

# Rocky mountain to climb with dysfunctional Cipro

## BUSINESS WATCH

**T**HE CRISIS at the Companies and Intellectual Property Registration Office (Cipro) is enormously disturbing given the crucial role played by this particular institution and the even greater role it is expected to play under the new Companies Act.

As the SA Institute of Chartered Accountants said recently, the dysfunctional nature of Cipro's current operations has dire consequences for individual companies and the economy.

The formal administration of the corporate community has pretty much stopped because of allegedly corrupt management. Recent comments from Trade and Industry Minister Rob Davies, noting that he was "considering a report into alleged fraud" at the agency, do not really convey the urgency with which this crisis needs to be dealt.

One beleaguered senior corporate executive told Business Report that he still had not been able to register a number of special resolutions that had been passed by shareholders at a meeting held several weeks ago. Meanwhile, other companies

are being threatened with deregistration for no fault of their own.

The situation at Cipro is all the more alarming considering the role it is tagged to play in the regulatory environment created by the 2008 Companies Act. Cipro is expected to rather seamlessly convert into the Companies and Intellectual Property Commission and in this guise it must not only do everything Cipro is supposed to be doing now, but also play an extremely important monitoring role.

According to section 187 of the new act, the long list of new duties to be carried out by the commission not only involves helping with resolution of disputes arising from the act, but also involves "monitoring proper compliance with this act".

What were the drafters thinking of when they came up with this role for Cipro? Did they have a look at the highly successful Competition Commission and think that if they just called something a commission it would be as effective?

### Media

Capetonian Norman Clemo's name appears daily in the e-mail boxes of senior staff at Independent Newspapers.

He spews out his views on a variety of issues, including his perception that Independent titles in South Africa are pretty much run by people who used to be known as "Commies".

Last week he sent out the news under

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the headline: "The Independent now owned by Russian communists."

For many it probably was the first confirmation that Russian billionaire Alexander Lebedev had agreed to buy two London-based titles – the Independent and Independent on Sunday – for a nominal £1 (about R11). He copied a report that noted that Independent News & Media (INM) would pay Lebedev – a friend of former Soviet president Mikhail Gorbachev – £9.25 million over 10 months to take on the liabilities of the embattled newspapers.

Gavin O'Reilly, INM's group chief executive, was reported as saying it was a "most satisfactory and positive outcome for the titles, their staff and for INM's shareholders". The sale is expected to be completed in May. The South African and Australian subsidiaries are not affected by the sale, which must be approved by the

Irish competition authorities.

Lebedev already owns the Evening Standard in London, which he has turned into a free-sheet, and Novaya Gazeta, a Russian newspaper in which Gorbachev is a co-owner.

Just imagine if Independent Newspapers – which bought up the Argus Group in the apartheid era – had sold off its London assets while communist-hater former president PW Botha had been in power. He would have said something nasty about communists not only being under the beds, but also putting the papers "to bed".

### Entrepreneurship

South African entrepreneurs tend to suffer from a "me too" mentality and a propensity to imitate rather than innovate. This is according to a report, The State of Entrepreneurship in South Africa, which was compiled by Endeavour SA and the Gordon Institute of Business Science and sponsored by FNB.

South Africa needs high-impact, high-growth entrepreneurs who disrupt the order of things. The most competitive nations are those that have the highest levels of entrepreneurial activity. Small and medium business tend to be the greatest creators of jobs and collectively the greatest creators of wealth.

In 1790, about 90 percent of the population in the US was self-employed, a fact that is commonly thought to have been a major

factor in the building of its economy.

South Africa should be focusing now on nurturing global players of the future.

According to the Global Entrepreneurship Monitor, the funding situation is no worse or better elsewhere. Rather the problems in accessing capital in South Africa include a mismatch between the mandates of funders and those applying for funding; the fact that entrepreneurs often propose ventures in highly saturated markets; and that many entrepreneurs lack financial skills.

Another reason is a shortage of good ideas. Entrepreneurs are not, as Charles Wyeth of the Small Development Enterprise Agency (Seda) says, people who register their business at Cipro then cross the road to Seda offices to ask for money and what business they should be starting.

Being a really successful entrepreneur is also not about making pots of money, at least initially, but having a passion and an innate frustration at normality and a strong belief they can offer beneficial products and services.

But a lack of innovation and playing it safe tend to hamper our efforts. As Discovery's Adrian Gore said: "Becoming an entrepreneur is like jumping out of a plane with silkworms instead of a parachute and hoping that the worms are overachievers."

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