice to the Trustee of a Pension Fund in respect of a proposed replacement of the sponsoring employer. The partner involved was fined a sum of £80,000 (around R14 214 400). The fines were issued by the Financial Reporting Council (FRC) in the UK. They commented as follows: "This outcome sends a clear message to all accountants and accountancy firms carrying out advisory work that not only do they have a responsibility to carry out their professional work diligently and in accordance with the applicable technical standards, but that they must consider the different and opposing commercial interests of all those involved".

## New micro GAAP framework announced for the EU

The European Union has recently issued a new directive requiring that accounting standards for micro entities be simplified. In the UK this means that micro entities classified as an entity with a Turnover of less than £632,000 (around R11 293 300), a Balance sheet total of less than £316 00 (around R5 614 688) and number of employees of less than 10.

The UK regulator, the FRC, plans to simplify the accounting framework for micro-entities in the new Financial Reporting Standard for Mid-Sized Entities (FRSME) as follows:

Presentation and disclosure requirements as set out in legislation.

FRS 102-specific recognition and measurement requirements except for:

- Financial instruments which will only be measured at amortised or historical cost.
- No requirement to account for deferred tax (many accountants will rhapsodise this simplification).
- No requirement to account for equity-settled share-based payments prior to the issue of shares.
- Simplified accounting for post-employment benefits. A micro-entity will be able to account for a defined benefit pension plan as a defined contribution plan.
- Withdrawal of the option to capitalise borrowing costs.
- No requirement to apply sections of FRS 102, which will not generally apply to micro-entities (eg Section 19 on "Business Combinations and Goodwill", Section 31 "Hyperinflation" and most of Section 34 "Specialised Activities" – the Agriculture sub-section, however, will be retained).



# National News

## BDO South Africa and CAP Chartered Accountants merge

In September 2014, BDO South Africa announced its merger with CPA Chartered Accountants, effective from 1 September 2014.

"We are delighted with this partnership and the value that it will add to all our clients," says Mark Stewart, CEO of BDO South Africa. "It supports our strategy of strengthening the quality of our audit offering."

"The decision was made in line with our continued commitment to provide our clients with service of the highest quality and to provide our staff with the best possible opportunities," says Lionel Higgo, Partner at CAP Chartered Accountants. "We are excited to be part of an internationally recognisable brand which will afford us access to the support of a global network and specialist services within South Africa."

## Tax Free Savings Account

*A proposed section 12T to be inserted into the Income Tax Act will allow individuals to save up to R30 000 per annum, tax free. It appears that this concession will also apply to minor children.*

In order to encourage savings, in the 2013 Budget speech the Minister of Finance proposed the introduction of tax free savings accounts. The idea was that individuals could invest up to R30 000 per annum into such accounts, with an overall lifetime ceiling of R500 000. Returns generated in the account would be tax free, whether by way of income or capital gains. The individual could withdraw the amount invested at any stage on a tax free basis.

This proposal has eventually found concrete form by way of a proposed section 12T to be inserted into the Income Tax Act. The proposal is contained in the Draft Taxation Laws Amendment Bill of 2014.

According to National Treasury, regulations (presumably in draft form) are expected to be issued by mid-October which will detail which type of investment products will qualify for inclusion.

Indications from National Treasury, at a feedback meeting on the Draft Bill, are that the intention is to engage with issuers of such investments so as to limit exit charges that will apply upon withdrawal.

If an individual invests R30 000 in a given year and withdraws say R10 000, he or she will still be regarded as having invested the full R30 000 for that year i.e. may not re-invest the R10 000 as part of the R30 000 limit for that year. This is part of the intention of National Treasury in enacting the concession – to encourage individuals not to withdraw amounts invested.

The intention appears to be not to include reinvested income within the fund as part of the annual or overall contribution limits.

## Country-by-country Reporting

In October, BDO released that the GB20 Leaders endorsed plans to address the problems posed by the cross-border tax evasion and commit to take steps to change their rules to tackle tax avoidance, harmful practices and aggressive tax planning.

According to the report released, the goals of Action 13 base erosion and profit shifting address Transfer Pricing Documentation and Country by Country Reporting (CbCR), which are to:

- ◆ Ensure that better documentation is prepared to allow for more effective transfer pricing review and tax audits more widely;
- ◆ Acknowledge the need for more information on a business's global organisation to achieve this better understanding.

Country by Country Reporting is one of the main consequences of this work – the Organisation for Economic Co-operation and Development (OECD) is of the view that the 'big picture' of an organisation's global value chain is key for tax administrators.

Country-by-country reporting (CbCR) is intended as a tool for tax authorities to risk assess multinational enterprises' (MNEs) transfer pricing. This will greatly increase transparency for local tax authorities through the reporting of key financial metrics across a group. Its adoption is part of the OECD's desire for a wider 'culture of compliance' that can also be seen in the wider changes to the transfer pricing documentation requirements in the new Chapter V.

"CbCR will greatly increase the transparency of businesses' value chains and the robustness and effectiveness of associated transfer pricing policies," says Roxanna Nyiri, Head of Transfer Pricing at BDO South Africa. "A similar expectation is an increase in risks associated with this greater visibility."

The effect of this new visibility will be:

- Increased transfer pricing risk from the availability of annual headline data across a group to each tax authority
- The need to ensure transfer pricing policies are appropriately tailored for the facts, circumstances and requirements of each territory
- To further raise the profile of transfer pricing and its tax effects among multinational enterprises' (MNEs) stakeholders.

"To safeguard against these increased risks, businesses need to take action now by testing the efficacy of their transfer pricing policies and data gathering processes," says Nyiri. "Businesses will need to ensure their transfer pricing policies are both current and effective, and that relevant financial metrics can be provided with confidence."

The adoption of CbCR reporting by the Organisation for Economic Co-operation and Development (OECD) forms part of a new, three-tier, transfer pricing documentation requirement for MNEs alongside a master file and local file.

The CbCR obligation is set out in Chapter V of the OECD's new Guidelines on transfer pricing that was issued as part of the ongoing review of base erosion and profit shifting (BEPS) in international tax.

# Industry Analysis of the business accountant environment

In 2008 the Finance and Accounting Services Sector Education and Training Authority Seta (FASSET) conducted a survey of the financial and accounting services sector. The composition of FASSET includes the following sectors:

- Investment Entities and Trusts and Company Secretary Services
- Stock Broking and Financial Markets
- Development Organisations
- Accounting, Bookkeeping, Auditing and Tax Services
- Activities Auxiliary to Financial Intermediation
- Business and Management Consulting Services
- SARS and Government Departments

The results of the survey provide interesting facts and figures about the sector that accountants operate in:

**R62 billion**  
TOTAL TURNOVER OF SECTOR



ANNUAL SALARY BILL  
OF SECTOR  
**R 9,7 billion**



TOTAL EMPLOYED  
IN THE SECTOR  
**92 000**



TOTAL NUMBER OF  
ORGANISATIONS  
IN SECTOR  
**7 200**



EXPECTED GROWTH  
IN TOTAL EMPLOYMENT  
P.A.  
**2 - 4% p.a.**

Accounting profession's contribution to total sector:

TURNOVER	R11,7 BILLION	19%	
SALARY BILL	R2,6 BILLION		
ORGANISATIONS	3 168	44%	
EMPLOYMENT	45 080	49%	

Size of organisations in the sector:

SMALL:	LESS THAN 5 EMPLOYEES	63%	
MEDIUM:	6 - 20 EMPLOYEES	30%	
LARGE:	MORE THAN 50 EMPLOYEES	7%	

LARGE ORGANISATIONS EMPLOY 56% OF THE WORKFORCE

ORGANISATIONS WITH TURNOVER OF BETWEEN

**R200 000 - R2 000 000** = **44%**



Qualifications issued between 1991 - 2000

- 50 000 STUDENTS OBTAINED A **B DEGREE**
- 34 000 STUDENTS OBTAINED A **HIGHER B DEGREE**
- 41 000 STUDENTS OBTAINED A **NATIONAL DIPLOMA**
- 7 000 STUDENTS OBTAINED A **HIGHER DIPLOMA**

- [3% P.A. INCREASE]
- [7% P.A. INCREASE]
- [9% P.A. INCREASE]
- [21% P.A. INCREASE]

Skills gap in current workforce

- Specialist financial skills
- Computer literacy

Student output from Universities over 10 years

(Selected areas)

	Degree (deg.)/diploma (dip.)		Higher deg./dip.	
Accounting	19 380 + 10 189	=	29 569	21 385 + 1 309 = 22 694
Banking and fin.	1 388 + 411	=	1 799	458 + 85 = 543
Business Econ.	11 345 + 2 548	=	13 893	5 833 + 855 = 6 688
Other Bus. Comm.	6 289 + 26 086	=	32 375	3 093 + 241 = 3 334
	<b>77 636</b>		<b>33 259</b>	

TOTAL OUTPUT **110 895**  
TOTAL PER YEAR **11 089**

Total output per year eligible for selected professional body membership

**SAICA 2 269 • SAIPA 5 225 • SAIBA 11 089**

# 10 Things an accounting officer should do



SAIBA members that have obtained the designation Business Accountant in Practice are recognised as accounting officers. But what qualifies you to hold this title? An accounting officer is someone who meets the qualification requirements as detailed in section 60 of the Close Corporations Act, 1984 and as a result, may issue accounting and other reports on financial statements and information of close corporations and other entities.

Broadly speaking, to qualify as an accounting officer, a person should be a member of a recognised professional body which requires relevant subjects in accounting, enforces a code of conduct, and requires its members to maintain CPD hours.

SAIBA issued a comprehensive guide to its members that perform accounting officer work. This guide is available at [www.saiba.org.za](http://www.saiba.org.za).

Below we have highlighted the 10 most important things SAIBA members should do when accepting an accounting officer engagement:

## 1

Accounting officers are not bookkeepers or accountants. It is important to stress this. Bookkeepers do the books, accountants prepare financial statements, and accounting officers issue accounting officer reports.

## 2

Accounting officers must report to their clients in terms of a statutory requirement. This requirement is absolute. It is therefore a mistake to report anything beyond what the statute requires. Thus, do not report on internal controls. Do not verify assets. This is not a requirement of the Close Corporation Act. Instead state whether the financial statements agree with the accounting records, conclude whether the accounting policies are appropriate and report a contravention of the Act should you become aware of this. These are your requirements.

## 3

Always interview the client beforehand. The interview is one of the four pillars on which you will base your final report. (Continue reading to learn about the rest.) This interview will reveal the type of client you are working for and will tell you whether the client has a formal bookkeeping system in place, whether it is reliable, whether they have an going concern, whether you need to refer to source documents or need only to rely on the prepared trial balance and ledgers.

## 4

It is important for you and the client to agree on which procedures to perform before issuing an accounting officer report. You must also agree on the extent of these procedures. Due to limitation, these procedures will not allow you to issue an audit or review opinion. They are also not prescribed in any statute or standard. Accounting officers usually agree to do the following:

- Read the financial statements and trial balance to identify obvious mistakes.
- Compare the trial balance, ledgers, and financial statement.



## 5

An accounting officer does not have to be independent of the client. They can be the client's bookkeeper, accountant and be a member in the client's firm.

## 6

Not all statutes that require the appointment of an accounting officer require you to do the same thing that you would do for a close corporation. For example the Non-Profit Organisation Act requires you to assess compliance to the said Act. This is a unique process that requires knowledge of International Standard on Assurance Engagements (ISAE) 3000 and/or International Standard on Related Services (ISRS) 4400.

## 7

Keep records of the evidence that you gather while performing the agreed upon procedures. The evidence is used to form your conclusion on which you base your report. Without evidence you will not be able to defend your conclusion. Evidence is gathered in working papers – papers that document the procedures that you performed, the evidence gathered and the conclusion you reached. Documentation is the second pillar of a successful accounting officer engagement.

## 8

Obtain a representation letter from your client. This letter confirms that the client has disclosed all necessary information to you. It states that he / she is responsible for the bookkeeping system, the selection of the accounting policies and the preparation of financial statements. The client also confirms and verifies all the assets and liabilities and taxes paid as represented in the financial statements. Obtaining a representation letter is the third pillar of a successful accounting officer engagement.

## 9

Review your work and decide on the type of report that you will issue. Accounting officers cannot qualify their reports, as they do not give opinions. Their reports are based on factual findings. This process is also agreed upon with the client. The accounting officer does not do any substantive testing, risk assessments or materiality calculations. Either the financial statements agree with the records, the accounting policies are appropriate, or they are not. If there is no agreement or the policy is not appropriate, a contravention of the Act is usually implied. List the relevant section of the Act that was contravened in your report. Issuing a correct report is the fourth pillar of a successful accounting officer engagement.

## 10

Ensure that your engagement letter, your working papers, the representation letter and the final report are in agreement. You have to show that you have followed the procedures as agreed upon in the engagement letter.

# 8 Reports business accountants in practice should avoid (for now)



The following acts, regulations and policies require the appointment of an auditor or members of a particular professional body. It is important to know at the moment at SAIBA, members may not issue these reports.

The list is not complete and will be updated in due course. SAIBA continuously engage with relevant regulators and departments to obtain additional recognition for its members to allow for these and other reports to be completed by the Business Accountants in Practice (SA).

## 1 Auditor of companies and other entities

In terms of the Auditing Professions Act 2005 only persons registered with the Independent Regulatory Board for Auditors (IRBA) may issue audit reports. If a statute or regulation specifies that an entity should be audited, only registered auditors may perform this function. This applies irrespective if the entity is a sole proprietor, partnership, close corporation, company, school, co-operative and any other type of entity.

## 2 Independent reviewer: non-owner managed company with Public Interest Score (PIS) of between 100-349

Section 30(2)(ii)(bb) of the Companies Act 2008, read together with section 30(2A) and regulation 29, determine that non-owner managed companies must be independently reviewed unless their PIS is more than 349 points in which case they must be audited. Non-owner managed companies are companies that have trusts as shareholders, companies as shareholders or appoint directors to the company other than their shareholders.

A registered auditor or chartered accountant may perform the independent review for a non-owner managed company of which the PIS for the particular financial year were 100 or more.

A person qualified as accounting officer may perform the independent review for a non-owner managed company of which the PIS for the particular financial year were less than 100. SAIBA members with designation BAP(SA) may perform this review.

3

## Executor of deceased estates

The Administration of Estates Act 66 of 1965 governs the administration of estates. An executor "appointed in terms of a will" may personally liquidate a deceased estate. An agent may be appointed to liquidate the estate on the executor's behalf. In terms of regulations issued under the Act, "Regulations prohibiting the liquidation or distribution of the estates of deceased persons by any person other than an attorney, notary, conveyancer or law agent", published under Government Notice R910 in Regulation Gazette 967 of 22 May 1968, only lawyers, auditors and certain other institutions may be appointed as executors. The Master of the High Court approves the appointment of an agent.

4

## Attorneys' trust accounts

Attorneys are governed by the Attorneys Act 53 of 1979. Attorneys are members of provincial law societies and are governed by the Rules of the Law Societies in each of the designated provinces. Each attorney is required to keep a trust account that must be audited by an accountant, as defined in the Rules of each Law Society. An accountant is defined in the rules as being a person registered with the Independent Regulatory Board for Auditors as established in terms of the Auditing Profession Act 26 of 2005.

5

## Estate agents' trust accounts

Estate agents are governed by the Estate Agents Act 112 of 1976. This Act requires every estate agent to appoint an auditor registered with IRBA.

6

## Enterprise Investment Programme (EIP): Manufacturing Investment and Tourism Support

The EIP was launched in July 2008, to provide sector-specific financing in order to encourage growth in key areas. The Department of Trade and Industry (dti) administers the scheme that provides grant to qualifying entities to assist them with start-up capital.

It is the responsibility of the applicant to provide complete and accurate information to the dti to enable speedy and correct processing of the grant. To claim for the grant, an applicant must submit a range of documents to the dti. This includes:

- An originally completed claim form signed by the entity and an independent external auditor or accredited person
- A factual findings report issued by an independent external auditor or accredited person

An independent external auditor means a registered auditor with the Independent Regulatory Board of Auditors (IRBA) or where the company is exempt from the audit requirement, members of the following professional bodies are recognised as accredited persons:

- South African Institute of Professional Accountants (SAIPA)
- South African Institute of Chartered Accountants (SAICA)
- Association of Certified Chartered Accountants. (ACCA)

7

## B-BBEE verification agents for measured entities

Valid B-BBEE status level certificates are issued only by the following: Verification Agencies accredited by the South African National Accreditation System (SANAS); or Registered Auditors approved by IRBA in accordance with the approval granted by the dti.

Members of professional bodies such as SAICA, ACCA, SAIPA and SAIBA are not recognised as accredited B-BBEE verification agents. Members of these professional bodies must obtain SANAS accreditation before they can perform B-BBEE verification of measured entities.

However, persons recognised as accounting officers in terms of the Close Corporations Act 1984 are allowed to issue B-BBEE certificates for Exempt Micro Enterprises (EMEs). Certificates for EMEs must be issued in a prescribed format and adequate working papers must be kept to provide evidence that the accounting officer has applied his mind before issuing the certificate.

8

## Acting as a tax practitioner for a fee

Section 240 of the Tax Administration Act, 28 of 2011 requires that every natural person that provides advice to another person with respect to the application of a tax act or completes or assists in completing a return (not document) to be submitted to SARS by another person in terms of a tax Act must register or fall under the jurisdiction of a recognised controlling body and register with SARS as a tax practitioner.

Such a person does not have to register if the service is provided at no consideration, or in lieu of litigation, or is incidental or is a subordinate part of other goods or services, or provided as part of employment.

SAIBA is not a controlling body in terms of the Tax Administration Act and hence membership to SAIBA does not authorise a person to act as a tax practitioner.

SAIBA signed an agreement with the South African Institute of Tax Practitioners (SAIT), which allows SAIBA members with the designation BA (SA) or BAP (SA) to register with SAIT and obtain membership of SAIT. SAIBA designation holders may join SAIT at a 50% discount on membership fees. ■

# SAIBA: what we've been up to



SAIBA AGM, HELD  
AT THE FORUM,  
JOHANNESBURG



## Rome was not built in a day

Our new vision is to build a SAIBA community of like-minded professionals with a common purpose that will empower members to obtain recognition and achieve their professional goals.

SAIBA is experiencing tremendous membership growth and will increasingly rely on the commitment and expertise of volunteers and their supporting organisations to the various boards, committees and other professional groups to achieve its strategies and deliver its services. We are very pleased to say that we have 2300 members and are growing on an average of between 30-50 members per month. We are focusing on using marketing and branding collateral for SAIBA to create brand awareness.

Part of the strategic plan, which includes short to long term goals for SAIBA, was to sponsor the Practice Management Conference in October 2014. This conference was a huge success and the delegates most certainly saw the value added to their practice.

The launch of SAIBA's volunteer Regional Forums kicked off in September this year in the East Rand with Grant Richardson as Chairperson. SAIBA was also a strategic partner of the SME colloquium at the IDC offices in October.

We see many big things ahead for SAIBA, in good time.



## Meet the SAIBA team

The SAIBA team consists of the following departments and employees:

Nicolaas van Wyk as CEO since 2013. Yvonne Nell is head of membership and deals with all the membership and CPD enquiries. Chantelle Booyens is financial and operational manager, and Martha assists her as the debtors clerk.

In the Marketing department we have Cara-Ann as marketing manager, Este as marketing consultant and Nomvula in sales. Gerhard is our IT specialist and developer, he created the website and helps to maintain our IT operational systems. We are also glad to have Tracey, our receptionist, as part of the team, she also assists Yvonne in the membership department. Ina is our general office assistant.

## AGM & cocktail function

This years AGM was held on the 8<sup>th</sup> of October 2014 at the Forum following the Practice management Conference.

For more information on the AGM, go to [www.saiba.org.za](http://www.saiba.org.za) and view the chairperson's and CEO reports for 2013.

The AGM was followed by a cocktail function, which saw the official launch our brand and our new logo, which was a very exciting event celebrated with a cocktail function. Nearly 200 members joined us in celebration of the SAIBA brand.

## SAIBA's Board Members *are as follow:*

Prof Dovhani Thakhathi (*Executive Dean of the Faculty of Management and Commerce; University of Fort Hare*)  
Stiaan Klue (*CEO of SAIT*)  
Stephen Corrigan (*MD of Palladium*)  
Nicolaas van Wyk (*CEO of SAIBA*)  
Martin Lemmer (*Owner of Martin Lemmer and Associates*)

During the AGM, financial statements 2011-2013 were approved by attendees. Members can gain access to the Chairperson Report and Financial Statements on the SAIBA website.

Siswe Ntsaluba Gobodo was voted as our new auditors firm.

## SAIBA empowering women

In the month of August, SAIBA along with Polokwane Municipality, National Treasury and others, supported and celebrated the women of Limpopo.

*Developing leadership skills for excellence and innovation* was this years theme for the Limpopo Women Leadership Seminar, hosted at the Jack Botes Hall in Polokwane. With speakers like Professor D.R Thakhathi (SAIBA Chairperson), Dr Makonde Makatu and Conny Mametja (Polokwane's Municipality Manager), the seminar shared thoughts about leadership and delivering quality services.

Women from different backgrounds, including: students, teachers, business leaders, government officials and rural areas they represented attended the seminar. All of them are key role players in their community. ■

# welcome to our members!

From a friendly smile to a helpful answer, making our members feel welcome is part of SAIBA's DNA.

What lies at the core of SAIBA is a desire to help connect, develop and recognise the accounting and finance practice in South Africa. As part of an initiative to make this mission statement a reality, we launched our very successful Welcome Campaign!

We already welcome our members with a range of benefits that all serve to connect them to the SAIBA community and to develop their career paths, welcoming a community of more than 2000 members. What this campaign did, was to give some of these valued members the opportunity to showcase their personal brand in their own weekly member profile newsletter and also add exposure on our website and social media platforms.

Whether you are in manufacturing, distribution, marketing, sales, running your own accounting practice or employed as a bookkeeper, debtors clerk, creditors clerk, or MD, our members had the opportunity to take themselves to the next level through the SAIBA Welcome Campaign.

The member profile newsletters was a valuable and exclusive marketing opportunity for selected members to grow their personal brand and to get connected with a whole new network of opportunities.

"We were overwhelmed with the feedback from Members and the public, as everyone buzzed around these profiles. The best part of this campaign is that we really got to know some of our members," said Cara-Ann Carstens, SAIBA, marketing manager.

