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Context and strategy: Managing Sanlam for and in change, 1945-2013

Drotskie Adri[1*] and Grietjie Verhoef[2]

[1]Head of Research and Faculty Development, Henley Business School, South Africa.
[2]Department of Accountancy, College of Business and Economics, University of Johannesburg, South Africa.

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Business sustainability of corporations a hundred years old, is not a regular occurrence in Africa. A qualitative historical study of the development of an insurance company succeeding on the trajectory of adapting to challenging context constitutes the core of this study. The historical analysis illustrates the role of social context, international political economy and management agency in negotiating a successful company to overcome contextual constraints. The South African Life Assurance Company (Sanlam) arrived at the end of the Second World War in 1945 with a basic business strategy focusing on sustaining its growth since 1918. Dynamic contextual changes mandated strategic management changes in the business focus, empowerment strategy and strategic vision of the company. This article explains how management responded to change, relying on international management practices to secure a century of African business success.

Key words: Context, sustainability, management.

INTRODUCTION

Few companies survive simultaneous fundamental socio-political and global industry overhaul. This article explores the management agency in Sanlam for sustainability between a stable conservative business environment and radical contextual changes since the end of World War II (WWII). Using international management theory (Bateman and Snell, 2009; Chandler, 1992; Kelley et al., 2006; Senge, 1990) and practice during the post-war era in a case study, this article assesses the performance of Sanlam, management actions and the outcome within this context of growth, international adversity and domestic instability

Sanlam was established in 1918 as a company seeking to take insurance to the uninsured and impoverished Afrikaans community in South Africa. Despite marketing all its insurance products inclusively to all South Africans, Sanlam was considered to be an insurance company for Afrikaans people. The relevance of the history of Sanlam for business sustainability in Africa, is that a marginalised segment of society achieved economic empowerment through systematic business development commencing with life insurance. After the 1940s Sanlam also invested in other Afrikaans business enterprises and by the 1960s Afrikaners has established a presence in the manufacturing industry, in mining, banking and the retail sector (Giliomee, 2003; Davenport and Saunders, 2000). A dearth of studies on post-1945 African business development, especially during the period of

*Corresponding author. E-mail: adrid@henleysa.ac.za.

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decolonisation, African nationalism and the quest for self-determination in Africa, opens an opportunity to explain the success factors supporting Sanlam during those formative years in the history of Africa. A growing number of businesses in Africa that commenced operations since the 1990s, stand to benefit from the case study on the strategic role of change management in directing an enterprise through challenging circumstances towards sustainability.

Problem statement

Since the end of WWII in 1945, the external environment of conducting business and management in Africa and South Africa, changed fundamentally and dynamically. For any organisation to survive this change and sustain its business in the long run, management vision, strategy and practices, as these unfold in the organisation, offer insight into a company's ability to sustain itself. Change management is fundamental in understanding the sustainability strategy of any organisation. This article seeks to explain how Sanlam, a long-term insurance company in South Africa, negotiated fundamental market overhaul to secure the longevity of the company into the twenty-first century. What role did management perform in securing company survival?

The research gap is not that Sanlam was the only life insurance company to survive for a hundred years in South Africa, the SA Mutual turned a hundred years old already in 1945. The research gap is that Sanlam was an Afrikaans oriented company that allowed research into its archives, to establish how management negotiated the changed context to sustain the company. The second element of the research gap is to establish how, despite international isolation, management tapped into international management theory and best practice, to transform the unfocussed conglomerate into an inclusive focussed financial services operation in Africa.

RESEARCH METHODOLOGY

A qualitative research methodology is used. The study is based on in-depth and critical qualitative source analysis of primary documents as well as secondary literature to understand management strategy, vision and practices between 1945 and 2013. A case study of the development of Sanlam between 1945 and 2013 was undertaken, exploring the management practices and implementation of change management during the entire period.

The final assessment is based on an analysis of the management practices of Sanlam and how it was applied within the organisation, as well as management's understanding and application of change management and how it contributed to sustainability of the organisation.

The objective of the study is to analyse the case of Sanlam between 1945 and 2013 in the complex South African context, to determine how sustainability was achieved. The focus is on the crucial role of management.

LITERATURE REVIEW

Management theory-culture and strategy

Theories of management in the post-war era

After WWII the business environment of insurance companies internationally as well as in South Africa, became increasingly turbulent and complex. Management had to understand the complex variables in the internal and external environment. The primary focus was no longer on the organisation only. Changes in the external environment had a direct and indirect impact on business sustainability. This interrelationship between the environment and the organisation gave rise to the systems approach to management as well as other dynamic contemporary approaches such as the contingency approach, the learning organisation, re-engineering and total quality management. This complex management environment mandated exceptional managerial capabilities.

The Cold War era of1946 to 1989, is a very important period in the development of management theory. During the late 1940s through to the 1960s distinct schools of management emerged. These included the human relations theory, the equilibrium theory and systems theory (Kelley et al., 2006). The systems approach to management was developed in the 1950s and compensated for the main limitations of the classical approaches. The limitations of the classic management approach were that the relationship between the organisation and its external environment was ignored and that the focus on specific aspects of the organisation was at the expense of other considerations. A lack of an integrated perspective hampered organisational sustainability. According to Smit et al. (2007), the systems approach 'views an organisation as a group of interrelated parts with a single purpose: to remain in balance (equilibrium)'. Any changes in one part influences other parts and leads to imbalance.

In response to this limitation, the contingency approach to management offered the systems approach to organisational management. This approach recognises that there is no single best management practice. Therefore management should integrate the most appropriate management techniques and principles from different management theories to contend with complex business contexts. Contingencies such as the external environment, the capabilities of the organisation, the managers and the technologies used by the organisation assists managers in grasping complex contexts and choose appropriate business strategies. (Smit et al., 2007).

The classic approaches to management continue to underpin fundamental management and organisational behaviour up to today. The human relations perspective in management remains an influential management dimension (Smit et al., 2007). The Human Relations theory aims at understanding how psychological and social processes interact in the work environment to affect performance. This theory was the first to emphasise informal work relationships and worker satisfaction. This approach owes much to other schools of thought such as the scientific management and administrative management approaches which originated from the classical management theory (Bateman and Snell, 2009).

The development in management theory, described earlier, shaped and guided management in organisations since 1945 as the international business environment became increasingly global. Complexity and uncertainty characterised the context of business. Management had to contend with a growing need for competitiveness, quality and value creation. Management had to develop a systematic understanding of the internal and external environment of the organisation and deal with situations and contingencies within a complex context. This approach assisted organisations in securing a sustainable competitive advantage.

Management capabilities during global volatility

In a volatile global world of work, adaptive managerial capabilities are critical towards organisational competitive advantage and the ability to devise strategies to exploit competitive advantages. Capability deployment pre-empts emerging opportunities and mitigates the disadvantages of foreignness (Luo, 2000).

