

INTERVIEWER: Okay, great. So, I am here with Adam Dembovsky, I hope I am pronouncing that right, otherwise known as Slim to many of his mates. So, Slim, just to fill you in on where we are – so I am doing my research on the effects of immigration of small/medium enterprises in South Africa. And from that, I will be trying to link the data that I have collected to a bit of brain drain theory, and hopefully get some insights into some of the potential policy changes or some of the, the tools that we can use to retain some of the skills in South Africa. Because as we all familiar with the concept of brain drain, I think that it is hot on the agenda of many South Africans, particularly in the small/medium space. So, Slim, if you do not mind just quickly starting off. Slim will explain to you that he is a unique sample for me right, and that he is kind of in limbo and on his way out of South Africa. So, Slim, if you would not mind just explaining to us what business you were running here in South Africa, and you know, sort of just the breakup of your staff as to how many staff you had, etcetera, and what kind of brought you to the point of making your decision to leave?

INTERVIEWEE: Okay. So, ja, just to start, I mean, this was not an impulsive decision, we have been looking at the prospect of immigrating for probably about three or four years, and quite intensively over the last two years. I run a manufacturing business and my wife is in digital. So, for her, she can do the business wherever she wants, for me on the other hand, having a factory with personnel and big operational requirements, it is not as easy as just kind of jumping on the ship and cruising. And it is also, like, it is what pays for our

lifestyle, you know, I am the primary breadwinner. And ja, I mean, it is not a decision that you can take lightly as such.

INTERVIEWER: Hmm.

INTERVIEWEE: So, our business is operating intensive, we employ probably
5 about 60 people or so. We in the interior fit out game, so we work with a variety
of clients, all the way through to brands and down to individuals. So, for
example, we do a lot of fit outs for Samsung, Cell C as a client, all the way
down to like, architects, recently more in the construction game. So, we have
got quite a, we cast the net quite wide in terms of what we do and who we offer
10 it to.

INTERVIEWER: Hmm.

INTERVIEWEE: And as I said, work from big construction companies, like
Gothic, for example, which is a big play on the constructing frame, all the way
down to like, little micro agencies like what Kadie's wife does, Karen. So, she
15 will put together drawings and we will just build it out for the guys. So, ja, that is
[unclear] to me, I mean, I have got other business interests in terms of
properties and developments, etcetera, etcetera. But innovation [unclear]
business is the bread and butter.

INTERVIEWER: Okay. And of that, of your employee base, you mentioned 60
20 odd people. What are the skill levels of those people? So, you have obviously
got yourself, owner, and I am sure you have a management team around you,
how would you classify the skill level of your business?

INTERVIEWEE: Yes, okay, so it is an interesting question. So, previously, we
had a very flat management structure, so it was myself and my business

partner. So, I would head up the sales and Arthur would head up basically operations, and the role was as simple as that, is that I would bring the work in and Arthur would push the work out. With that, we had estimators and head of accounts and stuff like that, but I mean it was very flat compared to the
5 production component of the workforce, which was effectively carpenters, steel smiths, and when you say it is blue-collar labour, these are not your typical blue-collar workers. I mean, a carpenter can earn anywhere between R7 000 and R25 000 for a headset builder and such. So, ja, I mean, we dealing with
10 guys who are not necessarily computer literate or have skills in business, but it is not people that you can pick up off of the side of the road and get to knock together a shop.

INTERVIEWER: Ja, not casual.

INTERVIEWEE: We have spray painters, there is project managers, there is steel smiths, and everyone is an expert in their respective fields, and this is why
15 we bring this kind of, pull these skills together and we turn raw materials into beautiful spaces.