**LET US KNOW WHAT YOU THOUGHT OF OUR CAMPAIGN!**

**saiba**

SOUTHERN AFRICAN INSTITUTE  
FOR BUSINESS ACCOUNTANTS



*"Disciplined, Committed and Humble."  
-Thobile Vilakati*



## Lucky number 13

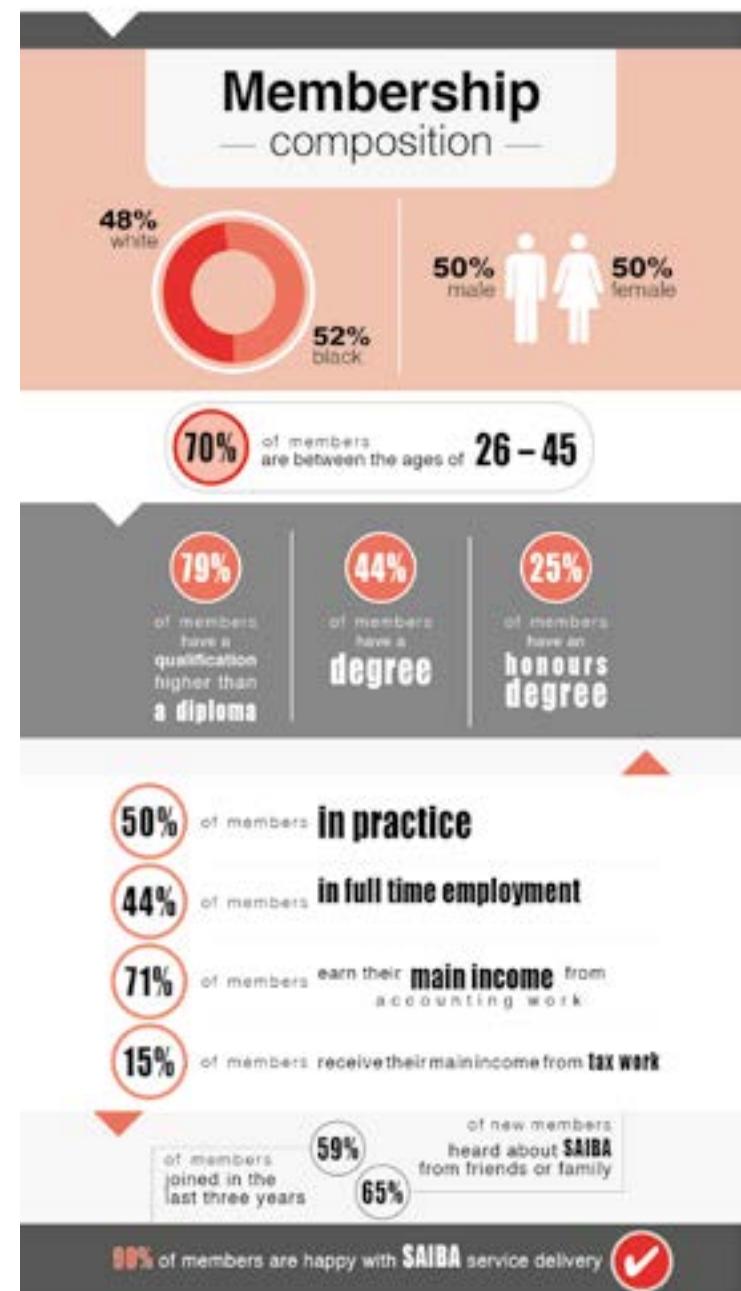
The number of statutes licensing SAIBA Business Accountants in Practice (SA).

SAIBA members that have obtained the designation Business Accountant in Practice (SA) are recognised as statutory report providers in terms of the following statutes and their related regulations:

- ① Close Corporations Act 69 of 1984
- ② Sectional Titles Act, Act 95 of 1986
- ③ Trust Property Control Act, 57 of 1988 and related Trust Deeds
- ④ SA Schools Act 84 of 1996
- ⑤ Short Term Insurance Act 1998
- ⑥ Non-profit Organisations Act 71 of 1997
- ⑦ National Credit Act 34 of 2005
- ⑧ Co-operatives Act 14 of 2005
- ⑨ Fund-Raising Act 107 of 1978
- ⑩ Lotteries Act No. 57 of 1997
- ⑪ B-BBEE Code of Good Practice Gazette No. 29617
- ⑫ Broadcasting Act, Act No. 4 of 1999
- ⑬ Construction Industry Development Board Act, 38 of 2000

## 12 Key Facts about SAIBA

Saiba made into numbers – this is what it looks like.





business

# Practitioner's Diary: the work of our predecessors

The most successful people learn from those around them. Read about the lessons learnt by one of our own accountants and share your experiences on this topic here.

## November 2014

I recently took over a case where the previous "accountant" ended up doing more harm than good. In our business of public practice, I'd say that at least one out of three new clients come to us because they have either neglected their financial records completely, or their previous accountant did something wrong, or did nothing at all.

One of my more recent cases, however, was quite special in the sheer extremity of its inaccuracy. In the ordinary course of business, most of us would evaluate the work done by our predecessors with a fair amount of confidence that on the whole, the work was done with some degree of professional care and competency.

It became quite clear to me at a very early stage of this engagement, that not only was the work performed inaccurate and incomplete, but there was substantial evidence to justify our opinion that this previous employee was not an accountant by any stretch of the imagination.

The financial records were littered with fundamental accounting errors – things like posting the monthly payments of an instalment sale agreement as a motor vehicle expense and claiming the VAT thereon, neglecting to raise the secured loan on the balance sheet and separating the interest and capital portions. These are rookie mistakes – mistakes that an accountant offering services to the public should not be making. But that is only half the story. For almost two years, the VAT returns were submitted in the wrong period. Eventually, our shadowy predecessor decided that this should be rectified, and proceeded to submit zero returns in the correct period because, in their opinion, a payment had already been made and there was no need for the correct figures to be submitted.

The damage was extended into both the income tax returns of the entity and its member. The member earned a salary, paid over PAYE every month and was even presented with a payslip and IRP5 by this very same "accountant". Yet, according to the tax return submitted, the member did not earn anything for two years. It was astonishing.

Financial statements were never prepared or signed off and what was sent to SARS as a set of compulsory financial statements on a final demand notice was rejected and quite simply, shocking. The financial statements sent through consisted of a total of three pages straight from Pastel, a balance sheet, an income statement and the trial balance.

Serious breaches of client confidentiality were found while browsing through this client's files. We found countless documentation pertaining to the previous accountant's other clients. This consisted of other people's bank statements, tax returns and assessments, copies of ID documents, personal documentation and bills – even if you are pro-recycling, one simply cannot use other people's confidential statements as scrap or file dividers!

The list of wrongs far outweighed the list of rights. Ultimately, we were faced with the dilemma of 'do we try to correct these errors, or do we just scrap all the work and start again'. Initially, correction was our first option, but the audit trail was so poor that we have decided to reprocess everything and



“

Protect yourself in the best way possible:

**do it right  
and do it well.”**

MEET DARRYL NUNES,  
HE WILL BE A REGULAR  
FEATURE IN OUR  
PRACTITIONER'S DIARY

save ourselves the headaches. In this case, it would be far better to use our own documentation when the audit queries start rolling in, rather than this fictitious drabble we were given. This rogue accountant has been reported and legal action instigated, but they have no accreditation with any accounting or tax body and thus we are relying solely on SARS for an investigation.

In our brief dealings with the accountant, they paraded about with an air of egotistical arrogance, as if everything they've done was correct and up-to-date and as if the client was overreacting and behaving irrationally. I think that is what irked us above all else.

To conclude, the work of our predecessors will often have to be relied on or referenced. We, one day, might be a predecessor ourselves. It is therefore imperative that our own work be up to a high standard. Things that look strange should always be documented and methods always disclosed. Protect yourself in the best way possible: Do it right and do it well. ■

# It's All About the Game: a look at what it takes to be the CFO of SAFA

We sat down with the CFO of SAFA, Gronie Hluyo, to get some inside information on his journey to success. Read on to be inspired – and get some tips along the way.

Dante Ludolf | Writer

## *It's a simple concept. One ball. One field.*

Two teams trying their utmost  
to emerge victorious.

But as with most things in life, what goes on behind the scenes is often what makes the simple things possible.

Soccer has long been a favourite of many South Africans, and the love of the game both inspires and creates a connection between many. It's a culture as well as a sport, and it takes a lot of work and a lot of dedicated, passionate people to keep interest levels high and to ensure the quality and integrity remains intact.

The South African Football Association (SAFA) is rooted in progressive politics, having been formed in 1991 when our country was at the doorstep of transformation. The association was formed with the driving purpose of inspiring change in the South African sports industry. From the beginning their manifesto was clearly geared towards changing the unfair racial segregation that had managed to seep into every fibre of the collective South African consciousness.

SAFA is an influential organisation and it is that very influence that allows them to extend their reach and to provide help where it is needed. As is so rarely the case, SAFA's voice and authority is used for the good and the South African sports industry and general public is fortunate to have such invested, dedicated individuals doing their best to ensure that our sports teams remain at the top of the game.

SAFA primarily allows for a consistent, interactive discourse between South African football and the issues that arise in our country's politics; engaging in productive diplomacy in the world of sports and creating opportunities where they did not exist before. SAFA acts in a way that is similar to a multi-disciplinary organization, taking considerable care to cut no corners in its ultimate goal of uplifting and substantiating South African football.

Maintaining a proactive operation becomes increasingly difficult as a business expands and the demands grow, and this is also a challenge facing SAFA. Exemplary individuals are essential at the helm of an organisation such as this, specifically individuals who can safely commandeer the ship through troubled waters. A balanced combination of sound financial expertise and goal-orientated management is not easy to achieve, and it stands as both a requirement and a hard bargain.

Enter Gronie Hluyo. With a career journey characterised by hard work and calculated financial strategy, Hluyo seems a perfect fit for an established organisation like SAFA. Having come from Zimbabwe to further his dream of becoming a notable accountant, Hluyo is best described as diligent and dedicated. He has always maintained a prominent affinity for numbers and this is evident in his success. His inquisitive nature has kept him interested in current affairs and his positive attitude spurs him on to stay on top of his

game, and seeing as his high-profile position inevitably incurs high stakes, his patient demeanour lends to his professional efficacy.

Having grown up in various small towns around Zimbabwe, Gronie's early life was wholesomely humble. His parents worked around the clock to ensure that he and his siblings had a stepping-stone in life, lending a helping hand in their respective educations and offering sage wisdom when needed.

His parents' hard work and dedication has most certainly paid off as two of his sisters are Chartered Accountants (SA), one of his sisters holds a Bachelor of Commerce (Accounting) degree, while his younger brother is finishing his Masters Degree in Mechanical Engineering at the University of Johannesburg.

Having received a fortunate opportunity from NCR Limited to further his tertiary education, Gronie was able to 'move the goalposts' and achieve success in his chosen field.

Gronie holds exceptional qualifications and serves as a shining example of the power and opportunities that education creates. His appreciation of his education is inspirational, and having fully realised the impact and change that often arises from the benefits educational grants, Gronie is still furthering his impressive list of academic qualifications.

However, he's definitely not leading with his chin, and has his equally successful wife, Duduzile, to thank for helping to keep his head firmly on his shoulders and for being with him every step of the way. Life is a two-man game and Gronie and Dudu carry the ball together, their personal lives being invaluable assets to their professional success. Their brood consists of five children, who are all lucky to have such exemplary role models as their parents.

We asked Gronie if he has any secret ritual or daily activity that aids him in staying on top of his game. His reply was swift and matter-of-fact. His daily routine is simplistic and successful in helping him maintain his diligent work ethic:

"My day starts at 04h00 with my clock alarm going off. I meditate in bed, say a prayer and plan my day before 'jumping' out of bed at about 04h15."

Gronie seems to have perfected doing what he loves, and doing it well. Being a prolific member of SAIBA (which he thanks for raising his profile as a business accountant), we thought it apt to ask Gronie Hluyo to take a few minutes out of his incredibly busy schedule to talk to us about what it takes to be a team player and about how he gets the most out of the game.



**GRONIE HLUYO,  
CFO OF SAFA  
ALWAYS HAS  
HIS EYE ON THE  
BALL**

## Did you do any internships while studying?

I did my internship at NCR Limited when I was studying towards my degree. This internship was the most important part of my career development. I had a well-structured programme, which exposed me, in an intense and structured way, to the different areas of accounting. This experience was cemented by the theory that I was acquiring through my degree studies. When I completed the internship and my degree, I was bubbling with confidence and ready to conquer the accounting world!

## Have you ever had a mentor?

Yes, I was fortunate to be mentored by Mr. Selwyn Grimsley. Around 2004, during my early years with the SAFA, I met Mr. Selwyn Grimsley and we discussed the concept of a mentor and he agreed to be my mentor.

## What did you most value about having a mentor and why?

Mr. Selwyn Grimsley was someone that I looked up to, especially because he is a Chartered Accountant (SA). He held positions as Financial Director for a number of companies and also as a Chief Executive Officer. He also worked overseas and acquired international experience. He was therefore, my professional role model.

It is vitally important for one to identify a suitable mentor. A mentor is someone who gives you advice and someone you can discuss your career progression plans with. A mentor has walked that path before and will be able to guide you, based on their experiences. When you face professional challenges that seem insurmountable, your mentor will be there to help you see the flickering light at the other end of the tunnel.

## What was one of the most important lessons learned during this journey?

The most important lessons that I have learnt include that accounting is a very dynamic profession. Therefore, one needs to be constantly updating oneself. It is very easy to become rusty in this field ("the boiling frog principle"). Continuous Professional Development (CPD) is therefore paramount. This is achieved through further studies, relevant seminars and workshops, subscribing to relevant newspapers, magazines, and journals, as well as doing your own online research. It is also very important to belong to professional bodies like SAIBA which emphasise CPD.

## What does your job entail?

- ◆ Financial planning – this includes preparation of SAFA's annual budgets to be approved by the National Executive Committee ("board") and also preparation of long-term budgets which support SAFA's long term strategy. Our current long-term strategy is termed *Vision 2022* and I must ensure that we have a financial strategy that supports *Vision 2022*. I manage SAFA's costs, in line with the approved budget, on a daily basis.
- ◆ Financial Reporting – our accounting team produces monthly management accounts and I must ensure that these are relevant and accurate. More importantly I must advise the Finance Committee and the Board of areas where we are doing well and on the areas where we need to improve. I also advise the Heads of our different departments on the financial performance of their departments. Furthermore, I advise these Heads of Departments on how they can improve the financial performance of their respective departments.
- ◆ I craft and update the financial and procurement policies for SAFA.

These policies must be approved by the Board before they are implemented.

- ◆ I prepare reports and present them to the following Board Committees:
  - Finance and Procurement Committee
  - Audit and Risk Committee
  - Remuneration Committee
- ◆ I am also the Secretary of SAFA's Pension Fund Committee. My responsibility is to guide this Committee on the pension fund matters that affect our staff members.
- ◆ I also act as a signatory on the SAFA bank accounts, which means that I must review and approve every single payment that is processed by the organisation.-
- ◆ I ensure that SAFA complies with all the statutory requirements that are applicable to it. These include:
  - Value Added Tax (VAT) returns and payments
  - Pay-As-You-Earn (PAYE) returns and payments
  - Income Tax returns
  - Compensation for Occupational for Injuries Act returns and payments.
- ◆ I am part of most project teams and I provide financial support to these projects. I perform financial modelling to determine the financial viability of these projects.
- ◆ I provide financial support to the Chief Executive Officer.
- ◆ I also interact a lot with all the departments of SAFA to provide financial advice and guidance.

## What is the toughest part of your job?

The toughest part of my job is allocating the limited financial resources of SAFA to its unlimited needs. There is huge need to develop football throughout the country, especially in the under-developed areas. These needs include developing qualified coaches who can train our players, especially the youth. The ratio of players to coaches in South Africa is extremely high when compared to soccer powerhouses like Spain, Germany and others. The other critical needs are developing referees, building proper soccer facilities, especially in the under privileged areas of the country and providing suitable transport so that soccer players do not travel in the back of the "bakkies" or catch taxis or, worse, walk to play matches. Unfortunately, SAFA has limited funding from sponsors and broadcasters and we are not able to meet all these needs.

## What is your favourite part of your job?

My favourite part of my job is providing financial advice to the different departments within SAFA and making a difference. I enjoy giving "game-changing" advice.

**“... always keep yourself abreast of the developments in the accounting profession,**

you must have an excellent overall understanding of the business and you must be prepared to work hard.”



## What is your vision for SAFA in the next few years?

My vision for SAFA for the next few years is to support the objectives of *Vision 2022* as espoused by our Board. I would also like to see SAFA broadening its revenue streams and thereby changing its revenue matrix. The traditional revenue sources are becoming "dry" due to the tough operating economic environment, therefore, it is imperative that we explore a diverse range of other revenue sources which must result in a revenue mix that is not over-reliant on a few sources and that is also sustainable in the long term. I support the vision that is contained in our Technical Master Plan, which is that all our national teams must be in the top three football rankings on our continent and in the top 20 on the world football rankings.

## What is the biggest accomplishment you have reached since being at SAFA?

My biggest achievement since being at SAFA is the automation of most accounting processes which includes the operational design of the Financial Management System (FMS) workflow.

## What is the biggest challenge you have faced?

My biggest challenge has been, in some instances, curtailing critical programmes or activities due to lack of funding.

## Now, for something light – have you met any of the famous soccer players?

In my course of work, I meet famous players most of the time. These include international stars when they come to South Africa to play our national teams. By the way, I pay all our South African national team players, so in some cases they do call me; they have my cell phone numbers (lol)!

## Who is your favourite soccer player – national or international?

Andile Jali is my favourite national team player and Neymar is my favourite international player.

## Have you ever been a soccer player yourself?

I played for the school's "B" team and also played a bit of social soccer here and there. So, clearly I was not a bundle of talent, but I have always loved soccer dearly. Working for a national football association while being a soccer lover myself is indeed a blessing.

## What position did you play?

I was a midfield and they used to call me "Stix" because I was so thin those days.

## How many hours do you put in on an average week?

I put in an average of about 50 hours a week. Due to the advancements in technology, we are working everywhere including at home!

## Any advice for aspiring CFO's?

My advice to an aspiring CFO is that you must always keep yourself abreast of the developments in the accounting profession, you must have an excellent overall understanding of the business and you must be prepared to work hard. It is therefore imperative that you become a member of a professional body, like the SAIBA where you will benefit immensely from the CPD programme and networking with other professionals.

Gronie Hluyo is a prime example of a person who is whole heartedly dedicated to the recognition and development of talent while still finding the time to climb the ladder and establish himself as an exemplary addition to the world of finance. He is most certainly someone you would want in your corner.

Mr. Gronie Hluyo is a team player that has his sights firmly set on the goal. We here at SAIBA are honoured to include him in our ranks – a man that believes in community and the power of education. We'll leave you with his favourite quote, the words of none other than the late, great Nelson Mandela:

*"Education is a great engine of personal development. It is through education that a daughter of a peasant can become a doctor, that the son of a mineworker can become a head of the mine, that a child of a farm worker can become the president of a great nation. It is what we make out of what we have, not what we are given, that separates one person from another."*

- Nelson Mandela.

# **Accounting Regulation:**

## what was and what's to come – in perspective

We are taking an in-depth look at the regulation of accounting, from past to future. Read as SAIBA CEO explains the challenges and victories as our country embarks on a renewed regulation of the profession.

## **Regulating accountants – what lies ahead**

Unification of the accounting profession has long been an elusive ideal. South Africa currently accommodates 10 professional accountancy bodies with varying entry, conduct and disciplinary requirements.

This situation delivers variety of choice and approach, but also presents some challenges. A largely unsophisticated business community struggles to understand the basic difference between bookkeeper and auditor. Duplication of effort is rife and no unified voice can speak with and for the local and international community.

In addition accounting and auditing requirements are not consistently applied across various statutes leaving the public and accountants uncertain as to what can be expected and what should be delivered. This has resulted in creditors and other users developing their own set of criteria to evaluate financial information presented by accountants. Furthermore, the market is characterised by a dominant professional body that is able to influence the financial reporting supply change in its favour.

The question should be raised as to whether a developing country can afford this approach in one of the core contributors to economic growth – namely the accounting profession.

## The birth of the accountancy profession in South Africa

South Africa's first professional accountancy body was formed in 1894. This body was known as The Institute of Accountants and Auditors. Subsequently, four more Institutes were formed in the then Natal, Cape Province and Orange Free State – following the adoption of the Companies Act of 1926 the four Institutes attempted to unify under a single body.

These efforts resulted in the adoption of the Public Accountants and Auditors Act of 1951. The Act allowed for a register of public accountants and auditors, the use of the designation Registered Accountants and Auditors, the establishment of the Public Accountants and Auditor's Board (PAAB), registration of trainees and the setting of exams.

Passing the exam would result in membership to one of the provincial accounting bodies. However, in January 1980 the four provincial societies unified and formed the South African Institute of Chartered Accountants (SAICA). Consequently only members of SAICA were allowed to obtain recognition as auditors in South Africa.

With the advent of the Close Corporations Act in 1984 a number of additional South African professional accountancy bodies were established or received statutory recognition:

- 1981:** Institute of Accounting and Commerce (IAC)  
**1984:** South African Institute for Professional Accountants (SAIPA)  
**1987:** Southern African Institute for Business Accountants (SAIBA)  
**1988:** Southern African Institute of Government Auditors (SAIGA)

Subsequently, a number of international professional bodies also entered the accounting market, including the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA) and the Institute of Chartered Secretaries and Administration (ICSA).

The accounting profession was characterised by accountants performing a range of services to clients. These included accounting, auditing, accounting officer engagements, audits, and tax services.

## **Towards Unification – the early years**

In 1995 the Public Accountants and Auditors Board (PAAB) convened an Interim Representative Council of Accountants (IRCA) to draft a proposed Accountancy Profession Bill<sup>1</sup>. The Bill made a number of proposals to unify the profession.

This included the establishment of a Representative Council for Accountants (RCA) and a Regulatory Board for Auditors (RBA). The RCA and the RBA were to have distinctive roles. The RCA were to regulate access and mobility in respect of accountants and the RBA would regulate auditors.

In 1998 South Africa was set to adopt the new approach to regulate the accounting profession when a final draft Bill was prepared under the auspices of the then Deputy Minister of Finance, Ms Gill Marcus.

However, a number of corporate collapses focussed attention on shortcomings in the regulation of auditors. These collapses included Enron in the United States and a number of South African companies including Macmed, Leisurenet, Regal Treasury, and Uniper<sup>2</sup>.

As a result the Minister of Finance in 2002 appointed a Ministerial Panel<sup>3</sup> for the Review of the Draft Accountancy Profession Bill. The remit of the Panel was to address the shortcomings in audit regulation highlighted by the Nel Commission<sup>4</sup> as being ineffective auditing, independence of auditors, and conflicts of interest arising from inadequate separation between auditing and consultancy.

The review resulted in the adoption of the Auditing Profession Act in 2005. This Act only regulates auditors and neglected to address access and mobility within the broader accountancy profession.

Subsequently the accounting profession has continued to operate without uniform standards.

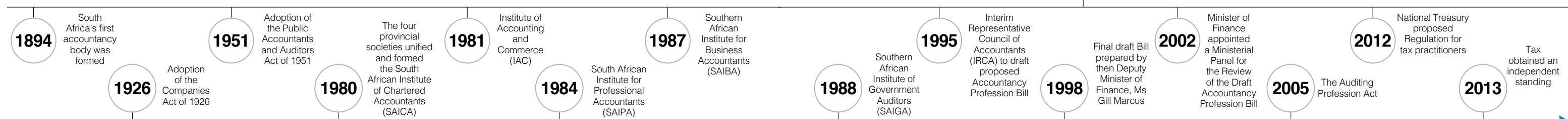
In 2012 the National Treasury introduced proposals to regulate tax practitioners. Prior to this proposed regulation of tax practitioners, tax was seen as a sub element of accounting and an integral part of the accounting profession. With the adoption of the Tax Administration Act of 2013 tax obtained an independent standing and were to be practiced by tax practitioners and not attorneys or accountants.

## Towards Unification – Current Developments

The World Bank<sup>5</sup> recently issued a second report assessing the quality of South Africa's accounting and auditing practices. The assessment compared local and international standards and practices.

The elements assessed included:

- The statutory framework in which the profession operates
  - The education and training of accountants



- The professional bodies operating within the sector
- Ethics
- The prevalence of accounting and auditing standards
- The monitoring, enforcement and oversight of the profession

Based on this assessment the World Bank recommended that South Africa adopt the following policies:

- Enact accountancy profession legislation that includes both the Professional Accountancy Organisations (PAO) and the current audit regulator, the (Independent Regulatory Board for Auditors) IRBA
- Establish a regulatory body that would
  - › Define and categorise the education and training requirements for different accountancy services (e.g. audit, independent review, accounting officers, bookkeepers) and aligning the PAO qualifications to these respective categories.
  - › Accredit, register, monitor, and sanction the PAO
  - › Create awareness of the qualifications of all accredited professional accountancy organisations to employers, tertiary institutions, students and the public.
- Strengthen the IRBA inspection methodology, independence and their disciplinary committee
- Increase resources and capacity of IRBA, and improve the funding model
- Improve the processing of reportable irregularities
- Audit firms should be allowed to operate via limited liability partnerships
- PAOs and tertiary institutions should include public sector subjects in education and training curricula
- Strengthen the capacity of PAO
- Provide the Financial Reporting Standards Council with sufficient resources to ensure achievement of its mandate

The Report further recommends that the current Auditing Professions Act be amended in order for PAO to be supervised and auditors to be regulated.

