

## HENLEY BUSINESS CASE STUDIES.

Richard Maponya - “ I have a feel for fabric”

A maroon BMW seven series led a fleet of ten BMW vehicles to Lanseria Airport on 11 February 1990. The Soweto businessman, Richard Pelwana Maponya drove his own maroon seven series BMW followed by the rest from his dealership in Soweto. He came to transport Nelson Mandela to his luxury home in Illovo, Johannesburg. Nelson Mandela asked Maponya to fetch him from the airport on his release from jail. Maponya obliged, Mandela being the cousin of his wife, had fought the political cause for Africans in South Africa. Maponya fought the economic battle on the business front. The African community took care of the momentous event of Mandela’s release and reception back into South African society. The well-established African business community of South Africa were ready and able to bring their leader back to the city where he had practised as a lawyer in the 1950s and 1960s. During Mandela’s absence Black business thrived. Maponya lived in the upper class Johannesburg suburb of the wealthy corporate leadership. He was at home and blended in with the affluence of the neighbourhood. His home was the perfect tranquil and secure location for the Mandela’s to celebrate reunification with family, friends and South Africa. Richard Maponya walked along with kings, but never lost the common touch.

The world of opportunity in Africa

Successful business people rise all over the globe, in all communities. It depends on negotiating the context, strategic vision and determination. Some successes occur in a nurtured context of kin and community, while others emerge as outsiders against all odds. African communities traded for centuries within the institutional framework of the authority of tradition and chief. Property and all factors of production were owned communally by the hereditary family. Proceeds of working the land, were owned by the traditional authority, the chief’s family and distribution thus monopolised. This was an orderly society. Power and privilege were de-linked from personal achievement. It depended on kinship relations. Africa still protects traditional authority, traditional access to resources and communal relationships of ownership. The fortunes of trade were in the hands of hereditary kin. Powerful trading networks crossed the African continent since the 8<sup>th</sup> century. Families prospered and controlled the wealth created and expanded through these exchanges. European penetration brought colonisation. Colonialism encouraged exchange, monetization and urbanization. Trade worked well where people and

goods converged to display the variety on offer, the potential of distribution networks and the possibility to grow wealth.

Entrepreneurial opportunity was lurking to those brave enough to challenge the traditional network and authority. It was also lurking to those innovative enough to negotiate opportunities utilising the traditional social structures. Outside the hereditary kin an individual could contemplate the opportunity to innovate. The constraint is society. Outside the traditional sector, in the new commercial space created by exchange outside Africa, outside the traditional sphere, the opportunities of the market presented a window of opportunity.

Change often brings unintended consequences. Colonial control offered opportunity, but also new constraints to those able and willing to exit the traditional sector. New African states were created by colonial powers. New African entities emerged. These were fundamentally different from traditional kingdoms and power relations before colonialism. The source of power vested in politically induced statutes to organise society according to western values. These included private ownership of property and all means of production. How does an entrepreneur emerge from a traditional communal society and enter one of individual risk, opportunity and failure? The dilemma lies in fundamental social transformation from communal no-individual risk to personal risk and opportunity. Entrepreneurial optimism is confronted with new phenomena, which mandate analysis, strategy and vision to mould towards successful use. The entrepreneur emerging from the traditional environment now needs to ask: what is a market? How does it operate? Who teaches opportunity, risk and management thereof?

An education is generally the first step towards conquering the unknown. It is not possible to foresee which challenges will present themselves. Social and political power is not exclusively vested in the individual - only a part of personal destiny is. Currently Africa has the lowest Global Entrepreneurial Index (GEI) globally - at 28, compared to 38 in the Middle East and 35 in Asia-Pacific). The majority of African entrepreneurs are micro-entrepreneurs, but there are also the strategist executors. These entrepreneurs operate in a relatively developed economic context with higher GEI's. They still face insurmountable odds to which they apply their strategic thinking and execution. These businessmen are masters of their environment and they are resilient, able to generate actionable plans, generate power and networks and morph into the social upper class.

