Graduation speech by Nick Kohler, CEO of the Hollard Group

31 March 2014

Good evening Chancellor/ Vice Chancellor, Academic staff, honoured guests, parents and most importantly on this special day, good evening graduands.

Thank you for this opportunity today to return to the scene of the crime.

Having been a Witsie and a resident at Ernest Oppenheimer Hall in the late eighties and early nineties, I must confess to being guilty of numerous acts of youthful folly. I can confirm that I attended several morning lectures straight from the party the night before. I may also have run naked through the streets of Hillbrow and frightened the life out of the fish in the Wartenweiler Library fountain. I am however, completely and utterly unaware of exactly how a fully operating parking meter found its way into our residence bar.

Having studied statistics and actuarial science and, despite my youthful follies, having actually graduated, I can identify with the time and effort that all of you here this evening have put in to reach this important milestone. I know about all of the times when your mates were going out and you had to study. All of those days when lectures seemed to drag on and occupy the whole day. And worst of all, those dreaded and dreadful exams, where it’s you against the clock. But you made it and tonight you should take time to celebrate your achievement – CONGRATULATIONS! – by my calculations you are in the most educated 2.4% of South Africans .... More importantly, statistics show that, as a university graduate, you have a better than 95% chance of being employed.

Thanks in a large part to the knowledge and wisdom I acquired at this very institution, I have enjoyed some success in my 22 year professional career to this point. I have also thoroughly enjoyed the journey. Thanks to Wits, I learnt to challenge received wisdom, to look at things from a different angle, and that has enabled me to contribute to building an organisation that seeks to do things differently to make a difference. Thanks to Wits I learnt the value of diversity of thought and background and the power of the collective, and that has enabled me to contribute to building an organisation that embraces diversity and collaboration in its quest to do well by doing good. Thanks to Wits I learnt that we have the power to change things that seem unmovable and that has enabled me, through Hollard, to contribute to building a more sustainable society.

Finally, being a father of three and being committed to South Africa as a place to raise them, I have a vested interest in the future. I have a vested interest in what it is that all of you go out and do after tonight. I have a vested interest in each of your career paths and professional choices. It matters to me whether you choose to use your knowledge and talent to make a difference.

So having agreed to stand in front of you this evening for these reasons, I wanted to craft a message that I could deliver in the 15 minutes that I have that would inspire you to go out and make the world a better place. And in doing research, I realised that most of it has already been said. Great statesmen, famous actors, revered authors, superstar businessmen - they’ve all given extraordinary commencement addresses, full of pith and wit and inspiration. Thanks to the wonders of the internet, you can make those addresses your own – my favourites are those delivered by Steve Jobs, JK Rowling, Michael Bloomberg and best of all Tim Minckhin, the Australian actor and artist.
These brilliant addresses are all completely different. However, there IS one thing that all of them share. One idea to which they all subscribe. One belief upon which their foundations are built. And that is that graduates can and should make the world a better place.

All of those addresses are right. And like all of the illustrious speakers I mentioned, I know that you can and you will change the world – I’ve just got a different idea as to how you could do that. And that is the thing that I want to talk about this evening.

I’m talking about the need to reinvent business.

The truth is that business as we know it, and the capitalist system within which we operate, is unsustainable.

The collapse of the Soviet Union in 1989 heralded the beginning of the end of the socialist experiment, and capitalism has been the dominant economic system since then. This is because there is little real dispute that capitalism represents the best of the various economic systems pursued by nations in the past – principally because it is founded on and protects the key links between personal initiative, risk-taking, economic reward, and the rule of law.

