



April 2016

powerlines

Charting our next course

By Andrew McJannet

As any good ship's captain knows, the key to a successful sailing voyage begins with good preparation but relies on numerous other inputs, such as skill, discipline, the ability to adjust to changes in the wind and the currents, and the perseverance to overcome other challenges which you encounter during the journey.

A voyage cannot commence without the captain firstly assembling the officers and crew. In my position as CEO of Power Group, effectively the captain of the ship, I am blessed to have an excellent set of officers, in the leadership team, and a great crew, being all the loyal and hard-working employees of the company. As recently communicated, we have slightly re-arranged the management structure of the Group. The intention is that we ensure that the reporting lines are simple and that responsibilities are clear, with no overlap.

Having assembled the officers and crew, we need to be certain of our destination to enable us to properly chart our course to reach it successfully and on schedule. As a company and as a management team, we are currently in the middle of our business planning process. During this process, we will be setting clear targets for the next 2 years and the next 5 years – effectively, our destination.

In charting our course, we will develop our key strategies and strategic plans, which will enable us to achieve our goals. We will plan a route which we believe is navigable, although perhaps not without its challenges, but which can be successfully achieved if we work together as a team.

We must prepare for potential dangers and rough seas or other obstacles that we might meet during the voyage. In the same way, during our business planning sessions, we must ensure that we understand the environment in which we operate; the challenges of the industry; the tough competition; and the difficulties which sometimes need to be overcome on a construction project.



Some of these difficulties are unexpected, like a storm that develops when calm seas were forecast. The more prepared we are, and the better trained we are, the more easily we can face the challenges of our industry. Moreover, we must face these as a team, with a common goal, not as individuals each journeying to a different destination.

A good sailor is guided by his compass. In our case, we are guided by our values and our ethics. I am sure that each of you are thoroughly familiar with our values: Ethics, Absolute Reliability, Caring for People, Quality and Professionalism. Additionally we must protect our values, in the same way that a sailor must look after his compass – without it, he is lost. It is our values that will help us to hold our course, when matters seem to be unclear, as when mists close in around ships in narrow waters.

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Not only do our values help us navigate challenging waters, but they give us clarity when tempted by dubious business propositions, similar to sailors of old tempted to choose the pirate life. In construction, we will meet our equivalent of pirates, and we need to ensure that we never feel the yearn for the pirate life!

As we embark on our next voyage, we depart from a good port. Under Graham Power's excellent leadership, this company has grown from humble beginnings (as a small yacht into a large sailing ship) and provides an excellent platform from which to set off. We are well-stocked with provisions, having the necessary systems and processes to enable us to take on our next journey.

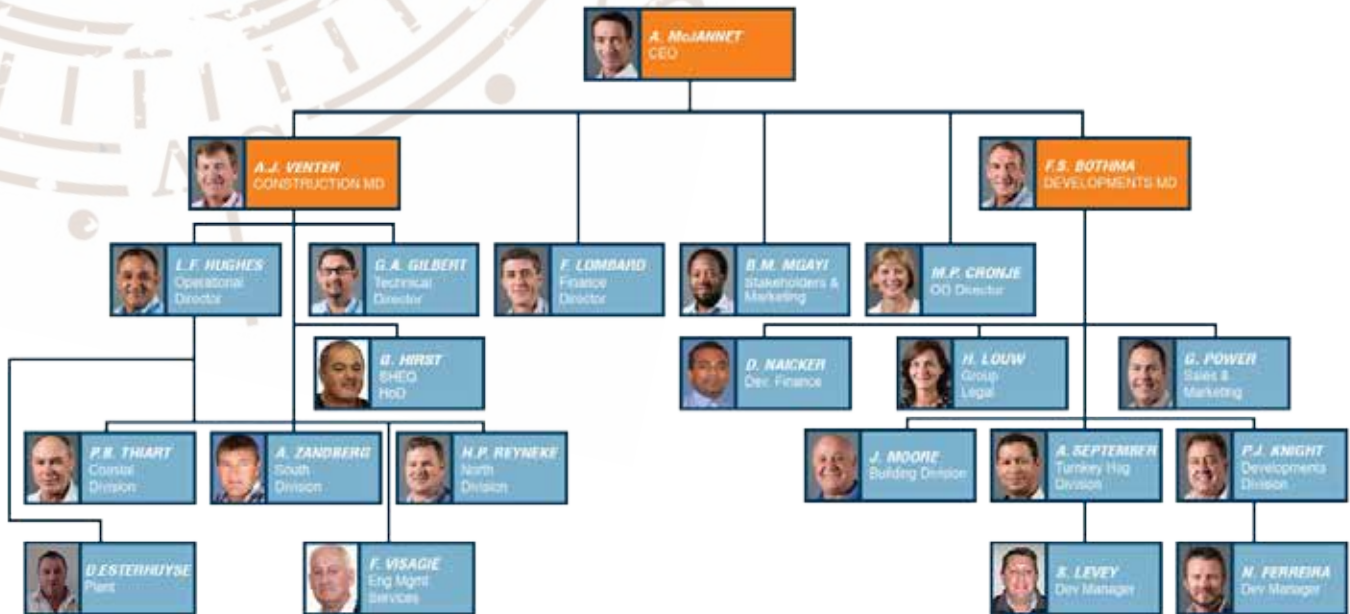
We will revisit some of these systems, to ensure that they are efficient and suited to our next voyage – a process that is likely to take the next 6 months. Any constraints to our next phase of growth will be carefully looked at and some of this will be addressed during our business planning sessions.