A draft policy document plotting the way forward (to regulate the accountancy profession) is expected in 2015.

## Conclusion

Before South Africa embarks on a new form of regulation we need to do our homework. Any regulation should be based on

### References:

1. <http://books.google.co.za/>
2. <http://govza.gcis.gov.za/node/537633>
3. <http://govza.gcis.gov.za/nr/node/513288>
4. <http://www.gov.za/documents/download.php?f=95668>
5. <http://documents.worldbank.org/curated/en/2013/06/18485558/south-africa-reports-observance-standards-codes-rosc-accounting-auditing>

**A number of issues remain unanswered**  
from the initial proposals.  
These include:

- ♦ Will all accountants be required to register with a PAO? Or does this requirement only include accountants in practice?
- ♦ What is the definition of an accountant? Does this include anyone who performs an accounting function or just those that prepare financial statements to the public for a fee?
- ♦ Will all accountants be regulated or only those that perform accounting officer, independent review and audit work?
- ♦ Will PAO be supervised as to their standards of conduct or will they be regulated?
- ♦ Will tax practitioners be included in the regulation or just accounting and auditing?
- ♦ Will this regulation integrate or replace current regulation affecting accountants and their representative bodies? These include the South African Qualification Authority (SAQA) regulations for registering a professional body designation, Close Corporations Act and Companies Act regulations setting entry criteria and monitoring rules for professional bodies whose members act as accounting officers and as independent reviewers
- ♦ What is the time frame for implementation?
- ♦ What will it cost the PAO and their members?
- ♦ What will be the role of the IRBA?

cost vs benefit analysis and the impact of the regulation on Small and Medium-sized Enterprises (SMEs) and accountants should be clearly understood. An international comparative report would assist us to make the best selection for South Africa. A famous saying by former President Ronald Reagan perhaps provides an answer "*If it isn't broke, why fix it*".

SAIBA has and will continue to engage National Treasury to ensure the best outcome for members and the public. As the only professional body that can boast more than 51% black ownership, we need to be heard. ■



# Sage VIP Payroll & HR

## HR and payroll solutions that grow as you grow

### Let the professionals handle your HR and payroll.

Whether you're just starting out or you run a large corporation, Sage VIP's easy-to-use, secure, and reliable HR and payroll systems provide the perfect fit with your business, no matter how your requirements change over time.

Select the perfect fit from our range of solutions:

- **Sage One Payroll:** online payroll for start-up and small businesses
- **Essentials Payroll:** for start-up and small businesses
- **Classic Payroll & HR:** for small and medium businesses
- **Premier Payroll & HRM:** for large businesses
- **People Payroll & HRIS:** for larger businesses in the mid-market and enterprise space
- **Flex Subscription Service:** Pay for our payroll & HR products with an affordable monthly subscription and no upfront costs.

**0861 55 44 33**  
**www.sagevip.co.za**

Accounting • Payroll • HR • Payments • ERP • CRM

**sage**

# What SAIBA would like to see from accounting regulation

With new regulation in the pipeline, the face of accounting in South Africa will no doubt change. We have a look at what SAIBA as an accounting body proposes.

The South African World Bank has recently released a second report, which analyses and compares the application of accounting and auditing standards with international best practice. They recommend that the regulation of the accounting profession should be reconsidered. They also propose that we use a UK model. This model will strictly regulate auditors, provide supervision over professional accountancy bodies, strengthen the processes by which we set accounting standards, and improve policing of compliance to standards.

The report touches on the dominance of a number of professional bodies in the local market, and suggests that government and universities should strengthen the emerging professional bodies to enable a more accessible environment. This would supposedly provide more choice and entry points to students, better skills development opportunities, and improved service delivery access to the small business community.

As the professional body that represents the emerging profession, SAIBA supports and agrees with this analysis provided by the World Bank.

The regulation of the profession can address its asymmetrical nature and the detrimental effects it has on economic development.

South Africa is characterised as being a developing nation. Similarly,

SAIBA sees itself as a developing professional accountancy body. We focus on the development of the accounting profession by assisting persons with the necessary skills and education to become accountants –irrespective of their background. By necessity, the model requires intervention and support by policy makers.

The current system followed by the more established bodies, is based on a UK model that favours the development of high-end accountants that can serve a First World economy. Our whole education and training system is geared towards this model.

We do not advocate lowering of standards, but propose that standards should be developed to suit South Africa's needs, and not those of the UK or other First World countries.

The current market structure is restrictive to the entry and growth of emerging and aspiring accountants. We therefore see the regulation of the accounting profession as an ideal opportunity for policy makers to intervene in the profession and provide opportunities and support to indigenous professional bodies like SAIBA.

South Africa has recently adopted a new policy of becoming a developmental state. The first person to seriously conceptualise the developmental

state was Chalmers Johnson<sup>1</sup>. Johnson defined the developmental state as a state that is focused on economic development and takes necessary policy measures to accomplish this objective. According to Johnson, Japan experienced economic development due to the direct intervention of bureaucrats promoting the growth of new industries.

SAIBA believes that the proposed regulation of the accounting profession should be measured as to how well it will achieve South Africa's developmental aspirations.

These aspirations will only be achieved if we provide opportunities to local accountants – especially those that previously did not have access to or experience in a formalised and highly structured accounting profession.

We argue that economic development can and should be supported by the development of a strong and vibrant accounting profession. It is therefore an ideal opportunity to rethink the structure of the profession. ■

**Our response to the proposed regulations**  
will be based on the following key principles:

- ◆ Government should ensure the establishment of an indigenous accountancy profession.
- ◆ The current regulation of the accountancy profession should be strengthened with an emphasis on emerging accountants.
- ◆ Representation of emerging accountants should be ensured on all forums.
- ◆ Proposed regulation of the accounting profession should ensure that it remains self-regulated but with improved oversight.
- ◆ This will require that the term "account" be legally protected with regards to persons preparing financial statements for a fee.
- ◆ Established professional bodies should be obligated to support the development of the emerging bodies.
- ◆ The new regulatory model should ensure that South Africa's needs are placed before the needs of those who set standards internationally.
- ◆ The adoption and monitoring of financial reporting standards should be streamlined under a new single regulator.
- ◆ South Africa should develop its own financial reporting standard for small owner managed companies.

**MÖLLER & THERON**  
Corporate Services

Driven by knowledge, integrity and performance...

Company not large enough to justify the cost of in house Human Resource and Finance Departments?

## The Solution

Customised, Affordable & Integrated Outsourced Solutions for Small to Medium Sized Companies

### OUR SERVICES

- Payroll Outsourcing
- Human Resource Services
- Industrial Relations
- Employment Equity Compliance
- Skills Development Services
- Occupational Health and Safety Services
- Accounting Services
- Tax and Company Secretarial

### CONTACT US

info@mollertheron.co.za

076 142 7604 | 072 385 2693

 facebook.com/mollertheron.co.za

 @Mollertheron

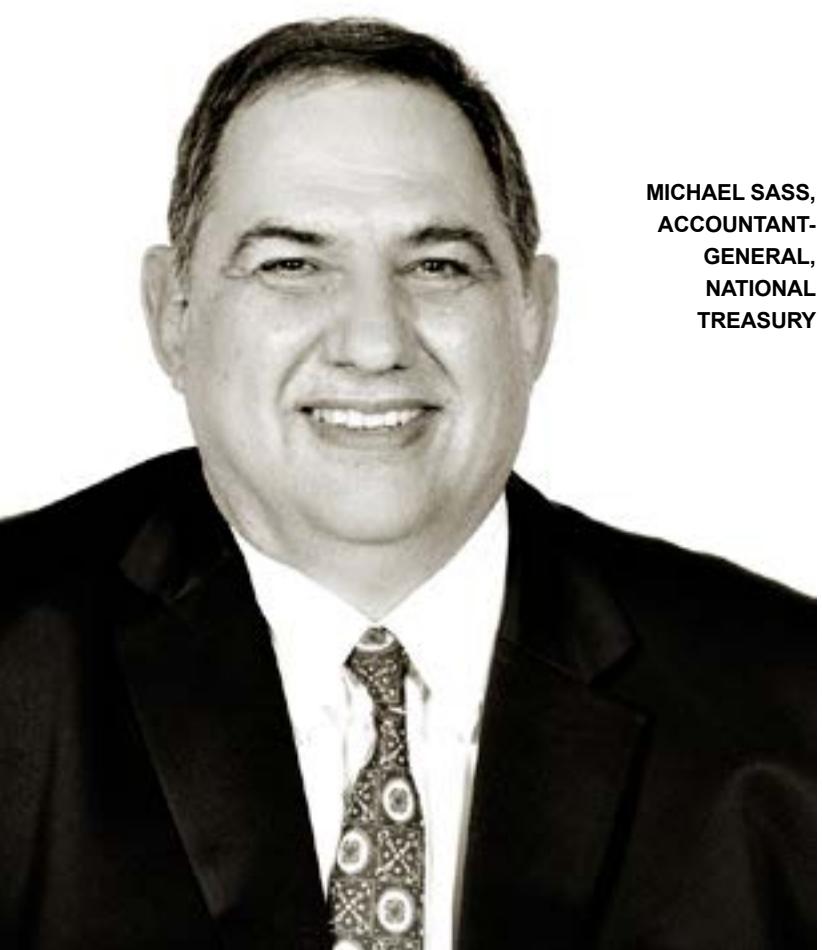
 Moller & Theron Corporate Services

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

# What the Accountant-General has to Say about regulation and more

We posed a few critical questions to the Accountant-General. What was revealed, was a vision that will help readers understand the bigger picture.

**MICHAEL SASS,  
ACCOUNTANT-  
GENERAL,  
NATIONAL  
TREASURY**



## 1. What is the role and function of the accountant-general?

The responsibility of the Office of the Accountant-General (OAG) is to promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities (REAL) of institutions in all three spheres of Government. It achieves this through prescribing the frameworks and guidelines for accounting and reporting, internal auditing and risk management – to be used by state institutions in all three spheres of government (National Government, Provincial Government, Local Government). It also supports the implementation of, monitors the adherence to and evaluates the impact of these frameworks.

The OAG also produces the consolidated national financial statements for government departments and public entities. The National Revenue Fund (NRF) and the Reconstruction and Development Programme Fund (RDPF) administration, as well as Banking Services for national departments fall within the responsibility of the OAG.

There is a dedicated capacity building arm whose main focus is to work with relevant stakeholders to develop minimum financial management, internal audit and risk management competencies and related material for the public service. The OAG is also in charge of maintaining the financial management systems used in national and provincial governments and for implementing the Integrated Financial Management Systems Project to modernise government's financial management systems and infrastructure.

## 2. Why did South Africa engage the World Bank to perform an assessment of our accounting and auditing standards?

The assessment was performed with the view to develop a comprehensive reform plan that would strengthen the accountancy and auditing practices in the country so as to enhance competitiveness, good governance and financial accountability in both the private and public sectors.

## 3. What were some of the main recommendations of this report?

The report has 11 recommendations. The main recommendations have to do with the congregation of the different Professional Accountancy Organisations under a "super regulator" where the supervision of qualifications, capacity and how members are monitored would be carried out. This recommendation in particular requires various consultations and revisions of current applicable legislation.

## 4. What is your assessment of the accounting and auditing profession in South Africa?

These professions are built on firm foundations and are considered to be among the world's best. Local accountants and auditors are highly sought after in the global workspace.

According to SAICA (The South African Institute of Chartered Accountants), the number of chartered accountants has increased by 75 per cent from 21,499 in July 2003 to 37,604 in July 2014. An increase in the number of auditors and accountants from other institutions such as SAIPA (South African Institute of Professional Accountants), SAIBA (Southern African Institute for Business Accountants) and the IIA SA (Institute of Internal Auditors South Africa), also confirms that accounting and auditing in South Africa have become more professionalised.

In spite of this, there is still some way to go in producing the number and quality of accountants and auditors the economy needs, especially from the previously disadvantaged groups. The OAG has established the Chartered Accountants Academy under the auspices of SAICA with the aim of accelerating the development of chartered accountants to service the public sector. Twenty chartered accountants have graduated through this academy since its inception in the year 2008, and the annual pass rate is comparable to those achieved by the leading audit firms.

## 5. At what stage is the proposed regulation of the accounting and auditing profession? What must happen to make this a reality?

The recommendations have far-reaching implications that affect a number of stakeholders. The changes will fundamentally alter the functions of existing institutions, departments and regulatory bodies. Thus, the need to have a say in the envisaged reforms. Various Inter-Ministerial discussions are taking place in preparation for consultations with the industry. Simultaneously, research is being undertaken to understand how similar reforms were implemented in other jurisdictions, and what the current regulatory regime looks like and how it functions. All of this will influence the modality that will be adopted. We envisage that this will be a 2-3 year process.

**“**  
The report has 11 recommendations. The main recommendations have to do with the congregation of the different Professional Accountancy Organisations under a "super regulator"

## 6. We often hear the bad news and all that government is doing wrong. We hardly hear the good stories. Can you share a good news story about your department / function with our readers?

The National Treasury is part of a bigger machine of government, in which the OAG has a pivotal role.

Government as a whole is getting better at acquiring and allocating resources. Indeed, South Africa is rated number 1 in the world in budget transparency. The audit outcomes of state institutions have been improving consistently, even in the face of increased reporting requirements. Government, through the OAG, has been rather successful in introducing standardised frameworks in areas of risk management, internal audit and accounting reporting. Improved levels of transparency and knowledge sharing are now prevalent in the public service. While these efforts show that we are on the right path, we have to concede that we still have a long way to go to achieve the required levels of financial governance. We believe that the increase in reporting requirements coupled with the monitoring and evaluation efforts expose inefficiencies and irregularities and empower other stakeholders such as Parliament, Auditor-General and the media to exert pressure that results in responsible spending. ■

# Get in the Game - taxpayer involvement in the drafting of reasonable laws

What impact does public consultation really have when it comes to putting together of your stakeholders? This edition Lesedi Seforo looks at the impact of Tax Consultation.

*"Regulation and its reforms affect all the participants in civil society, and therefore, in order to better assess the impacts and minimise costs, all the parties involved should be able to participate somehow in the regulatory processes. That is where public consultation has become one of the best tools to improve quality in regulation."*

These are words from the (Organisation for Economic Co-operation and Development) OECD's *Background Document on Public Consultation*, an appeal by the international organisation highlighting the benefits of public involvement in matters pertaining to government regulation.

The document shows that public consultation increases the likelihood of compliance to the law, because of the sense of ownership felt by those who have given their input. It also helps to identify practical problems as well as the unintended consequences of government regulations that are currently in the pipeline. The best intentioned law can have devastating results that legislators never could have anticipated. By bringing into the discussion the expertise, perspectives, and ideas of those who will be directly affected by the proposed laws, government simultaneously benefit from the input of other stakeholders and mitigate the risk of non-compliance from a society that feels left out in the cold.

## The results of poor public consultation

The lack of adequate engagement with members of society can have disastrous consequences, as shown by the situation involving e-tolling in Gauteng. According to the Opposition To Urban Tolling Alliance (OUTA):

*"While (the South African National Roads Agency) SANRAL will have us believe they did all they could to be consultative in this decision, the simple truth is they failed and fell far short of what would be expected in a matter of*

*this magnitude... Our legal challenge has shown that SANRAL did the bare minimum to expose and engage with society on their elaborate plan to toll the Gauteng freeway upgrade. From one advert placed in six newspapers in October 2007 to over 3,5 million licensed vehicles / motorists in Gauteng, SANRAL received only 28 responses to their request for submissions..."*

It comes as no surprise then that according to reports as on 26 July 2014, unregistered motorists owe over R1 billion in unpaid e-toll fees. Poor public consultation has severely demotivated motorists from paying the tolls. Perhaps the most ironic thing about the whole matter is that South Africans are actually not opposed to the idea of paying for better roads per se.

This is suggested by the fact that the public has given numerous recommendations of various funding mechanisms that could have been used by government instead of the e-toll system. For instance, some have advocated for the increasing of the fuel levy as an alternative. And even if increasing the fuel levy would have proven to be a bad idea, proper consultation could have at least made motorists more sympathetic to SANRAL's cause and thus less resistant to e-tolls. The whole nation loses out when laws are enacted without properly engaging with all stakeholders.

## Public consultation and tax

National Treasury, unlike SANRAL, has been quite impressive over the years in allowing the public to have their voices heard when it comes to our tax law. When a proposed tax bill is released by Treasury, it is usually accompanied by a call for the public to comment. With the annual Draft Taxation Laws Amendment Bill (TLAB), a second opportunity may be granted for the public to comment on the proposed legislation. After going through the comments received from the public, a "response document" addressing those comments is released.



MEET OUR TAX EXPERT, LESEDI SEFORO FROM THE SAIT

At the time of writing, SARS, Treasury and the Davis Tax Committee have sought the public's input on 35 different tax issues during 2014. These spanned across all tax types, ranging from VAT to customs duty. The *Response Document from National Treasury and SARS, as presented to the Standing Committee on Finances*, shows that National Treasury and SARS received responses from 87 organisations and individuals and held workshops with stakeholders to discuss and review their comments regarding the 2013 draft TLAB. There were also general workshops held for issues pertaining to business and personal income tax, VAT, international taxation and tax administration. In 2012, responses to Treasury's call for comments for the 2012 Draft TLAB numbered over 511 pages provided by approximately 58 organisations.

Depending on the validity of the points raised by the public in Treasury's "call for comments", an amendment of the draft tax bill may follow.

## When business gets involved

The venture capital company (VCC) tax regime provides a perfect example. First legislated in 2009, the regime was enacted with the intention of making it easier for smaller businesses to obtain private equity finance. It was intended that this would be achieved by providing would-be funders with what the legislators thought were very enticing tax concessions. Unfortunately, the take-up of this regime has been rather unsatisfactory, much to the disappointment of policymakers.

As intelligent as legislators may be, even they have blind spots which may prevent them from identifying practical problems which may derail their original purpose for a particular provision in the tax law.

In the 2014 draft TLAB, some amendments to the VCC regime have been ➤

proposed. This will increase the tax benefits for venture capitalists. According to the CEO of the Southern African Venture Capital & Private Equity Association (SAVCA), these amendments happened because:

*"Our industry and its partners...have been working closely with government on enhancing these provisions, and the recently released Draft Taxation Laws Amendment Bill demonstrates Treasury's commitment to stimulating investment across the venture capital industry...they significantly enhance the attractiveness of tax incentives available to venture capital investors...and in turn this should stimulate greater levels of investment into small and medium-sized businesses in South Africa...we have been impressed with SARS' willingness to engage in open dialogue in this regard."*

Instead of just complaining about the ineffectiveness of the existing VCC regime and how government should have known better, the venture capital and private equity industry decided to "grab the bull by the horns" and get involved in the legislative process. And their involvement proved fruitful. Over the years, other industries have done the same thing and seen similar results.

The example of SAVCA shows that even though tax is the domain of specialists, input from the business community is also necessary. Tax consultants need to work together with their clients to identify problems with either existing tax laws or proposed changes. The SMME sector, as a whole, needs to show the type of initiative displayed by the private equity and venture capital industry.

For instance, the majority of businesses pay VAT on the 'invoice basis'. VAT must be paid by the 25<sup>th</sup> of the month following a tax period, otherwise penalties and interest are imposed by SARS on late payments. For VAT purposes, a tax period is typically 2 months long. The VAT on sales made during the January-February tax period, for instance, must be paid by the 25<sup>th</sup> of March. If a VAT vendor does not extend credit to any customers, this will not be an issue. But many SMMEs sell goods and services on credit. Sometimes these businesses find themselves regularly 'squeezed' by customers taking up to 3 months to pay.

The business may often find itself having to pay VAT by the 25<sup>th</sup>, but not having enough money to do so because payment was not received from customers. Funds earmarked for more pressing business needs may need to be used to pay for VAT, thereby limiting the ability of the business to fully realise its economic potential. This is a common cash flow problem, hitting SMMEs the hardest.

However, if the sector were to organise itself well enough to make its voice heard, and approach Treasury with reasonable solutions to this problem, there is no reason why a change cannot take place, as SAVCA has demonstrated.

## Conclusion

Top accounting firms, the South African Institute of Tax Professionals (SAIT) and the South African Institute of Chartered Accountants (SAICA) are some of the organisations that make dozens of submissions every year to Treasury, commenting on the proposed amendments to the tax law. In order for these organisations to be as effective as possible, the business community, especially the SMME sector, must give more input.

I can certainly appreciate the fact that business owners are primarily concerned with ensuring the success of their enterprises and for that reason, commit most of their time towards that end. Having that in mind, my suggestion is that tax consultants set aside a few minutes in their meetings with business owner clients to discuss how proposed amendments to the law may affect them and how they can have their voices heard should they disagree with Treasury's proposals. These concerns can be forwarded to organisations like SAIT. This is one of the ways in which we can all make a contribution to reasonable tax laws, as well as our democracy. ■

**“**  
Tax consultants  
need to  
work together

with their clients to identify  
problems with either existing  
tax laws or proposed  
changes.”



Your source for accounting knowledge

## MONTHLY CPD SUBSCRIPTION - AFFORDABLE CPD FOR ALL ACCOUNTANTS

Purchase monthly CPD Subscriptions Service and get access to key CPD topics that you need to run a successful business and practice

Register before November and receive November and December free

Includes entrance to seminar on Legislation & Liabilities affecting the Accountant

worth R999

Webinar and DVD options also available. All CPD events are offered by the best CPD presenters in the industry

## WHAT DO YOU GET AS A MONTHLY CPD SUBSCRIBER?

1 Unlimited CPD events in 2015  
For you or any staff member

2 Access to all our essential Webinars  
Open to all staff within your firm

3 Access to a full range of technical articles linked to verifiable CPD points  
Read and earn CPD all the time

DVD Exchange: Can't attend? If you can't attend a CPD event we will send you the DVD. If you can't attend a webinar, we will send you a link to the recording

### 1. CPD EVENTS

CIPC Update  
Financial statements under IFRS for SME's  
SARS and NPO/NPC requirements  
Accounting for Agriculture  
Directors Duties (inc. Companies Act)  
Trusts and Estates  
Accounting Officer Engagements  
Micro GAAP  
And More...

### 2. Webinar Events

Obtain access to all our essential webinars dealing with new developments and high impact legislation  
More than 20 webinars will be scheduled in 2015

### 3. Verifiable technical Articles

read technical articles to update your knowledge and obtain verifiable CPD hours.

WHAT IS THE PRICE  
OF THE MONTHLY  
CPD SUBSCRIPTIONS?

ONLY R287.50pm

For a period of 12 months

77 + CPD HOURS

That's a whole year's worth of

Cost per CPD Hour - Less than R50 per hour  
Register before end November

Receive November and December Free

Includes entrance to seminar on Legislation & Liabilities affecting the Accountant - worth R999  
Webinar and DVD options also available.

# Do you Understand what leadership means?

What is leadership really? Is it exemplified in a specific leader or can it be pinned down to a theory? This article challenges you to reevaluate your thoughts and application of leadership.

We all know what leadership is, right? A popular belief is that a leader is a charismatic, take-charge kind of person - a person that naturally takes the reigns and moves people forward through conviction and sheer will power. We want to define leadership as a singular concept - an all-encompassing definition that covers all possible situations.