However, when we look at the formidable and unprecedented list of challenges facing modern societies, it becomes clear that capitalism as practised over the past several decades does not have all of the answers. Conventional business wisdom is that by being successful in their core businesses, companies grow the economy, and in so doing increase the number of jobs and generally uplift society – the so-called “trickle-down effect”. Corporate Social Investment programs are then used largely to appease the corporate conscience about those left behind. However this is clearly and demonstrably not sufficient to deal with the world’s problems. This form of capitalism, which seeks to maximise shareholder wealth above all else, created worldwide turmoil, culminating in the Global Financial Crisis of 2008 and the subsequent increase in unemployment, social unrest and austerity measures.

In South Africa, this approach to business has not resolved and may even have contributed to what President Zuma referred to in his 2012 State of the Nation address as the “triple challenge of unemployment, poverty and inequality”. Many people, and a very significant portion of South African youth, your contemporaries, are trapped within this triple challenge. Sadly, many of them do not see a way out. Our economic development has not reversed the historic concentration of wealth to the extent that is necessary - growth has not translated into social justice, and that is a major threat to our sustainability as a society.

To better understand that threat, consider the following:

While the official unemployment rate is around 25%, if “discouraged work-seekers” are taken into account, the figure rockets to around 37%. That 12% represents an extra 2 million people who have “lost all hope” of finding a job. This hopelessness is something about which we should all be deeply concerned. It’s even worse, when we look at the youth - Gill Marcus stated that 53% of youth are unemployed but again this excludes discouraged work-seekers. Some estimates have put that figure closer to 66%.
Educational outcomes are poor on average and extremely uneven, which aggravates the excess supply of unskilled labour and increases income inequality. Almost 73% of South Africans have less than a matric and nearly 20% (or 9 million people) are functionally illiterate. Sadly, 36.4% of the South African Population lives on less than R25 a day.

So, to quote a now famous lawyer, “I put it to you that”: the situation is untenable.

I put it to you that: Somebody has to do something.

I put it to you that: Those of you receiving your degrees, and actually all of us here tonight, are those somebodies. Because we have been privileged to have received the finest education. Because we have demonstrated that we can think and solve complex problems. Because we know that we can change things if we choose to do so. Because we are the movers and shakers of the future.

Unless we start to take responsibility for the failures of both government and business, and the system within which we operate today, unless we start to implement changes to the system that has seen us get to this point, unless each and every one of us decides to work for a better way, things are not going to improve to the extent my children and your children need them to.

As Doctor Seuss said, through the Lorax – “Unless someone like you cares a whole awful lot, nothing is going to get better. It’s not.”

So, the question is what is it we can do?

I’m not asking you all to forsake the pursuit of material wealth, or to devote yourself to charitable service or to campaign for the re-opening of the socialist experiment. I’m not asking you to join Greenpeace or Occupy Wall Street or to toyi-toyi at the doors of capitalist institutions.

No. All I’m asking for is that you use your privileged position as Wits graduates to help Hollard and many like-minded companies around the world in their efforts to reinvent the role of business in society so that it becomes a force for good rather than a force for greed.

I am asking you to do a few things at an individual level, and a few more things in the institutions that you will soon be joining or the companies that you will soon be starting.

At an individual level, I am asking you to do just 2 things:

The first is something which you have all been doing for the past few years. That is to read, analyse and critique an important document. This document imagines a future South Africa where poverty is eliminated, where quality health care is accessible and affordable, where public transport is effective, safe and affordable, where all South Africans have access to clean running water in their homes, where high-speed broadband internet is universally available at competitive prices, where household food and nutrition is secured, where we are subject to a developmental, capable and ethical state, where all people live safely, with an independent and fair criminal justice system, where social cohesion and unity are broadly present and the inequities of the past have been redressed.

