

Motseng: Leveraging

Within a short period of three years the Motseng Property Group has established itself as a force to be reckoned with on the South African property landscape. The group focuses mainly on property management and related services and already manages assets of more than R2,6 billion.

In human terms, the average three-year-old is undergoing the transition from a toddler to a young child. Comparatively, the three-year-old Motseng Property Group (Proprietary) Limited, which constitutes the property management and related services arm of Motseng Investment Holdings (Proprietary) Limited ("MIH") and currently has assets of R2,6 billion under its watchful eye, is remarkably mature.

Take its property management division, MotsengMarriott Property Services (Proprietary) Limited ("MotsengMarriott"), for example. Established in August 2002 as a 50:50 joint venture between Motseng Property Group and Marriott Corporate Property Services (Proprietary) Limited ("MPS"), when the latter company was looking for a black economic empowerment ("BEE") partner, MotsengMarriott has been the largest empowerment property group in South Africa since its inception.

Having been launched with a portfolio comprising assets of R1,8 billion under administration – including two major regional shopping centres, namely the Pavilion Shopping Centre in KwaZulu-Natal and the Westgate Shopping Centre in Gauteng, for which the company fulfils management, leasing and tenant mix functions – MotsengMarriott immediately set about realising its vision to become a substantial player in its niche sector of the market. This viability of this ambition has been made abundantly apparent ever since, with the Motseng Group achieving an annual turnover of more than R100 million.

The rapid yet strong growth of MotsengMarriott placed the group in a solid position to buy out MPS' 50% stake in the business this year, effectively giving MIH 100% ownership of MotsengMarriott. The transaction, which was concluded on 31 October 2005, has solidly entrenched MotsengMarriott's position in the property sector – especially as the company is the leading 100% black-owned property management business of its magnitude in the local market. Although plans are in place to change the name of the business entity, largely by removing all reference to Marriott, the company's vision is unchanged, namely to continue providing exceptional management to property owners.

Sandile Nomvete, co-founder and CEO of MIH and a director of MotsengMarriott, attributes the remarkable success of the business to several factors, the most important being the meaningful transfer and development of skills within MotsengMarriott. "From the outset, the business has been totally committed to developing operating capacity among young black talent both by fast-tracking individuals from within our ranks and by recruiting people with exceptional potential," says Nomvete. "We have proved that, by training young blacks in the art of managing big businesses, their entrepreneurial abilities are maximised – which in turn results in



Ipeleng Mkhari, one of the co-founders of MIH, is the group's chief investment officer and a director of all group subsidiaries – including MotsengMarriott

both personal and corporate growth."

Nomvete speaks from personal experience. He grew up in the Durban township of Hammarsdale, attending a private preparatory school in the KwaZulu-Natal Midlands before completing his secondary education at St Charles', a private high school in Pietermaritzburg. Then, armed with a National Diploma in Computer Programming, Nomvete began his working career as a junior programmer at NBS Bank, followed by a stint at the Tongaat Hulett Group as a senior programmer and systems analyst and a period at Everest Systems Solutions (a small black information technology firm). Facing up to an unquenchable desire to run his own business, Nomvete and two colleagues established Motseng Youth Investments (the forerunner to MIH) in 1998. He has not looked back since. To the contrary, Nomvete has not only been instrumental in growing MIH to its current stature, but has at the same time completed the Property Development Programme through the University of Cape Town (2003) and the Executive Development Programme through Wits University's Business School (2004).

Initially, MIH held interests in the provision of soft services, but has since diversified into the industrial, textile manufacturing and property sectors, among others. The group's foremost achievements to date include establishing MotsengMarriott,

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Sandile Nomvete, co-founder and CEO of MIH and a director of MotsengMarriott

obtaining a majority stake in Mooi River Home Textiles (a distributor of textile, fabric and footwear products to various government departments), concluding a BEE deal with KAP International and other unlisted Claus Daun entities. Also, MIH was awarded the Black Business Quarterly ("BBQ") SMME of the Year Award in 2003.

The other two co-founders of MIH – Jabu Mriga and Ipeleng Mkhari – remain Nomvete's business partners and colleagues. The three rank among the most significant black entrepreneurs in the local property industry and are among the very few with the skills and track record to capitalise on the BEE opportunities likely to emerge in the broad-based socio-economic empowerment charter for the property industry ("the property charter"). As a wholly owned subsidiary of MIH, MotsengMarriott is already 100% black-owned, which will clearly exceed any BEE ownership targets proposed by the charter.

Mriga, who as a security guard was studying at night to better himself, is well known for his uncanny ability to "get the best out of the average worker" and is managing director of Motseng Outsourced Services (Proprietary) Limited, a division of MIH that specialises in providing integrated building management services for property owners and managers. Mkhari, who Nomvete had known since she had been head girl of St John's school (which neighbours onto St Charles'), is MIH's chief investment officer and a director of all group subsidiaries – including MotsengMarriott. A Bachelor of Social Science graduate of the University of Natal,

Mkhari has also completed the Executive Development Programme through Wits University's Business School and was a finalist in the Black Business Quarterly Business Woman of the Year Awards for 2003.

Describing herself as passionate about personal development and mentorship, Mkhari has addressed various forums on the youth and entrepreneurship; and has actively supported the development of entrepreneurship among rural women. Currently, she is an active participant in *Seventeen* magazine's "Tomorrow's Woman Today" campaign, which aims to expose young women to business through an internship programme that has the ultimate objective of uplifting and nurturing future leaders; and is an executive committee member of the Executive Research Club, a networking club of leading black business people with a developmental mission that supports emerging small businesses.

