Character

Building Moments

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NYARADZO GROUP

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For the 10 years I worked for Old Mutual as a sales agent and financial advisor, I was one of their most successful advisors, signing up clients, helping them with estate duty liability planning as well as business continuity planning for limited liability companies, while for others it was for business partnerships. Over and above that and as a member of the Old Mutual Financial Advisory Services (FAS), I had received training on offshore investment planning. I advised clients on offshore investment, helping them sign up for hard currency cover policies. Along the way, I would meet a good number of knowledgeable people, with whom I would build long lasting relationships. During our early days at Nyaradzo, the relationships I had built with some of them would come in handy when we needed working as well as investment capital.

I advised clients on mortgage finance through CABS, short term insurance through RM Insurance and access to motor vehicle loan finance through First Banking Corporation, now FBC Bank, thanks to the relationship I had with their then Business Development Manager, Ben Chiganze, now Chairman of Nyaradzo.

I would help a lot of my clients including a number of junior doctors access motor vehicle loans through FBC Bank. For security, they would take out a life assurance policy which would guarantee payment of a lump-sum in the event of the death of the borrower. Times were good.

The number of clients I had heard asking for funeral assurance policy cover, over and above the life policies we sold among the many financial advisory services I provided, convinced me that there was a gap in the market which needed to be filled. It was then that I made up my mind that if we couldn't do it with Old Mutual, I would try and do it outside of it, thus resulting in me registering Nyaradzo Funeral Assurance Company in February 1998.

Although I had the certificate of incorporation in my hand back then, I knew it would be a long way before I could put the funeral assurance products on the market as there were still many hurdles to overcome in terms of statutory requirements.

Looking back at the guts I had, I wonder what it is I may have been smoking as the hurdles seem improbable, insurmountable and almost impossible today, even from the vantage point of hindsight.

A minimum capital amount of a million dollars, a product actuarial valuation certificate from an actuarial firm or a qualified actuary and a certificate of solvency from an accounting firm are some of the requirements I needed in place before submission to IPEC for Nyaradzo to be registered as a Funeral Assurance Company. All of them looked difficult, if not impossible to get back then.

For the million dollar capital requirement, Ambrose Matika of CABS had been superb, helping me re-mortgage our house. I had taken the resultant cheque to Interfin Merchant Bank who had started operations a year earlier, making it possible for them to issue us with a statement of deposit complete with their bank stamp. With the certificate of deposit in the bag, next was the product valuation certificate by a firm of actuaries or a qualified actuary.

Because life assurance products are complex and long term in nature, it is only actuaries that can validate and certify viability. Therefore, statutorily, the products we intended to put on the market had to be validated by a qualified actuary. For the products valuation certificate, I had turned to Abraham Nduru, now late (MHDSRIEP), a brilliant actuary with whom I had worked during his days at Old Mutual. Abraham had now left Old Mutual and the country for South Africa where he was running, among others, Quantum Consulting Actuaries.

My first port of call had been Taurai Chinoona, another former colleague at Old Mutual who had recently qualified as an actuary and was now working for Liberty Life in South Africa. Tau would tell me that since he was contracted to Liberty Life as an actuary, his terms of employment would not allow him to do work as a consulting actuary. He suggested that I link up with a colleague and former work mate of ours, Abraham, who had already established himself as a consulting actuary with Quantum. Since I already knew Abraham, Tau reasoned, it wouldn't be difficult to get him on board, and true to form, it didn't take Abraham much convincing for him to get on board. The minor sticking point though would be the pricing of the novel bus product which we intended to introduce to the market. Abraham would in good time, flesh it all out, giving us a clean bill of health before submission of our paperwork to IPEC.

Next was the certificate of solvency. About the same time, I was running around with the Nyaradzo registration paperwork, a new accounting firm Camelsa, now (Grant Thornton) had been registered. Cornelius Muchineuta, one of three people who had spent hours on end with me in 2000, trying to put the paperwork of the registration of Nyaradzo together and had worked with Reggie Saruchera, the founder of Camelsa, recommended that we approach Camelsa for the certificate of solvency which we did. Within a few days, Reggie and Camelsa would issue us with a certificate of solvency, our ducks were lining up in a row nicely.

When I look back at the events and circumstances that prevailed at the time of our incorporation and start of operations, it gives me so much pride and joy to say that Nyaradzo was indeed a product of the glorious period of the 90s to the turn of the century in 2000, when there was a hunger and thirst by indigenous people to assert themselves in business. The feeling that independence meant more than walking on First Street without anyone asking you to move over was ubiquitous, if not palpable. Indigenous people wanted a piece of the economic cake and were willing and ready to get the ingredients, putting them in the oven and baking it.

Lobby groups were created, starting with The Indigenous Business Development Council (IBDCO). Another one representing women, Indigenous Business Women Development Organisation, (IBWO) would follow. In time, The Affirmative Action Group, (AAG) would come to life on account that the others were not militant enough.

On the side of Government, we seemed to be ticking the right boxes with progressive and pro-indigenous policies to support the indigenisation cause.

