Marokana

BACKGROUND

Good evening Marokana, thank you for taking the time to attend this meeting. I know it is quite late so your feedback is definitely appreciated as well as your sacrifice of time. It is Thursday 1 October 2020, and the time is 20:38 in the evening. I am going to go through the consent form, I am also going to email this to you for you to sign as acknowledgement that we have had this conversation, that we have explained all the formalities around this thing and then if you have any questions my supervisor's details are also there. Once again thank you for agreeing to this interview and your feedback is greatly appreciated and we hope it actually provides great insights in to this research.

The title of the research is exploring data driven decision making in uncertainty and this is mostly inspired by the global pandemic caused by SARS-COV2 which is the virus that causes the COVID-19 disease, for the greater part of this year. And as a result of this pandemic a couple of changes have happened and this has obviously been aimed at exploring and understanding whether data driven decision making as a technique can be practically applied to offer value to organisations in times of uncertainty – which we know COVID-19 and the entire global pandemic has actually cast quite a bit of uncertainty in to the world as we know it. This is a semi-structured interview and being qualitative research it is exploratory in nature. With that I wish to encourage you to speak freely and take comfort in knowing that while we will use information shared in this interview, you are not identified and shall remain confidential. You are welcome to withdraw from this interview at any time without any prejudice and I we will be using a third party to transcribe these interviews for us, but we will ensure that confidentiality and anonymity will be maintained through the use of an NDA. I will ask you to sign this consent form and know that I will be recording. My supervisor is Dr Charlene Lew, her details will be on the consent form as well. Thank you very much. Any questions so far?

No, thank Munya, I am covered.

Okay, first question is mainly aimed to document your current role, your responsibilities, level within the organisation, which industry or sector your company is, as well as size of company – you may use turnover or staff just as a guide to understand the size of the business. Feel free to fly away.

Okay great! Hi, I am Marokana, I am at the Land Bank which is within the agri-sector, my current role is within middle management where I am the partnership funds manager. So my role typically is really to look at different partnerships that the bank can enter into to finance farmers through coming up with innovative solutions to assist farmers to get cheaper and more affordable funding than what they would typically get at a commercial bank. I think that is the high level of where I am. Land Bank is a state-owned entity, more than 500 employees, so I would say we are in a large organisation.

Okay. Great! Thank you for that. So just to introduce the topic and the research that is currently available, so uncertainty relates to constant change, hard to predict scenarios

and ambiguous conflicting, unavailable or unreliable information. Right? In simple terms these are unknown unknowns, especially the hard to predict scenarios you know?

So the very first question is how has COVID 19 contributed to the use of data in your decision making, if at all? Please speak freely and give us much insights as you can.

So I think from a Land Bank perspective in our decision making the key things we really want to look at is do we have enough information to make a funding decision to be able to provide a farmer with funding going ahead, and one of the key things we usually use is projections, discounted cash flows, which are normally on the basis of either historic performance being escalated or increased, as well as on the back of offtake agreements or sales agreements that these farmers have. With the prevalence of COVID what we have realised is that there is a lot of information gap with respect to the types of prices that the farmers would be able to get for their products. Some of our exporting farmers with the market closed, projecting what their revenues are going to look like in a two year/three year window period, to provide loan funding to them, has been quite difficult.

Okay.

But we have tried to do – which is really.. modelling in the dark if one can say that, is try and look at what we would call a start up norm; so looking at what has the industry bench mark been over a five year for somebody who starts out today. And trying to apply prudence to those, so trying to ratchet those down. But the percentages by which we are ratcheting down sometimes are very subjective because there is no barometer to say what is going to inform it. So we have actually found it quite difficult. What we have tried to do as well is get information from commodity organisations, and industry experts, just to get their sense of how the markets are doing and where they think the markets are going and what their projection models are looking like – as an input into our decision making.

So if I am to decipher these great insights you have provided is I think in even using the industry experts there is now a greater reliance on data for decision making? Would it be safe to say that?

So there is a greater reliance on data as well as quality data. So I think that is the big thing in that the source of the data becomes more important now, rather than just trusting what a farmer would have told you, that 'this is what my projections are going to look like and this is how I think I am going to perform.' I take over and above the farmers' projections, the industry expert as well, and benchmark against that. So it is more the request for interrogated data and quality data, rather than just a greater reliance on data driven.

