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CHARTERED ACCOUNTANTS
IN MALAWI

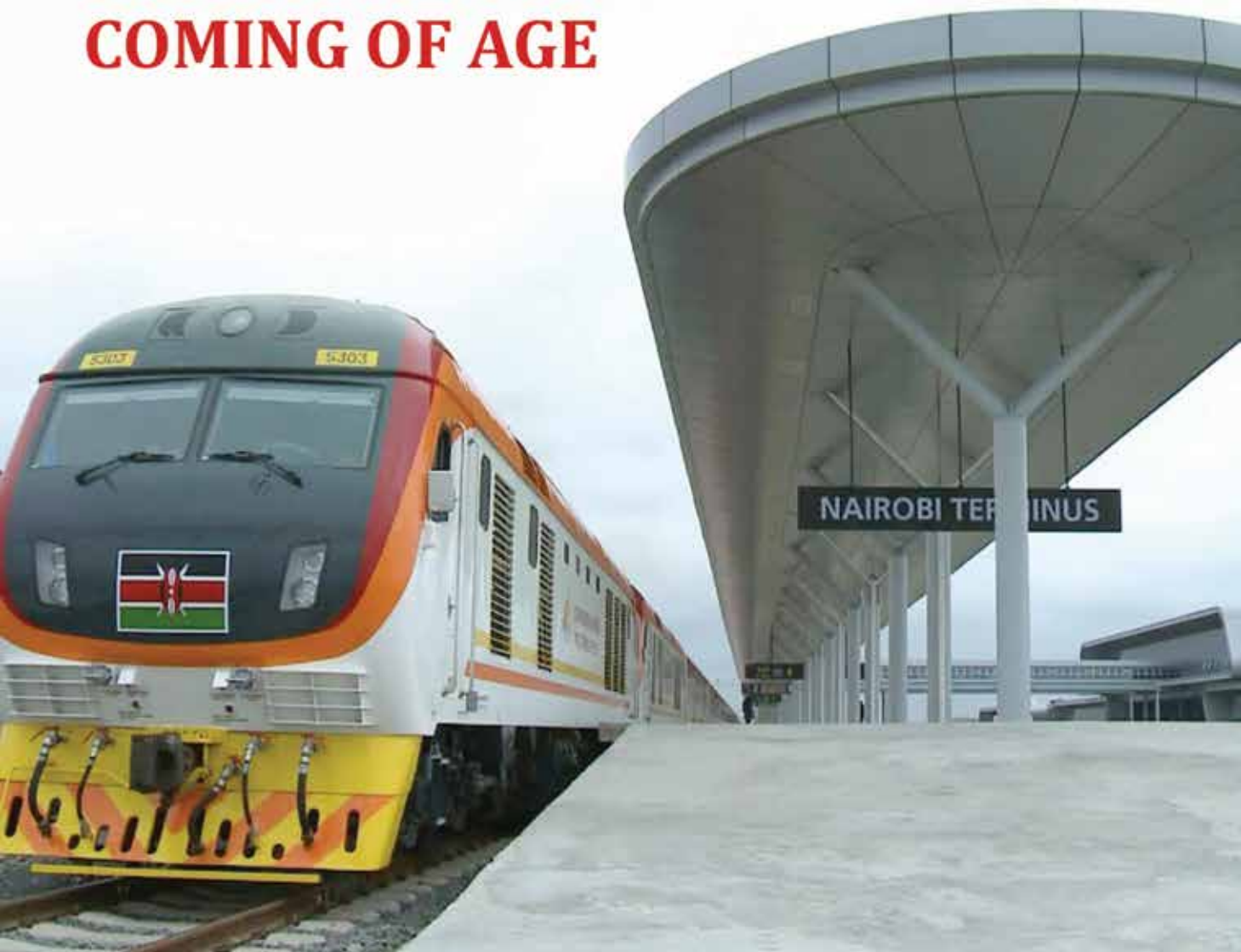
Magazine Vol 5 Issue 2, 2017

Leadership
THE POWER OF PERSUASION

Technology
**WILL MACHINES TAKE
YOUR JOB?**

Technical
**DISRUPTING THE ACCOUNTANCY
PROFESSION**

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Highlights



What is the first thing that comes to mind when you think about a business owner? Is it affluence, hard work, tenacity, knowledge, honor, greatness, connections, daring, or frugal?

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Accountants play crucial roles in many spheres of our society particularly in an organizational set up. They are either accountants as the word goes, purely and critically looking at the financials or numbers of the organization, or they are managers of various organizations playing strategic.

20 WILL A MACHINE TAKE OVER YOUR JOB

niel Susskind, a lecturer in Economics at Balliol College in the University of Oxford and co-author of the book entitled "The Future of the Professions: How Technology Will Transform the Work of Human Experts", believes that accountants and bookkeepers should align their ways of working with the continuing evolution of technology.

24 THE POWER OF PURSUASION IN LEADERSHIP

There is an old saying that goes, "If you keep your attention on learning the tricks of the trade you will never learn the trade." One of the hidden truths of life is that the path to the prize is always more valuable than the prize itself. As leaders we are always tempted to look for shortcuts to enable us get ahead and obtain the results that we desire without due regard to the feelings of our followers.

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GOVERNANCE TALKS ENTREPRENEURSHIP

A walk through the journey of corporate governance has made me to conclude that without entrepreneurial skills, Business Captains and Government Officials cannot deliver as expected. On the file this week is the indispensable topic of Entrepreneurship.

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Achieving Economic and Financial Independence, Which Way Malawi?

It goes without saying that Malawi is yet to attain financial and economic independence, and that the whole country is yearning to do just that. Each and every indicator points out to the fact that we are one of the poorest countries in the world, one of the bottom 10 on most counts, and, the paradox of it all, as has been pointed out by many commentators, is that this obtains notwithstanding that Malawi has been a peaceful nation, with no history of civil strife or armed conflict. I am sure you are annoyed every time you hear that....



44 DO THE RIGHT THINGS FIRST TIME. GEORGE MATEKENYA PERSONALITY



48 AID FOR TRADE PARTNERSHIP IN ACTION:

here are so many developmental ideologies being implemented in Africa, Malawi in particular, in an unstoppable fight to combat the spread of rampant poverty. The bottom line is straight - Africa needs trade and donors as Paul Kagame said. 20 kilometers off Mchinji boma, in Nkanda to be precise, a new farming investment model seems to have taken the area by storm.

52 KENYA OPENS NAIROBI-MOMBASA MADARAKA EXPRESS RAILWAY

Kenya has opened a major new railway between the port city of Mombasa and the capital, Nairobi, 18 months early. President Uhuru Kenyatta said during the launch that the \$3.2bn (£2.5bn) Chinese-funded line signalled a new chapter in the country.



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Editorial



Where is technology taking us to? Is the future of the accountancy profession under threat as technology is bringing in radical ways of discharging duties? Is it the age that machines will take over from humans?

This edition features well researched scholarly articles ranging from leadership, technology, and governance to financial services, development and personality.

It is argued that everyone somehow, somewhere is being led. If you are a leadership enthusiast, you will find great relevance in a featured article that explores the power of persuasion in leadership. Going a step further, leadership and governance are like Siamese twins and this edition has therefore taken the initiative to elaborate how governance talks to entrepreneurship.

The technical side of the accountancy profession also features highly in this edition. Take time to read the article 'disrupting the accountancy profession.' Another article gives a deep insight into the need for accountants to be conversant with operations management. Do not just be a desk-confined accountant. Take the initiative to understand more processes taking place in your organisation or company so that you become the heartbeat that adds value to operations of an organisation. The technological front has an article on ICT skills and professional accountant. Not only that, the magazine has featured an article that portrays how machines are taking over jobs.

On the development side, we took the initiative to showcase how a project in Mkanda, Mchinji is changing the lives of the common man there. The project concentrates on soya and groundnuts and is carried out under a philosophy 'aid for trade.' Is this the new mode for fighting poverty in Africa? Have an insight.

And as per the tradition, we feature our members in the magazine. Can you believe that one accomplished accountant takes pride in herding his cattle in his home village, personally vaccinating them? It sounds strange. Read and find out more.

This edition offers you more than you need. As the cover story shows, Africa is growing and we take the initiative to celebrate such growth. Enjoy reading the rest of the magazine.



National Bank of Malawi



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Quotes on Planning

"The end we aim at must be known, before the way can be made."
Jean Paul

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."
Abraham Lincoln

"Businesses, like babies and books, need nurturing, time, energy, love, and planning to develop, grow and prosper."
Rachael Bermingham

"Without leaps of imagination or dreaming, we lose the excitement of possibilities. Dreaming, after all is a form of planning."
Gloria Steinem

"When planning for a year, plant corn. When planning for a decade, plant trees. When planning for life, train and educate people."
Chinese proverb

"Work is the tonic for worry, but good planning can be a cure."
Gary Rudz

"Plan well before you take the journey. Remember the carpenter's rule: Measure twice, cut once."
Unknown Source

"Reduce your plan to writing. The moment you complete this, you will have definitely given concrete form to the intangible desire."
Napoleon Hill

"A good system shortens the road to the goal."
Orison Swett Marden

"Most people are content to let perfect days happen at random rather than PLAN for them."
Unknown Source

"Whatever failures I have known, whatever errors I have committed, whatever follies I have witnessed in private and public life have been the consequence of action without thought."
Bernard M. Baruch

"We must ask where we are and whither we are tending."
Abraham Lincoln

"For every minute spent in organizing, an hour is earned."
Unknown Source

"As for the future, your task is not to foresee it, but to enable it."
Antoine de Saint Exupery

"A good plan is like a road map: it shows the final destination and usually the best way to get there."
H. Stanely Judd

"It's easy to come up with new ideas; the hard part is letting go of what worked for you two years ago, but will soon be out of date."
Roger von Oech

"He, who every morning plans the transactions of the day, and follows that plan, carries a thread that will guide him through a labyrinth of the most busy life."
Victor Hugo

"I have always thought that one man of tolerable abilities may work great changes, and accomplish great affairs among mankind, if he first forms a good plan, and, cutting off all amusements or other employments that would divert his attention, make the execution of that same plan his sole study and business."
Benjamin Franklin



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Esteemed professional colleagues

In 1957, Dr. Sarvepali Radhakrishnan, Vice President of India at the time, addressed accountants in his country and said the following words of wisdom: Whatever you do you must have that standard that you are doing something ennobling....you have a vital contribution to make to the progress of the country and you can make that contribution through honesty and efficiency.

That should be the guiding light to the profession in these times of growing challenges and never ending changes. It is important to always have this instinct at the back of our minds - the accountancy profession enjoys a statutory autonomy. The financial statements, documents and certificates that are prepared and reviewed by our members provide assurance to the users of those statements.

The accountancy profession is still being held in the highest esteem both in the public and private sectors even though lately lapses have exposed us adversely. This trust has been built on the belief that members of the profession adhere to the highest standards of ethics and integrity. And this

Going forward, ICAM is working on value adding services that focus on enriching your membership. We are planning to extend our geographical outreach in service delivery. As the Institute is growing, it is necessary that we understand the needs of our members and provide a value proposition that is in line with their needs. The Institute is there to serve its members because it believes that it is only delighted members that will take pride in their Institute. In this regard, the Secretariat will be delighted to receive proposals on value adding services that you wish the Institute to consider providing to its members.

ICAM is delighted to announce that the members' portal is now up and running and that this is just the beginning of better things to come. ICAM will revive the online ethics updates, and announcements and communication on events taking place in the Institute through an online platform called e-connect. ICAM will also revive professionnet sessions. These services are aimed at ensuring that our members get value from their membership.

Distinguished professionals, allow me to welcome Dr. Francis Gondwe who takes over from Ms. Evelyn Mwapasa as Chief Executive Officer with effect from 1st July 2017. The Council is grateful to Evelyn for the time she served the Institute with great dedication. She remains our member

Dr. Sarvepali Radhakrishnan says whatever you do you must have that standard that you are doing something ennobling....you have a vital contribution to make to the progress of the country and you can make that contribution through honesty and efficiency.