Humanity has pondered over leadership since the beginning of recorded time. Eastern philosophy has seen Historical figures like Sun Tzu, author of the military text The Art of War, seek to define leadership as far back as the sixth century BC: "The masterful leader cultivates the moral law, and strictly adheres to proper methods and discipline; thus it is in his power to control success."

Western philosophy has grappled with the same question. Plato in his famous Socratic dialogue The Republic defines the ultimate leader as a philosopher king or wisdom-lover. He goes as far as saying: "There will be no end to the troubles of states, or of humanity itself, till philosophers become kings in this world, or till those we now call kings and rulers really and truly become philosophers." In this text he very conveniently crafted the concept of leadership into something similar to his own image.

Leaders, politicians and executives often wax lyrical about how we need more leaders. The 21st century sees a time of challenges and the necessary innovation is required to overcome them. Population is increasing, global power is shifting from west to east, natural resources are under enormous pressure, to name a few. And yes, we will need leaders to bring about change, but what kind of leaders? To move forward we need to start understanding what leadership really means in the 21st century.

The truth is there are many definitions of leadership. In the past century scholars have specifically engaged with the concept of leadership in an attempt to quantify it. They have approached the question: "What is leadership?" from many perspectives. This resulted in differing, but also concurrent definitions.

In this article we will have a look at various theories that have evolved over time to define the seemingly elusive concept of leadership. We will also briefly address some common misconceptions about leadership.

## Thoughts & Theories on Leadership

### 1. Great Man Theory: leaders are born, not made

Thomas Carlyle is a 19th century historian who had a major influence on this theory of leadership. This theory comes from the viewpoint that you are born to lead. According to Carlyle, effective leaders are those gifted with divine inspiration and the right characteristics.

This theory is quite controversial as it assumes some divine ordained quality to lead.

Sociologist Herbert Spencer argued against this theory writing, "you must admit that the genesis of a great man depends on the long series of complex influences which has produced the race in which he appears, and the social state into which that race has slowly grown... Before he can remake his society, his society must make him."

Thankfully we have moved beyond this line of thinking as it leaves us at the mercy of the gods so to speak with regards to leadership.



NELSON MANDELA SHOWED THAT CHARACTER CAN CONSTITUTE A GREAT LEADER

## Theory Brought To Life other leaders to look up to

FOUNDER AND EXECUTIVE CHAIRMAN OF AFRICAN MINERALS, PATRICE MOTSEPE EXEMPLIFIES POWER THROUGH LEADERSHIP

CHILE'S COURAGEOUS LEADER, MICHELLE BACHELET, IS A CHAMPION OF WOMEN'S RIGHTS. SHE HAS A PASSION TO MAKE A DIFFERENCE AND BY THAT SHE IS THE FOUNDING EXECUTIVE OF UN WOMEN

SON OF SOUTH AFRICAN BUSINESS TYCOON, ANTON RUPERT, JOHANN RUPERT WAS BORN INTO LEADERSHIP, TAKING OVER THE FAMILY BUSINESS. HE IS CURRENTLY THE CEO OF LUXURY COMPANY RICHEMONT

NIGERIAN FINANCE MINISTER, NGOZI OKONJO-IWEALA, INFLUENCES THE SITUATION BY ENSURING THAT MONEY EARNED EACH YEAR FROM OIL GO INTO PRODUCTIVE USAGE, LIKE HEALTH & AGRICULTURE

### 2. Trait Theory: what kind of characteristics make a leader?

Trait Theory focuses on the notion that effective leaders share a number of common personality characteristics, or traits.

This theory helps us identify traits and qualities (for example integrity, empathy, assertiveness, good decision-making skills, and likeability) that are helpful when leading others. However, none of these traits, nor any specific combination of them, will guarantee success as a leader. This theory is limited in the sense that it is a better predictor of the appearance of leadership than distinguishing effective and ineffective leaders.

### 3. Power and Influence Theories – where does your power lie?

This theory comes from the perspective that there can be no leadership without influence, and influence usually comes with power. In their book Strategies for Taking Charge, Warren Ben-

nis and Burt Nunnis define a leader as follows: "Leading is influencing, guiding in a direction and opinion." They add, "An essential factor in leadership is the capacity to influence."

John French and Bertram Raven conducted a study in which they cited five forms of power - legitimate, reward, expert, charm and coercive power. By possessing one or more of these, leaders are able to influence people into doing what they ask.

A good example of this kind of leadership is seen in the political arena. Politicians use power and influence to sway other politicians and public opinion into passing bills and gaining votes.

However, this might not be the most appealing leadership strategy in terms of building relationships and developing a highly motivating work environment.

### 4. Behavioural Theories – what does a good leader do?

This theory focuses on how leaders behave and how that brings about the desired outcome. Does a leader simply command his subordinates, or is there more value in joint decision making with the team to reach the desired outcome?

Psychologist Kurt Lewin was one of the first people to study group dynamics and organisational development. He classified organisations according to their leadership climates and argued that it could call for three types of leaders:

Autocratic leaders have full authority over their teams. They make leadership decisions and the team follows suit. This type of leadership is considered effective when decisions need to be made quickly - often in environments of high risk and danger. Following the leader is much more important than team agreement. A good example of this type of leadership would be a military hierarchy. (Not an ideal style for modern organisations and 21st century companies where flat leadership structures are increasingly popular.)

Democratic leaders share decision-making abilities with their team. They value input of the group and often some sort of consensus is reached before the final decision is made. This type of leadership creates a higher level of productivity and increased group morale. On the down side, in situations where time is of the essence democratic leadership can tend to slow things down.

Laissez-faire leaders stay hands off in the decision making process. All the rights and power to make decisions is fully given to the team. This kind of leadership only works with teams that are passionate about what they do, are highly skilled, educated and trustworthy. The most important role for the leader in this context is to give feedback on work and on the direction of a project.

Research shows all of these styles are effective, but it is important to note that they are effective only under the right circumstances.

## 5. Contingency Theories – how does the situation influence good leadership?

Once the realisation set in that leadership cannot be pinned down to one definition, theories started emerging that argue the style of leadership depends on the situation at hand. These theories try to predict which circumstance calls for which type of leader, since there is no single 'best way' to lead - leadership is dependent (contingent) on a variety of factors.

For instance, does the situation call for a leader that is directing or observing, coaching or participating? According to contingency theories, the type of leadership style not only depends on the situation, but is also to a large degree on the maturity of the group that will be led. A group with higher maturity would benefit from a delegating and supporting leader, instead of a telling and directing one.

This theory is very suitable for the 21st century as it serves us to choose leaders based on what are becoming ever more complex situations. The proliferation of knowledge has made scenarios infinitely more variable and complex than they were 100 years ago. Every situation could call for an entirely different type of leader.

### Common misconceptions about leadership:

We have gone through different theories and definitions of leadership. At this stage it is important to note that some of what we have been taught to think about leadership is simply not true in the 21st century. Kevin Kruse, well known author in the field of leadership, has gone as far as to strip leadership from some very common perceptions:

- The concept of leadership has nothing to do with seniority. Leaders are not just senior executives high up in the organisational hierarchy. Leadership should start happening before that pay grade.
- Leadership has nothing to do with your title. A growing concept is leadership without a title.
- Leading is not synonymous with management. Managers plan, monitor, coordinate and measure, among other things. A leader leads people.
- Leadership has nothing to do with personal attributes. For instance you don't necessarily need charismatic traits to lead and those who do have charismatic traits don't necessarily lead.

Taking the above into account allows us to be open to the broader perspectives on leadership that are starting to emerge and to leave our limiting beliefs at the door.

### Understanding leadership

As we have seen in this article there is more than one type of leader. As professionals, colleagues and team members, it is important for us to identify where we need leaders and what kind of leaders are suited for the role.

Understanding what leadership truly means in a given situation allows us to choose the right leaders. If choosing the right leader is dependent on our knowledge about leadership then I invite you to reevaluate your beliefs around leadership and re-educate those around you. Effective leadership has and always will bring us the kind of outcomes we wish to create. The key lies in recognising and choosing the right type of leader for the right situation.

It is also important to note that this broad view of leadership allows us all to be a leader to some extent. We can now cultivate those qualities in us that allow us to become those leaders that are needed. Look at where you find yourself professionally. In what situation can you apply your leadership skills? ■

## 4 common misconceptions about leadership

- 1 Leadership has nothing to do with seniority.
- 2 Leadership has nothing to do with your title.
- 3 Leadership is not synonymous with management.
- 4 Leadership is not about personal attributes.

# The Role of accountants as leaders

It's time for accountants to step up to their roles as leaders. Read these powerful words from SAIBA Chairperson, Professor Thakathi.



PROFESSOR D.R.  
THAKATHI IS PASSIONATE  
ABOUT LEADERSHIP AND  
HE ENJOYS INSPIRING  
OTHERS. HERE HE IS AT  
THE SAIBA AGM FUNCTION  
IN OCTOBER 2014

"no one is following you, know that you are not leading but just taking a walk".

South Africa faces a lot of challenges and thus calls upon accountants to exercise their leadership roles and functions so that the financial sector can become a force to be reckoned with. The accounting profession needs men and women who are competent, productive and effective leaders at all times.

### So what does it mean to be a leader?

Leadership must be exercised in order to get things done. It is not status or a position, but essentially, it's a function or service. Thus, to become a leader, you take up a specific function. And the ultimate role as a leader is to get results and to facilitate effective service delivery. Everything starts and ends with leadership. If the leaders in accounting are weak and incompetent, service delivery will soon follow suit.

Leadership and management skills are essential for effective service delivery in all company operations. As the leader specialises in the discipline of execution, he must be strategic in both vision and mission.

*Enjoy your profession and invest in others. Leaders don't watch things happen and wonder why, they make things happen and lead from the front. As the famous proverb says, "If you are leading and find out that*

It is important to distinguish that leaders must lead and managers must manage. As leaders in the accounting profession, facilitate transformation and build strong relations with the people you work with – it is important to love them and create a positive and joyful environment where they can excel.

There is a proverb by Malcolm X that says: "Tomorrow belongs to those who prepare for it today". Being a leader means being prepared.

"Small minds discuss people, average minds discuss events, but great minds

discuss ideas." Good governance, effective management and leadership make up the core for sound business and financial management. Public accountability is key to the management of services and service delivery.

"Winners make commitments, but losers make promises." Commit to a cause. A good leader promotes quality control and quality assurances. The demands of innovation, creativity and reengineering for better results and performance call upon leaders and managers in Accounting to be 'change agents'. The leaders must uphold the values and principles of good governance. Managers and leaders must deliver services and promote excellence and high performance.

#### ◆ The principles of leadership:

Leaders in accounting should observe the principle of constitutional and parliamentary oversight. They must give accountability all the time, and not make the profession a blame-placing game. It is important to uphold the Rule of Law and understand its elements, which includes being fair, reasonable and just in all dealings and operations.

Leaders must meet the requirements of Administrative Law and not abuse their authority and power. They must apply the principles and values of the Administrative Justice Act and always respect the community values and respond to community needs well.

Embrace the elements of professionalism and avoid bribes, corruption and fraud. Respect the principle of Ubuntu (Humanity) and create a culture of respect, love, peace and joy. As leaders we must lead our people well and not assault them. We must put into place an effective communications system to facilitate sound interpersonal relations among the top management and the junior staff. To lead means to create a culture of respect, excellence and peace in line with the vision and mission of the organisation.

Effective leaders are able to think and act with both short-term and long-term goals in mind. These leaders know where they are from, where they are now and where they are going and they shape the future accordingly. They engage today's talents and know how to manage such a talent. We must build team-leadership at every level.

#### ◆ Qualities for a successful leader:

The well-known leadership guru, John Maxwell, suggests the following qualities for successful leaders:

- *Character*: Talent is a gift, but character is a choice
- *Commitment*: It separates "doers" from dreamers
- *Communication*: Without it you will travel the journey alone
- *Competence*: If you build it, they will come
- *Confidence*: Without it, you die many times
- *Courage*: "Courage is not the absence of fear, but rather the judgment that something else is more important than fear." Am-brose Redmoon
- *Creativity*: You are born original – don't die being a copy
- *Focus*: The key to leadership is to focus on clear-set goals.
- *Initiative*: For all the things a leader should fear, complacency should be on top.
- *Generosity*: A candle looses none of its light by lighting another candle.
- *Responsibility*: If you can't carry the ball, you can't be a captain and lead the team.
- *Self-discipline*: The first person to lead is yourself.
- *Vision*: Without vision people perish.
- *Positive attitude*: It is your live navigation instruments.
- *Passion*: It makes all the difference to do something with passion.

#### Key Leadership roles and functions:

- Strategic planning and management
- Policy implementation
- Policy improvement
- Budget and financial management
- Problem-solving
- Negotiation
- Effective decision-making
- Coaching and mentoring
- HR development

Greatness is not only found in status and positions, but also in goodness, humility and service to others. Let us as leaders move from effectiveness to greatness. Let us move from just occupying positions to results and from reaction to being proactive. Let us move from bureaucracy to revocacy and from maladministration to good governance.

Let us humanise our profession for the better. ■

# Mirror, Mirror on the wall

Ever thought what is the secret to being successful? August Aquila, co-author of *How to Engage Partners in the Firm's Future* looks at 11 self-assessment questions for successful professionals. Ask these tough questions or make up your own – and drive success in your own life.

When's the last time you talked to your partners about the "mirror questions"? We all know that it's easy to kid ourselves about how well we're doing. But when we have to look ourselves in the mirror, well, it's another story.

Rather than giving the partners the questions they should answer, we suggested that they come up with their own self-assessment. Specifically, we wanted them to devise questions they could ask themselves each week to evaluate how well they had performed. In the end, we came up with eleven.

Here's what one of the high performers wrote about the task: "The exercise forced me to redefine how I view a successful week. ... I have always viewed success based upon what closed or is likely to close, but this exercise made me think more in terms of movement and progress."

We are not sure what he or the others will do with their lists of questions. They might forget about them – that's what happens to a lot of things that fill time in workshops. Maybe they'll pull them out after a long week and see how well they performed using their own criteria – and get something valuable out of the process.

Or perhaps they'll do something really bold. What if each partner had a trusted colleague, spouse or friend ask them the questions, holding them accountable each week for their critical behaviors? There would be only one rule: Colleagues and friends could only ask the questions. There could be no disapproving glances, no tongue-lashings and no critical comments.

Management guru Marshall Goldsmith has a few questions that he uses to evaluate his performance each day. Each night he talks on the phone with a friend about his professional pursuits, but also about whether he's done his sit-ups, eaten sensibly, done something nice for his wife and children, etc. It works for him.

These are all good questions. But our bet is that you could come up with a list that might be more appropriate for you. So, start making your list of questions and share it with us. We would love to rework the list with some member suggestions and publish it in another edition. ■

MIRROR, MIRROR,  
REFLECT AND  
KEEP TRACK OF  
SUCCESSES

**Do you want to  
come up with  
your own  
questions?**

**If you need some inspiration, here are a few:**

- ① Did I define my specific objectives for the week?
- ② Did I add names to my prospect list? Where did those names come from?
- ③ Do I have the right mix of businesses on my prospect list?
- ④ Did I plan appropriately for each call?
- ⑤ Did I develop a follow-up plan for each call? Did I execute it?
- ⑥ Did each of my pending deals move forward?
- ⑦ Have I reached out to an existing client? To a center of influence? To an internal partner?
- ⑧ Did I prioritise my time/resources appropriately?
- ⑨ How can I improve in managing my time?
- ⑩ Did anything unexpected happen?
- ⑪ Did I learn something about my skills?

**most important:**

*Do I know why all of the above  
are important to my success?*

# Communication: all great strategies start with “why”

What do we want people to know, think or feel as a result of our internal communications efforts, and why? Bruce W. Marcus, author of *Professional Services Marketing 3.0* shares a few strategic guidelines.

The answers to these questions are the foundation for any communications activity, internal or external. They define the dynamic of the program, its focus and its program goals. They make possible a foundation for defining and shaping the strategy.

## There are three crucial concerns...

- **What do we know as an organisation?** What we know defines the information that must be imparted, and to whom. It is the information that must be categorised and evaluated. It is the substance of the communication process.
- **How can we create more value from it?** We can define which pieces of information go to which internal or external audience. What information best enhances and leverages the skill, knowledge and experience of each individual in the firm? Understanding and organising what a firm knows creates value by understanding how that information can be used to the best interests of the firm, and how it will be used to serve the firm and its clients.
- **How can we learn faster than competitors?** We can learn faster than competitors by applying the defined and refined information to the firm and its practice. When knowledge, unfettered by extraneous information, is focused and directed to the individuals who can make the best use of it, streamlined information becomes infinitely more useful than it is with just random facts. Information management is the key.

## The Process:

By defining and classifying information, people will get only the information that's meaningful to them, unencumbered by irrelevancies.

### Defining information:

1. What information do we have?
2. What specific information must be imparted to each group?
3. What information is mandatory for a firm's professionals, but not the non-professional staff?
4. What information is optional?
5. Urgent and crucial?
6. Not urgent nor crucial, but interesting and useful on a particular level?

**6 kinds of**  
information  
to consider  
are...

1

**Professional.**  
Information pertaining to the profession itself, such as new regulations, rulings, laws, etc. and the firm's professional skills.

2

**Proprietary.**  
Information that gives a firm competitive advantages, or that might be harmful in the wrong hands. Firm plans and strategies, for example.

3

**Creative.**  
Original ideas and new uses of old ideas in practice development and management and client retention.

4

**Opportunistic.**  
Information that can lead to improvement in the practice, or to competitive advantage.

5

**Anticipatory.**  
Information that anticipates opportunity or crisis.

6

**Competitive intelligence.**  
Important for understanding trends, ideas, competitive strategy.



MAKE SURE YOU ASK THE  
RIGHT QUESTION TO DRIVE  
AN EFFECTIVE STRATEGY  
FOR YOUR BUSINESS

The information needed by each group is then organised and codified. For example, all accountants in a firm responsible for practice development should be aware of the marketing program, but only partners may need to know long-term strategic plans. The entire firm has to know about changes in certain firm procedures, but only secretaries may have to know about nuances in word processing or rotating work schedules. In each practice group there are some things that every member of the group should know. There are some things that professionals in other groups should know. Social events should be accessible to everybody, and clearly defined as such, but shouldn't clog sensitive business communications lines. In anticipating a crisis, it is prudent to keep everybody in the firm aware of the crisis, but the core details and crisis management strategy need only be known to those who must deal with it. This should lead to pertinent information being more readily accessed, appreciated and useful.

- **Acquiring information.** When people understand the kinds of information the firm is looking for, and the benefits that individuals get in return for supplying it, then the process has a greater chance of functioning well. Feedback mechanisms are crucial. Two factors are important – be specific in defining the kind of information you expect each person to contribute, and use devices to streamline the process, such as forms that can be filled in simply. Motivate and educate the office support staff to gather and transmit important information.
- **Spreading responsibility.** Unless you want to maintain a staff of professional internal communicators, you are going to have to establish a process that can be performed effectively by a firm's professionals and staff. Practice group leaders have the responsibility to communicate within their own groups. The managing partner, in running the practice group structure, has the responsibility for intergroup communication, and so forth.
- **Manage the operation.** Internal communications programs don't work by chance or good intentions. They must be organised and managed, with written agendas, plans, schedules and attention to the details of defining, sorting and classifying information. Appropriate systems and mechanisms must be established. It's a task that should be in the hands of a dedicated information specialist – a marketing director, a librarian or an information technology director. It's important to realise, though, that it is not a low-level job. ■

# Adapt or Die: three business strategies for thriving in a recession

Stand out in the future of business by building your business on these three strategic pillars.

According to World-renowned futurist and scenario planner Clem Sunter, much of the world, including South Africa, is heading into a period of zero or at best, moderate growth. The latest downward revision by the World Bank of our projected GDP growth to only 2% gives further weight to this opinion, creating a scary scenario for many in business.

These are the times that separate the men from the boys. As the clouds gather there are those who will curl up around a warm fire of negativity and share doom and gloom stories with each other, and those who will stick their head in the sand and carry on regardless, as their businesses crumble quietly around them. But there is a third set of business leaders who will tighten their belts, lift their eyes to the long-term future and start planning – knowing with confidence that there is opportunity in every situation.

These are the entrepreneurs who will find ways to survive, and indeed thrive. These are the businesses that will be ready to boom when the recession turns, and will stay on the winning track no matter what happens in the meanwhile.

So what exactly separates and defines these survivors, and what key strategies will they use in a flat economy? Scenario planning is an excellent tool for businesses and an essential one in an uncertain world. In Clem Sunter's book *Think Like a Fox* he explains the process of developing future possibilities, and crafting business strategies to deal with them. In this way businesses can imagine 'living the future' and plan accordingly. Scenario planning done properly is a fun activity, ideal for business team building and a great way to avoid becoming another 'frog in hot water'.

In addition, there are three things that good business owners will do right now.

## 1. Build a sustainable cash cow

Entrepreneurs will work hard to contain costs and build resilience, including healthy cash reserves, by increasing pressure on debtors and negotiating harder with creditors. They will be on-the-ball, checking unnecessary expenses and finding ways to curtail running costs – using strategies such as shared rental space, shared services and outsourced staff. These savings will help to keep prices down, without cutting into profit margins. They will also keep an eye on their competitors and exploit opportunities that become available as others falter – for example by advertising in places where competitors used to dominate.

## 2. Building your brand with the customer first

Businesses will build and strengthen their brand, focusing especially on solid customer service and added value to customers. This brand will be consistent all the way from the advertising promise to the delivery van, after-sales service and even the cleaning lady. It is all about growing customer loyalty and developing long-term relationships with customers.

Customer relationships will be further consolidated by ensuring that everyone in the company believes, understands and expresses the best of the company, at all times.

A great example of a company that has built its market share in tough times is Sainsbury's in the UK, who managed to get ahead in a highly competitive FMCG market by pushing customer-care strategies and a 'Culture of helpfulness'. As Marketing Director Sarah Warby says "We like to [share] lots of news on the business, things such as our pharmacy and health and British Sourcing, which is the drumbeat of our business. We then try to overlay that by being helpful, because what this business has is 144 years of helping customers run their homes." The 'Sainsbury's Way' is used to build a consistent, trusted brand inside and outside the company, and the results are tangible as they become market leaders ahead of stiff competition, even in a flat economic climate.

## 3. The I-factor: Innovation

The importance of innovation in a slow economy cannot be over-emphasised. In a stagnant market as total sales volumes drop, it is fresh ideas and new product concepts that open ajaded consumer's eyes, and wallet...

While many entrepreneurs will ask "How can we innovate given our tight budgets, and how can we find the right staff for these new, innovation-focused tasks?" The fact is that some local SMEs are managing to do this quite successfully, using the skills of graduate interns.

As a potential business resource, graduate interns make a lot of sense. They are abundant (almost 400,000 unemployed grads in SA and growing). They offer flexibility, diversity, energy, willingness to try new things and to learn, low cost relative to full time staff (especially taking advantage of the Youth employment subsidy), they are familiar with social media, and many bring 21st century ideas and have a strong belief in the future. International graduates can also be hired for insight into other countries with high growth rates, such as Nigeria, Ghana and Angola.

Wily entrepreneurs will "Grab an intern" to access flexible resources that can be deployed into new areas of the business, to do market research, test new products and services and reach out into new markets. I have built my own business using the skills of local and international graduate interns, many of whom I employed permanently when their internship was complete.

The spirit of entrepreneurship is about creating solutions to challenges, and seeking the thrill of new horizons. Now is the time for businesses to look the future squarely in the eye, and decide to either adapt or die. ■



# The Future of the Profession: small and medium sized firms

For a slow start, the Accounting industry is playing quick catchup when it comes to technology and change. Mark Lloydbottom asks the all-important question: *What next?*

It is easy to write these words. Yet it is my deep conviction that we are already seeing those changes unfold. So what does tomorrow look like? My answer is that it almost certainly looks very different from today.

