Connecting the dots...

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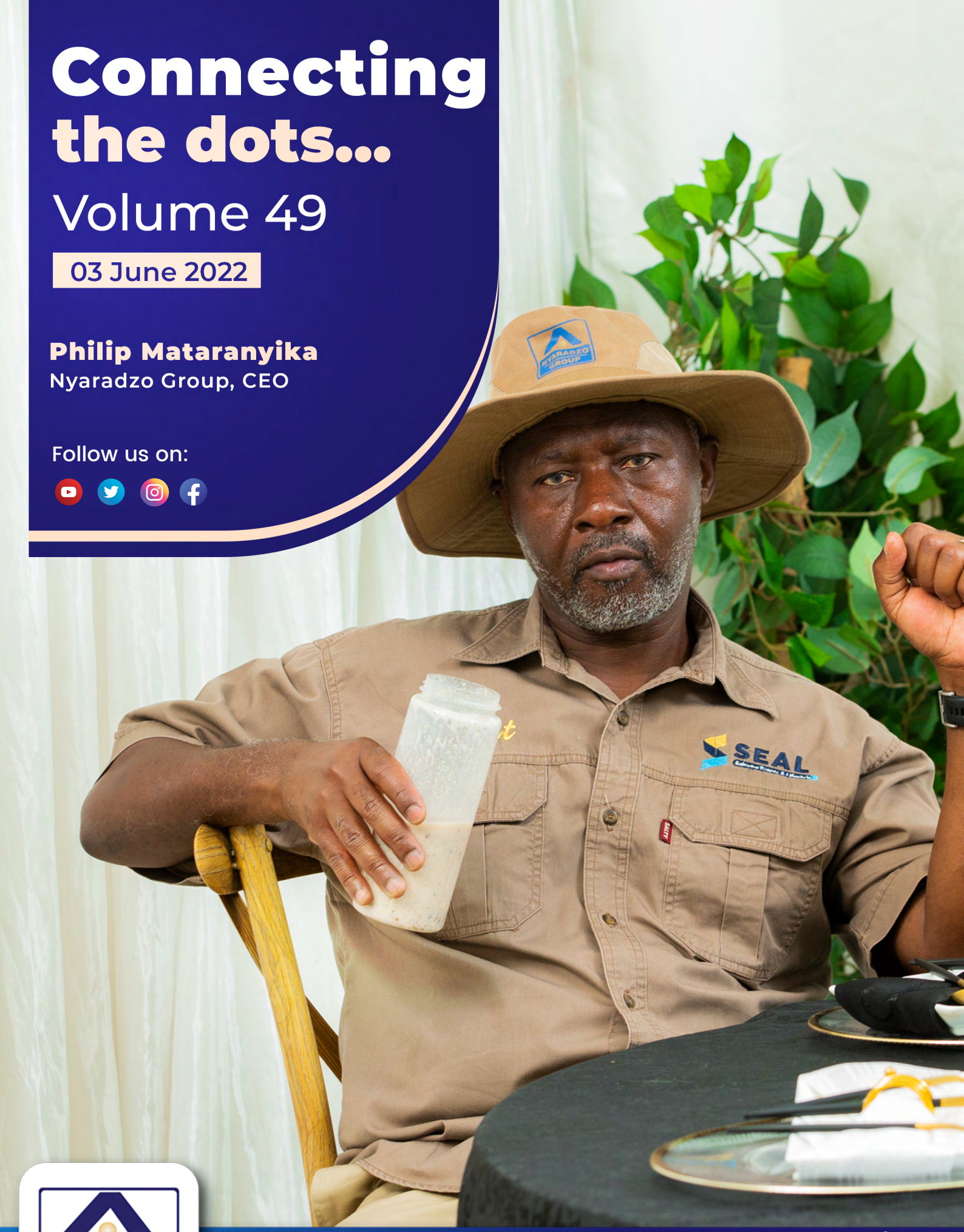

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The birth of Nyaradzo Funeral Assurance Company...

As much as I believed that what I had in mind was a viable business idea that when put to the test would succeed, I needed finance to bring it to life. Without my own means to execute the mission, I had to persuade sceptical financiers to breathe life into my greenfield project by injecting capital that would enable the business to see the light of day.