INTERVIEWER: Hmm, hmm. And so, Slim, sorry, if I understand correctly, are you ...[intervenes]

INTERVIEWEE: It is a ...[intervenes]

20 INTERVIEWER: Sorry, carry on.

INTERVIEWEE: Sorry, just a way in and I know that this is probably not part of the discussion. But what was very interesting for us was how this COVID-19 thing catalysed a change in how we operate. So, I mean, being a functioning factory, we make our money in the factory, it is not like people can kind of work

remotely and do things remotely. Though what was interesting is that, seeing the effects of COVID-19, we were heavily anchored in the exhibition industry, it was roughly half of our revenue. And with exhibitions being cancelled, it forced us to be more resourceful, more industrious, and we looked for other work. But

5 what was really interesting from that time is that I actually thought we were going to lose the business, I thought, shit, we are actually going to close our doors and this is the end.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: Because I mean, we are a big operation, for us to not have

10 revenue, I mean, still the exhibitions are still closed, and to lose half our revenue for this extended period, I literally thought it was tickets.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: And we are very fortunate, is that as we went into lockdown, I managed to sign off a really big job to fit out a hotel, which was a first for us.

15 INTERVIEWER: Hm-hm.

INTERVIEWEE: And I tell you what, it has changed the entire gearing of our business. And I will talk about that separately, because I want to talk about innovation factors, as well.

INTERVIEWER: Hmm.

20 INTERVIEWEE: But I want to talk about what COVID-19 did for our business.

INTERVIEWER: Ja.

INTERVIEWEE: Is that all of our competitors went through the same thing, but I think that they just did not manage to get that one job to carry them through this period. And so many people have closed in this time, which has made the

market and the amount of factories and good factories, especially in our kind of like mid-sized gearing, down to liquidated, closed, they have had to put their business on ice. Guys have shelved their enterprise business. We are very fortunate, we have kind of, we have really benefited from the COVID-19 breakout.

INTERVIEWER: Hmm.

INTERVIEWEE: And what this did was two things, is that we started working with different clients, but we also, I started looking at this thing going, shit, you know, thinking that the writing was in the wall, I started making my plans to get this, to get my immigration on track.

INTERVIEWER: Hmm.

INTERVIEWEE: And it forced me to go, alright, if I am going to leave, I need to insert a middle management here, I need salespeople and I need a head of sales, all this stuff that I was doing internally.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: And what was amazing is that because so many other businesses liquidated in this time, I was suddenly catalysed to former level management layer, but in the same breath, there were so many really competent people looking for work who had just been retrenched or had just lost their businesses. And it was just a very fortunate place for us to be in, and that we were looking for people and there were so many people, and so many desperate people.

INTERVIEWER: Hmm.

INTERVIEWEE: And we could get really good people in who were prepared to work at risk or on the commission only equitable (?) basis.

INTERVIEWER: Ja.

5 INTERVIEWEE: And this is what has effectively let us make our exit from, or let me make my exit from innovations factory because we will still keep the business, we are still working on it, but I will be in Mauritius and I will just be taking a salary from my business based in Mauritius.

INTERVIEWER: Okay, ja. So, that was going to be my question just for my understanding. So ...[intervenes]

10 INTERVIEWEE: Andrew, you there?

INTERVIEWER: Ja. Sorry? You there? Slim?

INTERVIEWEE: Sorry, ja, ja, sorry, the internet is a bit slow here.

INTERVIEWER: No, no, no worries. So, just for my understanding, you are still keeping the business, you remain a shareholder in the business and the
15 business continues going, and you are withdrawing operationally?

INTERVIEWEE: Yes, ja. So, ja, so I have just got a more refined operational role. So, instead of being everything to everyone, where my title was CEO, but I will handle the HR and the administration and the sales, and all those parts.

INTERVIEWER: Ja.

20 INTERVIEWEE: Now I have got people in to do all of that stuff. So, I am literally just focusing on key accounts and relationships, I suppose.

INTERVIEWER: Oh, okay.

INTERVIEWEE: I have got sales people now that are going out to scrap for the work, and will carry things over the line.

INTERVIEWER: Hmm.

INTERVIEWEE: So, for me it is just a matter of hearing what is happening and plugging deeper into the network.

