Magic Squad – Company project: Safricom

NWU® | BUSINESS SCHOOL BESIGHEIDSKOOL SEKOLO SA KGWEBO | ASSOCIATION OF MBAS ACCREDITED

SOLEMN DECLARATION - GROUP ASSIGNMENT

Solemn declaration by students

Module: Company Project

Module Code: MBAC 812

Assignment: Final Company Project

Assignment due date: 13 July 2020

We hereby declare that the assignment which we herewith submit to the North-West University as partial completion of the requirements set for the MBA degree is our own work.

GROUP NAME: MAGIC SQUAD

GROUP LEADER: CHRISTO LOUW

DATE: 12 July 2020

Name	Student number	% contributed
Christo Louw	20557213	100%
Dorothy Flint	22224920	100%
Elé Wessels	24466077	100%
Johan Nienaber	33483132	100%
Marius Cronje	33461538	100%
Wim Roestenburg	13285262	100%

Executive Summary

The future of business lies in the effective implementation of technology and adapting to the demands of constant social change. Most technologies today depend on the Internet and concepts such as 5G networks, Artificial Intelligence, Internet of Things, Big Data, Robotic Process Automation, Cloud Computing and Cyber Security and Resilience begin to play an active role in most business environments. All of these technologies will keep your business on-trend, but, without fast and stable internet connectivity, effective technology use will remain beyond reach. The future of fast internet lies in optical fibre cabling as a vehicle for transporting connectivity to internet users. Expected to exponentially increase the speed of data transfer, fibre optic cable installation has become an active business focus for internet service providers such as Safricom telecoms in Potchefstroom.

This study aims to assist Safricom telecoms, an ISP specializing in fibre optic installation and Internet services, to become the service provider of choice by implementing a winning strategy following analysis of their internal and external business environments by *The Magic Squad*, a team of consultants comprising final year MBA students. The team chose Safricom as company project, following negative social media reports about the company's service delivery.

The project started with a case study of the company with a focus on the strategic decisions made in the past to bring the company where it is today. This gave valuable insight into the company and its inner workings. This was followed up by the external analysis that included the macro-environment factors affecting Safricom and a competitor's analysis. These analyses assisted in gaining insight into the external factors that affect the company to its core. The project then followed an in-depth internal analysis with the focus on strategic management, human resources, marketing strategies, customer satisfaction, operations strategy and the financial performance of the company.

The internal and external analysis assisted the team to formulate a new strategy and implementation plan in consultation with the company. The details of the new strategy were carefully formulated on the sound theory of Ungerer*, et al.* 2015 and Thompson, *et al.* 2017.

Contents

List of Figures

List of Tables

List of Acronyms

Acronym	Description
5G	Fifth Generation Wireless
AFS	Annual Financial Statements
B2B	Business-to-Business
B2C	Business-to-Consumer
BOQ	Bill of Quantities
CAD	Computer Aided Drawing

CEO	Chief Executive Officer
CRM	Customer relationship management
CSR	Corporate Social Responsibility
CX	Customer Experience
DCF	Discounted Cash Flow
DFA	Dark Fibre Africa
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECNS	Electronic Communication Network Services
ECS	Electronic Communications Services
FTTB	Fibre-to-the-business
FTTH	Fibre-to-the-home
FTTX	Fibre-to-the-X
Gbps	Gigabyte per second
GM	General Manager
GP	Gross Profit
GPON	Gigabit Passive Optical Network
HR	Human Resources
ICASA	Independent Communications Authority of South Africa
IECNS	Individual Electronic Communication Network Services
IoDSA	Institute of Directors in Southern Africa
IP	Internet Protocol
ISP	Internet Service Provider
JIT	Just in Time

KSAO	Knowledge, skills, abilities and other characteristics
KSF	Key Success Factor
LAN	Local Area Network
Mbps	Megabyte per second
MDU	Multiple Dwelling Unit
MPLS	Multi-Protocol Layer Switching
NDP	National Development Plan
NPAT	Net Profit After Tax
PCI	Owner of Jenny Wireless Dealer in Potchefstroom
PDCA	Plan-Do-Check-Act Cycle
PPE	Property, Plant and Equipment
PSTS	Public Switched Telecommunications Service
ROI	Return on Investment
SME	Small and Medium Enterprise
SMS	Short Message Service
SOP	Standard Operating Procedure
T&D	Training and Development
TENET	Tertiary Education and Research Network of South Africa
TPS	Toyota Production System
VAN	Value-added network
VOIP	Voice over internet protocol
VPN	Virtual Private Networks
Wi-Fi	Wireless Fidelity

WISP	Wireless Internet Service Provider

1 Chapter 1: Case Study - Company Overview

1.1 Introduction

Safricom was established in 2006 as a technology and telecommunications company based in Potchefstroom.

The Company currently operates as an Internet Service Provider ("**ISP**") for the Potchefstroom, Klerksdorp, Carletonville, Fochville, Viljoenskroon and surrounding areas.

After obtaining a Value-Added Network ("**VAN**") license in 2006, the Company had the ability to roll-out a national wireless network in South Africa. It is on the back of this license that the Company builds and maintains fibre-optic networks providing "last mile" service to residential and business areas, with a geographical reach of about 180km. The Company is a dominant provider of reliable and approved fibre-optic telecommunication solutions in Potchefstroom and various business parks in the Klerksdorp area and has a desire to provide similar services in Mahikeng.

Currently, the Company provides its clients with fibre to the home or business, broadband packages, internet via Wi-Fi hotspots and telephone services via Voice Over Internet Protocol ("**VOIP**"). Approximately 60% of the Company's revenue is derived from fibre services and the remaining 40% of the revenue is made up of wireless and other services.

The Company services a wide array of clients which include TENET (Tertiary Education and Research Network of South Africa) Neotel, North-West University, Broadband Infraco and the Department of Defence. The company strives to become the leader in South Africa with regards to fibre-optic infrastructure and service.

1.2 Company History and background to Safricom's Business Scope

During the initial years of the 21st century, telecommunications was the exclusive domain of semi-state owned Telkom, who also owned most of the infrastructure such as the telephone and internet lines system. This trend changed gradually with the advent and introduction of internet service providers, who could make use of Telkom infrastructure to provide Internet services to the public on a competitive basis. Five horizontal markets can be identified in this respect: "The horizontal markets identified by the Commission consisted of Internet Protocol ("IP") multi-protocol layer switching ("MPLS") virtual private networks ("VPNs"), VOIP services, data hosting services, wholesale internet access services and retail business internet access services" (SAFLII, 2009) These are considered horizontal markets since they provide adjacent services that may overlap. Vertical markets relate to the capacity to install cabling infrastructure; an upstream terrain dominated by Telkom and considered difficult to enter during the pre-2005 period. A 2013 Deloitte and Touche report describes the vertical value chain as follows:

(a) International connectivity,
(b) Backbone operators are companies that take connectivity from the submarine entry points via fibre optic cables to users.
(c) Middle mile operators take the signal from stations to central switching stations.
(d) last mile operators take the signal from switching station to the home, usually utilizing WiFi. Internet service providers (ISP) have little to do with physical infrastructure, but physical routers may make up much of their services.

Currently, Safricom appears to be operating a *backbone service* in that they lay cables, as well as the *last-mile* service. Their service is differentiated from other ISP's in that their last-mile service consists of *Fibre To The Home* (FTTH).

Figure 1-1: Vertical industry value chain of internet services.

The telecommunications scene changed in 2004 when the Minister of Telecommunications issued the first infrastructure license, opening the upstream market. A high court case in 2005 further opened the market for other companies to enter the market. In 2005, Johan Kruger applied for a Value Added Network (VAN) License and in 2006 it was granted by the Independent Communications Authority of South Africa (ICASA) to build and develop a broadband network where he believed there to be a significant opportunity. Safricom commenced in 2007, with the initial rollout of its Internet Service Provider (ISP) network in the Potchefstroom area.

In 2008, a landmark court case transformed the telecommunications industry that benefited the Company directly. Initially investigated as an unfair competition investigation following a proposed merger, the matter between Altech vs. ICASA (SAFLII, 2008) ruled the merger was not undue and unfair as was argued by Allied technologies at the time. A spin-off finding by the commission based on reforms in the telecommunications industry and legislation was that a VAN licence can be converted into an Individual Electronic Communication Network Services ("ECNS") licence enabling all companies with a VAN licence to apply for such license and develop and operate their own telecommunications networks. Based on this judgement, Safricom was confident of their ability to roll-out telecommunications networks in South Africa given that they had already been granted a VAN licence (Michalsons, 2008).

In 2010, the Company's VAN licence was converted to Individual Electronic Communications Services ("I**ECS**") licence. The IECNS licence gave the Company the ability to build a wireless and fibre optic network and the IECS license permitted the Company to sell data or voice services over a network. Safricom thereby found itself in the market of infrastructure development, specifically in Fibre optic infrastructure development.

During 2012, the Company was awarded R4 million in funding from the North-West University to roll out an initial 13km fibre network in Potchefstroom. The funding resulted in a joint venture between North-West University and the Company. This joint venture was for the initial 13km fibre network and cemented the relationship between the Company and North-West University via North West Fibre (Pty) Limited ("**North West Fibre**"), a company jointly (50/50) owned by the Company and North-West University.

In 2013, the Company rapidly expanded the fibre network over and above the 13km's to what is now more than a 150km fibre network. During the year, the Company experienced delays due to a dispute with Dark Fibre Africa (Pty) Limited ("**DFA**") regarding the fibre network. The Company continued to build the fibre network however, due to the dispute could not connect any clients via the fibre network.

In late 2013, the Company acquired various wayleaves from the municipality of Potchefstroom allowing it to expand the network by making use of existing municipal infrastructure projects. This allowed the Company to reduce cost and significantly improve its geographical reach by rolling out an additional fibre network in Potchefstroom.

In 2014, extensive research was conducted by Johan Kruger to evaluate the correct vendor to use for a Gigabit Passive Optical Network ("**GPON**") to enhance the existing plus future fibre network infrastructure.

In 2015, the Company was contracted by Tuscany Estate, a residential estate, to lay ducting and fibre optics in the Tuscany Estate. This gave the Company the ability to expand the fibre infrastructure further and connect residents within the estate thereby expanding its customer base. Later the same year, the Company rolled out a Gigabit Passive Optical Networks ("**GPON**") network as well as increased its fibre network, expanding into neighbouring residential areas.

At the end of 2015, the Company entered an Off-Nett agreement with Liquid Telecom. This agreement allows Liquid to carry Liquid traffic via the Safricom Last Mile Fibre and Wireless infrastructure. Liquid can thus connect their clients via the Safricom infrastructure.

At the beginning of 2016, the Company concluded an agreement with DFA to carry national traffic on the DFA backbone infrastructure. In mid-2016, the Company witnessed an expansion of the fibre network into various business parks situated in Klerksdorp.

At the end of 2016, the Company entered a co-build agreement with Liquid Telecom in Mafikeng to add approximately eight kilometres of fibre optic infrastructure. Currently, the Company had expanded its fibre network to a total of more than 150km.

In 2017 the Company became a wholly-owned subsidiary of Hero Telecoms (Pty) Limited ("**HeroTel**") (the "**HeroTel Acquisition**"). The current transaction has not been completed. On the back of the HeroTel Acquisition, the Company attained the requisite capital needed to grow and expand its footprint.

In addition, the HeroTel Acquisition allowed the Company to leverage off the infrastructure that had already been laid by HeroTel which enabled the Company to increase its capacity in servicing clients and acquire more subscriptions. In terms of the HeroTel Acquisition, the Company received a R30 million commitment from HeroTel of which R28 million had been utilised by the Company to expand its Fibre Network Infrastructure ("**Backbone**") by an additional twenty-six (26) kilometres in Potchefstroom.

In early 2018, the Company was awarded a tender to roll-out Backbone infrastructure for 340 sites in terms of Phase 1 of the SA Connect Project awarded by Broadband Infraco. In 2019, the company focused on building fibre in new neighbourhoods and several large student housing MDUs.
The CEO and founder of Safricom is to this day Johan Kruger with his right-hand man Kobus Scholtz as the General Manager who was part of Safricom from the early days. The company currently has about 4500 client installations with more than half of this fibre optic and the rest wireless. The current monthly turnover is approximately R4m. The current fibre optic cabling network pass approximately 10 000 client sites, representing the potential market capacity for future expansion. The company employs 114 fulltime employees.

The offices of Safricom can be found in Cachet Park, Potchefstroom, where the finance, contact centre and client service departments are based. The technical and civil teams are based on a plot on the outskirts of Potchefstroom in MC Roode Drive.

Safricom offices in Cachet Park, Potchefstroom

Reception Finance department Contact Centre

1.3 Safricom's strategic decisions made in the past in respect of:

1.3.1 Strategic Analysis

The big strategic decision taken by Safricom was negotiating backbone service contracts. This decision assisted the company to grow exponentially. Furthermore, this strategically put the company on track to start building a network in Potchefstroom. Safricom made the strategic decision to build an optical fibre network in a specific city, where no fibre is available opened the value proposition. They have a large infrastructure civils department that is mainly concerned with building the fibre network.

Safricom became a wholly-owned subsidiary of Hero Telecoms (Pty) Limited ("**HeroTel**") (the "**HeroTel Acquisition**") in 2017. The current transaction has not been completed. On the back of the HeroTel Acquisition, the Company attained the requisite capital needed to grow and expand its footprint. In the process of building the optical fibre network, they also started making Wireless internet available to clients. This assisted in diversifying their product and reaching a market with a lower cost to the company.
The main strategy for Safricom is to supply everyone in Potchefstroom with gigabit internet.

To further explain the value proposition of Safricom, more information is provided about the company's business model utilizing the business model canvas presented in Table 1-1.

1.3.1.1 Business Model Canvas

Table 1-1: Business Model Canvas: Safricom – 3 March 2020

<table>
<tr>
<td rowspan="2">Key Partners (8)
Security firms:
Mooirivierbeskerming

Management Agents:
Habiplan
Big Real Estate
Property Pro

Suppliers:
Dark fibre Africa
C-com
BBI
Yox</td>
<td>Key Activities (6)
Building infrastructure
Technical Installations
Technical support
Call centre:
Sales & Installation
Technical support</td>
<td rowspan="2">Value Propositions(2)
FTTH
Building of network
Wireless
VOIP
Camera security</td>
<td>Customer Relationships (4)
Data Till
Call centre
SMS</td>
<td rowspan="2">Customer Segments(1)
Students
Resident
Businesses
Property Developers?
ISPs

Other customers:
• DFA
• Liquid Telecom
• Broadband Infraco
• NWU</td>
</tr>
<tr>
<td>Key Resources (7)
Infrastructure:

Assets are indispensable:
Fibre infrastructure
Building its network</td>
<td>Channels(3)
Interaction between customers and products and services:

Call centre
Website
Office – Cachet Park –
Walk in – sign up
Management agents</td>
</tr>
<tr>
<td colspan="3">Cost Structure (9)
Revenue R 4 000 000.00 per month - Personel are 25% of the cost
- Vehicles and fuel
- 10% backbone</td>
<td colspan="2">Revenue Streams (5)
Monthly subscriptions
Equipment rental – line rental
Installation cost</td>
</tr>
</table>

1.3.1.2 Mission, Vision and Values

The mission, vision and values are not something that is written on a piece of paper for Safricom, but rather the day to day workings and values they live towards their clients that they strive to improve. As a wholly-owned subsidiary of Hero Telecoms, they are a company within a company and therefore have a mission within a mission and a vision within a vision.

Safricom states the following as their mission, vision, values and long-term strategy:

Mission:
A local leading telecommunications company that provides quality and affordable internet solutions

Vision:
Fibre installed in every property in Potchefstroom

Values:
Values are very important to Safricom and include truthfulness, agility, flexibility, adaptability and a hands-on approach.

Long term Strategy:
Create as much as possible revenue streams from existing fibre infrastructure. They look to expand into the market of access to 5G spectrum and link it up with fibre, to become a virtual network operator and to give a one-stop-shop internet solution including sim cards.

As Safricom is a wholly-owned subsidiary of Hero Telecoms, it is important to point out its mission and vision:

Herotel Mission:
To Strive – We continuously push back the boundaries of the cost of customer acquisition and infrastructure to reach all South Africans
Everyone – Nobody should be excluded from access to the Internet
Affordable – Everyone should be able to afford Internet Access
Quality – We won’t let quality suffer in the pursuit of affordability

Herotel Vision:
"Everyone connected". “At Herotel we believe that everyone should have access to fast, reliable and affordable connectivity, no matter where you live or work in South Africa. This is deeply embedded in the hearts and minds of everyone that works here”.

1.3.2 Operations and Technology

The operations model presented in Figure served as a guiding framework to gather information regarding Safricom's operations and the technology they employ. The information presented in this section is based on interviews held with Safricom management, using the discussion guide presented in Appendix C: Discussion Guide for Operations and Technology Interviews. This section presents the current status of operations and technology employed at Safricom to deliver their value offering: the building of internet network infrastructure and connecting clients to the internet.

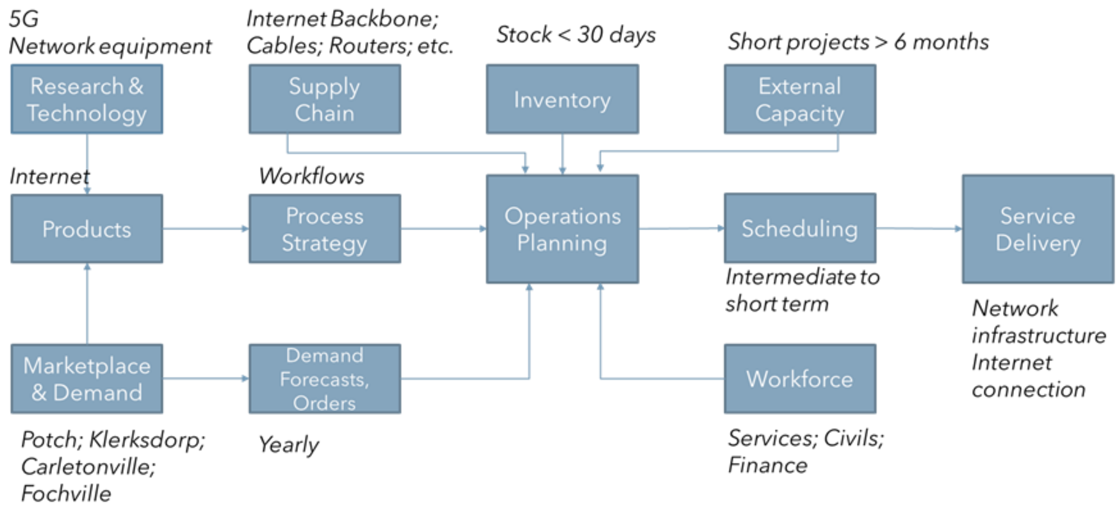


Figure 1-2: Operations Management Model for Safricom (adapted from Heizer, J. et al (2017:571))

1.3.2.1 Research & Technology

Research into new technologies is mainly done by Johan Kruger (CEO) who stays informed on new networking technology development. Johan will identify new technologies while Kobus Scholtz (Service Operations Manager and acting GM) will evaluate the technologies in terms of feasibility, integration within operations systems and the advantage to be gained.

Safricom has a goal to give internet users in Potchefstroom the possibility to connect to a Gigabit internet. This is considered next-generation broadband internet which is typically delivered over fibre-optic lines and provide speeds of 1,000 Mbps, which is also referred to as 1 Gbps. The data transfer speed over fibre optic cables is limited by the connection equipment used on the network. For that reason, Safricom is using equipment that can provide up to 2.5 Gbps internet speed with a standard fibre installation.

Safricom is currently investigating the introduction of 5G as a service that is affordable for their customers. However, for 5G to deliver to its potential, a user will need to be within 200m of an antenna. It is expected that 5G and fibre will complement each other with fibre providing high-speed internet speed and reliability to homes and businesses and 5G providing the convenience of high-speed mobile data.

1.3.2.2 Market Place and Demand

The ‘Target Customer’ section of the business model canvas was used to explain the marketplace Safricom operate within and how demand is developed for their products.

Safricom has targeted students, homeowners and businesses with fibre and wireless internet mainly in Potchefstroom. They also provide wireless internet in Carletonville, Fochville and Viljoenskroon. The products offered by Safricom and the demand for these products are affected by the abovementioned marketplace. The demand for fibre network was created through projects such as new property estate developments in Potchefstroom, the North-West University, the SA Connect Project in Mahikeng and business parks in Klerksdorp has driven the expansion of Safricom’s network. In areas where the installation of a fibre network was challenging, Safricom provided wireless internet, for example, larger areas with low number possible users such as farms.

Demand for fibre internet services has increased as prices dropped. Entry-level prices declined to the extent that fibre broadband became affordable to more households. Johan Kruger commented that “the problem is not with the demand, but with the ability to service the demand quickly enough”. Demand was also driven through the usage of internet services, such as multi-media streaming, that require high-speed connection and high data usage. Therefore, the demand for fibre increased in favour of ASDL, mobile data and wireless internet which have capacity limits and reliability issues.

1.3.2.3 Product Decisions

Safricom’s primary product offering has always been connectivity to the internet. Safricom started as Wireless Internet Service Provider (WISP), providing wireless internet, WiFi hotspot and rental of ADSL lines. The latter two services have been discontinued and the focus has shifted to fibre and wireless internet. They have provided fibre broadband internet service since 2012 on the back of the project with the North-West University.

Different products were developed for farms, businesses, homes and students. Since 2019, they have focused more on the student housing market and the residential market. Safricom can offer student-friendly pricing because of the size of the market, but also because technology has reached a tipping point. This is due to the backhaul cost that became much cheaper, enabling Safricom to offer specific pricing for the student market.

In additions to Fibre-to-the-Home (FTTH), Fibre-to-the-Business (FTTB), or Fibre-to-the-X (FTTX), Safricom has also provided voice-over-internet-protocol (VOIP) services and internet connectivity to security cameras.

1.3.2.4 Process Strategy

Some of Safricom's short term challenges lies in getting workflows and process in place. After the previous General Manager left in April 2019, a need for standardized work processes was identified. Johan Kruger (CEO) and Kobus Scholtz (GM) started introducing workflows (created in Lucidchart) for the Contact Center. They admitted that there was initial resistance to these changes and the introduction of workflows, especially within Sales and the technical personnel. These groups were used to have a mandate within which they operated as they saw fit. Despite the initial resistance to the introduction of workflows in the Sales department, Kobus Scholtz reported that that Safricom is now seeing a positive return in terms of increased sales and significant improvement in installations. Safricom handled approximately double the installations than the previous year, but there was a significant improvement in the installations Figure illustrates the high-level workflow for handling Sales Leads. In 2020 the focus with workflows and procedures has shifted to after-sales services and technical work.

1.3.2.5 Demand Forecasts and Orders

Demand forecasting is a critical part of Safricom's operations as this drives the company's service delivery, capacity and scheduling. It also affects the financial and personnel planning functions. Safricom employs qualitative (e.g. judgment, experience, intuition, etc.) and quantitative (e.g. historical data) to forecast demand and orders for internet services.

Safricom has been in operation since 2006 (14 years) and has generated a significant amount of data which they utilise in demand forecasting. Growth in sales had been relatively constant in the past couple of years. A pattern observed was that what happens in the first quarter of the year will also give Safricom an indication of what will happen in the rest of the year. The uptake in the first three months of the year is mainly students, or rather the parents of students, who subscribe to the internet for the year. These are mainly students that live on the Bult, but not on campus. On-campus, students can get access to the internet for free. If students did not sign up in the first three months of the year, then it is unlikely that they will sign-up through the year. They will opt for mobile data solutions or use the internet that is available on campus.

Although there is a peak in customer take-up at the beginning of the year with the influx of students, the reverse effect is experienced at the end of the year when the students leave Potchefstroom. However, Safricom has seen approximately 30% increase in client uptake year-on-year in the non-student customer segment.

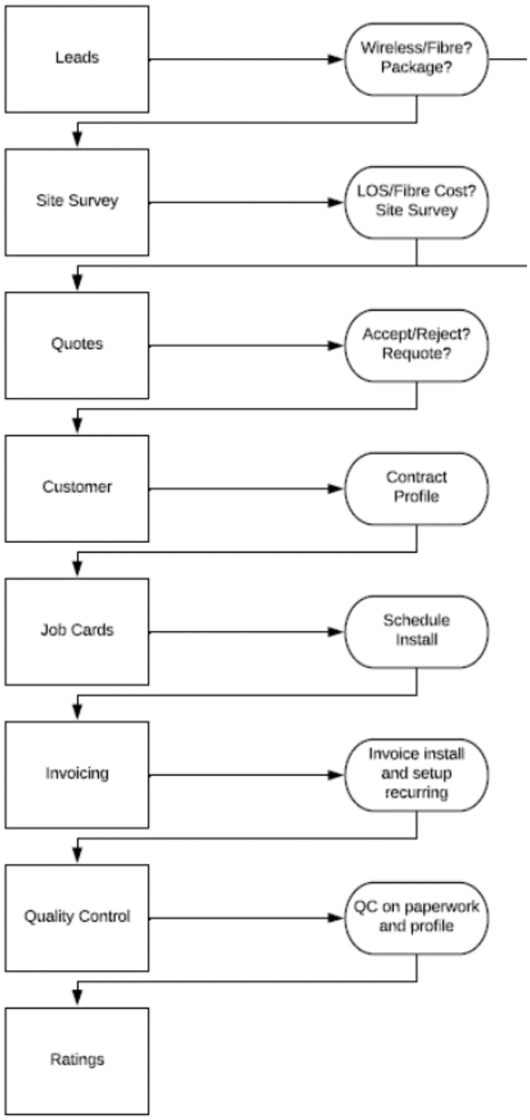


Figure 1-3: Overview of Sales Process from Receiving the Sales Lead to Rating of the Completed Installation

Within Potchefstroom, Safricom has extended its services and fibre network to established neighbourhoods such as Die Dam, Van der Hoff Park, Oewersig, Heilige Akker. However, from these neighbourhoods, Safricom tends to get single-digit figure new clients per month.

Around October each year, Safricom will do forecasting for the coming year. The factors they consider are based on the growth of the past years, which tend to be constant. The addition of new estates, student accommodation blocks, etc. is also included in the forecasting. Therefore, Safricom will look at the potential market size and the expected organic growth within this market size based on historical data. The results from the forecasting are used to identify new job roles to be created and posts that need to be filled for the coming period.

1.3.2.6 Supply Chain Support

Safricom has various suppliers of which the largest are internet services followed by physical supplies.

Safricom taps into the National Long Distance (NLD) fibre optic network of South Africa that runs through Potchefstroom along the N12, from Johannesburg to Cape Town. Internet is bought from Johannesburg-based Teraco, the only vendor-neutral data centre in South Africa. According to Kobus Scholtz (General Manager), if you are not with Teraco, then you are not an ISP, except for the larger players who have their own data centres. This makes Teraco one of Safricom's key suppliers. However, the ratio of internet traffic through Teraco has reduced with approximately 30% of Safricom's internet traffic currently outside of Teraco's network. All the ISPs in South Africa share free internet.

Suppliers of physical equipment include fibre cables and networking equipment. They have three suppliers of fibre cables, ducting, piping and accessories with orders based on Safricom's forecasting. Johan Kruger (CEO and owner) has made an effort to research, identify and source quality networking equipment at a good price. Miro, founding in South Africa in 2003, is Safricom's biggest supplier of electronic and networking equipment.

1.3.2.7 Inventory on Hand

In November 2019, the stock room for Fibre and Service Operations were divided with a stock manager for each department. The stock manager is responsible for managing the inventory and ordering of supplies. To manage cash flow, Safricom aims not to have more than thirty days' worth of inventory. They will amend their stock orders around important dates such as Christmas and Chinese New Year to ensure that they will not deplete their stocks around those periods. Network routers ordered from the USA, with a six-week lead time, are ordered in batches of more than 30 days' worth of stock to ensure inventory levels are maintained. Items required for fibre operations projects (Installation of fibre cable operations) are ordered based on the bill of quantities created by the network planning office.

1.3.2.8 Workforce

Human resource capital and management will be covered in the next section of the report.

Louwtjie Viljoen was appointed as Fibre Operations Manager overlooking the Fibre Projects, Network Planning and the Workshop. This is a large part of Safricom's workforce with Fibre Projects consisting out two teams: Civils and Infrastructure. Louwtjie Viljoen, through his considerable experience working for Eskom on the mines, introduced leadership and structure to this department. Safricom does not appoint people based on projects alone as this can result in a fluctuation in the workforce.

The long-term challenge for Safricom is to keep good people with the company. They have a significant turnover among the young technical personnel who tend to join Safricom after qualification. After they gained some experience, these technicians will then move to the cities where they can get better salaries with which Safricom cannot compete. Safricom has started to upskill their workforce, for example, civil assistants who did manual labouring were upskilled to perform technical work and installations. Not only has this significantly increased the income these people earned, but they are more likely to remain with the company for longer and thus help to reduce personnel turnover in key areas. The workforce in the Call Center had been stable for the past year.

Another long-term challenge is to get the right people in the organisational structure who can introduce and manage the necessary changes to execute Johan Kruger's (CEO) vision.

1.3.2.9 External Capacity

Safricom makes use of external subcontractors for work that does not form part of their core competence or when it will be a short-term project (i.e. less than 6 months). This is evaluated on a project-to-project basis. Subcontractors are used to avoiding missing target dates or the digging of long-distance trenches for the fibre network.

1.3.2.10 Operations Planning

The projects performed within Fibre Operations can be categorised into (a) civil works for home installations and (b) civil works for larger projects. The larger projects are normally for the installation of fibre networks at apartment buildings and new residential developments. Network planning office will perform an on-site survey. Detailed plans for the network are drawn in CAD. The Bill of Quantities (BOQ) is created based on the site survey and network drawings. The BOQ is used to order the stock required for the project. At this point, all the relevant permits, such as wayleaves from the municipality, are obtained and Safricom would have made the decision to proceed with the project and a request for work is submitted to the relevant Fibre Operations team. Fibre Operations normally only perform short-range planning (less than 3 months) while for Service Operations deadlines for work request is even shorter and determined by the clients.

1.3.2.11 Scheduling

Covid-19 had a significant impact on the scheduling for network installations. Pre-COVID the Infrastructure Team was able to install fibre in two apartment buildings per month and several student apartment blocks were scheduled for fibre installations this year. Due to Covid-19, the return of the students to the North-West University is limited. Although the Fibre Operations team can complete the fibre installations, the return on investment will only realise after students have returned to campus. Therefore, the Fibre Operations teams were reallocated to fibre installations at current property developments.

1.3.3 Sales and Marketing

Objectives

Marketing strategies are crucial to drive sales and obtain significant market share for the organisation. The implementation of marketing strategies should have a return on investment that will encourage customers to develop a brand love for the specific service or product.

Most important focus with marketing is the customers, as customers are the purchasers of products or services and organisations develop, price, distribute and promote their offerings. Customers have an important role in all marketing activities and outcome.

The core of marketing Is to allow both the exchange from the organisation to the customer. This is where the customer gains satisfaction and value out of their purchase and the organisation profit and return on investment.

Money invested in marketing and channels available should have a contributing impact on future sales and to communicate the key message to the customer that will influence their decision and choice of support. Marketing and sales aspect of case study and investigation would be to identify target customer, channels used to engage with customers and the outcome of their customer relationship management (CRM).

The aim of the interview, hosted with Nadia Wiid (Marketing manager), was to gain insight and understanding of how the company executes and manage their current marketing strategies to drive business and growth.

Customer target market

Evaluating Safricom's current database for services provided consists of a total of 4576 customers. The largest contributor is home installations at 53% (2408), students at 40% (1851) and business users at 7% (317).

Identifying a specific target group, Safricom has a great interest to focus on the student market, as most student accommodation facilities are equipped with Safricom's fibre services in the selected area in Potchefstroom, the Bult. This area is mostly occupied by students and future developments in this area can increase market share to install fibre. Safricom has found an increase with requests as student numbers grow annually at the North-West University Potchefstroom. The disadvantage of the student market is that students are not reliable clients for annual contract renewals due to the fact they are not established to stay in the area after graduation. This market can contribute to the short-term target and strategy planning of Safricom.

1.3.4 Finance

Internal Control Environment

The finance department has restructured itself in 2017, where detailed system descriptions and flow diagrams were drafted, to ensure that the functionality and internal control environment within the finance functionality of Safricom is optimised.

SAGE is the accounting system used by Safricom for most of the functionalities within the finance department however, Data-till is used for sales and stock movement. The information on Data-till is transferred daily into SAGE (at midnight), both SAGE and Data-till programmers where involved in the system integration to ensure the accuracy, completeness and validity of the information transferred.

Safricom is required to perform all the reconciliations and prepare the financial information required to prepare the Management Accounts, however, Herotel prepares the Management Accounts every month from the information provided and the information presented from SAGE.

> Problem: It would be suggested that both Herotel and Safricom ensure that the financial results monthly are discussed amongst each other and action plans noted. Herotel as 100% shareholder of Safricom should ensure that it equips its subsidiary with all the necessary tools and advice to enable them to implement sound structures and action plans to reach their financial goals.

The Management Accounts, however, is not discussed from Herotel's side with the management of Safricom, Safricom in return has implemented their internal control, where-by the management accounts are discussed monthly between CEO, GM and Financial Accountant. This enables Safricom to react to any changes that are required to be done to meet financial goals. The Management Accounts prepared is also compared to the budget for the year, and reporting is done on the variances against the budget.

The budget process resonates with the CEO, GM and financial accountant, who prepare the budget four months before the financial year-end. This is presented by the CEO to the Financial Committee of Herotel for their input. The budget process is finalised two months before the financial year-end.

1.3.5 Human Resources

The human resources function in Safricom evolved along with the company since its inception 14 years ago. HR is an important function in any business, especially in a business such as this one that renders a technical (Fibre installation) combined with a customer (sign-up) service and works with the public. Little is known about the early days of HR practices in this business. The organization started in 2006 as a single owner company in which the owner held all the shares. The hiring of additional personnel was managed by the owner himself as the small number of employees was considered manageable. Since the company, in its early years predominantly focused on Wireless services and later on the installation of infrastructure (Fibre), the HR section didn't function as an independent business unit until about 2017.