Ja. That's great! So that actually points to the second question, so data driven decision making refers to the use of data to support the decision making process. So coming back again to the quality data, the question we already had is how and when do you rely on data when making decisions in uncertainty – and I think from a reliance perspective you have already alluded to quality data, so let's talk a bit more about that.

Okay. Expand your question a bit more? So you are saying how and when do we rely on data – that is your question?

Hm. Correct. So I think just to echo probably what you said earlier, you rely on data when it is of a certain quality I suppose, so if you could just elaborate on that?

Elaborate on that. Okay, so yes, the 'when' is really in decision making, so when we are deciding whether to provide funding to a farmer or not, also when we are deciding whether to provide relief to a farmer or not. So we have had programmes where we are trying to extend the payment periods of farmers and extend the requirements for their payments; so the 'when' is really in the financing decision in terms of do you provide relief or do you actually provide funding for someone who has walked in the door. And the 'how' is based on the information that we are getting a) from industry, but also information that we are getting from your management accounts as a farmer. So the month on month performance during this crisis we are looking into as well, to see what type of effect it has had, but we are also cognisant of the fact that some of the farmers, due to the seasonality of their products, the effect is not felt in these months where the pandemic is prevalent, but will only be felt six months later, nine months later. And we are really trying to see how we project their cash flows to take into account when the impact is really going to hit them.

Hm. Okay. Sounds good. So there are quite a number of pieces of really important information and steps as well that you use to extract meaningful data or reliable data to obviously support your decision making – if I understand you correctly?

Yes.

Okay. And what sort of challenges or obstacles do you experience when making data driven decisions in times of uncertainty?

So I think I have already touched on this, it is really the quality of the data that we are getting and the reliability of it. That's the key. And just also getting to a point where you are satisfied that the assumptions that you are applying to the data are reasonable, because what was reasonable pre-COVID is not reasonable now!

Correct. So from a challenge perspective, amongst quality and reliability there is the aspect of relevance.

Yes.

Because right now with COVID everything is unlike what it was before, right?

Yes, so you are not really sure whether your assumptions are the right ones to be using. And whether they are relevant or correct per se. Assumptions are never really correct, but some guide you in the right direction; here you are not fully sure.

So let me ask this question I think, trying to make it very relevant to your day to day: So for you and I as accountants, I think as we study towards *the* qualification, there is a lot of emphasis on historical data or historical information. That is what most accounting records are really. And then now as far as you know in the real world, where in your case in your role, a lot of it is future orientated, so there is only a certain degree of historical information in terms of what it gives you – which is guidance. And as far as the foresight,

or foresight information in terms of … I mean you mentioned the industry experts before, and it is really a case of is there really a major challenge with that, because no one really knows what is going to happen in the future. So how do you guys sort of manage that?

So (laughs) ja, historic information is the death of us in our decision making! It is my daily fight! But where we converge or get to a meeting of the minds when we are making decisions is that a) we would use your historic as a base to start off from, but when forecasting and projecting into what is possible within your business, there are quite a number of farm-specific things we will look into. So we will look into the area where you are, the type of weather that you have, the carrying capacity that you will have. So there are other technical levers that we take into account which then enable us to come up with a norm or a benchmark of 'these types of areas will typically yield this' and if we inject this amount of funding into this, we are thinking we can get X percentage synergies and X percentage increases, which then gets us to a more forecasted projection rather than just purely relying on what history has shown us. So some of the things are things like the changing weather patterns in certain areas.

I was going to ask that, to say the one aspect I think in your line of business, especially from an ability to get whatever funds have been invested paid back, there are the unpredictable weather elements which obviously further cast uncertainty, and that is definitely a challenge in my view that you guys face, and it is a real one, but what then do you do in such scenario? How do you manage that or build sensitivity analysis into that?

Ja, so really the crux of where our decision making lies is the assumptions and whether are assumptions are reasonable. So in terms of we have got weather patterns that impact us, we have got terrain, whether the soil you have is going to give you the right kind of yields, but we do have systems or technological systems, GPS systems really, that tell you specific information about specific areas. So if I give you GPS coordinates of a farm, we have a system that will tell you 'This farm has this kind of soil, it is better suited for planting macadamias rather than pecans' and then we can say 'The yield in this area when you are at full production should typically be at this level.' Then once we have got all the technical elements in place, what we then adjust for is management capacity, experience of the manager. So it is all assumption driven based on the different levers we want to pull.