The document to which I am referring is of course, the National Development Plan – all 488 pages of it. If you want to read the study guide, in this case the Executive Summary, then that will probably
suffice. It is by no means a perfect document and it certainly does not offer a panacea for all our problems. Some of the solutions it suggests are improbable or impractical or both. But it is an important starting point in imagining a better future for our country – its analysis of the problems we face and its vision of the future are compelling. And if you haven’t even got the time to read the study guide and you have to “spot”, then I recommend the compelling and beautiful vision, as well as the section about leadership and responsibility throughout society – it makes the point that South Africa needs leaders throughout society to work together in taking on the responsibility to address South Africa’s challenges rather than advocating positions that serve narrow, short-term interests at the expense of a broader, long-term agenda. It is frank that to achieve this government will need to put its house in order, strengthen its capacity and be prepared to make difficult decisions, and that while the profit motive should and does drive business, companies will not be able to grow unless they are operating in an environment where employment and income levels are rising.

My take on this important document is that it is crying out for people of your talent, skills and knowledge to engage with it, improve it and adopt it. It needs you to roll up your sleeves up and bring all of that learning in the service of something way bigger than yourselves.

The second thing I am asking you to do is to be an active citizen. Resist corruption, build safer communities, ensure environmental sustainability. Active citizenship requires of you that you reflect on your impact on society before satisfying your needs in the most expedient way available.

At an institutional level, I am asking you to help your company rethink its role in society, both in terms of the business you do and the way you do business. I am asking you to think slightly differently about performance and what you consider yourself to be responsible for delivering. While I have no doubt that your training has equipped you to understand the levers of profitability and while there is no doubt that the profit motive MUST be a critical part of your thinking, it cannot be the sole measure of your company’s success. At the very least I ask that you add “Do no harm” to your organisation’s vision or mission statement. And I implore you to go further, and add to your company’s performance indicators measures of how your company is contributing to building social capital, human capital and environmental capital. If all South African institutions work together in thinking holistically about their impact on and contribution to broader society, then we will collectively make an important difference.

As an example, think about how you can deploy whatever expertise your company has for the protection of the most vulnerable in our society, and to reduce inequality. We recently did something along these lines at Hollard - we used our risk management expertise to develop a solution that will reduce the risks facing institutions which support the vulnerable poor. This product uses insurance techniques to strengthen the chain between donor and recipient, ensuring that much needed donor aid flows more quickly and effectively to those who most need it. Google HugInsure if you want to know more about this globally ground-breaking initiative.

Another example is the way you build human capacity. Invest in developing your own staff, but also recognise the need to spread the net wider. Think about employing more interns or using learnership programmes. Hollard is privileged to have been a founding member of a wonderful initiative called the Harambee Youth Employment Accelerator, which seeks to address a market failure by matching and placing disadvantaged but talented youth in sustainable employment.
through an amazing bridging programme. I am proud to say that the initiative looks like it will achieve its goal of placing 10,000 youths in employment by the end of this year.

I would like to close by saying that there is no doubt in my mind that capitalism is at a crossroads. If it continues along a path which has at its end short-term shareholder happiness above everything else, with some Corporate Social Investment on the side, the sustainability of our society and lifestyle is likely to be unsustainable. If we don’t start to embrace the concept of a more conscious form of capitalism, if we don’t accept the burden of thinking about how to address inequality, if we don’t accept the responsibility of becoming more constructive contributory members of society, then I fear we will all become helpless observers of an unravelling.

Or it could change for the better. And we could be the force behind that positive change.

Churchill is reputed to have said “If you are not a liberal at age 20 then you have no heart. If you are not a conservative by 40 then you have no brains.”

But he said that a long time ago and the world has changed. South Africa, and indeed the world, no longer need people who have lost their idealism by age 40. They need permanent idealists and dreamers, imaginers and revolutionary thinkers. They need the curious, the explorers, the lifetime learners. They need people with a head for paradox and hands for hard work. But most of all they need people with heart.

Because if yours and the other 99,999 hearts which graduate from our tertiary education system every year are all beating to the same rhythm, if they are all pumping the blood of a new capitalism WITH a conscience, and if they are all strengthened by the quest to reduce inequality and ensure sustainability, then business will fulfil its responsibility by becoming the greatest force for positive and enduring change the world has ever seen.