When management matters and activities grew beyond capacity as the first phase of fibre installation was completed, the CEO stepped back and appointed a dedicated CEO person whose task it was to manage staff and HR. Equipped with an MBA degree the CEO position brought with it significant changes to the company's internal functioning. A further appointment of a qualified HR manager was made to structure and formalize HR practices. The exact details of changes implemented by these individuals are not clear to the consultants, but it was reported by the business owner that the appointed CEO didn't work well for the business, and an internally led hostile takeover attempt by the CEO and HR manager led to conflict and the resignation of the two persons early in 2019.

The total number of employees at the company in 2020 is between 100 – 114 employees. The CEO position was not filled again with an appointment, the role is fulfilled by the owner himself and he appointed a General Manager and HR manager from within to assist him. The company seems to be well managed at present and a more stable internal environment has been created.

1.3.5.1 HR structure in Safricom

The current HR manager was promoted from an administrative position in the company and the incumbent has brought significant improvements in primarily the administration of employee folders and management of employment contracts and formal employee matters such as disciplinary action, grievances and performance management. Although the position of the HR manager is filled, it appears the function reports to the GM and many of the tasks such as workplace conflict facilitation and resolution are managed by the GM and not the HR manager.

1.3.5.2 Organizational culture

Initial information provided by the GM and HR manager indicate that Safricom is a "family" and this description represents the culture this management team wants to grow in the company. They want employees to feel at home and identify strongly with the company. The GM reported that one of the current

HR strategies they have is *to improve working conditions and career prospects for employees using an incentive scheme that rewards good performance*. In this regard, they started making training opportunities available to specifically workers in the installation (technical) department. Training is followed by the promotion of trained employees and examples were given of lower-level workers that were promoted into technical supervisor positions with positive results in terms of culture gains and loyalty towards the company. The consultants observed that little if any statistical or staff metrics were available for analysis. It was reported that staff-turnover is relatively high and that employees stay about 3 years before leaving. It was mentioned that young employees, usually university graduates would be appointed to attract qualified people, but that these employment contracts tend to last only one year, as these workers leave to take up better opportunities in the Johannesburg/Pretoria area. It is also difficult to find longer-term knowledgeable and skilled technical staff. It is reported that the performance incentive scheme that consists of performance bonuses is in progress and the management team believes this has a positive influence on workers.

1.3.5.3 Employee relations

It was reported that the preferred route for complaints and grievances is to report these to the GM who will arrange meetings with workers and resolve relationship problems informally by consultation. Some formal disciplinary hearings have been held, but little detail was given regarding procedures followed and whether these practices occurred according to standardized practices. It appears that these functions are being developed at present. The CEO stated that the appointment of a qualified and experienced HR manager is under consideration to advance the HR functions.

1.3.5.4 Training and development

Information about training practices seems to be limited to the above incentive scheme. All other training is described as in-service training that is focused on performing primary duties. It is not known if formal staff training, supervisory training, managerial training or operational training is conducted regularly and it is not known if such training is conducted by the HR person.

1.3.5.5 Conclusion

The consultants conclude that the HR function is in the process of development and improvements are currently made through initiatives by the GM and HR manager. We think that despite current efforts significantly more needs to be done to improve the structure of HR and to coordinate and implement training and development strategies. For further analysis in chapter 3, the consultants planned to conduct an organizational culture survey, and combine this survey with a strategy implementation survey to further analyse and to determine the strategic direction for the future development of the HR function. Our analysis will attempt to guide what can be done in the HR function to promote the company's profitability.

2 Chapter 2: External Analysis

2.1 Chapter layout of this report

This report divides our analysis into four chapters. Chapter one provides a brief overview of Safricom as a company, derived from interviews held with different key role players in management. This gave us an overview of the landscape from the perspective of management. We then proceeded by first examining the external environment (Chapter 2), the internal landscape (Chapter 3), and our main recommendations with a new strategy and implementation plan in Chapter 4.

2.2 Methodology followed in the Company project

Based on the above exposition and background to the company, the Magic Squad team formulated an approach for further analysis of the company landscape in Safricom. Based on an understanding that the business environment is a pattern and flow situation characterized by multiple forces that play together at one specific point in time to create a scenario of strategy and action, we aim to plot this landscape using constructive methodology and tools towards understanding the current landscape, identifying 'soil conditions' most likely to be receptive towards growth, making recommendation towards optimizing growth possibilities within this case. We will suggest strategies to Safricom, and thereby attempt to play a small, but significant role in landscaping the future of this business environment (Ungerer, p. 10 - 13).

Our proposed methodology consists of using both qualitative and quantitative methods towards collecting the data necessary for understanding the current strategy landscape. We will use a range of hand tools, statistics, cost projections, policy frameworks such as the NDP and numerical indicators to assist us in quantifying the current status. This will give us objective data about the company that is necessary to value the business as a whole and determine what can be done to improve its profitability. We will furthermore use soft tools, mainly *in-depth interviews* with key role players to hear the voices in and about Safricom, to understand the current *narratives* concerning strategy and its implementation in this business environment, and how these culminate into aspects such as:

a) the functionality of the interpersonal structures in the business, and
b) whether the strategies resonate in individual structures (Ungerer, p.12).

We believe that this combined approach will contribute to obtaining a rounded and thorough understanding of the topography of this business environment.

2.3 Introduction to the MSQIT© rating scale

For purposes of evaluating strategy as a consultant team, we have developed a rating tool to assist us in concluding according to a consensus approach, the level of strategy implementation and performance in each section of our analysis. After each section of the analysis, we will apply the *Magic Squad Quality Index Tool (MSQIT)*©, a self-developed, colour coded, overall rating scale developed from guidelines sourced from

Ungerer, *et al.* (p. 12), based on the argument that a strategy is as good as its implementation. The MSQIT will be applied to each section of the analysis, reflecting the Team's consensus of whether the particular strategic intent associated with each part of the strategic landscape is:

A STRATEGY IS AS GOOD AS ITS IMPLEMENTATION

a) sufficiently represented in the business structure to promote growth (whether it assists the company in determining its position, and enhancing that position);
b) adequately reflected in organizational elements (e.g. policy, strategy process, chart, architecture, culture or value);
c) integrated into interpersonal structures (clearly understood by people and made part of their daily behaviour); and
d) integrated into the personal belief and thinking system of role players in the business (Has become part of the personal structure).

The MSQIT is presented in the following graphic:

Table 2-1: MSQIT rating instrument for evaluating strategy implementation

MSQIT ©	Team Rating
To what extent is the strategy in this section…	
(a) Determining and enhancing market/competitive position?	
(b) Reflected in organizational structural elements?	
(c) integrated into group interactive structures in the business?	
(d) Reflected in the individual thinking patterns of role players at the coal face?	

The overall rating for strategy in the area	

Key to rating:

Green: represents a high score of 5 and shows adequacy and excellence in strategy	
Yellow: represents a score of 4, meaning the strategy is relatively well-integrated	
Orange: a score of 3; moderate integration, but the strategy needs better integration	
Blue: a score of 2, meaning further work is needed to develop and implement a strategy	
Red: a score of 1, strategy lacks in this area and should be developed to promote functioning	

Administration of the tool

The team was divided into different workstreams, each taking responsibility for collecting data in different areas of the business landscape. Each team prepared a mini-report about the strategy area being analysed, drew conclusions and prepared recommendations from these conclusions. All workstream reports were integrated into the comprehensive company report after which each team member read the report and came to a conclusion regarding the strategy condition of each section. Each team member then completed the MSQIT at their own time and independent from other team members. Cohen's kappa was then used to calculate the reliability of the ratings by different team members. A significant result indicated the six raters were in agreement regarding a strategic dimension. To achieve a significant result, intra-class correlations were calculated. The overall mean score for the group ratings was used to determine the group rating per item and the Mean of the Mean was used to compile an overall team rating for each strategy dimension. This represents a consensus approach, enabling analysis and conclusions to be developed. The overall rating for the strategy area presents the Mean score across the four dimensions of strategy implementation as measured by the MSQIT. The rating was then used to refine our conclusions and develop recommendations for strategy improvement or maintenance of the strategy in the context. Guidelines can then be developed from these recommendations.

2.4 Macro-environment factors affecting Safricom

The macro-environmental factors include a range of aspects and can be analysed according to the dimensions of demographics, socio-cultural forces, political, legal and regulatory factors, natural environment, technological factors, global forces and general economic conditions. The perspective on emerging macro-environmental trends will then be discussed. It is important to keep in mind that trends are changing continuously and the importance to access the nature of these changes is key. The future impact will then be discussed of these components.

2.4.1 Fibre trends in South Africa

ECN (https://www.ecn.co.za/fibre-trends-for-2020/), a leading telecommunications partner in South Africa, predicts that the SA Government's plans to complete fibre installation are far from complete, although significant inroads have been made in recent year. Fibre implementation will lead to significant benefits associated with enhanced speeds and reliability resulting from the use of Fibre over copper cables. Some of these are:

- Expected price decreases due to the increasing numbers of service providers that are expected to enter the market providing internet services to customers.
- Higher internet speeds lead to more options becoming available to customers. Speeds of 50 – 200 Mbps and even as fast as 1Gbps is projected to become real.
- Faster fibre opens new business options in terms of expanding the internet of things (IoT) specifically important for advanced medical equipment, medical care and services.
- It can be expected that more buildings and personal devices being connected to the internet.
- Movement towards cloud storage may be expected to occur with fibre

In terms of these projections, exponential growth in fibre-related products can be expected soon. It appears that wireless services and devices are the major competitor products and service that hinder the exponential expansion of fibre services.

As the following discussion shows, competitors in the current geographical market of Potchefstroom are internet service providers, either wireless or fibre, but the Fibre installation competitors are regionally or geographically distinguished and not of a real local threat to Safricom.

2.4.2 Demographics:

Three competitors in Potchefstroom provide wireless and fibre internet namely *Safricom*, *Jenny Internet Potchefstroom* and *Wi-5 Wireless*. Safricom has 4500 clients including wireless and fibre clients. Jenny Internet Potchefstroom has 2000 wireless clients and Wi-5 has 1100 wireless clients. This amounts to 7600 clients in Potchefstroom making use of the local service providers.

Safricom has the biggest market share with 60% of the total customers. Safricom installed a fibre network past 10 000 clients and can grow their clients in the short term significantly. Safricom is the only fibre internet service provider in Potchefstroom. The rivals don't seem to be interested to install a fibre network in Potchefstroom as Safricom has established a workable business model to successfully provide fibre to the home for clients.

In the major cities, it is common to practise for internet service providers to make use of open-access fibre networks. This entails that only one fibre network is built in an area, but any service provider can make its service available on that fibre network. The service provider pays a fee to the owner of the fibre network to sell their data usage on the network. In Potchefstroom, only Safricom has a Fibre network and only they provide internet on the fibre network.

Potchefstroom has the university with 16 000 + contact students residing in town and on the campus. This is a market that Safricom targeted with their fibre network. They approached the developers to build the fibre network while the buildings were under construction and therefore students have the first option of fibre by Safricom. The two competitors offer wireless internet that includes installing a wireless antenna on the outside of a building. This is not acceptable by some of the student complexes and therefore Safricom has the upper hand.

2.4.3 Socio-cultural forces:

The socio-cultural forces in the world of telecommunications include the internet as a necessity for most people and business, so much so that in 2016 the United Nations declared access to the internet a basic human right. With the world of shopping moving online all businesses and their customers need a stable internet connection. Social media as a driving force and the habits of people changing to streaming services of movies and series, peak hours have also changed. The main users of the internet are not only business anymore, but consumers of streaming services. With high speed, reliable internet becoming more affordable to the everyday user the rivalry amongst internet service providers is growing.

The customer today has access to reviews of all service providers on various platforms. Social pressure is on service providers more than ever before to perform at the top of its peak. If your customers are unhappy with your service, they will voice it overall platforms they can get their hands on. The upside is that companies can leverage this online presence of customers to communicate effectively and get rapid feedback on their customer service. It is important to have an online presence and to be available when your customers need you. Gone are the days when having a call centre available from 09:00 – 17:00.

Safricom will have to look at developing an online presence with interactivity built in to address the needs of their customers. These needs include instant gratification of buying data when needed, instant feedback on problems experienced and signing up for a new deal. The younger customer is ultimately in need of making use of a service in the ease of their home and communicating online on social platforms, where the older generation needs physical assistance and an effective call centre. These are the social-cultural forces that will put pressure on a company when processes are not in place.

2.4.4 Corporate Social Responsibility

The discussion around corporate citizenship and responsible business practices are not new to South Africa. Recent events, such as the Steinhoff debacle and a series of governance-related scandals has put responsible governance under the microscope. Such events reiterate the importance of corporate governance and reputation. A further way to improve corporate reputation is by participation in corporate social responsibility initiatives and volunteer programmes.

In this respect, Safricom is involved with local social responsibility projects such as the *Cachet Park City Improvement District*, where they supply fibre in support of the ‘camera project’ for surveillance of demarcated crime-prone areas of Potchefstroom. Furthermore, they are also assisting with supplying fibre to all security complexes to stream their cameras to the security company. This makes Potchefstroom a safer place and forms part of their corporate social responsibility. Safricom is also employing unskilled labourers and upskilling them to serve the community and ensuring staff retention.

2.4.5 The influence of political, legal and regulatory factors on this business sector:

The political, legal and regulatory factors will be discussed with a focus on ICASA, BBI and the National Development Plan.

2.4.5.1 ICASA

ICASA (Independent Communications Authority of South Africa), is the official regulator of the South African broadcasting, telecommunications and postal services sectors. They develop regulations for the broadcasting industry, issue licenses to service providers, plan and manage the radio frequency spectrum, and protect consumers against poor-quality services.

In terms of the South African Constitution, Parliament had to establish an independent regulatory institution, namely ICASA, which has to provide for the regulation of broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society. The Electronic Communications Act, No 36 of 2005, as amended, promotes convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and providers the legal framework for convergence of these sectors.

In 2005, Johan Kruger applied for a Value Added Network (VAN) License and in 2006 it was granted by the Independent Communications Authority of South Africa (ICASA) to build and develop a broadband network where he believed there to be a significant opportunity. Safricom commenced in 2007, with the initial rollout of its Internet Service Provider (ISP) network in the Potchefstroom area.

In 2008, a landmark court case transformed the telecommunications industry that benefited the Company directly. Initially investigated as an unfair competition investigation following a proposed merger, the matter between Altech vs. ICASA (SAFLII, 2008) ruled the merger was not undue and unfair as was argued by Allied technologies at the time. A spin-off finding by the commission based on reforms in the telecommunications industry and legislation was that a VAN licence can be converted into an Individual Electronic Communication Network Services ("ECNS") licence enabling all companies with a VAN licence to apply for such license and develop and operate their own telecommunications networks. Based on this judgement, Safricom was confident of their ability to roll-out telecommunications networks in South Africa given that they had already been granted a VAN licence (Michalsons, 2008).

In 2010, the Company's VAN licence was converted to Individual Electronic Communications Services ("**IECS**") licence. The IECNS licence gave the Company the ability to build a wireless and fibre optic network and the IECS license permitted the Company to sell data or voice services over a network. Safricom thereby found itself in the market of infrastructure development, specifically in Fibre optic infrastructure development.

2.4.5.2 BBI

Broadband Infraco(BBI) SOC is a licensed state-owned company in the telecommunications sector. They are a wholesale provider of choice for backhaul connectivity. It is intended to improve market efficiency in the long-distance connectivity segment by increasing available long-distance network infrastructure. It will also avail the capacity to stimulate the private sector innovation in telecommunications services and contents offerings. BBI provides long-distance national and international connectivity to licensed private sector partners, a license-exempt project of national importance and to previously underserviced areas.

The portfolio of BBI includes the wholesale products and services are based on the provision of high capacity managed bandwidth from Point of Presence (POP) to POP delivered on their resilient National Long Distance network. The network covers all nine provinces, major cities and towns of South Africa and also extends to the borders of our neighbouring countries of Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe to provide required interconnectivity.

Broadband Infraco is a Tier 1 Investor in the 5.1 Tbits/s West Africa Cable System (WACS), which connects South Africa to the United Kingdom, with landing stations in Portugal and along the West Coast of Africa. Their products and services are based on a variety of technology portfolios, including Synchronous Digital Hierarchy (SDH), Dense Wavelength Division Multiplexing (DWDM) or Optical Transport Network (OTN) and Carrier Ethernet.

2.4.5.3 National Development Plan

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

Fig.1.1 below demonstrates the close link between capabilities, opportunities and employment on social and living conditions. It shows how leadership, an active citizenry and effective government can help drive development in a socially cohesive environment. The plan focuses on the critical capabilities needed to transform the economy and society. Achieving these capabilities is not automatic, nor will they emerge if the country continues its present trajectory. Rising levels of frustration and impatience suggest that time is of the essence: failure to act will threaten democratic gains. South Africa must find ways to urgently reduce alarming levels of youth unemployment and to provide young people with broader opportunities.

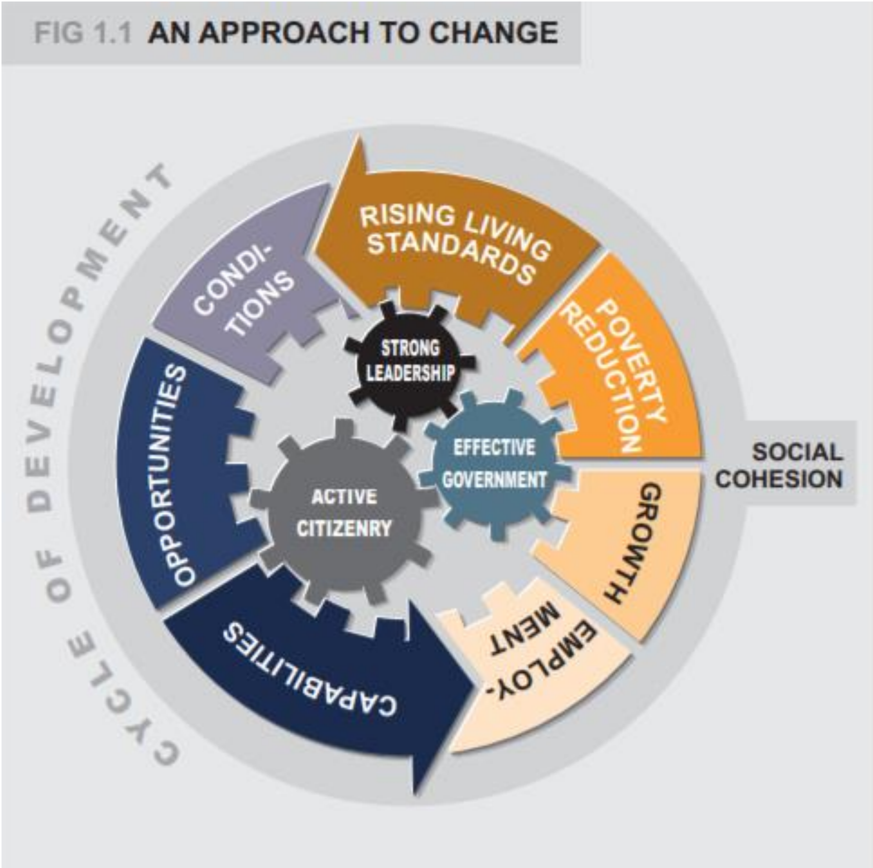


Figure 2-1: Graphic representation of the NDP strategy

There are 15 chapters in the plan, which addresses the major thematic areas in detail, providing evidence, recommendations and clear implementation frameworks. The success of the plan depends on all South Africans taking responsibility for the plan.

The following objectives and actions of the National Development Plan are summarised below with a brief description of the role in each of the chapters. We have only highlighted those chapters where Safricom can make an impact and assist to reach the goals and objectives (some of them) as set out in the NDP.

Table 2-2: Summary of Objectives and Actions: NDP

Chapter	Chapter Title	Objectives	Actions
4	Economic infrastructure	Competitively priced and widely available broadband.	• Establishing a national, regional and municipal fibre-optic network to provide the backbone for broadband access; driven by private investment, complemented by public funds required to meet social objectives. • Change the regulatory framework to ensure that Internet broadband capacity improves, prices fall significantly, and access improves.
9	Improving education, training and innovation	• Eradicate infrastructure backlogs and ensure that all schools meet the minimum standards by 2016. • Provide 1 million learning opportunities through Community Education and Training Centres • Expand science, technology and innovation outputs by increasing research and development spending by the government and through encouraging industry to do so.	• Complete the construction of two new universities in Mpumalanga and the Northern Cape; new medical schools in Limpopo and several academic hospitals; expand the infrastructure of existing institutions and allow all universities to use of distance education to reach more learners. •
12	Building Safer Communities	• In 2030 people living in South Africa feel safe and have no fear of crime. They feel safe at home, at school and work, and they enjoy an active community life free of fear. Women can walk freely in the street and the children can play safely outside. The police service is a well-resourced professional institution staffed by highly	• Safety audits done in all communities focussing on crime and safety conditions of the most vulnerable in the community. • All schools should have learner safety plans. • Increase community participation in crime prevention and safety initiatives.

Chapter	Chapter Title	Objectives	Actions
		skilled officers who value their works, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence, and respect the rights of all to equality and justice.	

2.4.5.4 Social Responsibility involvement

- Transforming Human Settlements - Involvement in the implementation of fibre services in Human Settlements – promoting job creation through impacting SME's within the settlements
- Improving education, training and innovation - In-house training and upskilling of new employees
- Social Protection - Assistance in the installation and support of *City Improvement District* initiatives
- Building Safer Communities - Assistance in the installation and support of *City Improvement District* initiatives

2.4.5.5 Transforming Human Settlements project

Safricom has been involved in the installation of fibre services through-out Potchefstroom, however, they concentrated firstly on services to students, and residents, according to Johan Kruger, CEO and owner of Safricom. Going forward this will be implemented for businesses through-out town. The involvement and enrolment to Essential Services, for example, Municipalities, Police, Hospitals, Traffic and Fire Departments will be first on the priority list. This will enable these services to access communication and network capabilities to serve the community properly and more efficiently. The second stream of *Transforming Human Settlements* will be to schools specifically in rural communities and community halls.

This concludes the section on the National Development plan. The next section focuses on the influence of natural phenomena such as COVID-19 on Safricom's operations.

2.4.6 Natural environment: Impact of COVID-19 on Safricom's operations

The COVID-19 pandemic and its onset in South Africa in March 2020 has had a significant impact on every system in society. Not only are individual citizens directly impacted by this pandemic, but family life is also impacted whilst the social fabric of society the way people socialize, communicate and interact to others have been impacted directly by this health condition. Stringent measures were taken by the government to cope with this pandemic and a national state of lockdown starting on 27 March 2020 closed down all activities in society and brought the economy to a standstill. The impact on the business environment was profound, and estimates indicate a decrease in the size of the economy in the region of 7%.

The reduction of business activities directly impacted Safricom in that a major portion of its client base, the student population, discontinued use of services with the closure of the University and other training institutions in Potchefstroom. Estimates indicate that this customer group was about 60% of Safricom's business and was a major source of revenue. It is found that many subscribers have cancelled their Fibre subscriptions with Safricom, causing a large loss of revenue. The national lockdown period was good for the company in that they continued operations because they were classified as an essential service.

From a different perspective, existing market segments not associated with student populations tended to continue using Fibre services, contributing to the sustainable business for Safricom. In this category are services to other business clients, private homes and larger institutions that use Fibre services. We estimate that this sector constitutes about a third of the business. As an immediate response, Safricom began focusing more actively on this customer segment, and they used the extra time at hand to concentrate further on expanding fibre cables not only to complexes but to individual flats in these complexes. We are uncertain regarding the success of this strategy as pertinent figures were not provided, but this immediate strategy is considered pro-active.

By using six steps proposed by Correia a company can respond effectively to COVID-19. We provide a brief overview of these steps and will assess in chapter 4 whether the proposed strategies for the company are pro-active in terms of these steps.

Step 1: Prepare your core operating unit

Safricom had all staff back at work at the start of lockdown in terms of the essential services classification. Following an 80-20 rule, they engaged 80% of operations, 20% of the workforce was required to commence their duties. In Safricom's case, 80% were the managers in the different departments and their task was to supervise the workforce. Safricom managed to continue operations throughout the lockdown period and were well prepared to continue.

Step 2: Re-evaluate your business plan

According to this guideline, it will be important to re-evaluate the company business plan, by focusing on the following aspects.

•Finding new opportunities in the market that arose as a result of the condition.

•Narrowing down your target audience

•Creating a dream team

•Researching pricing structures – this was done to some extent within Safricom as they now have revised packages on offer to encourage customers to maintain their product at lower rates, rather than switch off services.

As a short-term response strategy, the CEO continued with rolling-out Fibre installations. If anything, this could be a time to catch up with Fibre installations that could bring them up to date with installations, but also search for new real estate to build infrastructure that is independent of the actual user. Consider that the company went through a dramatic restructuring following the departure of the previous appointed CEO and one year later they were hit by the pandemic. Since the pandemic hit whilst the consultant team engaged their evaluation of the company, it can be expected that further restructuring during and post COVID-19 will force them to rethink some of the structures for example Marketing, HR, Finance, Operations and make sure there is a communication flow in the systems. New vision and mission statements for motivating the team of Safricom and the journey ahead need to formulate. We will reflect further on the details of strategizing that will be required of the company.

Step 3: Tackle the honest reality

The shrinking business that resulted from the lockdown circumstances may have played havoc with budgets that were set for a scenario that is largely different from what it currently is. The realities of a shrunk budget need to be considered by asking questions such as:

- How long will this situation continue?
- Are people still willing to spend?
- Will these prices work in this market?
- How can one boost or increase sales conversion?

The recovery plan must ask difficult questions to create answers to complex problems. For the recovery plan to work, make use of flexibility, adapt and switch over to the new plan. To formulate a recovery plan, strategy activities must include employees and management teams, to hear what the employees must contribute on how to recover from this Pandemic and after that, formalize the recovery plan. Participation is important and being part of the process will promote ownership.

Step 4: Critical reflection on what needs to be done differently?

The COVID-19 Pandemic has been an eye-opener for the business world, exposing weaknesses in most companies and threatening the financial and human resource survival of the business. Some businesses weren't ready for this type of change. Safricom wasn't ready for this, as many subscribers cancelled due to the Pandemic, but here are areas where they as a business can improve. Areas to critically reflect upon are:

- List out the goals for the business, based on current flaws.
- Improve technology intelligence
- Communicating with customers
- Social responsibility
- New ways of working
- Investment in infrastructure, like

- ✓ Fibre
- ✓ 5 G
- ✓ New areas to invest (clients, geographic, demographics)

The consultation process came at a good time and proposals will be made that can help the company into the future. These will only facilitate the critical reflection process and assist in approaching the future.

Step 5: Pick a winning marketing strategy

The fifth area for strategy reformulation during COVID is in adjusting marketing strategies. Safricom has experienced different levels of failing with online marketing and the analysis performed by the consultants has exposed weaknesses in strategy implementation regarding marketing. Safricom needs to see the COVID pandemic as an opportunity to adjust its marketing strategy by picking a winning strategy ensures the following is in place:

- Creating awareness in a positive, rather than a negative manner
- Constantly remind customers of Safricom's brand and what they offer.
- Breaking down the achievements to tiers and setting goals.

With restricted budgets, a careful analysis of previous successes will bring to life a competitive strategy. Dig into the data of old campaigns with high response rates. For instance, investigate the following.

- Why did it work so well?
- Will it work in this market?
- What did the audience like about it?
- How can we recreate something similar?

One last thing to keep in mind when the marketing strategy is chosen is to stay one step ahead in this game, making sure that Safricom's marketing plans are in order.

Step 6: Recreate a new financial projection.

As indicated the revenue streams of their business was dramatically adjusted. Although the company is likely to survive this crisis financially, a strategy must be followed regarding their current budget. They must decide on the details of the new five-year plan. What is the financial projection for this adapted plan?
Financial projection means to represent the plans and outcomes in monetary form, which will build a clear path and identifies the setbacks in the business. Safricom must take a closer look at where the business is heading and what is required from the business to achieve their targets. For that Safricom must consider the following:

- How does the cash flow projection perform against their plans?
- Are their old targets still achievable, or how achievable are the new plans?

- What are the effects of unachieved targets?
- How can they improve the projection?

For healthy cash flows, speed up the business's collections, service deliveries etc. An additional benefit for Safricom's new five-year financial projection is fundraising. When seeking new investments, a financial forecast paints a clear picture of how the business plans to succeed for years to come. This pandemic will pass, leaving behind changes for us to adapt. A new roadmap for an organization's future will set itself up for success. Planning is a vital stage for businesses right now. And these steps will build the organization's new foundation and growth plans (Correia, 2020).

The opportunities for Safricom to thrive after the crisis

- New sales channels
- Considering the differences between your clients.
  - ✓ Students
  - ✓ Working from home, own business or working for a business
  - ✓ Big families
  - ✓ Pensionaries
- Customer self-installations
- Unleash new multiplier partnerships
- One month free Wi-Fi (the client must subscribe, otherwise a fee will be added for the month fee Wi-Fi use)

2.4.7 Technological Factors

Being in the telecommunications sphere, all technologies must be embraced and needs stable high-speed internet. With the fourth industrial revolution being accelerated by COVID-19 forcing business to go online and making use of technology that include Internet of things, Big Data, communication technology and many more, internet service providers need to up their game. Stable and high-speed internet is no longer a luxury but became a necessity. In Potchefstroom, people had to start working from home since the dawn of COVID-19. Virtual meetings became an everyday occurrence for young and old for school, studies, work and social gatherings.

The next step in technology for telecommunications networks is 5G. With the limited reach of 200m for a 5G tower, the need for fibre to more locations will increase dramatically. This will put Safricom in the driver seat when mobile networks start looking into a fibre network in Potchefstroom. The other challenge of technology in this field is satellite broadband, that remains very expensive and unstable. This is a factor to keep in mind as technology develops.

All other disruptive technologies must be kept in mind as the increase in data usage will grow exponentially. The need for fast, stable internet will become the norm and internet service providers that can't keep up, will ultimately find themselves out of business.

2.4.8 Global forces

The global forces that play a major role in telecommunications include streaming platforms with a high-quality video that creates the need for high-speed stable internet. Netflix became disruptive in South Africa as more people started streaming series and movies and cancelling their DStv subscriptions. Furthermore, the world became a village as students can now study at any big university in the world from their home in South Africa. The only requirement is a stable internet connection to attend class online.

It has become the norm for companies to outsource parts of their business including their call centres. With technologies like Voice over IP, the global market is opening to work for any company in the world from your study in your home in South Africa. This is true for almost all departments in business today. Therefore, the global forces are pushing the envelope and internet service providers will have to ensure they can service clients with these needs.

2.4.9 General economic conditions

South Africa is currently in recession even before Covid-19. General economic conditions weakened resulting in consumers and businesses are becoming more price-conscious but still relying on connectivity to the internet. The economy will put pressure on the prices of internet service providers, but ultimately business and private users need internet for work and daily usage.

The turn of the economy resulted in lower interest rates, that is more favourable to businesses in need of loans. This is favourable for Safricom for the repayment of their loans. In the short run, the economic downturn may have an impact on the revenue of Safricom but will turn around when the need for fibre becomes essential for more businesses and private owners. This puts Safricom in the perfect position to service clients with services they are familiar with.

2.5 Porter's four-corner analysis

This analysis will assist as a predictive measuring tool to determine the competitor's course of action. This tool will assist the company to get information on what motivates the competitors. Furthermore, this will assist to determine the competitor's internal culture, value system, mindset and assumptions to more accurately determine the realistic possible reactions in any given situation.

The local competitors include Jenny Internet Potchefstroom and Wi-5 Wireless that will be included in the analysis. For this analysis, mobile network service providers will not be included. The focus will be on the two local service providers that focus on Potchefstroom.

2.5.1 Jenny Internet Potchefstroom

With 15+ years' experience in the Internet Service provider Industry and the leading Wireless Network in South Africa, Jenny Internet prides itself to stay in contact with the latest technology and marketing trends. Jenny Internet is always pushing forward to build unique services and solutions to accommodate the ever-growing nature of the service providing industry. We aim to develop new service to accommodate the industry as well as constantly improving our current services to satisfy the demanding market.

MOTIVATION	ACTIONS
DRIVERS: • Dealer of a bigger company • Jenny Wireless dealer is owned by PCI • Claim to have "The best home Wireless available in SA"	CURRENT STRATEGY: • Providing homes with the best wireless solution • They provide priority flow to customers that no other ISP offer • Wireless towers with backup batteries • Service private homes and business

Future strategy: Expanding through good customer service and effective marketing

MANAGEMENT ASSUMPTIONS: • Good customer service • Limited product to service customers • Only have 2 rival competitors • Good customer base	CAPABILITIES: • Marketing is done well • Service is at a good level • Skills are on par

Motivation – drivers

Jenny Internet Potchefstroom is a dealer-owned by PCI and is driven by customer sign-ups by providing the best home wireless service to customers. As they are a dealer of a bigger company the motivational drivers include focusing on a specific client area that is Potchefstroom. The goal to service all private homes with wireless internet and the current position of competing against Safricom and Wi-5 is quite big. The big gap between the two produces a defensive strategy from Jenny Wireless.

Motivation – management assumptions

The perception of the company is positive as they believe they are rendering good customer service and have a good customer base. They are aware of the competition with Wi-5 and Safricom and believe that they can offer a better and unique service. They do not believe that they have sufficient market share and this could lead to respond strongly to a potential attack.

Actions – strategy

The strategy of Jenny Internet Potchefstroom to provide a priority flow service to customers that no other ISP offers are working for them as they are signing up clients successfully with this strategy. The problem of making use of only one service that includes wireless internet and not fibre internet limits the strategy of the company. The wireless towers with backup batteries is a challenge as load shedding has become a big problem and increases their running cost. The strategy to focus on a unique wireless service is working for them but is limiting in servicing customers. This may lead to them exploring for alternatives.