Making of an individual.

In 1926 there was no co-ordinated system of education provision to children in black communities in South Africa. African children attended schools under the control of the

provincial administrations or attended missionary schools. By 1936 the average number of years a black child attended school in South Africa was only three. In the green pastures of Haenertsburg, in the district of Tzaneen (currently in the Limpopo Province) Richard Pelwana Maponya was born on 24 December 1926. Gabane James Maponya, his father was farmer, a member of the North Sotho people of the Northern Province, then known as the Transvaal province. His mother, a Pedi woman, Mary Marashwa, was a proud spouse to the livestock farmer, who conducted his business on communal land. James Maponya had cattle, sheep, goats, mules and poultry. James Maponya loved the land, he farmed with dedication and he cared for the opportunity to do so. The parents were God-fearing people, members of the American Methodist Episcopal Church in Africa. As a housewife Mary devoted her time to service in the community and the upbringing and nurturing of Richard. Community and wealth integrated seamlessly in the Maponya household. Richard was brought up in an environment of hard work, responsibility for family and kin and self-reliance.

The young Richard performed herding to his father and he assisted with daily milking routines. Filling a four gallon tin with freshly extracted rich milk, filled him with pride, gratitude and a keen sense of achievement. His father was a successful farmer. He delivered superior products. His father was his role model - efficiently farming his livestock and supplying milk to the community on a daily basis. Dedicated commitment to the animals and regular milking of cows and goats made James a respected member of the community and the pride of his family. Richard recalled that the family always had sufficient food to eat, especially meat, milk and poultry. When there was a knock on the door at the time of the family supper, the guest was invited in to share what was on the table for the Maponyas. In a caring family circle Richard was taught to consider the needs of everybody in their close-knit community. During harvest, Richard joined in to work on the lands assisting other members of the community in their agricultural endeavours. Community support was reciprocal. The Maponyas shared their livelihood. As his parents looked after him, the family looked after neighbours in the community.

Care free rural life was soon replaced by the disciplined life in education. Richard was sent to the local primary school in Mamabolo location, the Spieskop Primary School, overlooking the hill outside the town, namely Maponya's Hill. It was his mother's pride to deliver him to school neatly dressed and clean. As a disciplined child, Richard was a model pupil, always noted for his cleanliness and neat appearance. Once the primary school was behind him, Richard attended the secondary school, Kgasiso High School in Pietersburg, where Mr Tshobe motivated him to become a good teacher. The young Maponya excelled in mathematics, but also showed strong

leadership qualities as a member of the Pathfinder Youth Movement. He was very quickly identified as a leader and a good sportsman. His parents were both literate as they attended missionary schools in rural Transvaal. In the environment of secondary school achievements and parents encouraging him to pursue further studies, he enrolled for a teaching qualification at the Teachers' Training College. As an ambitious young man at the end of the 1940s, qualified as a teacher, he visited friends in Alexandra Township, north of Johannesburg. The message soon reached him that a clothing manufacturer was looking for 'an educated black man' to take up employment in his big department store. Equipped with a teaching qualification, Richard was well prepared for such employment, as he could read, write and do arithmetic, but above all, he was disciplined. He understood authority, he was taught respect for people in his home and in tertiary education and he was groomed to apply self-discipline in order to achieve any ambition he might harbour. Dedication in learning translated into dedication in work. Furthermore Richard was an intelligent young man, able to negotiate an unknown context. He had a sense of excitement about risk – he was prepared to venture into the unknown.

Economic opportunity – for all

The period after World War II was a time of strong economic growth. The pent-up war demand, a return to manufacturing of consumer goods for a sprawling urban population urbanising, both white and African people, offered market opportunities. The urban areas were spaces of a vibrant new life. While the South African Governments systematically introduced segregation in work and living spaces, the new African urban communities in designated locations on the periphery of white cities, keenly took to the urban culture. Educated African leaders encouraged their people to take responsibility for their own lives. They encouraged entrepreneurship and hard work. Township culture resembled urban culture of western social interaction, dressing up, making music and engaging in the consumption of traditional and western alcoholic beverages. This market offered attractive opportunities to the clothing industry.