INTERVIEWER: Okay.

5 INTERVIEWEE: So, I will remain as the CEO, but instead of just being everything to everyone, I will actually do the CEO's job which is big, which is a big change for me.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: That make sense?

10 INTERVIEWER: Ja. And, Slim, so just on the decision-making process to leave, if you were to put it down to sort of your top driving factors for immigrating, you know, I do not want to say give me your top three or give me your top five. I am just sort of saying what between, you know, obviously the discussions between yourself and your wife would have been driven by some
15 important factors – what would you put those down to?

INTERVIEWEE: So, I think for my wife, her biggest thing was safety, which I think is an intentions debate, you know, I always said we can buy better safety. But you know, at the end of the day, my wife feels threatened in her own home when I am not there, and whether it is legitimate or not, the fact is that her
20 perception is her reality.

INTERVIEWER: Hmm.

INTERVIEWEE: And if she feels that way, I cannot have my family feel unsafe in her own house.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: The next riding factor was my kids, and I looked at what the prospects were financially and from a professional perspective for my kids, what the educational system was doing.

INTERVIEWER: Hmm.

5 INTERVIEWEE: The kind of social aspect, the underlying racial tensions – is that an environment I want my kids to grow up in, and my answer was no. Like, if I can take a bit of pain and if we can make certain sacrifices to have a better future for my kids, I am prepared to take the plan.

INTERVIEWER: Hmm, hmm.

10 INTERVIEWEE: For me, the biggest riding factors was the kind of macroeconomics behind it. I mean, I look at how small the base of tax payers are and how much tax they are paying. Just fundamentally it does not make sense. You know, again, we were looking seriously for the last two years, but once this kind of COVID-19 thing hit, I just looked at the debt that we were
15 incurring from the IMF loan, and I thought to myself, you know what, and I am not an economist, and I am not the most politically and economist person out there.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: But [unclear] and I looked at it and, yoh, we have had massive
20 tax revenue losses through the [unclear] of alcohol and cigarettes, which is massive tax.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: So, we have had this massive exit of what we would have had in terms of tax revenue, and then on the other side we have got this huge IMF

loan that we actually need to start repaying sooner or later. And if we repay it, how are we going to repay it.

INTERVIEWER: Hmm.

5 INTERVIEWEE: Either we need to shoot the lights out from an economic perspective, so something needs to happen in our economy where all of a sudden we become a powerhouse in industries and markets, and things are just raging and racing, and like everything is propped up and we are like, just on this mad ball run for the next 10 years.

INTERVIEWER: Hmm.

10 INTERVIEWEE: And if it has not happened in the last 30 years, why is it going to happen now and, you know, I worry about, I just worry about that.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: So, I think cool, let me take that option off the table, what are the next two options. So, either we default on the load and effectively or
15 possibly become another failed nation, like in Zim.

INTERVIEWER: Hmm.

INTERVIEWEE: Or the government is just going to impose far higher wealth taxes on the people that are currently paying tax.

INTERVIEWER: Hmm.

20 INTERVIEWEE: And I said the reality for me was probably, it is going to be a combination of both, you know, it is going to be a matter of defaulting and the people that can pay tax are paying a hell of a lot more tax as for a lot of the services that they not using.

INTERVIEWER: Ja.

INTERVIEWEE: So, I think just for me, it was the economy, the safety and family.

INTERVIEWER: Right.

INTERVIEWEE: Apply for it a similar.

5 INTERVIEWER: Okay. And just from your decision making of the destination, I assume that that was quite a contentious issue, or consumed you and your wife in terms of selecting a place.

INTERVIEWEE: Ja.

10 INTERVIEWER: Interesting, I mean, Mauritius is obviously an interesting one in that, you know, the common countries for immigrating South Africans is Australia, Canada and the UK.

INTERVIEWEE: Ja.