According to Chandler (1993) the evolution of modern management approaches and an organisation's capabilities developed within the organisation, were fundamental in shaping economic growth and competitive strength of modern industrial nations. After World War II production processes became more capital-intensive and cost advantages were utilised through economies of scale. The Japanese, for example, acquired new facilities and developed skills and capabilities within their organisations. The rapidly growing local markets led to global expansion in the 1970s and 1980s. Organisational capabilities distinguished the successful nation from other global contenders, generating economic growth and industrial strength.

After World War II organisational capabilities were driven by business organisation competition and national aspirations. The learned capabilities resulted from problem solving and acquiring knowledge from an understanding of the external environment and stakeholders of the organisation. Applying the learning organisation approach these capabilities were established, with constant learning on various levels, including between workers and managers. The creation, maintenance and expansion of these capabilities gave some organisations a competitive advantage over others in global markets (Chandler, 1992).

Penrose cited in Augier and Teece (2007) states that 'the unused capabilities of management, coupled with the intangibility of certain resources', enables diversification in an organisation. Penrose argues that organisations are able to grow as managerial capability is freed up for new applications through managerial learning. This is also referred to as the dynamic capabilities approach. This approach provides a framework for organisations on how to develop a sustainable competitive advantage. Dynamic capabilities also refer to the capacity of an organisation to shape, re-shape, configure and re-configure its asset base in such a way to enable a response to a changing environment.

Teece (2012) builds on this concept of dynamic capabilities by stating that these capabilities are based on the skills and knowledge of one or a few executives rather than on organisational routines. Dynamic capabilities are higher level competences that determine the organisation's ability to integrate and build the competences to address a rapidly changing business environment. These capabilities have grown in importance over time due to its strategic nature as an enabler of value creation and competitive advantage.

Capabilities are built on individual skills as well as collective learning. The longer an organisation has been in existence and the larger its size, the less its capabilities depend on specific individuals. Dynamic capabilities on an enterprise level consist of more than routines. The capabilities lead to identification, prioritisation and selection of appropriate projects in an organisation where routines identify how the projects are run. The study of corporate histories can lead to understanding the origins of capabilities (Teece, 2012).

Change management globally and locally

One way of understanding organisational change is through the analysis of how the organisational routines change. Becker et al. (2005) describe routines as 'the basic components of organisational behaviour and the repository of organisational capabilities'. Change of routines is in most cases instigated by management. The capability of an organisation to compete is dependent on introducing new products and services and improving their processes. This requires continuous change in routines.

In the complex and turbulent environment in which organisations have to compete successfully to survive, managing change is one of the most difficult challenges facing management. Change is often unexpected and that adds to the complexity of managing that change. Change is closely related to the culture of an organisation and can therefore change the complete nature of the organisation. Organisations are made up of people and that also increases the complexity of dealing with change, since change is human action and impacts on the lives of people. Organisational development has also gained traction as a popular approach to organisation studies, since it incorporates an on-going planned effort by managers and leaders to manage change as a means of improving organisational performance (Smit et al., 2007).

Change management and strategic planning or thinking go hand-in-hand in most organisations. The nature of strategic planning has also changed as it is conducted within a context of uncertainty. The timeframe of planning shortens continuously. With every change to the strategy of the organisation, it implies organisational development interventions to assist the people of the organisation to understand and deal with the change implied by the strategy.

'Environmental changes drive strategy and strategic planning and these in turn drive organisational change' (Viljoen, 2015). The nature of change and the aim to ensure sustainable success in the context of change, mandates an analysis of change management in an integrated and holistic context. This article will assess change within the context of complex domestic conditions in South Africa. The most appropriate model to understand the success of Sanlam in a fundamentally changed context, is the model of systemic change. This ties back to the systemic management approach. 'The interplay between the changing external environment and the internal world always leads to continuous changes in both worlds' (Viljoen, 2015).

THE CASE OF SANLAM

The life office in the changing environment

In 1945 Sanlam was only the fourth-largest life office by premium income, but moved into the second position since 1948. The financial services market became more competitive, specialised and diversified. In this context management directed Sanlam into a diversified operational environment as the founding generation of managers made way for the second generation of managers. Gys de Villiers and Tinie Louw, joint General Managers, both retired in 1946. Louw stayed on as Managing Director of Sanlam until December 1949, while AD Wassenaar succeeded De Villiers as General Manager in October 1948, a position he held until the end of 1965, when the title of the senior manager changed from General Manager to Managing Director. Wassenaar held this position until 1969, when he was succeeded by PJF (Pepler) Scholtz in March 1969 until the end of April 1978. Scholtz was the Managing Director until 1978. When Wassenaar stepped down as Managing Director, he then joined the Board, from which he retired at the age of 80, bringing to an end a career of 60 years in Sanlam. FJ (Fred) du Plessis succeeded Scholtz in May 1978 and served as Managing Director of Sanlam until April 1985. Up to 1978 the top managerial positions in Sanlam were occupied by men who had progressed up the company ladder.

The generation of founding members worked in a close-knit managerial team under Willie Hofmeyr as Chairman of Sanlam. When Hofmeyr suddenly passed away in 1953, Charlie Louw succeeded him as Chairman until 1966. Louw only retired at the age of 91, being a director for 48 years. Hofmeyr was a symbol of Afrikaner perseverance and drive, and conducted his duties as chairman in an 'executive' manner, despite not being an 'executive chairman'. Inward-looking Afrikaner control was illustrated by Wassenaar's ascendancy to the position of Chairman of the Sanlam board in January 1967. He retired as Managing Director only in 1969. Then he remained on the Board until he turned 75 in September 1982. Fred du Plessis succeeded Wassenaar as Chairman in 1982. In 1982, Du Plessis was made Executive Chairman of Sanlam and assumed the duties of Group Chief Executive in 1985, positions he occupied until his death in 1989. Fred du Plessis was the first non-Sanlam employee to assume a managerial position in the company.