Interestingly, Mkhari's first business venture – Phosa Iliso CCTV (Proprietary) Limited, founded in 1998 – was the first black woman-owned and managed CCTV business in South Africa and soon acquired numerous high profile clients such as SA Reserve Bank, Transnet, Telkom, Eskom and the Airports Company South Africa. The company was used as a platform to launch MIH, which successfully created employment opportunities in the services industry by offering a broader range of manpower-intensive outsourced property management and related services through niche-focused business entities that currently fall under Motseng Outsourced Services.

The same passion for developing young talent through skills transfer and creating jobs lies at the heart of the Motseng Property Group's other, wholly owned operating division – Motseng Facilities Management (Proprietary) Limited, which specialises in providing facilities management services to end-users. Acknowledging the skills demonstrated by MIH's other service-orientated businesses and those of MotsengMarriott in particular, Motseng Facilities Management fulfils the terms of a contract awarded by a major gold mining house to manage and maintain some 6 000 residential properties (an asset portfolio valued at approximately R600 million). This includes routine maintenance and repair of electrical systems, plumbing, painting and refurbishing – in fact, anything that is required to retain the value of the properties.

While clearly pleased at having come this far, Nomvete and Mkhari maintain that the evolution of Motseng Property Group still has a way to go to fulfil its full potential. Careful not to understate the importance of providing excellent property management services to property owners, the duo say that property management is "just a foot in the door" towards their overall property ambitions. Their sights are set on owning the properties themselves, regarding this as a meaningful stepping-stone towards creating real wealth.

Explains Mkhari, "Within MIH we already have a comprehensive range of services that add value to property owners – from cleaning

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and guarding, through electronic security and waste management, to facilities and property management services. These competencies have given us a proverbial 'foot in the door' to the property ownership sector and we intend to use this to our advantage by owning and managing properties. We view the MotsengMarriott deal as a key step towards moving from predominantly a service provider property to becoming owners of a respectable-sized property portfolio. It is certainly in keeping with MIH's strategy to make substantial business acquisitions that will drive business growth; and has given us a competitive advantage in that property owners will be looking to fulfil the property charter requirements with regards to affirmative procurement."

In the meantime, Nomvete advises that the vision held by MIH remains as strong as ever, namely "to become the premier black-owned investment group in South Africa". Also, that its mission statement – to develop entrepreneurial growth, foster empowered management at operational level, and ensure positive growth and stability for its shareholders and staff – remains unchanged. "We have certainly made a mark in terms of our investment portfolio and continue to transform the business landscape through our unique, two-pronged investment philosophy which couples financial investment with an operational strategy," he says. "By diversifying into property ownership, we will strengthen our investment holding status."

Likewise, Motseng Property Group, through MotsengMarriott and Motseng Facilities Management, continues to strive towards its vision, which is to be recognised as the leading and preferred black-owned property company, providing exceptional property management, property valuation, property development and facilities management services to property owners. Already, MotsengMarriott offers a comprehensive range of services that embrace the administration of commercial, industrial and retail properties held by government, parastatal organisations, pension funds and other large investors. The specific services offered by the business are:

- Lease management – including generation of rent statements, raising recoveries, collection of rentals, payment of expenses, supervision of service contracts and employees, and general tenant liaison;
- Leasing – including advising on appropriate rental levels and leasing structures, negotiating new leases and renewing existing leases, liaising with the broking community and undertaking credit worthiness and other assessments; and
- Technical support – including monitoring routine maintenance, preventative maintenance inspections, tenant installations and co-ordinating minor capital works.

Belying Motseng Property Group's status as South Africa's leading black-owned property entity, the company's dynamic, young and entrepreneurial management team are not boastful, but rather exude a level of confidence that is clearly underpinned by credible operational expertise in the sector and bolstered by a successful track record – the combination placing the company in a league of its own. Asked why companies should consider doing business with Motseng Property Group (or any other company within the MIH fold, for that matter), Nomvete says, "We believe that the Motseng

group, as a whole, has the potential to add measurable value. Not only do we deliver an integrated service offering, but also have the capacity to fulfil our contractual obligations, as demonstrated by our proven track record of service delivery. As such, we add unsurpassed value to our clients' property assets. The fact that we are a black-owned and managed group is a bonus for our clients, as it gives them an ideal vehicle for realising their affirmative procurement objectives."

About Motseng Investment Holdings



MIH is a 100% black-owned investment company focused on providing property-related services to all business sectors. The group has four divisional pillars:

- Motseng Property Group (Proprietary) Limited – comprising Motseng Marriott Property Services and Motseng Facilities Management;
- Motseng Corporate Services – comprising the group's internal human resources, information technology and finance functions;
- Motseng Investments (Proprietary) Limited – comprising Mooi River Home Textiles and associated Textile Distribution and Footwear Distribution Operations; and
- Motseng Outsourced Services (Proprietary) Limited – comprising Mosecure, Mokleen Cleaning Services, Mowaste Management and Phosa Iliso CCTV.

MIH provides employment to 522 people and achieved turnover in excess of R100 million for the year to 28 February 2005. ●



The familiar Durban landmark, The Pavilion, is under Motseng Properties management