It was into this vibrant post-war urban African context that Richard Maponya was attracted. Mr S Bloch, the owner of a clothing wholesale enterprise was seeking the services of 'an educated black person' to take care of his big departmental store with an extensive black customer base. Maponya was informed of the vacancy. This was the opportunity to satisfy his ambition of entering the world of business. The profile of the employee Bloch was seeking, was met by Richard: educated, understood the urban black communities being educated in a township college, and respectfully submissive to authority, in this case his employer. He was appointed as a stock-taker and worked alongside Mr Bolton, a long-standing employees of Bloch. In this

clothing business Richard worked side by side with white people. Here he displayed the sense of neat style and quality clothing he had observed from his mother's careful clothing of him since his early school days. Richard performed exceptionally in his first job. As taught by his father, Richard took meticulous care in taking stock, he was reliable in managing vast quantities of clothing and he soon acquired the ability to advise his employer on the urban African's taste, demand for style and fashion and quality. Working with Mr Bolton for three months taught him the feel of fabric, the distinction between 10, 11 or 14 ounces weight of different fabrics and the European origin of garments. Able to distinguish between garments from France, Italy, Germany or America, he advised his employer on the styles that would appeal to the urban African consumer. Richard's selection of garments proved very popular, leading to rising turnover. When Mr Bolton was promoted to executive manager of the business, Richard's career took a turn. Several new employees moved into positions of management. In effect this development placed a ceiling on Richard's upward mobility in the firm. He realised that he may not actually be given an equal opportunity in the Bloch firm, as the dynamics of social power relations did not provide for a person of colour to rise to a position of management in a white owned business in Johannesburg.

These developments nevertheless offered opportunity. Buy shop soiled garments and samples and sell them after hours in the township - that was the opportunity on offer. Bolton recognised the important supporting role performed by Richard as his assistant, in earning him the promotion. He wanted to thank Richard. The opportunity to Richard was in accessing consumer goods (clothing) at a discounted price and being allowed to sell them in a market closed off from the competition of other traders, such as Indian traders. The system of racial segregation had unintended consequences for the African entrepreneur. The 'Pegging Act' of 1943 confined Indian property owners and trading activities to restricted geographical locations. The urban African population was also confined to designated areas, both for residential and well as business purposes. White-owned businesses depended on the movement of consumers, white and black, into the central business districts of the cities or towns, to exercise their demand for consumer goods, in this case clothing. In the period after 1950 the National Party Government moved ahead systematically to implement racially segregated areas for the different populations groups, the locations were the so-called Group Areas. In each Group Area, people of a specific ethnic community lived together. In Soweto African people lived and went about their business also divided along ethnic lines. The policy of separate development had a vision of each ethnic group developing separately, with political rights exercised also in segregated political domains. The

political decisions on the unfolding of these policies were in the hand of the white people. African people had no political rights in the Union Parliament of South Africa.

These constraints effectively limited market access for entrepreneurs. Policies of racial segregation intervened with open markets. Ironically the opportunity was also in those distorted markets. African traders or businessmen required a licence from the municipality to conduct their business. Maponya was unaware. He jumped at the opportunity to sell clothing in the township. A successful business strategy began with the inherited sense of community. He could bring the fashionable clothing of his employer to the people in the township. The demand for his clothing was good, but few could purchase immediately. Selling to people on credit was introduced: pay when you have the money. 'People were honourable those days', he noted. It was the opportunity of community-based trading, despite him opposing the political policies of segregation, which he grabbed with both hands. People lived together, depended on each other and paid when they had the money. Maponya trusted people when they promised to pay later for goods taken from him. The opportunity was there for the taking – politicians were active on other fronts. Richard realised that he had been given an opportunity to set himself up in business, and he did just that. He did not have bank funding, but purchased on credit from his employer, paid for the goods when he was paid by those who purchased from him and soon he had accumulated savings to enable expansion. When Mr Bolton retired suffering from cancer, Richard left the company.