Actions – capabilities

The capabilities of Jenny Internet Potchefstroom are on par with customer service, marketing and skills. This enables them to respond to external forces. Any external threat may be responded to as they have sufficient abilities. With Jenny Internet Potchefstroom having good customer satisfaction they are a real threat to Safricom.

2.5.2 Wi - 5 Wireless

Wi- 5 is a local Wireless Internet Service Provider, offering Uncapped, Unshaped and Unthrottled internet to both the private sector as well as the business sector. Our clients can use all the data they want, without any penalties. We have no Fair Usage Policy (FUP) and your speed will stay the same throughout the month. Our internet is fast and reliable, where you get what you pay for.

Wi-5 Wireless is a licenced network operator with ICASA.

MOTIVATION	ACTIONS
DRIVERS:	CURRENT STRATEGY:

• Small local company servicing customers with wireless internet • Limited to wireless services • They claim to have no limitations with a no fair use policy	• They have no fair use policy on internet usage • Provide uncapped, unshaped unthrottled internet • Flexibility with month to month contracts and payment holidays when you don't need internet • Service private homes and business

Future strategy:
Expanding its customer base through exceptional customer service

MANAGEMENT ASSUMPTIONS:	CAPABILITIES:
• Excellent customer service • Limited product to service customers • Only have 2 rival competitors	• Marketing is done well • Word of mouth is doing the rounds in Potchefstroom with limited marketing • Service is at an excellent level • Skills are on par

Motivation – drivers

Wi-5 is driven by providing a no fair use policy. This enables customers to make use of data without the concern of being throttled, shaped or capped on the usage of data. They believe servicing clients with exceptional service. They are still a small company expanding quickly. The goal to service Potchefstroom with wireless internet and the current position of competing against Safricom and Jenny Wireless is quite big. The big gap between the two produces a defensive strategy from Wi-5.

Motivation – management assumptions

Wi-5 believe they are rendering the best customer service for wireless internet in Potchefstroom. They also believe that competitors don't come close to them with customer service. This may be true that they render the best service regarding wireless internet, but they are still limited in offering only wireless internet and not fibre. They do not believe that they have sufficient market share, and this could lead to respond strongly to a potential attack.

Actions – strategy

The strategy of Wi-5 is to give the customer control of what they want and how they want to manage it. The customer has the option to cancel a contract at any time with month to month contracts, the customer is not limited on data as all packages are unshaped, uncapped and unthrottled. This is a very unique strategy compared to Safricom and Jenny Internet Potchefstroom. This strategy backed up with customer service enables them to perform on their promises to the customer. This poses a big threat to Safricom.

Actions – capabilities

The capabilities of Wi-5 are clear that they are performing well on marketing, service delivery and skillset to keep up with the challenges of the technology. The limitations are that they are still a young and small company, but the processes are in place to grow into a big successful company. The focus on service delivery and customer-focused approach make them a competitor to keep an eye on.

2.5.3 Discussion and recommendation

The two competitors of Safricom is focused on customer service with Wi-5 and Jenny Internet Potchefstroom succeeding in their goals and strategy. The limitations of these competitors remain that they can only provide wireless internet and not fibre. The question remains if customers are satisfied to makes use of wireless internet compared to fibre that offers a faster and more stable internet connection. The other advantage of fibre is that it is not reliant on electricity. With the challenge of load shedding in South Africa, wireless internet faces problems when the electricity is switched off.

The biggest threat that Safricom is facing is two competitors that focus on service delivery and effective marketing on online platforms. With the decision of Safricom to not service clients online and to stop marketing campaigns in 2019, the competitors may move in and that over clients in their wireless internet department. Safricom still has the upper hand with being the only fibre provider. Both Wi-5 and Jenny Internet Potchefstroom have a defensive strategy, they will potentially respond strongly on the attack, their strategies are strong, and both their capabilities are on par to be a big threat. The biggest challenge for these competitors is that they are still small compared to Safricom.

A strategy for Safricom to investigate is to make use of the effective customer service and expertise of these two competitors by making their fibre available to these competitors through open access. This will enable the competitors to expand their clientele, but for Safricom to leverage their exceptional service by selling access to their fibre to the competitors. Safricom has the infrastructure passing more than 10 000 houses with only 2 000 sign-ups. This strategy would include cooperation with competitors that creates value based on leveraging the rational capital between companies.

2.5.4 MSQIT rating for Strategies related to the external environment

Table 2-3: MSQIT Rating for strategies focused on the external environment

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	2.86	
(b) Reflected in organizational structural elements?	2.71	
(c) integrated into group interactive patterns of employees?	2.86	
(d) integrated into the individual employee's thinking patterns?	2.43	

Overall Mean rating for strategy dimension	2.792	
Kappa: Intraclass correlation coefficient	.372	
Significance	.094	(Insignificant)

Key to rating:

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment	
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment	
Orange: represents a score of 3, meaning moderate integration, requiring some refinement	
Blue: represents a score of 2, meaning slightly effective but requires further refinement	
Red: represents a score of 1, strategy ineffective and requires change	

3 Chapter 3: Internal Analysis

3.1 Strategy management in Safricom

3.1.1 Introduction

The purpose of strategy in an organization is to direct the organization into the future by examining what their current situation is; where they want to go from here and how they are going to get there (Thompson et.al. 2017:5). To understand Safricom the project team conducted a quantitative survey with the management team of Safricom as respondents. The purpose of the survey was to identify the extent to which strategy in the company exists and is implemented actively. This would enable the team to understand the level of interaction between the vision, mission and the various plans, objectives, approaches and actions in taking the company forward on its quest for survival and better performance.

The team must also consider what level of strategy is most in need of adjustment, rather than simply specifying that 'strategy' in general needs to be adjusted (Thompson, et.al. 2017:47). An existing survey questionnaire was used that was obtained from the lecturer and which measured various factors associated with company strategy. The questionnaire consists of four sections and enables analysts to evaluate current strategy levels. This will help the team assess whether the current strategic environment in the company is healthy; contributes actively towards the company's performance and helps position it relative to the future. Areas of dissonance will require feedback and recommendations regarding either actions to be taken to ensure the strategy is put in place or adjusted to better take the company forward.

The criteria for assessment were the following questions: To what extent does strategy exist? How well is strategy embedded in the hearts and minds of the management team? To what extent does the management team contribute towards strategy development and implementation? Answering these questions will enable the team to assess whether strategy in general exists and how coherent strategies are within the company. The following report presents an analysis of survey data regarding the strategy survey questionnaire that was circulated at Safricom.

The questionnaire was completed by the four management levels as indicated in the following Frequency Table:

Table 3-1: Frequencies of respondents in the survey

3.1 If you are in management, indicate the level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Supervisor	4	26.7	28.6	28.6
	Middle Management	6	40.0	42.9	71.4
	Senior Management	3	20.0	21.4	92.9
	Director/CEO	1	6.7	7.1	100.0
	Total	14	93.3	100.0	
Missing	System	1	6.7		
Total		15	100.0		

Note that this company does not have a Board of Directors but is strategically managed by the CEO who is also the owner of the company.

3.1.2 General notes about analysis:

1) A small group of people (N = 14) completed the questionnaire, limiting the possibilities for statistical analysis.
2) The analysis was by visual inspection only; no statistical tests were used. Mean score interpretation would be impossible as this would largely skew the results, causing lack of unreliability, increasing the risk for misinterpretation. *Clustered Boxplots* in IBM SPSS were used, using Median scores that were more reliable to interpret.
3) Besides, different management categories were split between less – and more – experienced (0 – 3 years versus 4 – 10 years) sub-groups to identify whether the number of years in the company resulted in any variation in opinion. Since the management cadre is small, and there is only one CEO, and between 4 – 6 at lowest level management, chances for variation in opinion may be more profound at these lower levels. This may explain re-occurring variation patterns in data.
4) The analysis aims to discover repetitive patterns; to identify anomalies or contradictions; identify issues that require attention/intervention from the CEO.
5) Although Median scores may come across as high (> 6 or 7 is considered high) we attribute this to possible impression management (the tendency to make yourself look good). Our standard for assuming a problem is when score differences between management levels differ by 2 points.
6) In the analysis we consider large variations, 3 + score differences in the variation score (score range in brackets) to be indicative of uncertainty and being unsure of the matter, regardless of whether Median scores are high.
7) Large between-group variations and anomalies as indicated above are flagged in yellow.
8) Interpretations are flagged according to a colour scheme where: Green = no problem observed; yellow = low risk that needs relatively simple corrective action; Orange = cause for concern requiring corrective action on medium-term; and red = concern that needs immediate corrective action.

A guideline is provided below of how the analysis was approached, followed by Table 3-2 on each of the question sections that explain our findings and recommendations regarding strategic management in the company.

3.1.3 Interpretation guideline

Scores on the different questions in this survey were plotted on a Clustered Boxplot graph as shown below for Question 2.2 Scores for each question were divided by two variables, (1) years working for the company, showing how experienced the participant would be in his or her role as a manager, and how entrenched the strategy component would be in that person's understanding and work role; and (2) the management level of the respondent. This would help us understand if there were any observable differences between management levels concerning the strategy question. Table 3-2 shows how interpretations were made from each Boxplot. The example Boxplot is shown in.

Table 3-2: Interpretation guideline for each question

<table>
<tr><th>Group indicator</th><th>Median</th><th>Range</th></tr>
<tr><td>a) = Short term group; 0 – 3 yrs
b) Medium-term group; 4 – 10 yrs</td><td>The first number = Indicator of variance between groups: differences of 2 and more are interpreted as significant</td><td>Bracketed number e.g. (8 – 10) = indicator of variation within the group; the greater the range the more varied the pattern will be.</td></tr>
<tr><td colspan="3">Example of interpretation for Question 2.2: (Supervisor group) a) 9; (9 – 10) (b) 10
(1) Interpretation within group: Less experienced supervisor group (a); Median = 9; Range between 9 – 10 indicates very small variation in perceptions for the junior supervisory group. Longer-term supervisor group (b) has a median of 10 and no variation in thinking
Less experienced middle managers group (a) 5; (1 – 10) (b) 9.5; (9 – 10); shows younger middle management group to have low Median of 5, large variation between low and high and large difference from a more experienced group.
(2) Interpretation between groups: Disjuncture between supervisor and middle manager group; the significant difference with the CEO who thinks the vision was updated recently, but this is not supported by the middle management or supervisor group.

Each Boxplot was interpreted similarly, the result is given in Table 2.</td></tr>
</table>

Illustration of the above analysis technique as data was obtained from the Boxplot.

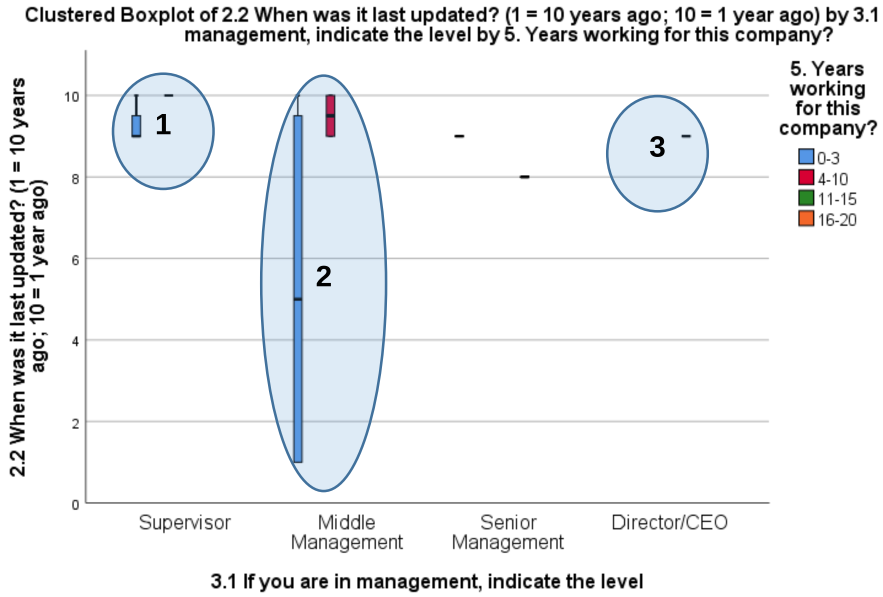


Figure 3-1: Example Boxplot for Question 2.2

Interpretation of response range for example in.

1 = Short-range answer with little variation amongst responses

2 = Long-range answer with a high level of variation amongst responses

3 = Single-person response

3.1.4 Results of analysis: Question 2

Strategy implementation, Vision, Mission, Objectives, Strategies

Table 3-3: Analysis results for Question 2 of the questionnaire

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
2.1 (Has your organization articulated a vision for the organization?)	a) 8; (7-10) b) 10; (4-10)	a) 9.5; (6-10) b) 10; (4-10)	a) 8.5; (8 – 9) b) 8	10	CEO has perfect vision, junior and middle managers less in agreement, especially longer-term managers	Involve less experienced managers in vision development
2.2 (Last update of vision statement; 1 = 10 yrs, 10 = 1 yr)	a) 9; (9-10) b) 10	a) 5; (1.5 – 10) b) 9; (9-10)	a) 9 b) 8	9	Less-experienced middle managers do not think vision was updated recently. This group does not seem to clearly know about the vision	Make more conscious effort to clarify vision across management groups
2.3 (Relevancy of vision statement to activities)	a) 9; (8-10) b) 10	a) 7; (1 – 10) b) 10	a) 7.5; (7-8) b) 8	5	CEO thinks vision is only 50% relevant; view is shared by less-experienced middle and senior managers who seem to think so too.	The vision is not consistent with activities, make an effort to define it or adjust it utilizing needs strategy planning

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
2.4 (Whether they have a mission statement)	a) 8; (8 – 10) b) 9	a) 7.5; (1 – 10) b) 10	a) 7; (5 – 9) b) 8	10	CEO thinks mission is very clear, but the view is not supported by all other cadres, specifically less-experienced groups	The mission is not clear; make effort to clarify it, must be consistent to vision
2.5 (When last mission statement was updated, 1 = 10 yrs, 10 = 1 yr)	a) 9; (8 – 10) b) 10	a) 6; (2 – 10) b) 9.3; (9 – 10)	a) 9 b) 8	9	CEO thinks the mission was updated recently, is supported by a senior manager, but not so by less-experienced middle and supervisors	It is time to update the mission, as Lower-level managers are not aware of it
2.6 (Mission compatibility with activities)	a) 10 b) 10	a) 10; (5 – 10) b) 10	a) 9.5; (9 – 10) b) 10	9	There seems to be a high-level agreement on the mission's effectiveness, except with less experienced middle managers	"We don't know clearly what we do, but whatever we do, we think it is effective!"
2.7a (Staff's involvement in mission statement development)	a) 10; (3 – 10) b) 8	a) 6.6; (5 – 9) b) 5	a) 7.5; (7 – 8) b) 8	8	Staff less involved and uncertain about involvement and participation in less-experienced groups	Make an effort to involve staff in mission development
2.7b (Director's involvement in mission statement development)	a) 9; (8 – 10) b) 8	a) 9; (5 – 10) b) 7.8; (5 – 10)	a) 7; (6 – 8) b) 8	8	Although the agreement is relatively high about guidance from the CEO, the staff is not sure that he is involved, especially at the middle management level	CEO must communicate mission clearly

According to the above analysis, it appears that the agreement levels regarding vision and mission statements are high, however, it seems that the CEO should attend to the concrete formulation of these aspects by involving all his management cadres in the clarification of these aspects.

Theme 2: Value statements						
2.8 (Do they have a set of value statements?)	a) 9; (7 – 10) b) 10	a) 9; (5 – 10) b) 10	a) 9 b) 8	10	Everybody thinks they have clear values, but less- experienced managers are unsure	Make effort with orientation programme for new managers
2.9 (When last were value statements discussed, 1 – 10 yrs)	a) 6; (3 – 10) b) 10	a) 5; (1 – 10) b) 9.5; (9 – 10)	a) 9.5; (9 – 10) b) 8	9	Less - experienced lower level managers think values are not discussed	Have discussion sessions with new managers to coach them about values
2.10a (Employees' understanding of value statements)	a) 7; (4 – 10) b) 10	a) 7.5; (5 – 9) b) 8; (7 – 9)	a) 9 b) 8	8	Less - experienced lower and middle managers as well as experienced middle managers are uncertain about understanding values	Make effort to train and coach indicated groups in value system

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
2.10b (Board's understanding of value statements)	a) 10; (8 – 10) b) 10	a) 7; (5 – 9) b) 9.5; (9 – 10)	a) 9.5; (9 – 10) b) 8	8	CEO and senior management think they reasonably well understand the values, but less experienced lower and middle management disagree	Make sure lower levels are coached and oriented about values

According to the above analysis, it appears that attention needs to be given to the orientation of new and less experienced managers, as these seem to be more uncertain regarding the values carried by the company. It is given a lower priority but is something that needs concrete attention as managers may convey confusing messages about the values of the company if they are unsure about these. Unclear values may contribute to a weak organizational culture and lack of commitment to the values of the company

Theme 3: SWOT analysis						
2.11 (Have they done a SWOT?	a) 8; (6 – 10) b) 8	a) 3.8; (1 – 10) b) 1	a) 7.5; (7 – 8) b) 1	10	CEO thinks they have done it, rest of the team does not agree	SWOT needs to be implemented
2.12 (Competency to do SWOT analysis)	a) 9; (8 – 10) b) 10	a) 8.5; (8 – 10) b) 6, 5 - 7	a) 7 b) 7	4	CEO thinks they are not competent to do SWOT; Other groups think they are competent	SWOT analysis needs to be implemented
2.13 (Priority on SWOT analysis)	a) 8; (7 – 10) b) 10	a) 6.5; (1 – 9) b) 4; (3 – 5)	a) 6.5; (6 – 7) b) 3	2	CEO think the SWOT has low priority for him; Other groups have large variety of views on it, showing uncertainty.	Consider the value of SWOT analysis
2.14 (Importance of SWOT)	a) 9: (8 – 10) b) 10	a) 8.5; (5 – 10) b) 7.5; (5 – 10)	a) 9; (8 – 10) b) 7.5; (7 – 8)	2	CEO thinks SWOT is not important at all; other groups rate its importance as high; greatest variation on importance in less experienced groups	Get capacity to conduct SWOT
2.15 (Is SWOT used to identify issues?)	a) 8; (6 – 10) b) 8	a) 6.5; (2 – 10) b) 3; (1 – 5)	a) 6 b) 8	1	Result indicates SWOT is not used to identify issues, confirmed by variation amongst all cadres	Introduce SWOT analysis

The company is not familiar with the SWOT analysis technique that is used for mapping the company relative to its surroundings. This unfamiliarity is reflected in the uncertainty with which different levels of management have responded to the questions. It is recommended that the SWOT techniques are applied in follow-up consultations with the company.

Theme 4: Implications of SWOT analysis						
2.17a (Understanding of issues that influence Co)	a) 8; (8 – 10) b) 6	a) 7; (6 – 8) b) 6; (5 – 7)	a) 6.5; (6 – 7) b) 7	8	CEO has a good understanding, others reasonable, but variable	There is scope for developing common understanding of outside issues

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
2.17b (Whether senior management understands outside issues)	a) 9; (8 – 10) b) 10	a) 8.5; (5 – 10) b) 8.5; (7 – 10)	a) 8.5; (8 – 9) b) 8	4	CEO rates management cadre's own understanding of outside issues as inadequate, rest of team thinks they are on top of it.	CEO to consider informing the management team better
2.17c (perception of CEO's knowledge of issues)	a) 10; (8 – 10) b) 10	a) 9; (5 – 10) b) 9; (7 – 10)	a) 7.5; (7 – 8) b) 8	9	CEO understands issues, others mostly think so too – there is variation amongst supervisor, middle and senior manager levels regarding this issue	Issue requires more involvement of management
2.17d (Attention to issues that influence)	a) 8; (8 – 10) b) 10	a) 8; (8 – 10) b) 6; (5 – 7)	a) 6.5; (5 – 8) b) 8	9	CEO thinks he attends to issues; management does not think the same	Consider installing think tanks to strategize
2.18 (Long term objectives)	a) 9; (8 – 10) b) 10	a) 7; (5 – 10) b) 9; (8 – 10)	a) 8; (7 – 9) b) 8	10	CEO thinks they have long term objectives. Rest of team thinks so too, but there is more uncertainty amongst less-experienced middle managers	Middle managers need to be involved in strategic sessions
2.19 (Importance of Long-term objectives)	a) 10; (8 – 10) b) 10	a) 7.5; (6 – 10) b) 10	a) 9.5; (9 – 10) b) 8	10	Everybody thinks it important to have long term objectives, but less experienced middle management group needs orientation	Orientation must be given to newer middle managers
2.20 (Success with strategy development)	a) 8; (7 – 10) b) 10	a) 8; (5 – 9) b) 8.5; (8 – 9)	a) 7.5; (7 – 8) b) 8	10	Some over-optimism with CEO; Less experienced categories of management are not convinced that strategies are successful	Involve management levels more effectively in strategy development
2.21 (Importance of generating strategies in Co)	a) 10; (8 – 10) b) 8	a) 9; (4 – 10) b) 10	a) 10 b) 8	10	Strategy generation is considered important at all levels, but there is variation amongst less-experienced lower level managers, Check out middle manager group	Involve all management levels in strategy development processes. There seems to be a problem in Middle management
2.22 (Selecting strategies?)	a) 10; (8 – 10) b) 8	a) 8.5; (5 – 9) b) 9; (8 – 10)	a) 8.5; (8 – 9) b) 8	9	There is relative agreement regarding whether strategies are selected. Uncertainty with less-experienced groups	Involve less-experienced managers across groups in strategy development efforts

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
2.23 (Importance of strategies to address issues)	a) 10; (8 – 10) b) 10	a) 9; (6 – 10) b) 9; (8 – 10)	a) 9.5; (9 – 10) b) 9	9	Relative agreement of importance, but variation amongst all groups indicates need for involvement and orientation	Make effort to involve all management levels in strategy development

3.1.5 Discussion

The above range of questions focused upon strategy development activities in the organization; whether these are practised, whether there is effort directed towards strategy development at different levels, for example, vision, mission, objectives and actual strategies to address issues that face the organization. The above analysis indicates utilizing colour-coding those areas that require attention, and the level of urgency that is required regarding these problem areas. The reader should note that the analysis considered the possibility of impression management (The tendency to present an overly positive image of oneself). As a result, high lower scores were still considered as indicating an area that requires change, as the analysis was more interested in discovering patterns and differences between the different management levels.

Our first observation is that less-experienced managers at all three levels hold more varied perceptions regarding most of the areas measured in this question. This indicates more uncertainty amongst this group than the more experienced group and is an aspect that requires rather urgent intervention (See Column 1 and 2 and 3 in the above Table). These groups (all working for the organization for less than 3 years) rather consistently have varied opinions about the various strategic issues. Especially the middle management group raises concern, as some members of that group are significantly more negative than all other groups. This means this younger group is not involved in strategy formulation actions, and this could be to the detriment of the company. How can one expect managers to motivate and direct workers in the company if they are uncertain about the strategic direction of the company? Some of the strategy issues can be solved by simply orientating, coaching or training lower-level managers in the company's strategic landscape, but ideally, they should be involved in strategy development processes.

A major issue is that the organization does not use SWOT analysis for its strategy formulation process, and this is an aspect that requires urgent corrective action.

In terms of strategy, the organization can be described as paternalistic. This means the whole management team relies on the superior knowledge and understanding of the CEO, and they have confidence in his ability in this regard, but they do not possess the same kind of knowledge because they are perhaps not as involved in strategizing.

The overall conclusion is reached that this company needs to engage in a strategy development process, specifically a SWOT analysis to bring everybody on the same page regarding strategy.

Question 3: Policy manuals, strategic initiative implementation and commitment to change

Table 3-4: Results for question 3 of strategy survey

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
Theme 1: Strategy and Policy implementation						
3.1 (Maintaining Policy Manual)	a) 10 b) 10	a) 9; (6-10) b) 10	a) 8; (7 – 9) b) 10	9	General agreement about a policy manual being maintained	Improvement with Less-experienced middle and senior managers
3.2 (Regularity of policy updates)	a) 10 b) 10	a) 9; (7 – 10) b) 9.5; (9-10)	a) 9.5; (9 – 10) b) 10	9	Less-experienced middle managers may be more uncertain about policy manual updates	Bring middle managers and new senior members on board with policy manuals
3.3 (Relevancy of policies to activities)	a) 10 b) 10	a) 9; (7 – 10) b) 9.5; (9 – 10)	a) 8; (7-8) b) 9	9	Less experienced middle and senior managers have lower perceptions regarding policy relevancy	Ensure middle and senior managers are part of policy setting
3.4 (Understanding and support for policies - staff)	a) 9; (7.5 – 10) b) 10	a) 8.5; (6 – 10) b) 7	a) 7.5; (7 – 8) b) 9	6	CEO thinks staff don't understand the policies as they should. Partly confirmed by uncertainty amongst less experienced managers	Improve support for policies by further training of different levels
3.5 (Financial capacity to implement strategy)	a) 9; (6 – 10) b) 10	a) 9; (6 – 10) b) 6.5; (5 – 8)	a) 8 b) 7	7	Middle and senior level managers are concerned about financial capacity to fulfil policy requirements	Re-evaluate own capacity to carry out policies to the full
3.6a (Commitment to implement employee generated strategies)	a) 8 b) 10	a) 9.5; (6 – 10) b) 6; (5 – 7)	a) 8.5; (5 – 7) b) 8	8	There seems to be some doubt about this commitment in different management groups	CEO needs to demonstrate support for employee initiatives
3.6b (CEO's commitment to support own policy initiatives)	a) 8 b) 10	a) 9; (5 – 9) b) 5	a) 7.5 b) 8	5	Middle management is uncertain about commitment and CEO is uncertain about own commitment	This aspect needs revision in terms of strategic discussion
3.6c (Senior management commitment towards policy	a) 8; (8 – 10) b) 10	a) 9; (5 – 10) b) 6; (5 – 7)	a) 9 b) 8	9	Middle management is uncertain about senior	Apparent disjuncture that may have

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
implementation)					management's commitment	implication for policy implementation
3.7a (Commitment of Board to implement strategic initiatives)	a) 9; (8 – 10) b) 10	a) 8.5; (5 – 10) b) 5	a) 7.5; (7 – 8) b) 8	8	Supervisor and middle managers uncertain about commitment	Must be addressed during strategy planning
3.7b (Staff commitment towards strategy implementation)	a) 8; (7 – 10) b) 10	a) 8.5; (6 – 9) b) 6.5; (5 – 8)	a) 6; (5 – 7) b) 8	8	Less - experienced lower, middle and senior level managers think staff do not support strategy implementation	Clearly there seems to be a lack of policy implementation drive with staff. Needs to be addressed in strategic planning
3.7c (support for strategy implementation from senior management)	a) 9; (8 – 10) b) 10	a) 9.5; (6 – 10) b) 6; (5 – 7)	a) 8.5; (8 – 9) b) 8	8	Less - experienced lower and middle managers as well as experienced middle managers are uncertain about senior management's commitment	Make sure that messages about strategic intend are communicate frequently
3.8a (Ownership of employees to implement strategy initiatives)	a) 8; (6 – 8) b) 8	a) 8; (5 – 9) b) 5	a) 6.5; (6 – 8) b) 7	4	CEO thinks staff do not own strategy initiatives. Different less experienced management groups are uncertain about owning strategies	This is another illustration of a disjuncture between CEO and manager level. Needs to be addressed by strategy sessions
3.8b (Ownership by Board of directors)	a) 9; (8 – 10) b) 10	a) 9; (4 – 9) b) 6; (5 – 7)	a) 9 b) 8	8	There is agreement regarding Board (CEO)'s commitment towards strategy, but uncertainty with management groups	Strategic ownership is something that can be enhanced by frequent communication
3.8c (Ownership of strategies by directors?)	a) 9; (9 – 10) b) 10	a) 9.5; (5 – 10) b) 6.5, (5 – 8)	a) 9 b) 8	8	Relative agreement at all levels regarding ownership; some uncertainty in management groups	Corrected by involving management in strategy initiatives

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
3.8d (Ownership of senior management)	a) 9; (8 – 10) b) 10	a) 8.5; (5 – 10) b) 6.5; (5 – 8)	a) 7.5; (7 – 8) b) 8	8	Relative agreement on ownership by senior management, but uncertainty at all levels	Can be resolved by involving staff in strategy development
3.9 (Senior management commitment towards implementation)	a) 8; (8 – 10) b) 10	a) 9; (6 – 10) b) 7; (5 – 8)	a) 9 b) 8	8	Relative high levels of commitment by senior management. But less experienced managers more uncertain	Same as above
3.10 (Board or senior management delivery of support to strategies)	a) 8; (8 – 10) b) 8	a) 9; (5 – 8) b) 6.5; (5 – 8)	a) 7.5; (7 – 8) b) 8	9	Relative agreement about delivery of support, but some uncertainty in lower and less experienced levels	Same as above
3.11 (appropriateness of organization structure to support strategy)	a) 8; (8 – 10) b) 9	a) 9; (5 – 9) b) 6; (5 – 7)	a) 7; (6 – 8) b) 8	9	There is overall agreement but with uncertainty at lower management levels	Lower levels seem to be excluded to some extent
3.12 (effectiveness of current governance model)	a) 8; (8 – 10) b) 10	a) 8; (5 – 8) b) 7; (5 – 9)	a) 7; (6 – 8) b) 8	9	Rated quite highly overall, but uncertainties at less experienced levels	Overall indicator is high, but needs to incorporate less experienced levels

The above section addressed the strategy formulation process in the company and how this process is supported by the CEO's side. Our observation shows high levels of uncertainty about policies and how these are implemented and supported. The CEO thinks the problem lies with his managers, who don't seem to take ownership of strategies and policies and are indeed hesitant about the implementation of these. There are clear uncertainty and variation in how less experienced manager groups think about strategy and policies, and this does lead to hesitancy to implement. It is suggested that the CEO addresses this uncertainty by implementing SWOT analysis and embark upon a participatory strategy development process to gain a common understanding amongst staff.

Theme 2: Organizational change						
3.13 (readiness for organizational change)	a) 8 b) 8	a) 8.5; (6 – 10) b) 7; (5 – 8)	a) 9 b) 9	10	There is more certainty at senior manager and CEO level about readiness. Middle management uncertain	Overall index of confidence in strategy flexibility, needs attention through involvement

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
3.14a (Readiness and implement by staff)	a) 8; (7 – 8) b) 6	a) 8; (7 – 10) b) 5.5; (5 – 6)	a) 10 b) 8	10	Over-optimism with senior management about staff's readiness. Lower level managers less confident about staff's readiness	Disjuncture between senior and lower level management to be cleared by involvement of management about practical methods
3.14b (Willingness of board to accept and implement change)	a) 8; (8 – 10) b) 10	a) 8.5; (5 – 9) b) 7; (6 – 7)	a) 9.5; (9 – 10) b) 8	8	Relative similarity in views observed, but variations observed n lower levels	Change management strategies needed to improve
3.14c (CEO's willingness to accept and implement change)	a) 9; (8 – 10) b) 10	a) 9.5; (6 – 10) b) 6.5; (6 – 7)	a) 9.5; (9.5 – 10) b) 9	10	CEO is perceived to be willing and accepting towards change, but a problem is observed in his middle management cadre	A problem-solving effort needs to be done to solve confidence problem in middle management
3.14d (Willingness to accept and implement change by senior management)	a) 8; (8 – 10) b) 10	a) 9.5; (6 – 10) b) 6; (5 – 7)	a) 9.5; (9 – 10) b) 10	9	CEO and lower level managers have confidence in senior management, but this is not entirely supported by middle management	Disjuncture to be resolved by change management strategy
3.15a (HR capability to manage change process)	a) 7; (7 – 9) b) 10	a) 8; (8 – 9) b) 5	a) 7.5; (7 – 8) b) 9	8	HR is perceived to have capability to implement change, but this is uncertain for lower and senior management	HR Capability should be put to the test and receive more support from CEO
3.15b (HR capability by Board of directors)	a) 7; (7 – 9) b) 10	a) 8.5; (8 – 9) b) 8.5; (8 – 9)	a) 7 b) 8	4	CEO seems to have low levels of confidence in HR capability to do this task	This finding warrants further investigation regarding the reasoning behind this finding. It is possible that HR is less experienced at this point
3.15c (Senior management's displayed	a) 7; (7 – 9) b) 10	a) 8.5; (8 – 9) b) 6; (5 – 7)	a) 9; (8 – 9) b) 9	4	CEO seems to have less confidence in HR capability by senior management	Requires further investigation

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
confidence in HR capability)						
3.16 (Competency of staff to plan, manage and implement strategies)	a) 8; (8 – 10) b) 10	a) 8; (8 – 10) b) 6.5; (5 – 8)	7.5; (7 – 8)	5	CEO has less confidence in staff capability to implement strategies. Middle managers regard themselves as incapable in this regard	CEO must look at empowerment and change management methods to build a strategy around this

3.1.6 Discussion – Change Management Capabilities

Regarding change management capabilities, it seems that senior management does not have significant belief and confidence in lower and middle management as well as staff's abilities to implement and accept changes in the organization. HR, as a catalyst for change, seems to be doubted for their capability to facilitate strategy implementation and change. It appears that a strategy must be developed that facilitates strategy implementation.

