

INTERVIEWER: Okay, great. I have got Clive Norton here from IFE, it is a predominantly family owned business, but I will let Clive take us through that. So, Clive, thanks for the interview. Just to give you a bit of background on the research, so the topic of my research is the effects of immigration on small/medium enterprises in South Africa. And then the idea is to link that back to brain drain theory and what the potential effects are on the country, and then hopefully further research will involve what can be done to curve that, if that comes out as some of the results. So, the idea is to not interview those that have left.

10 INTERVIEWEE: Ja.

INTERVIEWER: But small/medium enterprises that remain in South Africa, and what are some of the effects of those people leaving.

INTERVIEWEE: Sure.

INTERVIEWER: If they have had that in the business. So, if you just want to kick us off with a bit of a background of IFE, how it is structured, how many people you have, how many people you employ, how long the business has been around. And then I will get stuck into some of the bit more technical questions.

20 INTERVIEWEE: Sure, thank you, Andrew. So, I think elevators is a, operate in the elevators and escalator industry, and our service is maintenance of existing elevators and escalators, as well as installation on new elevators. The company itself and the [unclear] is roughly seven years old, it was born out of two previously family owned businesses called Betanus and Power Elevators. The reason why we moved it and [unclear] IFE Elevators was to create an

international brand. The product that we store in store comes out of China from a factory operated by a listed elevator company in China called IFE China. So, now we are operating under a global brand, installing a brand from a Chinese factory. We are independent of China, and only use them as our supplier. We  
5 employ roughly 80 to 90 people across South Africa, predominantly in the Gauteng area. These range from blue collar workers to financial managers, and the majority of our employees are field based, so in their cars every day. And so, 70 to 80% of them are outside of the outside.

INTERVIEWER: So, would you classify those as skilled technicals or do they,  
10 what are the requirements for the guys actually out in the field?

INTERVIEWEE: So, the field staff are made up of two sets. So, one being semi-skilled and skilled and they would be called assistants, so they are literally just cleaning or helping carry tools, or just labour for the more technical stuff, and the second tier is the technical skill. So, they would have a certification  
15 behind them, so they would be qualified as a lift technician, so they would have gone through a Technicon for three to four years to qualify as a lift technician.

INTERVIEWER: Hmm.

INTERVIEWEE: Then the third tier would be advanced technical where they have just furthered their studies and become even better at what they do, and  
20 specialised in certain products that we service maintain in store. And then the fourth tier would be management, and then that would be anyone from full tertiary education, so university or extensive experience in the industry over many, many years.

INTERVIEWER: Okay. And, Clive, what would you classify, how would you describe your staff turnover? Would you say that you have quite high staff turnover, and if so, in the sort of, is it more an unskilled space or more an upper management space? You know, of your upper management, are you a team of  
5 10 who are running the business? Or is it just really yourself or, and how is this?

INTERVIEWEE: Ja, perfect, that is easy to explain. So, we would have the, the top, top management which we have would be at director level, and obviously that is very, very limited or very small turnover of actually zero.

10 INTERVIEWER: Hmm.

INTERVIEWEE: So, not all of us have been together since the section. But now there sits a team of about five-or-six-line managers and operates each independent department. The turnover on that has also been low, but there has been turnover. So, I would say out of the five-or-six, maybe two have been  
15 replaced or three have been replaced, over the last six-or-seven years.

INTERVIEWER: Hmm.

INTERVIEWEE: The rest have stayed. Then on the technical skilled, the turnover there is very high on the technician level. And then regarding on the unskilled, the turnover is very low. So, the unskilled, they are put into a role,  
20 they do their role, there is not really a performance measure as such, so they keep their job.

INTERVIEWER: Ja.

INTERVIEWEE: At the skilled level, there is performance measure, if they not performing or generally, or they get a better opportunity elsewhere or they do

not fit into the company, they leave. So, there is a high churn in that level on the technical skilled.

INTERVIEWER: Hmm, okay. And what, of the guys that have left, what are some, have you lost anybody to immigration? Or what, if not to immigration,  
5 what have they left for?

INTERVIEWEE: Okay, so we have not lost anyone directly to immigration on technical skilled, they generally leave because of underperformance or when they dismissed.

INTERVIEWER: Hm-hm.

10 INTERVIEWEE: Or the working environment does not suit them, so they sometimes ... What we found is, in our industry, it is an industry problem that people get very lazy, so when you challenging them, these technical skilled workers do not want to be pushed. And then they just look for a cushy job somewhere else. So, it is not generally because of salary, it is not because of  
15 immigration, it is because of them being unhappy with the amount of work they have got to do, or us being unhappy with their performance.