HONESTY AND EFFICIENCY

we have to guard jealously. Therefore, any wrong committed by one member of the profession has the potential to erode the good reputation that the Institute has built over the years.

Allow me therefore to point out that in keeping with our high ethical standards, we are required, as members of a body registered with the International Federation of Accountants (IFAC), to be CPD compliant. The Institute is dismayed to note that the 2016 CPD compliance rate stands at a paltry 10 percent. For a profession that is so noble, we cannot afford to sink that low.

Continuous Professional Development (CPD) provides the tools - the hammer and chisel - that shape our knowledge to enable us provide nothing but the best service to our clients. CPD allows us to be above the game. ICAM is therefore appealing to its members to furnish it with their 2016 CPD records. Without threatening, it is appropriate to put a record straight. Members should know that breaching the CPD compliance policy is an ethical issue. We are a noble profession that believes in and thrives on the integrity of its members. Show your accountancy professionalism; uphold the dignity and image of the profession by being up to date all the time. We can only be honest and efficient if we are up to date with new developments in the accountancy profession.

Going a step further, allow me to stress that CPD compliance is one of the key issues being addressed in the Strategic Plan that will be launched later in the year. It is my humble appeal to members to support the implementation of the Strategic Plan. We are a profession that prides itself in having a vision for the country, the profession, and for ourselves. We cannot afford to fail to support the very document that guides us in achieving our goals,

and is expected to contribute towards the growth of the profession.

Francis comes in with remarkable strategic and leadership experience having worked as a public accountant and in the academic field. It is my sincere hope that the membership at large will accord him all the necessary support. The more we work together with him, the more we drive the Institute to greater heights.

Let me also report that over the last quarter, the Institute held many CPD events which included our flagship annual dinner dance in addition to several in-house training courses. Examinations were administered on time and without leakage. It is, however, worrisome to note that the number of students registering for our programs continues to decline. A research was carried out to find out the possible causes for this worrying trend. Some of the identified causes are already being addressed but I will be delighted to hear more from you so that together we make the Institute one of choice. May I therefore, at this juncture, request you all to be ambassadors of ICAM by encouraging potential students to register with your own institute whose curriculum has been designed to serve the local environment but at the same time maintaining the highest professional standards.

In conclusion, let me say to you what Shari G.P. Kapadia once said: This is your institute and mine and of each of us. Let us stand by it very loyally, let the altar of worship be our own institute, our own country. We owe homage to our country and to our own institute. It is our sacred duty to build it up, to strengthen it, to get for it the best of traditions and the highest status possible in the course of time.

I wish you all the best as you keep on serving your motherland Malawi better.

Henry Chowawa
President
ICAM



ICT SKILLS AND THE PROFESSIONAL ACCOUNTANT

In this edition, I would like to ask the members to join the ICT skills conversation which has been initiated by the International Accounting Education Standards Board (IAESB).

It is a known fact that technology is changing how we live and work and, for professional accountants, it is having a direct effect on what they do and how they do it. Information and Communications Technology (ICT) skills are integral to a professional accountant's role.

Recent research

In its report, *The Future of Jobs*, the World Economic Forum ranked mobile internet/cloud technology and processing power/big data as the top two technological drivers of change in employee skills during what some are calling the Fourth Industrial Revolution.

A Gallup poll for the Business - Higher Education Forum found that by 2021, 69% of employers expect candidates with data, science and analytical skills to receive preference for jobs in their organizations. Yet only 23% of college and university leaders say their graduates will have those skills.

McKinsey estimates that the Digital Revolution is happening 10 times faster and at 300 times the scale (roughly 3,000 times the impact) of the Industrial Revolution.

It is trends such as these in ICT that are influencing the direction of accountancy education in the digital era. At a recent meeting of one of ICAM's technical committees, it was reported that Malawi still has a good number of accounting personnel, especially in the public sector, who have not embraced ICT skills. What is the position in the private sector? Do such accountants have any future in this rapidly changing digital world? Are our organizations moving with the times? This should act as a wake-up call to all professionals.

Tifapi Jere
Acting CEO

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Disrupting the Accountancy Profession

The accountancy profession faces significant opportunities and risks from digital disruption and rapidly evolving technology.

An accountancy profession in a world of full transparency of transactions and inbuilt validation will become a very different profession. It is changing the focus of auditors as well as accountants in business. Ultimately, digital disruption will impact the nature of demand and expectations on what an accountant is and does.

Technology news is ubiquitous. Much of it places developments in a negative light. The history of the profession has been to adapt, leverage, and utilize technology for the benefit of business, government, and society. The disappearance of comptometer operators in the 20th century stands as an example—new more value creating roles emerged.

Although one side of the technology coin represents risk, the other represents opportunity. But exploiting opportunities requires knowledge and understanding of the digital world.

The digital world is rapidly developing, and it is only the beginning of the journey. Many finance professionals have not heard

of or fully appreciated emerging technology, such as blockchain. The effects of a digitalized and connected world are not just on processes but on business models.

The experience and insights of the IFAC Professional Accountants in Business (PAIB) Committee deepen understanding of how technology impacts the finance function and implications for the profession. In conjunction with its recent meeting in New York, the PAIB Committee continued its explorations with David Powell, Global Brand Manager at IBM Cognitive Process Services and President of Association of Chartered Accountants in the US (ACAUS).

This was a great opportunity for a joint IFAC and ACAUS evening event, which brought together more than 120 professional accountants, including PAIB Committee members, to engage a broad audience on technology and the accountancy profession. The panel of accountants debated how disruptive technology in its various forms is rapidly gaining momentum and evolving the activities and career paths of professional accountants in public practice and the private and public sector.

Sariraj Rughani, CEO for Standard Chartered Bank, Tanzania, and Deputy Chair of the PAIB Committee,

moderated and opened by noting how accountancy is radically changing, driven by disruptive technology and changing practices. In order to remain relevant, accountants will need to keep pace and embrace the changing dynamics linked to disruptive technology. The future profile of the profession will include key shifts.

- Accountancy will be cloud based.
- Accountancy will harness the power of big data.
- Accountancy will integrate non-traditional financial information.
- Accountancy will be more efficient and mobile.
- Accountants' roles are and will continue to change radically.

Panelists also shared their own perspectives on technology's opportunities and risks.

- David Powell highlighted real-world impacts of blockchain, cognitive business, big data, analytics on finance and accountancy, and the future profile of the profession. Huge volumes of structured and unstructured data provide significant opportunities to create deeper insights. This enables finance functions to provide these insights and better support decisions at lower cost. In practice, cognitive



business is evolving quickly and penetrating finance and accountancy through cognitive forecasting, which allows more data points and evidence from longer periods. Organizations need to assess where they are on their own maturity path to being ready to exploit cognitive computing and cognitive business.

- Natasha Holbeck, Partner with Deloitte in its Financial Services Audit Practice & Vice-President of ACAUS, shared how Deloitte embraces technology to not only effectively and efficiently execute audits but add additional value to companies by providing analytics and insights. Technology allows Deloitte to anticipate client needs and value considerations, for example, by providing greater insights on industry trends and organizational risks, and providing access to data to improve operations and performance. Ensuring business leaders understand the value their organizations generate from audit insights is a significant development for Deloitte's audit practice.
- Stuart Chaplin, Vice President Finance - Risk Management for Shell Trading & Supply and a member of the IFAC PAIB

Committee, talked about how technology is disrupting finance and accounting in Shell. Having started the journey of implementing Robotic Process Automation, and applying it to various repetitive processes in shared services, the value proposition of business process outsourcing needs to shift from labor arbitrage to delivering innovation and insight. Increased application of robotics provides an opportunity for finance staff to spend more time on higher value add activities. Development and support to "high-grade" finance skills may be required to adapt to a future where robotics is more prevalent.

- Stephen Ibbotson, Head of the Finance & Management Faculty, Institute of Chartered Accountants of England and Wales (ICAEW) and a Technical Advisor on the IFAC PAIB Committee, highlighted how emerging trends are impacting ICAEW members. ICAEW proactively supports its members to be "life-long learners" to keep in pace with change and take charge of the innovation and changing dynamics around them. From an institute perspective, the

blend of skills and competencies required by professional accountants is evolving quickly, and the type of services provided by accountants is developing apace. For example, there is an increasing trend for part-time virtual finance directors providing higher value services to various smaller enterprises that do not have full time finance and accounting expertise on staff.

Charles Tilley, Chair of the IFAC PAIB Committee, issued a wakeup call to close the meeting: while the profession has embraced technology, the pace of change is accelerating, and it will have a profound impact. A child born today will end up being a very different kind of professional accountant.

Technology and the changing role of finance and accounting functions and the skills and competence needed by finance professionals to remain relevant now and in the future is firmly on the PAIB Committee agenda. Its insights will help the profession act quickly to ensure the future relevance of members.

By Stathis Gould



UNDERSTANDING 'OPERATIONS MANAGEMENT' FOR THE ACCOUNTANTS - AN OVERVIEW.

By Peter Chetama

Accountants play crucial roles in many spheres of our society particularly in an organizational set up. They are either accountants as the word goes, purely and critically looking at the financials or numbers of the organization, or they are managers of various organizations playing strategic. For example, as chief executives, company secretaries, sitting on boards of different organizations or playing advisory roles as tax experts, auditors or other general audit, accounting and corporate advisory roles.

But generally speaking it, it could be possible that a number of accountants might not fully understand the actual operations or the way the core business operations

on the ground is done, for the very institutions they are working for or attached to as financial advisors, or indeed as accountants, it could be that they are either not aware of the importance of taking an interest in that regard, or they tend to be very busy and smart in their offices doing 'accounting' work, or they just choose not to understand and appreciate the way the ground operations of their organizations whether manufacturing, production or indeed service provision do operate or happen for fear of probably being called "Jack of all trades", or they are just "too smart" for the company's core ground operations.

If it were in the military, you would liken such a person to a general or



commander who is sitting in the office and remotely providing all the administrative, logistical support, and giving orders to his soldiers on the battle field, but does not really know what it takes to be on the front line facing life-smothering bullets. Accountants sometimes may think that their ultimate role only caters on calculating figures to determine whether there is either a positive or a negative bottom line for the company or to see whether the company is growing in assets or not, for the purposes of shareholders and other stakeholders.

Other schools of thought would argue that this kind of knowledge or understanding of 'Operations Management' for organizations or anything pertaining to that, should

only be left to the Operations Managers, Distribution Managers or anybody in that line of duty. But little do they know that having a fine understanding and appreciating the actual 'battle front' operations on the ground of their organizations, and indeed having or taking a bigger role or hand in the OPERATIONS MANAGEMENT of their organizations might give them a better insight of how them as accountants, or advisors, can improve in the efficiency of the operations or say business processes of their organizations which can lead to profitability and growth of a company.

On top of that understanding the actual ground operations of the organization can lead into having the best quality products or services provided by the company in a most cost effective way.

Experience has shown that, often times than not, lack of having a fine and down to earth understanding and appreciation of an organization's 'ground' operations by many accountants has led to disastrous repercussions for the organization. This has mainly been due to failure of the accountant to assist financially in harmonizing operations of the various departments and sections within the organization.

What exactly is OM?

To achieve all this, one has to understand and appreciate what Operations Management (OM) is all about. Historically speaking the field of Operations Management (OM) has evolved in a very short span of time, but it dates back to the concept of division of labor which was then advocated by Adam Smith in his book the 'Wealth of Nations' in 1776, which was then later extended by Charles Babbage in 1832, who recommended the use of scientific methods in factories for analyzing factory problems.

History aside, in a simpler and more straight forward language, Operations Management(OM) is basically a function essentially concerning decision making with the organization's operations in respect to a production or operating system so as to render the necessary customer satisfaction in terms of

product or service provided at the lowest cost.

The Association for Operations Management (APICS), defines operations management as "the field of study that focuses on the effective planning, scheduling, use and control of a manufacturing or service organization through the study of concepts from design engineering, industrial engineering, management information systems, quality management, production management, inventory management, accounting, and other functions as they affect the organization" (APICS Dictionary, 11th edition).