Question 4. Practices regarding strategy implementation, assessment, evaluation and adjustment

Table 3-5 Strategy implementation

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
4.1 (Practices regarding strategy assessment)	a) 8; (8 – 10) b) 10	a) 8; (6-10) b) 6.5; (6 – 10)	a) 7.5; (7 – 8) b) 8	8	High levels of agreement regarding strategy assessment, with variations amongst less experienced middle managers	Maintain practices but ensure less experienced managers are involved
4.2a (Communication of assessment results to employees)	a) 9; (5 – 10) b) 10	a) 8; (5 – 10) b) 5	a) 7; (6 – 8) b) 8	6	Management levels seem to be more optimistic about this aspect than the CEO, except for lower and middle management	More effective and regular communication channels to be exploited
4.2b (Communicati	a) 9; (8 – 10) b) 10	a) 8.5; (5 – 9) b) 6; (5 – 7)	a) 8; (7 - 9) b) 8	3	Feedback is rated quite positively, but	Problem seems to be

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
ng assessment results to CEO)					not so for the CEO who thinks it is communicated poorly	regarding feedback communication channels that are not effective
4.2c (Communication of assessments to auditors)	a) 8; (7 – 9) b) 10	a) 9; (5 – 9) b) 6; (5 – 7)	a) 9 b) 8	9	Relative agreement achieved, but not according to middle management	Although communication to auditors seems good, the variation in lower and middle management must be investigated further
4.2d (Communicating assessment results to senior management)	a) 9; (8 – 10) b) 10	a) 8; (6 – 9) b) 8; (6 – 9)	a) 7; (6 - 8) b) 8	7	There seems to be some inconsistency in the way reporting is done to senior management	Improve upward communication channels and reports to senior management
4.3 (key performance indicators for strategic initiatives?)	a) 9; (8 – 10) b) 8	a) 8; (6 – 9) b) 7.5; (5 – 10)	a) 5.5; (4 – 7) b) 7	9	The doubt regarding KPA's lies with middle and senior management	Reporting structures need to be revised and adjusted
4.4 (evaluation processes regarding strategy initiatives)	a) 8; (4 – 10) b) 8	a) 8; (6 – 10) b) 6.5; (5 – 8)	a) 6; (4 – 8) b) 7	9	The various management levels are uncertain bout strategy evaluation processes, although the feel it is in place	Strategy planning needs to be supplemented by evaluation processes,

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
						but seems not to be done
4.5 (Corrective action in view of failing strategies)	a) 8; (8 – 10) b) 9	a) 8; (7 – 10) b) 7; (5 – 9)	a) 6.5; (5 – 8) b) 7	8	Senior management is of the opinion that such actions are not effectively taken as they scored item lowest	Evaluate corrective actions taken
4.6 (response time to correct failing strategy)	a) 8; (5 – 10) b) 9	a) 8.5; (6 – 10) b) 5.5; (5 – 6)	a) 5; (3 – 7) b) 8	9	Middle and senior management is not satisfied with the response time of corrective actions	Re-evaluate response times
4.7 (Evaluating impact of changes in strategy)	a) 8; (5 – 10) b) 10	a) 8; (5 – 9) b) 5; (5 – 8)	a) 5; (3 – 7) b) 8	9	Senior management and CEO evaluate. Middle and supervisor levels seem to be not involved in this	Result does not represent a bottom-up but top-down approach. Needs to adjust practice
4.8a (Board's participation in strategy evaluation)	a) 8; (8 – 10) b) 10	a) 8.5; (5 – 10) b) 4; (3 – 5)	a) 7; (6 – 8) b) 8	8	Middle managers think the strategy is not evaluated at the top. Perception shared by less-experienced senior management	Finding supports a top-down approach towards strategy. Needs to be adjusted
4.8b (Participation strategy evaluation by CEO)	a) 8; (8 – 10) b) 10	a) 9.5; (6 – 10) b) 6.5; (5 - 8)	a) 7; (6 – 8) b) 8	9	Response confirms strategy is evaluated at the top, not at the bottom. If larger involvement is to be created this needs to change	CEO needs to display strategy more actively and involve lower levels to change

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
4.8c (Director's role in strategy evaluation)	a) 8; (8 – 10) b) 10	a) 8.5; (6 – 9) b) 6.5; (5 – 8)	a) 7.5; (7 – 8) b) 8	9	CEO is confirming strategy evaluation is his role. Lower levels not sure about this, middle managers	Top down approach confirmed, see previous recommendation
4.8d (Management staff's involvement in strategy evaluation)	a) 8; (8 – 10) b) 10	a) 8; (6 – 9) b) 6.5; (5 – 8)	a) 8.5; (8 - 9) b) 7	6	Clearly CEO thinks the management kstaff is not involved in evaluation. Middle management thinks so too.	Strategy evaluation lies at the top. Why is management not involved in that?
4.9a (Attention paid to adjusting strategy by Board)	a) 9; (7 – 10) b) 10	a) 8; (5 – 9) b) 4; (3 – 5)	a) 9.5; (9 – 10) b) 8	9	CEO thinks he pays extensive attention to adjustment, Middle management does not agree	CEO's image as leader may be at stake. Middle managers left out in processes
4.9b (Attention paid to adjusting strategy by CEO)	a) 8; (8 – 10) b) 10	a) 8; (5 – 9) b) 6; (5 – 7)	a) 6.5; (5 – 8) b) 8	9	CEO thinks he makes the adjustments which is probably correct. Middle and senior management not fully in agreement	See above
4.9c (Attention paid to adjusting strategy	a) 8; (8 – 10) b) 8	a) 8; (5 – 10) b) 6.5; (5 – 8)	a) 8.5; (8 – 9) b) 8	9	This question is the same as 4.9b and results are the same	Same as above
4.9d (Attention paid to adjusting strategy by management)	a) 8; (8 – 10) b) 9	a) 9; (3 – 9) b) 8	a) 8 b) 8	8	Relative agreement across levels, but most dissonance observed at less experienced middle management level	The middle management group poses the greatest threat, because they

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
						feel left out. Of strategy adjustment
4.10 (Suitability of strategy model in organization)	a) 8; (7 – 10) b) 10	a) 8.5; (7 – 9) b) 5; (3 – 7)	a) 7.5; (7 – 8) b) 8	7	There is relative agreement amongst categories, most dissonance amongst middle management cadre	The middle management group is a concern in this analysis, and they need to be drawn into the strategy making model
4.11a (Commitment to strategy management model of choice)	a) 8; (8 – 10) b) 10	a) 8; (5 – 10) b) 5	a) 6.5; (6 – 7) b) 8	3	CEO is most dissonant from others, although middle management group is equally concerned	The fact that CEO thinks they need other models for strategy management is significant. He realises there is need for improvement and change
4.11b (Whether Executive level agrees with model for strategy)	a) 8; (7 – 10) b) 10	a) 8; (5 – 9) b) 5	a) 6.5; (6 – 7) b) 8	5	Executive level (CEO) agrees less with the model. Dissonance from middle managament	This company seems ready to adjust its strategy management model
4.11c (Commitment to model of strategy	a) 8; (7 – 10) b) 10	a) 8; (5 – 9) b) 6.5; (5 – 8)	a) 6; (5 – 7) b) 8	5	CEO least satisfied with commitment to strategy management model	Model requires change.

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
management by CE0)					Most other levels are dissatisfied as well	
4.11d (Commitment of management staff)	a) 8; (8 – 10) b) 10	a) 8; (6 – 8) b) 5; (3 – 7)	a) 5.5; (5 – 6) b) 8	4	Management staff's commitment is rate lowest by all respondents.	Management commitment is probably low because they are mostly not part of the strategy development process, needs attention
4.12 Impact of 4th Industrial revolution	Daily the company adjust to the current trends on how work is done and the way technology is used to assist clients especially with the Coronavirus currently we need to help clients and individuals to be able to work from home and for teachers to be able to host online classes. As a Telecommunications company, it works in our favour Positive impact Positive we will sea None yet Positive. We are a key driver and form part of the 4th Industrial Rev. Connectivity is essential for the development of this revolution. the tool of enabling utilizing the tool to integrate the boundaries of the various worlds (physical, biological and digital) Being connected changing from luxury to necessity to a basic need/right None at the moment The potential to increase income levels and improve quality of life It is the driving force of the company Direct impact since we are in telecoms na Create new Jobs a connecting people to each other			Respondents think that they are very much part of the 4th industrial revolution with their products and are in the right place to be competitive		

Question	Supervisor	Middle management	Senior management	Director/ CEO	Interpretation	Proposed intervention
4.13 Digital revolution's influence	As mentioned above with the example of the Corona Virus people were forced to work from home only using technology and internet access. Our company assisted with that and is trying to assist daily to get people online and active to assist them in doing their daily tasks without working from an office or workshop. It is the core of our strategy Good for Business Our organization goes hand in hand with the digital revolution. (Telecoms) I see it as positive and the way we operate to. It will grow Very good, moving toward more digital and innovative ways It is key. We do more and more work online and in the field. Impacting the change of society towards the education, business, health etc. utilizing the access to the fibre optics-based internet. keep up with the need by implementing long term technologies that can scale and deliver on future demand. It is important and reflecting Digital technologies can enhance relationships between the company, their customers, their products, and other industry players. This requires capturing and leveraging information generated across its digital ecosystem. Networking becomes as vital as digital and human, to foster and develop new systems very well. We try our best to provide the latest technology to our client Reflects well as we strive to use technological advancements as they progress n.a. Lets us Grow help more people to keep in touch and connected				There exists agreement that they are in an excellent position to utilize digital technology to their advantage and that of others.	

3.1.7 Discussion of question 4 analysis

Some interesting observations can be made regarding the general interpretation of data for Question 4. The theme addressed by the question group reflects participation levels in strategy activities, commitment towards evaluating and adjusting strategy, and satisfaction with the models of strategy development and implementation thereof. Responses to these questions from the junior management group appeared to be somewhat unreliable as all responses can be described as systematic. Studying column 2 in the above table reveals this trend. We conclude that supervisors and lower-level managers are simply too far removed from the strategy environment to be involved in it or to even know about its existence. Hence, it appears that questions were answered without thought and in a systematic manner. We tended not to focus our analysis upon this group of responses.

Our primary concern is with the middle-management less-experienced and more-experienced group as we identified consistent dissatisfaction amongst this group with strategy models used and clarity of these models in practice. It appeared that the more-experienced group was more dissatisfied and may have through their extensive experience of top management discovered how strategy is dealt with daily. This trend is somewhat echoed by the less-experienced senior management group. Our concern is that these dissonant groups may be unhappy and pessimistic about the strategic direction of the company.

The analysis revealed dissatisfaction by the CEO with lower management groups' participation in and ownership of strategies and their implementation. We conclude that these groups are frequently not expected to participate in strategy formulation activities. We further think that strategy happens at the top, with the CEO. We think that the GM may be included in strategies and that he is consistently more satisfied with how strategies are crafted and implemented, compared to the rest of the management team. We note that the CEO is not satisfied with the strategy crafting processes himself and that this is a limitation.

It is pertinent to note that consistently the lower the management group, the more frequently their responses were characterized by 3-points plus variations, leaving the impression of uncertainty in these groups and variation in thinking about strategy crafting. We think the less experienced managers are in terms of years working for the company, the more uncertain and dissatisfied they are with a strategy in the company. We think the lower-level managers are expected to implement strategies in which they took no part in formulating or understand the reasons for. This could lead to low levels of compliance, motivation and drive to comply with or implement.

3.1.8 Conclusion

Our overall conclusion is that this organization has a top-down strategy approach that is not necessarily supported by the management team. The CEO knows the outside forces and sets the strategies from his position. Since he has no board to reflect his ideas against, it is quite a lonely place to be the CEO as he sets the strategies and others must ensure these are implemented. We believe that the uncertainty that exists amongst management team members stems from the two products the company tries to push at the same time and the lack of strategy implementation at the functional and operational level as discussed below. On the one hand, the company is in the business fibre infrastructure business, on the other hand, it is trying to implement and set up an end-user WiFi service arm. This presents a duality in the company that needs definite differentiation and strategy development. At present we think the strategic environment is at risk because the good strategy is not followed by good strategy execution and implementation. Thus, as Thompson et.al. (2017: 18-19) states the company is as good as the implementation of its strategies. At present we are not entirely convinced the management team, let alone the staff of the company are convinced of the strategies and particularly good at implementing it.

We think that there is relative disorder inside the organization and amongst the different management levels regarding the implementation of the strategy. There is a consistent disjuncture between CEO and top management levels and senior and lower-level managers regarding strategy implementation and ownership. Therefore, a general strategy development process is needed to effectively manage the disorder and create a dynamic team strategy formation.

The fact that significant variation is observed mostly in middle management and sometimes senior management levels, is not only dependent on the numbers of role players in those categories but suggests uncertainty regarding strategy. At what level are these uncertainties? Considering the level at which uncertainty exists uncertainties may be due to lacks in functional and operational strategy more than at the corporate governance level. Furthermore, we think that management levels have difficulties with strategy execution, implementation and monitoring, which is at the functional and operational level.

Adequate implementation by management is reflected in how successful things go, how smoothly operations are executed and whether financial performance targets are being met and exceeded. Service qualities at Safricom such as quality of Fibre services, response times to Wifi requests, signing-up of new service users, installations and general reaction accuracy are some issues that are critical indicators of effective strategy implementation at the functional and operational level (Thompson, et.al. 2017: 49).
The following guidelines are proposed to improve the strategic position of the company.

3.1.9 Recommendation:

It is recommended that the CEO seeks external consultation, specifically with the process of strategy crafting and mapping the direction the company wants to move into for the near future. The management team needs to consider embarking upon a strategy analysis and formulation process, as led by SWOT analysis and strategy facilitation process. This process can be used to clarify strategic direction, inform management levels of strategic direction and involve them in the strategy development process. Thompson et.al. (2017:44) maintains that strategy crafting is a group-integrated process, requiring the involvement of managers at all organizational levels. Strategy development sessions will contribute positively to the following outcomes:

1. The crafting of more effective strategies that have better buy-in at different management levels
2. Improved implementation of strategies because different management levels will take responsibility for implementing and reporting on strategies.
3. Effective strategy setting will contribute towards more effective marketing of products, sales and services to client systems, and the achievement of competitive advantage.

3.1.10 MSQIT for strategy management

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	3.00	
(b) Reflected in organizational structural elements?	3.14	
(c) integrated into group interactive patterns of employees?	2.71	
(d) integrated into the individual employee's thinking patterns?	2.29	

Overall Mean rating for strategy dimension	2.786	
Kappa: Intraclass correlation coefficient	.432	
Significance of agreement	.024	(Significant)

Key to rating:

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment	
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment	
Orange: represents a score of 3, meaning moderate integration, requiring some refinement	
Blue: represents a score of 2, meaning slightly effective but requires further refinement	
Red: represents a score of 1, strategy ineffective and requires change	

Notes:

- Mean ratings are somewhat higher than indicated by orange colour. Interpreting numbers provides greater accuracy
- Significant agreement was achieved amongst raters, confirming final score
- Intraclass correlation for agreement is moderate

3.2 Human Resource

Human resources are an important aspect of any business environment, regardless of the size of the company. Human resource systems grow along with a company's growth in a way that adds to the company's differentiation and refinement of operations. The sophistication level of the HR function is therefore directly related to the activities of the company, its operations and the outward activities towards target markets, customer care and services. Therefore, HR requires its strategic focus and the formality of this strategy is reflected in the relative commitment and spirit of the employees of the company. To assess the effectiveness of the HR function in Safricom, we need to identify the current HR strategy and measure the employee's commitment to their work utilizing an HR survey. The objective is to determine if the Work commitment of employees correlate with the objectives of the HR strategy. We thus must determine if there is consistency between strategy and practice in terms of the HR function.

3.2.1 Methodology

In evaluating HR practices at Safricom, we decided to approach the analysis as follows:

- The first strategy was to conduct semi-structured interviews with the HR manager and General Manager using an interview schedule (See APPENDIXES). This provided us with a narrative account regarding HR practices in the company at present from the perspective of the General Manager and the HR manager. Four themes were addressed as per the interview schedule
- The second strategy was to conduct a quantitative organizational culture survey utilizing the Utrecht Work Engagement Scale, a 17 item well known international instrument that measures commitment to work. (Schaufeli & Bakker, 2003, 2004; Schaufeli, Salanova, Gonzales-Roma, & Bakker, 2002a). UWES – 17 has emerged as a widely used measure of work engagement across several countries. The scale measures three dimensions of work engagement: *Vigour* as represented by a person's energy levels and mental resilience while working. People with high vigour scores tend to display more willingness to persist and invest in putting more effort into their work. Vigour is assessed on 6 items, high scores on vigour indicate high energy, zest and stamina when working, more focused work, whereas low scores indicate less energy, less focus and exhaustion. The second construct *dedication* refers to being inspired by one's work, seeing work as important and a source of pride and challenge; whilst the *absorption* dimension measures the level of engagement with work and being fully concentrated, where low scores indicate poor identification with work. Items are presented as statements to which persons respond on a seven-point scale with anchors 0 - never and 6 - Always or every day. Vigour is represented by six items, Dedication by five, and absorption by six items. Reported reliabilities of the UWES-17 ranges between .80 and .90 and in further cross-national studies for vigour (median $\propto = .77$), absorption (median $\propto = .78$), dedication (median $\propto = .85$) (De Bruin & Henn, 2013).

- This survey will provide us with the perceptions of workers and staff at the company regarding how they view HR practices and how engaged they are with their work in this company. The relevance of the work-engagement construct is that it correlates positively with low turnover intention, but also to positive organizational behaviour such as positive initiative, learning motivation, extra-role behaviour, and pro-active behaviour (Schaufeli & Bakker, 2004). A positive work environment with strong worker support, feedback on performance, coaching, autonomy and variety, as well as participation in training, fosters positive work engagement. In terms of Safricom, and HR management, information stemming from this construct may contribute towards understanding the culture prevalent at the organization. Scoring is simple utilizing calculating the Mean score for each item group, the norms of which are provided in Appendix A.

3.2.2 Semi-structured interview

Development of a Formal HR function

According to the General manager, Kobus Scholtz and Moekie van Sittert, the HR manager, HR practices changed dramatically since the end of 2018. The formal structure of HR was put in place at this time. This consists of individual files for each staff member and employment contracts for each. We do not know at present whether the company has staff policies and what these entails.

Obtaining copies of these will enable the team to understand the formal structuring of the HR section in the company. Both participants in the interview were positive about developments in HR and regarded it as major progress compared to where they were one year ago. Moekie van Sittert explains that they have installed procedures such as a grievance procedure and conflict resolution procedures.

This entails that any staff member can file a grievance of any nature, and this is usually confidentially handled by the General Manager. His stance on these interpersonal conflicts is that he wants to solve problems in the workplace and does so by mediating conversations with unhappy staff members. They have recently referred a staff member to a psychologist who acted as an external mediator, helping this person solve a problem. In their view, they do not have many staff-related problems.

HR manager position. The incumbent has a certificate in personnel management from the IQ academy. She has also extensive experience in the company, having worked for several years as a debtor filing clerk, before her appointment. Her experience is mostly practical and has a background in managing personnel in other contexts.

3.2.3 Strengths of the HR training and development strategy

The strategy with HR is to demonstrate commitment towards personnel in the company and invest in their staff. In five years', the time they want to evolve the HR section into a professional unit, and regarding staff, they want their staff to be committed for longer-term employment. To achieve this, they started a strategy to determine the skills of their staff. They are currently busy with a skills audit and especially at the lowest levels of work, as they want to improve working conditions.

They need to know the skill levels of their staff and work on plans to improve future job expectation of staff. Less clearly defined, but still important is their strategy to empower lower-end staff into a "career path". In this way, they have recently promoted a primary labourer, whose job it was to dig trenches into a technician position. Because of the flat structure though, opportunities for promotion are relatively scarce. However, to enable promotion and development of staff, they have implemented a training and development function – that hosts various training programmes and provides opportunities to staff for self-development.

The assessors need to know what the budget of this function entails, as this will enable us to evaluate whether this function is set to make a tangible difference.

Kobus explains that his motto is that: "if someone brings their effort to the workplace, he will meet them halfway and help them get somewhere" This motto, informally embodies their performance culture, he says. Thus, good performance will be rewarded with financial incentives.

3.2.4 Communication channels

This section of the report speaks to the relationships at work and how effective communication is in the workplace. Kobus describes the structure of the organization as flat, meaning that channels are direct and there is not a strict hierarchy. He also emphasizes their open-door policy, allowing anybody to speak to management at any point in time.

He motivates this as their way of ensuring that communication is open, and the playing field is level. It appears that there is not a structured way in which communication flows from the CEO to all staff levels. It appears that the previous GM was particularly interested in ensuring that company culture was built by reinforcing the company vision and mission, but the current GM is less interested in this way of building culture. He was quite outspoken against these formal methods for building culture. He was also more supportive of an informal, 'on the ground' demonstration of commitment to people.

3.2.5 Service department.

This department directly works with the public and is a key component of the business, according to HR and GM. They are satisfied that their efforts to ensure service quality and ongoing in-service training are adequate. They use an electronic ticketing system that follows tasks and service requests to the point of completion. Furthermore, all calls are recorded, therefore it is possible to playback conversations and uses these to correct service staff behaviour towards the public and follow-up on unfinished business.

They cannot recall having had real complaints about service staff responses, but the service department manager is monitoring service personnel responses consistently. They also use the Ticket system for reporting faults, and this helps them keep track of all their transactions and dealings with the public. Once again, the GM and HR person seem to be satisfied that his department works well. The consultants will treat this assumption as one perspective and will seek confirmation of this view in other pieces of information.

3.2.6 Organizational culture

The GM and HR person feels that people like working at Safricom – their staff turnover is low according to them, as in one or two people per year maybe. The average age of their staff complement is 31, and the range is 23 – 36. They describe their staff as generally young, millennials. They seemed unaware of the implications of a mostly millennial workforce. Their biggest challenge is to keep young graduates from university who leave the company after one year to take up more lucrative positions in the larger cities, mostly Pretoria or Johannesburg.

They do have a way to keep these younger people in the workplace. Yet, they are strongly opinionated that they need younger people to join and learn the business. Overall, their opinion is that people are happy and want to work at Safricom.

They also want to foster a culture of 'family business', and an environment where people feel at home and part of the family. Whether this cultural strategy is generalized and formally entrenched in for example company strategic plans and documents, slogans or vision and mission statements is not clear as yet. This emphasis can be described as a strategy towards creating an organizational culture that is based on solid values of commitment, but it appears to be somewhat vague and not generally accepted as a vision.

3.2.7 Summary of HR practices

We have summarized our initial findings of HR practices in the following Table 3-6. Included in this table in column 2 we have indicated the general perception of the GM and HR manager concerning the point in question.

Table 3-6: Opinions about key HR performance areas

HR function	Evaluation by GM and HR
Formal HR structure, filing, contracts, procedures	Positive and in place, although developing
Communication channels	Positive - open door policy ensures openness amongst staff.
Conflict resolution in relationships	Positive – handled by GM mostly, tries to resolve by conversations with both parties
Staff development	Positive - The latest effort to skills audit every staff member and build career paths

Organizational culture	Positive – people want to stay there, except young graduates or students – never stay long

Overall, the GM and HR person agree regarding their views on the adequacy of the HR function. Both are positive that the HR function has developed significantly over the past two years, and they both see a bright future for staff relationships and workplace culture development. Points evaluated as challenging or negative may be staff turnover, inability to retain young employees; the challenge to develop staff and specifically lower-level members of staff and to develop a sound organizational culture. We will do a more in-depth analysis following the results of our organizational culture survey.

3.2.8 Work Engagement Survey results

The scale measures three constructs, Vigour, Dedication and Absorption, indicating three ways in which a person is engaged with his/her work.

Work engagement is an important construct for measuring business unit performance.

- Positive work engagement has been positively linked to the performance of units, i.e. in terms of customer satisfaction, loyalty, profitability, productivity, staff turnover and safety at work (Görgens-Ekermans & Herbert, 2013)

Workers at Safricom have responded to the three dimensions of Work engagement as follows:

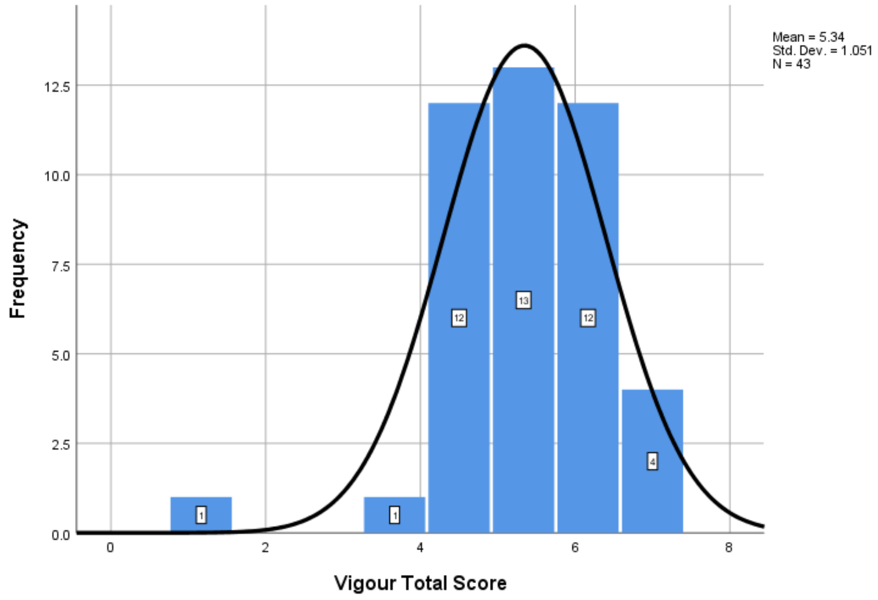


Figure 3-2: Histogram for Vigour

Although employees generally scored relatively high on average (5.34), this score is skewed negatively by one employee who answered this scale dimension extremely negatively as indicated in the graph

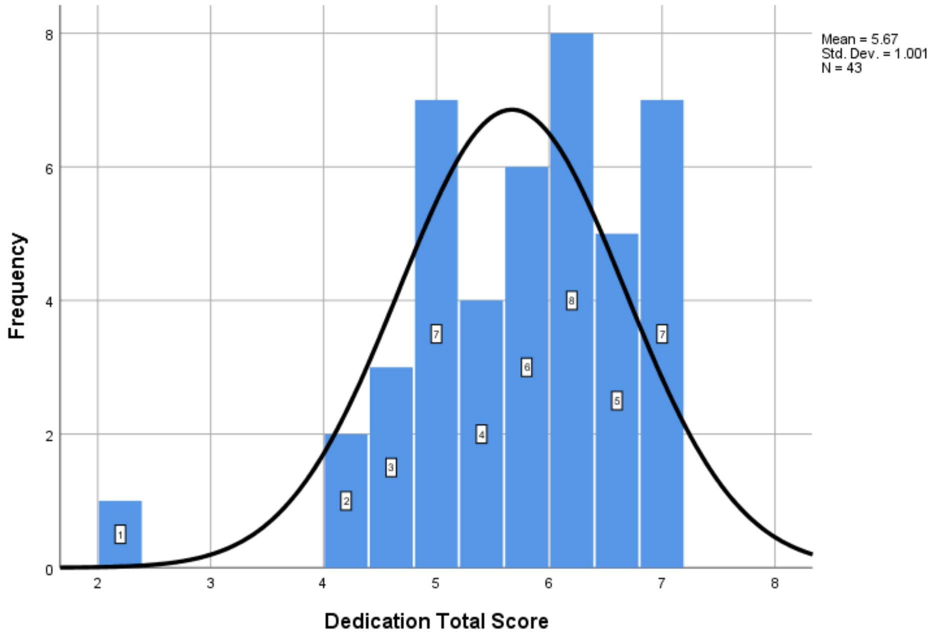


Figure 3-3: Histogram for Dedication

It is observed that the Dedication mean score is somewhat higher than the Vigour or Absorption Mean score, but the one extremely negative employee is noted in terms of Dedication.

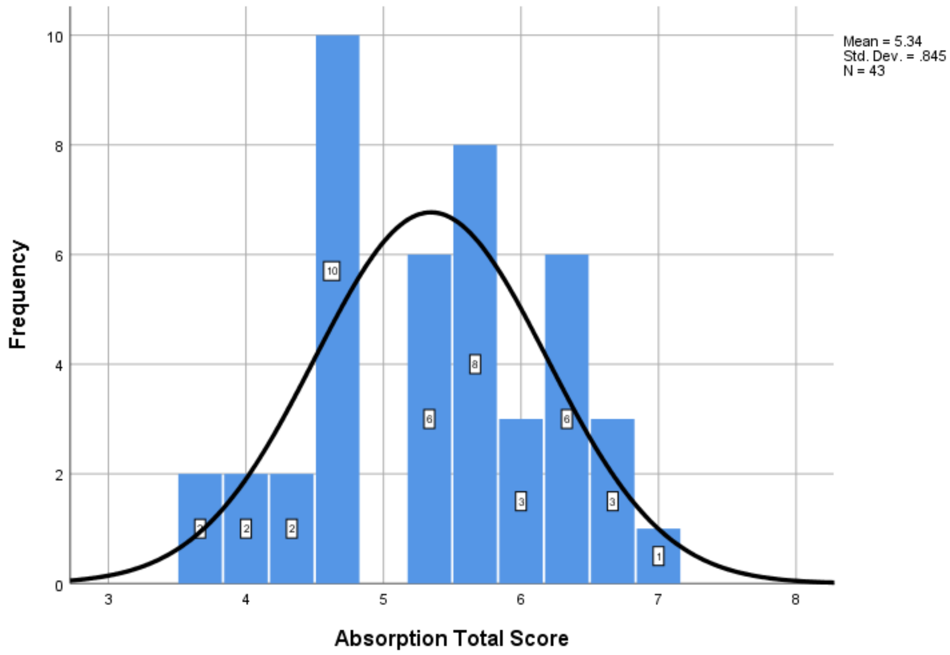


Figure 3-4: Histogram for Absorption

The Absorption Mean score is also 5,34 as indicated in the graph. The distribution is more equally spread on the histogram and the spread approaches a normal distribution.

Table 3-7 provides distribution information for each sub-scale scores.

Table 3-7: Mean scores and characteristics of the distribution curve

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Vigour Total Score	43	1	7	5.34	1.051	1.104	-1.467	.361	4.604	.709
Dedication Total Score	43	2	7	5.67	1.001	1.002	-.953	.361	1.961	.709
Absorption Total Score	43	4	7	5.34	.845	.713	-.278	.361	-.780	.709
Valid N (listwise)	43									

It is noted that the histogram curve for Absorption is lowest peaked, compared to the other two dimensions. This means, consistent with Table 3-7, that variances in the Absorption dimension are lowest. It is also noted that participants are mostly positive regarding this dimension. In contrast, we find that Vigour is highest peaked, meaning the variance is highest and this dimension is most influenced by the one negative employee in the sample.

We conclude that employees at Safricom are generally energetic, vigorous and enthusiastic about their work. The same trend is noted for Dedication and Absorption, although there is less variation in the extent to which employees are interested and absorbed by their work. Although the scores are not negative, they are slightly higher than the middle score, it may be asked why are employees perhaps less interested in their work despite their lots of energy and dedication?

It is noted that the three dimensions are correlated significantly as indicated in the Spearman's rho correlation table (see Table 3-8). This is consistent with the literature. It is noted that Vigour scores correlated weakest to Absorption, whilst Dedication strongly correlated to Absorption. This means that employees who are absorbed in their work are more driven by dedication than by their energy levels.

Table 3-8: Correlations between scale dimensions

Correlations

			Vigour Total Score	Dedication Total Score	Absorption Total Score
Spearman's rho	Vigour Total Score	Correlation Coefficient	1.000	.823**	.475**
		Sig. (2-tailed)	.	.000	.001
		N	43	43	43
	Dedication Total Score	Correlation Coefficient		1.000	.616**
		Sig. (2-tailed)		.	.000
		N			43
	Absorption Total Score	Correlation Coefficient			1.000
		Sig. (2-tailed)			.
		N			43

**. Correlation is significant at the 0.01 level (2-tailed).

We also note that the three scales were reliably answered. Reliabilities for the sub-scales are as follows:

Vigour = 0.863

Dedication = 0.801

Absorption = 0.688

Absorption reliability is lowest, and the scale performed marginally compared to the other scale dimensions.

3.2.9 Overall conclusion

- Employees are absorbed by their work because of their commitment to their work and not so much by their energy levels and drive to work.
- Employees are least divided about how absorbing their work is for them. They are more likely to agree that work absorbs them, but this is not exceptionally high.
- Employees seem to work hard and are engaged with what they do, but they seem to be less energetic about their work.

3.2.10 MSQIT Rating on strategy for human resources management

Table 3-9: MSQIT rating for HR strategy

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	2.86	Orange
(b) Reflected in organizational structural elements?	3.00	Orange
(c) integrated into group interactive patterns of employees?	2.71	Orange
(d) integrated into the individual employee's thinking patterns?	2.43	Blue
Overall Mean rating for strategy dimension	2.378	Blue
Kappa: Intraclass correlation coefficient	.208	
Significance	.298	(Insignificant)

Key to rating:

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment	Green
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment	Yellow
Orange: represents a score of 3, meaning moderate integration, requiring some refinement	Orange
Blue: represents a score of 2, meaning slightly effective but requires further refinement	Blue
Red: represents a score of 1, strategy ineffective and requires change	Red

Notes:

- Low level of agreement amongst team members on this dimension
- Overall rating suggests further attention needs to be given to HR strategies

3.3 Marketing Strategies

3.3.1 SWOT analysis

According to the response, it was unclear what the exact motives, requirements and demands were why customers made use of Safricom. A limitation identified in the interview was that there were no clear marketing strategies set out or implemented from the SWOT analysis. Especially when a company wants to focus on future development for market and sales strategies, identifying these elements can contribute to various factors for future business growth. An internal analysis done with the SWOT model can be beneficial to improve the understanding as well as to support decision making going forward.

Strengths

Safricom differentiates themselves by offering a local fibre service. Their services are in-house by building their own infrastructure; therefore, they do not outsource with other suppliers. The company delivers a service that operates over weekends with onsite and installations ensuring that business continues according to the requirement of the customers. It can be valuable for the company to retrieve their market share compared to other competitors in the area with similar service offerings and clientele. The business location that is close to the NWU, enables customers to walk in for sales and service.

Weaknesses

It is evident that Safricom experience a lack of efficient and effective customer service. Referring to quality customer service is the companies service does not meet the expectations of the customer. Once a business is exposed online, poor customer service experience can put the company's reputation at risk. Dissatisfied customers made use of the online channels to highlight their frustrations with regards to service and their personal experience. These negative views and feedback can have a tremendous impact on the company's image and how they value their customers.