As we carefully chart our course, and as we look forward to where we are going, we can be encouraged by our good fortune, which is really God's blessing. We are blessed to have a good crew, a good leadership team, a clear vision, a strong purpose, and most of all, God's favour.

The course we are charting will stretch us; as it will not be easy – but our destination is worth the journey. Our plan is to grow this company to fulfil the destiny set for it, which is bigger than any person, and of longer duration than any one life. Our journey may not take us to an 'island of adventure' with hidden treasure, but it will take us on an exciting adventure, and it will be a rewarding one.

Whilst Graham Power will no longer be the captain as he hands over the command of the ship to me during the year, he remains our Admiral, with a keen interest in our welfare and our success. It will be up to all of us to work together to make him proud, and I know I can count on your support in this journey we are charting together. God speed.

POWER GROUP MANAGEMENT STRUCTURE



Power Group Executive Committee

Front (L-R): Poens Venter, Andrew McJannet, Marlene Cronje, Stefan Bothma Back (L-R): Chano Hughes, Gerard Gilbert, Frikkie Lombard, Bongani Mgayi

33 Years towards our 100 year dream

By Graham Power

April 1983 was a significant year, a year that changed the course of my life. I had worked for Savage & Lovemore (today Group 5) for nine and a half years. Despite numerous opportunities to grow within the group, there was a yearning to start my own company. My father-in-law Heinz Baumker and Lauren, my wife, encouraged and helped me make the bold step to start Power Construction.

Over the next three years several of my work colleagues made the transition with me, and together we set about establishing a company that would grow rapidly. In those early days I could never have dreamt or imagined where or how far we would go over the next three decades.

Fast forward to 2016, and I am able to reflect on the journey of the Power Group that has spanned 33 years. Many of our loyal staff members have worked alongside me these 33 years. Many of the dozen (or so) of the founding team have retired in the past 3 to 4 years; and it is so encouraging to see how the next generation have stepped up to take the responsibilities.

It is a common practice for founders of companies and corporations in the construction industry to sell their interests or do a public listing as they near their 60's. I have recently celebrated that milestone birthday, but I am not planning to sell shares of the company, or do a public listing. Rather, Lauren and I both feel that God wants us to continue working towards achieving our lifelong goals. In order to achieve the 100-year dream we have set for the Power Group, the time has come for me to take a less active role in the day-to-day affairs of the Group.

With new visions, dreams and a desire to fulfill God's purpose, I am pleased to confirm that Andrew McJannet, who was the MD of Group 5, looking after the construction divisions across Africa, joined the Power Group in October 2015. He has assumed many of my roles and responsibilities, as Group CEO as of January 2016.

Andrew is a man of great intellect, cool temperament and a high sense of values and ethics. We have become close friends with Andrew and his wife Ali and there is no doubt in my mind that he is the perfect fit for the Power Group.

Over the past six months I have had the privilege to introduce Andrew to our staff and stakeholders (clients, bankers, suppliers, etc.); and with every engagement it has been evident that Andrew is geared to take the company to the next level of growth and professionalism.

As Andrew takes on more and more responsibility I will phase out my day-to-day responsibilities and ultimately will take up the non-executive chairmanship role from January 2017.

Last year our family had a horrific three months when Lauren spent 86 days in ICU. We were so grateful when she finally left hospital and started recuperating in the safety of our home. While I fully intend to keep encouraging Andrew and the leadership team, I am looking forward to spending time with my family, especially my three children and five grandchildren. I also intend to give spiritual guidance to prayer movements, Unashamedly Ethical and a few other ministries that I support. I will continue to mentor and assist young business leaders.

I want to take this opportunity to thank our teams, clients and stakeholders for the most enjoyable 33 years. I trust that Andrew, Poens and Stefan (our Managing Directors) and all of the Power team will continue to enjoy your amazing and loyal support, so that together we may reach our goal to 'improve the quality of life in Africa'.