Before I got the advice to re-mortgage our Marlborough home for the capital we needed, I had been from pillar to post trying to convince corporate investors and a sceptical group of friends to come in and invest in the project with me. I desperately needed to get Nyaradzo Funeral Assurance Company (NFACO) up-and-running as soon as was practically possible so I could realise my dream of working for myself.

Having started and run a number of ventures including taking pictures, buying and selling customs and rummage stuff and trying my hand at making fridges, with little success, I knew I needed to go beyond the normal call of duty to make it happen. Besides the capital I needed to satisfy regulatory and compliance requirements to be issued with an operating license, I also needed working capital to stay afloat once we got started.

Included in the working capital were salaries for the pioneering staff whom I had cajoled into joining NFACO, which was nothing more than an idea at the time. That list of firm believers in the Nyaradzo vision included my wife and soulmate, Mavis, with whom I had walked down the aisle in 1991. I had to hit the ground running, with support from my elder brother Johanne and nephew Edward Musasa, both of whom had been in the trenches with me since the late 1990s when I acquired two trucks on hire purchase to tout for funeral services business at Harare's major referral hospitals.

Innocent Mutusva together with Sekuru Eddie had been runners, shuttling from one office to the other getting this or the other approval. My younger brother Donald would join us a few months later from Innscor, making the nascent outfit a family business. That all three of us brothers joined hands to work together in a start-up made for poor risk management in the event we did not make it. Looking at it differently, one could say that because we had all our eggs in one basket, we had to make it work, otherwise it would have been the end of us all.

Other early team members to join once we opened our doors to the public included Webster Chikengezha, current Managing Director of our operations in South Africa and Brighton Chinyere current General Manager projects. Ben Mukusha, Shupikai Benhura and Larry Tsikada are some of those who also joined us as soon as we were up and running, leaving their more secure jobs for a start-up.

Getting NFACO started would prove to be no Mickey Mouse business, given we had a string of other conditions we needed to meet before we could open our doors to the public, besides that of minimum capital. This was unlike my previous side hustles where I didn't need much start-up capital and there were no conditions precedent to comply with.

The main condition though, remained that of the minimum capital threshold, which I hoped to get from a coterie of investors. I had been advised that to attract investors, one needed a comprehensive business plan which would do the talking to potential investors. The plan was to outline the specific steps and measures that we were to take to get Nyaradzo to fly.

Those with deep pockets are known to contract top accounting firms to come up with sexy proposals that investors find attractive and cannot say no to. Because we were operating on a shoe-string budget, we could not afford the services of consultants to help us put the plan together; we had to do it ourselves and seek guidance from those around us despite the fact that they had never done it before.

Cornelius Muchineuta, an Accountant by profession and also my brother-in-law was on hand to help with the financials, as did Doctor Oliver Maponga, a Mineral Economist, now working for the United Nations, also my brother in law. Webster Chikengezha, then working for the United Methodist Dental Clinic, weighed-in with his input when we were putting together the prospectus.

Armed with the business plan and prospectus, which is a printed document that outlines the details of a share offer to potential investors, I hit the ground running, talking to prospective investors.

Getting the company registered had been a stroll in the park. I had been able to have Nyaradzo registered as a private limited company with the Registrar of Deeds and Companies while still at Old Mutual, way before I had gone into my short-lived partnership with the likes of Sam Muchenje and others at Hostcare Insurance Brokers in 1998.

While registering Nyaradzo as a private limited company was the easy part, the raising of funds was a different kettle of fish. Raising capital for business entities is governed by Company Law. In the case of Nyaradzo, which was a private limited corporation, we could not issue shares to more than a hundred people as only publicly traded corporations can.

According to the Company Law, we could also not advertise publicly to would-be-investors. This slammed the brakes on our ability to raise capital through the issuance and circulation of a public prospectus, which could have been an antidote to our listing on the Zimbabwe Stock Exchange (ZSE). We were thus limited in our fundraising efforts to debt financing, venture capital finance and courting private equity partners who according to law were supposed to be less than a hundred.