Opportunities

Conducting market research can be very informative to create a clear and honest picture of the company's reputation in the marketplace. It will give Safricom an indication of how customers value the company and in which areas they can improve their services. Re-evaluating their target market creates the opportunity for them to enter a new market group where the demand for their service offering is high. Expanding marketing channels can be very costly, Safricom should rather consider improving their current media channels with insightful information and managing reviews. It enables Safricom to enhance their customer service and the value they offer. A dedicated sales force team can contribute to increase sales and elaborate on their current market share in the industry.

Threats

A change in economy or shift in demand can have an impact on the business. These changes in the market are an uncontrollable variable. An established reputation can be advantageous once economical changes have taken place. Customer can shift their support and loyalty to a competitor if Safricom does not adhere to the needs of their customers. If a competitor has a more engaging strategy for customers, it can influence customers a choice of service. Customer service and product quality from a competitor should not be overlooked, therefore managing reviews or feedback is key to protect the company's reputation from “poor” service. The withdrawal of subscription or demand on the student target market, due to the current unforeseen pandemic of COVID-19, can impact sales forecast or growth.

Customer Engagement

Before looking at new markets in the industry, it can be more beneficial to explore what the company can get out of their existing customer base, this is more economical and effective than recruiting new customers. Safricom should consider if they can offer more to their existing customers and create ways of improving the retention of key customers. Investing time and resources to develop customer engagement not only makes the customer want to do business but makes the customer feel valued according to their needs for the company’s service.

The outline of marketing strategies used in Safricom for customer engagement and communication has been placed on hold. The company has experienced a re-structure in the past year since July 2019. There has been no active marketing of the business to potential customers. The only customer engagement would be through service and their experience. Safricom’s focus was based on a strategy that was less marketing related, but more focused on the service/installation process and customer offerings. Active social media platform used are primary Facebook for customer engagement.

Nadia Wiid holds the Marketing Officer position at Safricom, that enables her to manage the Facebook platform for the business throughout the day. Where she would answer customers questions, distributing market-related material and advertisement daily. These changes were implemented from 23 May 2018 until July 2019. The increase and growth of the company allowed Nadia to not just manage the marketing segment of the business, but also to manage the customer service centre.

When a company considers customer, engagement is all about the customer’s journey with various touchpoints during interaction with the company. The customer journey starts from the moment the customer searches for the product or service with continuous post-purchase support. Providing a great customer experience at each of those touchpoints is valuable to build and maintain a steady reputation for the business brand. Continuous customer engagement is often overlooked once product or service is sold. Providing a service or product such as fibre or wireless connection carries a commitment towards the customer, due to the daily use, customers have a continuous need for Safricom’s service.

Customer engagement is all about making your customer feel valued during interaction with the company and that they are willing to take part in the experience the company has created for them. Effective customer engagement can help to grow the brand, build relationships and increase customer loyalty that will help to drive revenue and profits.

Responding to the customer's reviews or feedback in the most industry is not considered important. These views are part of the customer engagement journey. If the customer did not experience the engagement, they expected it can communicate poor customer value to other potential customers.

Once a customer can leave a comment or make a review, whether it is good or bad, this is a great opportunity to continue customer engagement. Delivering exceptional service by ensuring customers are happy and engaged will continuously drive business in the market.

Focusing on success, effort and emotion can influence the company's customer loyalty. Improving how the customer experience emotion during the service can significantly influence their loyalty. Meaningful customer engagement is the best way to increase positive emotions that will keep customers coming back.

Continues engagement will assist a business to keep track by analysing the customer's journey. Customer service consultants should take note and highlight the issues the customer find frustrating during the interaction. Evaluating the communication system enables the company to identify the channels of communication they can improve.

Evaluating communication and engagement with their customer can be simply done by ticking the boxes during the interaction with a customer.

- Does the customer find the communication informative and helpful during the interaction or upon their request?
- How would the customer find their interaction with the staff?
- Do the staff adhere to professional service and solutions for the customer?
- Do the staff have the necessary skills to deliver a service to the customer and their needs?
- Does Safricom follow up after customer interactions, responds or reviews?

Each of these customer touchpoints can present Safricom with an opportunity to engage customers in a mutually beneficial way.

3.4 Customer satisfaction

Customer satisfaction is the capability of an organisation to measure how their products or service they provide meet the customer's expectation. For a company, it is crucial not to ignore the importance of customer satisfaction. Neglecting the company's customer satisfaction can either contribute to the success or failure moving forward. It drives the after-sale relationship and customer loyalty. Conducting customer satisfaction will great a bigger picture of how customers perceive the company and service. Implementing customer satisfaction as part of a marketing strategy is important as it will provide the business with a metric to manage and improve their business and customer experience. Distributing a survey can be a useful tool to manage and monitor how the customer's interaction has been with the business.

3.4.1 Introduction

The consultant team conducted an electronic survey amongst customers of the company to determine the level of satisfaction with the *products*, *services* and *technical support* provided by the company. The survey instrument was developed by the consultant team and is attached as Appendix A. A total of 264 customers responded to the survey (N = 264).

3.4.2 Section A: Approach to the analysis

Considering the sample size and looking at the items it would not make sense to analyse these items by item using frequencies. This would give us a fragmented and over-detailed view of the responses. The strategy used in analysing the data was to approach it at scale level and compare groups according to the scale scores. During the design of the study, the questionnaire was compiled in three sections measuring satisfaction with products, services, and technical support. We were, therefore, able to construct scales consisting of similar items designed as scales and enabling comparison of groups against these scales.

The analysis proceeded with the establishment of scale properties to validate the study. Thereafter ANOVA and independent t-tests were used to perform the group comparisons.

3.4.3 Section B: Scale properties

3.4.3.1 Scale 1: Satisfaction with Safricom's services

Table 3-10: Mean scores Satisfaction with services scale

Item Statistics

	Mean	Std. Deviation	N
Customer Service [Response on Phone Calls/E-mails]	3.44	1.286	260
Customer Service [Follow-up on requested Information]	3.29	1.320	260
Customer Service [Product knowledge of staff]	3.79	1.106	260
Customer Service [Personal touch when assisted]	3.45	1.265	260
Customer Service [Professional Conduct of staff]	3.73	1.182	260
Customer Service [Order/processing accuracy]	3.52	1.319	260
Customer Service [Flexibility/effort to help]	3.33	1.363	260
Customer Service [Accessibility of customer service]	3.39	1.294	260
Customer Service [Value of the service versus money spent]	3.36	1.315	260

Table 3-11: Cronbach Alpha coefficient for Satisfaction with services scale

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.961	.962	9

The scale Alpha is high enough to continue with analysis at the scale level.

3.4.3.2 Scale 2: Satisfaction with Safricom's products

Table 3-12: Mean scores on Satisfaction with Products scale

Item Statistics

	Mean	Std. Deviation	N
Products [Product availability]	3.65	1.134	260
Products [Reliability of product]	3.30	1.265	260
Products ["On-time" delivery]	3.44	1.342	260
Products [Quality of installation]	3.93	1.138	260
Products [Variety of products]	3.67	1.093	260

Table 3-13: Alpha coefficient for satisfaction with products scale

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.925	.927	5

The scale with 5 items has a high Alpha enabling analysis at the scale level

3.4.3.3 Scale 3: Satisfaction with technical assistance

Table 3-14: Mean Scores for items in Satisfaction with technical assistance scale

Item Statistics

	Mean	Std. Deviation	N
Technical Support [Response on Phone calls/e-mails]	3.45	1.218	260
Technical Support [Follow-up on Requested information]	3.30	1.256	260
Technical Support [Knowledge about product]	3.72	1.091	260
Technical Support [Personal attention]	3.37	1.250	260
Technical Support [Professional conduct]	3.67	1.174	260
Technical Support [Problem Solving Ability]	3.34	1.362	260
Technical Support [Overall technical support efficiency]	3.37	1.345	260

Table 3-15: Alpha Coefficient for Satisfaction with products scale

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.966	.966	7

The scale at 7 items has sufficient reliability to enable further analysis at the scale level.

All three scales have sufficient reliability to be used as measures in this study. Exploratory Factor analysis confirmed the uni-dimensionality of each scale dimension, confirming that they are valid measures.

3.4.4 Section C Analysis

The focus of the further analysis was to study differences between groups regarding the satisfaction of customers with Safricom. For this purpose, independent-samples T-tests were used, as well as one-way ANOVA.

The grouping variables were:

1) Age
2) Duration of a service contract with Safricom
3) Where they had heard of Safricom's products
4) The kind of service they are using (WiFi, Fibre)
5) A new variable was created based on codes created for the qualitative responses in the last question. This rendered two groups, dissatisfied and satisfied customers and provided valuable insights.

The reader will see various Tables and graphs. Most of these are for reference only and is the evidence for the various findings. The key to extracting value from this report lies in the conclusions that are indicated in yellow.

3.4.5 Descriptive statistics:

3.4.5.1 Age versus Product choice

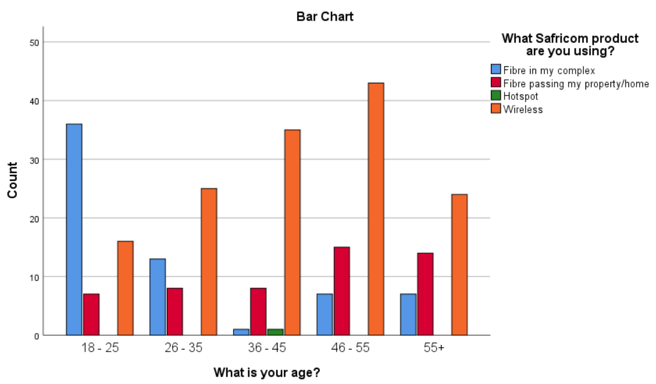


Figure 3-5: Descriptive statistics for Age and choice of product

Younger customers are more likely to have the *Fibre product* whereas older customers are more likely to have the *Wireless product*

3.4.5.2 Product choice and how they heard about the services

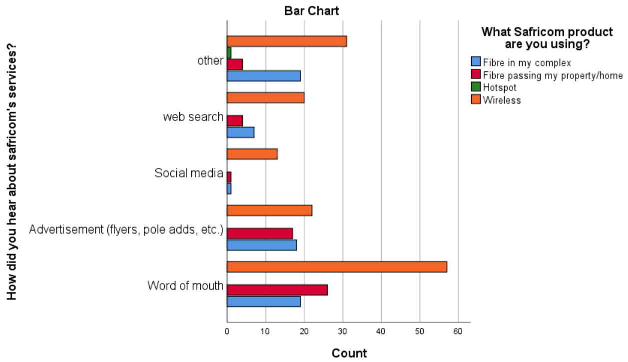


Figure 3-6: Bar graph representing product choice and marketing strategy responded to

On all products, word of mouth was most often the way customers heard about the company. This was followed by other means, and then advertisements. Least likely was social media and web searches. This suggests the company does not utilize these electronic means for advertising purposes.

3.4.5.3 Difference between groups

Differences between groups on the three scales: Service satisfaction, Product satisfaction and technical assistance satisfaction are reported in the following section.

3.4.5.4 The question investigated: Was there any differences in satisfaction based on where customers had heard about Safricom's products?

Table 3-16: Frequencies for how customers heard about the product

How they heard about service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Word of mouth	102	39.2	39.2	39.2
	Advertisement	57	21.9	21.9	61.2
	Electronic media	46	17.7	17.7	78.8
	Other	55	21.2	21.2	100.0
	Total	260	100.0	100.0	

We conducted an ANOVA test for independent samples

Table 3-17: ANOVA test for between group differences and effect sizes

ANOVA								
		Sum of Squares	df	Mean Square	F	Sig.	ETA = Effe
Customer Service Satisfaction scale	Between Groups	9,656	3	3,219	2,642	0,050	0,03
	Within Groups	311,868	256	1,218			
	Total	321,523	259				
Satisfaction with the Safricom product	Between Groups	5,878	3	1,959	1,789	0,150	0,02
	Within Groups	280,361	256	1,095			
	Total	286,239	259				
Technical Support satisfaction scale	Between Groups	5,700	3	1,900	1,485	0,219	0,02
	Within Groups	327,457	256	1,279			
	Total	333,157	259				

A significant difference was observed for satisfaction with customer services. The Tukey post hoc test indicated the difference between respondents who heard about Safricom via 'other' (Unknown) means and the group that heard of their services via advertisements such as Pole ads etc. (P = 0.039) The practical significance is small at 0.03.

Notice that the same trend (ETA = 0.02 for Product satisfaction and 0.02 for technical support) was observed for the other scales, although the results were not significant.

Conclusion: Customers that had heard through **other** means, and not through **advertisements**, were less satisfied than those that responded to advertisements. For marketing, this means that people who responded to perhaps positive reports or views from others or via the grapevine are more dissatisfied with services. Lesson: Make sure you market widely, otherwise the reaction may be more negative…any advertising is better than no advertising!

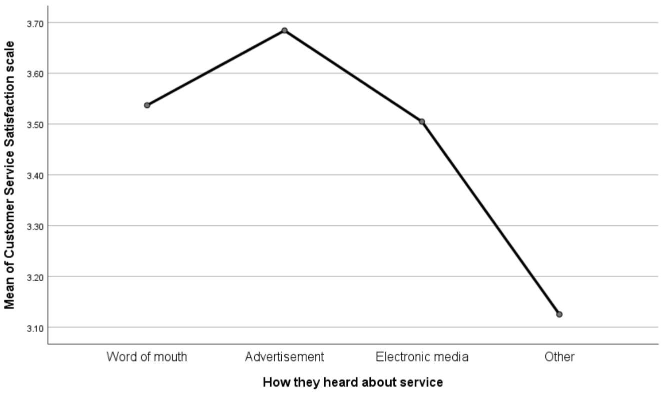


Figure 3-7: Means plot for how customers heard about products and Service satisfaction

Check out the graph: The average for the groups is to the left. Those who responded to adverts are more positive although the differences are small and appear to be big.

1) Differences regarding the products customers use:

3.4.5.5 The question that was investigated: Are differences in customer satisfaction attributable to the kind of product customers have? (Wifi or Fibre)

Here we use independent samples t-test because there are only two groups

Table 3-18 Group statistics for differences between Fibre and WiFi services

Group Statistics

	Product in use re-categorized	N	Mean	Std. Deviation	Std. Error Mean
Customer Service Satisfaction scale	Fibre service	116	3.4310	1.11892	.10389
	WiFi service	144	3.5131	1.11290	.09274
Satisfaction with the Safricom product	Fibre service	116	3.6759	1.01147	.09391
	WiFi service	144	3.5361	1.08174	.09014
Technical Support satisfaction scale	Fibre service	116	3.4261	1.15121	.10689
	WiFi service	144	3.4911	1.12343	.09362

Table 3-19 between group differences for product versus satisfaction

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Customer Service Satisfaction scale	Equal variances assumed	.021	.884	-.590	258	.556	-.08208	.13918	-.35616	.19199
	Equal variances not assumed			-.589	245.791	.556	-.08208	.13926	-.35638	.19222
Satisfaction with the Safricom product	Equal variances assumed	1.000	.318	1.066	258	.288	.13975	.13112	-.11846	.39796
	Equal variances not assumed			1.074	252.298	.284	.13975	.13018	-.11662	.39612
Technical Support satisfaction scale	Equal variances assumed	.090	.764	-.458	258	.647	-.06496	.14171	-.34403	.21410
	Equal variances not assumed			-.457	243.757	.648	-.06496	.14209	-.34484	.21492

We did not observe any significant or practically relevant differences between the two product types. Conclusion: Customers using both products are equally happy or unhappy – no differences.

2) Differences amongst Age groups regarding satisfaction on the three scales

The question that was investigated:

3.4.5.6 Are there differences amongst age groups regarding customers' satisfaction with services, products and technical assistance?

One-way ANOVA with Tukey and Games-Howel Post hoc tests

Table 3-20 ANOVA to test for differences in Satisfaction amongst age groups

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Customer Service Satisfaction scale	Between Groups	19.385	4	4.846	4.090	.003
	Within Groups	302.138	255	1.185		
	Total	321.523	259			
Satisfaction with the Safricom product	Between Groups	8.513	4	2.128	1.954	.102
	Within Groups	277.726	255	1.089		
	Total	286.239	259			
Technical Support satisfaction scale	Between Groups	14.710	4	3.678	2.945	.021
	Within Groups	318.446	255	1.249		
	Total	333.157	259			

Table 3-21 Post Hoc test results for differences in satisfaction for age groups

Multiple Comparisons									
Dependent Variable					Std. Error	Sig.	95% Confidence Interval		
							Lower Bound	Upper Bound	
Customer Service Satisfaction scale	Tukey HSD				0,21410	0,061	-1,1607	0,0158	
	Games-Howell	18 - 25	26 - 35	-0,57246	0,21719	0,072	-1,1759	0,0310	
			36 - 45	-0,60494	0,23232	0,078	-1,2513	0,0414	
			46 - 55	-0,52991	0,19412	0,056	-1,0678	0,0080	
			55+	-.79753*	0,21437	0,003	-1,3932	-0,2019	significant differences between older and younger groups
Satisfaction with the Safricom product	Tukey HSD	18 - 25	26 - 35	-0,40648	0,20527	0,279	-0,9704	0,1575	No differences
Technical Support satisfaction scale	Tukey HSD	18 - 25	26 - 35	-0,41873	0,21981	0,317	-1,0226	0,1852	
	Games-Howell	18 - 25	26 - 35	-0,41873	0,22493	0,345	-1,0443	0,2069	
			36 - 45	-0,42653	0,23402	0,367	-1,0781	0,2251	
			46 - 55	-0,44582	0,19228	0,146	-0,9785	0,0869	
			55+	-.73764*	0,21684	0,008	-1,3405	-0,1348	significant differences between older and younger groups

Conclusion of test: There are significant differences between the older customers (46 – 55; 55+) and the youngest group of customers (18 – 25) concerning satisfaction with the services provided by Safricom. Check out this graph showing the difference

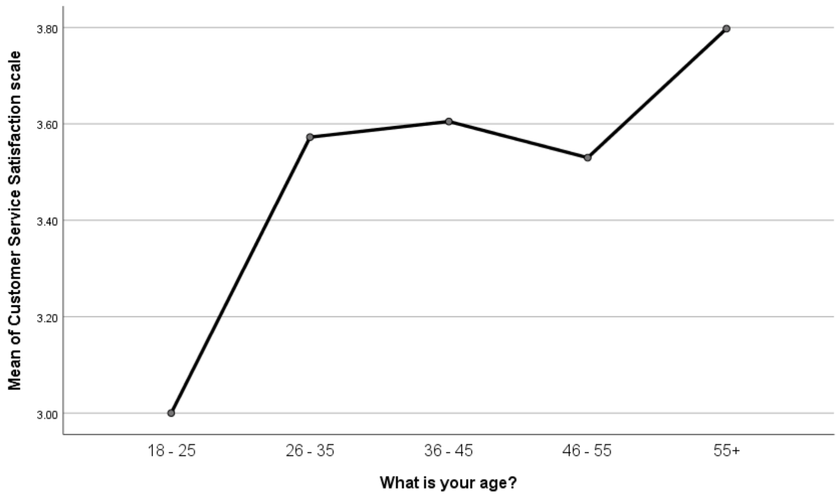


Figure 3-8 means Plot for differences in satisfaction with customer service for age groups

The younger customers are LESS satisfied with service levels than older customers.

Regarding satisfaction with the Safricom product range: There are no differences amongst groups.

Regarding satisfaction with Safricom’s technical services: Significant differences between the youngest and the oldest age groups concerning technical services were observed. Check out the graph below:

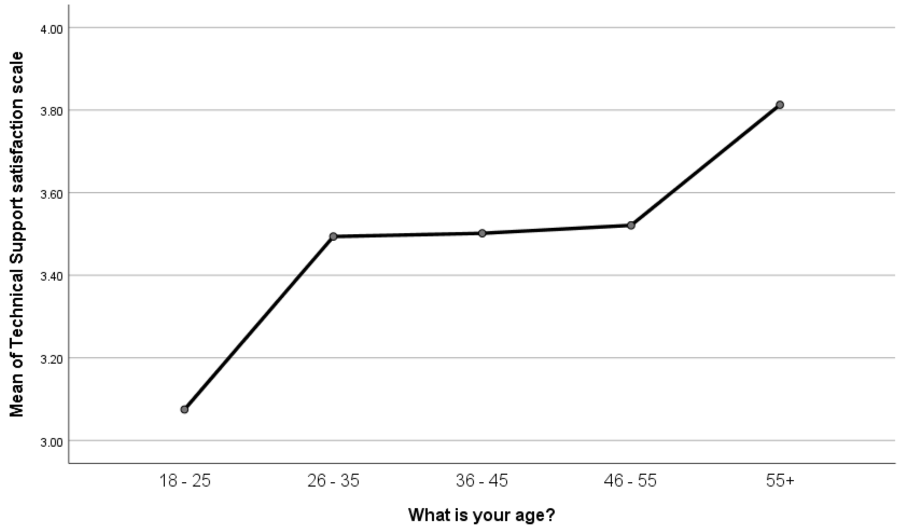


Figure 3-9 Means Plot to measure differences in satisfaction with technical services for age groups

Conclusion of test: As is by now expected, younger customers are LESS satisfied with technical services than older customers. The explanation is that younger customers are less tolerant, more demanding and want immediate response to their requests. Older customers are more tolerant, they are less technically oriented and not as sharp concerning social media use, the internet and less reliant on internet services, so to them it does not mind that much if the service is perhaps slow or not up to speed. They can go for longer without internet services. Younger customers are students – if their internet is down, they can't study, so they need speedier service.

They need their problems fixed quickly. The one group that needs very good services are the younger customers. They get frustrated easily because the impact of slow and poor service is much more profound on them. So, Safricom needs to take better care of their young customers, as not being responsive to them will negatively impact Safricom in future, no matter how much they expand or not expand. Since the younger customer is a "high maintenance group" they need better service. In any case, the young, customer population is less stable in that they move more frequently, and their internet needs to follow them immediately.

It is to be expected that more transactions will occur for the young customer population, hence that service needs to be there on demand. It is possible that a better understanding needs to be developed with the company regarding the importance of this aspect: They need to attend to the needs of the young customer much quicker and effectively. In terms of marketing, it will be in their interest to focus their marketing on services to young customers. Once the young customer market is active again (Post COVID), their marketing strategy needs to be adjusted to focus on this group and their strategy for service improvement must target this group.

3) Differences between the dissatisfied response group and the satisfied response group:

3.4.5.7 The question investigated: Are there any differences in the way the group that posted negative comments about Safricom compared to the group that posted positive comments about Safricom, completed the three scales about services, products and technical assistance?

Qualitative responses to an open question were divided into two groups as indicated below. The resulting classification of responses into satisfied/dissatisfied was somewhat arbitrary and based on own interpretation of each response but gave an interesting emphasis on differences in views.

Table 3-22 Frequencies for satisfied/dissatisfied groups based on qualitative responses

Qualitative satisfaction comments coded into two groups

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied group based on comments	195	75.0	75.0	75.0
	Satisfied group based on comments	65	25.0	25.0	100.0
	Total	260	100.0	100.0	

We can see that the dissatisfied group is almost double the size of the satisfied group. So 75% of responses were negative, versus 25% positive.

What I observed was that the customer survey itself was completed more balanced and more positive than negative. But the comments people wrote to Safricom showed the opposite trend! Most negative comments were directed towards the company's response to customers and service to this group were rated most negative.

The independent samples t-test was conducted and the differences between these two groups were significant.

Table 3-23 Group statistics for satisfied and dissatisfied group

Group Statistics

	Qualitative satisfaction comments coded into two groups	N	Mean	Std. Deviation	Std. Error Mean
Customer Service Satisfaction scale	Dissatisfied group based on comments	195	3.1630	1.06360	.07617
	Satisfied group based on comments	65	4.4171	.62978	.07811
Satisfaction with the Safricom product	Dissatisfied group based on comments	195	3.3333	1.03120	.07385
	Satisfied group based on comments	65	4.3938	.62647	.07770
Technical Support satisfaction scale	Dissatisfied group based on comments	195	3.1429	1.07523	.07700
	Satisfied group based on comments	65	4.4198	.67757	.08404

Group statistics on each service dimension are displayed in the above Table. Examining the Mean scores, it becomes clear that the satisfied group is about one level more positive than the dissatisfied group! This finding is highly significant. The independent samples t-test shows significant differences amongst the two groups on all dimensions.

Table 3-24 Independent samples t-test result for satisfied and dissatisfied groups

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Customer Service Satisfaction scale	Equal variances assumed	26.054	.000	-8.989	258	.000	-1.25413	.13952	-1.52888	-.97938
	Equal variances not assumed			-11.495	187.604	.000	-1.25413	.10910	-1.46935	-1.03891
Satisfaction with the Safricom product	Equal variances assumed	18.735	.000	-7.818	258	.000	-1.06051	.13564	-1.32762	-.79341
	Equal variances not assumed			-9.893	182.657	.000	-1.06051	.10720	-1.27201	-.84901
Technical Support satisfaction scale	Equal variances assumed	16.014	.000	-8.991	258	.000	-1.27692	.14202	-1.55658	-.99727
	Equal variances not assumed			-11.203	175.697	.000	-1.27692	.11398	-1.50187	-1.05197

On all the scales the dissatisfied customers (based on how I rated their comments), were significantly more negative about services, the product and the technical service! Conclusion: This means that once a customer has had a negative experience, and commented about it such as in this survey, they were also significantly more negative about Safricom's total bundle of product offering and service as measured by the three scales used in this study. So, the customer does not have patience or "genade" with Safricom. If they had a bad experience, they are categorically negative!!

3.4.5.8 Does the period the customer has used Safricom's services have any influence on how satisfied they are about Safricom's services?

Check the frequency table:

Table 3-25 Period of customer

For how long have you been a customer of Safricom?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 1 year	105	40.4	40.4	40.4
	2 - 4 years	122	46.9	46.9	87.3
	5+ years	33	12.7	12.7	100.0
	Total	260	100.0	100.0	

Only a small percentage (12.7%) are long term customers. The rest are shorter-term, more recent customers.

3.4.5.9 Can the period of being a Safricom customer be associated with the age of the customer?

Table 3-26 Period of being a customer cross tabulated with Age

For how long have you been a customer of Safricom? * What is your age? Crosstabulation

			What is your age?					
			18 - 25	26 - 35	36 - 45	46 - 55	55+	Total
For how long have you been a customer of Safricom?	0 - 1 year	Count	23	20	26	20	16	105
		% within For how long have you been a customer of Safricom?	21.9%	19.0%	24.8%	19.0%	15.2%	100.0%
		% of Total	8.8%	7.7%	10.0%	7.7%	6.2%	40.4%
	2 - 4 years	Count	34	22	16	33	17	122
		% within For how long have you been a customer of Safricom?	27.9%	18.0%	13.1%	27.0%	13.9%	100.0%
		% of Total	13.1%	8.5%	6.2%	12.7%	6.5%	46.9%
	5+ years	Count	2	4	3	12	12	33
		% within For how long have you been a customer of Safricom?	6.1%	12.1%	9.1%	36.4%	36.4%	100.0%
		% of Total	0.8%	1.5%	1.2%	4.6%	4.6%	12.7%
Total		Count	59	46	45	65	45	260
		% within For how long have you been a customer of Safricom?	22.7%	17.7%	17.3%	25.0%	17.3%	100.0%
		% of Total	22.7%	17.7%	17.3%	25.0%	17.3%	100.0%

Table 3-27 Chi-Square test for relationship between customer period and age

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.469[a]	8	.003
Likelihood Ratio	23.403	8	.003
Linear-by-Linear Association	6.501	1	.011
N of Valid Cases	260		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.71.

Table 3-28 Effect size for period of customer and age

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.300	.003
	Cramer's V	.212	.003
N of Valid Cases		260	

Conclusion for this test: The significant difference and effect size for this test are remarkable. The effect size is moderately strong as well. Thus, according to the crosstab one will see that older customers are long term customers (5 + years). All the younger age groups are associated with short term customers. What we learn from this is that younger customers are more mobile. They are mostly students and young working people, even as old as 36 years (could be young adults with families as well).

3.4.5.10 Are there differences amongst the service period customers regarding service satisfaction, product satisfaction and technical assistance satisfaction?

Table 3-29 ANOVA showing between groups statistics regarding the period of services and three dimensions of service

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Customer Service Satisfaction scale	Between Groups	5.968	2	2.984	2.430	.090
	Within Groups	315.555	257	1.228		
	Total	321.523	259			
Satisfaction with the Safricom product	Between Groups	2.700	2	1.350	1.224	.296
	Within Groups	283.540	257	1.103		
	Total	286.239	259			
Technical Support satisfaction scale	Between Groups	9.822	2	4.911	3.904	.021
	Within Groups	323.335	257	1.258		
	Total	333.157	259			

Table 3-30 Post Hoc tests showing differences between groups regarding customer period and satisfaction

Multiple Comparisons

Dependent Variable					Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound	
Customer Service Satisfaction scale	Tukey HSD				0,14751	0,082	-0,0308	0,6646	
					0,22114	0,949	-0,4531	0,5895	
		2 - 4 years	0 - 1 year	-0,31692	0,14751	0,082	-0,6646	0,0308	
			5+ years	-0,24872	0,21742	0,488	-0,7613	0,2638	
		5+ years	0 - 1 year	-0,06821	0,22114	0,949	-0,5895	0,4531	
			2 - 4 years	0,24872	0,21742	0,488	-0,2638	0,7613	
Satisfaction with the Safricom product	Tukey HSD	0 - 1 year	2 - 4 years	0,21486	0,13982	0,276	-0,1148	0,5445	
			5+ years	0,05818	0,20962	0,958	-0,4360	0,5523	
		2 - 4 years	0 - 1 year	-0,21486	0,13982	0,276	-0,5445	0,1148	No significant difference
			5+ years	-0,15668	0,20610	0,728	-0,6425	0,3292	
		5+ years	0 - 1 year	-0,05818	0,20962	0,958	-0,5523	0,4360	
			2 - 4 years	0,15668	0,20610	0,728	-0,3292	0,6425	
Technical Support satisfaction scale	Tukey HSD								
	Games-Howell	0 - 1 year	2 - 4 years	.41216*	0,15116	0,019	0,0554	0,7689	
			5+ years	0,13098	0,22036	0,824	-0,3990	0,6610	Significant difference between short term customer and medium term customer regarding technical assistance
		2 - 4 years	0 - 1 year	-.41216*	0,15116	0,019	-0,7689	-0,0554	
			5+ years	-0,28117	0,21159	0,386	-0,7921	0,2297	
		5+ years	0 - 1 year	-0,13098	0,22036	0,824	-0,6610	0,3990	
			2 - 4 years	0,28117	0,21159	0,386	-0,2297	0,7921	

Means Plots

Figure 3-10 Means Plot for customer period and Satisfaction with technical services

Short term customers (1 – 2 years) are more positive about technical assistance than longer-term customers (2 – 4 years).

Conclusion for the test: This means the standard and quality of the technical services may have improved since 4 years ago. We can assume that Safricom completed their infrastructure development about 4 years ago (?) and therefore they may have less technical problems at present. This seems to be reflected in this finding. Seeing that service period is associated with age, we conclude that the young service user (the students) are more positive and satisfied with Safricom's technical assistance levels as of recent.

3.4.6 Qualitative Customer Feedback

Analysing the qualitative customer feedback from the survey provides insight regarding reasons for customers feeling the way they do, what they experience. These responses make it easier to acknowledge or identify where the business is doing well and where management will need to shift focus for future improvements towards better customer experience.

See Appendix E for a full account of all qualitative responses (Appendix E)

Conclusion regarding qualitative feedback of customers: According to the responses from clients who took part in the survey, left with an open-ended question to how they experience Safricom. The qualitative feedback creates a bigger picture of how customers experience Safricom, it allows the customer to share their frustrations, thoughts and experience. Customers also gave insightful recommendations or a solution to the problem they experience. Doing more frequent customer surveys can help Safricom identify related issues and formulate a solution to the problem. The issues customers identified echo each other with similar reviews on social media platforms.

The following findings what customers experience are:

- Lack of Customer Service & Customer Support
- Poor Communication Channels
- Prolonged Response Time
- Technical Issues and Support
- Connectivity Issues and Support
- Value for money

Customers also praised Safricom for their service, that contradicts other customer's reviews. This all is to how each customer experienced their interaction and journey with Safricom or what their need was. Customer also demands more expansion of services, indicating the demand for product and service are according to the B2C market focus.

Customer satisfaction is the best indicator or reflection of how likely a customer will use the product or service offerings in future. High ratings can be considered satisfied, and these customers are most likely to recommend the business to a new potential customer.

Ensuring that a customer is satisfied increases the like hood of these customers to market the business by word of mouth. Customers relate to each other and trust their views or experience more, than a stranger asking you to sign up and support their business. Poor customer ratings and remarks are red flags that the customer is not satisfied and at risk to cancel the subscription. Customers demand fast service and expect the business to attend to their needs after the sale.

Customer satisfaction is a key differentiator between other competitors. Retaining current customers would be to make customer satisfaction a top priority in future business strategies. It is more cost-effective to retain current customers than to expand the customer base. New customers mean, new demands and services. If the current customer engagement and satisfaction are not managed, new customers will also be exposed to the blindsight of poor customer satisfaction. Customer satisfaction allows the business to keep a finger on the pulse of existing customers. Making use of feedback can act as a point of differentiation for new customers.

