

# no beating about the Bowser

by Valdi Pereira

Only a year old, Masana Petroleum Solutions – a bulk wholesale petroleum products supplier, with a strong business model based on operatorship – is already making a name for itself in the petroleum industry. We speak to Managing Director Sizwe Mncwango about the importance of adding value, deregulation in the commercial and industrial sector of the industry and carving a niche in a cutthroat market.



Sizwe Mncwango, Managing Director

**What attracts you to the petroleum industry?**  
The petroleum industry is of national importance and I am probably risking a pun when I say that it fuels the economy – the reality is that it fills a significant strategic space in South Africa and being a participant in this industry is exciting.

I have spent almost my entire career in this industry and it has offered me a wide range of opportunities that have both humbled and privileged me. I should mention that I ended up in the industry by default – it was the prospect of migrating from a hard-core engineering industry and an attraction into a market-related role that got me started in the petroleum sector.

I've been in marketing and management roles within the industry for quite a long time now and the industry remains attractive to me; in many ways the industry has changed me and converted me into what I am today.

**You had a brief sojourn in the healthcare sector. What motivated this?**

My entry into the healthcare care sector was motivated by my desire to develop and acquire new business skills. At that stage in my career I was employed by BP in a specialist capacity and I wanted to start practicing the leadership skills I had acquired through the completion of an MBA and interaction with other business people.

I had an offer at BP to continue along the specialist line, but I was looking for general management responsibilities, bottom-line accountability and a significant leadership role. Consequently I ended up in the healthcare sector, and not necessarily by design either.

I had another offer at the same time but I chose to enter the healthcare sector. It was to run a public sector company but I chose to go to the healthcare sector route because it is an industry that should meet the needs of 45 million South Africans and not only the 7 million people that can afford their own private healthcare.

The industry afforded me an opportunity to see how I could help to extend the private healthcare net so that all economically active individuals have a medical aid, thereby reducing their reliance on the limited public healthcare resources.

I enjoyed my time in the healthcare sector; it was a very challenging period but exceptionally rewarding in terms of personal growth and the exposure I received to the demands of running a business with some 700 staff members.

**If an attractive offer came along would you go back to the healthcare sector?**

I am totally committed to Masana Petroleum Solutions and there is still a lot I want to achieve in this environment. I am of course very grateful to Old Mutual for the opportunity they gave me in the healthcare sector.

I had no prior healthcare experience and no proven leadership skills, and during the two years I was with Old Mutual, I was afforded the opportunity to develop my skills. During this time I wasn't looking to become a healthcare expert. I went there not knowing anything about healthcare and even after two years in the industry I did not consider myself an expert in the sector.

My time there did teach me how to orchestrate a wide range of skilled individuals. In other words, I learned about the art of leadership, which is greater than the science behind management. That was my goal and I believe it is something I was able to achieve while making a contribution to the healthcare sector.

**The petroleum industry is largely viewed as a cutthroat business environment. Is this true?**

Exceptionally so – especially in the commercial and industrial segment in which we play. It is in strong contrast to the retail environment, which is regulated at each point in the value chain. The only thing that is regulated in our market space is the wholesale price; beyond this its open season.

As an entity, Masana Petroleum Solutions doesn't compete on price, we focus on solutions. We compete on value, and believe if we spend a lot of time with our clients and understand them and what drives their business, we can offer them value, which is far more meaningful than price.

If we cannot offer value we will walk away, because our approach is not based on undercutting prices. We have developed

very strong partners and alliances as an important component of our business and we are able to price according to individual clients' needs and rapidly provide customised solutions.

It remains a competitive market though and we accept this, because if you are not fit to compete in this environment, then you should not try to participate in it.

**I understand Masana Petroleum Solutions is celebrating its birthday?**

Yes, on the 1st of May we were one year old and have competed in this tough environment for a full year.

**Looking back over the year are you happy with progress you've made?**

I am happy, relatively speaking. I am not ecstatic and certainly not satisfied. I think we have covered a lot of ground and worked extremely hard in the process. The people at Masana have really put in a tremendous effort in an attempt to make a difference. However, I think we have just started to place ourselves in a position where we can make a difference and we have to move forward from here.

**You were rather vocal in your opposition to Sasol's proposed merger. Is it safe to say you are happy with the Competition Tribunal's ruling on the matter?**

I'd like to put it on record that we are not against any proposed merger that may arise in our industry. Instead, at Masana, we are in favour of certain things and approaches that are likely to benefit our sector.

In this particular instance it revolved around our views on competition. We are all for competition and wanted the authorities to apply their minds to ensure that this industry remains competitive.

We are for the survival of small and medium players because in an environment where you allow one individual to dominate the space, the reality is that you are stifling the smaller players' chances to survive.

We are all for a strong competitive environment, we are for fair and level playing fields for everyone to compete and we are for accountability as far as the authorities are concerned to ensure that playing fields bring about opportunities for all, as well as for the entire industry.

I don't think our views will affect our relationship with Sasol as a supplier. We have worked very well with them in the past and I don't think three months of debate in front of a Tribunal needs to take away all the good things we've achieved as an industry.

As I have stated earlier the petroleum industry is a very strategic one and it requires that every single participant contributes towards ensuring that motorists and corporate customers receive competitive service.

Everyone has a role to play and I think it was incumbent upon



**Where do you think the oil price is heading?**

Where do you think the oil price is heading? [laughs] It's a tough question with no easy answer. I suspect if I had the answer, I would be somewhere in the Middle East with some wealthy influential oil sheiks as friends!

Currently there are so many variables that influence the price that it is difficult to make a prediction. The political and economic permutations are manifold and their impact on the price of oil can be enormous.