In a conservative management structure with managers emerging from the formative years' paradigm, Sanlam was successful in growing the company along the existing industry trajectory. In the business of life assurance, the strategy was growth and product diversification. In one respect, Sanlam diverted from growth strategies of long-term insurance companies globally. Sanlam, as the company targeting the uninsured market of Afrikaans people in South Africa, engaged in other Afrikaner economic empowerment strategies. The leadership in Sanlam joined other Afrikaner business, academic and cultural leaders in establishing new enterprises to take Afrikaner businessmen into sectors formerly not populated by Afrikaner businessmen. A drive to succeed in business, and the aim to address Afrikaner poverty and economic marginalisation, allowed the proliferation of Afrikaner-controlled enterprises across the total spectrum of economic activity. Federale Volksbeleggings (FVB) was the financing vehicle. Sanlam had a controlling interest in FVB, but did not manage the company. The social capital network of managers and directors of Sanlam formed the matrix of managerial control in the emerging industrial conglomerate. MS Louw served on the FVB board and when FVB was established it fell upon him to support entrepreneurs and investors through the acquisition, rationalisation of management, and the streamlining of Afrikaner enterprises to full profitability. In 1952 FVB also assisted in establishing a mining house, Federale Mynbou Beperk (FM). This mining house expanded operations from small coal mines to the acquisition of the controlling stake in General Mining Corporation (Genmin) from the Anglo American Corporation (AAC). In FVB a variety of industrial companies, financing companies and investment companies moved in under the Sanlam network of Afrikaner- assisted businesses (Verhoef, 2006; 2009).

The concern about organisational form that developed in Sanlam was simultaneously a performance issue and a strategic interest not typically associated with a life office. Between 1970 and 1985 the Sanlam Group's structure became increasingly complex. Sanlam's asset base grew from R1 000m in 1975 to R6 000m in 1984. FVB and Fedmyn expanded into a wide range of industrial and mining interests. In the banking sector, Trust Bank, established by Jan S Marias, consolidated operations into the Bankrop Group. Bankorp's assets increased from R500m and 2% market share, to R10 555m and 13% market share by 1985. Sanlam acquired substantial stakes in the Malbak/Protea Group, Natie Kirsch's Tradegro group, and the Murray and Roberts construction group. Substantial losses were made in the chemical business Sentrachem, in Kirsch's Tradegro group, in Nissan, Gencor's industrial interests and in Sappi. The rumour in the financial press was that Sanlam had pumped more than R300m into these companies seeking to affect a turnaround. The strategy was subsequently to overhaul one of its investment companies, URD Investments Pty Ltd. (with only one asset, Federale Mynbou Beleggings, holding a 35% stake in Fedmyn), into an investment company, Sanlam Beleggingskorporasie Beperk (Sankorp Ltd.) (Verhoef, 2009). The dilemma for Sanlam was that internationally the long-term insurance market was changing by the mid-1980s. Sanlam was constrained in responding to these market changes by its extensive investments in non-insurance business.

Sanlam slowly progressed from a centralised unitary organisational structure (the so-called U form), as described by Alfred Chandler Jr, to a diversified organisation displaying an M form of organisation. This means that functional diversification led to the branching out of operations into decentralised business units. Sanlam's management style and strategic objective testified to this. Management was characterised by two approaches between 1945 and 1985. The first was the direct, hands-on style grounded in centralised control. All financial, operational and staff matters were discussed and final decisions taken by the Board of Directors. The management style remained rigid and bureaucratic. A multitude of processes, procedures and rules relating to operational and staff matters were introduced. These were administered by the same generation of managers who had established Sanlam. Only in 1978 did a non-Sanlam rank-and-file person take up the position of Managing Director of the company, namely Dr FJ du Plessis. He elevated the position to that of Executive Chairman in 1982, a role suited to his' dominant personality. He perpetuated centralised personal control.
The second approach of more human resources-based control emerged later as a clear adjustment in the style of management occurred in Sanlam. Central control remained unchanged, but acquired a more human face. GFS de Villiers, AD Wassenaar and PJF Scholtz, exercised central management control through the U form of organisation. Board meetings were gradually streamlined by organising business along functional areas from 1955. In 1958, the minutes of the meetings were also streamlined by minuting only decisions and not all discussions.

Wassenaar did not introduce any new strategic direction for Sanlam when he succeeded Charlie Louw as Chairman. His concern was the stability of the company. His business skills and leadership were acknowledged by the Harvard Business School, which named him the 'South African Businessman of the Year' in 1968. From 1955, a shift from generalists to specialists occurred in operations. Various specialists were appointed to develop specialist functions in the organisation, such as a public relations officer (1955), an English language expert (1956), a technical consultant for the purchasing of electronic equipment (1958), a legal adviser (1978), and art advisers (1978). Delegation and the empowerment of a new layer of management signified a limited change in management control when Pepler Scholtz assumed office. The approach to staff also changed. A report on "more effective utilisation of human resources" was presented to the board in 1973. In 1980, decisions on salary increases to a certain predetermined level were gradually delegated to management on different levels of operation. In 1983, the decision-making powers for investment decisions were also delegated to the appropriate level of management (Sanlam Minutes, 1955-1980).

It was only since the 1970s that management assumed a more strategic role. General Managers dealt with functions closer to their areas of expertise. The strategic direction of Sanlam was gradually becoming more defined under Fred du Plessis as Executive Chairman. His vision for Sanlam was a prominent role in the South African economy as an Afrikaner business conglomerate. This strategy eventually developed into a distinct barrier to successful adjustment to industry changes of the late 1980s. The most significant characteristic of the post-war period was the diversification of its investment base, which positioned Sanlam across all the sectors of the economy. Although not directly engaged in the management of the underlying companies, through directorships and investments, Sanlam had a distinct operational exposure. The operational efficiency of many of the 'stakeholder' companies lagged the market by the late 1970s, with shares trading at a notable discount.

Organisational restructuring was inevitable because of the growing diversification of Sanlam's investment

Table 1. Sanlam performance, 1945-1985.

Year	Premum Income £/R since 1961	% Growth	Assets £	Return on assets	Death and disability claims paid £/R since 1961	Branches	Bonus rate	Admin cost £/R since 1961
1945	1 888 766	29	9 394 751	3.35	215 186	9	2.0	209 961
1947	2 729 424	44	13 051 675	3.35	286 669	9	2.2.0	352 285
1949	3 451 377	26.4	17 784 699	3.6	428 412	9	2.2.0	411 551
1951	4 492 179	30.1	23 898 986	3.81	441 325	10	2.2.0	604 806
`953	6 053 322	34.7	32 901 535	3.94	633 021	11	2.4.0	887 095
1955	7 895 133	30.4	43 877 475	4.3	800 188	12	2.7.6	1 105 107
1957	10 156 622	28.6	57 698 736	4.65	1 239 960	15	2.7.6	1 482 765
1959	12 237 986	20.4	73 148 133	4.94	1 890 885	18	2.10.0	1 695 695
1961	29 206 757	19.52	179 684 662	4.97	4 766 000	21	2.5.0	4 420 596
1963	35 177 460	20.4	219 747 632	5.21	7 633 000	23	2.5	5 300 169
1965	43 644 000	24.1	270 572 449	5.38	10 404 293	26	2.65	9 576 885
1967	52 312 406	19.86	334 042 988	5.86	11 237 722	26	2.75	9 995 673
1969	64 896 980	24.2	421 403 355	6.2	14 853 433	30	27.5	11 981 779
1971	93 818 000	44.56	528 607 000	6.26	22 692 000	36	31.0	10 000 000
1973	143 925 000	53.4	701 867 000	6.25	26 909 000	38	31.0	14 000 000
1975	189 972 000	31.9	973 442 000	7.26	35 979 000	38	31.0	19 000 000
1977	259 940 000	36.8	1 349 981 000	7.95	49 800 000	43	33.0	22 000 000
1979	392 124 000	50.8	1 940 442 000	8.00	62 206 000	49	35.0	25 000 000
1981	644 744 000	64.4	3 072 848 000	9.54	96 318 000	52	37.5	43 000 000
1983	1 079 303 000	67.4	5 044 560 000	10.7	149 030 000	56	45.5	71 000000
1985	1 605 000 000	48.7	7 785 000 000	11.20	229 000 000	57	46.5	107 000 000

