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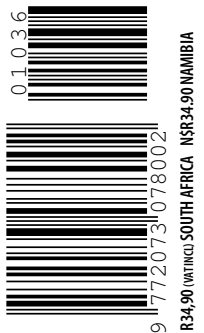
*Vdaba
Ntsele*
PAMODZI GROUP FOUNDER
3 DECADES OF MEGA-DEALS

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COVER FEATURE

WRITTEN BY MZO WITBOOI



FROM VENDOR TO VICEROY

Co-founder and CEO of the Pamodzi Group, Ndaba Ntsele, has seen his company weather many storms in its 35 years of existence. The Black Business Council President shares some of its milestones with DESTINY MAN

Ntsele is an astute hustler whose aptitude for entrepreneurship was first cultivated in family businesses, then honed on the streets and finally mastered in the boardroom. He grew up helping his hawkier aunt and shopkeeper uncle with their businesses in Soweto and says he was already financially independent in high school – making money as a newspaper vendor. He could even afford to buy himself a car when he was in matric. All this pointed to success on a bigger stage.

Celebrated township businessmen such as Richard Maponya, Jabu Vilakazi and Dr Nthato Motlana were an inspiration to many kids in Soweto. Ntsele remembers that these businessmen had big houses “with indoor bathrooms” at a time when such conveniences were rare in the community.

He wasn't just business-savvy – he was politically conscious too. His neighbourhood, Orlando West, was a hive of political activity that would witness some of the most significant events in the history of apartheid SA. Ntsele says he knew where the homes of Nelson Mandela and Walter Sisulu were while still in primary school in the 1960s.

While he acknowledges that the figures he looked up to inspired his personal journey, he became aware early on that he had to carve his own path – mostly in uncharted territories – to become the man he is today. His story and rise to prominence reflect a man who had a deep desire to succeed, even when faced with an unfavourable political and economic climate.

STREET SMARTS

The Pamodzi Group may boast a widely diversified portfolio – with stakes in industrial manufacturing, aviation and defence systems, infrastructure development, construction, utility management, agriculture, technology, energy and mineral resources – but it traces its roots to what was then the hip, middle-class suburb of Hillbrow in Jo'burg. This is where Ntsele and former business partner Mncedi Manyoni inadvertently learnt a number of basic business skills.

Still at high school in the early 1970s, the duo would spend their afternoons selling newspapers. Competition was stiff, with about 10 vendors in the Hillbrow area, recalls Ntsele. “We bought them out and began operating all the stalls. We weren't aware that we were doing acquisitions!”

Ntsele and Manyoni employed other youngsters to man the acquired stalls, but the new recruits would flee with the money when all the newspapers had been sold. With Hillbrow fast becoming a cosmopolitan area, they were even able to employ a white Wits University student to collect money from the stalls on their behalf. “The white guy rode a Lambretta scooter and would collect the money every hour to minimise risk.” Ntsele was making so much money that he could afford to buy a Morris Minor in matric.

“Here's a truth you won't hear often: you need to love money in order to be able to make it. That's when the entrepreneurial spirit kicks in. I saw and learnt the value of money when I was still young. When you become an entrepreneur at an early age, you don't have to ask your parents for money to go to the cinema or take your girlfriend out.”

After matric, he trained at the Johannesburg Traffic Department and became a traffic officer. He soon upgraded to a Ford Capri – the sports car of choice in those days. But the salary he was earning as a public servant wasn't enough for the lifestyle he wanted to lead and he began supplementing his earnings by selling clothes on weekends.

Ntsele, Manyoni and a friend, Solly Sithole, resigned from their jobs to start Pamodzi Construction. “We formed Pamodzi during the height of apartheid because we had spotted a gap in the construction sector. We complemented each other well: Solly had been in sales and was going to drive our marketing initiatives, while Mncedi, who had dropped out of varsity while doing a BCom, was going to look after the finances. I'd proven to be an excellent administrator while working as a senior officer at the traffic department and giving instructions to some of the white folks.”

However, none of them had a background in construction and they needed to recruit someone who had experience in the sector. They poached a black foreman from a large construction company and offered him a bakkie, a better salary and a management position.

At the time, black people were not allowed to own land in urban areas. “Black people were only allowed to live in the city while they were either working or attending school. The law stipulated that they return to the homelands after retirement. Many were ‘deported,’” says Ntsele.

Social justice campaigner Jan Steyn and his Urban Foundation negotiated with the apartheid government to offer blacks a

99-year leasehold, which would go a long way in alleviating the backlog in township housing in the early 1980s. After a couple of years of building two-bedroomed houses and garages in Soweto, Pamodzi Construction believed it had more to offer.

In 1982, Ntsele and his team bought sites in the Protea North area of Soweto and started building decent homes for the black middle class. “We were serious about business! We sent a young lady, Nhlanhla Ndovela, to study building science so she could help drive our construction initiatives. She became the first black woman to get a certificate in the discipline.”

Similar projects followed, including the ones in Dobsonville Extension 3, Pimville and Diepkloof Extension in Soweto and Siluma View in the East Rand. Things were looking up and Pamodzi now had a big staff complement. “In 1986, we rewarded ourselves and bought three top-of-the-range Mercedes-Benz cars, paying cash.”

