

PEOPLE

PROFILE: **LWAZI BAM**

Wham Bam, thank you man!

'Now a controlling (empowerment) stake means they want to be involved in running the business'

INDUSTRY PLAYERS AGREE Lwazi Bam is heading for big things. Aged 38, he already heads the corporate finance division at Deloitte. Sean McPhee, a partner in the same division, says: "To have achieved so much at such a young age is testament to his ability and strength of character. He's certainly impressive but is still humble, despite what he's achieved. Lwazi is a strategic thinker but is also not scared to get into the trenches."

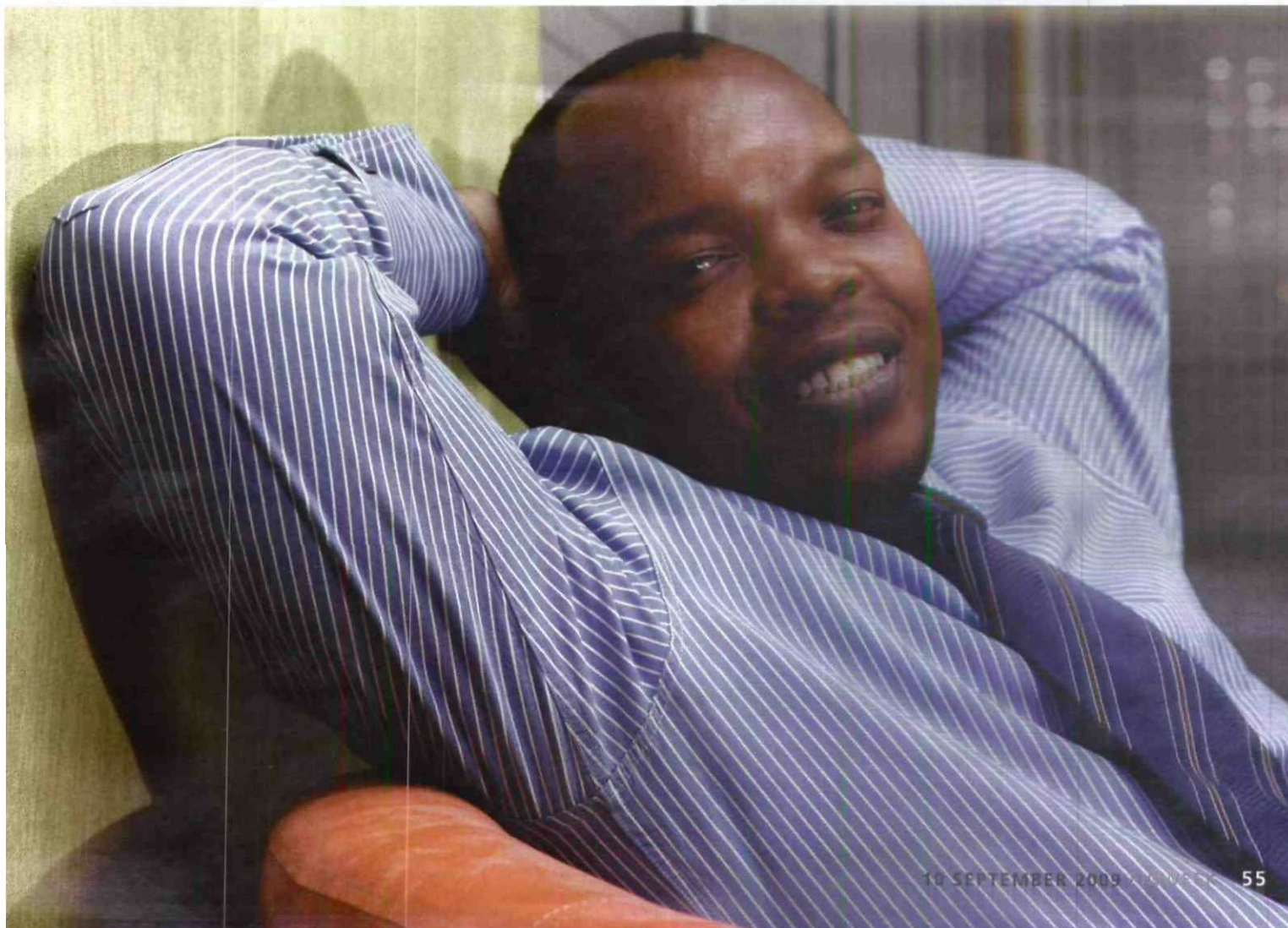
Bam's modest demeanour is probably influenced by his humble beginnings. He was born in Lujizweni village in Ngqeleni, near Mthatha in the Eastern Cape. He completed his schooling in the rural areas of the Eastern Cape, Newcastle, in KwaZulu-Natal and later Woodmead School in Johannesburg. He even admits he had to repeat standard seven (now grade 9) after coming from the Bantu

Education System into a Johannesburg school.