### Taking the risk

This was the point. The risks of sustaining his nascent enterprise were mounting. An apparel business in Soweto could stand on its own legs. Richard sourced clothing from his former employer's shop, but soon established networks with other suppliers. As a modest man, Richard had accumulated savings to supply the working capital for his Soweto-based clothing enterprise. The political system dictated conditions to business in African townships: an entrepreneur required a licence from the local municipality to conduct his business. Licences were granted for very clearly defined trading activities. Licences were non-divisible: if a licence was granted for a grocery business, it did not apply to transport services. Police soon noticed that Maponya did not have a licence to sell clothing in the township. Generally Africans were not granted licences for clothing trade. The choice was made for him: no licence, no clothing business. Maponya approached his lawyer friend, Nelson Mandela of the firm Mandela and Tambo, to apply for a licence to sell clothing in Soweto. These efforts failed. Africans were not allowed to sell clothing in townships. As one entrepreneurial opportunity closes, another opens. Maponya could secure

a licence for an 'African eating house keeper'. He translated this into selling milk. Richard was the child of a farmer, He grew up having sufficient food on the table, including milk. He knew milk. The African townships had no electricity. Few people had or could afford any form of refrigeration. In a community-style business enterprise Dube Hygiene Dairy Milk commenced business in the late 1950s. Together with his wife, Marina, Richard started a milk supply enterprise. Milk was purchased in bulk from farmer-suppliers around the city of Johannesburg. Milk was bottled and sealed by hand. Richard employed young men on bicycles to deliver milk twice a day to households in Soweto. The initial ten-man band of milk boys soon expanded beyond 100. This was the first dairy distribution enterprise in Soweto. As a commercial milk supplier Clover Dairies, began distribution of pasteurised milk and eventually outcompeted Maponya's service by supplying bottled pasteurised milk to the outskirts of the township. Clover Dairies was a much larger capital-intensive business, with an extensive transport fleet enabling the company to deliver large quantities of pasteurised bottled milk to distribution points on the outskirts of the townships. Maponya could buy from Clover and distribute further into the township, but that syphoned off his profit. The milk business required environmental reconsideration and the development of a new supplementary strategy.

As the entrepreneur in Richard tasted the success of business independence, the next logical step was to diversify. Sell other basic foodstuffs. This was the point of entry of many African entrepreneur in South Africa: selling food and basic necessities to township dwellers. Amidst statutory restrictions to the market and political restrictions on the ability to influence policy, African business displayed the following characteristics: small owner-managed, geographically restricted to individual townships, undiversified, confined to food distribution and the services sector with limited manufacturing, limited capital base, operating on a cash basis, limited access to banking services, especially credit and limited succession planning. Many African businessmen opened bank accounts, but needed to develop a relationship of trust in the old-fashioned bank tradition before credit extension would be considered. African business was therefore primarily conducted on a cash basis.

African businessmen's strategy to promote their livelihood, consisted of two components. First they established and extended the network of trading associations whereby they provided mutual support. Secondly they worked within the parameters of racial segregation, albeit consistently opposing the system and calling for the lifting of segregation. They did this by growing their businesses across the segregated landscape they were authorised to operate in, that is, some African businessmen expanded their business operations into the designated homelands as well. Organised mutual support amongst African businessmen commenced in February 1955. The African Chamber of Commerce (AFCOC), followed the example of similar trading associations in Rhodesia (Zimbabwe) and Natal (established by Mr W J

Mseleke as the Bantu Co-operative Society). AFCOC linked African businessmen in townships around Johannesburg to set up their enterprises and negotiate the regulatory environment with the municipal authorities. While internal division limited the success of AFCOC, it was succeeded by the National African Federated Chamber of Commerce (NAFCOC), of which Richard Maponya was the first president. Maponya was a young ANC activist, but also a leader who realised that business can only be successful in an orderly environment. Despite a life-long opposition to the policies of separate development, Maponya opted for the use of the community-based structures to empower and promote business, rather than waste energy on subvention. He realised his people needed to live, work and develop.

