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9B21M007

GE south africa: Londvolota’s CONTEXTUAL LEADERSHIP For CREATING SHARED VALUE

Caren Scheepers, Abdullah Verachia, and Ingrid Trusler wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On January 7, 2019, in Johannesburg, South Africa, Thuto Masasa, one of the founding members and a current board member of Londvolota,[[1]](#endnote-1) a trust established by General Electric South Africa (GESA),[[2]](#endnote-2) was considering a key challenge facing the company: How could it improve the establishment and growth of entrepreneurial businesses, as part of GESA’s local supplier development?[[3]](#endnote-3) The GESA Londvolota[[4]](#endnote-4) board was considering adjusting its current criteria for choosing these entrepreneurial businesses. The suppliers needed to simultaneously adhere to local compliance requirements and global standards. Also, Londvolota could take a step back and invest more into enterprise development even prior to helping small businesses grow become more sustainable. The name ***Londvolota* was derived from an isiSwathi word that meant** “to preserve, support, incubate, safeguard, grow,”[[5]](#endnote-5) **which was closely aligned with Londvolota’s purpose. Londvolota employed four full-time staff and five trustees. Londvolota also received additional human capital support from GESA.**

Masasa was preparing for an upcoming board meeting at the GE African Innovation Centre (AIC) in Johannesburg, South Africa.[[6]](#endnote-6) The AIC was a 2,700 square metre, R500 million[[7]](#endnote-7) green building near Rosebank, in northern Johannesburg. When GE Africa’s president and chief executive officer (CEO), Jay Ireland, opened the AIC on June 12, 2016, he said it symbolized GE’s long-term commitment to the continent. GE had established a presence on the continent more than a century earlier, and the office in Johannesburg had been GE’s first office outside of the United States. The AIC also symbolized its commitment to finding innovative solutions to Africa’s infrastructure and health care problems.[[8]](#endnote-8) GESA was to capitalize on the depth and strength of GE’s global network.

Londvolota’s strategic intent was to create shared value through enterprise development; specifically, the development of small and medium-sized enterprises (SMEs). Londvolota developed these businesses to supply GESA’s local supply chain, with the aim of taking the best of these businesses global—that is, to supply the global GE network. In this manner, GESA contributed to the South African economy.

Masasa, a chartered accountant, had started her own small auditing business about 18 months earlier. In this professional firm, she also assisted entrepreneurs in establishing their own businesses. Masasa and the other board members were purposefully looking for local businesses that could develop into scalable and sustainable suppliers with the intention to also supply to other local businesses, in addition to GE.

Just before the board meeting, Masasa was to meet with Ross Boyd—a GESA founding member who had been present during Londvolota’s early years—to discuss the criteria for inclusion in the global supply chain. Boyd’s role, which was linked to his supply chain leadership role at GE, was to evaluate suitable developing Broad-Based Black Empowerment Enterprises (BBBEE)[[9]](#endnote-9) and SMEs. These businesses either applied for and were identified as matching opportunities in the GESA supply chain, or required assistance via financial, technical, or business support. The GESA support was to increase their potential growth with value added for both GESA and the businesses future growth.

Londvolota had the ongoing tension of choosing the most suitable BBBEE approach. Including local SMEs in the project ensured local participation and safeguarded the required value added. Londvolota was committed to seeing these developing SMEs become part of South African economic growth and job creation. Londvolota also needed to take a hard look at how it would successfully achieve its goals in this volatile economy over the next few years.

THE Background of Masasa

Masasa was a partner at Nkonki & Associates Consulting (Nkonki),[[10]](#endnote-10) one of South Africa’s largest Black empowerment assurance and advisory firms. Her responsibilities consisted of managing a mixed portfolio in assurance services and heading up integrated reporting within the firm. Integrative reporting was an international requirement, whereby boards were required to report on the company’s value creation over time.[[11]](#endnote-11) She was member of the Integrated Reporting Council (IRC)[[12]](#endnote-12) Working Group in South Africa. The IRC assisted governing body members, executives, and preparers of integrated reports in understanding the disclosure recommendations of King IV, a code for corporate governance in South Africa,[[13]](#endnote-13) and the related Johannesburg Stock Exchange listings requirements. She was a representative of Nkonki in the International IRC’s Business and Public Sector Pioneer networks. Masasa had extensive experience established over 10 years of working in commerce, assurance, and corporate advisory services. She had worked for Cummins,[[14]](#endnote-14) a Fortune 500 company, and Deloitte[[15]](#endnote-15) prior to joining Nkonki. Masasa gained international exposure while working in London for Deloitte UK, and had facilitated training in various countries in Africa, Asia, and Europe through Deloitte Global. She also held a non-executive directorship at Mpumalanga Economic Growth Agency, where she was a member of the audit and risk committee and the loans committee. She was also a finance committee member of the South African Institute of International Affairs.[[16]](#endnote-16)