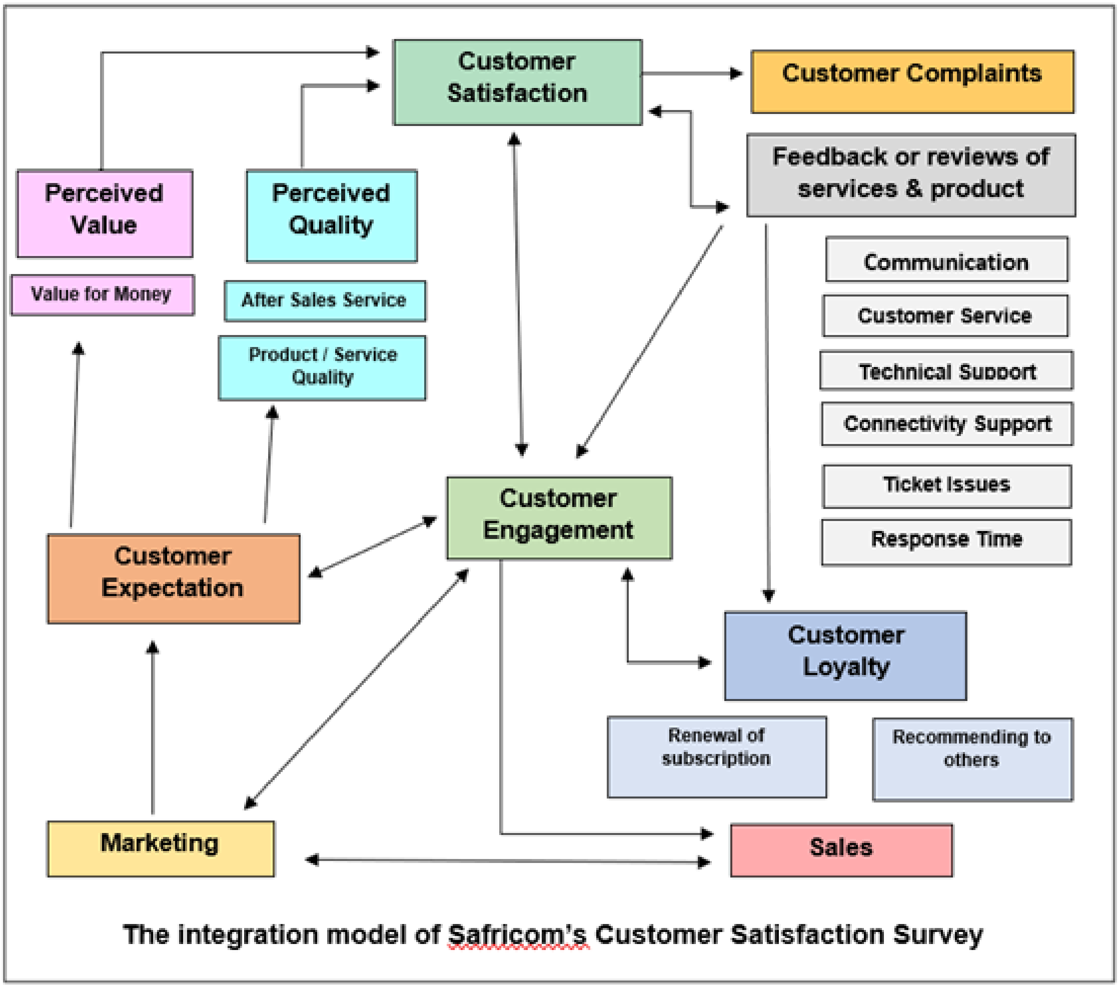


Figure 3-11 Integration model for Safricom's customer satisfaction survey

3.4.7 MSQIT rating for customer satisfaction dimension

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	2.43	
(b) Reflected in organizational structural elements?	2.43	
(c) integrated into group interactive patterns of employees?	2.43	
(d) integrated into the individual employee's thinking patterns?	2.14	

Overall Mean rating for strategy dimension	2.125	
Kappa: Intraclass correlation coefficient	.105	
Significance	.516	(Insignificant)

Key to rating:

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment	
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment	
Orange: represents a score of 3, meaning moderate integration, requiring some refinement	

Blue: represents a score of 2, meaning slightly effective but requires further refinement	
Red: represents a score of 1, strategy ineffective and requires change	

Notes:

- Agreement amongst raters insignificant
- The lowest overall rating for strategy in the company
- Ratings indicate strategy is not well integrated with dimension. There may be strategies for improving customer satisfaction, but these do not translate into satisfaction.

3.5 Marketing Channels

Previous platforms used for traditional advertisement and marketing was the exposure of business on pole ads, OFM radio, flash marketing campaigns, weekend marketing in the neighbourhood and complexes, commercial flyers handed out daily at traffic lights and four-way stops. Making use of school medium newspaper such as Sasima, banners and shark fins allocated outside the office for brand and business visibility.

Customer engaging opportunities Safricom executed was with marketing events hosted by other companies, brand visibility on various merchandise such as routers, vehicles and clothing and clear signage posts exposure for the company at complexes where fibre has been installed.

The key message communicated to the target market are fast fibre internet, increase awareness with the rollout of gigacity and fibre to the home. Awareness of Safricom as brand and service has been emphasised through channels that include word of mouth, brand visibility and access to their web page.
If marketing should reach their customers, there are today various channels that allow key messages to be communicated to existing and potential customers.

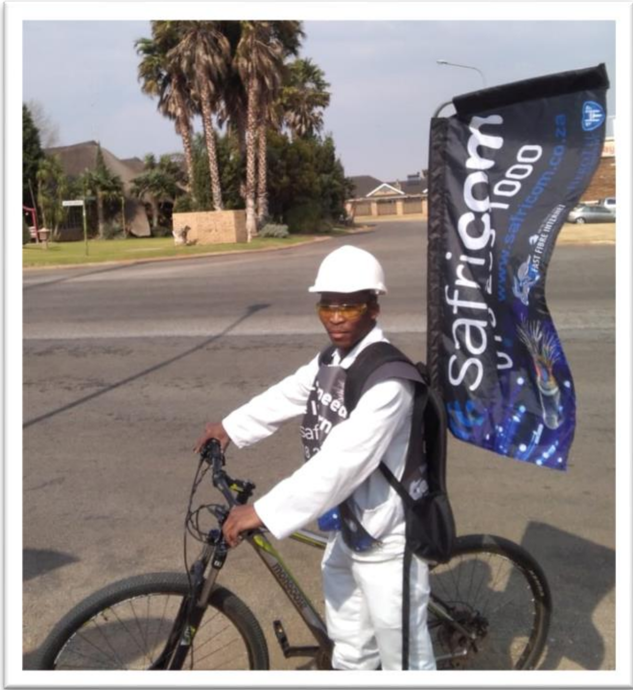
It is important that when marketing channels are used that the time and capital spent to have a valuable impact. Emerging innovation and technologies can be useful channels to implement especially with artificial intelligence and chatbots. The focus should be limited to channels that are applicable and are the right ones to maximise the growth of the company's business. A marketing channel can be any platform or method that are used for marketing activities. It can include digital marketing channels and print marketing channels. Each of these channels can be cost-effective, yet these channels should be measured or evaluated to ensure they allow efficient customer exposure.
The following list is various marketing channels to consider increasing the company's visibility to the consumer:

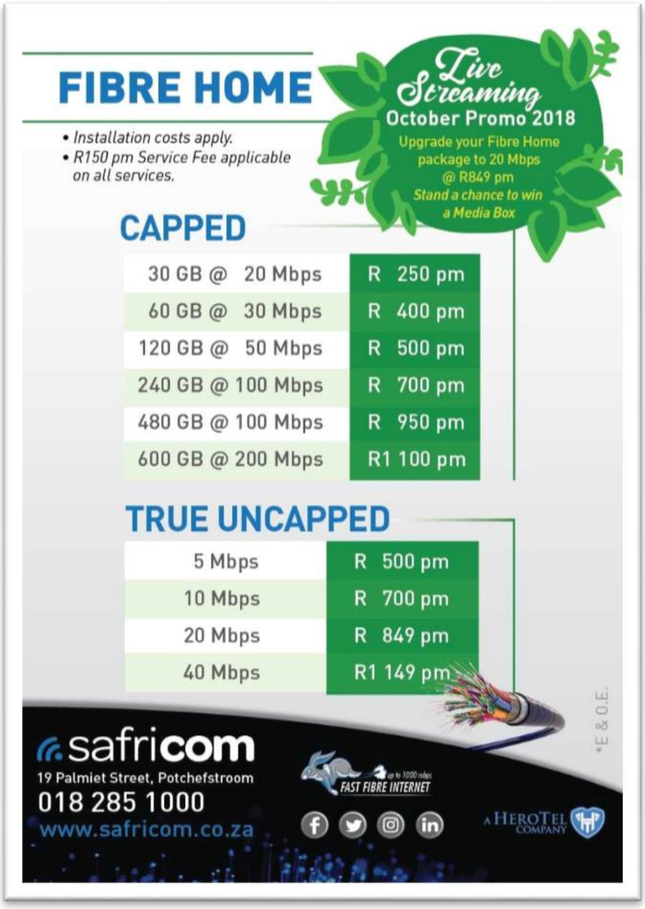
Table 3-31 Different marketing channels for consideration

Marketing Channels		
Affiliate Marketing	Online video	Print Advertisement
Apps	Microsites	In-store signage
Blogs	Mobile Ads	Direct Sales
Websites	Social Media Ads	Point of Sale (POS) Displays
Email	Press Releases	Public Relations Events
Social Media Networks	QR Codes	Near Field Communication (NFC)
Events	Chatbots	Search Engine Optimisation (SEO)
Television Commercials	Webinars	Pay Per Click Advertising (PPC)

Recommending all these channels should not be considered for overall marketing success. Safricom needs to determine which channels they are currently using, which channels should they add to their strategy and which channels should be put on hold.

The following images represent the marketing, branding and promotions Safricom has executed over the years:




FIBRE HOME
• Installation costs apply.
• R150 pm Service Fee applicable on all services.
Live Streaming
October Promo 2018
Upgrade your Fibre Home package to 20 Mbps @ R849 pm
Stand a chance to win a Media Box
CAPPED
30 GB @ 20 Mbps R 250 pm
60 GB @ 30 Mbps R 400 pm
120 GB @ 50 Mbps R 500 pm
240 GB @ 100 Mbps R 700 pm
480 GB @ 100 Mbps R 950 pm
600 GB @ 200 Mbps R1 100 pm
TRUE UNCAPPED
5 Mbps R 500 pm
10 Mbps R 700 pm
20 Mbps R 849 pm
40 Mbps R1 149 pm
*E & O.E.
safricom
19 Palmiet Street, Potchefstroom
018 285 1000
www.safricom.co.za
FAST FIBRE INTERNET
A HEROTEL COMPANY


WIRELESS HOME
• Once-off Admin Fee R500
• Excluding Router
• R100 pm Service Fee
Our bells are jingling!
Sign up on a Fibre or Wireless package & receive 1 month data FREE.
Valid 1 December - 31 December 2018.
CAPPED
30 GB @ 2 Mbps R 250 pm
60 GB @ 5 Mbps R 400 pm
120 GB @ 10 Mbps R 500 pm
240 GB @ 10 Mbps R 700 pm
480 GB @ 10 Mbps R 950 pm
600 GB @ 10 Mbps R1 100 pm
TRUE UNCAPPED
5 Mbps R 500 pm
10 Mbps R 700 pm
*E & O.E.
safricom
19 Palmiet Street, Potchefstroom
018 285 1000
www.safricom.co.za
FAST FIBRE INTERNET
A HEROTEL COMPANY


up to 1000 mbps
FAST FIBRE INTERNET

The marketing channel strategy that Safricom should evaluate according to their main objective with regards to customer segmentation is the business-to-business (B2B) or the business-to-consumer (B2C). Busines-to-business marketing channel can be any marketing strategy or content that will focus or align towards a business or organisation. If the business' marketing is focused on selling products or services to other businesses rather than to consumers. Business-to-consumer (B2C) make use of marketing that is focused on the customer and their needs. B2B compared to B2C marketing are very different from their respective strategies and execution as well as their target audience and how they communicate to them. B2B marketing target the needs, interests and challenges of individuals who are making use of the service or product on their behalf or for the organisation rather than for themselves. The customer is the organisation or the business they attend to. In contrast B2C marketing target the needs of the individual customer.

3.6 Customer Service and Experience

Customer feedback is a representation of how the customer experience customer service through evaluating the service by rating it. This gives the company and potential customers an indication of the quality service delivered. Safricom has no specific marketing research for current or potential customers, this can be a limitation for the company to act by improving or addressing customer experience or services.

Safricom can consider a more customer-centric and quality-driven approach to future business. Implementing a segmentation-based service will allow customer care in the company to address the complexities through customer support. Efficient customer support can contribute to more customer satisfaction, which in return will increase the integration for marketing and sales activities to increase.

More companies evolve and become more flexible to their service offering and products, mastering engagement with customers has become challenging. Customers have higher expectations; customers' demands efficient and effective service. It is clear in a business environment that good customer service and experience is the stepping stone to build a customer relationship for the long run.

Analysing the current situation with regards to customer service at Safricom, customer service offerings lack dedicated channel solution for customer's frustrations. The telecommunication industry grows rapidly could also find it challenging to support, assist and solve customer issues, since existing services offered continue to grow not expanding the current customer base.

Within a customer service and sales environment, staff members may provide the same level of service to every customer. The result of providing the same service to each customer can have to accumulate cost implications for the company, through a lack of quality and service inefficiency. Considering a segmentation-based approach to customer service can aid customer expectations by providing the right level of service for each customer or customer group based on their value and needs.

Developing a customer channel can be an essential strategy to segmentation-based service that will also contain the service costs. Customer value should be dealt with its needs and demands of a customer are different, therefore should be treated with different strategies. There are various emerging channels to provide service and opportunities for service consultants to adopt a segmented approach to optimise the service quality in the company.

Effective and satisfying customer service can optimise costs, as it does not only provide a solution for the customer but also reduces the risk for the company to lose an existing customer.
Improvement in the customer service operation creates the opportunity and capability to capture potential sales. Customer consultants deal with customers every day, multiple times a day. Considering a sale in-service model or strategy would enhance the exposure of new products or higher product packages.

When creating a sales model, it is important to know what the offerings of the product and service to a specific customer are. Establishing quality customer care is critical, by using a segmentation-based approach to deliver a service that will create optimum service quality, efficiency and cost optimisation.

Customer reviews do not only apply to 'customer service' but the 'customer experience'. The impact of reviews can reflect how your customers value you as a company. It is true today, that customers make use of the Web, social media or marketing links to review a product before purchasing. In this case, positive reviews are beneficial for the business as it can improve the reputation, increase sales and enhance ranking on search engines and boost profitability.

Negative reviews can have many detrimental effects on the business, that will turn potential customers away. Customer experience can be viewed with reviews, whether it is positive or negative. Consumers trust a collective opinion more than a single individual opinion who experienced the company negatively.

Once reviews are not attended to or brought to the attention of a company, it can also reflect the quality service and view of how the company value customers. This is where customer service can be to the benefit of the company, it allows the consultant to find a solution for the customer's problem. If a customer is unhappy during this experience, the company can still attend to the complaint before the complaint is made public on a social media platform.

The most important part of the marketing strategy would be to address customer service and customer experience. This is a cost-effective way, that can increase sales without spending money on any additional marketing campaigns. Customer service channels have evolved over the years, due to this evolution. Customers no longer depend on customer service consultants or waiting to be transferred on a call.

As mentioned in the marketing channels, there are also a variety of channels to which the customer can reach out for assistance with any issues without the delay of waiting to be transferred on a call. If these channels or considered, it will increase prompt and phenomenal customer service, which will immensely impact the customer's experience and contribute to the company’s competitive advantage in the industry.
Customer service channels that can be used to manage customer service requests more effectively and improve their customer experience.

- Social Media
- Live Chat
- Customer Discussion Forms
- Text message Support
- Smart Phone App
- Customer Feedback Survey
- Online Customer Portal

Customer experience is a result of every interaction the customer has with your business; this can be from navigating the Safricom’s webpage; engaging in conversation with the customer or discussing an issue or doing a sale. How a company responds to customer experience, it can have an impact on what the customer's perception is and can, therefore, influence their decision to whether they will support the company.

Exceptional customer engagement is tremendously important for the business in the company. The greater the customer engagement, the more the positive reviews from customer. Prioritising customer engagement can simultaneously reduce the risk of customer complaints. Delivering a great customer experience can increase customers loyalty to support the company, increasing their customer satisfaction and in return great word-of-mouth marketing, positive reviews, and recommendations for the company.

Customer service focuses on specific touchpoints within the experience where a customer requests and receives assistance. Customer experience can play a bigger role than customer service. This includes every interaction a customer has with the company, whether it's the moment they first hear about the services on a media platform or by word of mouth. Through to when they encounter the customer service consultant until the end when they experience a problem.

Exceptional customer experience can be achieved by the way the company engages with the customer. Ensure the consultant listens to the customers' needs and making it a priority to address. Customer feedback can be essential to develop an in-depth understanding of customers, by implementing a system that will help

Safricom collect feedback will be a steppingstone to analyse their views. Once this is done to act on it regularly until the customer is satisfied is crucial to continue a customer relationship. Solve specific problems and unique challenges they experience, evaluate what problem occurs the most.

Customer experience comes from asking your customers questions, listening to their responses, and acting on their feedback.

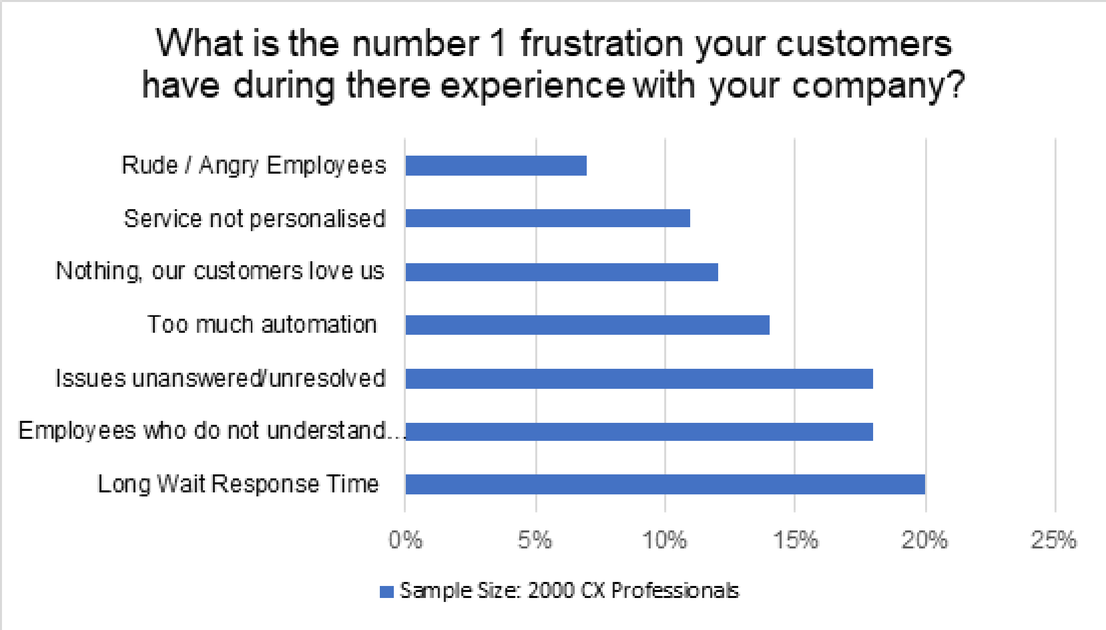


Figure 3-12 Dissatisfaction issues observed in other customer surveys

Source: Hotjar - State of Customer Experience 2019

Poor customer experience is primarily caused by:

- Long wait times
- Employees who do not understand customer needs
- Unresolved issues/questions
- Too much automation/not enough of a human touch
- Service that is not personalized
- Rude/angry employees

The importance of considering customer feedback as part of the customer experience strategy is like with the customer satisfaction survey the company can explore what the need for their customer is.
Making use of a survey by collecting the insights from the customers the company can act and allow impactful changes.

Customer feedback is information collected from your customer database on how they experience your product, service, website, or business. Making use of this feedback can help to improve customer experience by removing or reducing areas of resistance and increasing positive reviews. Customer satisfaction is a reflection of what the customer experience form Safricom's customer service in solving technical issues and providing support to ease the customer's journey.

Even if a customer sends an email, calls customer support, or leaves a review, it is their feedback. A problem that occurs is, if this feedback is not measured or analysed, *Safricom* is missing out on an opportunity.

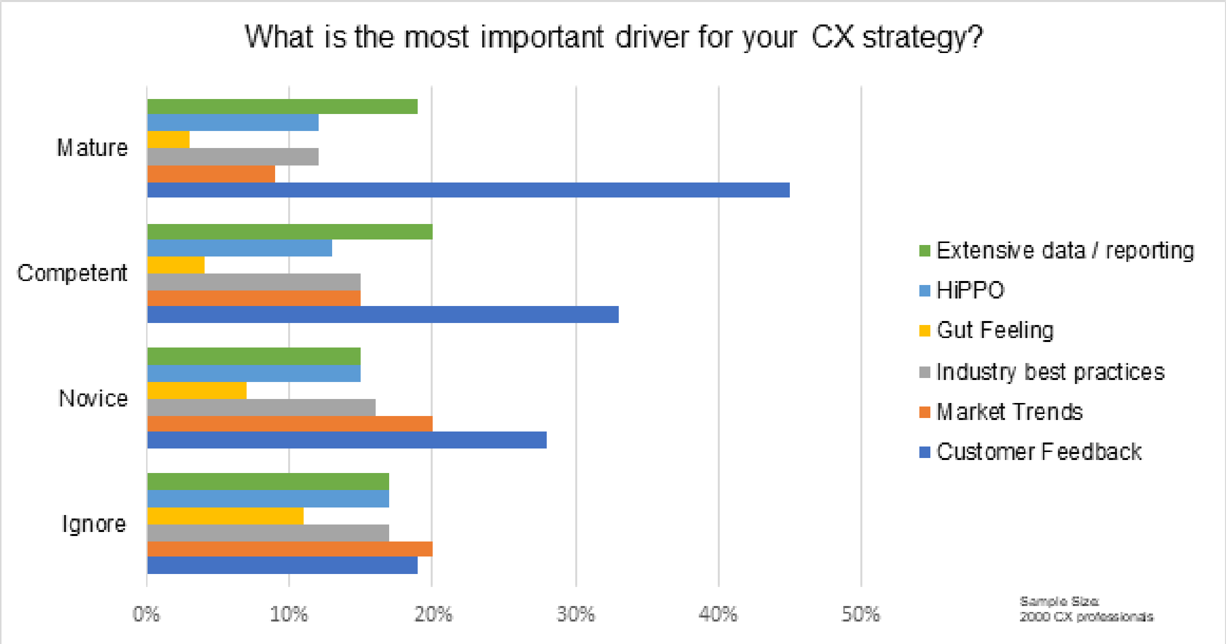


Figure 3-13 Drivers of customer satisfaction in service industries

Source: Hotjar - State of Customer Experience 2019

As the above graph (Figure 17) illustrates the importance of factors that drive their decision-making process with regards to their customer engagement strategy. Customer feedback is evident to be the key driver in most businesses. Understanding the organisation's customer, will highlight their customer experience and leverage its potential growth. Once a business has established its distinctive competencies, it allows increases the competitive advantage in the industry.

3.7 Marketing, Sales and ROI

Leads for Safricom as service provider were 7048, quotes generated 4986 and quotes accepted for business 3542. 71% of quotes generated was accepted for the services offered by Safricom. The ROI is not measured with various marketing principles implemented. Therefore, this elevates a restriction to measure strategies that do work in their current business plan. Safricom only runs from their marketing officer and no clear outcome for a dedicated salesforce team.

Previous marketing experiences mentioned that did not work as a strategy, was weekend marketing campaigns in the neighbourhood was not successful for the time and money spent. The company can consider to rather a use of more effective channels that can contribute to the clientele growth and which more cost-effective to the company.

Sales occurred at the beginning of the year indicated 1200 for January and 550 for February with 700 new installations. Current YTD sales in previous years have not to be provided according to the interview. A request on previous sales/billing would be crucial to compared to marketing initiatives or strategies that were implemented to measure ROI for marketing. Marketing can contribute to growing the business, in this current scenario, Safricom should shift focus to their customer service, adhering to the customer's needs and issues.

As mentioned above, customer experience is how the company customise their services to their clients. Increasing customer base through marketing will only add pressure to the current customer service system. When the value is created for a customer, indirectly the customer will recommend Safricom to potential customers.

Marketing management is the review of marketing capabilities to determine how marketing decisions are made and how the implementation is executed in the company. Questioning how efficient the marketing operation is within Safricom.
Would marketing be the central importance to the organisation with regards to determining a strategic direction or would marketing focus on promotional activity?
Does Safricom's organisational structure focus on customer value creation and competitor activity?
Market-related decisions are made by Nadia Wiid, taking the structure of the organisation in perspective, Nadia does not only focus on marketing. Her workload is divided into various key points of marketing such as sales, customer service and management. There is no structured marketing department, which can be a future risk as the business grows annually.

3.8 Analysis of 'Hellopeter' customer perception data

Perceptual data regarding safricom's services for the period 2015 - 2020 were captured from Hellopeter for analysis of perceptions of customers. About 44 textual complaints were qualitatively analysed utilizing Atlas Ti software. Hellopeter statistics are automatically calculated and portrayed in the following graphic:

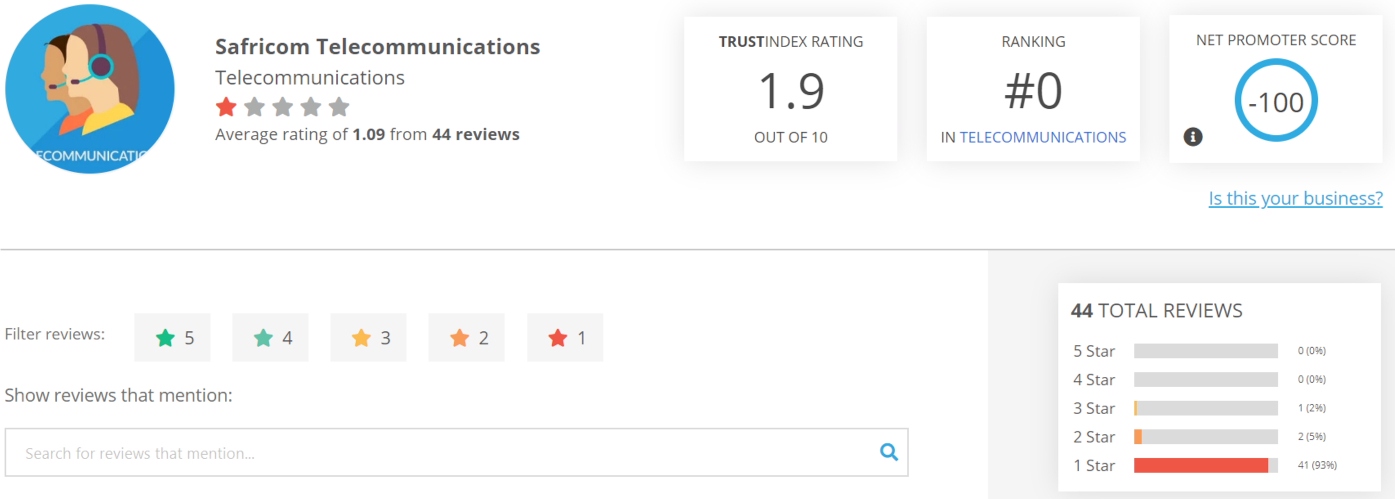


Figure 3-14: Hellopeter feedback statistics for the period 2015 - 2020

The above statistics portray a very negative confidence index of 1.9. This is a comparative index considering all ratings in the industry and indicates a very low rating. Moreover, of the 44 complaints analysed, the company responded only twice, and this was with the request for further analysis.

The thematic analysis for Safricom rendered the following themes:

1. **Nature of complaints**

   The operational life-cycle service sequence according to the analysis of the complaint about Safricom is as follows:

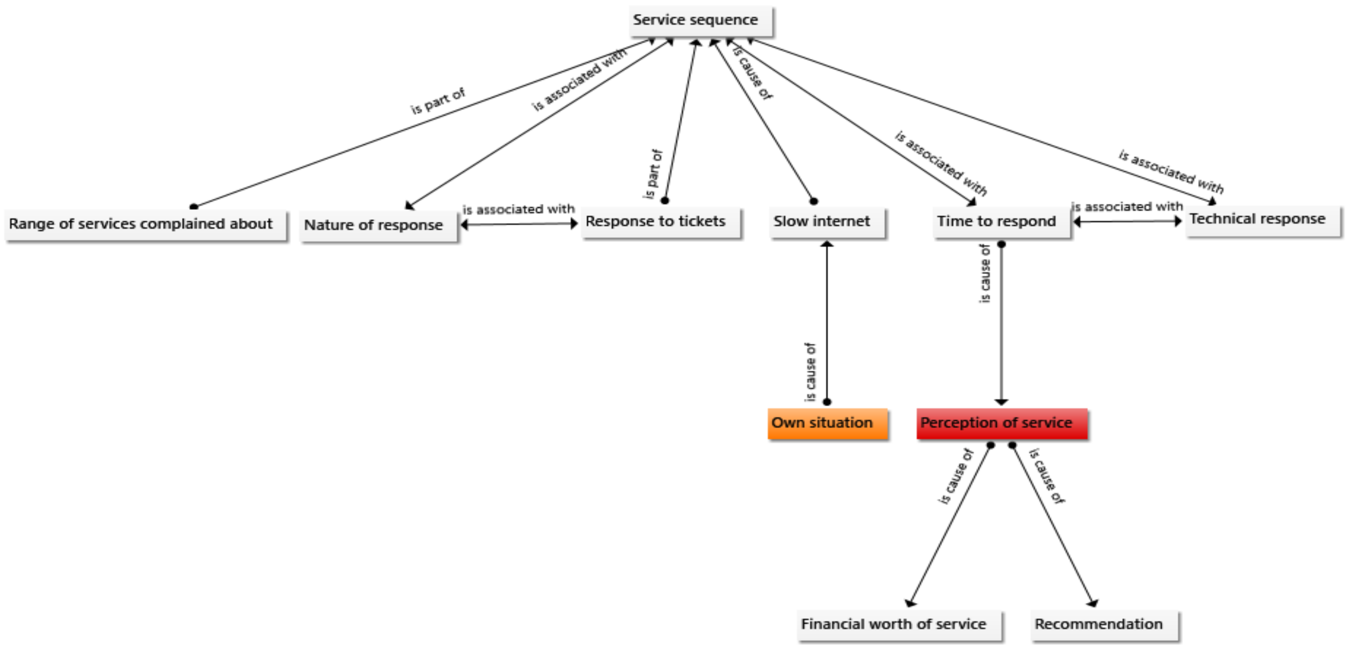


Figure 3-15: Service sequence as observed from Hellopeter comments

The above figure indicates that a person's situation triggers the service sequence. Most frequent complaints are either about (a) installation requests, (b) service repair requests as a result of slower than expected internet or (c) termination of services. In all cases, regardless of the person's situation, complaints are about the service centre response to phone-in complaints and the booking of a service ticket. Some complaints involve negative, or non-responsive or un-sympathetic ***behaviour*** of service staff, but in most complaints, ***timing issues*** between ticket booking and actual service response is the main problem. Service centre responses are either (a) non-responsive, (b) severely time-delayed, (c) time-inappropriate (wrong time), (d) miscommunicated or (e) "chillingly" (cold, aloof, abruptly, don't know response) dealt with.

The following table shows the relationship between service requests and different issues.

Table 3-32 Time to response versus technical response to various problems

	○ **Response to tickets** Gr=34	○ **Slow internet** Gr=27
○ **Technical response** Gr=19	3	1
○ **Time to respond** Gr=41	21	6

According to this table, the problem in complaints is less with the technical department as lower numbers of complaints are about this department, and more with the time to respond to complaints. Response time is the main issues in responses to 'tickets' and towards 'slow internet' complaints. Overall 41 out of 44 complaints involve poor response time.

See highlights what customers experience and reviews regarding the company's response time (Appendix F)

According to the table in the Appendix, poor service, lack of customer engagement and response time contributes to negative perceptions regarding the service and how the customer experience the service. These views can influence potential and current customers to recommend or support another service provider for the needs.

The overall impact of poor service is low confidence in the business and 'poor value for money' as indicated in Appendix G Customer perceptions of value for money.

3.8.1 Conclusions

The analysis shows that most problems of customers according to the Hellopeter website complaints focus upon the customer service centre. Specifically, the timing of service responses is by far the biggest problem and reasons for complaints. Regarding ***internet complaints***, the most frequent complaint is dissatisfaction with service speed, Wifi or fibre, seems to be slow. This is a technical problem that may not necessarily reside with Safricom and may depend on other role players in the industry but is directly linked to Safricom.

3.8.2 Recommendations

A customer's journey can be influenced by various key drivers, where most of these key drivers can be managed by the company. Customer service, support, response time, communication channels, technical or operational issues and support are areas where Safricom can invest more time towards finding the cause for poor deliver as well as a solution for these related complaints.

Improving the customers experience and meeting their expectation will not only contribute to the greatness of customer satisfaction and relationship but also create brand loyalty. In the telecommunication industry, the tried and trusted recommendation from clients can indirectly market the brand to new potential customers. Allocating a dedicated professional that manages customers reviews, complaints and recommendations will promote and form part of the marketing strategy. Reviewing the communication channels within customer service and technicians can contribute to the flow of solving customers query.

3.8.3 MSQIT ratings for strategy in marketing dimension

Table 3-33: MSQIT rating for Marketing strategy

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	2.57	
(b) Reflected in organizational structural elements?	2.29	
(c) integrated into group interactive patterns of employees?	2.29	
(d) integrated into the individual employee's thinking patterns?	2.14	

Overall Mean rating for strategy dimension	2.125	
Kappa: Intraclass correlation coefficient	.105	
Significance	.516	(Insignificant)

Key to rating:

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment	
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment	
Orange: represents a score of 3, meaning moderate integration, requiring some refinement	
Blue: represents a score of 2, meaning slightly effective but requires further refinement	
Red: represents a score of 1, strategy ineffective and requires change	

Notes:

- Second lowest strategy dimension and requires attention for improvement

3.9 Operations Strategy

An effective operations management must have a mission, so it knows where it is going and a strategy, so it knows how to get there. Each functional area within a company needs to have a strategy for achieving its mission and helping the company to reach the overall mission. Operations within Safricom are those activities, costs and assets associated with providing internet service to their customers.