During the same period, we saw the Government take their privatisation agenda seriously with the privatisation of State Owned Enterprises, (SOEs). Parastatals such as the Dairy Marketing Board and the Cotton Marketing Board would be privatised, creating publicly-owned and listed companies with shares traded on the Zimbabwe Stock Exchange (ZSE). The Anthony Mandiwanza-led milk processor Dairibord would become the first parastatal to be privatised following its listing on the local bourse in September 1997. Cottco, then led by Sylvester Nguni, followed between October and December 1997.

Encouraged by these success stories, Government also gave the nod to the privatisation of the Zimbabwe Reinsurance Company (ZimRe) and the Commercial Bank of Zimbabwe (CBZ), whose privatisation came through in 1998.

At the time, Government walked most of its privatisation talk, disposing of its controlling stakes in a good number of SOEs most of which had earned bad reputations for being a constant drain on the fiscus.

At the turn of the century, the then monopoly of the Posts and Telecommunications Corporation (PTC) would be broken up, creating three entities, Telone, Netone and Zimpost as part of their commercialisation to make them attractive to potential suitors. At the same time, private players would be licensed to operate in this hitherto Government only space, including Strive Masiyiwa's Enhanced Communication Network, Econet, as well as Telecel whose frontrunners were Doctor James Makamba, Leo Mugabe, Jane Mutasa and my namesake Phillip Chiyangwa, who had emerged amongst the most vocal proponents of indigenisation through AAG.

Econet would sweat for their licence by successfully mounting a legal challenge that earned them a place to operate in the mobile cellular phone space, joining Netone and Telecel.

Telone's dominance in the fixed telecommunications space was also challenged following the entry of Kwanai Kashangura's Africom in 1995 and Daniel Shumba's TeleAccess in 2003, although the latter's operating licence would be cancelled in November 2005 after the project promoters struggled to set it up within the set time limits.

Fast forward to today, several other players have since entered the telecommunications sector, although Government has maintained its stranglehold on the SOEs in this space, among them Zol, Liquid Telecom, Utande and Telco.

At independence, most if not all large corporates in Zimbabwe were led by whites, from Anglo-American to Lonrho to Hippo Valley to Apex Corporation to Hunyani, you name them, they were all headed by whites. Others were led by white expatriates including some of our then biggest financial institutions Old Mutual and Standard Chartered Bank.

In the late nineties to early 2000, Government would issue out an edict to the effect that those institutions then led by white expatriates would have a few years within which to groom and train local black successors as part of their transformation agenda. With this pronouncement, change would come to some of our big corporates including TA Holdings and Delta when they appointed blacks to leadership positions.

At Standard Chartered Bank, there was expatriate Brian McKenna who would later be replaced by another British expat, Barry Hamilton, while another expatriate, Brian Bradford was GM at Old Mutual. It would be a public secret that when the time came for the renewal of Brian's work permit at Old Mutual, government had stuck to their guns of expatriates being succeeded by locals resulting in Old Mutual appointing their first black GM, Luke Ngwerume.

When the Affirmative Action Group raised dust about the speed with which change was coming, change would also come to Standard Chartered resulting in another first black leader Washington Matsaira assuming the reins at the bank. Coming back to Old Mutual whose three subsidiaries Old Mutual, CABS and RM Insurance were back then run separately, talk in the corridors was that the senior GM among the three leading Old Mutual subsidiaries was the one heading the Life Company which was and is to this day way bigger.

The three GMs back then were Graham Hollick of CABS, Mike Gibson, RM Insurance and Luke Ngwerume of Old Mutual. On announcement of Luke Ngwerume as GM, another announcement would be made creating a new organisational structure within the group, that of a holding company, Old Mutual Group with Graham Hollick of CABS as Group CEO.

In the entrepreneurial space and after ten years and more of independence, a lot of our entrepreneurs must have been restless, finding themselves in the process, resulting in a number of them setting up shop. From Tobacco companies to motor distribution agencies to chemical manufacturing to media houses to banks to discount houses to telephone companies to actuarial and accounting firms, indigenous people rose, setting themselves up in tens if not in hundreds of companies. Roger Boka, Tobias Musariri, Elias Rusike, Strive Masiyiwa, Enock Kamushinda, Chemist Siziba, Shingai Mutasa, James Makamba, Trevor Ncube, Eugene Mlambo, Francis Nhema, Nick Vingirayi, Philip Chiyangwa, Tobias Dzangare, Celestine Gadzikwa, Ollen Jinya, Godfrey Manhambara, Tawanda Nyambirai, Sam Ruturi, Francis Dzanya,

Delma Lupepe, Doctor Julius Makoni, William Nyemba, Adam Molai, Douglas Munatsi, Tim Chiganze, Mthuli Ncube, Divine Ndhlukula, Jane Mutasa, Simba Mangwende, James Mushore, Moses Chingwena, Nigel Chanakira, Jefta Mugweni, Farai Rwodzi, Mutumwa Mawere, Jeff Mzwimbi, Ernest Matienga and Never Mhlanga, just to name a few, all of whom would wet their entrepreneurial appetite setting up businesses some of which would fall by the wayside, but most of which survive to this day.