One of Masasa’s passions was to build and develop South Africa’s youth. From 2010 to 2012, Masasa participated as a volunteer facilitator in the Spirit of the Youth Programme,[[17]](#endnote-17) a youth dialogue and leadership program headed by the Gordon Institute of Business Science, at the University of Pretoria. In 2012 and 2013, she also helped the African Leadership Academy[[18]](#endnote-18) to assist in mentoring young people who showed entrepreneurial potential. In 2013, she served as a board member on Beyond the Lemonade Stand, a non-profit organization aimed at creating experiential learning opportunities. Masasa also held non-executive directorships at various companies. She won the TA & IAB Young Accountant of the Year award in 2016.[[19]](#endnote-19) Masasa studied for a bachelor’s degree in accountancy at the University of Natal.[[20]](#endnote-20)

Masasa was involved when Londvolota commenced operations in 2013 and intended to assist in the development of BBBEE enterprises by operating within South African legislation. Boyd, the director of Enterprise and Supply Development for GE Africa at the time, reflected on the previous few years, noting that despite some success stories, finding suitable entrepreneurs was challenging.[[21]](#endnote-21) Getting orders to a level of sustainability had also proved difficult due to the project nature of infrastructure development. However, the goal of having 55 per cent local content was surpassed in two GE sectors: Transportation (i.e., the Locomotive Build Program) and Power (i.e., the Power Station Build Program). Good progress had also been made with business interventions at both technical and business levels.

Examples of successful entrepreneurial products included the GESA locomotive window frames, which were manufactured by Siyahamba Engineering. The CEO of Siyahamba Engineering, Zolile Maqetuka, who had extensive experience in the railway sector, located the company’s headquarters in Wadeville, an industrial area close to Johannesburg, from which he operated seven factories. The company produced locomotive window frames for several clients in addition to GE, including Bombardier Transport, Naledi Rail, and Transnet Engineering. Siyahamba Engineering had original products that had been patented and met the South African Bureau of Standards ISO 9001:2000 quality accreditation. The company also designed and produced vandal-resistant door systems to replace the much-vandalized cast aluminum driver doors and a uniquely designed Shosholoza half-drop window with a protective, built-in internal aluminum slatted blind.[[22]](#endnote-22) These unique designs were proudly South African, illustrating the effectiveness of necessity innovation in emerging markets, which could be exported to the rest of the world.[[23]](#endnote-23)

THE History of GESA

GE had entered the African continent to contribute to its mining industry over 120 years earlier in 1898 by opening an office in Johannesburg,[[24]](#endnote-24) marking GE’s first office outside the United States. Similar to several other US companies, GE exited under the apartheid rule and returned to South Africa in the 1990s. Before its return, GE had built household appliances, such as fridges, in Dunswart on the East Rand. The 1990s return to South Africa was as a smaller sales and service organization.

In early 2009, Boyd returned to South Africa following eight years with GE in Europe. Finding that GE in South Africa was predominantly a sales and services operation, he wondered what the company was building. He quickly realized that GE headquarters was hiring employees and planting flags to further its commercial operations but the company headquarters was not the main decision-maker, which meant that some decisions were made by managers who did not understand the context of the challenges faced in Africa. With the human resources (HR) department in Dubai and the information technology (IT) department situated offshore, small regional teams were located in different business units on the ground. The result was in an inability to develop local leadership credibility, which was typical of sub-Saharan African businesses.