The objective with the analyses of the operations is to look inside Safricom at their resources, competencies, and internal value chain to determine their competitive advantage. Combined with the external analysis, it facilitates an understanding of how to reposition Safricom to cope with emerging competitive threats by taking advantage of current and new opportunities.

To achieve this objective, the following analyses were performed.

- Analysis to classify the resources of Safricom into a tangible resource, human capital resources and organisational capital resources.
- Competence analysis to identify the core and distinctive competencies of Safricom
- Internal Value chain analysis as described by Ungerer, M, *et al.* (2016:170) was used to gain a better understanding of the activities of operations that create value for Safricom.

The results from the analyses on the operations management and strategy of Safricom are discussed and options for how Safricom can utilise their resources to achieve a competitive advantage in terms of differentiation, cost and response.

3.9.1 Internal Resource Analysis

Safricom has resources in the form of fibre optic networks, the capability to build their internet networks, the organisational processes to connect and service customers to the internet network and access to a large customer based in Potchefstroom and surrounding areas. These resources are used to execute Safricom's vision to connect everyone in their service area to high-speed and affordable internet. Safricom's resource-based strategy cannot be easily duplicated by possible resources. Therefore, it is recommended that Safricom use their resources to leverage the basis for a competitive advantage. The resources utilised by Safricom is categorised in Table 3-34.

Table 3-34: Resource Categories as demonstrated in Ungerer, M. et al (2016:161)

Physical capital resources / tangible resources	Human capital resources	Organisations capital resources
<u>Physical Resources</u> • 150 km of fibre network in Potchefstroom. • MC Roode site as the base for Fibre Operations and technical services • 35 service vehicles and construction equipment. • Rent offices at Cachet Park close to students, the main focus of their strategy. <u>Organisational Tangible Resources</u> • Active over a range of levels in the Industry value chain. • Workflows for contact centre operations • Network planning <u>Technological</u> • Telecom grade equipment • Network equipment capable of 2.5Gbps data transfer. • High capacity fibre cables.	• 114 full-time employees in an organisation structure with 5 levels of hierarchy. • Skills in managing network building operation costs. • The largest proportion of employees in Service and Fibre Operations. • Fibre Operations teams knowledge and capability in building fibre networks • Good and experienced management in Service and Fibre Operations. • Sales and customer service • Family business mentality. • Ability to upskill employees and provide them with career opportunities.	• Collective learning in the practises associated with the building of networks in Potchefstroom. • Streamlined user connection processes. • Largest market share in fibre internet in Potchefstroom • Provides a superior internet service • Large, mainly untapped customer base • Fibre internet network that is scalable and the platform for 5G mobile services. • Relationships with internet and physical suppliers • Relationship with business customers.

Safricom has developed valuable resources that are valued based on the following dimensions:

- It will be difficult for rivals to imitate Safricom's resources based on the following mechanisms:
  - Physical unique. Safricom developed 150km of fibre network in Potchefstroom, a university town which makes it a prime location for internet service.
  - Safricom started the development of the fibre network with a project and joint venture with the North-West University. This provided Safricom initial access to a large group of customers, that is, students and an academic institution. The fibre network infrastructure was rapidly expanded in Potchefstroom, making it difficult for rivals to mimic this development path.

    - Safricom established an organisation focused around the capabilities to build a network and connecting customers to the internet, instead of subcontracting these activities. Therefore, the inter-relationships throughout the value chain will be very difficult for rivals to replicate.
    - The building of a fibre network is capital intensive and act as an economic deterrence. Where such a network exists, it is more cost-effective for rivals to rent access to the line than to build their fibre network.
- An optical fibre network is durable and will take many years to depreciate. Fibre optics is often said to be future-proof because the data rate of the connection is usually limited by the terminal equipment rather than the fibre, permitting substantial speed improvements by equipment upgrades before the fibre itself must be upgraded.
- Safricom owns the fibre network and can appropriate the profits generated from it by connecting customers directly to it or by selling the resource as a service to other ISPs.
- Internet transfer over mobile networks has improved significantly. The introduction of 5G will give mobile users access to high-speed internet over the network. However, mobile networks face significant data and connectivity challenges. This will make it difficult to substitute fixed-line internet.
- Safricom provides access to competitive superior internet service in Potchefstroom compared to the local WISPs.

Competence refers to the ability of Safricom to sustain the coordinated deployment of assets and resources in such a way that help Safricom to achieve its goals. Based on the resource analysis, the following core and distinctive competencies were identified in Table 3-35.

Table 3-35: Core and Distinctive Competence Analysis Framework (Ungerer, M. et al. 2016:168)

	Competence Description	**Customer value description**	**Uniqueness description**	**Leveragability description**		**Industry KSFs**
Core	Connecting customers to fibre broadband internet	Medium	High	Medium	→	Accessibility to internet service
	Direct supply of internet from Teraco	Medium	Medium	Medium/High	→	Competitive Pricing

	Competence Description	Customer value description	Uniqueness description	Leveragability description		Industry KSFs
Distinctive	Development of fibre optic networks	Medium	High	High	→	Unfair advantage
Conclusions: Safricom's value proposition is to connect customers to the internet. This value proposition has not changed since they started in rolling out an IPS in Potchefstroom in 2007. They are the largest supplier of fibre network in Potchefstroom and obtain its internet traffic directly for Teraco data centre. This enabled Safricom to provide competitively priced internet packages. Safricom's distinctive competence is to build fibre networks which represent a superior resource strength compared to its rivals.						

3.9.2 Internal Value Chain Analysis at Safricom

Safricom's core competence is the building and development of local network (within a town area) through to last-mile connection to their customers. The South African internet industry value chain (presented in Figure) consists of international, national, and local internet traffic.

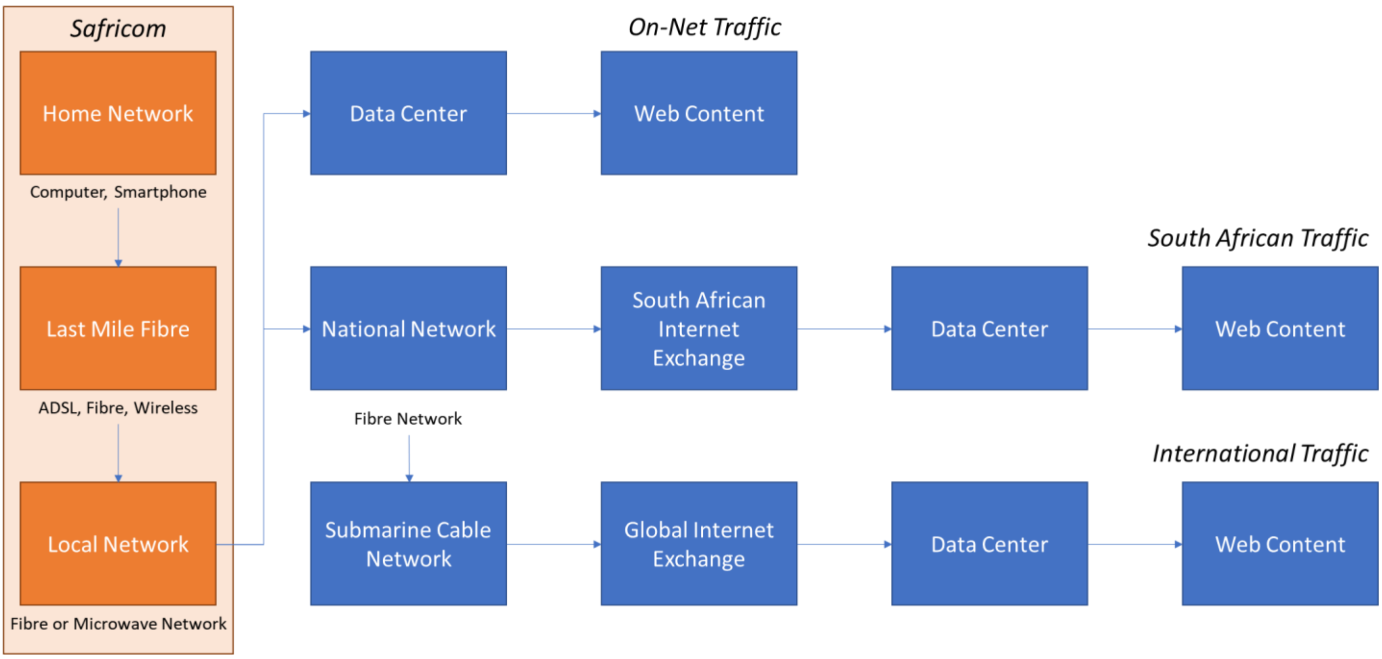


Figure 3-16: South African Internet Industry Value Chain

The internal value chain (Figure) of Safricom is a sub-element of the industry value chain (Figure) in which Safricom operates. It is through this value chain that Safricom has created a competitive advantage by building a fibre internet network in Potchefstroom.

The internal value chain analysis was performed based on the operations and technology-related information gathered through semi-structured interviews with Safricom's management. The basic internal value chain analysis as described by Ungerer, M. *et al.* (2016:170), was used to identify the primary activities Safricom performs to deliver their value offering, that is, the internet services and products through which they deliver it. The support activities were also explored in the interviews.

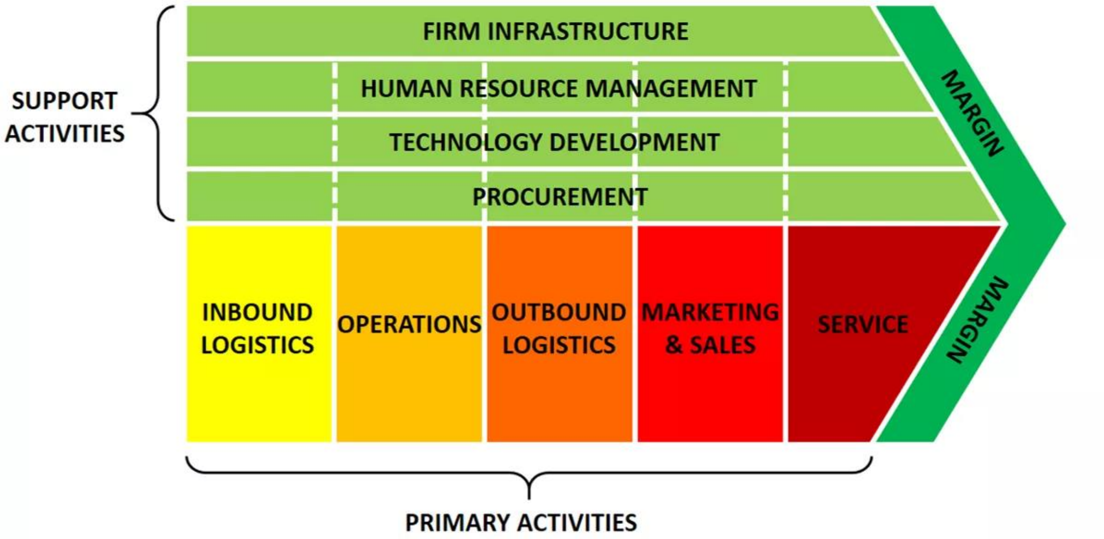


Figure 3-17: The Basic Internal Value Chain (Ungerer, M. et al. 2016:170)

The following tables present primary activities contributing to the value chain.

Table 3-36 Analysis of Safricom's Internet supply chain

Internet Supply Chain
Internet suppliers • Buys internet at set prices directly from Teraco. This does give Safricom a cost advantage compared to the other ISPs operating in Potchefstroom who buys their internet through third parties. • Safricom has made use of the access to the National Long Distance (NLD) fibre network that runs along the N12 through Potchefstroom. Safricom as a private company was the first mover in Potchefstroom to make commercial use of the available supply of high-speed internet infrastructure. Physical Suppliers • Miro is Safaricom's biggest supplier of electronic and network equipment. • Safricom makes use of three fibre cable suppliers. • Safricom manages its stock based on demand forecasts. To maintain cash flow, they do not keep more than 1 months' worth of stock except for items with long lead times from order to delivery. Procurement

• There is not a person dedicated to procurement in Safricom. An operations manager is responsible to obtain quotations. The quotations are reviewed by the General Manager before orders are placed.
Evaluation • Safricom's direct supply of internet from Teraco give them a cost-competitive advantage compared to local ISPs who buy their internet from third parties. • No competitive advantage could be identified with Safricom's supply network of physical items.

Table 3-37 Analysis of Fibre Operations projects

Operations
Fibre Operations Projects - Development of telecommunications infrastructure • Safricom performs civil and construction works to build the fibre networks, activities that are normally subcontracted. Therefore, they are more directly involved with people affected by the civil works for building the network, to deal with issues more effectively. • Network planning - the last mile connection is not completed until there is a client, as is the norm with larger ISPs. Thus, effectively matching and utilising network development capacity to the demand. The network planners are responsible for surveying sits were fibre cables will be installed, making drawings of the planned network and create the bill of quantities which is used for operations planning. • Safricom's core activity which contributes to long-term company success is the development of fibre cable networks. The cost of the fibre cables and network equipment is small compared to the cost of the civil works. Therefore, Safricom installed fibre cable with more than necessary core numbers, that is, the number of optical fibres in the cable. This was so that the network can operate with expected high internet traffic in the future. Service Operations – Fibre and Wireless Installations and Onsite Support. • Safricom provides fibre and wireless installations, onsite support and inhouse processes, such as package changes, email setups, static IPs, etc. Workflows were created with specified tasks which need to be completed for each installation activity, such as, site surveys, quotations, customer contract profile, job cards, installations, invoicing and quality control. These workflows ensure reliable work is performed. • Fibre installations sometimes require civil works at the client's property to connect to the fibre network. This is done by an in-house team which gives Safricom flexible, reliable, and quick response. • Safricom uses cost analysis to determine the effective utilisation of its technical personnel. Cost estimates are based on average costs for the activities with the highest costs. Quality Control

Operations
• As part of the workflows, technicians take photos of key aspects of the installation. A customer relation officer reviews the images to evaluate the quality of the installation. The technicians tend to do tidy work as this was an area Safricom management placed a lot of emphasis on. • After each installation, the client is requested to provide feedback and rate the quality of the service provided. Any issues are dealt with swiftly. • There are still a few areas where quality control still needs to be improved, for example, underground and manhole network installations. These are challenging positions to work in and not easy to review the work afterwards. This is an area Safricom will focus on by planning to complete most of the network connections during the civil works activity, thus, eliminating the need to the technicians to work on the network afterwards.
Evaluation • Safricom's decision to perform the civil works and technical services in-house gives them an advantage on response over other large ISPs that are not locally based. The competitive advantage on response refers to timely service delivery, reliable scheduling and flexible performance. • However, based on the competitor analysis on local WISP suppliers in Potchefstroom, it seems that that the smaller providers perform better on response than Safricom. • There is an opportunity for Safricom to improve operations to differentiate themselves from the competition by leveraging their resources to develop a low-cost strategy that provides maximum value as perceived by the user. Safricom can further compete on flexible, reliable and quick response through proper implementation of operations management principles.

Table 3-38 Analysis of Internet distribution services

Internet distribution services
The distribution of internet service through installations. • Sales leads and support request are communicated and dispatched through the Contact Center. • Installation teams consist out of two technicians. Each team has a service vehicle equipped with the necessary equipment to perform installations and onsite support. • Unlike Vodacom Fibre, who decided to create an overground fibre network in Baillie Park, Potchefstroom, Safricom decided to create underground fibre networks. Underground fibre networks require significant capital investment, but the operating costs are lower and the network is more reliable due to less operating issues when compared to overground fibre networks. • Since Safricom owns the fibre network, other ISPs can rent from Safricom to connect and distribute through their network. Although other ISPs can develop their fibre networks, it will be cost-effective to rent capacity on the lines than to build a new network at the same location. • Safricom has approximately 4,500 clients (including wireless) with the fibre network passing approximately 10,000 client sites.

Internet distribution services
The distribution of the internet through the fibre and wireless network. • Once the fibre network is installed and working, the running costs are relatively low. Costs to maintain the manholes and network equipment is low compared to the running costs of a wireless network. • Safricom makes use of towers or high sites to locate the network equipment for wireless internet. The return on investment with wireless internet is quick as it is low cost to install. Safricom needs to pay rent for space on the tower, which is shared with other WISPs. Where Safricom does own the tower, they need to pay rent to the owner of the property. • Wireless internet allows Safricom to distribute broadband internet over a larger area such as rural areas, farms, and where fibre optic has not yet been installed. Operations facilities. • Safricom procured property on MC Roode road where are all the Fibre Operations' teams and the Service Operations' technicians are based. All vehicles and civil works equipment are kept at these facilities. This property is larger and more convenient for operations than the previous location. • Although the property was mainly procured to accommodate the expanding operations, the property is also located near sites earmarked for residential development. This places the technical operations strategically close to possible future developments. •
Evaluation • Once the fibre network is installed, the operating costs to distribute internet through the fibre network is lower than that of the wireless network. This gives Safricom a competitive advantage on differentiation and cost. Safricom differentiates itself from other ISPs as it owns and maintains the fibre network themselves, dealing with affected people directly rather than through subcontractors. Safricom is competitive on fibre network operating costs and they generate income through leasing the lines to other ISPs. • To become a low-cost leader, Safricom will need to achieve maximum value as defined by its customers. Customer surveys and reviews indicate that there is room for improvement in internet distribution. • Safricom needs to adopt a strategy that will increase the number of clients on the current fibre network.

Marketing & Sales
• Marketing is the process Safricom has implemented to persuade customers to support the business instead of any other competitors in the industry. It has allowed the company to promote its value proposition to the customer, what the products and services they have to offer before and during the sale.

• Both marketing and sales strategies that Safricom has to manage to achieve was to 1) enhance and promote their brand visibility, 2) target a specific customer segment, such as students and local households through their advertising, pricing and promotions. Safricom has differentiated itself in the marketplace, though sharpening the competitive edge of the business by offering more than just wireless but also fibre to their customers. • These activities the company already implemented expose the business to new and existing customers. Safricom should evaluate the various platforms of marketing and determine if it has had an impact on sales. If not the marketing strategy or sales strategy needs to be changed to create more value, increase sales and minimise costs. • Whether the marketing focus is business to business (B2B) or business to consumer (B2C) these strategies might share some characteristics. The focus for marketing contributing to sales is ensuring that the value the business offer meet the customer needs, retain the customer with support and develop a relationship with customers. Satisfied customers will develop brand loyalty to your business and recommend to other consumers if the customer experience brought value to them. • Reviews and feedback from customers also can indirectly affect the business reputation, platforms such as Facebook and HelloPeter has highlighted the customer experience. According to the customer survey, customers made a point that there are value offerings the organisation should attend to. • Marketing does not end once support has been established from the customer, customer service and customer satisfaction are segments of marketing, ensuring a that the business also in return not only fill the want or need but also support the customer with any customer interaction.
Evaluation • Continue with current brand visibility and advertisement. Invest in more customer engagement from marketing, sales, promotions, online interactions and customer support • Improve customer service and support, ensure that the communication channels are aligned to what customer is requesting and assist the customer with the reasonable response time. • Focus on indirect marketing, word-of-mouth from current customers to new potential customers. • Develop user-friendly channels on Webpage to assist the customer with request or quotes. Self-help channels and customer training once the installation has been done. Identify the most relevant problems customers query on and develop a platform where they can find support to solve the issues • Customers know what their needs are, as telecommunication industry, customers expect fast, instant solutions

• Part of developing a marketing strategy, make use of feedback, reviews and customer surveys after each service or before a new marketing strategy are developed. Customer insights can create value and paint the picture to what the market needs

Table 3-39 Analysis of after sales service categories

After Sales Service
Technical Assistance • Safricom has a team that provides IT support to its customers. This includes services like internet package changes, email setup, static IPs, etc. Network operations centre (NOC) • Safricom has a network operating centre (NOC) team consisting out of network and NOC technicians. • The NOC is responsible for network monitoring and control. This includes the monitoring of power failures, communication line alarms (such as bit errors, framing errors, line coding errors, and circuits down) and other performance issues that may affect the network.
Evaluation • The focus will need to be attended to customer service especially to improve the after-sales service that will give that Safricom the competitive advantage on response time and differentiation through service. • Once a customer has logged a ticket the matter should be resolved within a reasonable time. If it is technical, the communications channels of the service centre should have a dedicated technician that takes responsibility for an area or problem.

The following tables present company functions supporting the activities within the value chain.

Table 3-40 Activities towards enhancing the value chain

Technology Development
Technology Research • Johan Kruger (CEO) has an affinity for researching new technologies. He commits effort to identify telecom grade network technologies that maximise customer value. This technology research and implementation are performed within the limits of cost-effectiveness, system integration and demand forecast. He focuses on the research of technology developments that can support the strategy and achieve the mission of Safricom. **Technology Implementation**

• Kobus Scholtz (Service Operations Manager) looks at the technical implementation of identified technologies. New technology is evaluated based on how receptive it will be within the operating systems and the utility Safricom and its customers will gain from the technology. • The implementation of new technologies and the upgrade of existing technologies are dependent on available budgets and the forecasted demand. **5G** • Safricom is looking into the application of a 5G to complement and leverage the existing fibre network. This will provide Safricom with the opportunity for new service offerings into the mobile internet sector.
Evaluation • Safricom is performing research development balanced between new technologies and upgrading existing network equipment. The technology development is mainly performed by Johan Kruger and Kobus Scholtz, the two most senior people in Safricom. It is recommended that some of these activities be distributed within the company. • Safricom is in a good position to leverage 5G service offering with its existing fibre network. This is an opportunity for Safricom to venture into the mobile internet market. However, Safricom will need a technology roadmap to plan the introduction of a new service using technology forecasting and technology scouting to identify suitable emerging technologies

Table 3-41 Analysis of services in support of company infrastructure

Company Infrastructure
Finance Operations • Finance Operations include functional areas for creditors, debtors, financial management and stock & assets. Overhead costs associated with: • CEO • General Manager • HR and OHS • Finance Operations Assets Offices and sites • Offices on the Bult • Operations Site on MC Roode Road.
Evaluation • Safricom has a relatively flat organisational structure, making opportunities for career development limited. • Safricom is renting the offices at Cachet Park for the Contact Center.

Company Infrastructure
• Safricom procured the MC Roode property for operational services • The Cachet Park offices are strategically well located close to the main customers, that is, students. However, to rebalance their customer revenue streams, they will have to shift focus to business and other personal users.

Human Resource Management
The link between HR practices and the functionality of employees has been described elsewhere in this report. The importance of a healthy and well-structured workforce to carry out operational requirements cannot be over-estimated. More information is provided for this argument under die HR section in this report.

Table 3-42: MSQIT rating for Operations and Technology

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	3.29	
(b) Reflected in organizational structural elements?	3.29	
(c) integrated into group interactive patterns of employees?	3.43	
(d) integrated into the individual employee's thinking patterns?	3.14	

Overall Mean rating for strategy dimension	2.125	
Kappa: Intraclass correlation coefficient	.308	
Significance	.785	(Insignificant)
Key to rating:		

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment	
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment	
Orange: represents a score of 3, meaning moderate integration, requiring some refinement	
Blue: represents a score of 2, meaning slightly effective but requires further refinement	
Red: represents a score of 1, strategy ineffective and requires change	

Notes:

- Operations received a moderate strength rating indicating that this is the strength of the company and most strategies appear to be effective in this dimension

3.10 Financial Performance

A financial overview has been prepared on the Company based on the following information provided:

1) Annual Financial Statements for financial years ended 31 March 2017, 2018, 2019 and 2020;
2) Monthly management accounts for the financial year ended 31 March 2019
3) Monthly management accounts for the 12 months in the 2020 financial year, ended 31 March 2020.

Table 3-43: Statement of Comprehensive Income (Management Accounts 2020 and 2019)

	2020 Actual R	2020 Budget R	Variance %	2019 Actual R	Variance %
Sales	30 969 594	27 811 920	+11%	23 261 284	+33%
Cost of Sales	-3 640 480	-5 393 490	-33%	-4 848 109	-25%
Gross Profit	27 329 114	22 418 430	+28%	18 413 175	+48%
GP %	88%	81%		79%	
Other Income	92 679	-		62 587	+48%
Operating Expenditure	-14 730 921	-17 143 773	-14%	-13 690 992	+8%
EBITDA	12 690 870	5 274 657	+141%	4 784 771	+165%
EBITDA %	41%	19%		21%	
Depreciation, Interest, Taxation	-9 457 531	-6 592 226	+43%	-5 322 968	+78%
NPAT	3 233 339	-1 317 569	+345%	-538 197	+701%
NPAT %	10%	-5%		-2%	

- Total sales for 2019 increased by 33% compared to 2018 financial year due to the increase in volumes of 28% (predominantly students and fibre uptake) and 5% price increase.
- Cost of sales decreased by 25% in 2019 compared to 2018 due to a significant reduction in the IP Hardware product costs and Bandwith / Layer 2 data costs.
- GP% increased in 2019 to 88% compared to 2018: 79% - mainly due to the saving in the cost of sales.
- Operating expenditure increased by 8% in 2019 compared to 2018, which indicates that management of expenditure is controlled, compared to the 33% increase in sales, and slightly higher than inflation of 4.5% for the 2020 financial year projected. Reduction in expenditure on most lines was done compared to the 2019 financial year, with the significant line items comprising of Bad Debts, Motor vehicle expenditure and Marketing.
- Salaries and wages are the most significant costs in Operating Expenditure which constitute 54% of the total in 2020, compared to 49% in 2019. The increase in salaries and wages of 18% in

2020 compared to 2019, is mainly to the increase in personnel in the Administration, Helpdesk, Installation and IT departments.

- Earnings Before Income Tax, Depreciation and Amortisation (EBITDA) increased to 41% in 2020, compared to 2019 of 21%, this resulted in Safricom able to eliminate a Nett Loss after Taxation of R538 197 to a Nett Profit after Tax (NPAT) of R3 233 339 in the 2020 financial year.
- NPAT% of 10% in 2020 compared to the -2% reported in 2019, is a result of the combination of increased sales and excellent costs management strategies.

3.10.1 Balance Sheet (AFS – 2020)

- The Total Assets of the Company amounted to R69,9 million in 2020 (2019: R58,1 million) comprising of R66 million (2019: R54,8 million) in Non-Current Assets and R3,9 million (2019: R3,3 million) in Current Assets;
- The increase in Non-Current assets (Property, Plant and Equipment) relates to infrastructure capitalised to the value of R12,5 million and the acquisition of motor vehicles to the value of R3,3 million.
- The increase in Current assets mainly relates to the increase in the Inventory at year-end from R500k to R1,1 million.
- Total liabilities of the Company amounted to R52 million (2019: 43,4 million) comprising of R39,8 million (2019: R35,4 million) in Non-Current Liabilities and R12 million (2019: R8 million) in Current Liabilities.
- The increase in Total Liabilities was mainly due to the increased capitalisation of infrastructure and the acquisition of the motor vehicles, both these activities were financed through debt.
- Total Equity of the Company amounted to R17,8 million (2019: R14,7 million), with a significant contribution from Net Profit After Tax towards Retained Income reported for the financial year.

3.10.2 Cash Flow Statement (AFS – 2020)

- The Company reported positive net cash flows from operating activities to the value of R9 million (2019: R4.5 million), the significant increase in the cash flow from operating activities mainly contributed to the fact that management has increased sales/cash receipts from customers 33% compared to the costs increased/paid to suppliers of only 20%;
- The Company spent R16,8 million (2019: R26,9 million) in investment activities (i.e. procurement of motor vehicles and the capitalisation of high infrastructure (network); and financed these activities to the value of R6,6 million (2019: R22,2 million);

- The total net cash inflow of R41k for the year under review, mainly constitutes to the fact that the deficit in investment activities not financed, was utilised out of own reserves to the value of R9 million.

A diagram illustrating the composition of the Company's Total Assets has been provided below.

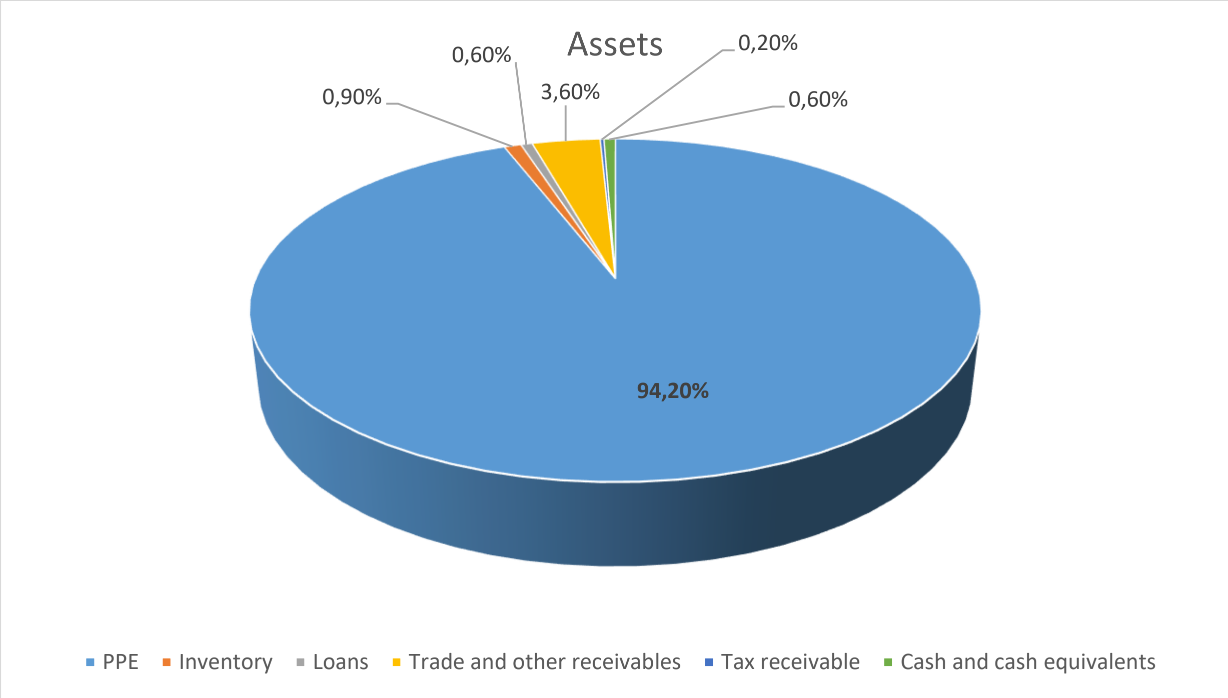


Figure 3-18: A diagram illustrating the composition of the Company's Total Assets

3.10.3 Financial Ratios relevant to the analysis

The following table provides information on financial ratios calculated for this analysis

Table 3-44 Financial ratios

SAFRICOM Financial Analysis			
Ratio	**Interpretation**	**2020/19**	**2019/18**
Profitability Ratio's			
Gross Profit Margin	Gross margins of an entity reveal how much a firm earns, taking into consideration the costs that it incurs for producing its products or services. There is a significant increase in GP% (88.1%: 2020) from the prior financial year (83.1%) which is mainly attributable to the costs savings about the decrease / improved negotiation for the purchasing of IP Hardware. The growth in the GP% also indicates to us that Safricom controls its costs well, and the discussion amongst management every month with specific reference to the monthly management accounts is reflected in the growth in the GP% and how well they manage their finances in the business.	88.1%	83.2%

SAFRICOM Financial Analysis			
Ratio	**Interpretation**	**2020/19**	**2019/18**
Profitability Ratio's			
Return on Sales (ROS)	The return on sales (ROS) usually referred to as "Operating Margin" of the company, reveal to which extent profit is made through standard operational expenditure incurred. It shows how healthy the business is managing its finances and specifically relating to the revenue received and the corresponding costs incurred. Safricom managed to increase its operating margin by 100% from 12.5% in 2019 to 24% in 2020. The significant growth in operating margin is mainly attributable to the 32.45% increase in Revenue and most importantly noted, that total expenditure increased only by 20.5% from the prior year. This reiterates what we noted in the GP margin - that management is well in control of their costs and management of finances in the Company. It also underlines their Strategic intent to change this company into a profit-making business and to start utilising their assets which they invested.	24.0%	12.5%
Return on Assets (ROA)	ROA is a key profitability ratio that measures the amount of profit made by a firm per rand of its assets. ROA gives an idea of how efficiently management uses the firm's assets to generate profit. It is clear that the 2019 financial results on ROA were distressful, and it is clear that Safricom did not convert their invested assets into significant profits. The increase to 4.5% in 2020, from the 0.1% in the 2019 financial year, underlines the strategy that the company is now focusing on turning their assets into profit - which is required to do so to ensure sustainability. Their biggest asset is the fibre installations done in Potchefstroom, and the time to capitalise on their investment is reflected in their financial performance.	4.5%	0.1%

SAFRICOM Financial Analysis			
Ratio	**Interpretation**	**2020/19**	**2019/18**
Profitability Ratio's			
Return on Equity (ROE)	ROE is one of the most important financial ratios and profitability metrics, it reveals how much profit a firm earned in comparison to the total amount of shareholder equity. The 2020 financial year performance of 17.7% return on equity (for the shareholders) surpasses any given financial institution rate and underlines the strategy to utilise their infrastructure and capitalise on their investment. It is also clear that the Company entered into a sale agreement with Hero Telecommunications, it is intended that the Company's valuation would increase as their return on equity and return on assets (utilisation) increase. The significant increase is attributable to the culture set at the top by the CEO (Johan Kruger). The company and the management structured itself and geared itself in the 2020 financial year, to significantly increase shareholder wealth and valuation (company's worth).	17.7%	0.3%
Liquidity Ratios			
Current ratio	The current ratio indicates the company's ability to meet its short-term debt obligations. It measures whether or not a company has enough resources to pay its debts over the next 12 months. This ratio should generally be more than 1, however, the current ratio of Safricom of 0.32 in 2020 has declined in its position from 2019. It indicates that Safricom does not have sufficient resources to pay its short-term debt, and the continued support from Hero Telecommunications would be required to assist Safricom to meets its obligations to creditors. Hero Telecommunications (which is the 100% shareholder) would be required to subordinate its loan for Safricom to meet its obligations to other creditors.	0.32	0.42
Liquidity Ratios			
Ratio	**Interpretation**	**2020/19**	**2019/18**
Current ratio (continued)	This is a major concern and the management of Safricom would be required to put significant effort to change this position, or the risk		

SAFRICOM Financial Analysis			
Ratio	**Interpretation**	**2020/19**	**2019/18**
	could exist that Safricom would be required to sell some of its non-current assets (i.e. network, buildings, etc)		
Leverage Ratios			
Debt-to-assets ratio	The debt to assets ratio shows how much the company relies on debt to finance assets. The maximum normal value is 0.6 - 0.7, however also industry dependant. Safricom's debt-to-assets ratio is positioned at 0.74 in 2020 and 0.75 in 2019, which indicates that Safricom has incurred significant debt to finance its infrastructure which they built. We also noted this in the Financial Statements analysis, where more than 80% of the company's assets where financed.	0.74	0.75
Debt-to-equity ratio	The debt-to-equity ratio is the key financial ratio and is used as a standard for judging a Company's financial standing. The ratio indicates the relative proportion of the entity's equity and debt used to finance its assets. It is also a measure of a company's ability to repair its obligations when examing the health of the Company, it is critical to pay attention to the debt/ equity ratio. If the ratio is increasing, the firm is being financed by creditors, rather than from its financial resources, which may be a dangerous trend. An acceptable debt-to-equity ratio is in the range of 1.5 - 2, however looking at the results for Safricom - the debt-to-equity ratio did decrease from the 2019 financial year, however, it is significantly high. The risk for Safricom is that if they do not improve this position, and stop financing assets through debt and not focusing on the utilisation of their existing assets, they will not be in a position to easily secure additional lending capital in the future.	2.91	2.95

SAFRICOM Financial Analysis			
Ratio	**Interpretation**	**2020/19**	**2019/18**
Activity ratios			
Inventory turnover	This ratio measures the number of times a Company's investment in inventory is turned over during a given year. The higher the turnover ratio the better, since a company with a high turnover requires a small investment in inventory than one producing the same level of sales with a low turnover rate. The Company's management has to be sure, however, to keep inventory at a level that is just right in order not to miss sales. The ratio for Safricom has declined from 2019 (17.78 times) to 10.78 in 2020, which reflects that management has kept stock for longer periods. It is still, however, a good turnover rate of almost 12 (given 30 days after inventory was procured. This is not something to be worried above, however, management should keep an eye on the management of inventory and inventory levels.	10.78	17.78
Inventory Days	See comment above for Inventory turnover, only expressed here in days, this ratio measures the company's average days after they procured the inventory, to sell it or to utilise it. This is a significant decline/increase in days - more than 13 days decline, which means that the company had to finance inventory for an additional 13 days compared to the prior year. This trend needs to be monitored by Management and keep it in line, a 30 days inventory turnover, is the norm for the industry of Telecommunications.	33.84	20.53
Average collection period	This ratio measures how long a company's averages sales rand remains in the hands of its customers. A longer collection period automatically creates a larger investment in assets. Safricom has improved in this area from the prior year by almost 8 days, it is also less than the average 30 days, which reflects the point that significant effort was implemented to improve Safricom's collection of debt, and also underlines the strategy that they are a cash-basis company.	21.52	29.43

SAFRICOM Financial Analysis			
Ratio	**Interpretation**	**2020/19**	**2019/18**
Activity ratios			
Average collection days (continued)	It is also reflected in their business model of sign-ups / sales agreements which run every month. The utilisation of their infrastructure can easily be discontinued if the customers do not honour their sales agreement.	21.52	29.43

a) Valuation of Safricom

In early 2018, the Company was awarded a tender to roll-out Backbone infrastructure for 340 sites in terms of Phase 1 of the SA Connect Project awarded by Broadband Infraco and anticipates to be awarded 2,500 new sites for Phase 2.