For a start-up that was still to generate the much-needed cash-flows, debt was a huge turn-off for me for two reasons. First, seeing how interest rates were going up and down due to the volatile economic conditions that were creeping into the market at the time, I didn't want to put the young entity in an invidious situation whereby we could have struggled to service the cost of capital as well as the principal debt resulting in the project dying in its infancy. Second, it is very easy to lose control of a business to corporate predators or hawks if it becomes highly-geared without the support of constant and predictable cash flows.

On our capital raising options, we had also considered venture capital finance but found it tantamount to tying a noose around one's neck because of the ifs and buts that surround the venture capital model. We were particularly hesitant of bringing on board investors whom we weren't familiar with and the fact that venture capital finance tends to be expensive in the long-run and can slow-down growth if one is unlucky to have a convoluted reporting structure foisted on them by financiers.

To give ourselves a fighting chance, we therefore settled for a private placement in the hope that our would-be-partners would be kind enough to allow us to pursue our vision without throwing spanners into the works.

About the time we planned on getting Nyaradzo out of the blocks, Old Mutual had launched a ZW$100 million private equity fund whose main objective was to invest in bankable projects in the small to medium scale business space. In my wisdom or lack thereof, I had assumed that having worked for them for years, during which period I had grabbed every accolade that was on offer, I would be a perfect candidate to get the funding.

At the time, I was prepared to start and run Nyaradzo as a Junior Partner to Old Mutual as I thought they would come to the party and provide the funding. Unfortunately, that was not to be after my application was thrown out for lack of merit, which took me back to the drawing board.

Having ruled out debt financing and venture capital finance, I had to call on other private equity partners to whom I gave our prospectus and business plan. As a Financial Advisor for Old Mutual, I had been responsible for servicing high net worth clients, among them doctors, most of whom had become personal friends.

Doctor Purohit, a government Pathologist who ran a private practice, Pathology Centre was one of those I approached without success. As a parting shot after I had made my presentation, Doctor Purohit said he would not ride a horse whose reins were not in his hands. Others included my good friends Doctors Clemence Duri, Paul Chimedza, Benias Mugabe, Webster Rushesha, Prosper Chonzi, Jabu Nyenwa, Jabu Moyo and his wife Ophelia, among many.

Despite initial promises for funding, I woke up to the reality that our efforts were taking us nowhere, not out of malice on the part of those I had approached, but because they simply couldn't understand what we were trying to do in a society that had serious reservations about the motives of those who invested in the funeral services industry.

With hindsight, I wish we could have done things differently. Looking back, I honestly don't think our business plan and private placement documents clearly articulated our intentions in ways that could have captured the attention of potential investors. Had we engaged experts familiar with the jargon and format used in preparing business plans and private placement documents, perhaps we could have communicated our vision more effectively.

Being upstarts in an industry that had long-established players such as Doves and Mashfords, our lack of experience and the fact that we didn't have tangible assets our audience could have held onto, in the event our dream was to go up in smoke, became our greatest undoing. Our business plan was also all over the place and relied too much on emotions, instead of highlighting cash flows that could have jolted our potential funders to loosen their purse strings. For these and other reasons, I have never held it against those who chose not to invest in the business because we simply didn't do enough to win them over.

But after hurtling from pillar to post in search of private equity partners, we would eventually decide on disposing of our only family jewel at the time, Number 15, Upper Hampden Road in Marlborough, Harare, which was our family home. I had bought the house for ZW$400,000 in 1993. This act of desperation would lead me to Ambrose Matika, whom I had known during my time at Old Mutual, and was doing extremely well at CABS, which was established in 1954 as the Central African Building Society.

Ambrose, who is undoubtedly one of the best housing finance experts the country has ever produced with more than forty years of experience in the industry, the majority of which he spent at CABS, whom he in 1979. He would rise through the ranks to become CABS' Deputy Managing Director before serving three years as Managing Director of Old Mutual's Shared Services.

Determined to raise capital for my life-long dream, I made it my business to talk to anyone who cared to listen to me. Ambrose, who was the Assistant General Manager (Mortgages) at CABS at the time was one of those who lent me an ear. I had approached him with the intention of having them do a valuation of the property, after which I planned on selling it to raise the capital I needed.