INTERVIEWER: Ja, okay. So, you made mention of two guys at sort of line manager level.

INTERVIEWEE: Yes.

20 INTERVIEWER: What did they leave for?

INTERVIEWEE: One is performance, and one is for a better opportunity.

INTERVIEWER: Within South Africa?

INTERVIEWEE: Within South Africa, yes.

INTERVIEWER: Okay. So, you do not at all feel that you are competing with your labour, competing for labour on a global scale? So, the technicals guys, you know, in terms of lift installations and that the technical skills that are required, you do not feel that you are under pressure to retain your staff against  
5 your competitors outside the borders of South Africa? Or within the industry?

INTERVIEWEE: No, or within. And the reason why I say that is, I think that as an industry, the labour in our industry is not very good. So, we constantly getting requests from overseas labour to be employed by us locally. So, we will get contacted by people based in Dubai and Australia, in the States wanting to  
10 come work here. Or from China, having worked overseas, gotten these skills, they understand that there is a shortage of skill here, and they want to be working.

INTERVIEWER: Ja.

INTERVIEWEE: So, almost like a reversal.

15 INTERVIEWER: Okay. And, Clive, what do you, as a business owner, have you guys considered, have you personally considered immigration? And if you have, I mean, obviously you still here at the moment.

INTERVIEWEE: Sure.

20 INTERVIEWER: What is it that is keeping you back, what are some of the hurdles or what are some of the considerations around immigration as a business owner in South Africa?

INTERVIEWEE: Ja, very good question. So, I think it is something that comes up constantly, the question of immigration, and something as a family that we consider all the time. So, in short, yes, we have considered it and we are still

considering it, and we will consider it for the foreseeable future. The problem with immigrating for us is, firstly we have got vested interests in South Africa, so you have got a business here that is making you money, you cannot just walk away from.

5 INTERVIEWER: Hm-hm.

INTERVIEWEE: So, unless you can exit it in a profitable margin, you have got a vested interest here that keeps you here. The second is there is family, so we very, very close to both sets of our parents, and with young children, we want to have them around their grandparents.

10 INTERVIEWER: Hmm.

INTERVIEWEE: And obviously close group of friends. And then the third reason, probably for me one of the most important is, what do you do if you go. So, we, or I say we – it is both my wife and I – run our own businesses. You sort of hone your skills according to the requirements of your business. So, yes, skills are interchangeable, but you have learnt in the industry, you have learnt a business from start to finish.

INTERVIEWER: Hmm.

INTERVIEWEE: So, now to go and immigrate to Australia, what am I going to go and do there?

20 INTERVIEWER: Hmm.

INTERVIEWEE: Essentially, I am an entrepreneur and business owner, yes, with management skills, but there is nothing that makes me employable overseas. And to be able to leave and then go and lead a similar lifestyle to what we leave here, it becomes very difficult.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: So, those are the reasons why we probably have not left or taken it a little more seriously, or looked into it a little bit more in depth.

INTERVIEWER: And I suppose the, you know, from what you saying, the value  
5 of your network here as well is a huge consideration in that, as you have said, you cannot, you know, you go to Australia, you like, you have got skills [unclear]

INTERVIEWEE: Ja, ja.

INTERVIEWER: You know, you have got a, built a network from scratch, which takes a hell of a lot of time.

10 INTERVIEWEE: Absolutely. As an entrepreneur and a business owner, to go and start a new business overseas is not an option, you going to be going and be employed by someone.

INTERVIEWER: Uh-huh.

INTERVIEWEE: And once you have got a taste of running your own business,  
15 it is very difficult to step into a corporate role and start building your way up the corporate ladder at the age of 36.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: It is almost, that ship has sailed. So, you do become, I do not want to call it trapped but you have got to be realistic about the situation, and  
20 your financial future based in a country like South Africa.

INTERVIEWER: Hmm.

INTERVIEWEE: And South Africa in itself, there is a lot of issues but there is also a lot of opportunity.

INTERVIEWER: Hmm.

INTERVIEWEE: So, being a business owner and an entrepreneur, you can make money here.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: And exactly what you said, through the network that you have  
5 built up over 36 years of friends and family, and people that you know. To go and do that overseas is almost impossible.

INTERVIEWER: Ja. And of the, I mean obviously in your circles or in your network here in South Africa, there would have been friends of yours, your family that have immigrated. Have those individuals immigrated from the  
10 small/medium space, or would you say that they largely from the corporate space? And using that corporate network, or global network as a vehicle to get overseas? Ja, and what stage in their lives would they have gone? So, did you find that a lot of your friends or network left straight after studying and started a career overseas, or did some of them want to get some work experience before  
15 immigrating? Or what is your experience in that?