GE’s CEO at the time, Jeff Immelt, considered the reality and stated that, if GE was going to grow, it needed to bring a new lens to emerging markets, get to know the markets, and set up organizations whose focus would be to mobilize GE at a high speed. Immelt admitted in a *Harvard Business Review* article in 2017 that the outcome of his decisions would play out over decades. His initiatives had been to introduce transformative initiatives that would change the organization from being a classic conglomerate to what he called a 125-year-old start-up as a digital industrial company. GE changed its portfolio at the time to focus on its core industrial businesses and divest from its slow-growth, low-tech, and non-industrial businesses to re-establish itself as a technological company.[[25]](#endnote-25)

GE’s aim was to become a truly global company with a strong local presence in the 180 countries where it had been established. Immelt ensured that GE had a constancy of purpose of over 10 years and was resilient in transforming GE to be a horizontal global organization. That is, Immelt assisted in managing the tension due to disagreement among GE’s leaders regarding who had control over what by ensuring that any tension was healthy and that all leaders stayed focused on the outcome. The rationale was that GE needed new businesses to be implemented locally, which could not be implemented from the United States, Dubai, or London. Boyd said that GE wanted to be quick and responsive to local needs. To be on the ground meant that GE needed to understand what was required to enhance both portfolio profitability and the supply chain. GE wanted to position itself closer to where its customers were connecting with capital. To do this, GE needed to be closer to the customer and closer to the action, creating a local leadership pipeline that was capable and credible to deliver and engage with the customer.

The Global Growth Organization (GGO) was therefore established in 2011. Immelt said at the launch, “Look, to get global, we’ve got to be more local. So, we’re going to run the company as a full-fledged matrix where the regions have power with a mission to partner with businesses to accelerate global growth.”[[26]](#endnote-26) And that was how it started: one of the longest-serving company officers, Jay Ireland, who had decades of experience at NBC-TV, GE Plastics, and GE Asset Management (which made him popular among Wall Street financial companies), was willing to leave the comfort of the United States to engage in Africa. It required a remarkable leader, who understood the company and what it should be delivering, to set a GE footprint in Africa. Ireland did not want to set up a base in South Africa as three GE businesses—Healthcare, Aviation, and Power—were headquartered in South Africa; and Nigeria had GE’s oil and gas headquarters. So, the Africa headquarters needed to be set up in Nairobi, Kenya, which was accessible, as Johannesburg and Nairobi had the best transportation hubs, in terms of airlines, airports and railways, in the continent. Ireland had a master stroke in this area. There was strong GE leadership in South Africa and West Africa, and he was in East Africa: the continent was covered, and he was on the ground.

Immelt also demonstrated his commitment to emerging markets in 2012, a year after establishing the GGO, by spending 50 per cent of his time in these growth regions with customers, production plants, and sales forces.[[27]](#endnote-27) The establishment of the GGO had been significant since it placed the horizontal operations in the local regions on par with the vertical businesses, with decentralized research and development, manufacturing, and sales situated within the territories. It also ensured that GE was in fact taking advantage of its global scale. Unfortunately, a few of GE’s best leaders could not deal with the decentralized decision-making process within the matrix structure. They were more accustomed to running their own profit and loss (P&L) balance sheet, which GE called a very vertical P&L. Rice noted that they had to figure out the best business model for each region and to ensure that they balanced empowerment with sufficient guardrails.[[28]](#endnote-28)

During this time, Boyd saw two main attempts to build up local talent. Firstly, GE sponsored its Back to Africa drive to allow many of Boyd’s colleagues to come home to Africa, as Boyd had done. GE created a program to help employees and their families become established on the continent. Secondly, GE initiated a pipeline leadership program. According to Boyd, every program that GE established globally had been funded from a central account. GE had financial management programs, operations management programs, and HR management programs. The company then brought in local young graduate talent and enrolled them into GE’s two-year leadership pipeline program: six months in one country, six months in GE business, six months in the next country, and then returning to assume a position at GE.

This program resulted in building an understanding of the deep GE culture, while acknowledging local tradition. For example, to establish an African GE culture, two senior employees and four junior employees in the initial GE Ghana office initiated a rotation where each employee in the office would take turns buying breakfast on Friday morning for everyone else in the office. This routine allowed for open conversations and work relationships that extended beyond day-to-day tasks. This practice continued as the office grew to more than 80 employees. The culture was strong and well established, so that whenever this group needed to deal with the realities of business, the culture became a unifier that held people together. GGO was implemented in numerous markets, but it made the most impact in emerging markets, where it enabled GE to scale rapidly via a shared services model, particularly in support functions.