Role of accountants

Accountants need to be on top of things in as far as the 'ground' operations of their organizations are concerned; they need to take part fully and understand the operational strategies of their organizations, which is a high level plan for a business effectiveness and competitiveness. They also need to realize that organizations function through the coordination of different departments, functions and levels of management. They really need to understand the production system, product or service design and development. Furthermore, they need to be acquainted with how limited and scarce resources like capital, machinery, materials, labor, time etc are allocated by the operations teams, since these are very vital to the whole operations of the organization. Knowing the actual ground operations of their organizations and indeed the allocation of such resources also helps the accountant to ensure that there is optimum use of resources to achieve an organization's objectives and at the same time minimize wastage of resources, thereby increasing productivity or possibly putting up measures or controls which might reduce costs.

It is no harm for accountants to understand and appreciate how and why the production or service facilities have been allocated in the way they are, either within the existing premises and if there is other need for additional facilities at the existing place or premises at any point in time.



On top of that, operationally, accountants should also get to understand why there might be a need for additional facilities at another location to create a branch or branches. By having such a branch or branches, it might help in reducing some of the costs the organization incurs such as production costs or overheads. It is imperative for the accountant to take time and interest to know all this because it is very critical to the competitiveness of the organization in terms of capacity.

Let us be more realistic, assume that you are an accountant or a financial advisor of a company providing laundry services. You would not appreciate, agree or even approve of the need to recommend allocation of resources for the acquisition of another laundry machine to provide a same day service to customers which will eventually result in a high turnover. If you have not taken time to understand how the actual operations in terms of the time it takes for the present laundry machine to dry-clean a single jacket or skirt, as compared to the number of customers returned on a daily basis who need such same day service, but are unable to be assisted due to machine inadequacy of capacity.

A step further, if you are an accountant for a fizzes (as in colored frozen water, sweetened with sugar in long clear polythene tubes) making firm for instance, and do not take time to comprehend the operational processes of the fizzes packaging process, you would not appreciate how long, and the number of plastic polythene fizzes tubes it takes for one operator or worker in the fizzes making factory to manually tie a knot of the mouth ends of the polythene tubes in the factory as compared to the number of tubes and time (taken), a machine would do a similar task by just heat sealing the plastic mouths or ends of the polythene tubes. By

not appreciating this, and indeed the significance of such advanced technology in the packaging process of such operations, it will be more likely for you as an accountant not to appreciate the need or requisition from the company's operations manager for a recommendation for the company to procure what I would call, a flexible packaging operation, in buying a heat sealing machine for the plastic polythene tubes of 'fizzes'. Taking time to appreciate and understand the actual ground operational processes and appreciate the significance of such technology in your company's will always be beneficial to you as an accountant in comprehending the various processes of Operations Management(OM).

To this end accountants should realize that in this day and age most organizations are adopting new technologies in their manufacturing processes to improve productivity, reduce labor cost, provide safe work environment for their employees, improve material handling and manage inventory better which would generally have a positive impact on the company's numbers, and indeed a possible way of reducing some other risks generally. This can only be appreciated if one is in the know of the operations management (OM).

With such understanding in the way the operations are done in the organizations, accountants will also for example, be flexible and contented to approve maintenance budgets from the operations departments, since with the down to earth knowledge of the organization's operations and processes, an accountant will be in a very good position to realize that poorly maintained machines and equipment will have a severe negative impact on the productivity and quality of the output of a firm which might result in poor sales on the market for a product or service, resulting in poor turnovers and possibly subsequent negative bottom lines.

To be practical again, as an accountant, if you are not so conversant with the actual ground processes or operations for your organization (Operations Management), you will always easily

approve the procuring of say more paper for the organization all the time, if you had not taken time to appreciate and fully understand and see the way paper is used in the course of the company's operations.

By taking some time to fully and keenly understand the management of the operations and processes of your organization, you will probably realize in the course of your observation, that there could be possibly more wastage and loss of paper when using, due to say theft, carelessness, or there is probably more personal use than official by most members of staff. This might raise the need for you as an accountant to perhaps recommend for stricter control and remedial measures or ways like for example, going electronic for all your internal communication or introducing a central printing point for all non confidential documents or works, thereby saving a good figure on paper.

Accountants also need to have a decisive hand in the Operations Management because they can assist in other areas like; work or job designing by coming up with systems and procedures. They can also help in improving some of the methods in which other operations or things are done in their organizations, like helping out on job evaluations, organization, restructuring as well as wage designing because of their cost accounting skills.

By understanding the strong foundations in operations and processes of their organizations, accountants would be in a better position to understand and keep themselves abreast of all the happenings in (such as) the operations procedures, integration of operations, workforce, technology, and in such a way have a chance of appreciating the way the organization operates and eventually be in a better position to positively contribute to the growth of their company or organization and possibly give it a good footprint on the market which will in the long run assist in giving the organization a competitive advantage over its rivals. The resultant effect would be good profits and growth in capacity as well as in assets.

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By FCPA Jim McPio, a Fellow of the Institute of Certified Public Accountants of Kenya

WILL A MACHINE TAKE OVER YOUR JOB?

*Align your working style with the
continuing evolution of technology*

Daniel Susskind, a lecturer in Economics at Balliol College in the University of Oxford and co-author of the book entitled "The Future of the Professions: How Technology Will Transform the Work of Human Experts", believes that accountants and bookkeepers should align their ways of working with the continuing evolution of technology. The book was published in 2015. The forecasts made in the book have not all been true; no set of forecasts ever is. But Susskind offers a glimpse into how accounting professionals will be working in the future.

Paschi Schreiber, writing in "Knowledge Warton", produced by the Warton Business School in the University of Pennsylvania predicted in November 2015 that Artificial Intelligence (AI) is expected to replace 30% of business consulting resources by 2017. This may occur during 2017, but I highly doubt it. But accountants need to be aware of the fact that they need to keep up to date with changes in the use of technology. NPR, formerly National Public Radio, is a privately and publicly funded non-profit membership media organization that serves as a national syndicator to a network of 900 public radio stations in the United States. On 21st May 2015, NPR asked a question on its blog: "Will Your Job Be Done by a Machine?" NPR pointed out that "machines can do some surprising things. But what you really want to know is this: Will your job be around in the future?" NPR claims to have the "definitive" guide. I was quite happy to find that NPR claims that university lecturers have a 3.2% chance of being automated. How does NPR know this? Some aspects of a job are easier to automate than others. It all depends on the tasks. NPR gives a number of graphs and one looks at the orange bars to see how "College Professors" compare with other professions. What about accountants? Accountants and Auditors have a 93.5% chance of being automated. For Tax Preparers, the number rises to a 98.7% chance of being automated. Financial analysts can rest comfortably for the time being: the chance of their job being automated is 23.3%; but technology changes so fast today, that even analysts may gain from reading the rest of this article. The NPR numbers suggest that the professional services industry must see

“
It is well worth the time of accountants to think about how technology must be used to make themselves more productive; it is essential to the future bottom line. Establish which parts of your firm are most vulnerable to disruptive change



how to manage disruption and transform itself so that it can continue to be relevant in the future.

Firstly, one must acknowledge that there is unprecedented disruption across all industries. Take a look at the turnover rate of the Fortune 1000, the largest one thousand companies by

market capitalization quoted on US stock exchanges. Over the last 40 years, starting from 1973, by 1983, about one-third of these companies had fallen off the list. By 2013, 70% of the companies were replaced by new ones. This pace of change will continue to increase; only a third of today's major companies are expected to survive the next 25 years. These changes are driven by megatrends — disruptive global forces that have far-reaching, interrelated consequences for business, economies, industries, societies and individuals. Most of us fail to grasp just how profound these disruptions are; by themselves and combined, they are driving massive transformational shifts.

The acceleration of digital capabilities is a leading disrupter — fueled by the convergence of social, mobile, cloud, big data, artificial intelligence and the growing demand for "anytime-anywhere" access to information. Others include shifting global demographics; entrepreneurship and innovation, which are rapidly shrinking the gulf between mature and developing economies; and the migration of the economic centers of gravity from West to East and North to South. The combined power of today's megatrends affects all industries and demands that professional service firms respond — not just to the impact on their clients, but also to how the trends affect the professional firms. This can include new competitors, subscription-based services, technology and analytics, new workforce dynamics and a growing need to leverage proven approaches quickly at lower costs.

Clayton Christensen, a lecturer at Harvard Business School, coined the concept of "disruption". He states that "If you are currently on the leadership team of a consultancy and you're inclined to be sanguine about disruption, ask yourself: Is your firm changing (at least) as rapidly as your most demanding clients?"

Accountants and consultants need to examine how we best disrupt ourselves. They need to examine a number of areas of their work.

Imagine products and services that deliver fully automated corporate tax returns or smart artificial intelligence (AI) applications that crawl through company databases to answer natural language queries from executives on performance. To achieve that, financial consultants will need to build their organizations around asset-based or technology-driven

5 Underlying digital marketing trends



intellectual property, data analytics working across clients, and their own portfolio of “ring-fenced” digital technology initiatives. Global firms are already investing heavily in offerings ranging from “iTunes-style” software repositories to cyber-security advisory practices. Disruption leads clients to rethink their own purpose and business models: there is greater demand for professional services firms to move into strategy consulting. In 2015 EY acquired data analytics firm C3 Business Solutions to support clients to move beyond basic data collection by providing a full life cycle of information management and advanced analytics around strategic goals.

Today, the Big Four and larger audit firms are large organizations with thousands of employees around the world. They recruit at scale for a specific skill mix and sell their brand and talent to clients. As geographic borders fade through emerging technologies, firms must increasingly tap into mobile talent across markets and regions — and ensure that staff members have a deep understanding of both local customs and global expectations. Technology equally magnifies and complicates the importance of a global workforce by posing new challenges for historic staffing models. New technologies enable firms to engage with a mix of “own” and “rented” talent that is mobile and diverse, and capable of rapid changes in skill mix. Cloud-based freelance management systems like Work Market, for example, offer managers nimbler ways to work with independent

contractors and freelancers, as well as with clients. As recruiting and retaining top talent becomes more competitive, firms must address the shifting needs of their workforces, especially the millennials among them. Millennials are likely to have spouses working full-time too. For a growing number of firms, that means focusing on “work-life integration” — encouraging flexible work arrangements, such as telecommuting, and compressed work weeks, along with a willingness to adapt daily schedules to give people what they need to succeed in both their careers and personal lives.

Gartner, Inc. is the world’s leading information technology research and advisory company. Gartner claims that it delivers the technology-related insight necessary for its clients to make the right decisions, every day. In the area of computer technology, Gartner is a valuable partner to clients in more than 11,000 distinct enterprises. Gartner works with clients to research, analyze and interpret the business of IT within the context of their individual roles. Gartner is headquartered in Stamford, Connecticut, U.S.A., and has almost 9,000 associates, including 1,900 research analysts and consultants, operating in more than 90 countries. With digital technologies quickly lowering the bar to the convergence of different industries, Gartner predicts 75% of disruptive product innovation will be inspired from outside the innovator’s industry sector in the near future. To capitalize on this convergence, firms need

to stress an approach that crosses sectors and service lines — including focusing on clients’ needs with both broad and specialist expertise, agility and no internal barriers to putting the right teams together. For instance, as the health care industry becomes more connected to daily life through the growth of mobile and social health apps and solutions, professional service firms will increasingly blend talent and insight from across multiple sectors to offer health industry-specific deliverables. The same principle will apply to other sectors, too. To optimize convergence opportunities, there is a need to be as close as possible to clients, to be more agile in how staff are organized, and to explore beyond historical industry boundaries.

To meet the multi-faceted challenges of disruption to clients — including big, complex problems beyond the capacity of a single organization — firms must forge more alliances that reach beyond traditional segments.