INTERVIEWER: I know that there is a large South African community in Mauritius, is that, what was the drivers behind Mauritius?

15 INTERVIEWEE: So, but I mean, I have always liked Mauritius as a diversification option. I think the economic fundamentals are good, it is a great gateway through Africa. You know, from an investment or a fundamental perspective, I like what the country had to offer.

INTERVIEWER: Hmm.

20 INTERVIEWEE: In terms of why we wanted to live there, I mean, we both have South African passports and we realised it was going to be a mission to get into wherever we go.

INTERVIEWER: Hmm.

INTERVIEWEE: So, I mean, we considered the UK, we considered – quite frankly, it was the weather, I was like, I am looking at the sea and I want to be sunny and warm and lekker.

INTERVIEWER: Ja.

5 INTERVIEWEE: And we looked at Aus and New Zealand, which are both good options, viable options, but you know, it is a hard reboot, it is tough getting there and starting from scratch, it is competitive, the markets are fairly sophisticated. And also, you know, the tax systems there, you pay tax, you get to use your tax money.

10 INTERVIEWER: Hmm, hmm.

INTERVIEWEE: And I am not opposed to paying tax, do not get me wrong, you know, I am happy to hunk up my 45% to the government, but I want to see something for it, to be perfect.

INTERVIEWER: Hmm.

15 INTERVIEWEE: I like the idea that we pumping up a nation, but ja, when you pursing every month, I want to see some benefit for it.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: So, when we looked at Mauritius, we thought, geez, you know, it is super safe, like culturally there is a really big mixed bag. And like, for me, it
20 is important that my kids grow up seeing different cultures and not kind of going to sort of an extract community in Australia, and then this is what we do.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: Like, I want them to have friends of multiple races, cultures and religions. Ja, I mean, the weather was really good, we loved the weather.

And it was also, in terms of keeping my business, it is fantastic because, I mean, it is a four-hour flight, it is kind of like moving to Cape Town, it is just a little bit further.

INTERVIEWER: Hmm, hmm, ja.

5 INTERVIEWEE: Like, I can still fly in short, three days of the week and be home for the weekend if I need to be.

INTERVIEWER: Ja, ja.

INTERVIEWEE: And it is not that disruptive.

INTERVIEWER: Ja, ja.

10 INTERVIEWEE: The fact that you also, you only paying 15% tax and 15%, and there is even a bit of pedalling around that which you can become considerably more efficient.

INTERVIEWER: Hmm.

15 INTERVIEWEE: But I mean, it just makes sense. I mean, even now, I can take my salary out of innovation factory, and it carries me so much further than I am paying the other 45%.

INTERVIEWER: Hmm, hmm. And, Slim, so what are the ...[intervenes]

INTERVIEWEE: So, the ...

INTERVIEWER: Sorry, carry on.

20 INTERVIEWEE: Go ahead.

INTERVIEWER: No, no, so one of the big things that is coming out of the research or out of the literature is around network theory and the value of networks. Have you found, how have you approached this? I mean, obviously you are South African born and bred as far as I know, you have built a

business, you know, you own a business, you leverage your network, you are able to operate within your network. So, yes, you have mentioned the safety element and you have mentioned your children, but I think that what a lot of people forget is the value of one's network and how they are able to leverage it.

5 And I think that you only realise the value of your network once you kind of do not have it. Is this something that you guys have factored in considerably?

INTERVIEWEE: It was, for me, the biggest downside of immigrating, is starting over and not having access to that kind of social capital, as you say.

INTERVIEWER: Hmm, hmm.

10 INTERVIEWEE: Without a doubt it does concern me, but remember that my networks in SA are still the networks that I make my money in. You know, I might start something different in Mauritius, but that is the kind of cream on top.

INTERVIEWER: Hmm, hmm.

15 INTERVIEWEE: The fact is that I can still keep my networks here, I might not be able to farm them as well as what I would if I was here, but I can still pick up the phone and say, hey, guys, who is doing what projects, can I get involved. Whereas there, I am not starting from ground zero, I have still, it is still business as usual for me, I am just living remotely.