Hm. And levers in this case is rather the assumptions really are based on data.

Yes.

Okay. So despite all these challenges or obstacles you face, have you gained any benefits of using data driven decision making as a technique in times of uncertainty? Probably a couple of success stories that you would like to share?

Ja, let me think! I think we are still in it, so I don't have hindsight yet! (laughs) We have made the decisions but we don't know whether the outcome will be positive as yet. Ja, so I think hindsight will only happen later, but there are a few decisions that we have had to make, marrying what is available to us, and I think the difficulty now where we are, has been trying to … so what we can get right, which we have got the data for, is what you will

be able to produce and yield. But trying to get on the other side of who will be your buyers and how much they will be willing to buy for, has been difficult to get right.

Okay. So the 'what to do' part, does it sound like you have been able to make more objective decisions?

Sorry, just repeat that, I got a bit distracted?

That's fine. So the 'we have managed to make certain decisions', would you say data driven decision making is a technique? Especially during uncertainty, has it enabled or benefited you guys in making more objective decisions rather than subjective

Hm, yes, yes. So I think the objectivity has been what has enabled some of the decisions to go through. Where you are able to substantiate how you are getting to a certain assumption and how you are getting to a certain view for a farmer, has enabled the provisioning of the scarce resources or funding that we are currently faced with to be allocated to those transactions, viz a viz the transaction where we could not substantiate how we got to a certain decision or quantify.

That makes sense. A further question, bringing it back to one of the earlier things you mentioned, is quality data. Do you believe as a result of having quality data when you are making data driven decision making that you've sort of ended up making better quality decisions?

Ja, definitely. I think the integrity of our decisions really rely on what we put in to enable that decision making. We have to try and source and substantiate what our assumptions are driven by.

Hm. Okay. And just as the last question, you have definitely given a lot more information, based on the above we have spoken about reliance, we have spoken about the quality of the data, objectivity – what do you think can be done to enhance the use of data driven decision making in uncertainty – both at an individual level and at an organisation level?

So I think access to data or making data easier to access.

Okay, ease of access.

Yes, and then it is always easy to default to what you are used to if the new or the different is not as easily accessible nor understandable and I also think demystifying or deconstructing the notion of complexity of data. So understanding that if I am a banker, what does data mean to me? Data means the information and the interaction that I get with the client, data means the document that the client gives to me. So I think working out of data is an IT thing only, but unpacking it to say 'as a banker what you should be looking into is … these are the types of data that you require to make your decision' and track the differences between when you use data viz a viz when you didn't. I think those are the types of things that can assist embedding the culture of substantiating decisions with your data. Ja.

Okay. I just want to expand on something else you said there, I don't want to put words in your mouth, but so in understanding that data is from IT and me understanding what data really is, so can I echo that investment in data … so data analytics and data capabilities which is obviously the ability to get that data as a start, would an organisation probably then think it can enhance the data driven decision making, right?

Yes.

Okay. I would say also that what it sounded like you were mentioning was that training which is the demystifying, and that is now at an individual level, and I think for you and I (and this just came out as a sort of saying or quote that I heard recently) the data is the data, what you need to start focusing on is what insights that data actually gives, right?

Hm. Hm. Ja, definitely.

Okay, data analytic capability. And for me that brings us to the end of the semi structured interview. Anything else you feel you would like to add or expand on or ask a question back, you are more welcome to?

To do so, ja. No, I think we have pretty much covered where my thoughts are around data and how we use it. I think definitely just stressing on understanding what data is, I think that is the big thing that I see in my organisation in that if people think it is this complicated thing, then they don't really … sometimes people are making data driven decisions but they actually don't know that they are doing so, because they are thinking data driven is something complex and somewhere else. I think that is the…

Okay, that sounds really good. Anything else, or are you comfortable for me to close?

No, I am happy for you to close.

Okay, thank you so much for your time, it has been greatly appreciated, I will be sending you the consent form as discussed for you to sign. But once again I am really grateful for you taking the time. It is quite late in the evening and your insights will hopefully go a long way into making a difference in the world.

(laughs). Alright.

Thank you very much.

Ends.