Source: Sanlam Annual Financial Statements (1945-1985).

portfolio. The centralised management structure, had to make way for more professional management. Amatori and Colli noted: “Out of these changes (development of professional management) arose the modern multidivisional corporation.” Diversification was a twofold challenge for Sanlam. On the one hand, a population experiencing rising living standards, began to demand more innovative investment products. This developed as a result of innovative and different product offerings. On the other hand, the expanding investment activities of Sanlam engaged the company increasingly in non-insurance business operations. This undermined performance. Du Plessis therefore abolished the management committee in October 1978 to take more direct control of ‘the Sanlam conglomerate’. In 1984, the Board approved the formation of a Group Holding Company, acknowledging the functional diversification of operations and embarking on the M form of organisation. The key management characteristics of Sanlam changed. The unitary form (U form) of the past, which was embedded in the scientific management theory and manifested through strong central managerial control in a centralised organisation, developed strain. The classical management theory with its emphasis on authority and unity of command, direction and the subordination of individual interest to that of the collective entity (in this case the managers), gradually changed. The emphasis on stability and tenure of staff and the promotion of a unity of interest between management and employees, could no longer be sustained in the more dynamic multidivisional enterprise. The rapidly growing economy after the war mandated change in organisational form and managerial practice. The bureaucratic and administrative management approaches made way for a more people-oriented approach. The human relations theory found increasing application in the managerial style of the Sanlam management. By the 1980s the economic changes of South Africa impacted directly on the organisational and managerial structure of the company. The Peter Senge ‘learning organisation’ soon manifested in the changes to the organisational structure as well as the nature of management in Sanlam. The multidivisional organisation mandated diffusion of decision-making powers. Top management developed a more strategic role as ‘commanders-in-chief, and directed the next level of management, the divisional managers, who operated as the ‘field generals’. Du Plessis’ autocratic management style between 1978 and 1989 temporarily placed a hold on the full manifestation of the M form.

As reflected in Table 1, Sanlam grew consistently up to the mid-1980s, but performance stagnated equally consistently afterwards.

Context and strategic overhaul: The crucial changes for growth

During the last half of the 1980s Du Plessis' rule of force brought Sanlam to the brink of a strategic *cul de sac.* Industry developments mandated the building down of its Afrikaner empowerment empire. It was only after the restructuring exercise towards the mid-1990s that the focus shifted to financial services as a core function. During the period of Du Plessis' leadership the relative stability of the underlying Sanlam-bred management and directors was a supportive factor. The Sanlam management displayed long-term stability in the succession of leaders who had made their way up the ranks in the company. Apart from Fred du Plessis, management consisted of second and third generation Sanlam managers. In 1985, when Fred du Plessis was Chairman and Managing Director, the second management rank was Pierre Steyn, George Rudman and Johan Söhnge as Senior General Managers. In April 1985 Pierre Steyn succeeded Du Plessis as Managing Director. The latter chaired the board, while AD Wassenaar was a member of the board until his retirement in February 1986. Wassenaar served Sanlam as Honorary President until his death in 1991. Du Plessis died suddenly on 14 March 1989, a day before he would have delivered the chairman's address at the seventieth Sanlam annual general meeting. Between March and September 1989, Tjaart van der Walt was the Sanlam Chairman, succeeded by Dr AJ van den Berg in September 1989. Management returned to the Sanlam faithful under Steyn (his career started in Sanlam in the early 1960s after completing a first degree as a recipient of a Sanlam bursary) and then in April 1993 Desmond Smith, Senior General Manager: Individual Insurance, assumed the position of Managing Director.

In 1993 Marinus Daling became Chairman of Sanlam, and subsequently Executive Chairman in November 1997. As head of investments in Sanlam before the formation of Sankorp (the investment subsidiary Fred du Plessis established in 1985 to address the under-performance of its so-called strategic investments). Daling's new executive team comprised Hendrik Bester, Managing Director: Asset Management; George Rudman, Senior General Manager: Finance; Johann Treurnicht, Senior General Manager: Marketing; and Leon Venter, Senior General Manager: Business Systems. They brought together vast experience as actuaries and managers in Sanlam, but the strategist was Daling, the relatively young 52-year-old actuary who had managed Sanlam's investments in Sankorp since 1985. He was a close confidant of Fred du Plessis. When Daling succeeded Desmond Smith, the senior management team members, except for Rudman, were five years younger than him. The strategic repositioning of Sanlam was in the hands of a young Sanlam generation. The board provided backing to a group of people with deep and wide economic, strategic and business experience and the wisdom to guide transformation of the Sanlam business.

An important expert was the accountant and business executive DL Keys, Chairman and former CEO of Gencor and a member of the board of Billiton and reinsurance companies. In 1991 Keys was appointed Minister of Finance in the last Cabinet of FW de Klerk, but he resigned in 1994 and returned to the Sanlam board in September 1994. Keys had a successful business career and worked with the Sanlam management as Chief Executive of Gencor. Although he was an Englishman, he had close working relationships with Afrikaners throughout his professional career and spoke immaculate Afrikaans.

The Afrikaners in management and on the board were known to be independent critical thinkers, supportive of political change in South Africa, but the extent of the consequences of majority black rule was unchartered territory. Sanlam's management navigated cautiously between business sustainability, fundamental changes in the long-term insurance market, and the political overhaul of South Africa. The board did not drive any path-breaking strategic or business changes in Sanlam. Management and policy direction were dominated by Fred du Plessis[1] (Scheffler, 2009), and after his death it was not the directors but management who emerged as the agent of change management.