For over a century, Accountancy Institutes have led the profession so that accountants today enjoy a reputation that is second to none. Yes, there have been challenges along the way – there is no doubt. But the fact is – we should all be grateful for the work done by the staff in our Institutes and those members who volunteer to serve on Institute committees.

## **It's time to catch up and move on**

The 21<sup>st</sup> century has already seen the combined impact of a number of key changes and we've all witnessed the effect – a rapidly changing landscape for accountants. The roll-back of statutory audits in many countries has reduced the automatic right to perform an audit. The impact of the global financial crisis forced people to focus on reducing costs. Technology continues to advance – seemingly daily!

Think about this – our core services have remained unchanged for centuries! Accounts are pretty much presented in the same format using the double entry technology codified by Luca Pacioli over 500 years ago, tax returns have been required since the first Taxes Act over 200 years ago, while the first audits were signed off in Scotland just over 100 years ago. While I find that many South African firms are seeing little reduction in compliance work, the reality is that firm owners are being challenged with work quality and charging higher fees.

**“**  
*I believe that the profession is set for twice as much change*

*in the next five years as it has seen in the last ten years.”*



For decades we have hardly been impacted by change, other than that brought about by regulations, some introduced as a consequence of the apparent misdemeanours of certain global firms. Take Enron and Arthur Andersen as an example and I will say no more.

I was in charge of the audit of Clarks shoes retail company when the directors took the decision in the 1970s to import shoes from Poland. Today, Clarks doesn't manufacture shoes in the UK at all.

Technology and the Internet are at the forefront of globalisation. Tomorrow's clients, if not today's, are accustomed to communicating through Social Media and doing business online has become second nature. As e-filing becomes compulsory and cloud technologies allow global accessibility, questions such as, "what services will accountants offer?" and "where will future service providers be based?" should be asked.

## **Change**

Here is my point: Other industries had to change as a result of technology, globalisation and the pressure to reduce costs – it's time that the accounting industry joins the evolution. Changes in this industry have thus far been relatively minimal. It is in my opinion, no longer going to be Institutes

that lead change, but rather technology companies, empowered by the Internet and Social Media. And who knows how rapidly changing technology will impact our tomorrow? What will be commonly used in 2020 that isn't available today? What changes in behaviour will they drive?

## **Where will your future competitors be based? Most likely not just 'down the road.'**

Chartered Accountants, Chartered Certified Accountants and CPAs are found on every continent. They can already access customers in any country, anywhere and at anytime. Services will increasingly be available via the cloud while personal service will be conducted via mobile and VOIP contact. We now have to deal with processes, systems, technologies, threats and challenges that were unthinkable even a decade ago.

Having read thus far are you thinking that I am describing a doomsday scenario? Well, I am not. But there is no question that it is a challenging one. As in many other industries, I predict the number of people directly employed by accountants to reduce and the likelihood of greater fluidity in where accountants are located. The trading base (if one still exists) of the service provider may not even be in the country where the customer

is based. I also see that the customer continues to have the empowerment and capability to do more work for themselves.

In short, an accounting world with NO boundaries.

All this technology is accompanied not just by threats but also opportunities. However, I prefer to use the word '*oppothreat*', i.e. on the flip side of an opportunity there is a threat and conversely there is an opportunity that is accompanied by a threat.

To me one of the threats posed by all of these technologies is the issue of *security*. Recent years have seen the annoyance of computer hackers, which range from troublesome amateurs to state and commercially sponsored thieves of corporate secrets and intellectual property.

#### We all have issues with security

Does this sound like the domain of big business? Absolutely not! These threats face us all. Let me demonstrate this by sharing a story from one of my clients who is one of three partners.

"We act for a client where the accountant had authorisation to make online payments up to the value of £120,000 in any one month. This facility was used to pay wages to staff directly into their bank accounts and for payment to creditors.

The managing director (MD) was accustomed to sending the accountant payment instructions via email. Basically, a list of creditors who have to be paid. His emails were brief, "I need x-y-z to be paid and here are the banking details."

Here is the sequence of events as it happened starting on the Monday: The accountant received an email from the MD instructing him to pay supplier X £5,000 and was given the relevant bank details, which the accountant duly paid.

Tuesday: the accountant received a further email from the MD to pay supplier X £15,000, again providing bank details.

Wednesday: the accountant got a third email from the MD to pay supplier X £45,000 and, as before, provided bank details.

On Friday the bank informed the MD that the salary transfer could not be take place as there were insufficient funds in the company bank account.

The MD then contacted the accountant to ask why the company bank account was empty. The accountant replied: "It is as a result of the £65,000 you asked me to pay to supplier X this week." The MD responded: "I never made any such requests." The accountant replied: "But you sent me emails with instructions to make payments." The MD didn't know anything about the transactions.

**“ Does this sound like the domain of big business? ”**

Absolutely not! These threats face us all."

My client continued.... It turns out that there was no firewall on the MD's computer. His computer had been hacked and the hackers had read his emails and had discovered the pattern of payment instructions from the MD to the accountant. They then sent fictitious emails from the MD's computer to the accountant with payment instructions for the amounts stated above.

On the accountant's role in this – he assumed the MD required these payments to be made and did not phone to check the payment details.

Because of the time it takes for international bank payments to go through the banking system, the last payment of £45,000 was stopped before being paid, but as the first two payments had been processed and been correctly authorised by the accountant, there is £20,000 in a hacker's bank account somewhere in the Far East and the company's bank will not make a refund as the payments were properly authorised."

True story.

You will no doubt have your own perspective on this, but in a profession where staff costs are approaching and in far too many cases exceeding 50% revenue, technology costs are increasing and clients are becoming more cost-conscious. There is no question in my mind that in a profession that is very different from when it was passed to us, we hold the baton. And it will be even more different when one day we hand it to our successors.

My question is; what will that look like? ■

# What skills do entrepreneurs really need?

Gear yourself with these skills to help guarantee a better success rate.

A great idea plus the necessary resources to start a business do not guarantee success. In fact, according to statistics nine out of ten small businesses fail. Many people have had sound ideas and have executed it passionately and into the right market, but were still unsuccessful. What could have gone wrong? And how can an aspiring entrepreneur avoid the same mistakes?

In most cases, organisations go out of business when they fail to achieve sufficient profit, which requires selling enough products or services to cover costs. As much as this is the most obvious cause of business failure, there are many other factors that can cause a business to fail, and a lack of entrepreneurial skills is one of the most pervasive of these, especially in South Africa.

According to David Mashamba, chief executive officer of Business Skills South Africa (BSSA), the lack of practical business management skills in South Africa truly is a huge problem – especially when it relates to previously disadvantaged individuals.

"There is no way someone can succeed in the world of business without the relevant business management skills," explains Mashamba, pointing out that entrepreneurs should also have marketing skills if they want to build successful enterprises that can stand the test of time.

With the advent of social media the business world has become even more competitive, which means that as an entrepreneur you really need the right skills set, both generally and also specific to the type of business into which you decide to venture.

There are five skills that experienced senior writer, Lyve Alexis Pleshette, at PowerHomeBiz.com stresses as non-negotiable to entrepreneurial success:

- ◆ **Sales and marketing skills:** A business is nothing, if it has no customers. You may have technical savvy and the most fancy computer with the latest graphics software, but if no one is knocking at your door to hire you as a graphic designer, you better rethink why you are in business in the first place.

◆ **Financial skills:** You are in business to make money. Therefore, the most important skill you must have is the ability to manage money well. This includes knowing how to stretch the limited start-up capital that you have, spending only when needed and making the equipment and supplies that you currently have work for you. You also need to identify the best pricing structure for your business in order to get the best return on investment..

◆ **Negotiating skills:** The ability to *negotiate effectively* is unquestionably a skill that every home business owner must master. It's perhaps just as important to ask for the sale in terms of small business musts. In business, negotiation skills are used daily. Mastering the art of negotiation means that your skills are so finely tuned that you can always orchestrate a win-win situation. The result is that everyone involved feels they have won – this really is the basis for building long-term and profitable business relationships.

◆ **Time management skills:** The ability to plan your day and manage time is particularly important for an entrepreneur. When you wake up in the morning, you must have a clear idea of the tasks you must do that day. If you are running a one-person operation, multitasking is key. This means that you must be the secretary at the start of the day, typing all correspondences and emails, become the marketing person writing press releases before noon, make sales call in the afternoon, and become a bookkeeper before your closing hours... no wonder many entrepreneurs have no social life to speak of!

◆ **Administration skills:** In addition to managing tasks, marketing and planning your business, you also need to possess a fair amount of administration skills. At least until you can employ someone to do this for you. You need to file your receipts so tax season will not be a trip to Hades. You also need to do all the work in terms of billing, printing invoices, collecting payments, and managing your receivables.

Fortunately, in South Africa there are a number of business development and support organisations ready to assist emerging entrepreneurs to develop their skills, and there are some innovative products out there that make the administrative and financial side far easier to manage.

A great tool is SMEasy, an online financial management system that helps keep track of all income and expenses in a very user-friendly way and at minimal cost – see [www.smeasy.co.za](http://www.smeasy.co.za).

#### It won't be easy, but...

Starting a business is never easy, even if you have all the passion and determination in the world. However, these basic skills will at least give you a better chance of seeing your business grow and prosper into the one out of ten that survive the first three years. What happens after that is up to you! ■

# Professional Communication = professional image

Make sure that your business communicates professionally. Focusing on a single communication method – email – marketing guru, Yanic Smith, gives advice to pump up your professional image through communication.

You may think that you've got this topic covered, but we can guarantee that every reader reading this article will fall short in some way or another. So, before you turn the page, consider this: how are you really representing yourself? Let's focus on email, one of the most common forms of communication, and sometimes, the first point of contact with a potential client.

People may not take you seriously if you are unable to communicate or carry your brand in a professional manner. By simply looking at your email, a recipient can immediately draw a conclusion with regards to your company's professionalism.

We've put the following guidelines together to help ensure you have the right recipe. Some may seem obvious, but apply these correctly and your business will no doubt benefit:

## 1. Always use a professional email address

It is sad but true – your email address directly reflects on you and your business. The email address will set the tone, representing the way you carry yourself and your business in a professional environment.

Ask yourself the question: *If I receive an email from one of the following email addresses, which sender would I trust more?*

- a. abcaccounting@gmail.com or
- b. yourname@abcaccounting.co.za.

Even if the email comes from the same sender, the email address with the company name as domain name looks more professional and it creates the perception that it is a big, established and professional accounting firm.

Here are a few simple steps to put you on the right path to create a professional email address for your company:

Research professional webhost providers that offer domains and free email services attached to the registered domain. Be sure to select a webhost provider that has been in the market for a while.

As soon as you register your company with a webhost provider you will re-

ceive a free email addresses. Service providers such as Hetzner charges as little as R19 per month per email address. With this pricing structure there should be no reason to use a free email account for your business. For R19 a month this service is priceless.

## 2. Use a professional email signature

It is a well-known fact that a signature always includes the sender's details such as name, surname, telephone number and logo.

Keep the email signature short and sweet. The general rule of thumb is that the number of lines never exceeds 7.

A common mistake is to add your favourite quote to your signature. Personal quotes are great for sharing with friends and family, but should be left off company signatures. A personal quote may just offend a reader and it's just not worth it. Rather add your company's tagline to your signature.

When designing your company's signature take note of the following:

- Avoid hard to read fonts such as script fonts, for example the Palace font.
- Don't make use of playful fonts, for example the Comic Sans font. This may look great to you, but your client may find it childish.
- Don't use overly large or small text.
- Unless you are the Smarties brand, never use too many different colours in your signature. To be safe, use a maximum of 3 colours. One or two primary colours and one secondary colour, such as grey or black.

Be sure to hyperlink your company's website address to your signature – this will give the reader easy access to your website. Don't use a signature that is completely made out of an image, as this would prevent you from linking the email signature and the reader won't be able to copy and paste your details into their contact list.

A great way to increase your social media following is to add your company's link to Twitter, Facebook, and LinkedIn to your email signature.

Once you've gone through all the effort to design a great email signature, ensure that all the employees in your company use the same signature with their specific details. Consistency within a company is king.

## 3. Good grammar and professional language

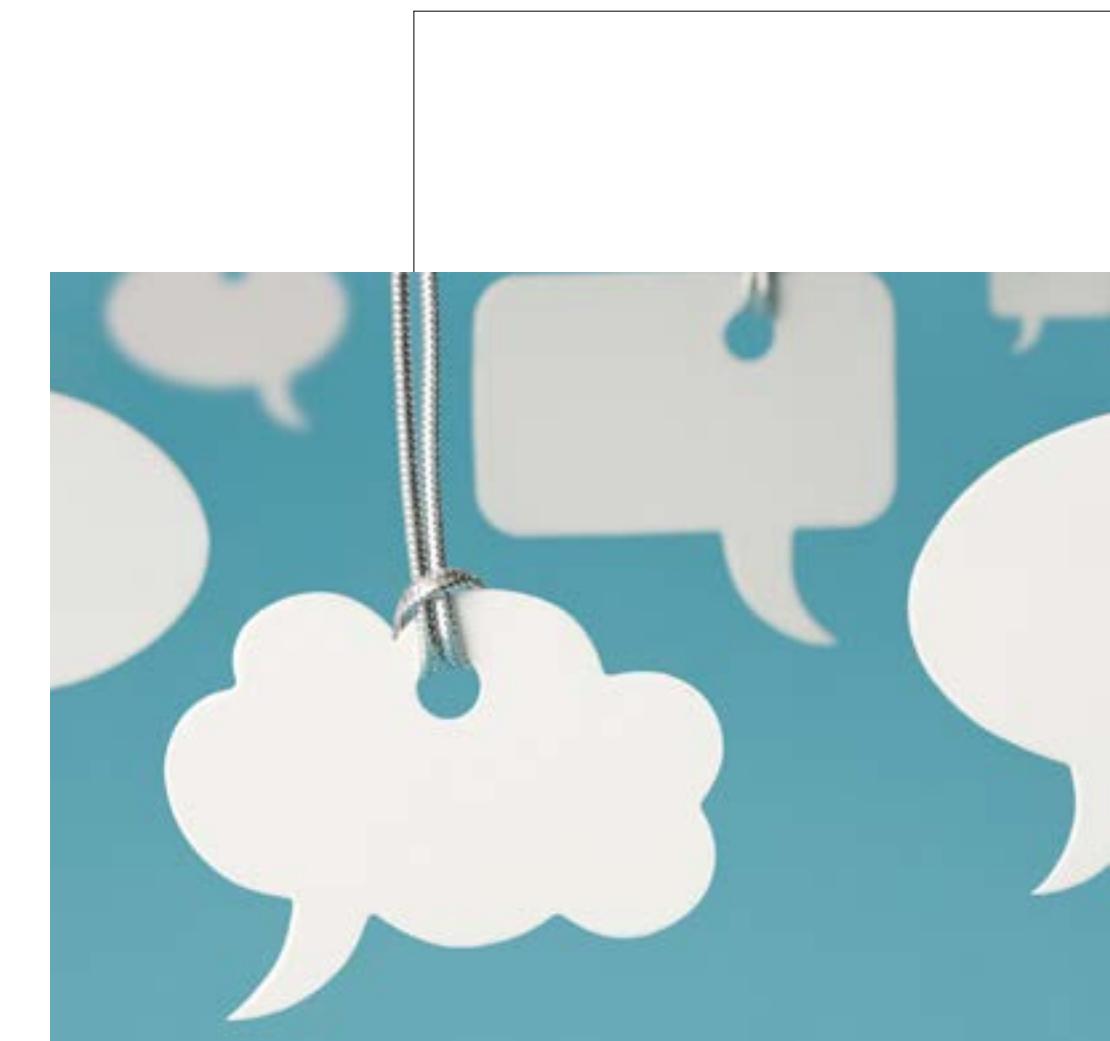
Employees are a company's greatest asset – your clients interact with them on a daily basis. Thus, they are a direct reflection of your company. An employee with poor spelling and grammar can bring the professionalism of your company into question. It is important for all staff to remember that they are communicating with professionals and shorthand abbreviations such as "lol", "u", "thx" and "msg" is unacceptable on a professional email. Staff should always avoid slang or inappropriate language. Even if emails are sent internally, the above should be followed, as you never know who will read your email in the future.

Last but not least, always edit and proofread your email before you hit the "send" button. It will decrease the brand perception of the reader when reading an email full of grammatical errors.

## 4. Use of colour and font

Be careful when applying colours and fonts. The best message may be turned into the worst when you use the wrong font or colour. Colours have psychological effects on people and your message may come across different to what you intended. The text of a professional mail should be in black and in readable size. It is advisable to never use red in a mailer, because it is considered as "shouting". Another unwritten rule is to never use all capital letters, unless you want to shout at someone. An entire email written in capital letters is considered rude.

The best fonts to use in mailers are the most common fonts that you will find in Outlook. Stick with professional fonts such as Times New Roman, Verdana or Arial. Don't try to be fancy with your emails. The funnier the font you use, the less professional your email will be perceived as.



## 5. Out of the office reply

If you know that you will be away from your emails for a day or more, be sure to let senders know so that they don't think you are ignoring them. If possible, try to give an alternative number or email address to where queries or urgent matters can be diverted.

## 6. Spray and pray is a marketing sin

There is nothing more damaging to your brand than sending out a sales email to someone who is not expecting it, or sending irrelevant content to a recipient. If you don't know the profile of the recipient or you've never engaged with them before, do not send an email. There is nothing more damaging. Spam will damage your brand.

In conclusion, clear emails always have a clear purpose and message. Keep your emails brief and stick to the point. Your tone should always be polite and professional.

Also, remember that professionals are accountable for their actions at all times. Ensure that your emails reflect who you are. If you are not sure that you would say something in person, avoid sending it via email. Be kind and firm, but professional at all times.

Yes, emails are less formal than writing letters, but never let an email make you look less professional. ■

# Know your Touchpoints and leave a lasting impression

It might sound so simple, but many businesses forget the importance of making every customer touchpoint count. We have a look at brand touchpoints and how you can leave a lasting impression, just by going back to basics.

**V**ery few business owners think about the different ways their businesses interact with clients, leaving lasting impressions. What they don't realise is that these touchpoints are what brings your brand to life.

They say that first impressions last – and according to research it takes only one-tenth of a second to judge someone. In the same way, brands are being judged.

Customers form an impression of your brand through the relationship life cycle with your brand – ultimately made out of these brand touchpoints. Whether it is talking to the receptionist, seeing an advert, reading a flyer or your website, or how the packer greets you, these touchpoints are important. Each touchpoint creates an opportunity for a customer to experience your product or service.

Whether you want to know it or not, people experience your brand through different touchpoints that allow them to create an expectation of your business. These touchpoints define the brand and your business in the mind of the consumer.

In many ways, brands can be compared to human beings. Even though you don't know the person standing in front of you at the pay point, you create a perception of them by looking at the way the person behaves and dresses. Only through observation, you are able to create a perception of the human being standing in front of you.

As business owners, the question that you need to ask yourself is, Am I in control and confident that every single touchpoint that consumers or stakeholders have with my business are in line with what I would like the market to believe about my brand?

Think about it – what could be more important than improving sales and building a trust relationship with your customers? This can be done by simply managing your brand touchpoints, and as a result also improve the customer's experience. By improving customer relationships and brand perception, you will immediately improve employee and customer loyalty.

## Identify customer touchpoints

The goal of any business should be for touchpoints to reflect the brand promise.

Walking through the process where potential clients come into contact with your business, product or service, can help identify these all-important touchpoints.

1. Where and how do customers get hold of your business (telephone, email, retail)?
2. Where do potential customers see your brand? While driving in your branded car, flyers, website or an employee walking in your branded clothing. How does the person behave in your branded clothing?
3. Where and how are products sold?

This comprehensive customer experience with your brand will enable you to create a touchpoint map that will help you define your customers' experience with your brand.



## Tip

USE ONE FONT WHEN YOU CREATE DOCUMENTS



IMPRESS WITH EVERY BRAND TOUCHPOINT

## Top 10 touchpoints for SME's:

1. **Website:** does your website reflect your brand?
2. **Meeting:** where do you meet your clients? Always choose a place that creates an atmosphere aligned with your brand.
3. **Business Cards:** always have updated business cards with you.
4. **Email:** what does your email signature say about you? Also, check your grammar and spelling – language forms a lasting impression.
5. **Reception:** how do you answer your business telephone?
6. **Voicemail:** when someone can't get a hold of you, make sure your voicemail is inviting and that you follow up on messages.
7. **LinkedIn:** Make sure your personal and business profiles reflect the brand image you want to portray.
8. **Social Media:** Do you have a Facebook / Twitter / Instagram account? If so, ask yourself whether it is applicable to the service rendered. Also, if you neglect your Social Media, it is better to not have it at all. Frequency and relevancy is key.
9. **Invoices and Quotes:** Make sure your financial documents are professional and reflect your brand identity.
10. **Letters:** Have a single letterhead, and standards for letter writing. Once again, check language and spelling.

## How brand touchpoints can transform your brand

Customers will trust your brand, through a consistent customer experience with your brand. As in human relationships, trust develops between people. The same happens with brands.

It is well understood that companies must work hard to provide customers with great service and that businesses have clear policies and procedures in place to ensure consistency during each interaction. However, few businesses have mastered the art of being consistent throughout the customer journey with a brand, even in the most basic needs.

Consistent brand behaviour and service results in trust, and trust in turn results in brand engagement.

## Know your audience

Once you know how your audience reacts to certain touchpoints, change the touchpoint into a "wow" moment. Businesses who do not understand how to create the touchpoints and make the customer's experiences valuable, will not succeed.

Remember the customer experiences will affect your business's image and the perception of the business, and as a result this will affect sales. ■

# Will the real HR manager please stand up?

Build your business on people. Here are some tips on how to be an outstanding employer. Get ready to put on your HR hat and excel your business into the future with happy, enthusiastic employees.

A good human resources (HR) manager is a great asset to any business. Often HR managers are considered as paper pushers, but the truth is – they are much more than that! Not only are they responsible for maintaining employer-employee relations and ensuring that workers are happy, but they also have to deal with the hiring and firing of workers, compensation and benefits issues, training, listening to employee complaints and implementing in-house policies. What a job!

Given the gruelling and intensive social nature of HR management, it goes without saying that the core of this profession needs one to be authentic and transparent, but what additional skills are required, and how can small business owners or managers double as HR manager and general manager?

Here are some valuable tips to set you apart, not only as HR manager, but also as a business leader:

## Great communication skills

Excellent communication skills are a vital for a successful HR professional. The ability to create a well-structured presentation or make a speech with confidence, without having to include “ums”, “likes” “and “errs”, will definitely set you apart. It is worth all the time, money and effort to learn to master these skills.

## Be accessible and authentic

One of the most important attributes that make a successful HR professional is that they must be amicable and authentic at every level of business. Being available enable you to keep your finger on the pulse of the business – and have a holistic understanding of your organisation.

GEAR YOUR TEAM AND BUSINESS WITH A REAL HR APPROACH



## 6 facts about South African employment

- ① There is no national minimum wage.
- ② There is no statutory obligation on private-sector employers to provide an occupational pension, provident fund or other retirement-funding scheme for employees.
- ③ Female employees are entitled to four consecutive months of maternity leave in the event of childbirth but employers are under no statutory obligation to pay them while they are on maternity leave.
- ④ Employers with a total annual payroll of more than R500 000 are obliged by law to pay a Skills Development Levy of 1% of their payroll (see Skills Development Levy).
- ⑤ Because of the inequalities created by apartheid, employment equality legislation, requires “designated employers” to take affirmative action measures to redress the disadvantages in employment experienced by “designated groups”, in order to ensure their equitable representation in all occupational categories and at all levels of the workforce.
- ⑥ There are no statutory requirements for the old employer or the new employer to inform and consult employees or trade unions about business transfers.