There has been talk about joint business relationships between the Big Four firms and Google and Microsoft; ecosystems of co-dependent organizations and individual operators increasingly appear to be the most productive way to move forward and access the right skill mix. For example, Wikistrat has brought an entirely different approach to solving clients’ problems: it crowd sources solutions through an online global network of more than 2,000 small and medium-sized businesses. As these and many other examples make clear, the accountancy industry must answer some tough questions about what is essential to “own” and where we should consider building new ecosystems.

These are just a few of the ideas that every firm should think about. Identifying the right priority is important: questions have to be asked openly and discussed widely; not only do better questions lead to better answers, they help deliver better results. It is well worth the time of accountants to think about how technology must be used to make themselves more productive; it is essential to the future bottom line. Establish which parts of your firm are most vulnerable to disruptive change. What are some potential opportunities outside what we think of as our own industry boundaries? How do we capture and leverage innovation as the engine for change? And as we think about what we need to change, ask yourself, are we changing fast enough?



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THE POWER OF PERSUASION IN LEADERSHIP

Everyone everywhere is always being led

By Joseph Nyanchama, nyanchamajoseph@gmail.com

There is an old saying that goes, "If you keep your attention on learning the tricks of the trade you will never learn the trade." One of the hidden truths of life is that the path to the prize is always more valuable than the prize itself. As leaders we are always tempted to look for shortcuts to enable us get ahead and obtain the results that we desire without due regard to the feelings of our followers. Since we want to get quick results that we desire, we coerce them.

Always all leaders should reject coercion as a means of attaining what they desire. It is worth noting that leadership by definition omits the use of coercive power. When a leader begins to coerce his followers, he is essentially abandoning leadership and embracing dictatorship.

No one wants to be forced to do something against his will. People generally want to believe that what they are doing truly makes a difference and more importantly, that it is their own idea. You should realize this fact as a leader, as should all potential leaders.

Abraham Lincoln remarked in 1864, "No man is good enough to govern another man without that other man's consent." John C. Maxwell defines leadership as influence. Therefore, when the conduct of followers is designed

to be influenced, persuasion should be adopted not coercion. There is an old maxim that says, 'a drop of honey catches more flies than a gallon of gall'. So, if you want to win a follower to your cause, first convince him or her that you are his sincere friend. This can only be done through persuasion and nothing else. In fact, there is a drop of honey that catches his or her heart. However, if you try to dictate to his or her judgment or to command his or her action, he or she will retreat to himself or herself, close all the avenues to his or her head and his or her heart.

I remember vividly during my childhood days in school that one day in our school, all heads of classes; from class one to seven were mandated to gather all students in assembly to honour a government official through patriotic songs and recitation of poetry. In the course of rushing to the assembly point, I stepped on a nail on bare feet and was seriously injured. I stayed home for a week and my mother was greatly concerned for missing several lessons. She went to borrow shoes from her sister's son. When she brought the shoes, they were number three, yet I used to wear number four and half. I tried to squeeze my feet in but could not fit. My mother persuaded me to persevere and encouraged me to look for a lubricant (Vaseline). I tried to apply Vaseline and tried

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to run around and in fact true to her word, the size number three stretched to size number four and half. Through her persuasion and encouragement I endured the pain and finally my feet fitted perfect into number three. What a leader my mother was with persuasive skills!

Everyone everywhere is always being led. Whatever conditions, circumstances or predicament in which a person, a family, community, organization or nation may find itself, it all depends on the nature of a leader; whether he or she possesses certain persuasive skills.

At this juncture, I wish to discern the true nature of a persuasive leader by borrowing a leaf from the former president of a United States, Abraham Lincoln. Looking into Lincoln's life as a state legislator, lawyer and a congressman, I found out that it was his mastery of the art of persuasion that brought him much of his success.

Holding the position of president of the United States gave him not only vast powers but wide ranging influence. He realized that to get things done his way, he did not have to issue an order but could merely imply something or make a suggestion. This proved more effective than commanding others to obey him. He preferred to let his generals make their own decisions and hoped that through his suggestions they would do the right thing. Relating to a well chosen story or statement was his chief form of persuasion in getting others to come around to his side. He once attempted to convince his secretary of the treasury, Salmon P. Chase, that it was a good idea for the government to issue Interest-Bearing currency as a means of raising money to support

the war effort. Chase, however, objected to the proposal and argued that it was unconstitutional. Rather than simply ordering Chase to do it, which he could have as president, he chose instead to make a philosophical statement. He said, "These rebels are violating the constitution in order to destroy the union. I will violate the constitution, if necessary to save the union, and I suspect Chase that our constitution is going to have a rough time of it before we get done with this now."

Contemporary leaders can learn an important lesson from Lincoln's persuasive skills. Leadership often involves parenting, and Lincoln's fatherly tendencies aided him in his position as president. The organization is family; the leader is the head of the family. Consequently, leaders often nurture and guide subordinates much as parents do to children.

With today's employees wanting more than monetary and tangible rewards, leaders need to use different persuasive tactics than the traditional "stick and carrot" approach. Building rapport with a variety of workers allows you to take the most effective path to success without damaging relationships. Remember that a leader is not known by the medals on the chest, but by the stars at the back.

Kunte Rockne said, "When the going gets tough, the tough get going." When the roads are rough and the tough rise to the occasion, you do not need to coerce others due to anger, be kind and persuade them to support your cause. Every problem has a limited lifespan and as a leader do not lose the opportunity to guide your followers to the end of the lifespan by calmness and persuasion.

“

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New PAFA President and Vice President

The PAFA Secretariat would like to announce to its Members and other Stakeholders the election of the new PAFA President and Vice President.

President



Mr Jacobus Du Toit has been elected President of the Pan African Federation of Accountants. He is currently the CEO of the Institute of Chartered Accountants of Namibia.

Vice President



Mr Leonard Ambassa has been elected Vice-President of the Pan African Federation of Accountants (PAFA). Mr Ambassa is the President of ONECCA Cameroon.

Vickson Ncube
PAFA CEO

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Expect more...

GOVERNANCE TALKS ENTREPRENEURSHIP

By Fanizo Chinkombero

A walk through the journey of corporate governance has made me to conclude that without entrepreneurial skills, Business Captains and Government Officials cannot deliver as expected. On the file this week is the indispensable topic of Entrepreneurship. I am excited to note that most of our institutions of higher learning have introduced this significant element in their discharges either as a full program or a course within some programs. All this is done in an effort to consolidate an entrepreneurial barometer in our society. Enjoy the reading.

In such cases, I usually start by definitions to ensure that all readers are floating in the same space. Who is an entrepreneur? An entrepreneur is the one who takes a position between a supplier and a consumer. According to Schumpeter J. (1951), Richard Cantillon, a French economist, defined an entrepreneur as an agent who buys factors of production (land, labour and capital) at certain prices in order to combine



them into a new product. Another dimension of an entrepreneur is the attribute of leadership where he brings different people together in order to build a single productive organism. This is according to Jean Baptiste, another French economist who added the dimension of leadership to Cantillions' definition of entrepreneurship.

Stokes et al (Entrepreneurship), further defined entrepreneurship as those persons (business owners) who seek to generate value through creation or expansion of economic activity, by identifying and exploiting new products, processes, or markets. This entails enterprising human action in pursuit of the generation of value through creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.

Peter Drucker (1985) noted that an entrepreneur is the one who shifts economic resources out of an area of lower productivity to an area of higher productivity and greater yield. An entrepreneur searches for change, responds to it, and exploits it as an opportunity.

As noted in the definitions above, an entrepreneur is therefore one who creates an organization as a way of offering something new to the market. Someone who sees a need and brings together the human resources, materials and capital (means of production) required to create a productive organism in order to meet that need.

This discussion will further extrapolate the definition of an entrepreneur by looking at the following attributes; a high level of drive and energy, enough self confidence to take carefully calculated risk, a clear idea of money as a way of keeping score, and as means of generating more money, the ability to get other people to work with you productively, high but realistic and achievable goals and also having a belief that you can control your own destiny.

An entrepreneur must have a high level of self motivation, drive and energy to make things work. An Entrepreneur must be able to lead by

example, set the ball rolling and keep focused regardless of circumstances. It is imperative that the goals/objectives set, must at first motivate the entrepreneur in order to get others going along with you. This also helps to keep the momentum alive and continue the drive towards making things happen. This coincides with one attribute of successful entrepreneurs which is being energetic and diligent throughout the course of action. This also entails being independent minded so as not to be swayed by circumstances. An entrepreneur must be self confident to take carefully calculated risks. It is a known fact that risk is inherent to most businesses but it largely depends on the level of mitigation/risk management deployed in order to excel in any enterprise. The commonly known risks are as follows; economic risk, country risk, market risk and exchange rate risks. An entrepreneur must be able to analyze macro-economic factors/indicators such as Gross Domestic Product (GDP), price indices and unemployment rates. The entrepreneur must also assess the country/political risk of a country in which he would like to invest to avoid adverse cases such as expropriation. Market analysis must be done through models such as SWOT (strengths, weaknesses, opportunities and threats) and PESTEL (political, economic, social, technological, ecological and legal). An entrepreneur must also understand the volatility of exchange rates of a country in which they invest. This would answer the question 'how expensive is it to import or export?'

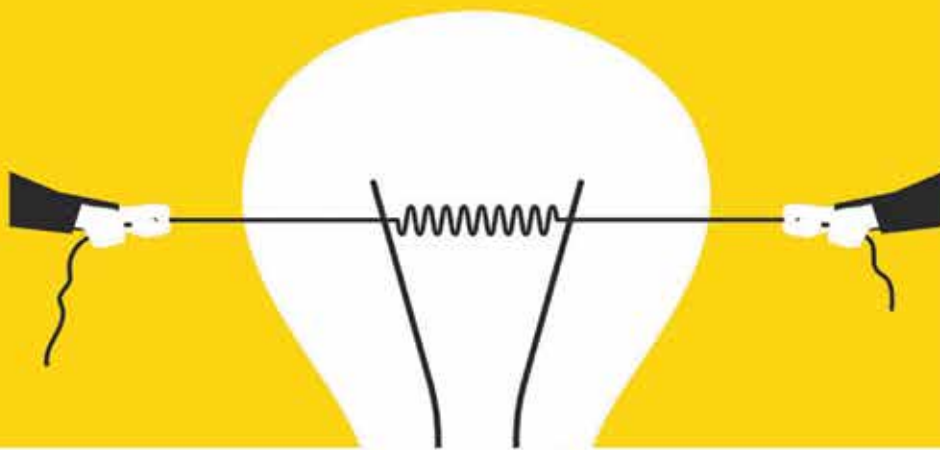
An entrepreneur is someone who has a clear idea of money as a way of keeping score and means of generating more money. Versatile knowledge on how money/cash cycle operates is very paramount to any entrepreneur. They must understand the combinations and employment of resources. For example, the cash operating cycle looks at how money/cash is converted into current assets such as stocks, debtors, work in progress and short term securities such as treasury bills. The entrepreneur must know how long it will take to convert these assets into cash to ensure that the business remains as liquid as possible. A

popular assertion says that 'cash is king' meaning that an entrepreneur must have the knowledge of cash utilization and cycling in order to make more money.

The entrepreneur must also look at his liabilities and leverage them properly against equity. A ratio of 1:1 (debt to equity) is perceived as a benchmark whereas >1:1 (debt to equity) is perceived conservative or sometimes very healthy. The entrepreneur is also someone who is resourceful (knows how to capitalize/recapitalize) his business and is also persevering in times of stressful business situations.

An entrepreneur is someone who can get other people organized and motivate them to work for him productively. It becomes very difficult to set goals at the outset because of various uncertainties, but as entrepreneurs, you already know your market potential and you employ a high sense of creativity as a way of achieving your goals. In this context, the whole process of getting other people to work, involves the decision to do something now and not tomorrow, not next week, but today. 'A true entrepreneur is a doer and not a dreamer' Nolan Bushnell, founder of Atari and the video games industry once asserted. To achieve the attribute of getting people to work, the entrepreneur must be able to get along well with others and must embrace a high sense of interpersonal skills. They must be knowledgeable of the agency problem in business management and must devise ways of correcting deviant performances. Regular/Periodic performance reviews are necessary in order to sieve bad eggs from the value chain.