Fred du Plessis was obsessed with control and after the acquisition of union Corporation following an unfriendly take-over of Union Corporation during 1975/1976, Du Plessis battled in public with Rembrandt and Volkskas to secure full control of the board of Genmin, the new Afrikaner controlled mining hose. Rumours were going around that the Sanlam management was acting in too interventionist and authoritarian a manner at some of its related companies. The public *Broedertwis* shook the confidence in Sanlam as a trustworthy life office, investment partner and vanguard of Afrikaner economic achievement. In Sanlam the acquisition drive of the 1970s and 1980s resulted in control of companies operating in diverse business and industrial sectors outside of the long-term insurance market. Sanlam did not have the expertise to intervene in operational management, but was aware of the sub-optimal performance of these non-core assets. The former Managing Director, Pepler Scholtz, a member of the Sanlam board in 1983, pointed out that when a company controlling a diverse number of operating concerns, was also an operating company, more

[1] Interview Walter Scheffler, 24/02/2009. He describes Fred du Plessis' appointment as a 'culture shock' to many in Sanlam, because he had a strong personality, strong views and academic demeanour, which often left the ordinary Sanlam employee grasping to understand the gist of what he said. He did not tolerate opposition.

problems arose than were being solved. Scholtz identified the conflicting dualism of the interests of the controlling company and those of related companies. Sanlam as a life office with the responsibility to guarantee stable insurance returns and a safe savings opportunity, could not guarantee equal access to its investment funds by all its related companies and simultaneously look after policyholders' interests. Scholtz suggested the separation of responsibilities between management of a life office and management of non-core operating companies. The strategic importance of functional separation was inevitable.

Fred du Plessis identified four areas of under-performance in the Sanlam Group: unsatisfactory performance of 'related' companies; a complete lack of coordinated group response to short-term business cycle estimates, and these impacted on the long-term perceptions of changes in technology, the political economy, social behaviour and demographics; uncoordinated recruitment and development of human resources in the Group; and finally, insufficient attention was afforded to the construction of a distinguishable group identity to separate Sanlam from other conglomerates in South Africa (Sanlam Board minutes, 15/8/84).

The management philosophy driving the restructuring of Sanlam's strategic investments was, what was known in management theory of the time, as strategic planning companies (SPC) (Goold and Campbell, 1987). Sankorp functioned on a lean management structure, primarily participating in and influencing the development of business strategies in the related companies. 'The centre must provide the longer-term perspective' (Goold and Campbell, 1987: 46); a senior manager at a strategic planning company claimed: "It is a charade to pretend in this era of corporate democracy to decentralize this right and responsibility [that is to be involved in strategy decisions] widely into the organisation. Down at the business level there are two or three decisions each decade that make or break business. Do you really want to leave the business manager alone to make these (Goold and Campbell, 1987: 47)? Sankorp concentrated investment, human resources and strategic planning expertise in its own structure in order to assist long-term planning from the centre, leaving short-term implementation decisions to operational management within underlying companies. Du Plessis maintained an active presence in the Sankorp planning process. He was known for his "... single-minded, purpose leadership and clear insight ..." (The Star, 25/2/90), as well as "... clear economic vision, his expertise and his refusal to compromise his principles" (Pretoria News, 16/3/89). When he died in 1989, the response was that, "It says much for the management capability of the Sanlam Chairman, Fred du Plessis, who died in tragic circumstances last week, that his replacements in the group's top echelons were so self-evident" (Finance Week, 29/3/89). Du Plessis' thinking was that the SPC ultimately had to build the leadership throughout the group, which, it was believed, would ultimately deliver much-improved operational excellence.

In Sankorp a core of strategic management experts addressed those concerns as part of a systematic performance overhaul of underlying concerns. What Sankorp achieved was to rationalise Sanlam's stake investments through disposals and investments, the unbundling of several conglomerate pyramids, the migration from absolute control to significant control of underlying companies, the delisting and listing of companies, and BEE. These actions added significant value, but also established core principles in management as a signature Sankorp legacy. These included management succession planning, equal opportunities, flexible work practice, directors' roles as active and engaged in the company, social involvement, managing the business environment in a situation of structural economic and political change, BEE and corporate governance (Minutes Sankorp Bord, 22/2/95). The most value-adding dimension of Sankorp's intervention was the close monitoring of the performance of the underlying companies and regular reporting to Sanlam in that respect. The Sankorp portfolio had a market value of R1 300 million in 1985, which by 1995 had risen to R21 779 million, 36.77% annual compound growth. In 1995 alone the value added to the Sankorp companies was R3 333 million, which represented an internal rate of return (IRR) of 19.7% compared to the JSE Overall Index of 10.4%. Sankorp's portfolio performed even better for the preceding three years, 1992 to 1995, during which the value added was R13 331 million with an IRR of 46.5%, while the JSE Overall Index was 27.2%. Ultimately the combined stock exchange performance of Sankorp's portfolio between 1985 and 1995 exceeded the JSE's overall performance by 18% (Minutes Sankorp Board, 21/11/96).

Restoring value in the Sankorp investments comprised only one dimension of the Sanlam repositioning. An industry shift out of long-term insurance toward personalised wealth products, necessitated strategic thinking and change management. Management had to come to grips with the contracting demand for long-term insurance products, understand the new demand for wealth products and carve out a new role in the dynamically changing financial services industry. It was soon apparent that Sanlam under Daling emerged as a 'learning organisation' (Senge, 1990) where leaders perceived themselves as part of the evolution of the nature of work and organisations. The ability to apply the five disciplines of the learning organisation held the key to Sanlam's industry repositioning. The death of Fred du Plessis and the management repositioning under Pierre Steyn set in motion a direction that was not at that time envisioned to be the beginning of the demutualisation of Sanlam. Steyn inherited Sanlam with a yield on assets of

Table 2. Sanlam accumulated surplus and policy liabilities, 1986-1994.

Date	Accumulated surplus (1), R'm	Total policy liabilities (2), R'm	Policy liabilities (market related/linked policies excluded) R'm	1÷2%	1÷3%
30/09/86	1 402	10 942	4 078	1.,8	34.4
30/09/87	1 455	17 046	6 044	8.5	24.1
30/09/88	1 493	19 231	8 007	7.8	18.6
30/09/89	1 686	29 950	12 097	5.6	13.9
30/09/90	1 697	34 449	15 117	4.9	11.2
30/09/91	1 745	47 279	20 961	3.7	8.3
30/09/92	1 805	56 455	25 881	3.2	7.0
30/09/92	2 100	67 669	32 076	3.1	6.5
30/09/94	3 200	86 463	41 531	3.7	7.7

Source: Sanlam Archives: Sanlam Minutes of Board Meeting (19/04/95).

