

Being the first to formalise a Transformation policy is a brave call – and an urgent call.



Being the first large corporate to put the proverbial stake in the ground on driving a financial services industry transformation agenda is a bold step. This bold step is taken under the watchful eyes of corporate peers and clients who are closely monitoring each other's transformation moves – with many paralysed at the thought of doing something new, for fear of judgement around the braai. It also means that as the first policy proposer – your proverbial neck (or any other appendage) is being put on the line.

For a large multi-manager which has made a public policy statement about industry transformation and what their expectations are of the way they will do business going forward, is clearly a stride in the right direction. However, of course, as we know, especially in a racially polarized country like South Africa, this always comes with consequences.

The consequences I refer to come from both peers of the transformation policy proposer and from the beneficiaries of the transformation policy proposer.

I like the analogy of the “house-on-fire”, where the house in question is the transformation house and more specifically the issues, among others, of lack of asset allocations/flows to black asset managers in the asset management industry – bottom line, the house has been on fire for some time. Make no mistake, there have been many conversations and plans about proposals on what to do about the burning house, but little has actually been done about the flames aside from a few buckets of water, ie less than 9% of total SA long term savings

and investment assets are managed by organically grown black asset managers.

When the first large corporate/asset allocator to put a formal transformation policy to the market around how they would deal with transformation and businesses which are not transforming, they can, in our analogy, be seen as the first “fire truck” to make it to the street with the burning house.

Naturally the policy will get back lash from some of the peers still at the fire station, asking why are you doing this and do you not see what this means for the current “order of things”. At the same time, the fact that you are the first fire truck to arrive at the street with the burning house means that all focus is on you, both good and bad.

The people in the street whose house has been on fire for so long are maligned in cynicism and scepticism and are going to ask why only now, when you had the opportunity 15 years ago, and you did very little! Make no mistake, they have every right to ask these questions, knowing that we are 30 years into freedom.

But the point is, we are here now – this is not a resignation from the reality of the transformation fight but more a call to action. Someone has to make the first meaningful move, someone has to be the first fire truck to arrive on the street. In the spirit of this analogy, the aim is that more fire trucks see the example of the first and actually leave the fire station ie. more asset allocators will start allocating and driving the transformational change that we all need to see in South Africa.