Setting of high, realistic and achievable goals is another attribute of an entrepreneur. 'An entrepreneur tends to bite off a little more than he can chew, hoping that he will quickly learn how to chew it', Roy Ash; Co-founder of Litton Industries once said in his entrepreneurship clinics. An entrepreneur ensures that their business is operating as planned in terms of sales, inventory control, and financial responsibility and operating procedures. By stating the goals of the business and meshing them with the goals of the



employees, entrepreneurs make use of a management technique called Management by Objectives (MBO). This serves as a planning tool when setting objectives and as a control tool for monitoring and measuring results. An entrepreneur can use the following Management By Objectives planning steps; Set objectives, discuss objectives with employees, and agree in writing, review objectives with employees to determine any corrective actions, match objectives with stated deadlines and finally reward employees for achieving objectives. In any case, an entrepreneur is an achiever with results to show and set an example for others.

Entrepreneurs are people who believe in themselves that they can control their destiny. An entrepreneur will have nobody to blame for failing to achieve their objectives. This entails a high sense of inspiration and self motivation. An entrepreneur must also be an adventurer who can at once disrupt a society and instigate progress. They are risk takers who seize the opportunity to harness and use resources in an unusual way. Actually, with this kind of thinking, entrepreneurs have employed people, created wealth for themselves, their families and their governments.

A closer look at the latter paragraph denotes that entrepreneurship is key to personal, organizational and government success. Most stakeholders smile at good entrepreneurs with a rightly balanced business acumen. In the last half of 2016, I listened to a young lady from the United States of America and I quote what she said, "I think I will vote for Donald Trump because he is a season business tycoon who can bail us out of our economic woes". This kind of thinking was bordering on relevance of entrepreneurship in

the public sector. This cannot be over emphasized.

Clearly put, if anyone would like to join the governance circle, they must embrace all attributes of entrepreneurship. This must cut across all sectors in any economy if our economic revolution is to become a reality. All business institutions be it at sole proprietorship level, Limited Company level, Non Governmental Organizations, Statutory Corporations, Non Profit making institutions (churches included), Government departments and Government business as a whole. In my subsequent editions, I will engage entrepreneurship attributes and how it applies to the public sector, especially on the issue of irrigation as a rightful avenue to avert the hunger situation in Malawi and Africa as a whole.

In general as I begin to conclude, an entrepreneur is a title given to the owner or manager of a business. People are acknowledged as entrepreneurs because they have built a business from scratch and turned it into a big venture. Entrepreneurs can also turnaround a country's economy and this has been evident in some parts of Asia. We can also reiterate that an entrepreneur is someone who creates an organization as a way of offering something new to the market. Someone who sees a need and brings together the human resources, materials and capital (means of production) required to create a productive organism in order to meet the identified need. The process of delegating authority to Managers with the aim of enhancing productivity and innovation within an existing organizational structure has led to a new terminology called 'intra-preneurship'. In short, intra-preneurship is a process of

developing new business ventures within the structures of an existing organization.

As a point of argument, I would summarize that entrepreneurship is a process of creating wealth. This wealth is created by individuals who assume major risks in terms of equity, time and commitment and these are called entrepreneurs.

Let us conclude by going on the mirror and reflect on ourselves if we resemble an entrepreneur. I have summarized the following as characteristics of a befitting entrepreneurs/corporate governor; self confident, able to take calculated risks, responding positively to challenges, flexible and able to adapt, knowledgeable of markets, able to get along with others, independent minded, versatile knowledge, energetic and diligent, creative with a passion to achieve, dynamic, responsive to suggestions, able to take initiatives, resourceful and persevering, perspective with foresight and responsive to criticism. If you think you possess all these attributes then go straight and exploit all opportunities presented by all economies.

Dear readers, let me wrap up in this fashion as we all reflect on our entrepreneurial abilities. One writer taught me that the greatest enemy of success is procrastination. As a background to this edition, we rightly said that entrepreneurship is not for day dreamers or reflectors. This space is for pragmatic individuals who relates all variables and jell them properly in the pursuit of wealth creation. Catch up with the file in the next edition for more action oriented articles on governance. You can give me feedback on the following email address: chinkomberoanizo@gmail.com or you can write to the editor. Bye for now !

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THINK LIKE AN OWNER

By Moses Chavi



How a deliberate change in your thought process can revolutionize your attitude and value creation abilities

What is the first thing that comes to mind when you think about a business owner? Is it affluence, hard work, tenacity, knowledge, honor, greatness, connections, daring, or frugal?

To go by the old adage, no one takes good care of a business like the owner. This maxim was recently re-emphasized to me during our company's cost reduction initiatives. Our research for the rare money-saving jewels proved to be challenging as we ended up identifying many areas which, if tampered with, would end up affecting many silent benefits of employees including luxurious business travels and unnecessary long holidays, among others. During the discussions, it became very evident that many employees (including the task team) would be affected with any proposed outcomes to cut the obvious financial leakages. At this point, self-interests crept in and the task became an uphill climb, with each one of us thinking about our own life boats, and how any cost-cutting measures will be reflected in our benefits.

The only line of reason that would compel us to go ahead with proposed measures was for all of us to start thinking like the owners of the business. What would be the earnest desire of the business owners during an economic slowdown? – How would they keep the business afloat without cutting jobs? – How would they ensure sustained profitability to meet the demands of their bankers, suppliers and trusted employees? – What

type of thoughts would keep them awake at night? That realization was the only turning point and the mighty cross upon which all our self-interests had to be crucified for the sake of the glory that would follow the business in the form of sustained growth, success and profitability within the storm.

What adjustments would you do if you started thinking like an owner today?

Many are the times each one of us has dreamt of becoming a self-made millionaire; the greatest salesman in the world; or indeed, the President & Founder of a local or regional conglomerate – however, little do we know that our current placements and opportunities are the very breeding ground for such desired futures. Those who are faithful with the little, they shall be trusted with more; and those who are faithful with other people's coffers shall be entrusted with their own to keep.

Considering that no one in history has ever built an empire without the help of others, business owners will always have to entrust their wealth in the hands of complete strangers from around the world. Through an inspired and shared vision, strangers are transformed into business partners who faithfully and persistently maximize the owners' wealth over a period of time. As Accounting and Finance Professionals we usually find ourselves at the pinnacle of such trust relationships and every penny that we manage, and account for, bares with it massive fiduciary responsibilities towards the owners.

Business owners, whilst allowing for liberality and employee flexibility, are more concerned about maximizing profits and reducing costs. This means if we have to start thinking like owners, things like utilizing less stationery – switching off electronic devices after work – closing water taps when not in use – driving only to necessary locations – making landline to landline calls – clocking-in to work earlier and being the last one to leave the office, and many other virtuous examples, become part of our very DNA. We get to a point where we cannot help it because such behaviors are simply built-in our routine by default. If you are an owner, no one has to force you to run your own business.

Business owners are marketers of their own craft. Thinking like an owner means always having a good word about the business regardless of the circumstances (i.e. both in good times and in bad times). You begin to introduce your employer as "our business" rather than "the company I work with". You dive deeper into the veins of the business – striving every day to understand why you do what you do. Such an attitude transforms an Accountant into a perfect spokesperson of the business as they understand every product and service that the business offers, and can ably be the 'salesman'.

Being someone who believes in the embedded and unchangeable principles of nature, I can attest that the more you sow into the business, the more you will reap the rewards of success, growth, promotions, recognitions, learning, and above all, an everlasting endowment of favor from the business owners, colleagues and friends alike. You will quickly position yourself for the next golden pathways.



as trust levels increase and people start to enjoy what they do. Employees start to look forward to engaging their work muscles every day and value creation and cost savings become personal.

This ownership mindset has also proven time and again to be the catalyst for seamless change management as less resistance is engaged by employees when people start to share the long-term vision of the business, and the vision and values of the business owners get embraced the rare eagerness for growth, sustainability, agility and profitability.

The effect on leadership abilities

"In our jobs, we often give our opinion from a functional or departmental point of view — in other words, from a limited perspective. We may do it because we don't have access to additional information or because we believe that broadening our perspective simply isn't part of our job. And in some situations, a narrower point of view is appropriate. But leaders have to have a high-level perspective. They must think through an issue from all sides and weigh the needs of various stakeholders. So if you want to become a leader in the future, start thinking like one now. If you were the boss, or even the company's owner, what kinds of problems and opportunities would you need to consider? Who would you need to seek input from? Thinking like a leader doesn't mean having all the answers, but it does mean always keeping the bigger picture in mind". (Source: "To Become a Leader, Think Beyond Your Role," by Robert Steven Kaplan).

The power of thinking like an owner and the repulsion of evil

Those who commit evil mostly do it against others and not to themselves. In very strange and rare circumstances does the media carry news of self-inflicted evils such as the classical suicide cases. The only known cure for evil is love; and rarely does the world experience evil actions done by the culprits against their 'loved' ones. That said, would men commit fraud against the business they love?

A business owner would not sneak into their own coffers and misappropriate funds, as doing so will be cutting their own lifeline — and the act will not be called 'stealing' or 'pilferage' but rather 'financial suicide'. Hence, professionals who renew their minds to start thinking like an owner find misappropriation of funds or other assets abhorrent and unthinkable. Any financial leakage from the business feels like a personal loss. This attitude also significantly reduces their tolerance for malpractices by other employees and they become watchmen and sure value-defenders for the business owners.

When employees embrace the mindset of ownership, the need for third-party controls and remote management gets thwarted

When your focus is dwarfed by functional roles and responsibilities, e.g. book keeping, financial reporting, and auditing, oftentimes your ability to identify value-adding ideas is limited and you simply become one of the existing average employees in the long run. However, thinking like an owner moves you from the level of asking the 'what' and 'how', to focusing on the 'why'. Your mindset changes from only implementing procedures to participating in the strategic think-tank of the business. The numbers start to make more sense to you and you start to ask why the business is incurring increasing overheads — why revenues are increasing on a decreasing scale — why staff costs are increasing whilst maintaining the same number of staff — why maintenance costs are ever-increasing — why the business is only utilizing 60% of the office

space and yet paying 100% rentals for the past 6 years - and why managers get new cars every 3 years as a matter of 'practice' and 'policy'.

As an Auditor, you go beyond checking and confirming the traditional non-compliances and start asking why the business has maintained the same products and service lines for the past 20 years - why top management is demographically non-representative of the burgeoning skill-sets - why some departments exist in the first place - why the business does not do what best-in-class companies in the industry are doing, etc. In the book 'The Art of Thinking Clearly' by Rolf Dobelli, the Swiss Author, he presents a very reminiscent tale of the 'gorilla in the room'. The tale alludes that when people decide to focus their gaze on one thing, it becomes very difficult to notice the big events happening around that singular activity. **Until we start casting our eyes and ears far and wide our potential will always suffer like a diminutive moth that never gets to become a butterfly.**

The art of thinking like an owner facilitates the development of talent, and identifies strategic thinkers who strengthen the succession planning initiatives and builds a crop of able leaders who can spur the business into the future and new territories. Today, businesses are neither short of human resources nor are they short of qualified and 'papered' professionals. What businesses need today are people who can think like leaders within their existing roles and functions without being intimidated by the growing demands of their profession, industry, company or existing leadership.

Learning to think like an owner

There is no better way to understand the mind of the business owner than to ask the owners to explain their own mind to you. In a broader sense, each one of us can take time to study how business owners, entrepreneurs and investors think; and although the general information can be useful for a start, to truly understand the minds of the founders of the businesses 'we work for', we need to start from the company's vision, mission and objectives. These powerful corporate statements contain the treasure box of the beginning and the

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end of the businesses, and the owners try to project their thoughts to their employees and to the masses via these statements. Although there does exist corporate statements which were hastily crafted (and can mislead one as representing the owners' mindset), I believe corporate statements for established and growing businesses contain solid truths about how the owners view and cast their business goals.

Depending on the visibility and accessibility of the owners, their recent information and thoughts can be obtained via latest communication to the employees which can be in form of gala or town hall speeches, internal memos, public events communication about the business, among



And then, that one very personal goal:

- How can I make my life less stressful?