INTERVIEWEE: Ja. So, I do not know, actually, I do not know anyone who has left straight after university or school to go overseas. In saying that, there are a few people who have gone to London, but the intention was not to go and immigrate, the intention was to go get work experience there and come home.

20 INTERVIEWER: Hmm.

INTERVIEWEE: But I think because of the change in South African climate and the, what they see to be the future here, they changed their minds. Family and friends locally, and I say that, that is a few that are based in London, the rest have been here, done their time, built up some work experience, climbed the



corporate ladder or had their own businesses and then left. So, family, we have had quite a few families that have done that, immigrated post working here.

INTERVIEWER: Hm-hm.

INTERVIEWEE: And then friends, most of the friends have gone and been.

5 INTERVIEWER: And would they have, would those people that you are referring to, would they have gone into the small/medium space over there, or were they working for corporate?

INTERVIEWEE: They work in corporate. So, the one example that I think might be relevant to this case study is, a recent friend of ours has immigrated  
10 from an SME background and set up in South Africa where they both were business owners, left the country to try and operate an SME space, as well. What has made it beneficial for them, or probably make it easier is that one of them is, their business is transferrable. So, they are an online IT based business, so they just moving offshore, immigrating completely but can still run  
15 their business from there into South Africa.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: The other one has left his SME in South Africa, completely walked away from it, he is going to try and start again overseas.

INTERVIEWER: Okay, that is interesting. And, Clive, just moving on to I  
20 suppose a more political, sort of more political orientated spaces. What, as a small business owner or an SME owner, is there any policy or are there any policies that you feel could be focused on or amended to make it more attractive to retain skills in South Africa? Obviously, brain drain theory, as you understand it, simply put is obviously the exiting of skills out of the country.

INTERVIEWEE: Sure.

INTERVIEWER: Where the importing country benefits from those skills and the export country obviously do not.

INTERVIEWEE: Sure, yes.

5     INTERVIEWER: So, the first part of the question is, do you see in your space, do you see the draining of skills, one. And do you feel that there is policy required in the country that is not there now, or do you think there is an amendment policy and things like BEE policies, Employment Equity, those sorts of things, you know, come to mind?

10    INTERVIEWEE: Sure, it is a very interesting question. So, I do think that the policy change would lead to a change in the brain drain.

INTERVIEWER: Ja.

INTERVIEWEE: But I think I look at it differently to what other people say. I do not think it needs to be a financial setter boom that is going to save the brain  
15    drain. I think it needs to start on grass roots. So, like, at manufacturing, and work its way up from there. So, there has been talk around government supporting proudly South Africa, and mandating this [unclear], but it has never really been implemented at a dominant level, and actually being strictly adhered to. So, yes, manufacturing can happen offshore, and I am not saying we close  
20    our borders and we put massive important taxes on, but what I am saying is, if a product is produced locally, it should be bought first according to the capacity that that factory can produce. So, by doing that, exports decrease, imports can still come in but they are not going to be, they might be more competitive on price, but because government has been mandated ... Let us be honest, the

government spend in South Africa or the South African economy is huge. So, if we can just mandate government to support local first.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: Up until local capacity, we improving the economy drastically.

5 It is maybe 30% of the economic spend, maybe a little bit less than that, but you know, you starting just to manufacture locally. Which then leads us way up the ladder to skilled, highly skilled, tertiary education being staying, because there is opportunity for these businesses to be run by skilled people, and they will need those skills. So, yes, the financial sector and all of those are very  
10 important to say brain drain, but I think it is more the manufacturing sector that needs to be saying to be able to ...[intervenes]

INTERVIEWER: It is an interesting comment from your space, and that you guys are importers of lists. I mean, is there no, is the scope for local manufacturing in your space?

15 INTERVIEWEE: So, we are imported. However, if we could produce locally and be supported by government, we would produce locally straight away.

INTERVIEWER: So, what is stopping you from? Is it ... [talking over each-other]

INTERVIEWEE: It is cost. It is competing with overseas imports. So, for us to  
20 produce relative to what China has been producing, we are never going to beat them on pricing. But if we 10% cheaper but government are saying they will support us, we are going to open up a whole new industry.

INTERVIEWER: Hmm.

INTERVIEWEE: We are going to build three or four massive factories and employ over 1 000 people overnight or in the first year, and start producing lifts locally.

INTERVIEWER: Hmm, hmm.

5 INTERVIEWEE: And then just by simply having a supportive government, a factory of 1 000 people will be running easily.

INTERVIEWER: Hm-hm.