just over 10%, while inflation ranged between 14 and 15%. He called on George Rudman, who was then Senior General Manager: Finance and Planning, to find 'a profit base' (*winsgrondslag*) for Sanlam. The telling question was: what is profit in a mutual insurer? Rudman consulted with British and American life offices on how to manage the 'estate'. The 'estate' as defined by Rudman at that time was the difference between assets and policyholder liabilities, that is, the free assets of the company (the capital, this was the term used in a mutual company for the excess of assets over actuarial liabilities) of a mutual insurer. He returned convinced that Sanlam, the mutual, had to be managed with a clear view to generate profit as the security to the company in times of market downturn and extreme volatility. Rudman took a visionary position when in January 1990 he appealed for a 'new' approach to the management of policyholder funds. He called for a dedicated strategy to seek optimal profits on investment, low costs and an equitable distribution of risk. He told management that the mutual company should no longer be managed as a mutual. Its 'capital' should be considered as an 'estate', which constitutes the capital to be invested to optimise returns to profit-sharing policyholders (SA: 5/2/1: Confidential memorandum G Rudman – P Steyn, 16/1/1990). Rudman understood the need for a radical change in the culture of doing life business. Sanlam needed a business approach to life business, as markets and client demand changed and political volatility increased instability. Bringing about such a complete mental shift called for patient convincing. Mutuality was part of the Sanlam legacy but by the 1990s was no longer the crucial motivational mass mobiliser of the beginning of the century. Industry changes mandated functional adaptation, but management had to prepare policy-holders for a change.

Management was also not easily convinced about changing its mutuality. Desmond Smith considered Pierre Steyn a devout 'mutualist', but at the time of his passing away in December 1993 Smith claimed that management was already fairly swayed towards the wisdom of demutualisation. To Smith the conservative life assurer, it was a matter of striking the right time, both in terms of the readiness of Sanlam as well as the market (Interview D K S Smith, 5 October 2017). Rudman made submissions to the Sanlam board twice, but in both instances he failed to convince the board, who represented policyholders' interests, which were that policyholders' interests would not be served at that stage by changing the mutual character of the company (Minutes Sanlam Board, 19/4/95, 21/9/94). When Marinus Daling succeeded Steyn, in December 1993, it was known to senior management that Daling wanted demutualisation of Sanlam. The Sanlam institution was not going to change easily. Rudman recalled the management summit session ('*bosberaad*') in April 1994 where discussions on mutuality loosely surfaced and Marinus Daling sounded Rudman out about the desirable route for Sanlam. Rudman remarked that there were no sacred cows as far as mutuality was concerned. If it was decided on sound business principles that Sanlam should demutualise, then 'we decide it and do it' (Interview Rudman, 14/11/2007). However, many more mutuality stalwarts needed convincing. A weakening financial situation shifted the decision forward. Table 2 reflects Sanlam's declining surplus by 1993.

Internal management dynamics and management style difference brought Daling on 14 November 1997 to inform Desmond Smith that the Human Resources Committee of the board had decided that he be relieved of his duties as Managing Director. Daling consulted secured agreement from the board telephonically and told Smith that various aspects of the weaker performance of Sanlam, including the declining CAR during 1997, inefficiency in claim processing and the subsequent massive backlog at Sanmed (the medical insurer), and unflattering Sanlam operating profit and marketing results in 1997, were his making. The facts that Sanlam's operating profit had increased consistently since Smith's appointment as Managing Director in 1993 was not considered, nor were the fundamental transformation programmes, organisational reforms and introduction of profit centres in Sanlam acknowledged. In granting a performance bonus to Smith at the end of 1996, Daling indicated that he expected Smith to emerge as a stronger leader to map out a holistic vision of the direction in which Sanlam was moving, and solicit improved performance of all members in the management team. This was the only hint that Daling considered Smith ill-equipped to secure Sanlam's demutualisation. The actuarial report for 1997 showed that operating profit was up, but was only 86% of budget. On the back of that information Daling apparently claimed, "I told you so" (Minutes Sanlam Board, 25/2/98; Actuarial Report, 31/12/97). Ultimately, Daling's personal ambition on demutualisation despite Smith's cautioning that Sanlam was still in a capital-building phase, explains his action. Smith left immediately and Daling succeeded him as Executive Chairman.[2]

The focus was fully on driving demutualisation. Smith did not suit the Daling re-engineering plan. Timing was of the essence. Daling moved away from a past positioning strategy and embraced the business process redesign approach to strategy as he took agency of the developments in Sanlam. It was hinted that slow change management might have explained why management was not ready to drive the demutualisation process when Daling thought the time was ripe, (Confidential Communication G Rudman, 30/9/17). But there were other reasons why he decided to act swiftly. To Daling and Rudman's satisfaction, sufficient capital had been accumulated to do the transaction. This included the acquisition of Gensec.

The face of Sanlam Ltd was Marinus Daling. At the age of 54, with 33 years' service in Sanlam, working his way up from a *platteland* Nylstroom boy of the Northern Transvaal on a Sanlam bursary at the University of Pretoria, his ambition was Sanlam beyond the mutual. The confluence of context and business salvage convinced Daling at the end of 1997 that he had to act decisively. After stepping into the role of Executive Chair on 30 November 1998 Daling orchestrated Sanlam's rescue strategy. The leadership structure of Sanlam Ltd was a hand-picked team. Attie du Plessis, who was pulled into the demutualisation team, served on the executive committee with George Rudman; Flip Rademeyer, Financial Director; Hendrik Bester, Head of Personal Finance; Nic Christodoulou, Head of Employee Benefits; Charl le Roux, Head of Sanlam Health; Anton Botha, Head of Gensec; Chris Swanepoel, Chief Actuary; and Johan Bester, Sanlam Secretary. The Sanlam Ltd. board was identical to the board of Sanlam Life. The members migrated from the Sanlam pre-demutualisation board to the post-demutualisation boards. Daling had continuity on the boards and trusted colleagues in the Executive Committee (Exco). Members of the Exco served on various boards in the Group, thus distributing existing executive management of Sanlam throughout the Group operations. The Sanlam 'trusted' or former directors, were entrusted with the new Sanlam. Daling had to hold the reigns at the centre, since demutualisation had changed the organisational form but not the inefficiencies or market scepticism. Financial fundamentals supported the demutualisation decision. Table 3 shows weakened growth in premium income during the early 1990s, a weaker relative industry position and seriously faltering RoAs.

Daling wanted to restore operational performance. The first step was functional restructuring. He set up separate business units in 1999, comprising of Sanlam Personal Finance, Sanlam Employee Benefits, Sanlam Health and Gensec, as well as a new wholly-owned subsidiary, New Business Development. Sanlam controlled 56.9% of Santam and 23.7% of ABSA. Structurally, the new Sanlam did not differ much from the old. That was the challenge of change management in a society that bore very little resemblance to the one in which Sanlam achieved strong growth during the sixties and seventies. The gradual improvement in performance is reflected in Table 4.

Daling could not drive through the changes he envisioned for Sanlam. He passed away in February 2001, leaving a void in performance and leadership. As reflected in Table 4, return on embedded value collapsed to -9%. Sanlam needed more than the restructuring of business units.