So, if you want to be the boss or the business owner, the entrepreneur, or the investor one day, focus on finding answers to those four questions. Prove that you are ready to take the stress out of the owner's life and make them richer by making the business run more smoothly, more efficiently, more quickly, and more profitably".

As you strive to put yourself in the shoes of the owners, you start to learn the secrets of the business, which have always been there (and yet only known to the interested few).

Your growth knows no bounds as your position and office begin to get smaller by the day. Your quest for knowledge sets you apart from the average employee and your environment starts to recognize your mindset. The law of attraction starts to get real as all the opportunities you have ever dreamt of start to flow towards you. The inspired words "to whom much is given much is required" start to become alive as bigger and greater responsibilities become yours for the taking.

"For to those who have, more will be given, and they will have an abundance; but from those who have nothing, even what they have will be taken away".

Each one of us is a multiplier by nature. Yet, this ability is malnourished when, as professionals, we start to act like hibernators instead of incubators. It is commendable to consider every assigned task as an opportunity to contribute to the growth of the larger business goals, rather than a mere 'tick in the box' for monotonous and traditional office duties.

People who think this way will always survive the 'gene pool' created by life experiences and education. As a well-polished professional, it is only proper to avoid being that wandering generality, or a mere additional resource in the business. Your calling must be proven over and over again by your present virtues of doing all you can to profit the owners – because you know that the God who made you is faithful to reward you with all that you can think of or imagine, only if you can prove faithful in the little that you have been entrusted with today. Only if you can prove to be a faithful steward of another man's investments.

"You will get all you want in life, if you help enough other people get what they want." – Zig Ziglar

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other avenues. All these opportunities present excellent access into the minds of these great men and women who believed in their truest calling to establish solid investments that are supporting families and the whole nation alike.

The best of all, is to get the platinum access into the presence of the owners and to ask them specific questions such as, why did they start the business? - How did they do it? - What is their personal vision? - How does the business support their personal vision? - Where do they want to see the business in the next 5/10/20 years? - What have been the greatest moments doing this business? - And what have been the most challenging moments in growing this business?

Personal encounters with the business owners can completely transform an average employee into an intrapreneur and, a future entrepreneur. You start to look at the business with a unique sense of care and attraction like never before due to the empathetic force that emanates from such one-on-one encounters with the brains behind the business. To bring this point home, you simply start to look at every 'busy-ness' within the company with the eyes of the owner.

What's in it for me?

Mark Morgan Ford, the Creator of Early To Rise, lays it brilliantly in his publication "Think Like a Customer and Act like an Owner" – "What is the difference between the actions of a boss and those of an employee (assuming both are acting in their own best interests)? The short answer is this: Since the boss' rewards are tied more directly to the future of the business, he thinks more directly about the future and benefits of the business.

In terms of thinking, we might say that a boss is more likely to ask himself the following questions;

- How can I get this business to make more money?
- How can I get this business to have more customers?
- How can I grow this business faster?

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Achieving Economic and Financial Independence, Which Way Malawi?

By Dr George Partridge



It goes without saying that Malawi is yet to attain financial and economic independence, and that the whole country is yearning to do just that. Each and every indicator points out to the fact that we are one of the poorest countries in the world, one of the bottom 10 on most counts, and, the paradox of it all, as has been pointed out by many commentators, is that this obtains notwithstanding that Malawi has been a peaceful nation, with no history of civil strife or armed conflict. I am sure you are annoyed every time you hear that statement.

The only positive economic parameter I can readily think of on top of my head, and for which we are not leveraging on, is that Malawi has one of the highest per capita cubic metres of fresh water, come rain come shine, which we are exporting to Mozambique and the Indian Ocean for free while our brothers and sisters are starving, ironically, while praying for rains right on the shores of our beautiful lake.

The USD64m question is: why is it that we are failing to achieve some semblance of financial and economic independence 53 years after attaining political independence with all the natural resources we have? Why is it that all our neighbours are doing far much better than ourselves? Is it divine fate? What is it that we

are doing wrong and what are some of the things that we should be doing that we are not doing?

There are gazillions of research papers and books that have been written on the subject: Why some countries are rich while others are poor; Why do some similarly or less endowed countries come out of dependency and others such as Malawi fail to come out of this predicament?

Incidentally, the Minister of Finance did mention in his budget speech that we have come out of a deep hole. Have we really? No one would dispute the fact that Malawi looks relatively better off than it has been for the past 2 years, but are we better off than the other years past? The GDP per capita is saying something to the contrary. I therefore submit that the appropriate characterization is that Malawi has just been less worse off than the past 2 years.

Because of our very low base, for the budget to be pointing at a growth rate of 5% to 6% should not be a cause for celebration, as this just puts us back to where we were in 2012/13 by the end of this year.

With the current population growth rates, and the fact



that we have completely forgotten the robust campaign on family planning as was the case in the mid 1990's, economists have calculated that Malawi should be growing at rates in excess of 7% consistently to reduce poverty.

Let us deal with the issues of food security for instance, the basic need of human life on Maslow's hierarchy of needs. Our implied definition of food security has made us perpetually dependent on handouts in the name of FISP or its variants since 2005. I am saying 'implied' deliberately because no official in the ministry of agriculture will tell you exactly what they mean by food security. If you fail to articulate your own goal, how do you know you have or haven't arrived?

Because we have defined food security wrongly, we have also taken actions that do not address the issues of what food security and independence at household and country ought to be. Food security should not mean that we should be satisfied that no one dies from hunger through handouts. Food security should aim at enabling households to feed themselves in a sustainable manner. A household is only food secure if they are independent from handouts and not just to make sure that people are filling up their tummies.

A proper understanding of what food security ought to be should inform what the interventions should be and what incentives should be provided. This is not just a matter of semantics. We know that any economic agent does respond well to incentives.

There is a saying that "the road to hell is paved with good intentions". This is a common observation in economics when people use common sense to sort out an economic problem. We think we are helping when in fact we are hurting the very same people we are supposed to be helping. The way we have approached economic problems in this country is resulting in perpetuating or worsening the very same problem that we want to rectify in the first place.

This is of course what FISP has accomplished. To make the poor perpetually dependent rather than independent, to discourage efficient production, and prevent crop diversification which has been talked about for a long time because majority smallholder farmers are given incentives year in year out to grow only the crop that attracts free seeds and fertilizers. Have you therefore wondered that there has been no response to the diversification call for a long time?

is very strange that this is the only country that celebrates the collapsing of the price of its own major commodity that the majority of its people produces. This is the only country that carefully and deliberately designs policies to purposefully engineer the collapse of its major commodity price that it produces by instituting a ban on the sale of surplus maize to the extent of putting soldiers on our border posts.

Have you ever heard that Zambia is celebrating when copper prices fall? Have you ever heard that the Government of Zambia is deliberately engineering the collapse of its own copper prices? Or Thailand is celebrating the collapse of rice prices or Europe of its cheese prices?

We purposefully engineer and we celebrate the collapse of maize price to achieve the objective of a low inflation because our inflation index is nearly 60% weighting on maize. This is a perverse incentive laid before our own government. Has it occurred to us that may be the maize weighting in the inflation number is wrong and therefore the incentive to engineer the collapse of maize is actually misdirected? Have we interrogated and has it occurred to us whether taking action on interest rates and other issues based on maize prices is the right thing to do?

When we engineer such a collapse, what happens next year? No one is incentivized to grow the crop again the following season. Hunger and food dependence returns. And lo and behold, the policy makers tell us that we told you so, that we are keeping this strategic crop for lean years when actually the lean years are being created by the misguided policies.

If the incentive was right in the first place, there would have been no hunger. The policies are trapped in what economists call the Cobweb Theory. Elementary Economics 101.

Since agriculture is our major industry that should be making a difference if handled properly, here is one more example just to illustrate the self-injury that we inflict on our economy because of the policies we pursue, and how hurtful some of the laws on our statute books are, which prevent Malawi from

achieving economic and financial independence.

We have given powers to a minister in our statute books to place any crop on the banned export list as he/she deems fit. I will guarantee that no bank will dare finance such a crop. Malawi was producing a lot of cotton but production immediately collapsed when cotton was suddenly put on this list in 2011. Maize is on the list. No bank would finance maize. These so called protective actions do hurt the very same people it wants to help.

The question is: do our policy makers know this? Do they know that by pursuing these policies they are retarding growth, perpetuating poverty and increasing the population that will be dependent on hand-outs? Of course they do. FISP will make the majority perpetually be dependent on their benevolence, but is a path to their re-election. Secondly, it is a good source of enrichment as it is the very same people who may directly or indirectly benefit from the logistics and the supply chain either of subsidized inputs or when hunger looms, the procurement of food. After all, it is the elite that have the financial means to do the logistics.

When political parties are debating on the issue, they are all on the same page, in reality competing on which party will make its citizenry much more financially dependent than its rival through these perverse incentives. This is the only time that all political parties unite in outdoing each other.

Not only that, one important factor of production which is affecting our ability as a country to progress is labour. Before Margaret Thatcher came to power in 1979, The UK was popularly known as the sick man of Europe and its economy was collapsing. The reason was that power was concentrated in the hands of the unions. There was no equity with employers. As a result of this power imbalance, there were a lot of wild cat strikes because the law and the courts perpetuated this imbalance. Employers were compelled to pay those who were legally on strike. There was no incentive for employees to go back to work since they were being paid



even though they were producing nothing.

The Labour government before that thought that they were doing a favour to the majority rank and file employees, not knowing that they were actually hurting them and the economy. UK was becoming uncompetitive and as a result, unemployment rates were very high and wages gradually became one of the lowest in Europe, another version of the road to hell being paved with good intentions. This was actually hurting the very same people the law intended to serve.

When a law was passed that striking workers cannot be paid by the employer, but is the responsibility of their unions, Britain prospered once again within a short period of time and the wild cat strikes stopped. The unemployment rate fell drastically and ironically, it has even been found out that wages are actually higher where labour is not unionized compared with their unionized counterparts (but that's beside the



point). That's how legislation can engineer an economy to be driven by the private sector. It is evident that the movie of that Labour government of the 1970's is now being repeated in Malawi by failing to draw some lessons on how to craft good labour laws which promote equity between the employee and the employer.

How can Malawi become financially and economically independent if we allow employees to still be paid by an employer who is producing nothing because employees are on strike and yet their unions demand membership subscriptions every month? Our labour laws are actually providing perverse incentives, and hurting the very same people that it's supposed to protect. Equity between employee and employer ought to prevail: no work, no pay or get paid by the unions. This wisdom is even recognised in the Holy Bible and Holy Quran: *osagwira ntchito asadyenso*

Let accountants use their muscle

to persuade parliamentarians to emulate the laws passed by Mrs Thatcher and adopted elsewhere for the economy to prosper. After all government loses out in corporate taxes if companies continue to pay workers who are not producing anything.

Finally, it is imperative to explore our failure as a country to use the budget as a tool to tackle the issue of financial and economic independence.

The budget this year reads very well like all other previous budgets (with the exception perhaps of the 2011/12 budget which there was a general agreement that it was truly awful).

All commentators have by and large commended the budget. But this is what has been said about all previous budgets. If they are good budgets, why have they not produced the desired results? Albert Einstein pointed out that "if you are doing the same thing over and over again hoping for a different result, your head has to be examined", or said something to that effect.

How come after 52 good budgets since political independence, we are still not yet economically independent? Some have offered that the major issue is implementation of those beautiful documents. While that may be partly true, I believe there is another dimension to it.

The nation was anticipating a budget unusual. Broadly speaking, over the years we have been reading similar measures over and over again - changes in customs, excise tax and income tax, Green belt initiatives, energy, etc. There is nothing sacrosanct, its business as usual.

