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Bank on Marks to put Natal on the map

Penny Stewardson



David Marks

TRIBUNE / Ernst & Young

BUSINESS PERSONALITY

of the week

Curriculum Vitae: David Marks

Born: Cape Town. Age: 46. Marital status: Married with four children aged 19, 16, 8 and 5. Chairman of Music Association of Natal. Founder of the Natal Folk Music Association.

Education: First international hit song: Master Jack. Started Market Theatre Cafe with Marnie Marin and Barney Simon. Managing Director 3rd Ear Music.

From there he became a learner miner official, studying at Wits for three months of the year and spending the other nine months underground. In every spare moment he was writing songs, three of which made the charts during that time.

Being of a liberal disposition and, in his own words, "something of a radical", he survived an entrenched right-wing environment by reason of his music. Without it, he says, he might have had a very difficult time.

"I was always in great demand at the company concerts."

He says that much of his racial attitude was shaped during those days and he considers his mining career a positive experience.

In 1967 he left to become a music professional and find new gold working the hotel entertainment circuit using his own material in performances.

"I got into the business more by design than by chance," he says, explaining his sudden metamorphosis from performer to businessman. "As a performer I found it increasingly difficult, on the hotel circuit, to do what I needed to do."

He said that the lack of infrastructure in the industry quickly became apparent in the inefficiencies of a system that had its share of breakdowns, unscrupulous promoters and organised chaos.

At the same time, his songwriting had taken off to the extent that some of the country's major artists were recording his material, which had a strong Sixties "folk" influence.

A year spent training as a sound operator in the United States led him to Woodstock and a role in musical history.

Durban's 3rd Ear Music became reality in the late Sixties, describing itself as an "alternative" record company and music publisher. In his role as managing director, Mr Marks has orchestrated the company's playing a pioneering and catalytic role in South Africa's contemporary indigenous music scene.

The fight for autonomy from Johannesburg is an on-going one and 3rd Ear is presently "divorcing" itself from its asso-

ciation with Tusk Records.

"The time has come for Natal — without alienating itself from Johannesburg — to go it alone and promote more local development and investment," he says.

"The fact that international acts can't earn a living here is indicative of the lack of infrastructure, but there's no shortage of financial potential and we shouldn't have to rely on an imported culture."

"There's a gap between commerce and culture that we have to address."

"The way the industry is monopolised by the majors makes it very difficult for local talent to come out on its own strength, which has caused two major problems. First you have artists hiding behind political slogans, and then you have the insistence on a commercial or public veneer which has been tried and tested in the United States or Europe. These people paint a false picture of the industry."

Mr Marks says that music is still perceived by many people as "a luxury", which is the exact antithesis of the movement behind the establishment of the music academy. He says that the creation of the academy will have the "enormous potential" of creating work in Natal.

"With the lifting of sanctions will come the outside investors, but we want to convince local business of the viability of what we are doing."

He is anxious to see the industry develop and says there is no lack of South African middle management talent available.

"With the proper infrastructure we would encourage more music lawyers into the industry. At the moment I know of only four in the country."

"A lot of people in this business are failed performers and song writers themselves and that doesn't make for a healthy situation. The academy is going to give us a much more professional image and provide a proper training ground for everyone, from the back-room boys to the actual performers."

The relaxation of the political situation had opened many doors for the entertainment industry, he said, but there was a need to remain apolitical and retain credibility.

"It's important that we can be open and associate freely, and music is one of the best ways I know of bringing people together. It transcends all differences."

Industrialists in Natal face great challenge

Financial Reporter

NATAL industrialists face a challenging decade, according to Guy Harris and Chris Weaver of Deloitte Pim Goldby Management Consultants in an article about prospects for the province.

They say it is significant that in the recent Tongaat Hulett study of the Durban Functional Region (DFR) even the best of the three socio-economic future scenarios involved high unemployment, a scarcity of skills and continued social friction.

All of these elements are already having an impact in Natal and industry is rising to the challenge with varying degrees of success.

"South Africa is clearly not in a normal phase of development. The government is currently endeavouring to restructure the economy away from import substitution to an export focus and there are fundamental changes occurring in the political arena. It is far from clear what South Africa's economic policy will be in the "new" South Africa or what it is likely to be during the transitional period.

"There does appear to be consensus that it will be a mixed economy but whether it will be predominantly socialist or capitalist is still to be negotiated." How should industrialists plan to meet such an uncertain future, is what they ask.

Various issues will face industrialists under two scenarios at opposite poles. These include:

□ That South Africa adopts a predominantly capitalist economic policy. This is likely to include an emphasis on exports and the promotion of competition in the domestic markets.