As African trading networks developed mutual support, businessmen expanded operations across the fast growing townships. Maponya's dairy business soon fell behind the power of technology. Clover Dairies' technological advance resulted in a competitive advantage to the much larger and capital-rich enterprise. By delivering pasteurised milk on extended scale, the small distributor was marginalised and left on the periphery. The second entrepreneurial opportunity seemed closing. The experience with milk distribution fed into general dealerships, selling basic groceries, fresh produce, household goods and a butchery. People were often left without some basic necessities at times when they could not reach shops in the big cities. People also always needed fresh meat. The butchery purchased A-grade meat directly from the abattoir in Johannesburg for distribution in Soweto. The insistence on quality he was taught in his parents' home, remained the guiding principle in his enterprise. Maponya's business development followed along similar paths of most African traders in the townships. One business focus led to another as entrepreneurial opportunities shifted. Bicycles utilised for milk delivery soon became automobiles. Maponya opened the first BMW dealership in Soweto. He was soon known as the accredited BMW automobile dealer in Soweto. Since automobiles go with fuel, he opened fuel stations at the motor dealerships. By the late 1960s Richard Maponya had accumulated a healthy savings pool and managed bank accounts with Barclays Bank in Sophiatown as well as Rissik Street in the centre of Johannesburg. The entrepreneur applied his abilities to various opportunities, all in and around Soweto. Statutory restrictions resulted in market distortion by restricting access to the Soweto market to African entrepreneurs, but it also restricted the same entrepreneurs from branching out into wider metropolitan markets. New entrepreneurs were protected from big established companies in many instances (though Maponya was not shielded from the Clover competition). The restriction on operations in designated African townships, prevented big retail trade enterprises, such as chain stores (OK Bazaars, departmental stores) from entering the township markets. This effectively closed off competition and shielded the township entrepreneurs. The making of African businessmen therefore often occurred in sheltered markets, but African consumers had access to wider and more sophisticated markets. African consumers worked outside the township and travelled to the cities' central business districts where they had access to a wider choice of goods. It is here where the strategic execution of business acumen in challenging the 'odds' prepared these entrepreneurs for future horizons.

As President of NAFCOC Maponya observed how the small grocery shops were struggling in the townships. He came up with the idea that the African traders should negotiate collectively with the manufacturers to deliver goods in bulk to a warehouse in Soweto. From the warehouse traders could source their products and do so from much closer proximity. Mr SJJ Lesolang, also previously a teacher, who had started a coal delivery business in Soweto, established *Black Chain*, the first black owned wholesaler in Soweto. *Black Chain* opened for business in 1980, selling everything consumers wanted under one roof. It was based on the idea of 'cash-and-carry', which Maponya copied from Jewish businessmen, but which suited the conditions in Soweto perfectly. *Black Chain* was the largest shopping centre of its kind in a black township in 1980. It epitomised the strategic entrepreneurial thinking of African businessmen, their ability to collaborate to implement new ideas, as well as mobilise own savings to expand business operations. The concept of *Black Chain* was successful, but as the policies of separate development were gradually eroded since the mid-1970s, big business realised the opportunity of business collaboration with the extensive network of existing African entrepreneurs. This was when leading retailers, such as OK Bazaars, started opening up licenced stores in townships. The African entrepreneurs in effect acquired the licence, or 'franchise' to operate the OK Bazaars grocery store in the township. As African people had a feel for brand names, they were attracted to the OK Bazaar stores, which offered similar services and goods than the *Black Chain*. This development enjoyed NAFCOC support, since it acknowledged the African entrepreneur by empowering them to take the well-established brand names into the townships.

