Keynote address by Steven Braudo at Wits University

Liberty Chief Executive – Retail SA

28 June 2013

Good morning Chancellor and Deputy Justice of the Constitutional Court, Justice Moseneke, Vice Chancellor, Professor Adam Habbib, Deans of Faculties, Convocation, members of the procession, graduates, and proud parents and partners.

Congratulations to all our graduates. Today we have graduates from the Commerce, Law and Management faculties and it’s a privilege for me to address you.

Today you are stepping out of this university, graduates of a facility that has nourished and grown some of the best minds in South Africa, including Liberty’s founder, Sir Donald Gordon, who graduated in 1953 from Wits with an accounting degree.

Today, as your lives will be changed by this graduation ceremony – I want to talk to you about change. Change is unavoidable for all of us and very necessary if we are not to stagnate in our personal and business lives. Some change is within our control, and some change is not.

You will find that change will happen to you often, sometimes you will embrace it ... such as when you receive your first salary payment, when you get married, or hold your child for the first time ...

But sometimes change will be forced on you, which is something most of us dread. I want to tell you how, if you can look at that change in the eye, if you can look at the past and learn from it and look to the future and set your intentions – change can be the best thing that will happen to you ... Change will make the acorn grow into the oak tree it was meant to be ...

I graduated from the WITS Commerce faculty way back in 1992. I joined Liberty Life 5 years ago and I want to tell you all the story of how we had to change a 50 year old business. Shortly after I joined, what I found was a company being disrupted around the edges:

- Growth in our core insurance business had dramatically slowed due to a changing environment
- Customer’s habits were changing
- Sales people’s practises were changing
- Products were evolving – our own exec’s were even using competitors products as we had not kept pace with change
The share price had only increased from R47 in 2004, to R62 in 2008, barely keeping up with inflation.

Liberty was no longer the “hip” place to shop, as it seemed stuck in its glory days, unable to keep up with the changing world it had helped to create.

Liberty was not tuned into market realities, even after discussions around customer satisfaction and customer engagements. We did not seem to see what was going on outside the company in terms of competition; we had lost our ability to innovate, to create new things – indeed our ability to change.

I shocked everyone by telling the world that Liberty was in need of a turnaround. Our sales people hated that word, our employees hated it and even some shareholders hated it – but it was the first step in order to confront reality. We stated our intent, and then we geared all processes and our actions toward it.

*Firstly, we changed the way we look at our staff*

We focused on the magnificent history we could build on, and a future we wanted to create. What I found was reassuring – most employees were, and are, fiercely loyal to Liberty. After all, we are a company of many firsts, such as the first to launch retirement annuities, unit trusts, an unlisted property portfolio and indeed we were the first insurance company to list on the JSE.

It was Steve Jobs that said: “Your work is going to be a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do”.

We quickly re-organized top management and went on road shows to share our vision and strategies.

We focused on promoting, hiring and rewarding those people who indeed did great work and who exhibited the passion that this quote refers to. Their energy was infectious and the spirit within the company rose dramatically.

*Secondly, we changed the way we look at customers*

The customer is the premium payer, not the salesman. We changed our systems, our ways of connecting with our customers, and made the customer the focus of our business. We made policy documents easier to understand, made sure we kept communication open with our clients, we created a Rewards program and ensured that we had all the tools to help our customers “Own their lives”

*Next, we changed the way we look at sales people*

We had to change the way we looked at our valued sales people, and we created a model whereby all our sales people became our partners. We do all that we can to enhance sales people’s business, we don’t compete with them. Rather we help them to close deals with our customers.
And finally, we changed the way we look at products
We changed our products ... we focused on supplying the best product in the industry, with the right support and processes to ensure that the product was understood by the sales force and supported by our employees. We ensured that all our products met specific customer needs, and wherever relevant, we upgraded old customers to new better products at zero cost to them. We launched a range of market-first products, building on our history of innovation thus deepening the pride and emotional connection between our staff, our customers and the company.

Liberty changed and good news followed
Liberty’s sales have improved from R13,7bn to R18,8bn, an increase of 37%; Our market share went from 22% to 27% and is still growing. We have highly engaged partners and customers who have become fans of our brand. Our share price went from R62 in 2008 to R130 – an increase of 110% vs. inflation of approximately 40%. We also won an award for being one of South Africa’s Best Employers. Staff morale is very high and our staff are now ambassadors for our products. To take a giant that has been through tough times, to revitalize it and to then take it to the next level has been enormously exciting.