The budget is not tackling how to deal with factors of production, things that will drive GDP growth at a very fundamental level - land, labour (which I touched upon earlier), capital, therefore savings and technological progress. If savings = investments, and Malawi has one of the lowest ratio of savings to GDP ratio. What are we doing to encourage savings so that it can drive investments and therefore growth? At a mere 7.9% of GDP while our neighbouring countries achieve

significantly higher rates, how do we catch up with them? Is it any wonder that all countries with higher ratios such as Mozambique (16%), Tanzania (17%), Namibia (19%), and Botswana (36%) are doing far much better than us?

No factor of production at a basic level has been explicitly tackled by the budget. If the budget reads the same as all previous ones, how do we expect to meaningfully grow? Again why should our plans depend on the weather? Is it not possible to plan assuming that weather can go either way? Should we be looking for meaningful growth only when the weather is good? After all scientists following the activity of sunspots, have come up with a time table that pretty much predicts when drought/floods should be expected long before it happens.

In conclusion, Malawi must do the following:

1. Avoid perverse incentives. The road to hell is paved with good intentions. Kill FISP and its variants. A common sense and a populist approach to economic problems is often counterproductive.
2. Have conducive laws consistent with the developmental agenda. Scrap the Special Crops Act. Amend the labour laws to provide for payment of salaries by unions. *Osagwira ntchito asadyenso*. As one Larry Sommers, President Clinton's one time Secretary to the treasury, now Rector at Harvard once pointed in his testimony to Congress, "Don't attempt to repeal the laws of economics, even if they are politically inconvenient".
3. Let's have Budget unusual as we had been promised, which tackles the basic factors of production, not budget as usual, and heed what Albert Einstein said.

Only when we do this, Malawi should go a long way to achieve Financial and Economic Independence.

Article is an abridged edition of a speech that was presented at the ICAM annual dinner dance sadadasdasd

DO THE RIGHT THINGS FIRST TIME

GEORGE MATEKENYA

By Patrick Achitabwino

Incalination for perfection and they strongly advocate that at the first attempt make sure you get things right. The philosophy is very simple: If you do not do right things first time, you spend a lot of time and resources correcting the wrong. Book a date with Mr. George Matekenya of Maikhandia Trust and that is the impression he will imprint on your heart.

But there is something exciting about Mr. Perfect George Matekenya. He is a well qualified accountant but with great passion which you may even confuse with obsession, with farming. Deep down in Bwanje in Ncheu along the lakeshore road, you will find the qualified accountant in new dressing regalia and you may confuse him with a veterinarian. In a location where there are no dip tanks he bought two dip sprayers that he use on his cattle, disinfecting them every three months. He further takes the task of vaccinating them every three month. When the weather pattern is changing from dry to wet and the opposite

Matekenya explains: 'I have syringes, needles and medicine. I vaccinate my cows myself. I spray them with dip myself. When a cow is sick my mother calls me then I travel to do the needful. Some people have the courage to go to the extreme of things and you will

be forgiven to think that Mr. Matekenya carries such elements of craziness. He cruises to Bwanje some weekends then take the task of herding the cattle himself. You should see him with a stick in hand and you would confuse him with a film maker. But that is reality. That is possibly the little known side of Chartered Accountant George Matekenya.

"Me herding cattle in the village has become a top story in the village. Villagers are inspired and they say 'look at him, he went to school. He has a good job, he drives a good car yet he heard cattle.' In the end my home countrymen and women have come to realise that there is money in cattle farming"

The genesis of it all

What started as just a mere hobby has grown into a passion and an addiction. Les Brown was right, to be successful you have to be crazy, you have to love doing that which most people do not love doing and that becomes the distinguishing mark - the mark of excellence. George Matekenya needed to have cattle for manure as he is more of a born farmer. It was meant to counter the rising costs fertiliser. Over the years the number of the cattle has grown to 15 - all ordinary breed.







“when villagers look at you that you went to school yet you herd cattle at times, it is the best example that educated people can take to their rural areas.”

During harvesting, he collects the maize stalks from his farm and other farms so too groundnut husks and soya bean husks and reserve them until the animal feed lean period of October and November. He has a storage facility in his compound where he keeps the animal feed. In case you cherish the idea of raising beef cattle, George Matekenya will advise you not to consume the milk that the cows produce.

The cattle farmer by experience will tell you: “The milk is for the calves to suck so that they grow healthy. I even tell my herdsman ‘I do not want you to touch the breasts of any cow.’ A calf that is well breastfed grows faster and healthy”

Tangibles and intangibles Farming has made a different meaning in the life of George Matekenya. He is a role model in his home village.

With a smile the soft spoken chartered accountant says: “when villagers look at you that you went to school yet you herd cattle at times, it is the best example that educated people can take to their rural areas.” Matekenya further teaches people in his rural community to keep vaccines and medicines for their cattle.

“Many a times,” Matekenya says, “local farmers request me to vaccinate their cows and I do that at no charge at all. I have the obligation to help in the improvement of the lives of people of our home.”

His partnership with people in his rural community does not end there. He sunk a borehole at his home and when the village borehole breaks down he allows the villagers to draw water from his borehole. He further goes an extra mile – he fixes the broken borehole in his community. In the end that makes sure that his borehole is not the only source of water but also ease women from the burden of walking long distances to fetch water.

And long before cattle farming started as a hobby, he procured an ex-cart from PEW Limited. Now it helps during harvesting and also people do hire it.

Nothing gives George Matekenya a great sense of pride than the realisation that ‘I am a good example in the village and I have helped a lot of people.’

Farming – the real story

Cattle farming aside, George Matekenya is a commercial farmer and it is in Blantyre where he concentrates on maize farming. He has 15 acres of land, growing maize on 10 acres with the remaining 5 acres catering for forestry. In Bwanje home area, he only plants on 3 acres.

His farming centres on maize just because ‘it is the simplest crop I can easily do as it does not require a lot of involvement.’

Matekenya highlights: “One time I tried soya, of course I made good money but the task was highly involving. I even tried groundnuts but it was not easy for me. I just make sure that I plant different varieties of maize so that in case one variety does not do well, the other varieties offer a relief.”

It sounds more satirical when he complains that the 2016 season was a bad one for him as in his words ‘I only managed 300 bags of maize.’ But he is buoyant that the year 2017 has a different story. His estimation is that he is set to realise more than 400 bags.

As you possibly contemplate to go into maize farming, consider the words of wisdom George Matekenya has for you: ‘The input is quite a lot but I do recover the input costs so too make good profit. With maize farming, you need to do it at a larger scale as small scale farming will always result in losses.’

The Matekenya farming brand According to George Matekenya farming has increased his agricultural knowledge. He is now a renowned brand to people in Nancholi and Moneymen in Blantyre as every year he is normally the regular

supplier of maize to people in those townships. All the maize is sold to the communities.

Even in Bwanje, most people get maize from him. Some even work in his maize field in exchange for maize. And when hunger strikes, he is philanthropic enough to share maize with the needy in his rural home.

His humility well magnifies itself when he says: "I feel honoured with the impact I make to people."

But possibly farming is a DNA in the Matekenya family. You may be right to think that possibly farming is in the family blood. His sister, Mrs.

Yakobe is a renowned farmer. And the issue is trickling down to the next generation. George Matekenya's son who works for NICO but has been seconded to Zambia is also venturing in piggery farming in Lisungwi.

Matekenya says: 'He must have taken from father and aunt.'

An eye into the future

"I want to intensify cattle farming. I bought land in Chikwana and that is where I want to make it big. The strategic advantage is that water is highly available there and water and cattle are good friends. I am encouraged by a number of friends that have cattle in Chikwawa."

Matekenya tears a leaf into his future plans.

Not only is the availability of water an attracting factor, but there is also easy availability of food supplements for cattle.

Young accountants, beware Mr. Perfect George Matekenya likes calling a spade a spade. Young men and women, yes you are employed, but you should look at other sources of income. There are so many. It is good to start while young, wait not until you have retired.

The advice is clear: "start buying land in pieces. Salary alone is hardly enough to survive. Not only that, think of partnerships in business. It is the fastest way to raise resources."

Matekenya the man

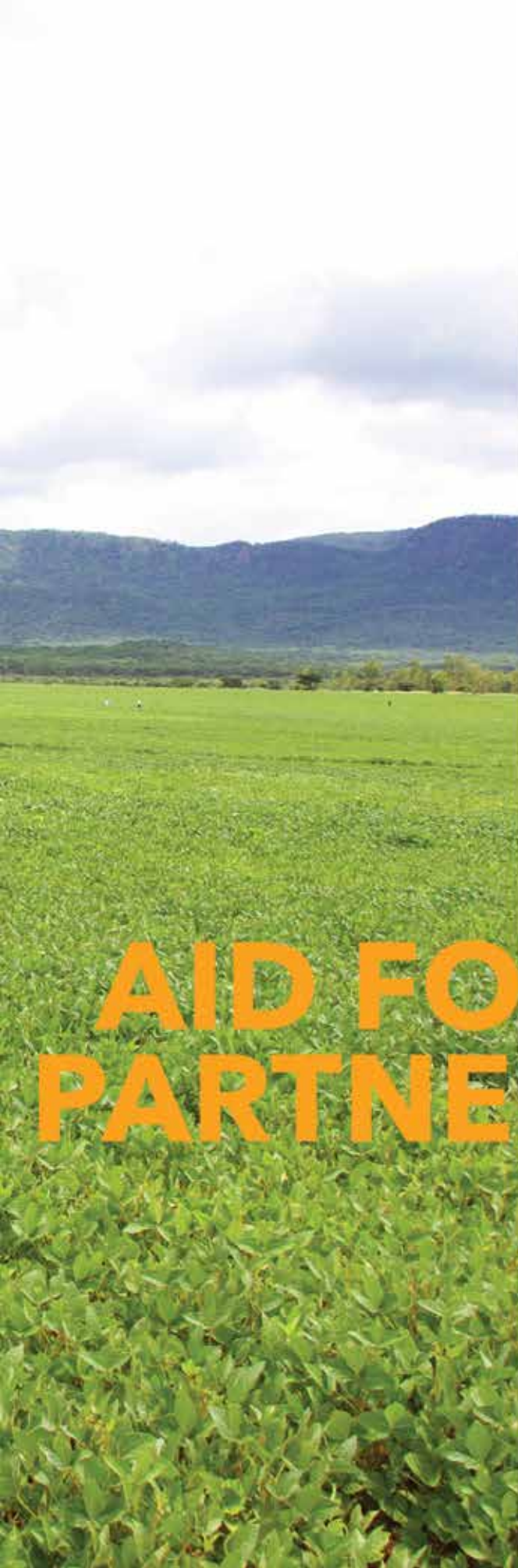
George Matekenya who hails from Bwanje in Ntcheu is married and is a father of three children. He has worked for several companies including PEW Limited, Kamwayi Group of Companies, National Roads, Mwayiwathu hospital. All his professional life he has been a Deloitte person. It was Deloitte that secured him a job at National Roads Authority, Mwayiwathu hospital and even seconded him to Malkhanda. Upon completing college he worked for Coopers and Lybrand then moved to Indebank.

Young George Matekenya did his secondary education at St Patrick's in Mzedi and was eventually selected to pursue a diploma in business studies at the Polytechnic. Those were the years when degrees had not yet started. He then studied ACCA and qualified in 1989, becoming a Fellow in 1994.

At best he loves telling people, 'read for knowledge not just to pass examinations. New knowledge is limited.'







There are so many developmental ideologies being implemented in Africa, Malawi in particular, in an unstoppable fight to combat the spread of rampant poverty. The bottom line is straight – Africa needs trade and donors as **Paul Kagame** said. 20 kilometers off Mchinji boma, in Nkanda to be precise, a new farming investment model seems to have taken the area by storm.

AID FOR TRADE PARTNERSHIP IN ACTION:

THE ANCHOR FARM SUCCESS STORY

Patrick Achitabwino

Having started with only 100 farmers, the project has grown to embrace 6500 with more pressure being exerted on the National Smallholder Farmers' Association of Malawi (NASFAM) to procure more land to extend the project. Alas, the project is ending in December 2017. But all is not gloom, it is anticipated that the farmers involved in the project will form an association and proceed with the project on their own. After all, they have the expertise, they are equipped with the technical know-how and the benefits accrued over the three years the project has been running have been the lifeblood giving enthusiasm in the money that lies in the land. At the onset the project hoped to achieve increased agro-processing exports of oil seeds, primarily to Mozambique, South Africa, Zambia, Tanzania, Zimbabwe and other COMESA member states (along the Nacala Corridor), and improve small holder access to markets through development of smallholder farmer activities.