Strategic intent: Growth and wealth creation

Johan van Zyl was appointed at the helm of Sanlam Ltd. in 2003, after a short interlude of an unprecedented weak appointment in the person of Leon Vermaak as successor of Sanlam. Van Zyl's motto was 'back to basics'. He set Sanlam on restoring sound performance in each of the business units, embracing the changes in South African society and politics. His management style was to give strong leadership from the centre in terms of strategy, but to allow the experts in the different business units to implement that strategy where they understood the context, business and people best. The fundamentals strategic vision was to improve return on capital employed. This meant that Sanlam would look where its capital was situated, move it to enhance performance and secure optimal growth for both shareholders and policyholders.

Step one was to unlock capital in underperforming investments. One such investment was the stake of

[2]SA: Minutes of Sanlam Board, 3/12/1997; Confidential Memorandum DK Smith. It was general knowledge among the management team that Smith was convinced of the sound decision to demutualise, but that he did not think Sanlam was ready to take the step. He was convinced that Sanlam's capital position needed to be on a sound footing as a matter of priority. Sanlam, according to Smith, could not afford to demutualise yet. Daling's ambition did not leave room for that. Interview Desmond Smith, 14/6/2017; 10/8/2017.

Table 3. Sanlam selected performance indicators, 1985-1997.

Year	Premium Income Rm	% growth	Premium As % Industry	Life Assurance Fund Rm	Total Assets Rm	Asset % Industry Assets	RoA %
1985	1 605	-	27.07	7 524	7 785	18.2	11.2
1986	2 087	23	-	9 316	9 611	19.6	11.19
1987	3 527	40.8	-	12 269	12 845	21.2	10.28
1988	5 174	31.8	34.04	16 537	17 213	23.3	10.10
1989	6 036	14.2	35.13	21 735	22 796	18.7	10.23
1990	7 428	18.7	34.33	27 254	27 908	19.56	10.71
1991	8 178	9.17	33.34	50 012	50 786	29.4	6.76
1992	10 400	21.3	33.3	59 125	60 070	29.3	6.68
1993	12 798	18.6	33.23	70 568	71 846	29.5	6.29
1994	13 626	6.14	29.5	99 163	101 380	31.9	5.22
1995	16 654	18.1	26.9	122 260	124 987	33.8	6.70
1996	18 618	10.54	25.06	130 400	132 877	29.04	6.22
1997	21 966	15.2	31.02	136 244	139 817	28.5	8.57
Annual Compound Growth ‘85-‘97	26.84	-	-	30.11	30.02	-	-

Source: Sanlam Annual Financial Statements (985-1997); Financial Services Board Annual Reports (1985-1997).

Table 4. Sanlam performance 1998-2002.

Parameter	1998	2000	2002
Total Group equity (Rm)	21 952	27 238	27 087
Total assets (Rm)	17588	178065	18357
Headline earnings (Rm)*	1 186	2 406	2 127
Embedded value (EV) per share (cps)	827	1035	1032
Return on EV %	-0%	5.1%	-9.2%
Total issued shares (m)	2 654.5	2 654.5	2 654.5
Earnings per share (cps)*	58.4	90.6	80.8
Share price (cents)	585	956	760
Dividend per share	-	30	37
Capital Adequacy Ratio (CAR)	1.7	2.4	1.7

Source: Sanlam Annual Financial statements (1998-2002).

Sanlam in ABSA. In November 2005 Sanlam disposed of its 23% interest in ABSA to Barclays Bank. The significance of this transaction was both strategic and financial. The cash available changed the business landscape of Van Zyl’s turnaround strategy. This put Sanlam in a position to decide on the application of ‘surplus’ capital in business ventures offering good returns and eased the tense relationship with an underperforming strategic asset. The legacy of ‘strategic’ investments from the Fred du Plessis era was finally concluded. For the first time since 1973 when Sanlam acquired FVB’s stake in Trust Bank, it no longer had a substantial stake (through the voting pool) in a South African bank. Management of the structural change in the Group suddenly became much easier. The conclusion of other strategic initiatives on the restructuring of Gensec Bank and the conclusion of a major BEE transaction were key components in the ‘Delivery 2004’ plan. Sanlam Capital Markets (SCM) took control of Gensec Bank’s former capital market operations. The restructuring was an integral part of group-wide capital management and the strategy to seek significant improvement in investment returns. In December 2003 SCM’s fixed cost base was more than half less than that of Gensec Bank, while equity capital employed in Gensec amounted to R1.6 billion, compared to R400 million in SCM. The Gensec ROE (without write-downs, provisions and restructuring costs) was 7.7%, while SCM’s was 21%. Write-downs and provisions in Gensec amounted to in excess of R465 million. Gensec underperformed the

Table 5. Sanlam performance, 2002-2013.

Parameter	2002	2004	2006	2008	2010	2012	2013
Total Group equity value (Rm)	27 087	36682	46 811	45 238	57 361	75 352	84 409
Total assets (Rm)	18357	228024	335482	31708	361191	490 953	561 304
Headline earnings (Rm)*	2 127	3 185	6 838	2 702	5 122	5 763	8 062
Embedded value (EV) per share (cps)	1 032	1 344	2047	2 213	2 818	3 707	4 121
Return on EV per share %	-9.2	27.7	31	-1.7	18.2	22	17
Total issued shares (m)	2 654.5	2 767.5	2 303.6	2 190.1	2 100	2 100	2 100
Headline Earnings per share (cps)*	80.8	116.6	304.9	132.2	252.4	292.1	395
Share price (cents)	760	1300	1830	1700	2792	4477	5324
Dividend per share	37	50	77	98	115	215	200
Sanlam Life Capital Adequacy Ratio (CAR)	1.7	3.7	4.4	2.7	3.4	4.3	4.5

Source: Sanlam Annual Financial Statements (1998 - 2016). *Introduction of IFRS in 2006 changed accounting policy figures not fully comparable to period before 2006.

investment bank index by more than 4% per annum, which translated into a destruction of value to shareholders of approximately 12% since the hasty acquisition of Gensec. There was no argument about the rationale for the intended restructuring. In June 2004 the bank licence of Gensec was returned to the Registrar of Banks. This action freed up further capital, available for better employment in the Group's capital management programme (Minutes Sanlam Board, 3/12/2003, 19/4/2004, 2/6/2004).

