

Condescending view of black business ignores facts

ONE of the most condescending views that appear in the comment sections of online publications is that black people, especially since 1994, cannot and have not started businesses in SA, and rely on the state and black economic empowerment (BEE) deals that require a transfer of equity to do business.

I find nothing wrong with doing business with the state and BEE deals, because I am aware of how a lot of so-called old money has been built in the past. Even the praise for some established successful businesses for having started from scratch is often exaggerated. Hopefully in three to four months' time I should be able to share with you a reasonable bundle of evidence of this exaggeration.

Anyway, let me confront this generalised idea of black people failing to start businesses since 1994. These views are a modern version of attitudes espoused by the "verkrampies".



Phakamisa Ndzamela

Often the patronising question goes like this: Name any black South African who has started a successful business from scratch and who is not politically connected...?

To answer that question, the example I am about to share is not the first of its kind, but it is impressive.

If you research diversified investment company Mergence Africa

Holdings, a black-controlled company founded by Masimo-a-badimo Magerman and Izak Petersen, you will come across a story inspiring for many young people in townships. Of course, it is a disappointing narrative for the online chauvinists.

Mergence will be 11 years old this year. It is now a diversified financial services company with four subsidiaries started from scratch. When Mergence was started Magerman had to sell his house and Petersen had to gear his. It took them about two years to get their first client, they recall. Petersen notes: "We started at a time when it was relatively easy to network yourself into a BEE deal. We decided to do it the hard way. We don't have a single passive investment in the group. Everything that we do is operational. Over the years, one of the benefits of going into an operational environment is your skills get better, you learn stuff that you would not have learnt as an investment company."

A quick look at the Mergence founders: Magerman was born in Soweto but grew up in Alexandra in Johannesburg. He has worked on Wall Street in New York as a financial analyst. Petersen is from Bloemfontein and is a chartered accountant who has worked for PSG Investment Bank and Deloitte. The two decided to start Mergence after meeting at an Association of Black Securities and Investment event in 2004. Their dream was to build a highly regarded black financial services group.

Today Mergence's asset management business manages R18bn in assets and has not lost a client in 10 years, except through a mandate change. The company's property portfolio is valued at about R5bn and its specialised derivative trading company has executed more than R150bn in derivative trades since 2004. In the next 18 months the plan is to start a black-owned hospital group. Plans are afoot to build a 200- to 400-bed

hospital to take on the established providers. In property, the plan is to double the portfolio to R10bn. Another ambition is to list Mergence.

Another inspiring conversation this month has been with Phuti Mahanyele, the departing Shanduka Group CEO. She has cashed out of Shanduka and will be starting her own thing and making acquisitions. She has turned down some great offers in order to create a great legacy. Her departure comes as her firm is merging with Pembani, led by Phuthuma Nhleko and Kennedy Bungane.

Nhleko and Bungane are both former merchant bankers at Standard Bank. Some say the Pembani and Shanduka combination will create a black version of De Beers. All of these stories and many others, such as Kagiso Tiso Holdings, et al, demonstrate that SA is alive with possibilities, despite its challenges.

■ *Ndzamela is finance writer.*