I was pleasantly surprised when he suggested that they do a valuation so they could establish the new value of the property given that Zimbabwe was beginning to experience high levels of inflation. Should the value have gone up significantly, he said they would remortgage the house giving me the difference in cash. When the results of the valuation came, it gave us a price of ZW$1,4 million due to a combination of upward inflationary pressures and the increase in demand for properties in what are called landing suburbs.

By enabling us to remortgage the property, Ambrose was able to give us a cool ZW$900,000 in our pockets after deducting charges. Adding the healthy cheque of my end of year bonus from Old Mutual, we were now sitting on slightly more than a ZW$1 million, which was the amount required as minimum capital.

I am not surprised that so many years after Ambrose structured the remortgaging deal of our family home with a stroke of genius and had retired from CABS, he still is the real deal in town.

Apart from consulting for his former employer, Ambrose's years of experience have earned him a reputation for being one of the most sought-after property financing specialists involved with companies such as Kennan Properties, and Tigere, to mention just a few.
He has been instrumental in resurrecting Zimbabwe's Association of Housing Financiers, and is currently an independent consultant and the Executive Secretary for Zimbabwe Housing Finance, which represents more than ten mortgage finance organisations.

I am not surprised that Ambrose did not want us to let go of our Marlborough house. A holder of a Master of Science (MSc) in Strategic Management from the University of Derby in the United Kingdom, among other qualifications, Ambrose had always been a firm believer in empowerment, holding the belief that everyone on the African continent should be able to afford a house, which he considers as a basic need.

As such, his literature on themes such as property financing is in high demand, earning him fame and fortune as a guru at what he does. Ambrose is one of those bankers who have been able to effectively achieve a balance between their academic achievements and hands-on work experience.

I am glad to have known Ambrose during my time at Old Mutual and that in my hour of need I was able to remember him as the go-to-professional whose intimate knowledge of structured finance untied the noose that was around my neck. Thanks to Ambrose's intervention, more doors would open for us. The heavens would smile on us when my uncle, Timothy "Tim" Chiganze and my good friend Farai Rwodzi decided to come on board, signing up to the Private Equity document, taking up fifteen percent and ten percent shareholding respectively.

The coming on board of Tim and Farai was heart-warming as I knew they would be partners who would not interfere in how I was to run the business. Unlike other potential investors who could poke their nose into the affairs of the business, Tim and Farai allowed me to run the business as I saw fit. When we went out to the public on the 1st of March 2001, Tim Chiganze was our inaugural Board Chairman, while Farai Rwodzi became a member of our Board of Directors. From day one, we had serious businessmen presiding over the affairs of our young company.

Years later, Farai would decide to sell his stake in the business to consolidate his interests elsewhere, but remained invested in our friendship. An all-weather friend with an eye for opportunity, I count Farai among the heroes of the Nyaradzo story, without whose support the vision could have crumbled. I am privileged to have a friend like Farai who is always pushing beyond the boundaries.

To appreciate how lucky I am to be in his inner circle, one needs to look no further than his accomplishments. Farai attended Churchill Boys High where he excelled in both academics and rugby. To this day, he remains an ardent supporter and sponsor of Churchill Boys High Rugby Team. Farai's adrenalin never stops running whenever his favourite team encounters the likes of the Tigers (Prince Edward); the Falcons (Falcon College); Sharks (Christian Brothers College); Kings (Peterhouse); Knights (Hellenic) and the Rams (St John's College).

On completing his studies at Churchill Boys High, Farai served his articles with Ernst & Young Chartered Accountants Zimbabwe between 1991 and 1995. After qualifying as a Chartered Accountant, he joined Delta Corporation Limited before leaving for Real Africa Durolink (Private) Limited, where he was the Executive Director responsible for Corporate Finance.

Farai left Real Africa Durolink in October 1999 to set up Interfin Merchant Bank of Zimbabwe Limited together with the likes of Tim Chiganze, Jerry Tsodzai, Simba Mangwende and Chris Sambaza. It is at Interfin that Farai's profile reached epic proportions due to his amazing talent and intellect in putting together financial structures.