They were clearly destined for a bright future and had business bigwigs on speed-dial. Ntsele says: “We wanted to participate in a township development project and invited Steyn to a braai at my house in Pimville to talk about it. In attendance were some influential figures, including Kaizer Motaung and Solomon ‘Stix’ Morewa. It was a rare moment. To have a white man socialising in the township after the 6pm curfew in apartheid SA was unheard of. Steyn asked: ‘What other apartheid policy should we challenge? Let's dismantle apartheid bit by bit.’”

Of course, Ntsele was always thinking along business lines and was quick to suggest that blacks be given an opportunity to participate in the Urban Foundation and be part of township developments from the outset. “The first opportunity to be involved was the Dobsonville Extension 3 development. To participate, we needed at least R6,5 million. It was a lot of money at the time.”

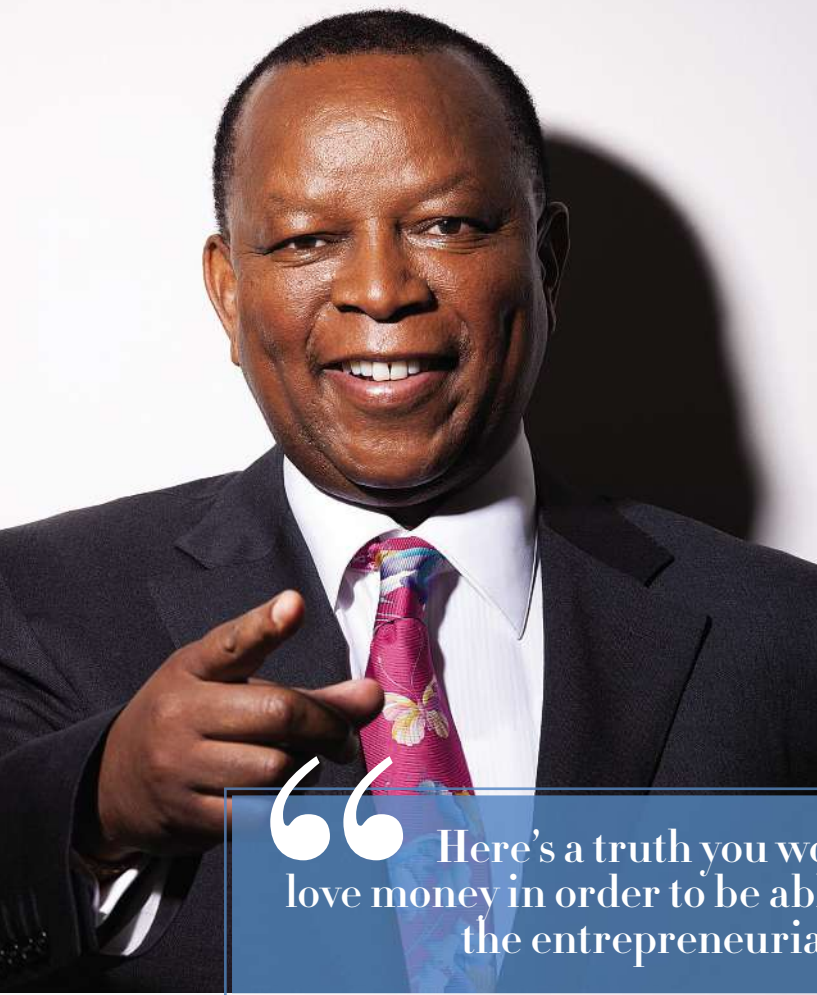
Sadly, the late 1980s were characterised by bond boycotts that eventually crippled the property business – including Pamodzi. As a result, Manyoni left the company.

BOARDROOM SMARTS

The imminent dismantling of the apartheid regime offered a fresh start for Pamodzi.

“When there was talk that Nelson Mandela was going to be freed, I suggested we cast our eyes beyond SA and secure operating licences for overseas companies. I went to McDonald's in Chicago, but





“ Here’s a truth you won’t hear often: you need to love money in order to be able to make it. That’s when the entrepreneurial spirit kicks in. ”



➔ they didn't trust us enough to grant us a licence. They offered us a shop instead, but we turned it down."

Refusing to be deterred, Ntsele and Sithole asked Cyril Ramaphosa and Thabo Mbeki to write letters to the Nike headquarters in the USA expressing their wish to distribute the brand's products in southern Africa. After going back and forth a couple of times, they were eventually awarded the licence in 1991.

"We were distributing to all the large retailers, like Edgars and Totalsports, and we later opened Nike stores in Angola and Mauritius. We were the big boys, but the business soon grew too fast for us and we had to dream even bigger.

"Nike asked us to develop black managers. We agreed and I'm glad to say some of them are now successful businesspeople in their own right. Thebe Ikalafeng [globally recognised brand architect] and Nunu Ntshingila [Chairperson of Ogilvy & Mather SA] are among them."