Divine Ndhlukula would set up Securico in an area previously dominated by whites, while Cannan Dube, Edwin Manikai and Selby Hwacha would pool their resources together creating one of the first more than one black name partner legal firm of DMH. Boka Tobacco Auctions, (BTA), NMB, Zimbabwe Building Society (ZBS), United Merchant Bank, (Unibank), Zimbabwe National Building Society, (ZNBS), Intermarket, Beta Holdings, Kingdom, Trust, Varichem, Zellco, Cosmos, Century, NDH, Savanna Tobacco, and Camelsa were some of the institutions that had been started earlier or about the same time as we did. I drew inspiration from all of them in their different ways and it was from what they had done that I got inspiration thinking if they could do it, I could do it too. I would take a deep plunge so I could join in on the fun.

I am not sure if Nyaradzo would have been set up and thrived if Interfin Merchant Bank and other indigenous owned and run institutions that helped us set up had not been there, as you shall see later. Camelsa would give us a certificate of solvency without us selling one policy. I am not sure if any other accounting firm back then would have been comfortable enough to give us one, given we were yet to write our first policy.

Although I didn't try it with any other accounting firm, I did with an actuarial consulting firm. Back then, there were not many actuaries in the country let alone indigenous ones. The few that had qualified were employees of Old Mutual and not allowed to do any work outside of Old Mutual. The only consulting actuaries in existence back then, Pentact and led by Mark Hyde would cite pressure of work to keep us at bay. I had approached Mark to do our product valuation and certification and he had turned us down on account of pressure of work. When pushed, Mark would confess that even if we waited for a year or two, it would be difficult, if not impossible for him to consider us as a client. Besides he said Funeral Assurance was not his area of speciality.

Pentact was local and would be more affordable and easier to deal with I thought. Unfortunately it wasn't to be. I had to hit the road, all the way to South Africa to find help and as it turned out with Abraham and Quantum, they would be both fair and easily accessible, giving us the lifeline we needed to get registered and start operations.

With the three critical documents needed to get us started all in my hand at the beginning of the year 2001, I now had to deal with the "minor stuff" which was (a) the timing of my resignation and (b) the start date of Nyaradzo. I chose the 1st of March as the start date (a) because as Old Mutual sales agents, our performance bonuses were paid at the end of February, and I had had one of my best years in sales ever so I expected a bounty. (b) I needed time to negotiate the terms of my exit with Old Mutual management, given I was trying something that had not been done before.

Given the number of years I had served and my position at the top of the sales pile, I thought it would be a stroll in the park negotiating and getting the only thing I needed as a concession on our parting ways, the two cars I had bought brand new on loan as an Old Mutual employee, a Mazda 626 and a Nissan double-cab truck, also bought brand new under the same scheme.

I presented my case firstly to my immediate boss Gavan Hodges making the argument that since I had worked for Old Mutual for 15 years, and ten of them as a highly successful financial advisor I may have earned the right to be treated differently on resignation.

My argument was based on the following, I was earning a considerable sum of money in commissions which was enough to cover my monthly obligations to Old Mutual, should they have agreed to monthly instalments in repayment of my motor car loans. Besides, Old Mutual was obligated to pay my earned commission for at least two years from date of resignation.

I suggested that since they were a financial institution, they could convert the staff motor vehicle loan from non-interest bearing to one they could charge interest on. I had registered Eureka Insurance Brokers, a business that would continue to sell Old Mutual products bringing business to them and earning me more money in commissions. Eureka would also be broking for RM Insurance, their short term insurance arm.

During the 15 years of my service, I had accumulated a substantial amount in pension which in the event of default, they would have access to. I thought I had a good argument, if not reasonable and believed I would succeed.

When Gavan pleaded company policy in my meeting with him as a reason why it wasn't possible, I thought it better to appeal to higher authority, the policy makers, which in this case was to Chris Nourse our AGM marketing. I did put my case to Chris and when he cited company policy also, I thought of going all the way to the top which in this case was to the GM, Luke Ngwerume who had a few years earlier been appointed the first black GM of Old Mutual as I have alluded to earlier.

When Luke accepted to meet up with me I was ecstatic. I celebrated thinking that I would be able to give him more details and explain myself in my mother language, just in case I had not been clearly understood in previous meetings. Besides a few years earlier, we had all celebrated his appointment as our first black GM, I was a ball of excitement. On the day of the appointment, I was well received to his offices by his PA, Patricia Mtutu, now late, (MHDSRIEP), with tea and biscuits. After presenting my case and thinking I had aced it, when the response came, my heart sank. It was another no, and the reason, again company policy.

That was a few days before my exit. When the 28th of February came, I knew I was on my own, back to when I started with Old Mutual 15 years earlier on foot, but this time with a huge amount of exposure, enough training, thanks to Old Mutual, a big heart and character.

As I reflected on the events of that day later and many others before and after it, Zimbabwe would now be abuzz with the word empowerment. My thoughts would go back and forth thinking, would I have got a different outcome if the empowerment word was widely in use back then. Could it be that I was a victim of the zeitgeist, in which case I could have got a different outcome, should I have waited a few more years before venturing out to start Nyaradzo when I did?