While at Interfin, he was involved in many successful transactions including the Amalgamated Regional Trading (ART) Corporation rights issue, which resulted in Interfin emerging as a significant shareholder in the ZSE-listed concern.

He and his partners would subsequently transform Interfin Merchant Bank into a retail bank after an opportunity presented itself when CFX Bank struggled to raise the minimum capital requirements as had been set by the Reserve Bank of Zimbabwe (RBZ). Interfin would be persuaded to underwrite the bank's rights issue on condition that they gained controlling shareholding. The rest is history.

From a relatively young age, Farai's name was already appearing in boardrooms of some of Zimbabwe's corporate giants and abroad. He served as Chairman of Zimbabwe Alloys Limited, a company in which he, along with Adam Molai, Tim Chiganze and Ray Kaukonde, had a substantial interest, before they let go of the business. He also chaired Apex Corporation, a company he inherited from John Carter, one of the legends to emerge in Zimbabwe's corporate sector.

Farai also chaired SeedCo Limited, Meikles Africa Limited, Dawn Properties Limited and has been a Director of several companies amongst them Gulliver Consolidated Limited, and African Sun Limited. It was fortuitous that I got to meet Farai without whose direct and indirect interventions our dreams may have been deferred.

As for Uncle Tim, I had known him from childhood, when he used to visit his aunt, my mother. Tim had gone on to study at St Augustine's High School in Penhalonga, which has maintained a reputation for being a centre of excellence where only the creme-de-la-creme are offered places to further their studies.

After acing his 'A' Level examinations, Tim had proceeded to study law at the University of Rhodesia, now the University of Zimbabwe, in a class of nearly forty extremely gifted students. That Class of 1979 would go on to produce some of the brightest legal minds in our legal system, amongst them George Chikumbirike (now late), Justices Anne-Mary Gowora, Moses Chinhengo (retired), Ishmael Chatikobo (now late), retired Magistrate Jacqueline Pratt and former Gweru Town Clerk Daniel Matawu.

Upon graduating with a Bachelor of Law degree, Tim joined the Judiciary Service Commission (JSC) as a prosecutor until 1981. Thereafter, his career path took another turn. He would be headhunted by Munich Reinsurance Co Africa (MunichRe), which had a strong presence in Zimbabwe at the time. Once at the German-based Reinsurance Company, Tim had to fit into his new environment by studying towards an Insurance Institute of Zimbabwe (IIZ) diploma. Despite coming from a different background, he passed the test with distinctions, and would go on to become a Fellow of the IIZ.

At MunichRe, he climbed up the ladder, assuming the position of Assistant General Manager, before he was promoted to Country Manager and later on, Regional Manager. He would change jobs in 1988 when he joined the then TA Holdings Limited's subsidiary, Zimnat, as Managing Director.

Following the appointment of then CEO of TA Holdings Limited, Ariston Chambati, as Minister of Finance in 1993, Tim would be elevated to lead the conglomerate at the age of thirty-seven, becoming arguably the youngest CEO to run one of the largest companies we had in the country back then.

Tim would call it quits from TA Holdings after the conglomerate was acquired by a consortium led by Shingai Mutasa in the late 1990s to allow the new team to pursue their vision. Upon leaving TA Holdings, Tim evolved into a shrewd entrepreneur, whose portfolio of assets cut across nearly every sector of the country's economy.

As his portfolio grew, his influence became evident in the number of boards he chaired in both listed and non-listed entities. To mention but a few, Tim chaired Dairibord Holdings Limited until his retirement in June 2012, and was succeeded by former Reserve Bank of Zimbabwe (RBZ) Governor, Leonard Tsumba.

He also served as Chairman of African Sun Limited; Costain Africa (now ZCL Holdings); Star Africa Corporation; Interfin Banking Corporation; the Post Office Savings Bank - now simply known as POSB - amongst others.

Now that he is slowing down at the age of sixty-six, Tim has since cut down his involvement in the corporate world to focus only on his family businesses, amongst them Rosemarket Investments, Bartim Trading and Century Ice. He, however, remains a member of the Insurance Council of Zimbabwe and the Chartered Insurance Institute, as well as a Fellow of the Insurance Institute of Harare.