Patience rewarded: tides turned

The Soweto school unrest of 1976 set in motion gradual socio-political transformation. Towards the end of the 1970s restrictions on the establishment of African trade unions were lifted. Africans were granted the 'right of 99 year leasehold' to own land and property in urban African townships in 1978, job reservation scrapped altogether by 1982 and influx control abolished in 1986. In 1988 all the regulations requiring the renewal of business licences annually, prohibition on land acquisition and operating a second business within a certain radius of his spouse's business, were repealed. These regulations had restricted access to the market, but indirectly protected African businesses from competition. The termination of separate development meant the opening up of the business market to the most successful entrepreneur, to the most innovative businessman or the best business strategist. Negotiating successful business enterprise under conditions of market restrictions, characterised the emerging market of many African countries. In other countries state policies introduced socialism, state intervention in the economy through state owned enterprises and nationalisation. Such policies also limited the market access and inhibited entrepreneurial initiatives. Many African businessmen across the continent patiently operated their enterprises within the confines of state policies. Only once socialism was abolished in Tanzania, or state control phased out in Ethiopia, were entrepreneurs able to compete, succeed and enjoy the benefit of reward to risk. This market liberalisation occurred at a

similar time in South Africa, but the political transition was a more gradual, managed transition. Maponya was a patient man. He understood that an orderly transition was a prerequisite to sustain the economy and engage in successful business operations.

By the late 1970s Richard Maponya was known as an affluent businessman, a leader in the business community and a silent force behind the political ideology of the ANC. He owned seven grocery stores, vehicle dealerships and fuel stations in Soweto. Maponya conducted his business always within the letter of the law, despite his opposition to the policies of the ruling government. He was once arrested for funding ANC student activists, but he claimed acting under duress and was released. He challenged the system of racial segregation by purchasing a family residence in the former white suburb of Hyde Park in the early 1980s. He pushed private racial bias further by applying for membership of the white controlled Jockey Club of Southern Africa. He was the only African businessman desiring membership of the club and able to enter the business of horse breeding. He simply persisted with his application until he was admitted. Then he called his horse 'Another Colour'. That horse soon won races, to the delight of African race attendees. He employed white jockeys for his race horses and dressed them up in the colours of the ANC - gold, green and black. A pragmatic strategic businessman, Richard Maponya perceived his role as fighting the cause of equality of all citizens irrespective of race in the business context.

Once his business 'empire' became more than he could manage himself, he appointed a white bookkeeper, Mrs June Orvis. She worked for him since the early 1980s to manage his bank accounts, payments and general office administration. In the early 1980s he appointed his first official bookkeeper, Mr Mark Hecht. Maponya trusted these employees with his affairs, while increasingly availing himself of the services of his banks' business development advisers. As his enterprises expanded, he operated bank accounts at different banks in South Africa. Commercial banks in the country offered specialist advice to entrepreneurs and small business owners. Maponya was no longer a small businessman, but even as a wealthy man, he sought good advice. Patience paid off as South Africa entered social and political transition.

It was a time to grow good business from humble roots. As the political context shifted towards the end of separate development and African leaders in exile talked about their return, Maponya was already a tycoon. He had accumulated capital and a worth that placed him in a position to take advantage of emerging opportunities. The political transition to a one-man-one-vote political dispensation required socio-economic stability to succeed. The political leaders negotiated the political transition. Maponya was always in the loop. He and other prominent African businessmen were well-positioned to take advantage of the disinvestment campaign. As Coca-Cola needed to get out of South Africa under the pressure of UN sanctions, Maponya and the Kunene Brothers were perfectly positioned to negotiate the acquisition of bottling contracts and licences to operated large Coca-Cola bottling plants. Both the Kunene Brothers and Maponya were distributing soft drinks, such as Coca-Cola in townships. Maponya and the Kunene Brothers went to the USA to negotiate the acquisition of Coca-Cola bottling contracts in South Africa.

Maponya established Kilimanjaro Holdings with a group of other businessmen. This was an investment vehicle for the acquisition of stakes in corporate entities as local and foreign corporates sought African partners during the transition in South Africa. Maponya wanted the Coca-Cola bottling plant supplying Johannesburg and surrounding townships, but the Kunenes beat him to it. Kilimanjaro Holdings did acquire the Coca-Cola bottling plant in East London, supplying the Eastern Cape region.