## Social Intelligence

The ability to “read” people is an important business and HR skill. Most of us have developed the ability to read people. We acquire the ability to sense if someone is lying or trying to deceive us. We have the instinct to pick up on “body language” and what it may be telling us. The good news is that with time and training, we can all get better at this. You can learn to notice and understand universal expressions, postures and micro-expressions that reveal subtleties about an individual that will then allow you to better understand and deal with them.

## Conflict Management and Problem Solving Skills

It's no lie that not all employees get along with one another. Due to high productivity requirements, people must work together with at least some level of civility. As an HR manager you have to find and implement ways that allow for a civilised work environment. And that goes for the countless other problems that hit HR's inbox — you simply can't be effective without problem-solving abilities.

## Successful networking abilities

Effective networking plays an important role in meeting management's needs. Being able to form and develop partnerships to the benefit of the business will enable HR to gain external credibility. This also demonstrates an ability to merge the needs of the workforce with those of the business, a crucial attribute of a successful business.

## Be approachable – and listen when they come to you

Being a great manager means more than nodding your head when an employee approaches you with an issue. You must have the ability to put aside your own agendas and to listen and hear what the other person is saying. Employees must feel that they can approach the HR manager with their problems. They want to know that you truly listen to them and will help find viable solutions to their issues. If an employee has a problem at work, it is likely to affect their job performance. If the manager seems unapproachable, the employee will be reluctant to go to him/her and if there is a lack of compassion, the employee won't trust their manager with the problem.

## Trusted Advisor

Above all, HR professionals are the conscience of the company, as well as the keepers of confidential information; often seen as police by the organisations' employees. Great HR managers rise above this image by creating an atmosphere of trust. They build and maintain the confidence of their employees through honest and straightforward communication.

It's not easy to have a successful HR department. To ensure your business meets the requirements, you need to possess exceptional skills, including the prudence of Nostradamus, the vision of Isaac Asimov, the acumen of Solomon, the courage of Nelson Mandela, the speaking ability of Cicero and the boldness of Theodore Roosevelt. And if all else fails, get some guidance from a coach or the Internet. ■

# Implementing systems to streamline: lessons learned from the CIPC

**A**s you walk into the Companies and Intellectual Property Commission (CIPC) building, development is evident. Among the broken down walls and building material, it is clear that renovation is taking place. It takes breaking down walls to flatten the top-down structure and to replace old thinking with new processes.

Sitting in an open-plan office, the CIPC Commissioner, Astrid Ludin and team talks about the future and how breaking down these walls can not only help new business registration but also inspire other businesses to apply similar processes for increased work performance. And, over a cup of coffee, it becomes evident that behind the development lies an inspiring team that is ultimately taking South Africa into an international leader position – breaking barriers with new technology and systems.

## Start with a good foundation

"The CIPC has been undergoing a sustained and rapid transformation in order to improve its service delivery to businesses and the creative industries and to contribute meaningfully to South Africa's developmental and economic needs. The change process has focused on laying a strong foundation for accelerated service delivery," says Astrid Ludin, commissioner for the CIPC.

Astrid's career and experience serve as a solid foundation to take the CIPC from old to new.

She started at an NGO, with a natural flow into regulation. Starting in the Small Business Development department within the Department of Trade and Industry (DTI) in 1996, she moved into Consumer Regulation in 1999 and then went to the Competition Commission as one of the founding ex-

ecutives for the three years thereafter. "I learnt a lot about establishing new institutes there."

In 2002, Astrid became the deputy director general of Corporate and Customer Regulation Division. "Then I moved to gambling, credit and consumer legislation. The companies legislation was the most challenging because it's the most technical but as you know, there was a great team involved."

"Because I had small children, I decided to leave (the DTI) in 2007 – and I actually had a very busy four years."

It is during these years that she gained experience as a small business owner, starting a bakery in Pretoria. The experience gave her good insight into what it takes for someone to take that leap, "I learned a lot about small businesses and I learned a lot about all the challenges they face. How you have to do everything. And, I think it's probably the most challenging thing I have ever done because it's not just about doing all the work. The cost of failure is very steep." At that stage, it took her a year to register a Close Corporation (CC) for her business.

She found great value in stepping back from official work and then returning a while later, because "every time you try something, you learn something new".

## Out with the old, in with the new

The CIPC was established in May 2011 with a broad mandate to register corporate entities and intellectual property rights and to promote and enforce compliance with requirements of the new Companies Act, 2008 and certain intellectual property rights. Although established as a new organ-



## The commissioner's tip for new business owners

Companies can register with or without a name reservation. If you are in a hurry to get registered, do so without a name reservation. Use the registration number as the registered name and continue to use the trading name. Then, do a name change process afterwards to register the name.

ASTRID LUDIN, CIPC COMMISSIONER AT HER DESK IN THE CIPC OPEN-PLAN OFFICE

isation in 2011, the CIPC was formed by amalgamating the Companies and Intellectual Property Registration Office (CIPRO) and a business unit within the DTI.

Despite a lot of preparatory work to establish the new organisation, the CIPC had a difficult start, with huge backlogs in key areas, including name reservations, company registrations and close corporation registrations that were applied for in the lead up to the implementation of the new Companies Act.

"We tried to implement a tiered regulation, where you strip away everything that is unnecessary for the basic company. Once you start transacting with the public, you have more of a separation between management and shareholders. You then need to start introducing more rules. We took the closed corporation model and stripped away a lot of the requirements. When the owners and the managers of a company are the same people, you need fewer controls in place. That is, what is actually contained within the legislation."

And that was the big challenge in establishing the CIPC – making sure that the philosophy in the legislation feeds through to the administration. It must feed through into your processes."

The organisation had limited electronic filing capacity and insufficient staff to deal with the volume of manual applications received. We were plagued with aging in ICT infrastructure, a legacy database and bad maintenance. Staff was disengaged and had a limited customer service orientation, resulting in little sense of urgency when dealing with the backlogs.

"We have made a lot of quick headway over the past 3 years. We've realised that part of the problem is still the challenges we face in South Africa >



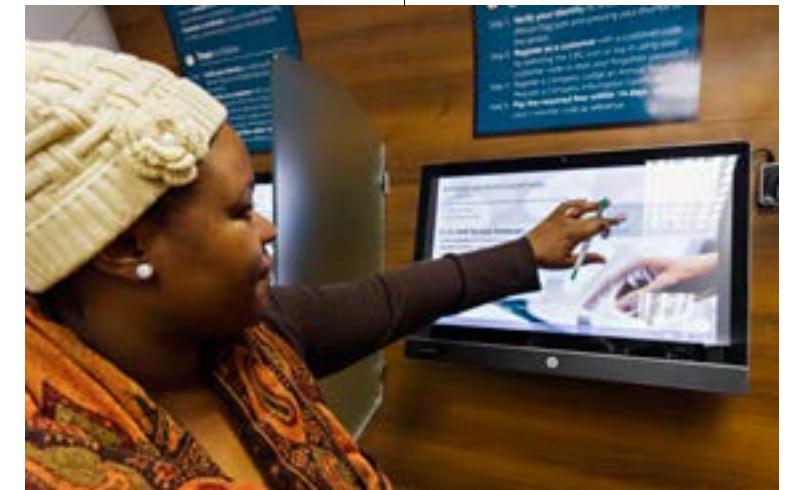
**BELOW:**  
GEARED WITH  
TOUCH SCREENS  
AND STAFF TO  
ASSIST

## Did you know?

You can connect with the CIPC through these channels



LEFT: THESE SELF-SERVICE TERMINALS WILL SPEED UP THE PROCESS TO AS LITTLE AS 15 MINUTES FOR SOME TRANSACTIONS



## Change Management

"By making (the self-service terminals) accessible to the country, we would receive everything via email. . Our staff members have two screens on their desks – one to them view the scanned documents, and one where they capture the information. We have cut out the need print and file, thus a lot efficiencies in these modernised processes."

Streamlined systems result in increased productivity. "The pace has changed – it's now very fast."

Astrid explains that the most important part of change in an organisation, is engaging with your employees: "You need to constantly engage and in an environment like ours, it's highly humanised."

Change will come with issues, but it is managing the issues that result in effective change management. The CIPC team explains that the change has taken staff from an administrative to a regulatory role.

"When you have a very customer-oriented market, everything in the back end changes to suit the customer. We don't operate in that environment. We have to be fair to the public and give everybody the same service. So it's quite difficult to manage client service and regulatory," says Astrid.

"It's one of the things we tried to change in the beginning (of the CIPC). This is why we have been very strict about not giving people preference... On what basis will we decide that one matter is more important than the other? I think as we become more sophisticated, we will be able to make that distinction in a fairer way. Because I think there certainly that require urgency."

## The role of accountants

There is a very important role for accountants, tax practitioners and company secretaries to assist people who don't feel comfortable with the process of registration or rescue fund applications. Accountants should guide their clients through the process. To do so, they need to be educated as to what would be the most effective way to deal with the CIPC processes.

is accessibility. The challenge of having to move to an electronic strategy to be able to provide a better service. The difficulty is, you have to be able to take people along."

The CIPC has undergone a rapid transformation that involved modernising all aspects of the organisation, including its business model, work processes and its ICT infrastructure.

"We've been trying to build an aeroplane while we fly. We simply couldn't stop and say, okay we are just going to spend a year planning. We had to continue delivering a service while simultaneously implementing changes. So, this building we renovated floor by floor. We had to move people off the floor, renovate the floor, and all the while we had to keep operations going... We are only now coming out of that transition stage."

## The change

The CIPC has introduced collaborative innovations to make it easier for members of the public to transact directly with the CIPC. In June 2013, the CIPC launched an integrated company registration and bank account opening with FNB bank, that allows members of the public to register their company and open a bank account at the same time. In collaboration with the Department of Home Affairs, the CIPC has introduced self-service terminals, that allow members of the public to register businesses and lodge annual returns on touch screen computers, using their fingerprints to ver-

ify their identity. As a result, no documentation has to be submitted to the CIPC, and the company registration process (excluding the name reservation component) is fully automated.

"As a regulator, we need to provide avenues for resolving issues."

In order to make the CIPC equally accessible to all parts of the country, three primary avenues for service delivery were implemented:

- An email service for all manual transactions and documents (excluding co-operatives and certain intellectual property transactions) was introduced and a scanning centre for hard copy documents that are delivered or posted to its office was established. The CIPC separated the front office and back office to shift the focus to processing and query resolution and also to limit opportunities for rent seeking. In the back office, staff can now view the scanned images electronically and process transactions without having to open files. This has been introduced for all company and close corporations transactions.

- Smaller front offices that promote assisted self-service at the touch screen terminals was established and the CIPC is exploring how best to make these screens available across the country. These self-service centres are only for private companies – all the other processes are still effectively manual.

- The CIPC is launching a new website for better communication.

"In this change that we effected, we noticed that we are spending a lot of resources on site and in fact, about 22% of the staff was focused on the front-end. It's been quite a difficult transition from where we were to where we are. We decided to move people into the back office to have a smaller front interface."

In addition, the CIPC has focused on modernising its Information and Communication Technologies (ICT) infrastructure. It is almost impossible to implement the extent of modernisation required in a short space of time, as every change introduces risk for the organisation and for those transacting with it. However, much progress has been made and continues on a daily basis. Already, the improvements in the infrastructure are visible internally and externally, through the improved stability of the organisation's network and the availability of its website.

Since the CIPC came into operation in May 2011, it has seen a steady increase in the volume of transactions in almost all registry areas. This is indicative of the global and local economic recovery.

In order to deal with the increased volume of transactions, the CIPC has been aggressively migrating to e-filing in a number of areas of work. E-filing was introduced for trademarks, patents, designs and copyright in film between September and December 2013, with trade marks leading the way. The uptake of e-filing in the trade marks area was very high from inception, averaging at 90%. With the introduction and increased uptake of e-filing, the CIPC has been able to improve on turnaround times.

"I understand that it's a two-way process because as regulator, we need to inform the public, and accountants need to guide their clients through the process." Astrid explains: "If you do it right, you can go through the process in just 15 minutes."

Accountants and company secretaries can also play an important role in promoting compliance with governance and financial reporting requirements. The CIPC also investigates other corporate governance failures, such as the failure to provide financial statements or non-compliance with financial reporting standards. The CIPC has established a number of concerning trends when it comes to basic compliance with financial reporting requirements and will be engaging with the accounting profession to remedy the shortcomings.



SAIBA CEO,  
NICOLAAS VAN WYK IN  
CONVERSATION WITH  
ASTRID LUDIN, CIPC  
COMMISSIONER

## 5 facts about the CIPC

**1** The CIPC generates revenue from registration, maintenance and renewal fees.

**2** 240 781 Companies were registered in the 2013 / 2014 financial year.

**3** 1338 Business Rescue Notices were filed from 2011 to 2014

**4** In 2013 / 2014, the CIPC generated revenue totalling R455,6 million.

**5** The CIPC has self-service terminals in Sunnypark, Carlton Shopping Centres, the Gauteng Enterprise Centre and the Transnet Hub.

Given the inherent risk of certain transactions, such as director and member changes, the CIPC also believes that there is a need to enhance the controls in this area, and will explore the role of accountants and company secretaries in this regard.

### Conclusion

Change is evident and the CIPC, for one, is taking on an exemplary role in terms of development. The first in the world to partner with a bank to automate transactions and also the first to implement touch-screen self-service portals, the CIPC is showing that by simplifying systems and flattening corporate structure, work can become more effective. ■

# Using Media to boost your business

Business communication is built on relationships – make your network count and boost your business through media.



MAKE YOUR CONNECTIONS COUNT AND BUILD VALUABLE RELATIONSHIPS WITH KEY MEDIA PLAYERS

The media has long been a powerful tool for marketing and growing your business. Not only does positive media coverage promote your business and help improve sales or fundraising, but it can also turn your organisation into a recognised brand and give it credibility.

The days of handing out flyers or putting up posters to advertise your business or products have passed! The media has become the modern way of spreading the word – it's quick, effective, and above all it can reach a huge audience in one go.

### Let media be your means

In truth, if you really want to grab the attention of the public and deliver your message to your target audience, the media is the way to go. With people's busy schedules, some no longer have time to spend hours searching for products or services that will interest them. You have to find a more unique marketing approach in order to remind people of the existence of your business despite their busy lives.

When I say media coverage, I mean making yourself part of the story in television newscasts, newspapers, and on radio programs. The discussion of how the small business sector can utilise the media usually has to do with how to market your business via social media, which is an important subject on its own. However, it is still important that you acquaint your business with professional media such as newspapers, radio and television – don't ignore it! Just look at how politicians use these channels during campaigns, and how well it (usually) works for them. Imagine what it can do for your business if properly managed.

However, getting media coverage for your business can be challenging. It takes some forethought, and can also be costly. Here are some tips from the web on how to utilise the media at little or no cost apart from time, enthusiasm and focus:

### Get to know your media and be there for them

- Get to know the media that are most likely to cover your business / organisation (read and watch the media in your local area), make a list of all relevant publications and magazines and develop contacts with the people at these organisations (editor, news editor, chief journalists etc.).
- Always give the media information that is fresh, newsworthy and relevant to their readers. The media are not there to promote your business – that is what paid advertising is for. They want interesting content that their audience will enjoy.
- Develop a "virtual" media kit, including the history of your business, its vision, mission and goals, along with brief profiles and photos of key staff and related stakeholders, the most recent news releases, and any recent awards or accolades.
- Write an email pitch or press release. Most of the time local newspapers find themselves understaffed, so a well-written press release with all the relevant information may be used with very few changes. There are plenty examples of press releases on the web. If you're not confident in your writing skills, consider outsourcing the job to a freelance writer.
- Get to know reporters and editors personally, drop off some printed material or personally deliver your press release instead of mailing or emailing it.

Most freelancers have websites. Look for someone with a journalism background as they will also be able to give you feedback on whether your story will interest publishers (and, if not, suggest tweaks that will make it more newsworthy).

- Make yourself available to the media at any time – give them a home or cell phone number where they can reach you day and night if necessary.
- Stay in touch with media who cover you. Send a handwritten thank you note to editors, reporters, and on-air personalities. Make sure you are the expert they think of when your topic comes up in the news throughout the year.

Getting your business the right exposure is always a challenge, especially when you do not have a budget for it, however there are many successful ways of doing this without having to dig deep into your pocket, and hopefully these tips will give you an idea of where and how to start! ■

# Coaching Counts

There's more to business than making money. Finding a purpose is what can ultimately drive a business from *good to great*. Chrizelda Walters talks about coaching as a key driving force to get employees and managers on-board and motivated through *purpose*.

*"Not everything that can be counted counts, and not everything that counts can be counted,"* Albert Einstein

At a recent talk, Raymond Ackerman said it is a known fact that a business should make money – hence, making money should not be the purpose of a business. A business and therefore its employees should have an objective, something to inspire, move and touch them. The purpose "the reason" creates the motivation, the lasting effect and the driving force.

Having a purpose might sound straightforward – but in practice it is not always easy. It is often murky and unclear due to conditioning and life stressors, which in reality dictate reasons. However, defining a purpose is possible.

## Coaching

Coaching is a performance partnership that supports an individual in achieving goals. It helps the individual to get into the habit of being in creation, and taking full responsibility for what he / she achieves and wants to achieve versus living consistently in reaction to circumstances.

Coaching is based on the fundamental belief that all people have within them the potential resources they need to achieve their goals.

In the last five years, coaching and mentoring have sprung to prominence in South Africa. Because both are relatively new, still-emerging disciplines in South Africa, a group of experienced business and life coaches initiated a discussion process in 2004 to facilitate the development and professionalisation of these fields. The result was Coaches and Mentors of South Africa (COMENSA) – the inclusive, umbrella professional association for individual and corporate providers and buyers of coaching and mentoring services.

John Paisley, national president of COMENSA, shares that Coaching is

used more and more by individuals and organisations to facilitate change and enable self-directed learning. Coaching and mentoring have developed the one-on-one relationship between practitioner and client as one based on trust and shared values. Both coaches and mentors use an experiential conversational approach in a powerful developmental process for the client.

COMENSA defines coaching as "a professional, collaborative and outcomes-driven method of learning that seeks to develop an individual and raise self-awareness so that he or she might achieve specific goals and perform at a more effective level".

**“When leaders are more confident**

about what they need to do, they are better able to motivate employees and mobilise them for action states.”



The coaching cycle ranges from 6 to 12 sessions and the duration of a session varies from 45-60 minutes.

Often there are confusion between Mentoring, Therapy and Coaching. Mentoring is a partnership in which a mentee is assisted in making advances in knowledge, perspective and vision in order to develop their full potential.

The mentor's wisdom is utilised by the mentee to facilitate and enhance new learning and insight. The mentor's focus is the development of the learner, and about passing on personalised, domain-specific knowledge. Mentors help to set the agenda – their primary aim is to develop an individual or small group to learn more comprehensively from their day-to-day working experience.

In therapy, Psychology is the science that studies the mind, mental processes, feelings, desires and behaviour. Therapy is about the application of psychological knowledge to the diagnosis and treatment of patients. Psychologists help people who are living with the burden of psychological needs i.e. effective handling of extreme stress, depression and anxiety.

## Benefits of Coaching

The ICF Global Coaching Client Study on the benefit of using a coach was commissioned by the company itself, but conducted independently by PricewaterhouseCoopers. It revealed that professional coaching brings many wonderful benefits: fresh perspectives on personal challenges, enhanced decision-making skills, greater interpersonal effectiveness and increased confidence. And, the list does not end there. Those who undertake coaching also can expect appreciable improvement in;

- **Increased Productivity**  
Professional coaching maximizes potential and, therefore, unlocks latent sources of productivity.
- **Positive People**  
Building the self-confidence of employees to face challenges is critical in meeting organisational demands.
- **Satisfied Clients**  
I posed the following question to my coaching clients: "Please share in one word or one paragraph how you benefited from coaching and /or what impact coaching had on you?" Herewith the responses from two clients, qualified chartered accountants, in their late twenties.

"I have to say that coaching has been such an awesome experience for me. I got to share issues with you and be proactive about the solutions that would assist me. It wasn't about just talking about issues and finding the

## Benefits of Coaching:

1. Increased Productivity
2. Positivity
3. Satisfaction

root of these problems, but I learned to find a solution to move forward! For me this was a powerful experience. I know that there are still some issues that I need to work on, but I already use some of the tools that we discussed in our sessions.”

“Developed critical awareness of my self-talk that so often holds me back.”

### Return on Investment

Coaching generates learning and clarity for forward action with a commitment to measurable outcomes. The vast majority of companies (86%) say they at least made their investment back. Virtually all companies and individuals who hire a coach are satisfied.

### Leaders as Coaches

It is a known fact that leadership skills are important to organisational progress and long-term success, and one can argue that coaching skills are too.

The definitions of a leader are numerous – in essence a true leader is someone who is willing to empower his or her employees to identify and develop their talents and hold them personally accountable for growth. If a business desires to progress in this extremely competitive environment, leaders must devote energy to enhance and develop their employees. Managers will therefore need to transform into leaders and coaches instead of mere authority figures. Allowing employees to engage and to enter a goal focused coaching discussion is key to empowering employees to develop from within, aligning themselves with their leaders and the business.

In a recent article from Sunny Stout-Rostrom Associates on executives and senior managers that have to keep many balls in the air, they share that executives are often so busy dealing with a never-ending series of urgent or challenging issues that they have little room for reflection on their work experiences, or for clear-headed thinking about future strategy. They conclude that an executive who does not reflect on their experience, nor think about how to improve their practice, is unlikely to deliver excellent performance. And since executive performance leads the business's results, the same applies to the organisation as a whole – an organisation's performance is shaped by the quality of thought of its management, their leaders.

Coaching creates space and time for reflection and high-quality thinking. A few of the most important issues that could be raised during coaching where an employee can reflect on, brainstorm and commit to clear actions are:

- Critical evaluation of decision-making processes and the desired outcomes;
- Motivation and development of self and others (i.e. direct reports)
- Communication skills – addressing difficult topics and matters
- Conflict management skills – people and situations
- Change – roles, team, and responsibilities
- Stress management – resilience and ability to bounce back.
- Creating awareness of hidden drivers
- Aligning company goals with individuals goals
- Creating clarity and buy-in with regards to business goals

### Coaching Counts

Professional support and freedom of employees to take charge of the above matters are priceless. Coaching is about shifting the collective conditioning that causes us to live in the stories of why we can't, the reasons, excuses that we buy into and the justifications about where in life we find ourselves.

Coaching is for those who are in a space where they want to take responsibility for causing results in their life and making things happen. A coach does not tell the client what to do; a coach assists the client to express and activate passion and desires. A coach's role is to use effective questioning techniques to help guide the client, bringing clarity and purpose to his / her life. A coach leads the client to focus on his or her goals – the client is the expert.

In my opinion and from my experience, coaching does count in the modern professional business world. ■

**Name:** Andrew Brown

**Age:** 42

**Hobby:** Mountain Biking

**Occupation:** Tax Practitioner and Hero-Creator

Every day SAIT tax practitioners turn the ordinary into the extraordinary by helping South Africans submit their tax returns easily, honestly and on-time.



# lifestyle



# On the Shelf: book review

Enhance your book collection with these 5 books that will equip you for your future in business. Visit our Facebook page and let us know your thoughts on these. Or tell us which other books geared you in your career.



Cara-Ann Carstens | This is Y

1

2

3

4

Rating:

Written by business gurus, *Blue Ocean Strategy* challenges everything you thought you knew about competing in the current market space.

Authors W. Chan Kim and Renée Mauborgne use 150 strategic moves from more than 100 years and 30 industries to teach readers how to create uncontested market space and make competition irrelevant. *Blue Ocean Strategy* identifies two distinct spaces within the business universe, namely red and blue oceans.