That Tim agreed to come along with me on my Nyaradzo journey in 2001 was a huge vote of confidence considering his many achievements, the respect he commands and his legal and insurance backgrounds which added depth to the work we were already doing at NFACO.

In both Farai and Tim's hands, I felt at ease and confident that I had carte blanche to run Nyaradzo in the best way I could, with my partners being there to give me all the support I needed. As for my uncle Tim, I had already started working with him closely at the corporate level when he invited me to join him in acquiring Lane Engineering (Private) Limited, in which I had a ten percent stake, while he owned the ninety percent balance.

From then on, our business interests became welded into one. As Tim prepares to celebrate his sixty-seventh birthday in due course, I feel proud to count myself as one of his trusted lieutenants who shall be wishing him many more exciting years ahead, filled with happiness and good health. Having spent the last weekend with him at our rural home in Rukweza where we watched the Champions League Final between Liverpool and Real Madrid together, I was happy to see Tim looking as fit as a fiddle and that he is still that fitness enthusiast I have always known who wakes up early for his routine workouts.

Like Farai who sold his stake to pursue other interests, Tim also disposed of his stake in Nyaradzo at a later date.

Having raised the capital required by IPEC to get Nyaradzo licenced, thanks to Tim and Farai's support, we would deposit proceeds from the remortgage finance and my bonus cheque with Interfin Merchant Bank who gave us a Certificate of Deposit (CD) as proof that we had the money tucked away in the bank for a specific period of time where it was earning interest. We also engaged the services of Camelsa Chartered Accountancy (now Grant Thornton Chartered Accountants) and it didn't take much convincing for Reggie Saruchera, who is the Founder and Managing Partner at the Accounting Firm, to issue us with a Certificate of Solvency which validated NFACO's financial position.

A holder of a degree in Accountancy from the University of Zimbabwe, Reggie whose professional standing has earned him the title of Certified Fraud Examiner, had risen through the ranks of a number of organisations, including Hunyani, to the position of Finance Director. Thereafter, he founded Camelsa Chartered Accountants in 1996, which later became Grant Thornton Zimbabwe.

A seasoned turnaround expert and practitioner with a focus on the restructuring and rebuilding of medium and large corporations, Reggie – as he is affectionately known – has over the years audited several companies and offered corporate rescue services that have helped save jobs.

I am happy that rather than brushing us aside for being a no-name brand, Reggie saw the potential in us and chose to make a difference by knocking down barriers so that the market, which is the fairest arbiter of them all, could judge for itself whether we had what it took to succeed.

Other professionals who brought down walls that would have prevented us from getting licensed included Actuary Abraham Nduru of Quantum Consultancy. While I was saddened to learn of his death in 2008 in South Africa, where he had relocated, Abraham will never die in our hearts for standing with us when friends were few and far in-between.

Abraham came to our rescue after Mark Hyde, who was a Senior Actuary and Managing Director at Pentact had turned us down.

Born in Canada in December 1953 to English parents, Jim Hyde and Enid Hyde, Mark grew up in England and went to Jesus College Cambridge to read Mathematics in October 1973.

After his graduation in 1976, Mark obtained employment in Ipswich as a trainee actuary with Willis Faber and Dumas Limited. In 1983, Willis seconded Mark to Zimbabwe on a one year contract to help start up an actuarial consulting company in Harare. The contract would be extended many times until he achieved permanent residence in the 1990s.

He was appointed Managing Director of the company in 1988 the same year he qualified as a Fellow of the Institute of Actuaries. In 1995, the company was bought by the management and staff who renamed it Pentact.

To date, Pentact is the longest established actuarial practice in Zimbabwe providing actuarial services primarily to pension funds. The reasons given to us by Mark for not taking us up as one of his clients was because they didn't understand the business of funeral assurance. Even if they did, Mark said they were under immense pressure with current work that they would not be able to price our products in time for registration.

Thereafter, I would start the hunt for a suitable place for NFACO to operate from, leaning on my good friend at Old Mutual's property division, Elizabeth Kaswa, who was now working in Properties after transferring from the Employee Benefits Division where we had worked together.