The GGO also created “centres of excellence” that could provide functional expertise to local businesses, where they might not have been large enough to attract the best talent. In some instances, such as in India, which had a multimodal factory that manufactured projects for several different businesses, the GGO acted as a catalyst for cross-business collaboration and for GE businesses to co-fund projects. Performance measurement changed, from using only the traditional P&L statements, to including the growth in orders and the number of local opportunities exploited. GGO assisted the businesses to collaborate by wearing two hats: GE’s own businesses and the region with the interest of the larger company in view as “OneGE.”[[29]](#endnote-29)

Boyd found that one of the biggest successes was the building of local capability at every level of the sub-Saharan Africa organization. Localizing decision-making, or so-called horizontal decision-making, on the ground for customers was a huge shift, which created a healthy tension between the region and the business headquarters, which was either in Milwaukee or in New York in the United States.

Another big factor was exporting African ideas. Boyd emphasized that to get a deal done locally, everyone needed to understand that it was complex and that it typically involved tough interactions and collaborations, which required relationships to be built over time. GE found that building local capabilities required a lot of imagination, input, and time. Thus, the ability to develop projects and to have them signed off, by bringing different parties to the table and collaborating, was taken out of the region and finalized in the local countries so that managers at head office and regional head offices could see that this initiative was not an academic exercise, but rather an exercise on how customers could be assisted with their projects, and bring them to fruition.

LocaliZation

Localization and local content had always been in demand. GE had done what most companies had done. It would normally have had 10 per cent local content initially, which would then have been increased to 30 per cent and no more. Often the focus was the 30 per cent “no matter what” so that the next deal was signed; however, this approach was negative for the company and the economy. GE took a step back and said that it needed to build these suppliers and the companies that would be working with them. But because of the size of GE, this task had been an extremely challenging journey. An example was the GE locomotives that were built for Transnet in 2009/10. GE had started with 25 per cent local content in terms of global suppliers and local assembly. The next step was to recruit local suppliers, which proved to be difficult, as many suppliers could not cope with the size of the contracts. This lack of suitable local suppliers resulted in global and local teams working together, with the global teams demonstrating to the local teams. GE’s global strength lay in traditional supplier development, which focused on three areas: partnering to improve technical execution, driving up efficiency, and reducing cost. The assumption was that if local SMEs could readily access finance, then they could deliver. What Boyd found was that South Africa had money for small businesses, but was unable to utilize the funds productively or to qualify through the usual due diligence approaches employed by financial institutions.

As a result, GE put a three-part model in place. First, technical development was built on the global experience of working with the best suppliers, focusing them on quality, efficiency, delivery, and general supply chain detail. Next, the business development side needed to include business competencies such as financial management, organizational development, and marketing strategy. These SMEs needed to learn how the big companies were operating and how to supply into them effectively. The supervisory level needed reinforcement so that it did not collapse when volumes drastically increased. The pipeline of getting the right people in the right roles meant placing skills transfer and technical development teams in suppliers’ workplaces to help the businesses become the organizations that could actually deliver on what was essentially the strategy. Finally, the third part of the model was innovative financing, which envisioned building on technical and business interventions to fund the businesses’ next steps and growth.

The background of Londvolota

Londvolota was a South African trust, formed by GESA in 2015. Londvolota focused on building entrepreneurial capability and capacity within Black-owned industrial companies in South Africa. Its goal was to give small and medium-sized businesses the tools they needed to help them grow. Their motto was “We develop, we teach, we fund, and we accelerate growth.” Londvolota’s intent was to give the SMEs the tools they needed to help them grow by developing, teaching, funding, and accelerating growth. The Londvolota website offered, in real time, the number of supplier purchase orders issued, the supply chain opportunities prioritized, and the business areas that had been focused on.[[30]](#endnote-30)

The structure of Londvolota included the Londvolota Investment Trust, which held 25 per cent of all voting shares and one extra voting share in GE South Africa; Londvolota Enterprise Development Pty. Ltd., which was the company mandated to deliver enterprise and supplier services to GE in South Africa; and the Londvolota Development Trust, which activated programs for education and entrepreneurial development.