Red oceans are the known market space, where industry boundaries are defined and accepted and competitive rules well understood. This is where competitors outperform their rivals by taking greater share of an existing demand. The term red ocean comes from the nature of this competition – where prospective profits are being reduced, the competition increases, turning the water bloody.

Blue oceans refer to industries that don't exist yet – the unknown, untainted market space. In blue oceans, the demand is created, and not fought over. Because of the untainted waters, growth is profitable and rapid. Sounds difficult? Not at all! In most cases, a blue ocean is created from within a red ocean.

Read *Blue Ocean Strategy* to learn how you can create a blue ocean within your industry.

Rating:

*Good to Great* helps its readers to build a business to last by engineering sustained performance into the DNA of the company.

Collins asks vital questions: What happens to companies that are not born with great DNA? And how can good companies, mediocre companies, and even bad companies achieve enduring greatness.

He identifies elite companies that made the leap to greatness and shares 5 principals that qualify them as being "built to last".

Well-structured and thought-provoking, *Good to Great* will inspire a young business person, but most likely won't teach an MBA graduate anything new.

Read *Good to Great* and learn how to take any business from being good to being great.

Rating:

The Tao of Coaching can be seen as both a coaching and leadership guide, as it uses coaching as a leadership style.

Build your own effectiveness at work by inspiring and developing those around you. In this book, Landsberg demystifies coaching and positions it within a business context, ultimately equipping managers with key coaching techniques to develop employees. He looks at all aspects of coaching, including how to coach, using the popular GROW coaching model. Tao of Coaching helps you help others to think for themselves.

You will enjoy the book if you are a manager, looking to improve your management style.

At only 122 pages, it is an easy read with short chapters, allowing the reader to dip in and out, getting basic advice.

Put into practice, the performance of organisations will no doubt rocket.

Rating:

A Chinese Classic written more than two thousand years ago, *The Art of War* remains one of the most influential and prestigious books on strategy in the world today. Built around the idea that conflict is an inevitable part of life, it teaches the reader how to deal with conflict wisely, honorably and victoriously by looking for the answers within.

Sun Tzu was a mysterious warrior-philosopher, who studied the anatomy of organisations in conflict by analysing war concepts. *The Art of War* applies to competition and conflict in general – whether on personal or interpersonal level. Its aim is victory without battle, using strength through understanding the physics, politics and psychology of conflict.

Brilliantly translated, *The Art of War* still holds its value today, also to historians. The wisdom translated through this book can be applied to everyday lives. Sun Tzu's philosophy teaches the reader that the best way to win is without fighting. Even though the book was written as a military treatise, any business leader can take valuable advice and wisdom when read as a metaphor.

"A leader leads by example, not by force." Sun Tzu

# Watch and Learn: documentaries review

Be the person at dinner parties that everyone admires. Make your downtime count and watch these documentaries – a fun way to entertain and educate.

Dante Ludolf | **Writer**

1

Rating: 

This moving documentary chronicles the life of activist and Reddit co-founder Aaron Swartz, who tragically committed suicide in 2013. While it mostly concerns the injustices and irrational censorship imposed by the United States federal government amidst the rising confusion of Internet legislation, *The Internet's Own Boy* attempts to inspire questions and consciousness regarding our daily use of the World Wide Web.

Aaron Swartz fought on the front lines to minimise the influence and interference government can assert on the workings of the Internet, but was met with an uncanny resistance. The information presented to the viewer on unpassed bills and harshly unrealistic legislative attempts are frighteningly surreal. The Internet has developed in such a way that it is an inescapable entity in the daily lives of people everywhere.

We have created a platform that grants endless opportunities and *The Internet's Own Boy* emphasises the importance of the web and how we need to keep it as free and chaotic as possible. The documentary also sheds light on the Stop Online Piracy Act and how severely it would harm online consumers and vendors. The Internet develops daily, with many entrepreneurs resorting to online trade to reach a wider, global audience. They use the Internet as a primary mode of commerce. Federal interference, harsh copyright legislation and technicalities would prevent use of the Internet as we know it today, effectively closing almost all the doors it has opened up.

*The Internet's Own Boy* is a riveting watch, sure to leave viewers highly suspicious and concerned about the eventual outcome of the WWW, but prompting necessary questions nonetheless.

Aaron Swartz' story is also heartbreakingly and incredibly unfortunate, making this documentary a call to arms of sorts, where we all need to be aware of the information we display on the Internet and how careful we need to be when corporate enterprise rears its ugly head, acting in favour of profitable bureaucracy.

2

Rating: 

*Borgs' Overdose* at first comes across as yet another addition to the long list of pessimistic, overly doom prophesy financial critiques. And while it definitely employs a sarcastic tone and a no-holds-barred criticism of contemporary financial destitution, *Overdose: The Next Financial Crisis*, is an engaging, thoroughly entertaining perspective on why things went bust and how ineffective the current Fix Debt with Debt debacle is proving to be.

*Overdose* delves deeper into potential catalysts that ultimately resulted in the global recession, which makes for some truly laugh out loud moments. You'll be wracking your brain and questioning why exactly governments opted for strategies and financial schemes that would so clearly fail to achieve their intentions.

The NINA (No Income No Asset) loans come to mind, where American congress stressed the importance of home ownership. After it was implemented, almost all Americans could purchase property. The mentality? 'No Income? No Assets? No Problem!'. These loans eventually played a key role in the subsequent collapse of the US economy.

When all is said and done and the money bomb has dropped, *Overdose* examines the need for regathering and reconstituting financial health. This was neglected in

ON A LESS SERIOUS NOTE,  
WE ARE LOOKING FORWARD TO THESE MOVIES AND SHOWS COMING SOON

## Watch out: coming soon

**Imax-Interstellar**  
7 November 2014  
Sterkinekor Cinemas  
*Tickets available online or upon arrival*

**Carmen (Bizet) (Opera)**  
5 December 2014  
Sterkinekor Cinemas  
*Tickets available online or upon arrival*

**John Legend**  
19 November 2014  
Coca-Cola Dome, Johannesburg  
*Tickets available from www.bigconcerts.co.za*

**Swan Lake**  
19 - 23 May 2015  
Cape Town  
*Tickets available from Computicket*

# Tech review

What's new in technology for the finance and business minds? Make your life easier with the latest in scientific know-how. Read what our tech expert has in store for you...



Even with the current advances being made in technology and the nearing approach of the technological era, many documents and paperwork still need the authorisation of handwritten signatures and stamps.

Enter ScannerPro, a scanning device for your smartphone that grants the user clear, readable scans of essential papers, by using your device's camera to detect page edges and automatically adjust resolution and tonal value. The result is a near perfect scan. The app allows you to send PDFs via virtually any communicative service you can think of (Dropbox, Gmail, and more).



Kashoo is an accountant and small business owner's dream. With a subscription to the Kashoo service, users are given access to a wealth of accounting information, including emerging trends and practices within the financial sector.

Along with being able to create and send invoices, users can track various types of financial information and statements and can make use of the app's collaborative features to share essential information with business

partners and clients. You can also take a photo of bills and receipts and store them under the appropriate logs. Kashoo goes the extra mile and drafts a regular report that reflects your current expenditure and financial situation, advising on improvement and keeping a close eye on your small business.

The app is exceptionally convenient and accessible, perfect for on-the-go accounting and financial planning.



Mint.com offers users a one-stop space wherein to record and monitor all your personal financial needs. By entering all required information regarding personal banking, account details, credits, loans, and even retirement plans, you are assigned a page containing all paid information so as to keep abreast of what exactly is coming in and going out. Its uses also extend to entrepreneurs, aiming to map their finances and make a few budgetary alterations.

An essential application for the cash conscious, Mint.com is the go-to App for its fully integrated financial system that enables the user to play 'Who Wants to Be a Miser' with relative ease.

If you're sceptical regarding the safety of the app, Mint.com uses 128-bit SSL encryption, the same security software used by banks. In

addition, it is a read-only app, so your money cannot be moved while making use of the service.

Mint.com serves as a worthy supplement to mobile and online banking, as it fully categorises and compartmentalises daily expenditures and transactions. But, granted that security is of utmost importance, the fact that no actual transactions can be made does minimise the feel of having a one-stop financial platform at your disposal. Also, be prepared to feel severely disappointed when the 'Over-Budget' notification appears with exact details as to where you slipped up.



Dragon Dictation, like PaperLessLite, is designed for on-the-go notes. The difference is that with Dragon Dictation, users are able to record notes verbally, making for an easy hands-free experience.

This app also effectively destroys the market for Dictaphones, bad for them but good for us, as less money spent on office equipment means more money for things we actually like. It transcribes voice to text at lightning speed, and mistakes are few and far between. You can send an SMS or e-mail and even update your Facebook status.

Also, the app is entirely free, which may help the user to overlook its basic design and slightly annoying interface.

The main criticism is that you must be connected to the internet at all times when using the app, their way of ensuring stable connection and ease of access, our way of adding to the phone bill. All in all, a great app if you're looking to go hands-free or if the tiny interface of the keyboard is proving cumbersome.

# Your career, your path

Make the career call  
that will take you  
through the pipeline  
to your future

One call can open the door  
to attractive Fasset benefits,  
incentives and programmes  
which can frame the vision  
for your future.



Make the future count

086 101 0001 • fassetcallcentre@fasset.org.za • www.fasset.org.za



## A-team polokwane

As part of our Highlighting South Africa initiative, we will cast the spotlight on various emerging and established places in South Africa by looking at an accountant from the town. We hope this will generate interest in all corners of our diverse country. Nominate your town here.

Dante Ludolf | Writer

This month we've decided to focus on the beautiful town of Polokwane, an emerging powerhouse within the South African financial and economic sector. Polokwane is the capital of the Limpopo Province and has the region's incredible agricultural and mining resources to thank for its healthy financial success. It's impressive production rate and reliable yield is but one of the reasons investors are fighting to get their piece.

It's no secret that Limpopo's excellence in agricultural production has lead them to supply a large percentage of South African outlets, and the province's impressive figures have hailed them as one of the richest regions in the southern hemisphere. At this point in time, Limpopo's economy surpasses our national growth – an exemplary indicator of the results attained by organised office and carefully planned strategy.

Whilst agriculture, manufacturing and construction each contributed 2.5% towards the Limpopo 2012 GDP, the mining sector contributed a staggering 29.4%.

Limpopo is well endowed with a wide variety of important minerals, with more than 70 operating mines in the province and a state of the art platinum smelter located just outside Polokwane. Of the largest mines is the Venetia diamond mine, situated outside Musina in the north of the province, currently producing 40% of South Africa's annual diamond production, and operating two of



PETER MOKABA  
SOCCER STADIUM



FAR LEFT :  
WELCOME TO  
POLOKWANE

TOP RIGHT:  
POLOKWANE CITY  
SQUARE

BOTTOM RIGHT:  
ROADS AGENCY,  
LIMPOPO

the largest single open pit operations. The platinum industry is a massive growth area in Limpopo, with some seven operating mines with additional explorations and mines underway. Collieries include Tshikondeni and Grootegeluk, which has the world's largest beneficiation complex where 8000 tonnes per hour of run-of-mine coal is upgraded in six different plants.

These being the major coal suppliers for the Medupi power station in Lephalale – and reckoned to hold more than 40% of South Africa's in situ mineable coal reserves. The Phalaborwa complex, in the north east of the Limpopo province also boasts one of the world's greatest mineral repositories, with amongst other copper, phosphates and the world's largest deposit of vermiculite. Each mining activity further produces other minerals, ores, precious metals and stones contributing to this rapidly growing sector of the Limpopo economy.

Polokwane is a city on the rise. Its constantly expanding appeal makes it very hard to miss. It is a small city that young professionals may be too quick to overlook as a potential place to settle down and operate commercially. This article aims to change that and present the reader with an insider perspective on this beautiful town and the opportunities it, and the Limpopo province have to offer.

To adequately get the insider scoop on the gem that is Polokwane, we've asked proud citizen and financial guru Sally Hansen of S Hansen & Associates to tell us more about the role of the accountant in Polokwane, the financial opportunities on offer and the lifestyle you can expect. Sally is a veteran accountant and tax practitioner who prioritises a personal touch and financial finesse in running her business. Whilst active in the professional and commercial sector, she also proudly serves as chairperson of Pathways Polokwane NPC and of the Limpopo Cansa Association.

It's always refreshing to see an individual with a noble professional identity display passion for their career and the opportunities it provides. Here are some questions we asked Sally:

### Tell us about yourself and your career journey

I've spent my life pursuing my interest in business and finance, and worked in various fields in the financial sector before ultimately opening my own practice in 1983 and devoting my time to productive professionalism and constructive accounting. There are many ways to make a difference and stimulate the community via accounting, you just have to find the right approach and know where to look.

### Where does your love for accounting come from?

I have always had a passion for figures and finance. While my father was a farmer, providing the routes of my love of the outdoor and animals my maternal grandfather was a chartered accountant in practice and my paternal grandfather's career included being the governor of the Reserve Bank in the old Rhodesia. Working with figures and finance is in the genes, with both my children now qualified chartered accountants! The accounting profession seemed the career that offered everything that I was passionate about. Not only working with figures, but also with people. Finances are not just numbers – but are the very instruments that can make a difference in a person's life.

### How did you come to live and work in Polokwane?

I grew up on a farm in Mokopane (Potgietersrus), and started my working career with a firm of chartered accountants in Polokwane, while studying through UNISA. After a brief period working in London on the futures markets, I returned to South Africa and joined the company head office in Johannesburg where I later became the financial director. My husband, Steve, and I married and moved to Johannesburg to enjoy the challenges of the big corporate environment. We both enjoyed the demands of our jobs. As I worked on the international futures markets, the hours were very long

and we had decided when the time came to have a family we would return to Polokwane. In 1983 our daughter arrived, so we moved back to Polokwane and I started my practice, S Hansen & Associates.

### What is the biggest lesson you have learnt since starting your practice in Polokwane?

I would not say that lessons learnt are specific to Polokwane. Many perceive Polokwane to be a small city – this may be the case but there are many large enterprises and extremely successful business people here. One is also inclined to overlook the proximity to Gauteng, where a lot of Polokwane-based businesses operate – in essence having the best of both worlds. Lessons learnt as an accountant in practice possibly revolve around how important the personal nature of each client's financial affairs are. We have skills and acquired knowledge to assist and support clients to achieve their desires and goals – and in this way contribute not only to the success of business entities, but at the same time we help grow our regional economy. This has countless knock-on effects from employment, empowerment to community infrastructure, to mention but a few.

On the cautionary side of our profession, our work is all encompassing and time consuming, which does result in long hours and the need to make sure that we do make time to "chill". However the resultant pleasures derived from our work, means that it is not a "job", per se, but more of a rewarding life style.

## Top 3 Polokwane attractions:

(according to Trip Advisor)

1. Meropa Casino & Entertainment World
2. Polokwane Bird and Reptile Park
3. Polokwane Game Reserve

BELOW: POLOKWANE NATURE RESERVE



## What makes it unique to provide your financial services within the economic climate of Polokwane?

Over and above the big national audit companies, Polokwane has several accounting / audit practices. By comparative standards, S Hansen & Associates is a small practice. This is intentional – to ensure we maintain our aim of professional independence while providing a personal professional service of the highest standard. Whilst we may forfeit financial gain, we benefit enormously from the rewards of the personal professional service we render to our diverse client base.

## Please tell us more about the current economic state of Polokwane?

With certain Limpopo government departments placed under administration over the past few years, the flow of funds for businesses proving government services has impacted considerably on our local economy. By virtue of the supply chain, this has affected all business. It will take many businesses a long time to recover. The diversity of the agricultural sector throughout the province, from produce to livestock and wild life / game continues to be a strong contributor to our economy. Notwithstanding the considerable growth in the mining sector – as the hub of the North, and having the Platinum smelter in Polokwane, many of the mines have based themselves in Polokwane whilst developing and exploring the rich mineral resources in Limpopo.

## What role does S Hansen & Associates play in the Polokwane financial services sector?

As a small / medium practice, S Hansen & Associates provide professional and personal financial services to small and medium sized owned managed businesses and individuals not only in Polokwane, but in centres throughout Limpopo (and strangely enough in many centres in South Africa.). As the small business sector has been identified as a focus for economic growth, we see our role in the financial services sector as an important one, assisting our clients grow their businesses while navigating the countless areas of legislative compliance, thereby making a contribution to our local economy.

However, having served, and continuing to service on the committees of our professional bodies both in the Limpopo region as well as on the national committees, we have considerable interaction with our colleagues in the financial services industry.

## Will you please tell us about one of the greatest victories and setbacks you had since you started your practice?

Reflecting on successes in my practice, seeing clients start-up businesses and grow into profitable and successful companies, is a shared success to our practice. When economic conditions are tight and businesses are under financial stress, applying financial skills and assisting clients to strategically manage their businesses through the difficult times, is viewed as a challenge. Applying our minds to assisting clients to succeed is viewed as a 'victory'!

RIGHT: PETER MOKABA SOCCER STADIUM

BELOW:  
SALLY HANSEN



**“**  
*Finances  
are not just  
numbers*

– but are the very  
instruments that can  
make a difference in a  
person's life.”

A few years ago we were appointed to assist with the management of foreign funding earmarked for rural and project development in Limpopo. This was an enlightening experience being involved with not only the capex projects, but also the empowerment / training of rural communities with aim of becoming self sufficient

While one does not work or serve your community for recognition – being awarded the "Paul Harris Fellow" in June 2005 by Rotary (which I am not a member of), in my professional capacity, and receiving the Limpopo Business Woman of the Year Award in the corporate and professional category in August 2014 - are certainly highlights in my career.

Reflecting on "setbacks" in my practice, I would view the setbacks experienced by clients as shared. However, being a positively driven person, a setback is possibly an opportunity to act not identified and actioned early enough.

The professional environment within which we work is a mine field of constant legislative and compliance changes – keeping fully informed and our practice management up to date, is a challenge that cannot and must not be underestimated

## What are the 5 top things you love to do in Polokwane?

Polokwane is reputed to have one of the best climates in the world, and from personal experience, we have the most awesome community in Polokwane. Polokwane has all the opportunities and facilities available in large centres yet maintains a smaller city character. The full demands and challenges of the corporate environment are here but with the added benefit of having game reserves and the beauty of the bush and wild life only a few minutes' drive away. The proximity of home, work and leisure is something I think we all take for granted in Polokwane!

## What are your words to live by?

I believe it is important to serve the community that feeds and serves you. As accountants we have skills that are used in all spheres of community, personal and business life – being involved by guiding and assisting, is very important.

While working in Johannesburg many years ago, I was frequently in awe

(and intimidated) by several of the seriously 'high profile' people that I would have to work and interact with. An elderly client would frequently remind me – "Every person is the same, some have had greater opportunity cross their paths others not. We all get up in the morning and brush our teeth to start the day. No one person is better than another – each person has their story and something to offer."

## What does your daily routine include? From home to work...

My daily routine starts and ends with a cup of coffee with my husband, Steve and my fury four legged kids, who believe with time they may be reclassified and be given human status! We have a wonderful team in my office, and having worked together for many years, our work is scheduled throughout the month and year ensuring that the relevant client work is attended to within the prescribed time frames. I am a firm believer in calm assertive positive energy, which is essential in managing the pressures and deadlines which are characteristics of our profession as accountants.

We are part of a conservancy only twenty minutes from home, which gives us the opportunity to enjoy nature and wild life over the weekends, which we are passionate about.

With that in mind, we hope to encourage young professionals and aspiring career-driven individuals to explore their geographical options. South Africa is so much more than just Johannesburg, Cape Town and Durban and contributing to the rise in popularity of lesser-known commercial centres is both rewarding and necessary for the economic upliftment of our country. Plus, playing for Polokwane is playing for the A-Team (if we're getting statistical), a fact you as resident can emblazon on your identity with pride.

Like Sally said, Polokwane truly does have all the opportunities of larger centres but with a smaller, more intimate city character. This in itself is a rarity. Visitors and new additions to the populace can enjoy the financial rewards of a 'big city job' yet also reap the rewards of a less bustling, peaceful existence. Getting to be a part of a city geared toward enterprise and commercial excellence is sure to prove beneficial to the financially inclined, creating unique opportunities and occupational possibilities for those willing to take the leap of faith.

So power up the old Google, research your options and get a feel for the city and the province of promises. Who knows, maybe Polokwane is exactly the change in professional and personal lifestyle you've been looking for. **◆**

# The Meal maketh the wo(man)

They say you are what you eat. This article advises on reducing stress and improving productivity. Get this right and your career will no doubt benefit.

Dante Ludolf | Writer

These days, stress is a given and more often than not we're left running to and from whatever obligations we find ourselves involved in. The results of a non-stop, fast-paced life spent diligently pursuing goals, can leave you feeling sluggish and tired beyond repair. But as is often the case, a solution is never too far away. Consuming the right foods and taking care of your body can improve the way you handle stress and can reduce fatigue levels. As idealistic as that sounds, it doesn't change the fact that it's invariably true and millions have benefitted from a balanced, calculated dietary regime.

But before you turn the page, thinking this article is about shedding a few pounds and getting the figure you always dreamed of, we can assure you that it is not the case.

We're here to discuss a few effective foods that will assist you to step up to the plate and give it your all. With the help of foods and superfoods that generate heaps of energy, no task will seem too daunting and your body will jump at the opportunity to work with you and for you. Staying in touch with your body's requirements and 'listening' to your body is crucial to maintaining an active, healthy life.

Here are some foods you should avoid the next time you're on lunch:

- ◆ **Fried Anything:** Simply put, fried foods contain tons of fats and while not all fats are bad for your body, you will have to work overtime digesting them, which means that your remaining hours at work will be dreary and especially hard to stomach.
  - ◆ **White Foods:** Mashed potatoes, white rice, pasta and white bread all fall under the "high glycaemic index" category and reduce productivity, leaving you feeling sluggish and bloated. Definitely a big NO.
  - ◆ **Melatonin:** This is the king of laziness, so unless you're planning to cram in a nap between deadlines you'd
- best stay clear of too many bananas, pumpkin seeds and red wine. Not that you should be enjoying vino at work anyway.
- Now for the friendly foods that'll boost your energy levels and keep you going strong: These reliable munchies need to find their way into your lunch box ASAP. Think fresh, think fast, think yum:
- ◆ **Almonds:** Packed with protein, riboflavin and manganese, this is a perfect snack to keep on your desk. It's also a helpful addition to any lunch-time salad. If you're looking for a burst of energy that's sure to get you from 9 to 5 in a flash, whip up a fresh fruit salad and sprinkle with almond flakes and honey. Honey is another great, nutritional source of energy. Just don't drown everything you eat in golden goodness, because too much of a good thing is most certainly bad.
  - ◆ **Salmon:** Salmon is trending in a big way right now and there's a reason why. In short, Omega-3 Fatty Acids. Salmon is a game changer. A grilled Norwegian Salmon served on a bed of leafy greens or a crisp spinach salad will do wonders to maintain your A-game – so be sure to indulge ever so often. Just shy away from too much of the garnish as some greens contain melatonin – you don't want the perks of your delicious Salmon negated.
  - ◆ **Sweet Potatoes:** High in carbohydrates and packed with vitamin C and beta-carotene, sweet potatoes make for a perfect healthy alternative to hot chips and starch on the go. Cut into strips, drizzle with olive oil and bake in the oven for a hearty lunch-time snack. Plus, kids are sure to love it as it's a sweet treat that's good for them and doesn't stray too far away from conventional, snacky yumminess.
  - ◆ **Fresh Juice:** Processed juices bought at the supermarket are beyond bad. High in sugar and overloaded with the things that make fruit and vegetables healthy, they're more likely to make you crash and burn than help you jump and shout. The ingestion of one glass of orange juice is paramount to eating about 16 oranges in one go – and fruit juice increases the risk of heart disease. So, instead opt for freshly squeezed vegetable and fruit juices and reap the rewards.
- So there you have it, foods that taste great and do their bit in helping you boost your productivity so that you can spend more time efficiently hacking away at your workload and focusing on what needs to be done. The 9 to 5 life is hard enough as it is, so why burden yourself with an unbalanced diet and lethargy inducing fast food when you can have your body cooperate in its entirety. Deadlines looming over your head? Instead of reaching for that energy drink you might want to stop and consider a handful of roasted edamame beans. You're welcome. ☺

## Try this to boost your day:

**Beetroot, Apple and Cucumber juice.**  
– It has proven to have great results, especially in the afternoon when you need a little help getting through the last stretch of the day.