INTERVIEWEE: Just purely from government spend, then we can still claim the private market because now it is here, there is other doors that open in terms of  
10 lead times, waiting for import from China is a four-week lead time. If it is produced locally, it is going to be a faster or shorter lead time, which will greatly benefit the private sector.

INTERVIEWER: Hmm.

INTERVIEWEE: So, yes, we are importers, but we would prefer to be local  
15 manufacturers.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: We just cannot because of the nature of cost.

INTERVIEWER: Hmm. Ja, sheesh, that is interesting, hey. I think one of the, you know, one of the schools of thought is around the productivity of the labour  
20 force, as well.

INTERVIEWEE: Of course.

INTERVIEWER: So, you know, I think in theory, you know, to produce locally is best, I mean surely to boost the economy. But at the end of the day, and this is

what is coming through the study, as well, is with globalisation, I suppose you all of a sudden not only competing within your audit.

INTERVIEWEE: Ja.

INTERVIEWER: You competing against other countries.

5 INTERVIEWEE: Sure.

INTERVIEWER: And it is your ability to replicate that production at a decent cost, and in order to do that, you need to be efficient and you need to be producing, you know. So, you know, so it is interesting.

INTERVIEWEE: Ja.

10 INTERVIEWER: Those insights. And what else have I got here ... Have you considered at all opening up branches outside of South Africa?

INTERVIEWEE: Yes, we have. So, we have looked at Mauritius as a optional operation.

INTERVIEWER: Okay.

15 INTERVIEWEE: Purely from a tax perspective.

INTERVIEWER: Okay.

INTERVIEWEE: So, that would obviously, if we get it right, there is mostly tax saves and incentives around that. As well as probably using it as an import into Africa, it could be easier because we would not have to double import.

20 INTERVIEWER: Hmm, hmm.

INTERVIEWEE: If it makes it to be imported here and then exported into Africa, we can just stop by in Mauritius, look through into Africa.

INTERVIEWER: Hmm, hmm.

INTERVIEWEE: So, ja, we have looked at that. We have looked at opening our branches in neighbouring countries, but the traction has not really been in our industry.

INTERVIEWER: Hmm, hmm.

5 INTERVIEWEE: So, in terms of infrastructure spend in Africa, especially the Southern African countries, it is very low.

INTERVIEWER: Hm-hm.

INTERVIEWEE: There is not a lot of construction going on, you know, you have got the opportune and those that has promised to boost in construction  
10 sector.

INTERVIEWER: Hmm.

INTERVIEWEE: But other than that, we do not really see massive opportunity, especially in the neighbouring states.

INTERVIEWER: Okay. Alright, good. Clive, I think I have got everything that I  
15 have, that I require. I will obviously just get in touch with you if something else comes to mind, but I think that is a lot. Do you have any sort of closing remarks or questions, or anything from your side?

INTERVIEWEE: Ja, maybe just a case study that might be relevant to you, and give you some insight in terms of my partner at IFE, and what he has gone  
20 through over the last seven years. So, he, before he joined us, had his own lift business in South Africa.

INTERVIEWER: Okay.

INTERVIEWEE: Him and his family decided to immigrate to New Zealand, had all the paperwork done, they went over, they bought a house, he sold his

business and then his father passed away locally, drew them back for a few months, and then they decided to stay. Essentially moved back and then joined IFE, and now will never leave. So, it is just interesting that I have always thought ... Or Clem Smither once said, you think the grass is always greener, but get there and it might be greener but it might not be sweeter.

INTERVIEWER: Ja, ja.

INTERVIEWEE: So?

INTERVIEWER: Ja. I think certainly what is coming out is the value of one's network, and the value of how you remember things.

INTERVIEWEE: Ja.

INTERVIEWER: You know, I personally have been, have lived abroad for a few years, as well. And to be honest with you, all we did was long to be home.

INTERVIEWEE: Of course.

INTERVIEWER: So, there, you know, it does not matter where you go, that is going to be the case. And I think that you are so familiar with the, at the age that we are.

INTERVIEWEE: Sure.

INTERVIEWER: It is a different story if you fresh out of varsity.

INTERVIEWEE: Ja.

INTERVIEWER: You go and you start from scratch there.

INTERVIEWEE: Ja, yes. And your ability to fall on your feet. So, here you can take on risk and afford to fail, because there is a fallback.

INTERVIEWER: Yes.

INTERVIEWEE: But go overseas where there is not a network and try and take risk, it is a very different risk.

INTERVIEWER: Exactly, ja.

INTERVIEWEE: Ja.

5 INTERVIEWER: Alright, great. Thanks a lot, Clive, I appreciate your time. And I will keep you updated with any interesting insights that come out.

INTERVIEWEE: Perfect, thank you.

INTERVIEWER: Thanks.

END OF AUDIO