

It is my life purpose on Earth

Simphiwe Mehlomakulu,

Founder and Chairman of Reatile Group, was announced as winner of the Exceptional Entrepreneur Category on the 29th November 2017 at the prestigious EY World Entrepreneur Award™ Gala and Award dinner.

In 2003, Simphiwe Mehlomakulu, formed the Reatile Group, investing in the petroleum and energy sectors of the Southern African economy. Simphiwe's personal vision started with the selection of the official company name "Reatile", meaning "We are growing" or more directly "We have grown". The successful and continued growth of Reatile Group is a direct result of Simphiwe's perseverance to fulfilling the group's vision of becoming the leading player in the industrial and energy sector of Sub-Saharan Africa. As an independent thinker, Simphiwe creates investment opportunities where some only see risk, uncertainty or possible failures.

"Entrepreneurs are people who are risk takers. They have no fear of dealing with ambiguity. Entrepreneurs must be patient and exercise a great level of tolerance," says Simphiwe.

His inclusive leadership style creates cultural diversity, collaboration and cultivates a diverse team with a personal responsibility to change. While maintaining entrepreneurial wisdom and agility within Reatile Group, Simphiwe does not negotiate when it comes to good governance, ethical business practices and performance.

From nominee to winner, Simphiwe took time to reflect on his journey as Founder of Reatile Group in an inspiring interview with EY. In Simphiwe's own words gives insight into the personal challenges he faced in the early years of Reatile Group and inspiring prospects on the projected growth of Reatile Group in the years to come.

Tell us about your journey to becoming an entrepreneur?

For as long as I can remember, I was always fascinated by commerce. Closing a deal has always been a thrill to me.

As a youngster, my mother fostered an entrepreneurial spirit in me. I had to work for my pocket money and I remember in primary school I used to sell sweets to kids at school and



maize to miners whilst growing up in Welkom.

After graduating as a Chemical Engineer from Cape Town University, I worked in Process Design at Sasol. It quickly dawned on me that my passion was on the commercial aspects of the business.

I moved to Rosebank, still at Sasol, to become Internal Sales Manager. After completing my Post Marketing Diploma with UNISA, I then registered for a MBA part time with WITS (1996 – 1998), while picking up my commercial experience at an international level. During this time I was managing sales to over



65 countries, gaining up valuable business and commercial experience, as well as confidence.

I had clarity early in my life about becoming an Entrepreneur, and therefore my electives at MBA level were on the subject and my Masters Thesis title was "Psychological Characteristics of Entrepreneurs".

By 2003, some 11 years of running business at Executive level in my industry, armed with both formal and experiential knowledge, I embarked on an exciting journey of establishing the Reatile Group of Companies from nothing. A blank canvas.

What are the toughest issues you had to deal with as you grew Reatile Group?

Earlier challenges related to the access to funding and being disciplined through restricting the transactions we do by focusing in chosen sectors only.

Convincing banks and funders (partners) to back you requires a track record. When you start a business you don't have any. This is where you need tenacity and single-minded focus – you simply do not take no for an answer. You have to have a single all-consuming purpose towards achieving your vision. Over time, people begin to take you seriously and start trying you out.

The sector we chose to operate in has high barriers to entry due to high capital costs required. Discipline is required on how you utilise funds (borrowed or generated) to grow the business. It's important for an entrepreneur to be clear of the vision they see for their business and define your success

parameters up-front. This will ensure, later on, you are able to determine whether you want a comfortable lifestyle or if you intend to shoot for the stars. So, discipline and clarity is important.

Reputation is key – this was a huge barrier when we started the LPG business. Competitors did not make it easy through exploiting our brand weakness. So we had to be better than them in everything we did and continue to do, and allow the market to take notice. Reputation is earned not bought.

“Our vision is to be the leading Energy and Industrial player in Sub Saharan Africa”

Another challenge was to balance the requirements of growing the business with shareholders wanting to exit. At this point you truly appreciate the value of liquidity.