After the conclusion of the ABSA transaction and the cash-rich Sanlam's decision to buy back its shares, a notable improvement in market confidence developed. The share price rose to well above R12.00 by the end of 2005 and the discount to EV dropped below 10%. The financial analysts were upbeat about the anticipated upward trend in the Sanlam share price. That rise reflected in the growing proportion of institutional shareholders to 60% of Sanlam's shareholders in 2006. Offshore shareholders made up 24% of Sanlam's shareholders. Individual shareholders' stake in the company diminished from 47% shortly after demutualisation to 17% in 2006. Expectations materialised, since in 2007 the share price rose to around R22.75 and traded at only a 3% discount to EV. Overall performance of the Group in 2006 pointed to the growth strategy gaining sustainable momentum. New business volumes exceeded R100 billion, and core earnings R4 billion for the first time (Sanlam Annual Report, 2007: 119). The performance reflected a group reaping the benefits of a focused business strategy implemented since 2003, but the significant development was the change in the structure of the business. During 2002 more than 75% of all new business inflows was generated through the life insurance business. In 2007 new business from the traditional life market declined to around 20%, while the performance of innovative private investment products rose exponentially. By 2007 Sanlam had built the largest private client business in South African in Sanlam Private Investments. SPI held assets under management of more than R50 billion in 2007, reversing a loss-making operation of 2002 to deliver R80 million pre-tax profit in 2007. Financial services' net contribution to group results rose by 20%, core earnings per share rose by 27%, new business volumes rose by 26%, the value of new life business rose by 31%, and return of Group Equity Value per share rose to 18.8%. As reflected in Table 5, by 2013, return on embedded value rose consistently, as did the share price, headline earnings and CAR. Van Zyl described 2007 as the first year in which Sanlam had achieved real growth since the early 2000s. He considered the establishment years of his back-to-basics strategy as years of “fixing the business and developing a wide base”. The foundation of the turnaround strategy was improved capital efficiency and diversification.

At the end of a decade of redirecting Sanlam from constrained operations facing adverse market conditions, capital impairment and uncertain strategic direction, the Group emerged in an undisputed growth trajectory at the end of 2013. The company celebrated 90 years in the South African financial services landscape in 2008. That year was only the start of a successful turnaround strategy. The Group management strategy successfully integrated the managerial and intellectual capabilities of the executive team into a consensus corporate strategy of aiming for the globe from the firm foundations of local roots. Strategically, the Sanlam Group was held together by a shared business philosophy that creates a ‘One Firm’ firm. This philosophy had its roots in an entrepreneurial culture with its essence captured in traditional values (such as honesty, hard work and ethical behaviour), innovation, stakeholder value and strong ties with business partners (Minutes Sanlam Board, 3/12/2012; Sanlam Business Philosophy: November 2012). The Group made significant progress towards becoming the leader in client-centric wealth creation, management and protection in South Africa, and in emerging as a leading player in financial services in selected emerging markets of Africa and Asia, and specific developed markets. The functional structuring of the business of the Sanlam Group into autonomous clusters enabled the human capital capabilities in the Group to operate within a framework of 'tight and loose' parameters. The decade between 2003 and 2013 revisited the roots of Sanlam and confirmed those roots in negotiating the future of the Group. This was confirmed by Van Zyl: "Sanlam's history has been a key driver of empowerment, economic advancement, wealth creation and protection. This is a legacy and a responsibility that we take very seriously" (*Sanlam. Riding the wave. Sanlam's socio-economic impact in South Africa and beyond. Sanlam,* 2013*).*

Concluding the case of Sanlam, 1945-2013

Assessing the fundamentally changed context of South Africa after 1990, but more so, assessing the fundamental overhaul of global insurance market, called for strategic vision and understanding of the strategies of change management. Sanlam had nurtured good stable and responsible managers in its conservative organisation since 1918. Management kept strong centrally controlled styles of business operations until the dynamics of a deregulated global context and new socio-political developments in South Africa mandated radical change of direction. This radical change did not imply a change in the basic business model, but adapting to changes in the environment as part of the core insurance and financial services business. Sanlam had to bring in new human capital, address shifts in consumer demand for risk products, deliver much improved returns on investment for its new shareholder base, and Sanlam wanted to remain in business. The company was on the verge of a century of business in South Africa. Management innovation through the injection of leadership outside the Sanlam ranks was he answer. Fred du Plessis' personal traits brought him into conflict with the Sanlam stalwarts and the public or Sanlam policyholder base. Du Plessis was even content with confronting other Afrikaner business interests and respected Afrikaner business people. He failed to secure the core insurance and investment functions of Sanlam as drivers of change and enhanced performance. Daling had a sense of the contextual challenges, but he only got to effect demutualisation. It is important to recognise the in-house Sanlam management innovators, such as Rudman and Smith, who initiated and drove the demutualisation initiative up to the point where the Daling ambition took control. Daling was successful in driving demutualisation through an unprecedented and somewhat risky timeframe. Demutualisation was the first step towards business sustainability. Performance enhancing strategies were needed to sustain the business as a going concern. Johan van Zyl understood strategy, context and human capital. The combination of the three dimensions of management, secured Sanlam entry into a next century.

FINDINGS AND DISCUSSION

The world in which Sanlam operated after WWII, was a dynamically changing one. The post-war recovery fuelled by the rapid rebuilding of its main trading partner economies in Britain and Europe, expanded the market for life assurance and an emerging market for new financial services. Superior change management was called for as the global business environment opened up to deregulation. The termination of the Bretton Woods fixed exchange rate system, in 1971, signalled growing international competition. At the core of the global developments was strategic management to negotiate corporations successfully through such change. Sanlam management sustained its focus on centralised control of its conservative business model until the mid-1980s. The implication of these findings for the research gap, is that the predominant Afrikaans management team in Sanlam, anticipated the fundamental contextual change in south Africa and tapped into international management theory and best practice to bring about organisational and strategic change. African business leadership is confronted with similar fundamental contextual changes, which suggests a similar demand for open-minded management.

The management structure of Sanlam changed continuously during the period under consideration. It was adapted to accommodate changes external and internal to the organisation. The management principle that 'structure follows strategy' manifested in Sanlam. Decisions on organisational changes were based on strategic interests or concerns that were well thought through and entrenched in the strategy of the organisation. Management of Sanlam assumed a more strategic role since the early 1970s. Various other examples are incorporated in this case study. The implications of these structural changes for current African business, is management's sensitivity to consistently changing context.

The organisational structure or architecture of Sanlam consistently related to the management theory applied during the period. The concepts of 'a diversified organisation', 'decentralised business units' and 'human resources-based control', for example, were closely adhered to in Sanlam during the 1980s when these concepts characterised international management theory and practice. Geographical proximity is not a pre-requisite for adherence to the state of the art management.

Sanlam is an example of a sustainable business in operation after 100 years. The most important implication is that business organisations in Africa are capable of achieving such milestones. The organisation remained relevant throughout the complex and turbulent external environmental changes and adapted to change as and where required for sustainability. The management style, leadership, people orientation and strategic thinking led to a ‘change fit’ and learning organisation capable of adapting to context. This secured a century of Sanlam.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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