INTERVIEWER: Hmm, hmm.

20 INTERVIEWEE: And this kind of thing stems from the whole COVID-19 thing where remote working is a far more acceptable way of doing business, which is [unclear]

INTERVIEWER: Ja, ja.

INTERVIEWEE: But ja, I mean, it is something that we were very aware of and it is something that I need to work on. So, I mean, we are going to live in particular areas because our networks are stronger, so we are going to live in the North because we know a few more people. And we also know that that is where some of the business is happening, and I am hoping to step into that. So, I mean, we have had to make decisions based around, you know, not only Mauritius but where in Mauritius our networks are.

INTERVIEWER: Hmm, hmm, no, for sure. And, Slim, so if, just to sort of close it off, you know.

10 INTERVIEWEE: Hmm.

INTERVIEWER: And what I have asked, a lot of the guys that I have interviewed thus far is, you know, because all of the, or this research is based around how small/medium enterprises are, or should be trying to retain skills, okay.

15 INTERVIEWEE: Ja.

INTERVIEWER: And if they losing skills to immigration, how are they going to retain them. Because you now obviously competing on a global scale as opposed to competing against your competitor around the corner. There are guys that are particularly in the corporate space, you know, people hope from multinational to multinational because the nature of the work is the same, and they are competing with guys who are paying dollars and with guys who are paying euros, so it is quite difficult.

INTERVIEWEE: Hmm.

INTERVIEWER: In your mind, I mean, and you do not have to get, you know, you have mentioned some of the fundamental issues that you have with the country. But do you think there are any policy changes that could come into play that would have changed your mind in any way? You mentioned more

5 socio-political drivers.

INTERVIEWEE: Ja.

INTERVIEWER: But certainly, in the business space, policies like BEE, like the Employment Equity Regulations and that sort of stuff.

INTERVIEWEE: Ja.

10 INTERVIEWER: Is there anything that could change or that has affected your decision at all?

INTERVIEWEE: I mean, there is so much that needs to change, like, I would not really know how to start answering this question.

INTERVIEWER: Hmm, hmm.

15 INTERVIEWEE: In that we, like the whole economy, like the government needs to drive the economy better. We need to get to a place with lower unemployment so we can push crime down, we need to get to a place where our taxes are being used for what they should be being used for, instead of corruption and such.

20 INTERVIEWER: Hmm.

INTERVIEWEE: And like, I know it is easy to be negative and I do not want to be negative about it.

INTERVIEWER: Hmm.

INTERVIEWEE: I mean, in terms of what to change, I do not think it is a matter of changing a fiscal of policies ... Ja, there is so much, we need like a whole fundamental overhaul.

INTERVIEWER: Ja, ja, okay.

5 INTERVIEWEE: And I do not know if it is government or as a whole.

INTERVIEWER: Ja.

INTERVIEWEE: Or if it is policies in particular.

INTERVIEWER: Hmm.

10 INTERVIEWEE: I just do not see it being something that can be easily fixed, quite frankly.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: And I mean, you spoke about brain drain, I mean, it is not only that, it is also the balance sheet drain. You have the people that can afford to leave are – I mean, I know in my circle, that probably 80% of my friends are considering in immigrating in one shape or form or another.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: I mean, even now that I have kind of taken the step forward, I have had so many kinds of offline discussions with so many of my mates going, like, do you think I could also do that, do you think it is possible.

20 INTERVIEWER: Hmm, hmm.

INTERVIEWEE: I mean, of course it is possible, you can definitely do it. Immigrating takes a bit of cash, but I mean, this is what I see is I see people with skills and balance sheets leaving the country. And this is, you are already on such a small base of people paying tax, I mean, it is, what is it like ... I mean,

I looked at the stats, it was probably like the late 2018 where it is like, 0.5 into the population, that is half a percent of the population, that is 70% of the country's tax.