How do you recharge your batteries?

I spend time with loved ones, my children, my sister and parents. I socialise with friends through golf. Reading and travel, regular holiday travel at least twice a year – one locally, one abroad.

What is your vision for Reatile Group?

To be the leading Energy and Industrial player in Sub-Saharan Africa.

How well are you positioned strategically to achieve these goals, especially as it relates to your competition?

Reatile Group is No. 1 or 2 in the sectors we operate by market share, or turnover and service and expertise.

Being entrepreneurial and championing new products and services.

Energy is very well positioned. We have very successful businesses on clean fuel energies of the future, namely gas, and petroleum is rapidly entering the renewables space.

In the **Gas** sector, Reatile co-owns Easigas, which is now the No.1 LPG player in South Africa and operates in Zimbabwe, Botswana, Lesotho and Swaziland.

Egoli Gas is the exclusive distributor of natural gas in the Greater JHB Metropolitan.

Reatile Gastrade is positioned to expand Reatile's natural gas business in KZN and Gauteng province.

Reatile Group co-owns CNG Holdings, where the IDC is the major shareholder, which is a pioneer in gas to vehicle technology in South Africa and virtual gas pipeline. CNG is No. 1 in this segment.

In the **Petroleum** space, we have partnered with Vopak, the No. 1 independent storage provider for petroleum products in the world, to develop a world-class modern independent petroleum business operating in the Durban-JHB-Richards Bay corridor.



Vopak is currently in the middle of an R5bn investment programme to expand the Durban Terminal and find a new terminal in the Lesedi Municipality in Heidelberg near JHB.

Future projects to be submitted for Board approval early next year which would add a further R1bn to the above number.

This will position Vopak as the No.1 independent petroleum storage provider in South Africa. The next step is to move up the Continent.

“Entrepreneurs are naturally impatient. Their passion always means something has to be achieved yesterday”

We, the African Continent, believe all our businesses are scalable and well-positioned to be replicated in guaranteeing future growth. Over the next few years, Reatile Group focus will be to consolidate its business in South Africa and expand into the Continent. I am excited at this prospect and the challenges it will present, which will bring new learning and insights.

Our attitude to competition is to focus on what we do best in responding to client needs. I spend less time worrying about what the competition is doing.

We prefer our competition to be talking about us rather than the other way around. My attitude is to be first in everything, especially when it relates to responding to customer needs.

In the energy sector, our real competition is also from non-traditional sources such as electricity for car batteries championed by non-traditional competitors such as Google, Telsa, Start-ups, etc. So, we are in for interesting times.

How do you continue to maintain an entrepreneurial environment?

We continue to introduce new products into South Africa.

We are currently championing the entry of LNG into South Africa.

We are working hard to import low priced LPG to provide to low income communities in South Africa. They also deserve to have clean safe energy. This we are doing through our stated intention of building a world class LPG terminal in Richards Bay, to be operational in Q1 of 2020. Targeting this market has the potential to triple the size of our business.

We generate new ideas through encouraging our management to visit trade shows, conferences and seminars that have a bias towards new trends in our chosen industries.

We maintain a very small head office with clear deliverables to grow the portfolio of businesses, capital allocation and provide synergies across businesses we already own.

We pride ourselves on being quick decision-makers – this requires clarity of strategy, knowing our capabilities, which enables us to respond quickly to gaps once identified.

We believe each business operates autonomously and must be responsible for its growth and performance. Thus we employ strong management teams that build a performance-driven management culture to drive the business.

We continuously train and upskill our people. To this end 6% of our payroll costs are dedicated to training and developing our people.

How would your people describe your core values as person and leader?

Honesty is No.1 for me. You cannot build a strong foundation on misinformation. You have to be honest with people even when it's unprofitable nor convenient for both of you. Business is built through people and as a leader they need to know where you stand at all times (both internal and external partners). You cannot build a solid platform on a shaky foundation.