Nike SA grew exponentially after it began sponsoring the SA national rugby team, following the famous 1995 World Cup victory on home soil. "We needed about R100 million to expand the brand, but couldn't raise capital locally."

When he shared his dilemma with Nike, he was invited to the brand's headquarters, where he was introduced to the President of Citibank, who'd later grant him the loan.

Meanwhile, Pamodzi was still operating in construction, mainly building schools. Ntsele realised that the local business landscape was shifting towards BEE partnerships and that they needed to jump on the bandwagon. "I suggested that we move away from construction and become an investment company. We did so and invited a number of prominent people, including Felicia Mabuza-Suttle, Andrew Wheeler and Kobus du Plooy, to come on board.

"In 1997, I sold all my Nike shares after realising that Pamodzi was going to get a lot bigger. Besides, my new partners wanted me to be CEO. Pamodzi soon became a diversified business. Wheeler suggested that we bring in Peter Vundla [founder of SA's first wholly black-owned advertising agency, HerdBuoys]."

The Pamodzi Group was soon a force to be reckoned with and made a number of lucrative moves, including a R1,8 billion deal to buy a 77% stake in Foodcorp in 1998. Vundla, who was a non-executive board member at Foodcorp at the time, had arranged a meeting to conclude the deal. But the relationship between Ntsele and Vundla

later became strained and the pair would become embroiled in a public spat.

This excerpt from Vundla's memoir, *Doing Time* (Jacana), depicts a rather fraught relationship: "By day, the Pamodzi management really worked the investments. They were truly value-adding empowerment partners. But I did not have an after-hours or weekend relationship with them. When not talking business, I found them rather remote and disengaged. I actually had little in common with them. Often, I would be called in to intervene in in-fighting, even on such silly matters as witchcraft. Ndaba [Ntsele] called me once to complain about threats of violence from one of his executives. It was just too much for me to bear. Damn, I had my own children!"

But Ntsele says relations had been cordial and that he had always had Vundla's best interests at heart. "HerdBuoys was facing closure. I know this because he showed us the finances. Unfortunately, when McCann-Erickson absorbed HerdBuoys, they couldn't take all the employees aboard. Peter was, like: 'Guys, you better find me a job'. I negotiated with African Merchant Bank [AMB] to employ Peter – I even negotiated his salary. We held AMB shares and they had Pamodzi stock," recalls Ntsele.

Vundla later became a Deputy Chairman at AMB, but the mudslinging apparently started when his new employers wanted to buy Pamodzi's Foodcorp shares. "There was clearly a conflict of interest because Peter was our Chairman, but he received his salary from AMB. This led to a row between Pamodzi and AMB and, as CEO of the company, I was tasked with asking Peter to resign and sell his shares. That's when the friction started. I was acting on instructions from the board, but I also believed he needed to resign."

Ntsele insists that Pamodzi had been exceptionally generous to its executives. "We made them multi-millionaires in all currencies. All of them! We wanted to part ways amicably, but it's like a divorce – there's no such thing as a sweet separation."

On a lighter note, he declares that every single staff member had shares in the company, including a tea lady who bought a BMW with the dividends. "Everyone who works at Pamodzi becomes a part-owner of the company."

But it's the dismal failure of Pamodzi Gold that has left a black mark on the company's profile. "The mining company [Pamodzi Gold] we bought was supposed to be recapitalised. We were supposed to get

the money to pay creditors – R400 million – but had only raised R200 million through an Industrial Development Corporation loan. While we were raising the remainder, creditors decided to liquidate the company. When I came back with the rest, the liquidators were no longer interested. We did our best to pay workers, but when the case went to the High Court and the company was taken over, it was no longer our business to make payments."

Pamodzi is still involved in mining, with a 27% stake in Anglo American Inyosi Coal. The investment company also operates businesses in many other areas. Pamodzi Unique Engineering (pantograph manufacturing), Pamodzi Revenue Services (debt collection) and Pamodzi FAW (truck sales) are among the more significant ones. Asked how much the company is worth, Ntsele laughs: "A reasonable amount. That's all I can say." **DM**

GETTING PAST THE LOCK

We all know entrepreneurship is mostly about perseverance and having the courage to knock on a different door when one doesn't open. This principle has worked for Ntsele whenever he needed capital for his enterprises. Here are some examples:

- In the early 1980s, Pamodzi Construction needed **R6,5 million** to participate in the Urban Foundation project, but its loan applications were rejected by local banks. Ntsele approached Winnie Madikizela-Mandela and asked her to arrange a meeting with the then Head of Barclays SA, Chris Ball, who would later approve the loan.
- In 1996, Ntsele needed **R100 million** to expand the Nike brand locally, but could not secure any capital in the country. He called Nike headquarters to share his predicament and they responded by introducing him to the President of Citibank, who gave Ntsele the funds he needed.
- When Pamodzi wanted a stake in Foodcorp in 1997, none of the SA financial institutions responded to the call for funding. Instead, it was Dutch bank ABN Ambro that approved the loan of **R404 million** required for the transaction.

ONLINE BONUS

For more on Ndaba Ntsele's business journey, visit: www.destinyman.com