From Kilimanjaro Richard rapidly climbed the corporate business staircase. He had a 'feel for fabric', the fabric of big business and corporate structures. Maponya employed the services of the financial services group Ernest & Young (E&Y) as accountants for the emerging Maponya Group of companies. Investment opportunities were offered in rapid succession since the early 1990s. The rapid growth of the business interests of Richard Maponya since the early 1990s can be attributed to two key factors: Richard Maponya's sharp business intuition and his positioning in the new South Africa as a black businessman with close connections to the new state. Since all geographical restrictions on black, or any other ethnic group in South Africa, were removed since the mid-1980s, Richard Maponya could extend his businesses across the business landscape of the country, and even beyond the borders, should the opportunities arise.

Richard had one sentimental wish: he wanted a modern shopping mall in Soweto. In 1978 once 99 leasehold was granted to inhabitants of black townships, he bought the land in Soweto where he intended to erect a shopping mall. He entered into a joint venture with Zenprop to develop the 65 000 square metre shopping mall. In 2007 the Maponya Mall was opened in Soweto. This construction project led to the development of an entire property development business. Maponya Developments (Pty) Ltd, was established in 1997. Solly Maponya, Richard's first son, is the managing director of the development subsidiary. The Maponya Mall was its first major development, but since upmarket commercial and light industrial development worth more than R400m million, was completed. Some very prominent black empowerment companies had their offices constructed by Maponya developments, such as Cell C's head office, MTN's head office, ABSA's regional offices as well as many smaller industrial companies. The management structure maintains family control: father Richard and son Solly are the Chairman and Managing Director of the company. The services of expert and experienced persons were included in the executive team - a quantity surveyor and property developer, a chartered accountants as well as another property developer of more than twenty years standing. Maponya Developments Pty Ltd has its head office in Umhlanga on the Natal North Coast.

Other business ventures are organised in the Maponya Africa Group ([www.maponyaaafrica.co.za](http://www.maponyaaafrica.co.za)). A diverse range of investments are undertaken by the Maponya Africa Group, under the Chairmanship of Richard's second son Peter Maponya. The Group has six business foci, namely business technology [information and communication technology], energy solutions [lighting, street lighting, 'green' buildings, solar water heating, and process optimisation], E-learning [Learning24, which has developed curricula for the use as teaching support to teachers, or as independent learning solutions], logistics and corporate transport [point-to-point corporate services, luxury chauffeur services and air travel connections], sport and marketing [PM Sports and marketing engages in athlete development, sport development, events management, brand development and sponsorships] and a mining division [which engages in the extractions of various ores]. These companies operate in partnership with experienced and expert enterprises, but due to its black economic empowerment credentials, serve as the leading partner in building the business deals and acquiring the tenders or contracts to do the actual business. A thisr entity in the associated company structure, is the Maponya Group. Richard's daughter Charlotte (Chichi) Maponya is the CEO of the Maponya Group of companies, which includes all the other investments of Richard Maponya, such as agricultural enterprises, his personal investments, personal property etc. In 2007 Maponya Incorporated, a law firm was established. This firm operates in corporate law and has built clients among para-statal companies, municipalities, airport companies, financial institutions, mining companies and Heads of State. Maponya Incorporated states explicitly that it is a black owned firm and therefore qualified for black empowerment designated contracts.