I will say that I never expected oil to reach the US\$70 per barrel highs that we are currently seeing.

**If you experienced a financial windfall would you invest in a company developing alternative liquid fuels?**

Responding as Masana officer, if I came into some money, I would invest it in Masana in order to speed up our growth and help us achieve market leader status, because I believe in that space we have created.

I'd make sure that we invest wisely, to achieve top status, whether it be in alternative fuels or lubricants or any other related product that will satisfy the needs of our customer base.

**You've answered as Masana officer. In your personal capacity, would you consider investing in a company that makes alternative fuels?**

Even in my personal capacity I would invest a windfall in Masana – this is my life, I work, eat and live Masana. I will put in whatever resources it will take to make sure this company reaches its objectives.

**What are your views on South Africa's economic prospects in the run up to 2010?**

I think the prospects for South Africa are fantastic. For the first time in two to three decades, this country is almost in full control of its destiny. In the past there have been many exogenous factors that played a role in our potential success. Some of these factors remain, but we have clearly taken greater charge of our own economic future.

We are fortunate to have talented and committed people like the Reserve Bank Governor and the Minister of Finance charged with the stewardship of our economy. In fact, many of our business leaders are individuals who are not only motivated by business success but also have the broader interests of our society at heart.

Based on this I think we have every right to feel bullish about

us at Masana to make a contribution to the maintenance of a strong competitive landscape in our industry.

**What is your stance on deregulation of your industry?**

As I have mentioned we operate in what is a pretty deregulated part of the industry. I am not sure that we are ready to have the entire curtain lifted yet because the industry has not transformed enough to ensure that BEE, a significant imperative, can survive.

There is still a lot that needs to happen within the industry itself in terms of bringing previously disadvantaged South Africans to the fore. I also think there are still some responsibilities in this regard that our government needs to discharge before the playing fields in terms of transformation will be levelled.

If we want to consider further deregulation we can only pursue a free-market environment once we have ensured that each and everyone, especially those excluded from participating in the past, have a chance at success.

Therefore, I think we need some kind of transition, a type of re-regulation if you will, before we can get to the end-state of free market deregulation. In the long-term I will support deregulation unconditionally, but we need to meet some conditions along the way before we pursue this.

our economy. Of course we need to maintain discipline, and in particular, the wave of consumer spending needs to be carefully managed to ensure that levels of personal debt don't become dangerous, especially if we experience a significant economic shock treatment.

We also need to be sensitive to the realities of our society. For instance, the way the emergence of the black middle class is handled will be important for our country's long term social harmony.

The agenda of this emerging class needs to be executed and facilitated in a manner that does not lead to the regression of other interest groups and values that make up our society. This is very important because it will allow us to grow as unit and not exclude certain sectors of our country.

Championing growth within a certain class or sector at the exclusion of other interest groups is not really growth – it's negative growth that will take our country backwards.

We need to make certain that as a country we remain whole and to achieve this we will need good leadership and statesmanship skills in the years to come.

**Masana Petroleum Solutions is a relatively young company but has already got itself noticed amongst bigger players. Is this a happy coincidence or have you worked hard at carving a position for Masana in the marketplace?**

It's quite humbling to be mentioned in the same light as big companies. But it also tells us that we have been successful in some areas. We have invested an enormous amount of time in our brand through the work done by Ogilvy, and we want to create top-of-mind awareness, not only with existing customers but with future customers as well.

We've been privileged to leverage some of our associations and have benefited from the type of shareholders that we have. Our relationship with BP has obviously been very important to us and will continue to be in the future.

The Women's Development Bank, a credible broad-based women's organisation, and the Mineworkers Investment Company have both helped to get us on the map and provided useful input.

Our long-term strategic goal is for people to experience Masana and not just be aware of our existence – they can only do this if they use our product. It's a long process, a journey where we must develop awareness of the total Masana experience and really believe that what we do can make a difference in people's lives.

**You have some firm views on empowerment. How would you rate our economic transformation thus far?**

As a country, we built empowerment around equity participation, and we believe there is a space for black-empowerment players to operate and manage businesses in a very inclusive way with others. There are black people who are up to the task of running, operating and managing a business and they deserve an opportunity like anyone else.

I think there is still a lot of scope for economic transformation in South Africa and in some respects I think the model we have pioneered at Masana that focuses on operatorship is possibly the next phase that BEE will move to.

The previous or older model, which was purely an investment approach, still has a place as an enabler but the future lies in an operational model. The equity investment model was appropriate for the time in which BEE emerged but the process is moving on and operational models will represent the next ideal.

**Everyone has a role to play and I think it is incumbent upon us at Masana to make a contribution to the maintenance of a strong competitive landscape in our industry.**

In many respects it's an ideal space that many companies want to get to and I believe they can do so. What better way to do it than to put your money where your mind is.

**What legacy would you one day like to leave behind at Masana Petroleum?**

I would one day really love take a step back and look at Masana and say the company is confident with what it can do and achieve. I would also like to be able to reflect upon all the people that have used Masana as a training school and have gone on to be successful in their own right.

I don't just view Masana as place where people simply collect pay cheques at the end of the month. I view it as an organisation where people can start to craft their dreams and use Masana's resources to access opportunities that will help create a future for themselves.

If that future means they will be with Masana for only a handful of years, that's fine by me, and if it means they are with Masana for 25 years, great, we need them. But if it's about them starting their own business, transport company or engineering firm, then I've done more than my fair share.

Ultimately I would really like Masana to become a place where people develop confidence and skills that enable them to become leaders in their own right. If I can achieve this, then I will be very happy because I will have made an important difference. ceo