

# Structured governance is key to excellence

Last year, family business, Bronaar Farms - a fruit and vegetable business that has been operating in the Koue Bokkeveld near Ceres since the mid 1800s - was named the Enterprise of the Year, an annual award that recognises and rewards business excellence. Between 2005 and 2008 their annual turnover increased by 100%. André Diederichs, Old Mutual's family business specialist, spoke to managing director, Fanie van der Merwe, to find out how they achieved such phenomenal success.

**Diederichs:** To what do you attribute the rapid success achieved by the business?

**Van der Merwe:** It all starts with structured corporate governance. Apart from myself and my sister Hendrien van der Merwe, we have a BEE director, who is not a family member, as well as two independent directors serving on the board. Both these "external" directors are experienced in various fields including corporate governance.

**Diederichs:** How does this board structure benefit the business?

**Van der Merwe:** Firstly, our line reporting goes via our board. And, because the board also comprises outsiders and not only family members, it remains unbiased allowing us to maintain high standards of delivery in our business at all times. And, in 2007 we also achieved BEE status, whereby 33% of the business was sold to Themba Trust - a trust for our workers.

**Diederichs:** How do you clarify the role of players in the business?

**Van der Merwe:** We use a Key Performance Areas (KPA's) system, whereby everyone active in the business knows exactly what is expected from them, whether or not they are family members.

**Diederichs:** How are salary packages for family members determined?

**Van der Merwe:** All salary packages are market-related and family members in the business do not receive any additional benefits or preferential treatment.

**Diederichs:** How do you distinguish between work and family time?

**Van der Merwe:** We discourage the discussion of family issues during business hours - we leave that for after-hours, or weekends. The same applies to the discussion of business outside of work time.

**Diederichs:** Do you have any succession planning structures in place?

**Van der Merwe:** Yes, we certainly do! The relationship between myself and Hendrien is regulated through a contract which determines, amongst other things, what will happen with each of our shares in the event of death. We have also invested in key man assurance - monies which can be used should the need arise to appoint a suitable successor.

Through its continuous training of role players in family-owned businesses nationally, Old Mutual has established a national centre of competence which also offers a comprehensive range of financial products and services including risk assurance/insurance, investment and retirement planning as well as banking products and services.

André Diederichs  
Old Mutual's family  
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