The 'feel for fabric', by the twenty-first century translated into a feel for the fabric of business in the new South Africa. This specific acumen contributed to the success of the entrepreneur. He fully subscribes to Black Economic Empowerment (BEE). This is a two-sided sword. On the one hand Richard Maponya's businesses were favoured in securing lucrative contracts, such as the construction of office buildings to other BEE and state owned enterprises. The Maponya companies were favoured by business partners seeking enhanced BEE credentials, such as Zenprop, the development of energy resources involving state owned enterprises such as Escom, the delivery of ICT solutions to Telkom, another corporate with majority state ownership, the provision of transport services etc. Being trusted as a businessman and having accumulated the experience of operating against the odds, Richard Maponya's entrepreneurship offered the perfect BEE partnership for the new South Africa. The Maponya Africa Group states in its official company statement: 'Maponya Africa regards Black Economic Empowerment as a

business imperative. Thus, we have designed a deliberate strategy to contribute towards changing the imbalances of the past. The company is committed to its comprehensive Black Economic Empowerment (BEE) strategy, which includes skills development and the promotion of SMEs through affirmative procurement and capacity building.’ The other side of the sword was that Maponya used BEE initiatives to deliver on his sense of community. He prioritised skills development, education and employment opportunities for those outside the immediate spheres of power.

The statesman of black business typified the strategist executor entrepreneur of Africa. In a relatively developed context with a high GEI index, he overcame seemingly insurmountable odds through superior strategic thinking. His accumulated business experience, capital and social and political connections positioned him at the centre of empowerment advantages. In 2014 he warned against too heavy reliance on BEE, since that ‘undermined self-reliance’. The motto of the construction of the Maponya business empire is self-reliance. The group of companies are on the move. Investments in portfolio assets are diversifying. Investment in the agricultural sector is at an advanced stage. Maponya acquired a 4% stake in the company ‘4 Africa Exchange’, a venture investigating the establishment of a new bourse in South Africa in 2016. The Maponya group of companies resemble some characteristics of the phenomenon of business groups (Colpan, Hikio & Lincoln, 2010). There is a pyramidal control structure, as the Maponya family own controlling interests in all the entities, namely the Maponya Group, the Maponya Africa Group and Maponya Development Projects. The various enterprises in the different business groups are engaged in unrelated product portfolios and the family is firmly in control. In the long run this is negative for sustainability of both the business groups and the domestic economy.

The Maponya Group of companies are not listed. Maponya considers further diversification into Africa, but the empire stays close to the chest. His children are all involved in senior managerial positions. A great deal of business management is still conducted from his private library in his Illovo residence. No access is possible to official company records, because the companies are all proprietary limited. Annual financial statements are not available in the public domain because they are not publically listed. This resembles many emerging African conglomerates: the Madhvani Group in Uganda, the Sameer Group in Tanzania, the Mohan Group in Ethiopia, the Dangote Group in Nigeria, the Darko Group of companies in Ghana (except for the main holding company Mechanical Lloyd, which is listed on the Ghanaian Stock Exchange) etc.

The sustainability of these groups of African business groups depend to a large extent on the quality of leadership to direct operations into more related and focussed business operations. In

Africa the rise of new entrepreneurs, their strong growth and close association with the state, resulted in the development of diversified conglomerates. These conglomerates suffer from 'conglomerate discount' - the market value of the group as a whole is lower than the value of individual underlying assets. If listed, the holding company tends to trade at a substantial discount. The negative effect is the same as with a listed entity - actual value is situated in the focussed individual entities. For the Maponya groups of companies sustainability is currently embedded in the person of Richard Maponya. Sustainability going forward will depend on the focus of the entire group and professional management thereof. The lack of business focus undermines the development of specialist fields of knowledge and the advantage of intra-organisational technological knowledge that can be transformed into related product categories. Furthermore, the lack of transparency resulting from limited proprietary ownership may in future put limitations on expansion strategies. This also dis-incentivises professional management, experts such as accountants, quantity surveyors, engineers, etc from considering taking up careers in such companies, as family interests could 'tunnel' the economic benefits of ownership to the family and away from minority interests. This is negative for the entire economy as well.

The new African entrepreneur controls at the centre and involves family members to secure business trust. The strategist executor entrepreneur adroitly executed business strategies to enter business, to grow against all odds and to construct multi-million currency conglomerates as champions of their countries. The next step is convincing investors through the market for securities to take the business to the next level. The U-form of business organisation can benefit from professionalising management for global growth.