Delivering on the trusts’ mandates encouraged the engagement of specialist partners. For example, Londvolota worked with several partners: Aurik Business Accelerators, which, under the leadership of Pavlo Phitidis, offered structured business development programs, mentorship, and advice;[[31]](#endnote-31) Business Partners, which was the fund manager;[[32]](#endnote-32) Standard Bank Incubator via a program focused on health-care professionals;[[33]](#endnote-33) and Lionesses of Africa[[34]](#endnote-34) to help accelerate woman entrepreneurs.

Londvolota aimed for supply chain and shared value relationships between GESA and entrepreneurs and SMEs. An example of such a business was Siyahamba Engineering, which supplied locomotive window frames. Boyd emphasized the high value of building and developing capabilities within these businesses. The intention was to deliver globally competitive suppliers. Londvolota found a large gap between, on the one hand, business owners and senior managers, and, on the other hand, the next level of staff, which needed to be addressed by designing increased capacity and capability. Boyd emphasized that to develop enterprises’ needs, the need had to be identified, and to be able to move forward, the solutions established needed to result in new mindsets.

Masasa felt strongly that scaling up sustainability was important for the sustained success of Londvolota. The board members were in agreement that South Africa required entrepreneurship that needed to be developed in conjunction with GESA. Lerato Molebatsi, GE’s head of Government Affairs and Communications in 2018,[[35]](#endnote-35) stated that Londvolota was GESA’s project. She also emphasized that the focus was on the long-term development and calculated risk in developing woman entrepreneurs. Masasa likewise affirmed that woman entrepreneurs needed the credentials and purchase orders from GESA.

Looking back

Numerous factors had contributed to the success of Londvolota; however, not everything had worked out well. Some the initial learnings included obtaining better alignment with business supply chain teams in terms of meeting demand, shifting from a broad two-year program to targeted one-year interventions that were SME-specific, and spending more time on upfront diagnostics before a business entered the program. Masasa and the other board members agreed that the changes in the structure of GESA, based on global shifts in strategy by GE, impacted Londvolota’s strategic approach.

Boyd found that although the technical interventions were valuable, the non-technical business issues had impacted many of the SMEs who had repeated issues with clients. Lack of financial management manifested in these businesses being unable to manage increased volumes with their available working capital. This situation resulted in Londvolota sending in finance teams in partnership with supply chain teams to aid management and ensure execution. SMEs often did not have robust commercial strategies. The percentage of sales that the SMEs supplied to GESA was often too high, which meant their order books had not been adequately diversified. They had not been building their sales pipeline. These SMEs had been thinking only about completing the next order. Londvolota worked with more than 100 different entrepreneurs and companies across South Africa. In the transportation division, six of the key 25 local suppliers graduated to supply the GE global supply chain, which was a major achievement for those SMEs.

These SMEs supplied locomotives to India, Pakistan, and Kazakhstan. However, the business structure that should have been in place had been underestimated, which had got in the way of the business. Of the six suppliers, four had required various interventions, resulting in them successfully exporting in 2018. They needed to invest and manage significant change in their businesses to be able to deliver.

Masasa felt that even though glitches were being dealt with, a stronger partnership with Londvolota and the likes of Aurik Business Accelerators in the future would be a key factor in improving Londvolota’s success rate. She also felt that Londvolota offered the SMEs improvements in the local economy and opening up entrepreneurial opportunities with the intent of creating sustainable businesses that could be competitive enough to eventually export. The success of this process needed a closer journey with development partners such as Aurik Business Accelerators. The SMEs needed to understand what was required for supply chain sustainability and scalability. Some of the other challenges were that the SMEs became dependent on GESA. Londvolota was often seen as a social trust resulting in loss of interest. Masasa felt that implementing strategic key performance indicators would make a significant change to both personal and corporate success. The result would be the mutual benefit of shared value, where the GESA empowerment would lead to responsible sustainability. She also realized that the “ground” needed to be adequately prepared so that the SME could grow slowly, which entailed small failures or successes, where slow work in progress ultimately effected success.