**Almonds:** Your perfect protein snack  
**Honey:** Energy  
**Salmon:** Be extra bright and on the ball with Omega-3 Fatty Acids.  
**Sweet Potato:** A healthy starch alternative.  
**Fresh Juice:** Pulp it yourself for extra freshness and a natural energy burst.

# Greece: where memories are made

At the end of the day all we have are the moments we live for – the memories. Let's escape to Greece – one of the best places for honeymoon couples to start the rest of their lives.

Bettie Geater | Ultimate Travel

“ Life is not measured by the number of breaths we take, but by **the places and moments that take our breath away.**”

One can have all the assets in the world – houses, cars, farms, jewellery – but the truth is, you can lose all these things within a blink of an eye. One can live to be a hundred years old – the only thing we can take with us are our memories.

### So let's start making memories.

Who wouldn't get excited if love and travel meets during the most unforgettable holiday?

The most romantic place for a honeymoon with a difference is definitely Greece! The Greek islands are among some of the most romantic and vibrant places to experience. Greece has a landscape that has given us thousands of postcard images, but remains so incredibly vibrant that it is impossible to truly capture.

Greece attracts by offering simple pleasures: delicious food at reasonable prices, local wine, beautiful beaches and coastline, sunshine, small villages, and little islands full of scenic surprises. And... then there is Athens.



Oh, Athens! The centre of this beautiful city lies between the two hills of Lycabettus and the Acropolis. The city has been the capital for just over a century and a half and the development is evident in the contrast between the modern and ancient, found in the city's architecture. During your stay you will be whisked across fifteen centuries of history several times a day.

Within Athens, buses, taxis, subways or private transfers are very popular. During summer there are several flights a day from Athens to each of the major islands. These flights can take about an hour or less. Ferries and high-speed hydrofoils are most commonly used between the islands and are more cost-effective alternatives, but will take a bit longer than flights.

### Make your memories with this trip suggestion:

Depart from OR Tambo, Johannesburg to Athens via Istanbul on Turkish Airlines or any alternative airline. This will depend on the route, your connection times and the cost involved.

### Athens for 1 or 2 nights:

This will give the clients enough time to visit the ancient Acropolis, one of the most visited monuments in the world. Thereafter, you can take a relaxed stroll down to the Plaka, where you will be captured by the ancient charm, found in the cobbled streets, bustling tavernas and shop owners sitting outside their shops, sipping coffee and playing chess, just whiling away the time. Athens will allow you to enjoy outdoor cafes, pedestrian streets, parks, gardens and urban eccentricities. Almost every house and apartment has a balcony bulging with geraniums.

You can also pre-book a half day or full day city tour with your travel agent.

After your visit to Athens you will be transferred to either the airport or to the Piraeus Harbour where you will embark on one of the ferries and high-speed hydrofoils.

### Welcome to the Greek Islands:

The Greek Islands have a charm and allure, which draw repeat visitors year-on-year. The white-washed buildings with their distinctive blue-green shutters, beaches, tavernas and nightlife all combine to offer a relaxing holiday.

The islands are grouped geographically, combining two or more islands within the same island group by ferry and hydrofoil, which is a great way to create your own "island-hopping holiday". The Cycladic Islands are located between Greece and Turkey. These are probably Greece's best-known islands – 56 in total to explore!

*The most popular islands are the following:*

### Spend 2 or 3 nights in Mykonos:

When you arrive in Mykonos you will be transferred to your hotel. Thereafter, you will be at leisure to explore the cobbled streets or enjoy a meal of Mezze as you watch the sun set over the Aegean Sea. For the next few days you can enjoy the old town, the beaches and the culture. You can even take a day cruise to explore some of the beaches and to experience some of their magic for yourself.

Mykonos is one of the most cosmopolitan islands in Greece and is well-known for its dominant blue domed churches, beaches, relaxing atmosphere and exciting nightlife. The beaches of Plati Gialos, Agios Stefanos, Psarou, Kalafatis, Ornos and Elia are popular spots for family holidays. Explore these beaches by private taxi or rent a quad bike and discover the island on your own with a map.

Try the local cuisine at the seaside taverns, or pub bars, where you can dance to loud music. Visit the local monasteries and churches or take a leisurely boat ride to Delos, the birthplace of Artemis and Apollo. Mykonos has it all...



## 5 Surprising Facts about the Greek Economy

1. Greek GDP is at 2004 levels. As it stands, it will take about a decade to reach pre-crisis levels.
2. Tourism export revenues have declined 28% since 2000.
3. Net exports from shipping have declined 27% since 2000.
4. Collecting 40% of tax arrears would eliminate the 2011 budget deficit.
5. When you add private debt, Greece's overall indebtedness is low in Europe.

*Reference: Greek Default Watch*

### Greek Holiday Details

**Visa's** (Schengen) are required for South African passport holders.

**English and Greek** are widely spoken in Greece. The **currency** is Euro.

#### Time Difference:

Nov-Mar: GMT + 2 (Same as SA time)  
Apr-Oct: GMT + 3 (SA time + 1hour)

**The best time to Travel to Greece:** Conditions are perfect between April and mid-June and then again from the end of August until mid-October, as the season winds down.

Winter is not a viable period to visit outside the major cities and mainland, as most of the tourist infrastructure on the islands goes into hibernation from the middle of October until the beginning of April.

**Health Requirements:** No inoculations are required

### Enjoy 2 or 3 nights in Santorini – it's a must!

You will be transferred to the port to board a ferry or hydrofoil for your ± 2 hour trip between Mykonos and Santorini.

Santorini is distinguished by its wild beauty and volcanic landscape. The island was the site of one of the largest volcanic eruptions in antiquity, but what remains today is a submerged volcano and a Caldera (crater). On the western side of the island, there are breathtaking views of the extinct crater, now engulfed by the sea.

Marvel at the villages, built along the edge and appreciate the architecture. Kamari beach, with its black pebbles, is popular for sun-worshippers, and many claim that watching the sunset from Oia is an unforgettable experience. Explore Santorini's historical sites, the ancient Akrotiri and the exceptional museums located in Fira, the island's main town.

Take a caicque ride to the volcanic island of Nea Kamini and swim in the hot spring. Also take a breathtaking sunset cruise to Oia and watch the dolphins playing next to your boat, while you sip on a glass of wine. *Unforgettable memories.*

After a few relaxing days on Santorini, it is time to head back home – unfortunately.

From Santorini you can take a short flight back to Athens to connect with your flight back to Johannesburg.

There are still many beautiful islands to visit, but that will mean that you have to enlarge your budget and take a longer holiday! Many clients prefer an 8 to 10 nights holiday. Packages depend on the time of year you travel and the type of hotel the you prefers – 3\*, \*4 or 5\*. Every person's requirements will be different.

Bon voyage!!!



# student



# Professional Accounting Bodies in South Africa – who is who in the zoo?

Ever wondered what the Accounting Regulatory Sector looks like? Read this article to find your way around the industry with ease...

Professional accounting bodies have the statutory right to set admission criteria, rules of conduct and continued education requirements that must be met before a person is deemed qualified. The professional accounting bodies so licenced include:

- ◆ Southern African Institute for Business Accountants (SAIBA)
- ◆ South African Institute of Chartered Accountants (SAICA)
- ◆ South African Institute of Professional Accountants (SAIPA)
- ◆ Chartered Institute of Management Accountants (CIMA)
- ◆ Association of Chartered Certified Accountants (ACCA)
- ◆ Institute of Accounting and Commerce (IAC)
- ◆ South African Institute of Government Auditors (SAIGA)
- ◆ Institute of Chartered Secretaries of South Africa (ICSA)

As government has given regulatory responsibility to these organisations, they in effect act as Self-Regulating Organisations (SRO). Professional self-regulation under law is differentiated from other forms of self-regulation by the fact that it is compulsory and is enforced through law under the

authority of the state. As SROs the bodies are required to set admission criteria, CPD requirements, discipline members, be financially viable and commit to the development of the profession.

In recent years completing tax returns and giving tax advice for a fee has become subject to regulation. The Tax Administration Act 28 of 2011 (TAA) requires that such persons be registered with a controlling body. Controlling bodies are professional tax bodies that have met the admission requirements in terms of the TAA. Professional tax bodies so recognised include:

- ◆ South African Institute for Tax Professionals (SAIT)
- ◆ South African Institute of Chartered Accountants (SAICA)
- ◆ South African Institute of Professional Accountants (SAIPA)
- ◆ Chartered Institute of Management Accountants (CIMA)
- ◆ Association of Chartered Certified Accountants (ACCA)
- ◆ Institute of Accounting and Commerce (IAC)
- ◆ Institute of Chartered Secretaries of South Africa (ICSA)

SAIT is the largest professional tax body and boast a membership of more than 10 000 tax practitioners. ■



THE TABLE PROVIDES A COMPARISON OF PROFESSIONAL ACCOUNTING BODIES

	MEMBERS	REPRESENT
SAICA	<b>32 000</b>	CA, auditors
SAIPA	<b>8 000</b>	General accountants, SME practitioner
CIMA	<b>1 500</b>	Management accountants
IAC	<b>800</b>	General accountants, SME practitioner
ACCA	<b>500</b>	FDs, CA, auditors
ICB	<b>3 000</b> <i>(mostly students)</i>	Bookkeepers and entry level accountants
SAIBA	<b>2 300</b>	<p>CFO (SA) BA (SA) BAP (SA)</p> <p>The BA (SA) designation is a home for anyone that works in or with the accounting department. This includes any of the following: Debtors clerk, Creditor clerk, Financial controller, Financial manager, and Financial accountant. It is also suitable for Marketing, HR and Operations managers that work with the accounting department and need to know accounting jargon and prepare their own budgets.</p> <p>The BAP (SA) designation is for persons providing accounting work to the public for a fee and is ideal for accounting officers and independent reviewers.</p> <p>The CFO (SA) designation is for senior finance managers.</p>

# 18 Ways sponsors can help their protégées

Gear your career by spotting the perfect sponsor or mentor. And learn how to tell the difference between the two.

The practice of mentorship is well known and well established in today's workplace. A mentor is someone who helps a more junior person learn, develop and achieve her professional goals.

Mentoring is the process by which the mentor and mentee work together to identify and help the mentee move toward those goals. But sponsorship is intended specifically to promote career advancement.

Mentors serve a variety of roles and functions. Some of these roles support professional development, socialisation and confidence building, while others are directed at career advancement. A mentor may serve several of these functions or only one or two, and many mentors who advocate for their mentees eventually become sponsors.

## Common roles and functions of mentors

- ◆ **Role:** Function
- ◆ **Host:** Welcomes mentee into the organisation; makes introductions, promotes social integration; provides information about systems, operations and firm culture
- ◆ **Teacher:** Teaches technical skills and work processes
- ◆ **Advisor:** Advises about work processes
- ◆ **Facilitator:** Helps mentee get good work assignments and network connections
- ◆ **Protector:** Provides cover for risk taking; runs interference
- ◆ **Coach:** Encourages goal setting, monitors performance and progress; gives feedback; builds confidence
- ◆ **Role model:** Demonstrates appropriate behaviour and professionalism
- ◆ **Sounding board:** Listens to ideas and plans; offers reality checks
- ◆ **Confidante:** Listens to mentee's doubts, fears and problems; troubleshoots and consoles
- ◆ **Publicist:** Promotes mentee within and outside the firm; builds mentee's credibility and visibility
- ◆ **Champion:** Advocates for mentee's promotion and compensation
- ◆ **Catalyst:** Makes things happen; inspires mentee to act

## Defining sponsors and sponsorship

What we call "sponsorship" today is similar to the old-fashioned notion of mentorship. In the past, a mentor was someone who took you under his wing, shared his wisdom with you, protected you, sent good work your way, introduced you to influential contacts and generally paved the way for your career success. You were known as the mentor's protégée, which derives from the French word for "protected." The term acknowledged the fact that the mentor had made a personal commitment to you and that your future success was linked to his ongoing support.

As the concept of mentorship has become popularised and programmed, it also has become diluted. Today, mentors are seen primarily as advisors and counselors. They support a mentee's career but do not necessarily go out of their way to promote her advancement. While mentorship remains vitally important for professional development, it is insufficient as a person moves closer to the top where the competition for leadership and partnership are greater and the stakes become higher. At those junctures, what she needs is someone who will be a strong advocate for her — a sponsor, not just a mentor.

A sponsor is an advocate who has power and influence to make his advocacy produce positive career results for the person he is sponsoring — his protégée. He identifies and helps the protégée plan new career moves, helps her develop strategies to move up into new positions and publicly endorses her. A sponsor takes risks on her behalf, arguing that she should get a bigger pay raise or urging that she is ready for equity partnership or a significant leadership role. He alerts her to opportunities and uses his influence to get her appointed to key posts. He has her back when she takes on new responsibilities, making it safer for her to take risks. He defends and advocates for her behind closed doors when she is not there, and also opens doors and invites her in. Sometimes he calls in favours, puts pressure on colleagues or puts his reputation and credibility on the line for her.

Specific sponsorship activities are dictated by the unique circumstances of the sponsor and protégée, such as the sponsor's role and range of influence in the company, the protégée's seniority and experience, her career objectives, and the available job openings and opportunities. While the specifics will vary for each sponsor-protégée relationship, here are 18 common ones:

## 18 actions sponsors take for protégées

- ① Publicly endorse the protégée's qualifications
- ② Publicly recognise her achievements
- ③ Send new business and clients to her
- ④ Nominate and support her for promotion or partnership
- ⑤ Introduce her to and foster her relationship with influential people in the firm
- ⑥ Introduce her to and foster her relationship with current and potential clients and contacts
- ⑦ Appoint/nominate her to a leadership position in the firm
- ⑧ Assign her to lead a high-visibility project
- ⑨ Get her a stretch assignment that will spotlight her leadership abilities
- ⑩ Ensure that she gets adequate recognition, credit and compensation for her work
- ⑪ Protect her from unfair criticism
- ⑫ Alert her to new business opportunities
- ⑬ Include her in client pitches and the subsequent work that comes in
- ⑭ Include her/feature her in professional events (e.g., panels, presentations)
- ⑮ Include her/feature her in marketing/business development events
- ⑯ Create marketing/business development events that highlight her interests and talents
- ⑰ Appoint or nominate her for leadership posts in outside organisations
- ⑱ Move her to an office near you or another influential leader



MAKE SURE YOU  
GET A MENTOR OR  
SPONSOR TO HELP  
IMPROVE YOUR  
CAREER

### Comparing mentors to sponsors

Mentorship may transition seamlessly into sponsorship if the sponsor is in a position of power and believes strongly in the mentee's potential. Mentors may also serve limited sponsorship roles for their mentees. But there are several key distinctions between mentors and sponsors.

#### Mentors vs. sponsors

Mentorship is supportive, focuses on professional growth and development, and is particularly useful for skills development, socialisation, identity formation, emotional support and personal growth. Sponsorship is predicated on power and focuses on career advancement.

Mentors help people learn how to be reliable and confident performers. Sponsors focus on proven performers, those seen as "stars" or "high potentials."

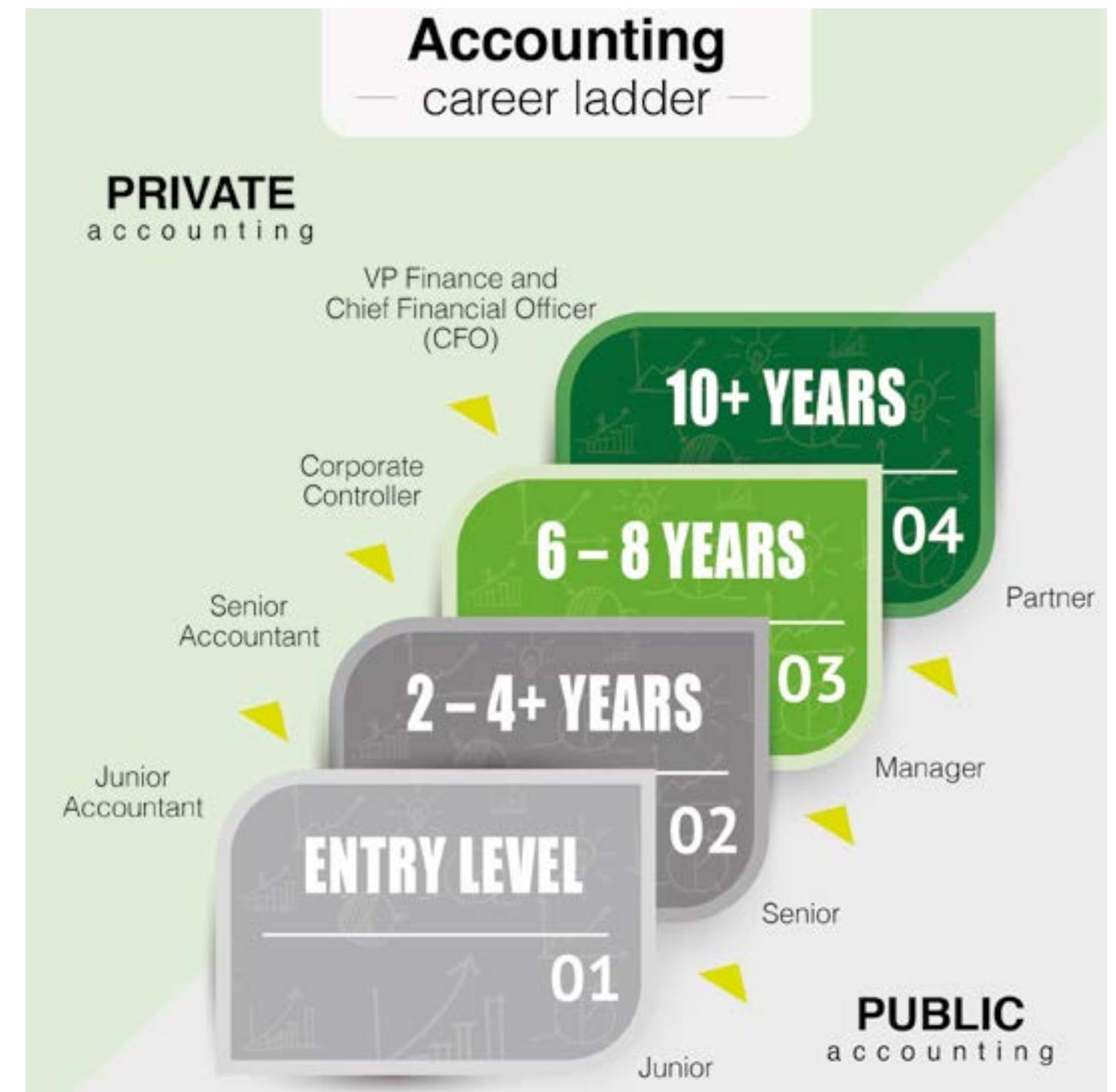
Mentors are useful throughout your career, especially in the early stages. Sponsors become more important as your career progresses, especially as you near key junctures in your career path or when fewer positions are available; the competition for those limited spots is fierce, and decisions about candidates are not just up to an individual manager.

Mentors can work with several people at once. Sponsors are far more selective; they rarely sponsor more than one or two people at a time.

Mentors can be anyone with more knowledge or experience than you. Sponsors must have sufficient organisational clout to make good things happen for the protégée.

Mentors can be within or outside the organisation. Sponsors must be able to influence events within a company or firm, so sponsors are usually found inside the protégée's company. In professional services firms, clients or other powerful outsiders can serve as sponsors because of their ability to influence decisions and practices in the firm.

Although a mentoring relationship depends on mutual trust, mentoring generally involves little risk. Sponsors deliberately take risks on a protégée's behalf and sponsorship therefore demands a great deal of trust. Sponsors trust that protégées will live up to their promise and up to the sponsor's expectations. Similarly, the protégée must trust that the sponsor has her best interests and career goals at heart, the influence to make things happen and the commitment to follow through.



# Quick questions

Become an accounting wiz with these fairly simple questions, answered smartly.

**W**hat is working capital? Why is income received in advance a liability? What is bad debts expense? Where do you go for answers to the basic questions about business or accounting? We often have quick questions, but no idea where to get the best answers.

Albert Einstein said: "If you can't explain it to a six year old, you don't understand it yourself."

Our *Quick Questions* Section is all about those questions you wish someone explained to you a little bit better. Each edition will cover a different topic.

With this simple Q&A guide, you will master everything from the very basic to more complex accountancy and business questions. In this edition, we cover questions about *Accounting Equation*. Read more and get ready to become a Business & Accounting guru.

## What is a liability account?

A liability account is a general ledger account in which a company records its debt, obligations, customer deposits, customer prepayments and certain deferred income taxes that are the result of a past transaction. The balances in liability accounts are nearly always credit balances and will be reported on the balance sheet as either current liabilities or non-current (or long-term) liabilities.

## What is meant by owner's draws?

Owner's equity represents the owner's investment in the business minus the owner's withdrawals from the business plus the net income (or minus the net loss) since the business began.

Owner's equity is viewed as a *residual claim* on the business assets because liabilities have a higher claim. Owner's equity can also be viewed (along with liabilities) as a *source of the business assets*.

## What is a double entry system?

In accounting, a double entry system means that every business transaction will involve two accounts. It also allows for the accounting equation to always be balanced.

## What does overstated mean?

When the reported amount is overstated, it means that it is incorrect and more than the true or correct amount.

## What does understated mean?

When an amount is understated, it means that it is incorrect and less than the true amount.

## If an accrual adjusting entry increases an expense and a liability, how does the balance sheet remain balanced?

An expense is a temporary account, which reduces owner's and stockholders' equity. The decrease in owner's equity will offset the increase in the liability account.

## Should an owner's compensation be recorded as an expense or in the Drawing account?

If the business is a sole proprietorship, the owner's compensation should be debited to the Drawing account. If the enterprise is a corporation, the owner's gross compensation should be debited to a salary expense account.



## 5 Tips to simplify learning debits and credits:

**1** The accounts for expenses are nearly always debited.

**2** The accounts for revenues are almost always credited.

**3** When a company issues a cheque, it credits the asset account cash.

**4** When a company receives money, it debits cash.

**5** Every transaction requires a debit to at least one account and a credit to at least one other account.

**saiba**

SOUTHERN AFRICAN INSTITUTE  
FOR BUSINESS ACCOUNTANTS

Home for  
Student  
Accountants



SAIBA is the home for all student accountants – whether you are studying a National Diploma in Accounting or a B Com, you belong with us.

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.

*the essential credential....*

## ● ATTAINABLE

*SAIBA membership is your gateway to our unique designations, Business Accountant and Business Accountant in Practice. Obtain recognition for your accounting and finance experience by joining SAIBA and improve your employability and career status or apply for your licence to practice as an accounting officer or independent reviewer.*

## ● ACCESSIBLE

*SAIBA is a flexible and inclusive professional accountancy body for any person performing an accounting or finance function. It has membership options that are customised to individual needs.*

## ● AFFORDABLE

*SAIT members who perform an accounting function qualify for a 50% discount on SAIBA's membership fees.*

**Join  
SAIBA**

Go to [www.saiba.org.za](http://www.saiba.org.za)

**saiba**  
SOUTHERN AFRICAN INSTITUTE  
FOR BUSINESS ACCOUNTANTS