What will keep us changing yet again, from becoming a fat happy, out of touch company we were 5 years ago?
It is our people and the realization that our work is never done. We really believe that competitive advantage in our industry is best found in the interpersonal connections we have with our distributors and our customers. We leverage the culture we have at Liberty – we bring it to the forefront and unleash the personalities of the people who are part of the Liberty family. Liberty is now empowered by the strength of our employees and sales people, who have looked at the change happening and embraced it and still try to change for the better – every day.... Like Michelangelo said “If you knew how much work went into it, you wouldn’t call it genius”... We know our company is a good one, but we all want to make it a great one, and so we will keep on working hard and embracing the change ... Identify the right questions, and pursue the issues these questions raise. Our team has done a terrific job, but we are just at the beginning of our journey with unlimited opportunities. This is the same for you – it is important for each of you to measure each day whether you have learnt something new.

Well done on coming this far – on focusing on your studies and obtaining your degrees today. However, your journeys are only just beginning.

Our world is rapidly changing.
We are going in a single lifetime, from a small elite having access to information to essentially everyone in the world having access to all the world’s information.

This has huge implications for privacy, communication, security, and the way people behave and the way governments behave.
It changes education. It changes the way intellectual property works, it changes the way business works and it changes the way media works. And, we are in the middle of it right now.

Lots of analytical work is being done by computers, which are made to analyze needle in a haystack problems and have perfect memory. Humans need to do what we do well, which is judgement, having fun and thinking about things. The relationship is symbiotic. The computers make suggestions that are pretty good, and very helpful, but you, the human is ultimately in charge.

The education that you received at Wits will equip you to make the best decisions you can, but your fate is ultimately in your own hands.
You are living in the digital world, and you can reach millions in seconds. Use this to make a difference to yourselves, your communities and SA.

Today's generation of young people is the largest in history. Over 3 billion people – nearly half of the world's population – are under the age of 25. Almost 90% of all young people live in developing countries. Young people are a valuable asset to their countries and investing in them brings tremendous social and economic benefits. Young people are the catalysts for change and we have seen such in SA as well as across the Globe.

South Africa is a young country - 66% of our population is below age 35, but 72% of unemployed people are below the age of 35. Education and training is a key pathway for upward mobility out of poverty and inequality, and education can facilitate inclusion into the formal economy. Without an educated population very little will happen to lift the economy.

All of you are not just leaders of tomorrow but partners of today, so we need you all to be actively involved as active citizens in the all aspects of society especially the economy. We need you all to take your places in helping to develop an economy that is vibrant and competitive. Decisions are made by those who show up. Don’t ever forget that you are citizens of this world and there are things that you can do to lift the human spirit, like respect, kindness and showing character.
Don’t sit back but make a positive impact as you are the privelaged ones, with a duty to help SA grow. Indeed the good quality education you’ve received at WITS ensures your place in the global economy and I know that as WITS graduates, you are all going to make this positive impact. Be accountable – you’ll be better business people if you feel like owners.

Finally, I would like to leave you with these few thoughts:

1) Remember there is life outside of work. Balance your family life with your work life – be deliberate in terms of how you spend your time as your time is precious.
2) Pay attention to your values and passions. Develop your own compass and trust it – take risks, dare to fail and remember that the first person through the wall always gets hurt.

3) Work with people who share your passions, with people you can respect and learn from and seek acquaintances who mission you can embrace.

4) Seek feedback – listen, apologise, show gratitude and follow up

5) Plans without actions are simply good intentions. Ensure you execute. Know your talents and deficiencies, and then seek a place where you can do your best work so that you can execute.

6) Take your work seriously, take your family seriously, take your studies seriously, but never, ever take yourself seriously. On a daily basis, do something kind and make someone laugh.

7) Success is not only measured by earnings, but by contributions to society too. Give back to WITS and your communities – both in your personal lives and business lives. Remember to stay humble and appreciative.

8) Shadow other business people from other industries, especially young entrepreneurs – This will help you stay abreast of changes in the tech world

9) Read all the time, network extensively and never retire!

You guys now begin your own journey – Well done on graduating today, for all the hard work, perseverance and effort you’ve put in over the last few years….it will hold you all in good stead in this ever changing world...Good luck and Thank you.