But it all changed when Bam and some of his university friends at Unisa decided to start a bookkeeping business. The BCompt students partnered with Deloitte – which then provided technical support to developing businesses – and ended up doing very well. The partners at Deloitte suggested Bam should do his articles while finishing his degree. "I wasn't even aware it was an option," says Bam.

Bam completed his articles in 1997 and joined the audit team at Deloitte's entrepreneurial services department in 1998. The next year he went back to

"The biggest obstacle in the industry now is getting business"



PEOPLE

ICE-BREAKERS



Marital status

Married, with three children.

If you could practise an alternative profession, what would it be?

Cattle farming.

What's the craziest thing you've ever done?

I'm an accountant. Accountants don't do crazy things.

If you were stranded on a deserted island what would you need to survive?

A book, my cellphone and a bottle of whisky.

If you were on death row what would your final meal be?

Red meat and dumplings.

school full time while still employed by Deloitte and obtained his BCom (Hons) in 2000 from the University of Natal. Bam passed the board exam in 1999.

"I joined the corporate finance team in 2000 as I was interested in the commercial side of business and not just the technical advisory element," Bam says. "Now a controlling stake means they want to be involved in running the business. My intention was to come, learn and go. And even though I haven't decided to stay indefinitely, I'm still learning and enjoying it."

Greg Benjamin, a manager at the firm's corporate finance division, says Bam allows his colleagues the same courtesy. "Lwazi gives space to his people to learn, to grow and develop but also for them to exercise their own views and execute an entrepreneurial flair. Lwazi also has a knack for this business. When you're running around different thought processes Lwazi brings a different spin. He tends to spot issues others haven't even thought of and he has the ability to formulate how to solve those issues.

"Many people think corporate finance is very glamorous and they'll be involved in the Anglo American/Xstrata type mergers – but that's not always the case. At the end it's hard work. But if you get into it for the right reasons it can be very fulfilling," says Bam.

"Corporate finance isn't just about mergers and acquisitions: it also involves due diligence support. For example, Sappi acquiring M-REAL; a valuation side, as with the Vodacom listing where opinions are required by the JSE, when related parties acquire from each other; and a debt advisory business, where debt and infrastructure are raised on behalf of clients – such as when Government wants to enter an appropriate public-private partnership."

Bam also mentions a recent merger & acquisition/black empowerment deal, whereby Jala Capital acquired 51% of Fire Control Systems for an undisclosed amount in a transaction that created the largest black-controlled fire protection, detection, suppression and engineering company in South Africa. Jala Capital is an investment holding company with a focus on medium-sized companies. It assists companies by providing capital resources and support to build value in those enterprises. Fire Control Systems is a fire protection/engineering firm that provides customers with tailor-made solutions for specific projects.

Salala Lesela, CEO at Jala Capital, says it's a commendable achievement for an empowerment investment company to acquire a controlling stake in a substantial transaction despite currently adverse economic conditions.

Says Bam: "This deal is also testimony to the fact that the face of empowerment transactions has changed and that sustainability requires strong vendor commitment and support. The history in the empowerment market is there was the old guard of getting people in place with political access and access to channels that could grow business. They weren't there on a regular basis or very operational. Now a controlling stake means they want to be involved in running the business. They want to get their hands dirty.

"Unfortunately, empowerment deals are currently hampered by the lack of funding. Banks are focused on preserving their balance sheets. And even though Government imperatives such as the DTI, NEF and IDC can reduce the amount of debt needed, they can't eliminate it entirely."

Bam adds M&A activity in general has dropped significantly. "We need to stop speculating about green shoots, as nobody actually knows when the turnaround will occur. Most current activity is forced sales, not voluntary. Part of the problem is that companies remember the time when its value was 40% higher and they don't want to deal with the reality. Until mentalities adapt, M&A activity will stagnate. In addition, South Africa lags the turnaround in international activity by six to 12 months and I think we still have a while to go."

Asked what the hardest thing is about his job, Bam replies: "If you'd asked me that six months ago I'd have said retaining staff. Our business is about selling intellectual property (IP) – and retaining that IP is important. It's a struggle to find experienced people with networks and who don't require training with an oversupply at entry level. It's become easier with the recession and retrenchments but we still haven't seen a significant increase at skills level.

"The biggest obstacle in the industry now is getting business. People are postponing M&A activity. There are some mid-sized deals taking place but the big deals have dried up," says Bam.

RUAN JOOSTE
ruanj@finweek.co.za