Business goes on

Talking to Poens Venter

The current difficult economic environment in South Africa and the impact it has on the construction industry, given government's lack of spending on infrastructure, is no reason to sit around idly. For Poens Venter, Managing Director: Power Construction, it is a time to take opportunities and improve existing operations. "I believe the time is right to improve growth and expand Power Construction's business, both locally and in the Southern African region," he says.

Outlook

The focus continues to be on roads and earthworks, township infrastructure, turnkey housing and renewable energy. In addition, Venter notes, the emphasis placed on water infrastructure, transport and housing in the 2016 Budget "are all aligned with our abilities". Power also remains active in the private market – despite the difficult economic situation. It mostly involves bulk earthworks and services for private residential and industrial developments in the Western Cape and Gauteng.

Renewable energy

In respect of renewable energy projects, Venter explains that the company has been very successful to secure business in respect of round four of the Department of Energy's Renewable Energy Independent Power Procurement Programme (REIPPP). "We have been able to secure two projects in the Eastern Cape, two in the Western Cape and one in the Northern Cape," says Venter. "All of these will kick off in the second half of the year."

Order book

With regard to Power Construction's order book, he says the company is currently involved with a few large road projects, including the N14 in Gauteng and the N7 project in the Western Cape. Two large residential projects will continue in the Western Cape. Furthermore, Power Construction is working on a number of housing initiatives in Gauteng, according to Venter.

Namibia

About the subsidiary that was established in Namibia, he adds: "We have started tendering for projects initiated by the local authorities in that country. This is done on the back of contract work previously done over there. We remain optimistic that we will have success in the next twelve to eighteen months."

Competition

Asked about the level of competition Power Construction is faced with, Venter indicates competition is tough on all projects and in all disciplines. "We have also seen increased competition with tenders," he says.

Reputation

In the meantime, the construction industry is somewhat still in a recovery phase after the damage done to its reputation following the so-called 2010 collusion scandal that rocked the country. Venter argues that it will still take a while to rebuild the industry's reputation – not just with government, but also with private companies. Careful not to sound as if he is judging any of the industry players who were implicated with the industry, he concludes with his personal view: "My approach has always been that doing business in an honest and equitable way doesn't mean you shouldn't be tough. But you don't have to be crooked to be successful."

From strength to strength

By Stefan Bothma

Power Developments is looking forward to another busy year ahead. Soon we will build our 40 000th house. We have many highlights to share, including the completion of the 2013 BNG houses at the award-winning Pelican Park development, increased sales at Featherwood Retirement Estate, and Country View residential estate in Pretoria East. Sales have commenced at Altona Village in Worcester, which will eventually see the completion of 1900 middle to upmarket residential units and various commercial and retail nodes.

Our internal sales team once again excelled and sold on average 30 GAP and Open Market houses per month at Pelican Park. Power Developments celebrated its first year as a partner in the Pelican Park Shopping Centre, and also recently completed the construction and opening of the KFC at the center.

Another first was the delivery of over 160 FLISP houses (Financially Linked individual Subsidy Units). This is the largest number of FLISP units handed over in the Western Cape by any developer.



Photo: Pelican Park – Integrated residential development

2016 has started off well, and will see the release of 6 affordable housing projects in Blue Downs, Eerste River, Brentwood Park, Highbury Park and Worcester. We look forward to shortly releasing in excess of 600 GAP and 500 BNG (subsidy) houses to the market.



Photo: Pelican Park - GAP & Market homes

Power Developments has illustrated its diversity by launching 55 upmarket apartments, at Bridgewater, in the impressive development by developers U-Vest, at Sitari Country Estate just outside Somerset West. In the first six weeks, more than 15 units were sold.

Our sister company, Power Construction, is busy with the civil infrastructure for this development, which includes over 3500 residential units, a private school and a shopping centre.



3D: Bridgewater Apartments – Sitari Country Estate

Power Developments' focus is on affordable housing, and specifically the R300 000 – R750 000 market. As a turnkey developer, our competitive edge has been recognized by the authorities. To this end, the company received the following awards during 2015:

- Top supporting developer, from ABSA
- Best contractor of non-subsidy housing, home loans-Provincial Govan Mbeki awards
- Best implementer of FLISP-Provincial Govan Mbeki awards
- First runner-up-Best National Implementer of FLISP-National Govan Mbeki awards





Hello, I am Tash

I have been created to improve communication on various topics – such as ethics, staff engagement, safety, wellness, etc. – and to give employees a voice. Theta is an Nguni word and South Africans understand it to mean talking, sharing or engaging with each other.

It is through sharing our stories, listening and understanding different viewpoints that we can build a more inclusive achievement culture.