□ That South Africa adopts a predominantly socialist economic policy similar to that experienced elsewhere in Africa with the result that domestic industry is protected by high import tariffs or quotas and domestic competition is regulated to control prices and protected employment.

Under the first scenario, an industrialist can realise good growth in market share, turnover and profits if he can offer the right product to the right market at the right price and right quality.

"That obviously means he must have the correct strategy. One aspect of that strategy must relate to world competitive costs of production. In other words, productivity of labour, capital and equipment must be world competitive."

The challenge to reduce costs of production is constantly being faced by management. However, South Africa's isolation over the past decade will mean that many industrialists have a significant gap to close in a very short time if they are to be competitive.

What about those industries not interested in the export market? The European Community is already exerting significant pressure on the South African government to comply with the General Agreement on Trade and Tariffs (GATT) Convention.

In essence, this requires that the current import surcharges would be significantly reduced or abolished, which would mean many industries would face still competition from high quality, low cost imports.

The latest round of negotiations with the EC resulted in some surcharges being reduced. This trend is likely to accelerate if South Africa is to retain the "preferred trading partner" status required to be successful in the export field. It is clear that many local industries will be affected and they will also need to address some of the same issues in the near future.

Under the second scenario, growth and trade barriers are likely to remain high to protect local industry and employment base. At best, economic growth will be similar to that experienced in the past decade with the result that an industrialist will face increasing competition to maintain market share.

In addition profits will be squeezed by continuing inflation and wage pressures.

"That suggests that, while strategy will change significantly under each scenario, some of the management and operational issues will be very similar."

They conclude that industry will need to address some common issues, irrespective of the outcome of the political and economic uncertainties facing South Africa.

These will include improving the productivity of labour, capital and equipment if growth in market share and turnover and profitability is to be achieved.

THE WEEK THAT WAS

Major business developments this week:

- Monday:**
 - Government revenue from gold mine tax plunged by an unexpected 30 percent in the first seven months of the fiscal year from the same period in the 1989/90 boom year — making the five percent drop foreseen in the Budget completely irrelevant.
 - Gold broke through the \$390 ounce level — only to drop back later — as investor fears of impending war in the Gulf as the UN's January 15

- deadline for Iraq's withdrawal from Kuwait approached.
- CA \$300 million optical-fibre submarine telecommunication cable system was announced to meet the increasing demand for links between SA and overseas telecommunications enterprises.
- The global oil glut is big enough to push oil prices to below \$20 a barrel from current levels of about \$27 with threat of war the only factor holding up prices, a report by the International Bank Credit Analyst says.
- For the first time in eight years, urban blacks in SA are more positive about the new year than white counterparts, according to figures released by the Markinor research group.
- Tuesday:**
 - Runaway building costs will be reined back sharply this year, predicts Professor Wisey Kilian, former

- Professor of building management at the University of Cape Town.
- Perkor Beleggings (Pretoria) acquires 49 percent of the issue share capital and loan accounts of a Hamburg subsidiary owing pricing and packaging concerns, according to an announcement by the Dagebreuk Trust.
- President George Bush's chief economic adviser acknowledges for the first time that the US economy had probably entered a recession — and predicts it would be relatively short.
- Wednesday:**
 - The Reserve Bank confirmed it had cut sales of gold in the forward markets in anticipation of higher gold prices above \$400.
 - Welfare organisations rejected government proposals for an overhaul of SA's welfare system, saying they are out of step with new developments in the country.

- Shares in Cape Investment Bank Group (CIBG), acquired last month by specialist merchant bank Prima Bank, were suspended from trade on the JSE.
- More scientists and engineers working for Chamber of Mines Research Organisation were reported to be leaving retrenchment in April.
- Thursday:**
 - The National Automobile Dealers' Association and the National Automobile Manufacturers' Association joined forces in an attempt to secure a simpler form of fringe benefit tax of one percent of a car's value.
- Friday:**
 - Shel SA appealed against a government decision that it can no longer prevent fuel oil companies from setting up similar service station companies in KwaZulu without Shell's permission.
 - Wide-ranging amendments to import control regulations, which include a significant realignment of restrictions on imports from Zimbabwe, Malawi and Botswana, were announced.
 - The JSE gave its stockbrokers the green light to clear futures trades through any registered Futures Exchange clearing member of their choice.

BUSINESS DIARY

- January 21** Natal Chamber of Industries: Zulu course begins. Call 374 4203.
- Thursday-February 28** Natal Chamber of Industries seminar: Analy 1990 Industrial Court judgments. 8.00am.