Anchor farm model is born

The government of Malawi through what is called the Enhanced Integrated Framework (EIF) established a close partnership among Ministry of Trade, Tourism and Development and Malawi Investment and Trade Centre (MITC) and NASFAM to come up with an anchor farm in Mchinji. The project is what is termed as aid for trade partnership in action and is centered at promoting smallholder farmer linkages to agro-processing and value-added exports to regional and international markets.

NASFAM is the implementing organ of the anchor farm. As Frederick Ndala, Communications officer for the EIF project in Malawi explains, at the anchor farm in Nkanda in Mchinji, farmers grow soya beans and groundnuts. NASFAM provides technical expertise and farm implements.

The statistics has it all to show the significance of the project. According to NASFAM, the project beneficiaries

committees bargain on volumes and rate until they reach an agreement suitable to both parties.

Nasasala points out: 'if they do not agree NASFAM seeks another buyer till the farmers are comfortable with the price offered.'

Upon agreeing with a buyer, a market day is arranged, 1 per cent. Each club's produce is measured and loaded into waiting vehicles for transportation to the buyers' warehouses. For security reasons the farmers are not paid on the spot.

The marketing for the in growers model is different as it deals with seed. The market day is held right at the warehouse in Nkanda. Each club has its seed allocation space in the warehouse.

The statistics keeps on supporting Malawi's export base. To date, 95.98 metric tons of oil seeds have been exported to Zambia and Botswana. As a result of the arrangement, farmers have earned close to twice their income by selling through formal markets compared to parallel markets. Specifically, farmers earned an average price of US\$0.77/kg for groundnuts and US\$0.54 for soya beans compared to other farmers that sold to parallel markets where the average prices were US\$0.38 and US\$0.40 for groundnuts and soya beans respectively. Significant strides have also been evident more especially on yield related to in-grower soya beans as there has been an improvement from 800kg/ha to 1,136kg/ha. The average yield for groundnuts defied the odds to rise from 800kg/ha to 1,373kg/ha. Post harvest losses even reduced to 9.1% from 19.5%. The anchor farm model further created employment for four technical staff, an average of 205 casual laborers each season and 5,908 farmers.

Pressure for growth is higher and such is what NASFAM can hardly absorb. The land in use for the anchor farm has reached its capacity hence concentration is heading towards out growers.

Counting the gains

The anchor farm model seems to have opened a floodgate of opportunities to people of Nkanda in Mchinji and the surrounding communities. The farmers now have the opportunity to venture into seed multiplication, which, as Emmanuel Nasasala said, 'in a local scenario, a local farmer cannot be granted the seed multiplication contract.'

There is something unique with the project that cannot be taken away from the beneficiaries - it is that they have learnt and appreciated the power of commercial farming which was like Greek to them at first. Some have gone ahead to replicate such commercial farming models in their homes. In Nkanda and surrounding areas, mechanization is beginning to establish solid foundations. Nasasala says: 'some farmers are now able to hire tractors and shellers.'

It is also worthy sharing the power of inclusion and the elimination of vulnerability through empowerment that the project has spearheaded in the area. As farming has become mechanised it entails therefore that even the physically challenged and the old have nothing to worry about pertaining to farming. It no longer requires them bending their backs on farms to be successful farmers. They just hire tractors and other necessary farming equipments to do their farming. Being physically



have produced 462.83 metric tonnes of oil seeds of which 342.49 metric tonnes were marketed through a community led market

Speaking at the Trade Fair in Blantyre Emmanuel Nasasala, project coordinator for the Anchor Farm clarifies that the project has got its own marketing model. Both the in-growers and out growers have marketing committees but they have one chairperson. NASFAM then brings in a potential buyer with whom the



challenged is therefore no impediment to successful agricultural production.

High above all, farmers have adopted the farming concept, they are replicating it and they end up teaching other farmers. The fact that the model has been localized means that it has the potential to live on long after the project funding has dried up.

Nasasala adds weight to the fact: 'As a matter of enhancing the extension farming methods, farmers teach other farmers. They share the same language, same cultural customs and traditions, hence the localization of the project is easily manifested.'

If anything, EIF is more than happy that the project has lifted many people from the webs of poverty. Frederick Ndala proudly says: 'farmers are now able to build houses with burnt bricks roofed with corrugated iron sheets. They are standing out in the village and farming is now considered a sure pathway out of poverty. We are proud that most farmers are now able to comfortably send their children to different schools. I think we have achieved one of the main objective of the project.'

This resonates well with the feeling that NASFAM has. Nasasala complements: 'the project has offered farmers favourable income as seed multiplication has become a viable business to them. Further beyond, the project takes off anxiety on farmers regarding markets as we provide a viable market for them where they negotiate an agreeable price for their produce.'

Cost to farmers

The anchor farm model has an exciting and flexible payment mode basis. Each farmer gets a 20kg of soya seed and pays back a 50kg bag of soya seed. Costs to do with tractor hiring, ploughing and herbicides are deducted from the proceeds of the sales. The model works on the basis that the 50kgs bag given back is not sold but given to an out grower the following season. The seed loan paid back by out growers is sold as NASFAM buys the parent seed for the farm.

The sting in the project

While the project has more success stories behind its back, it encountered a number of excruciating stings that include adverse weather conditions which led to crop damage and control, a significant lesson for the need of crop insurance.

Not only that, some smallholder farmers were involved in side selling of soya bean and groundnuts through parallel markets to meet their immediate needs. This is especially common with out-grower farmers and it reduced the expected soya bean volumes to be marketed. Male chauvinism also showed its ugly face in the project. Though 58% of those registered for the project were women, their active participation in price negotiations and marketing highly diminished. Men dominated as is the case in most sectors in the country.

What the future holds

It cannot be disputed that the farmers are nervous as the program nears its completion stage. But at the onset it was very clear that the project would run for three years and all intervention measures are in place to ensure that the project does not die the moment funding stops. The farmers and communities of Nkanda cannot afford to have a white elephant in their backyard.

The moment the project says goodbye, farmers will be incorporated into the NASFAM system. They will have the liberty to form an association to keep on living the dream they had started years past. After all they will have had the expertise, the markets and the negotiating power. The future even looks glittering as the overall power of the project will be in the hands of the local farmers. That will be the deepest measure of how farmers are prepared to stand alone. But to them, frankly speaking, failure is no option. An economic bubble cannot just burst suddenly to the demise of dreams of communities.

After all, the seed loan system is a revolving philosophy that will keep on going and the farmers will also have inherited the infrastructure and equipment





Kenya opens Nairobi-Mombasa Madaraka Express railway

Kenya has opened a major new railway between the port city of Mombasa and the capital, Nairobi, 18 months early. President Uhuru Kenyatta said during the launch that the \$3.2bn (£2.5bn) Chinese-funded line signalled a new chapter in the country.

He warned that he would authorise the execution of vandals after four people were arrested damaging sections of a guardrail.

It is Kenya's biggest infrastructure project since independence.

The 470km (290 miles) line is part of China's Belt and Road initiative of massive global infrastructure projects. The railway is supposed to eventually connect land-locked South Sudan, eastern Democratic Republic of Congo, Rwanda, Burundi and Ethiopia to the Indian Ocean.

Mr Kenyatta secured an additional \$3.6bn from China to extend the railway line 250km (155 miles) west from the central town of Naivasha to Kisumu.

Mr Kenyatta, who is touting his development record as he seeks a second term in August's election, said the railway line heralded a new chapter in Kenya's history:

"A history that was first started 122 years ago when the British, who had colonised this nation, kicked off the train to nowhere... It was then dubbed the 'Lunatic Express'." "Today... despite again a lot of criticism we now celebrate not the 'Lunatic Express' but the Madaraka [named after the day Kenya's attained internal self-rule] Express that would begin to reshape the story of Kenya for the next 100 years."



Kenya's new railway at a glance:

- Cost \$3.2bn (£2.5bn)
- Funding for the 470km (290 miles) project was provided by China
- It took three-and-a-half years to build, using Chinese track-laying technology
- The line is supposed to eventually connect land-locked South Sudan, eastern Democratic Republic of Congo, Rwanda, Burundi and Ethiopia to the Indian Ocean
- Cuts the journey-time from Mombasa to Nairobi to four-and-a-half hours, compared to nine hours by bus or 12 hours on the previous railway
- An economy class ticket will cost 900 Kenyan shillings (\$9; £7), slightly cheaper than a bus ticket. A business class ticket will be \$30.





'The coming of age of Credit Reference Bureau business in Malawi'

by Charles Chimpeni

According to the Credit Reference Bureau Act, 2010, a Credit Reference Bureau means a company that allows users to exchange information on their clients repayment history and current debt profiles and which compiles a database that collects, stores, consolidates and process information related to credit history of persons. Users in this context means any financial institution entitled, or any person authorized, to access credit information from a credit reference bureau. Section 2 (1).

The legal and regulatory reforms project started way back in 2002, under the auspices of World Bank and the Malawi Government. Under this arrangement, an assessment of the financial system in Malawi was made during the period 2004 to 2005, through the Financial Sector Regulatory Reforms Programme. Following this assessment, a number of challenges and weaknesses were identified. This subsequently led to the introduction of comprehensive regulatory reforms for the financial sector which involved the modernization of existing legal frameworks, such as Banking Act, Insurance Act, Securities Act and development of new laws for those sectors which were hitherto not regulated by the Reserve Bank, such as credit reference bureau sector.

So far there are only two regulated credit reference bureaus in Malawi. In considering an application for a licence to operate a credit reference bureau, the regulator take into account a number of factors, and key among them are:

- i. The background, reputation, integrity, competence and expertise of the proposed owners, directors, board members and executive officers of the applicant; and
- ii. The adequacy, reliability and security features of

the proposed management information systems. This is to ensure the viability, integrity and stability of the financial system, as well as to ensure that public confidence in the institutional financial structure of the economy as a whole is maintained.

Credit reference bureau may collect credit information from institutions and any other institutions as may be prescribed by the Minister of Finance and upon recommendation by the regulator. Reader is aware, such other institutions may include colleges where you studied and might have left with outstanding fees!

The key test of effectiveness of a credit reference bureau is in the accuracy of the data provided. According to S16(1) of the Act, a credit reference bureau shall ascertain that it provides accurate, legitimate, reliable, truthful and current information that reflects the existing situation of the account holder at any given time. Incorrect information obviously leads to contrary decisions taken. A credit reference bureau therefore, has an obligation to update its database as quickly as possible. In addition, a credit reference bureau has to keep the confidentiality of the data by ensuring that the information gathered is exclusively used for the purpose of meeting the objectives credit bureaux business.

The becoming of age of the credit reference bureau in Malawi may affect investor choice and protection, innovation and competitiveness, in the country. This is because of the availability of credit history of most incumbent or prospective clients at the credit reference bureau.



BURSARY/SCHOLARSHIP - THIRD COHORT

The Institute of Chartered Accountants in England and Wales (ICAEW) is offering a needs-based bursary to support 10 students studying for the Knowledge Level of the Institute of Chartered Accountants in Malawi (ICAM). This is the third cohort of the bursary following the success of the previous cohorts. The bursary, which is available immediately, will cover registration and examination fees, annual subscription, study manuals and tuition fees at a learning institution recognised by ICAM.

Students who would like to be considered for the bursary should submit their applications in which they should indicate the following:

- Educational qualifications
- Previous/current work experience
- Any previous/current bursaries/scholarships (if any)
- Personal/family financial circumstances
- Any exceptional personal circumstances
- Career objectives

The closing date for receipt of applications is 31 July 2017.

Technician students who sat their final papers at the June 2017 examinations session are encouraged to apply.

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