To hear your voice, we have opened a free SMS line, which we will use for various topics. We have identified three major themes, but it could increase in the future. What you need to do is to use a word related to the topic and to SMS the word to 30578. It will work as follows:



Same SMS line for Ethics, Staff Engagement, Safety



SMS the word **IDEA** followed by your suggestion on how we can improve the functioning of the company or share a story about where you have seen the new culture being lived



SMS the word **ETHICS** followed by your concern regarding unethical behaviour



SMS the word **SAFETY** with any suggestions or concerns regarding safety

Something on my heart is building trust in a team. The key factor in building trust is not time; it is courage. Trust is the foundation of teamwork and it is all about vulnerability, which is difficult for most people. Trust is never complete; it must be maintained over time.

A high level of trust is present when colleagues say.....

- I was wrong
- I made a mistake
- I need help
- I am not sure
- You are better than i at...
- I am sorry

(Patrick Lencioni) 2005

Bye for now.
Hope to hear from you soon.

Events



Fun times with school kids at Abbotsdale site



Lekker vleis... Our annual braai and prizegiving awards held in December at head office



Our building team receives a token of appreciation from Habitat for Humanity



Prizegiving awards: Alicia Abrahams receives a Leon Meyer Award



Prizegiving awards: Graham Power hands over Forester Jones Award to Charl Chambers



Holding a road safety campaign in Malmesbury, specifically targeting school kids



Cedar Road Site sponsors a sports event against women and children abuse



Power Construction with the City of Cape Town did the final handover of the Community Residential Units (CRU) at Langa in December 2015

Leadership & Values

When Andrew McJannet chooses the metaphor of a voyage to describe his new challenge as Power Group CEO, he is prompting thoughts of famous voyages and expeditions of the past. More importantly, he makes one wonder what can be learned from such events.

One of the most talked about voyages is that of polar explorer Ernest Shackleton who, between 1914 and 1916, set out with a crew on an ambitious expedition to cross the continent of Antarctica. However, his ship – ironically called the *Endurance* – never reached its destination.

Yet, even though the voyage was regarded as a “colossal failure”, Shackleton’s leadership skills displayed during the last part of the expedition continue to draw great interest from executives and others in leadership positions.

Here's how the leadership skills displayed by Ernest Shackleton a hundred years ago connect to the Power Group's core values:

Ethics

No historical record indicates that Shackleton ever acted unethically on either his failed voyage or his new task of saving the lives of his crew. Historian and professor of business administration at Harvard Business School, Prof Nancy F. Koehn, quotes a global president of beauty brands who said: “Shackleton’s team knew that whatever came before them on the ice, their leader would give his all to bring them home alive.”

Absolutely Reliability

The importance of absolute reliability in leadership was shown by Shackleton in the following way: After failing at his original expedition, he displayed a deep sense of loyalty and obligation to his new mission, which was to bring his crew of 28 men home safely.

High Quality

After the *Endurance* sank, near Elephant Island, Shackleton took a small boat and a crew of five to sail to South Georgia whaling station where he knew they would get help and supplies for the rest of the ship’s crew. Interestingly, “Shackleton refused to pack supplies for more than four weeks, knowing that if they did not reach South Georgia within that time, the boat and its crew would be lost (Alexander, 1998).” Shackleton focused on getting the job done “first time right.”

Caring for People

Once he realised that they would be stuck during the winter months in the ship’s cramped quarters, he immediately came up with a plan against the potential effects of idleness. He insisted that both sailors and scientists continued with their ordinary duties, including swabbing decks, collecting specimens from the ice and hunting for fresh meat.

Professionalism

He kept his men focused on the future. That is, surviving their new circumstances, as opposed to focusing on the failed attempt to reach Antarctica. Shackleton’s leadership and management combination of “credible commitment to a larger purpose and flexible, imaginative methods to achieve a goal,” states Prof Koehn, “is increasingly important in our tumultuous times”.

While our new Group CEO’s role is being performed on dry land, if ever he should face a crisis, he could look for encouragement at the example set on thick ice with harsh winds and extreme temperatures by Ernest Shackleton – a century ago.

Sources: “Leadership Lessons from the Shackleton Expedition” by Nancy F. Koehn, New York Times, 2011.
“The *Endurance*: Shackleton’s legendary Antarctic expedition” by Caroline Alexander, London, Bloomsbury, 1998.

Vision

To be recognised and respected as the first choice supplier of civil, building and property development services as we lay the foundation for growing successful business partnerships in realizing our 100-year dream.

Purpose

To improve the quality of life in Africa through infrastructure development.

Contact details

We would love to hear from you, so if you have any comments, stories, ideas or interesting news to share, please contact **Antoinette** at aherselman@powergrp.co.za or 021 907 1300
Like us on Facebook #PowerGroupOfCompanies; and share your posts and photos with the marketing department. Like, share and interact!