Abdullah Verachia, CEO of The Strategists[[36]](#endnote-36) and one of Londvolota’s founding board members, suggested that scalability was a problem simply because the companies were not ready to scale and needed specific input. Verachia suggested that, strategically, several actions had been required, such as an 18-month program to grow the selected businesses, a supply development program to improve the local component, and a strong CEO to push for upgrades in skills and scale; success on the investment would then improve.

Applying to Londvolota

The typical applicants that Londvolota was seeking had been SMEs with BBBEE compliance so that they could participate in the industrial value chain and be part of the ongoing industrialization within South Africa. To qualify to apply, certain criteria needed to be met, as well as a successful due diligence process. Once the application had been received, it would be reviewed, and a finance plan and value-add business support were considered. Thereafter, applicants would either be moved forward or would be deemed unsuitable for the investment.

Londvolota required 10 business criteria for applications: (1) an annual turnover not exceeding R50 million per annum; (2) a South African domiciled business; (3) at least 51 per cent Black ownership and BBBEE compliancy; (4) ability to benefit from the operational involvement of the small business owner or so-called entrepreneur; (5) agreement with the program terms and conditions, including periodic audits of the company’s operations; (6) meeting the social and economic inclusion criteria; (7) a proven track record; (8) presentation of a business plan; (9) operating within the identified GE sectors; and (10) creating and sustaining employment.

The process included five stages. Firstly, the initial application had to be registered, which consisted of a review of business needs that were compared against Londvolota’s investment criteria, and an initial decision was then made on whether to consider the application. Secondly, a review of the detailed, formal analysis of the business proposal was undertaken. This due diligence process verified the information provided and highlighted additional information that might be required. The business plan was based on completed and objective information. Thirdly, the investments committee considered the approval of the application, including the structuring of finance provided and any terms and conditions thereon. Fourthly, the company received continuous value-add business support for the duration of the finance period, focusing on the business’s needs. The support was designed to enhance the success of the business, while assisting the implementation of the business plan. Further support through the Customer Innovation Centre enabled access to some of the best industry-specific expert advice, support, and training from GE staff. Finally, on payment of the final instalment according to an agreed financial plan or other agreed settlement, the formal involvement with the business ended. While additional funding and ongoing support would have been possible, the final settlement was a good time to review the business plans and discuss any finance and support needed.See an illustration of this business model in Exhibit 1.

Toward the end of 2018, GE had made some significant changes by disposing of its capital business following the 2008 financial crisis, acquiring assets in its Power division that had not delivered the envisaged synergies, and acknowledging alongside other market participants that the Power division’s demand forecasts had been exaggerated. The largest impact on GESA was the selling of the locomotive division to Wabtec Rail Company; and secondly, large power projects that had been in the final stages of execution. GE turned its focus to three divisions: Healthcare; Aviation; and Power, which included, steam, gas, renewable energy (onshore and offshore wind), and grid (transmission and distribution).

After a century at the forefront of industrial manufacturing, GE was transforming its portfolio of businesses to continue its pioneering leadership in the new technological era. The new CEO, who had been appointed toward the end of 2018, was Lawrence Culp, Jr., who was also chairman of the board. Culp commented on the strength of GE’s global network, as well as its building of a local presence with a strong brand. GE was focused on its deep customer relationships in more than 180 countries. It was proud to serve as a true partner in emerging markets in Africa and Asia for more than 100 years and contributed to those countries’ growth and development. GE purposefully invested in local talent and supply chains, and it also brought along other partners, to form important networks that led to a unique competitive advantage.[[37]](#endnote-37)

THE Way forward

Some of the successes of 2018 included 104 SMEs and entrepreneurs having been supported by Londvolota, resulting in R275 million in purchase orders. Nonetheless, Masasa contemplated how Londvolota could increase its success rate by fine-tuning and adjusting the current criteria for choosing companies. Londvolota had learned a great deal from successes and failures over the past five years. This acquired knowledge was the key to the road ahead. The successes needed to be built on, and the failures learned from, adjusted, and transformed into successes. It was important to Londvolota to strategize a new pathway. What should Londvolota focus on to increase its successes and prevent failures?