Trust. Give trust and trust willingly. This does not mean be reckless, you still need to do your rigorous due diligence. However, trust your people and give them leeway to perform for you or the organisation. By and large, people want to do the right thing most of the time.

Integrity. I cannot over emphasise its importance. As an entrepreneur, it takes years to build a reputation and one single act or lie can destroy it. You have



to know who you truly are and accept yourself as such. And know that no matter how lucrative, or promising an opportunity is, if it falls outside your value parameters of integrity, it's not for me. This is the hardest principle to live by but it is the only way to true sustainable long-term success. Realise being an entrepreneur is a life-long journey and you cannot fool yourself forever. Act with integrity within yourself and allow success to come.

Respect. We live in a world that is increasingly intolerant to divergent views. If you give respect, you in turn will be respected. There are no stupid ideas nor stupid people, only ignorant ones. It is through respect that strong communities and nations are built. Strong nations foster and produce strong businesses and confident leaders.

Perseverance. Entrepreneurs are naturally impatient. Their passion always means something has to be achieved yesterday. At times, you have to be patient and allow success to come to you naturally. The Universe will let you know this, all you have to do is listen and heed it!

Do you serve as a role model or mentor for the next generation of entrepreneurs?

I wish I could do more. There is so much need for this in South Africa. Through the bursaries we offer, and a few industry seminars I give talks at I try to achieve this. But, I am not doing nearly as much as I would like to. I intend to engage with one or two business schools to see if such a platform can be created

for talking to MBA and advanced management students, that's where I would like to create impact.

If you consider the term "Purpose for Profit" how do you personally and your business professionally contribute and engage with community; and how have these activities resulted in an inclusive, positive social and environmental change?

I have gone through a journey with Dr Baruch, from The Insight Training Centre, to define my life purpose which is inspired by love for humanity and for creating a better world. My life purpose is to eradicate inequality by improving the quality of life for disadvantaged communities all over the world.

The vehicle I use in my daily life to achieve this, is The Reatile Foundation Trust. 2% of the net profit after tax of Reatile businesses are donated to The Reatile Foundation Trust for this purpose. The bursary and scholarship programs of the Foundation are available on the website and in the annual Foundation newsletter.

I have also told my children and family that the bulk of wealth generated by Reatile will find its way to the Foundation. I am inspired by generous donations to humanity made by world leaders such as Warren Buffet and Bill Gates through their foundations, and plan to follow suit. Ultimately, it's my vision that my family trust donates as much of its future wealth towards the mission of eradicating poverty and inequality.

We have to contribute to making the world a better place otherwise life has no meaning for me. This is the purpose of my existence.

Business takes from communities and the environment in which it operates, and us as leaders and entrepreneurs, are only temporary custodians of the resources that ultimately belong to communities. Temporarily we may be able to make decisions of how to deploy such resources but ultimately they must work to serve communities.

My daily life is dedicated to executing this mission, as it is my only purpose and no other. What I do at Reatile Group (generating the profit) and what I do at the Foundation (deploying to the goals of the Foundation), constitute who I am as a person in this Universe.

I therefore cannot see business being independent of its obligations towards communities. The purpose of business, for me, therefore, is to serve communities, that's it.

What do you regard as your greatest achievement thus far, both as an individual and from Reatile Group?

"My greatest achievement is yet to come"

To have built a business from nothing to a business with a substantial Net Asset Value in 14 years.

My greatest achievement though is yet to come "which will be to



give it all away - to serve humanity”

How do you feel about being a finalist in the EY World Entrepreneur Awards Southern Africa?

I am honoured, I am humbled.

My first ever nomination, thank you for this opportunity.

Please provide us with a few quotes on Entrepreneurship

“Shoot for the stars, if you land on the moon, the moon is far enough”

“Enjoy the journey. The richness of life is in the journey rather than the destination and learn in the process”

“Live your dream in every moment of your life. Not doing so will be a waste of a life”

“Remain humble, humility is a virtue”

What does it mean to be an entrepreneur?

It is my life purpose on Earth.