INTERVIEWER: Hmm.

5 INTERVIEWEE: And of that 0.5, I mean, that is something like, it is less than like, 20 000 people in that 0.5%.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: There is a big percent of those people that are looking to immigrate, it is just such a wobbly base to put your country on.

10 INTERVIEWER: Ja, ja.

INTERVIEWEE: I mean, and there is only ... If, you know, I mean, like the [unclear] downgrade, I mean, it is just one blow after the next. And again, sorry, like I do not want to be negative, but like, you have just got to look at who is going to be pushing bucks into the country, who is going to be investing, who is going to be building this thing. Or people, sensible people with good ethics, balance sheets and skills going, shit, guys, I am not going to put up this shit, leave.

15

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: Klamaan says that the majority of those people are going to be looking to push off.

20

INTERVIEWER: Ja, absolutely. And I think that what you are sort of stating now is, is a lot of the time what people do not consider. So, you mentioned the Australia's, the Canada's and the UK's, and I think that a move of that magnitude scares people. They get worried that a move to Australia is, what if

is does not work out, and you like, shit, then you are on the other side of the world, you have cut off your networks, you have sold up your assets and you are off, and then it does not work.

INTERVIEWEE: Ja.

5 INTERVIEWER: And I think that how you have positioned yourself, particularly with Mauritius, will benefit yourselves for the reasons that you have mentioned, but it will also benefit South Africa because you are not, you know, as you said, your income base is still largely based around South Africa. So, you are, in essence, still adding value to the economy, you still creating employment.

10 INTERVIEWEE: Hmm.

INTERVIEWER: And that kind of stuff is important for the country and yourself, because you kind of getting the best of both worlds, right.

INTERVIEWEE: Ja, ja.

INTERVIEWER: You getting your safety that you looking for, and you getting
15 your kids a future sort of a little more secure.

INTERVIEWEE: Ja.

INTERVIEWER: But at the same time, at the end of the day, as you say, you know, people, the idea of going across the world where it takes an 18 to 20 hour flight that is going to cost them, you know, close to 100 grand to come to bring a
20 family of four or five back, that is scary.

INTERVIEWEE: Ja, hmm.

INTERVIEWER: It is a scary thought.

INTERVIEWEE: Ja.

INTERVIEWER: So, I mean, if anything, I think you have got ...[intervenes]

INTERVIEWEE: But I mean, even little things. Like just having like, a nanny or someone to mow the grass – as privileged as that sounds, it is embarrassing – but like, it is a consideration.

INTERVIEWER: Hmm.

5 INTERVIEWEE: Like, you know, I come from a dual income household, you know, my wife and I both work and both of us cannot afford to look after kids all the time.

INTERVIEWER: Hmm.

INTERVIEWEE: It is like, we want a nanny, we want someone to help with the
10 housework and, you know, we want a garden for the kids to play in.

INTERVIEWER: Hmm.

INTERVIEWEE: But like, I do not have the time to tend to the garden.

INTERVIEWER: Hmm.

INTERVIEWEE: And I am also like, I am not making mega sheep, so like I can
15 afford for another guy from a business to come and mow my grass.

INTERVIEWER: Hmm.

INTERVIEWEE: What is nice is with Mauritius, it is very close to Africa, you still have those kinds of nice luxuries with people who are happy to do it.

INTERVIEWER: Hmm.

20 INTERVIEWEE: It is a win-win all around, you know. That, it made for an easy transition for us, ja. Granted, I have not left yet, but.

INTERVIEWER: Well, Slim, I really appreciate the insights. Ja, I will obviously keep you posted on, just so you know whatever comes out of this thing. But I

think that some of the key factors that you have mentioned in terms of what is driving you and those sorts of things have seriously been helpful.

INTERVIEWEE: Ja.

INTERVIEWER: So, thanks very much for that. I will just ... [audio ends]

5 END OF AUDIO