EXHIBIT 1: General Electric South Africa’S SUPPLIER’S MODEL

**Supplier Development**

**Innovative Finance**

**SME Accelerator**

**Small and Medium Enterprises**

**Supplier development:**

Structured development plan

Collaborative relationship

Training in-house and on-site

Technical, capacity, and logistical development

Purchase orders—demand

**Innovative Finance:**

Venture capitalist slant

Instrument variety—debt to equity

Access and affordability enhanced by program involvement

**SME Accelerator:**

Business and entrepreneur diagnostics

Gap closing interventions

Business development services

Note: SME = small and medium-sized enterprise.

Source: Company documents with permission from General Electric South Africa.

ENDNOTES

1. Londvolota was a trust established by General Electric South Africa in 2015. Londvolota, “Who We Are...,” accessed September 7, 2019, http://londvolota.co.za. [↑](#endnote-ref-1)
2. General Electric Company was an American multinational conglomerate incorporated in New York City and headquartered in Boston. “About Us,” General Electric Company, accessed March 19, 2020, www.ge.com/about-us. [↑](#endnote-ref-2)
3. The authors compiled the case from transcripts of interviews with four Londvolota board members: Thuto Masasa, Abdullah Verachia, Ross Boyd, and Lerato Molebatsi in December 2018, April 2019, and March 2020. [↑](#endnote-ref-3)
4. The case uses the short form “Londvolota” to refer to the General Electric South Africa (GESA) Londvolota Trust. [↑](#endnote-ref-4)
5. “Snapshot,” Londvolota, accessed November 20, 2020, http://londvolota.co.za/about-us/. [↑](#endnote-ref-5)
6. Terence Creamer, “GE Officially Opens R500m African Innovation Hub in Joburg,” Polity, June 13, 2016, accessed March 19, 2020, www.polity.org.za/article/ge-officially-opens-r500m-african-innovation-hub-in-joburg-2016-06-13. [↑](#endnote-ref-6)
7. R = South African rand; R1 = US$0.068 on June 30, 2016; all currency amounts are in R unless otherwise specified. [↑](#endnote-ref-7)
8. Creamer, op. cit. [↑](#endnote-ref-8)
9. Broad-Based Black Empowerment Enterprise was a requirement in South Africa to adhere to the requirements of the 2003 *BBBEE Act 53.* Phase 2 B-BBEE Codes of Good Practice Gazette No. 38076, October 10, 2014, accessed September 7, 2019, www.thedtic.gov.za/financial-and-non-financial-support/b-bbee/broad-based-black-economic-empowerment. [↑](#endnote-ref-9)
10. Nkonki & Associates Consulting was a Black economic empowerment company offering professional construction project management, contract management, and quantity surveying services. “About Us,” Nkonki & Associates Consulting, accessed May 5, 2020, www.nkonkiconsulting.co.za/about%20us.html. [↑](#endnote-ref-10)
11. Integrated reporting was “a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communication regarding aspects of value creation.” “International <IR> Framework,” Integrated Reporting, accessed March 19, 2020, https://integratedreporting.org/resource/international-ir-framework/. [↑](#endnote-ref-11)
12. “IRC: Disclosure of Governance Information in the Integrated Report,” Integrated Reporting, accessed March 19, 2020, https://integratedreporting.org/resource/irc-disclosure-in-information-in-the-integrated-report/. [↑](#endnote-ref-12)
13. Institute of Directors of South Affrica issued 4 King Reports or Codes for Corporate Governance. “King IV Report,” Institute of Directors South Africa, accessed March 19, 2020, www.iodsa.co.za/general/custom.asp?page=KingIVReport&DGPCrPg=1&DGPCrSrt=6A., published on April 1, 2017. [↑](#endnote-ref-13)
14. Cummins was a leading provider of electrified power in commercial and industrial markets in diesel- and natural gas–powered products. “Cummins Brochures Library, Cummins Inc., accessed May 5, 2020, www.cummins.com/brochures. [↑](#endnote-ref-14)
15. Deloitte Touche Tohmatsu Limited was a United Kingdom private company limited delivering auditing and consulting services. “About Deloitte in South Africa,” Deloitte Touche Tohmatsu Limited, accessed May 5, 2020, www2.deloitte.com/za/en/legal/about-deloitte-south-africa.html. [↑](#endnote-ref-15)
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