In April 2018, the Company mandated Praxley to conclude a Capital Raising in terms of the proposed Equity Transaction to ensure that the Company has the requisite capital to fund its growth opportunities and to comply with Governments transformation requirements and in particular the need for the Company to be black-owned.

Praxley also did the valuation of the Company as part of the scope of their appointment. The DCF valuation method was used, and it assumes that EBITDA represents the sustainable Operating Cash Flows produced by a company. The cash flows are discounted to present value using the required rate of return and are added to the present value of a calculated ("**Terminal Value**"). Company-specific adjustments are made which may affect the Company's discounted value positively or negatively. Consideration is given to the industry in which the company operates as well as the prevailing cost of equity and cost of debt.

The DCF valuation in 2018 suggested an average Enterprise Value of approximately R153.6 million for the Company depending on the perceived risk factor (beta coefficient) and market risk premium used in the cost of equity calculation.

A loan of R29,4 million from Hero Telecommunications (Holding Company) is reported on the Balance Sheet of the Company, which relates to capital expenditure funding and bears interest at the prime rate. This loan forms part of a "Sale of shares and claims agreement" and becomes repayable on completion of the prescribed period being earliest 31 July 2020 or latest 31 July 2021, alternatively if this agreement unwinds. Once the loan becomes repayable, it will be repayable over five years in equal monthly instalment.

Safricom's CEO requested that an updated Valuation of the company needs to be performed, to assess the value compared to the 2018 valuation and will assist in the decision to commence with the Sale of Shares and Claims Agreement with Hero Telecommunication.

3.10.4 MSQIT rating for financial strategy dimension

Table 3-45 MSQIT rating for financial strategies

MSQIT ©	Team Rating	
To what extent is the strategy in this section…	Mean	
(a) Applied to enhance market/competitive position?	3.71	
(b) Reflected in organizational structural elements?	3.43	
(c) integrated into group interactive patterns of employees?	3.14	
(d) integrated into the individual employee's thinking patterns?	2.86	
Overall Mean rating for strategy dimension	3.00	
Kappa: Intraclass correlation coefficient	.818	
Significance	.008	(Significant)
Key to rating:		
Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment		
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment		
Orange: represents a score of 3, meaning moderate integration, requiring some refinement		
Blue: represents a score of 2, meaning slightly effective but requires further refinement		
Red: represents a score of 1, strategy ineffective and requires change		

Notes:

- The significant result shows high levels of agreement amongst raters
- Raters most optimistic about this dimension
- There is an agreement that the finances contribute to profitability and that these strategies are effective
- There is a concern, however, that adjustments need to be made to strategy in this area to adjust toe COVID realities and to deal with the broken marriage to Herotel.
- There is an agreement that the structures and employees are not entirely involved in the financial strategies of the company

4 Chapter 4: New suggested Strategy and Implementation Plan

4.1 Introduction

The strategy of a business is the clear plan of action intended to achieve a long-term or inclusive objective. Crafting a strategy for Safricom should aim to describe what they want to achieve, and how they are going to get there (Thompson, et al. 2017:5 - 7).

Strategy development should be flexible allowing 'business agility' within the company. Adapting to new or changed strategy will enable Safricom to adjust and adapt rapidly to new identified key drivers, challenging its current business structure.

Keeping in mind that certain fundamental strategies might be more stable, which allows the organisation to sustain and survive in difficult and good times alike. The success of crafting a strategy will be measured to how well it has been implemented and executed within the organisation.

The beneficial impact of strategy can promote future growth and effectiveness of Safricom as a business, developing an operative and practical business differentiating themselves to sustain competitive advantage in the telecommunication industry.

4.1.1 MSQIT Summary of overall strategy ratings across all dimensions analysed

To enable the consultant team to estimate the extent to which employees "live the strategy", the team applied the self-developed company appraisal tool (MSQIT) to reach consensus in our evaluation of the company's strategic position. A summary of joint ratings is provided in the following Table.

Table 4-1 MSQIT summary table for ratings across dimensions

MSQIT © Summary	Financial	Operations	Marketing	Customer satisfaction	Human resources	Strategy management	External environment
To what extent is the strategy in this section...	Mean	Mean	Mean	Mean	Mean	Mean	Mean
(a) Applied to enhance market/competitive position?	3.71	3.29	2.57	2.43	2.86	3.00	2.86
(b) Reflected in organizational structural elements?	3.43	3.29	2.29	2.43	3.00	3.14	2.71
(c) integrated into group interactive patterns of employees?	3.14	3.43	2.29	2.43	2.71	2.71	2.86
(d) integrated into the individual employee's thinking patterns?	2.86	3.14	2.14	2.14	2.43	2.29	2.43
Overall Mean rating for strategy dimension	**3.00**	**2.125**	**2.125**	**2.125**	**2.378**	**2.786**	**2.792**
Kappa: Intraclass correlation coefficient	.818	.308	.105	.105	.208	.432	.372
Significance	.008	.785	.516	.516	.298	.024	.094

Key to rating:

Green: represents a high score of 5 and shows the strategy is highly effective and not requiring adjustment		
Yellow: represents a score of 4, meaning the strategy is well integrated requiring minor adjustment		
Orange: represents a score of 3, meaning moderate integration, requiring some refinement		
Blue: represents a score of 2, meaning slightly effective but requires further refinement		
Red: represents a score of 1, strategy ineffective and requires change		

Notes:

- A significant agreement was observed for ratings regarding the external analysis, and the financial strategies of the company.
- The correlation for financial strategies is highest at 0.8, this means the raters were sure about the results and can confirm that strategy in this dimension is solid and on track
- All results where a low agreement was observed can be interpreted as dimensions where high levels of uncertainty were observed regarding strategy integrity. This indicates that dimensions of the lowest agreement require most intervention by the company.
- The low overall score for operations indicates the dimension needs attention to integrate it with internal strategy dimensions
- Areas requiring most intervention are internal to the organization, such as human resources, customer services and marketing.

4.2 Strategic foresight

Consistent with World Economic Forum (WEF) guidelines we like to think that strategic foresight is developed when organizations apply *scenario thinking*, rather than strong-arm tactics, towards developing insights into the future. Secondly, we believe that a multi-dimensional view displayed by management as represented in *systems thinking* is more effective than linear, rigid thinking, and conducive towards effective strategy development and foresight development. Thirdly, we believe that strategic *process development* that involves people, reframes challenges and analysing assumptions people have, are more effective tools for directing organizations into the future.

These three dimensions will assist us in appraising current efforts in the company being analysed and serve as criteria for evaluating strategy levels in the business. Fourthly, the strategy does not only involve internal integration but external integration – the extent to which the company is integrated into the international scene, is equally important, as reflected in their products, where these come from and how on par these are international.

It is rare for small, privately-owned companies, like Safricom, to have a strategic plan in written form. Safricom's strategic plans seem to reside in the thinking and directives of the CEO and senior management. The aspects of the strategic plan are revealed in meetings and conversations with employees. Managers and key employees' knowledge about Safricom's direction, what to accomplish and how to proceed lies in their understanding of the strategic plans.

This section presents a proposed strategic vision and mission, set objectives and a strategy as basic direction-setting tasks for Safricom to consider and evaluate. The purpose is to map out where we think Safricom is headed, the company's purpose, the targeted strategic and financial outcomes, the basic business model and the competitive moves and internal action approaches to be used in achieving the desired business results.

4.3 Business Problem

Several strategic and operations issues were identified in the external and internal analyses of Safricom. These issues are summarised as problem statements in Table 4-2 with suggested activities towards the business dilemmas and the desired outcome. These problem statements were used as a basis from which a strategy was crafted for Safricom.

Table 4-2 Business problem and recommended strategy

Problem statement	Proposed Activities	Desired Outcome
1. The decision to continue with the sale agreement with Herotel, or to pay-off the loan and continue with Safricom, independent from Herotel.	Discounted Cash Flow models Due Diligence report	New Valuation of Business
2. No formalised and documented vision, mission statement and values of the company	One- or two-day seminar with management Tools, guides and advice on the compilation of vision, mission, purpose and value statements	Assist in the compilation of a new vision-, mission statements and the communication thereof.
3. Currently, no formal marketing strategies are implemented	Guidelines (8-steps) on the formulation of a marketing plan	Assist in the formulation of a proper marketing plan
4. Employee bonuses – no scientific model exists to determine the method in which management	Economic Value Added (EVA) System Performance management system	Compilation and understanding of how the EVA system works

Problem statement	Proposed Activities	Desired Outcome
determines whether bonuses should be paid and to which extent to employees		
5. Value offering: additional sources to be investigated such as 5G sim cards	Research on the availability of 5G in South Africa, and more specifically Potchefstroom	Investigation on 5G and the specific revenue stream as an additional Value Proposition
6. Customer satisfaction is performed post completion of job-cards – however, these reports are not analysed	Customer Satisfaction – database for evaluation	Investigation of implementation of a proper system, which can assist in the analysis of the customer satisfaction surveys
7. Analysis of technical staff resources required only done once a year (July)		Investigation of a proper evaluation tool, to ensure that these resource requirements are flagged every month, and proper projections are done in line with the budgeting process.

4.4 Strategic Direction

4.4.1 Vision Statement

Safricom has not conceived an official vision and mission statements. However, they have expressed ‘where they are going’ with the company and what their current business and purpose is. From the interviews and surveys, Magic Squad interpreted Safricom’s vision as to connect a gigabit (1Gbps) fibre broadband internet to each home in Potchefstroom over the next 5 years. Their mission is to ensure maximal network updates to customers, increase uptake agreements and get a return on investment from their current infrastructure. Using this as a starting point, the proposed vision statement is:

“Today, when internet users want to connect to fast internet in Potchefstroom, they can connect to wireless internet with limited speed. This is unacceptable because wireless is too slow and unreliable. We envision a Potchefstroom where people can connect to a true high-speed internet network at affordable prices. We are bringing this world about through fibre-optic broadband.”

4.4.1.1 Mission statement

The mission statement aims to describe who Safricom is, what they do and why they do it. The following mission statement is proposed by Magic Squad for Safricom’s consideration:

Why does Safricom exist and what Safricom value.

- Safricom is a local ISP connecting its people to the world. We are a Potchefstroom based telecommunications company that exists to connect people and businesses to the fibre optic network we are developing in Potchefstroom.
- Where customers can not connect to the fibre network, Safricom provides a wireless internet connection in and around Potchefstroom, Carletonville, Fochville, Viljoenskroon and Klerksdorp.
- Safricom target customers who want high speed, reliable internet that will be scalable in the future. Safricom will provide this service through frictionless sign-up with 5-star rated customer support.
- Safricom value the retention of customers, that is, they sign up once and never consider to use another internet service provider.
- Safricom value the confidence of customers, knowing that they are getting the best value for money.
- Safricom provides fibre internet service to businesses, residential and student users in Potchefstroom better than rivals based on differentiation, cost and response.

4.4.2 Communicating the Strategic Direction

An effectively communicated vision and mission statement is a tool enlisting the commitment of all employees to actions that will more Safricom forward in the stated direction. It is recommended that the communicated strategic direction of Safricom need to be in writing, distribute the statements throughout Safricom and have the CEO and senior management explain the rationale behind the statements. The strategic direction can be stated in one or two paragraphs. Keep it short and in simple language so that managers can easily explain it to employees and outsiders.

The desired outcomes of the communication of the strategic direction will be to (a) crystallize the CEO's views about Safricom's long-term direction, (b) reduces the risk of aimless decision-making, (c) to gain the support of employees for internal changes that will make the vision a reality, (d) it provides a model for managers in setting departmental objectives and (e) helps Safricom to help Safricom prepare the future.

4.5 Setting Objectives

Two very distinct types of performance targets are required: those relating to financial performance and those relating to strategic performance. Financial objectives communicate management's targets from financial performance. Strategic objectives are related to an organisations marketing standing and competitive vitality. (Thompson, *et al.* 2017:41).

The importance of setting and achieving financial objectives is intuitive. Without adequate profitability and financial strength, an organisation's long-term health and ultimate survival are vulnerable. Good financial performance, by itself, is not enough. (Thompson, *et al.* 2017:42)

The Balanced Scorecard: Improved Strategic Performance Fosters Better Financial Performance

Financial results are lagging indicators, the results are those of decisions made in the past. The best and most reliable *Leading Indicators* of an organisation's future financial performance and business prospects are strategic outcomes that indicate whether the organisation's competitiveness and market position are stronger or weaker. (Thompson, *et al.* 2017:42)

It is suggested that Safricom should use the balanced scorecard which is a tool that is widely used to help an organisation achieve its financial objectives by linking them to specific strategic objectives derived from the organisations business model.

This exercise should be done by all the levels of Management of Safricom, where a process is facilitated to determine the strategic direction for Safricom for the following year and linking them with their financial objectives. These objectives and this exercise need to be broken down into performance targets for each of the functional departments and individual work units.

The strategy map tells a complex story of the strategy of a business in a concise, focused and visual way on one page.
The core content structure of the strategy map is based on the work of R S Kaplan and D P Norton as described in their book The Balanced Scorecard – Translating strategy into action and related business publications (see Figure 4-1). To have a more balanced view of any business, they advocate the use of the following perspectives to describe more comprehensively the issues facing a business:

- Financial perspective: the financial results we are aiming for
- Customer perspective: what customers expect
- Internal process perspective: processes we need to excel at
- Resource perspective/learning and growth perspective: what we need to invest in today to ensure sustainable success in the future.

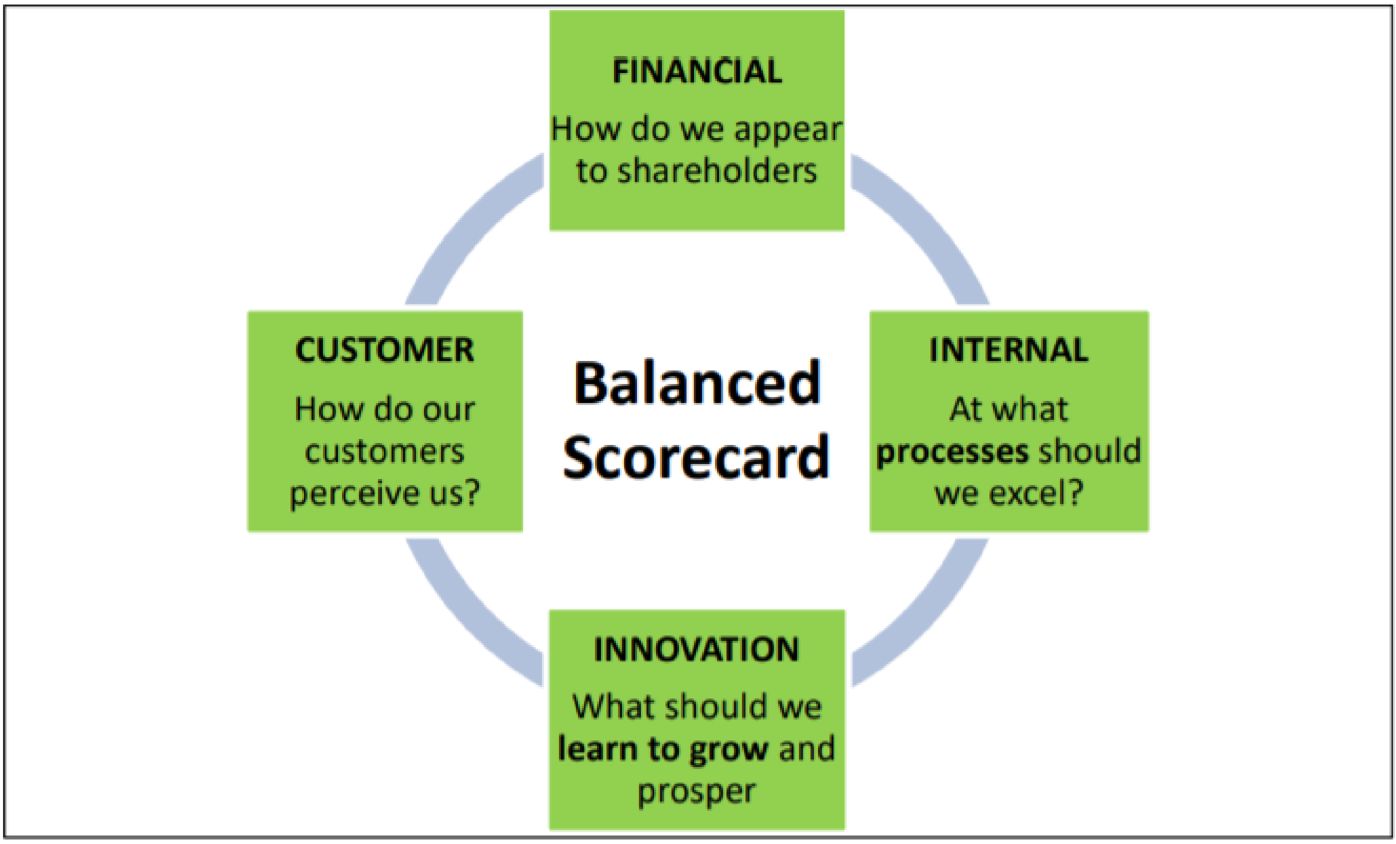


Figure 4-1: Balance scorecard framework

The example is seen from the review of the financial performance of Safricom, and linking it to the Focused Low Cost Provider Strategy, would be suggested to include the following (as an example to Safricom):

Table 4-3: Financial vs. Strategic Objectives for Safricom

Financial Objective	Strategic Objective
Increase sales revenue by 30% per annum	Increase uptake of infrastructure with a specific focus on Fibre installations
Return on Capital Employed (ROCE or Return on Assets) to increase to 20%	Focused low-cost strategy – open access to other Internet Service Providers in Potchefstroom
Increase Earnings before Interest and Depreciation to 40%	Ensure that operational costs are monitored and controlled, and the increases are linked to variable costs. Be the lowest cost provider in Potchefstroom of fibre installations.

The objectives set above should include short-term (quarterly or monthly) objectives and long-term (2 to 5 years) objectives. The key to the short-term objectives is the focus on delivering performance improvements in the current period and to satisfy shareholders expectations for near-term progress. Long-term objectives assists and forces managers to consider what to do now to put the organisation in a position to perform better later. It is imperative to balance achieving long-term and short-term objectives.

4.6 Recommended strategies

This section presents the generic strategies proposed for Safricom to achieve its strategic and financial objectives. Strategies are divided into two categories, the first category concerns externally directed strategies that have to do with governance and positioning of the company in the external environment, specifically concerning competitors. The second group of strategies are directed towards the company's internal functioning and can be described as functional and operational strategies. These strategies are inward-directed, and are designed to improve the way business is conducted. In this category, issues such as marketing, operations, human resources, organizational culture and customer satisfaction feature strongly. Strategies in this category are recommended to improve the internal functioning of the company in response to customers and reflect the way services are provided. Both categories of strategies are relevant for increasing profits in future but act at different levels and targets.

Although somewhat different, the two strategy categories are related to inter-dependently. This means all employees need to identify with these strategies and the extent to which either group of strategy are embedded in the organizational psyche reflects in the profitability of the company.

4.6.1 Phase 1: A Focused Low-Cost Strategy

The basis for a focused low-cost provider strategy for Safricom is to develop a competitive advantage through achieving overall lower costs than local rivals. This will require Safricom to be exceptionally good at finding ways to drive costs down in their value chain and still provide a service that customers will value.

The main attributes of a focused low-cost provider strategy for Safricom will be to concentrate attention to a well-defined narrow piece of their current market, serving that focused market segment at lower costs than the local rivals and minimise costs of the value chain activities. Magic Squad propose that Safricom focuses on the business-to-business (B2B) segment of their customer base. Since 2019, Safricom has focused on students, residential and business users. However, this resulted in a customer base where student users provided approximately 70% of Safricom's revenue. As identified in the external analysis section of this report, the Covid-19 pandemic had a significant impact on Safricom's revenue and business operations when a large proportion of customers stopped using the service as a result of the lockdown closure of institutions in Potchefstroom. The lockdown situation forced the company to re-value other customer segments that may have been 'neglected' before given the higher demand for services as displayed by the younger, high maintenance, fast-moving sector represented by students buying the service for relatively short periods. As a result, and in line with the renewed focus on other market segments, Figure highlights the B2B component of Safricom's customer segmentation. Safricom is already doing business with that customer segment, but it has not received the attention it deserves. We regard the business and residential segment of the market as the 'cash cows' of Safricom. They were there all the time and they caused a steady and even revenue stream, but the student segment annually caused extreme revenue stream that helped the company's profits surge.

Safricom can aim at securing a competitive advantage on low cost over local ISPs by concentrating attention to a narrow piece of their market in terms of:

- geographic uniqueness, that is, Potchefstroom.
- analysis of existing data to determine how the target customer segment uses the internet service to produce specialized product requirements and
- special product attributes that appeal only to business customers. This will require customer surveys and marketing analysis to get a better idea of what appeals to the focused market. It is recommended Safricom take a customer development approach (Blank, S. 2013) where they need to "get out of the building" to find the product/market fit for business users.

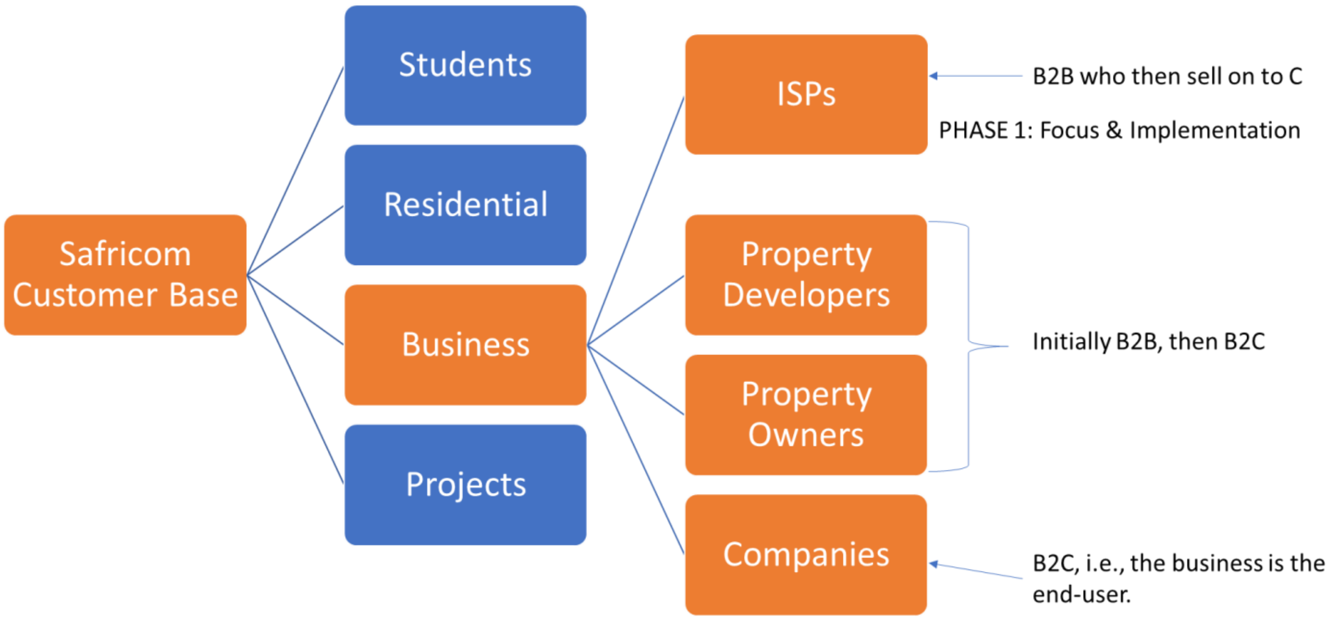


Figure 4-2: The Target Customer Group for the Focused-Low Cost Provider Strategy.

Safricom needs to appeal to the business customer segment while maintaining the customer relations with their B2C segment, that is, the student and residential internet users. Besides, Safricom needs to keep costs of the value chain activities to the bare minimum and search for innovative ways to streamline or by-pass activities. They are already doing this in the Fibre Operations (civil works) activities, for example, although they have already built fibre networks, they will only do the 'last mile' connection once they have a signed customer. The sales process has been streamlined with an area map colour coded to green (go ahead with the install at normal cost, no survey required), yellow (perform survey before estimating installation cost) and red (no fibre connection at this stage)

The focused low-cost strategy is attractive to Safricom for the reasons listed below.

- The business-to-business market in Potchefstroom is big enough to be profitable and offers good growth potential. Based on this, Safricom has recently increased its business account managers from one to three people and are already planning to focus on this segment.
- Magic Squad identified 3 main customer segments (see Figure) and two service segments: (1) wireless internet and (2) fibre internet. Safricom is the only ISP who can provide these two services to all three customer segments.
- Although the local WISPs are providing internet connectivity packages with terms and conditions that are more favourable than Safricom's, these WISPs do not advertise a significant difference in offerings for home and business users. Thus, rivals do not provide a price differentiation between home and business users. There is also no significant difference in price between Safricom and the two local WISP rivals (see Figure).
- Developing fibre optic networks are capital intensive. Once it is installed in an area, it will be more cost-effective for rivals to rent the fibre line from Safricom than build their own. This enables Safricom

to (a) provide fibre internet to users at a lower price to business users and (b) the option to rent the fibre line other ISPs. Therefore, Safricom is in a good position to provide a low-cost product with its fibre packages. See Figure for a price comparison between wireless internet as offered by local rivals compared to Safricom's fibre offering. The price comparison is relative to internet speed.

- Safricom is the only ISP in Potchefstroom that specialises in fibre internet. Therefore, they have a competitive advantage over other local ISPs that only provide fixed wireless internet.

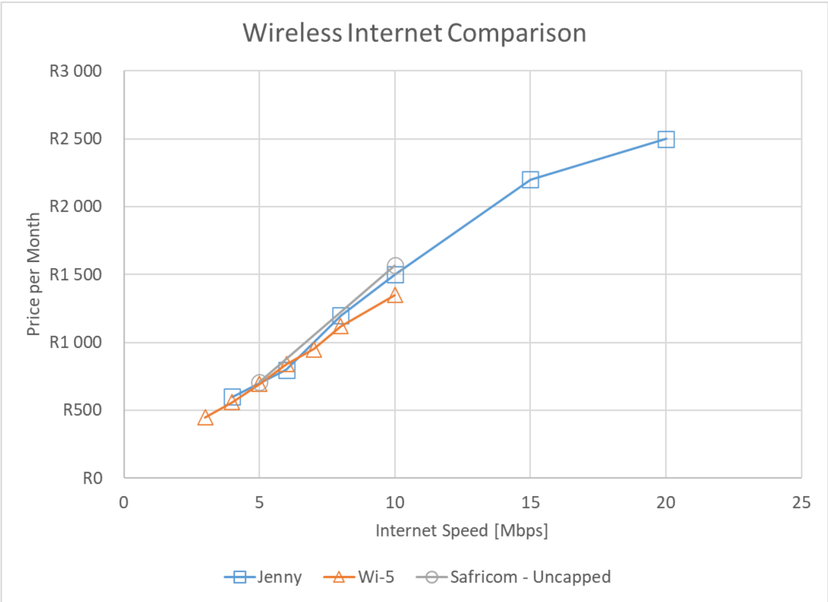


Figure 4-3: Price comparison of wireless internet-based relative to internet speed.

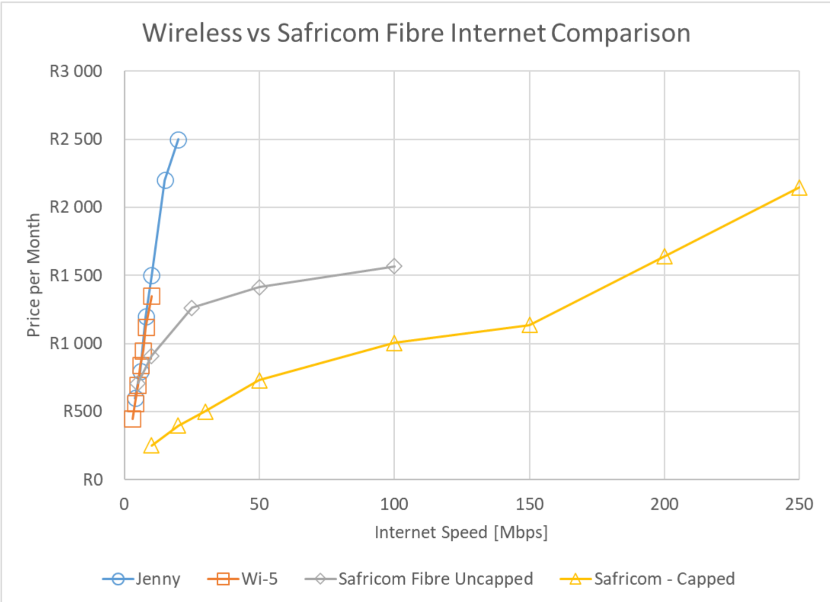


Figure 4-4: Price comparison wireless internet vs Safricom's fibre internet relative to internet speed.

Safricom's management will need to manage all avenues for performing value chain activities at a lower cost than rivals. Attention needs to be paid to the set of cost driver factors presented in Table4-4, Table 4-4 and Figure 4-5.

Table 4-4: Cost driver keys Safricom need to manage in the focused low-cost provider strategy.

Economies of Scale	Safricom can lower the unit costs of providing internet perusing by leveraging its large fibre network in Potchefstroom to increase the number of users within a stable customer segment of long-term customers, that is, the B2B customer segment.
Learning and experience	Safricom has lowered the cost of building fibre networks through learning and experience.
Capacity utilisation	Safricom can significantly lower the fixed cost per unit of providing internet service by increasing the utilisation of their fibre network.
Supply chain efficiencies	Safricom has already reduced costs associated with their supply chain by procuring internet directly from Teraco, sourcing telecom grade equipment at low prices and maintaining low levels of inventory to manage cash flow.
Input costs	The use of manual labour for civil operations is not to lower input costs, but due to restrictions on the use of digging equipment in the municipal areas. Unlike wireless internet which has significant rental fees for towers and high sites, fibre network running costs, once it is developed, is relatively low.
Bargaining power	There was no indication that Safricom has the significant bargaining power to lower supplier prices.
Communication systems and IT	Safricom is making use of the Datatill platform to communicate customer orders and requests. However, more effort can be allocated to identify planning and execution systems software platforms to improve operating efficiencies.
Service technology	Continuous investigation and implementation of networking technology that can improve the operation of the network and lower the cost of operation of the network.
Outsourcing or vertical integration	Safricom needs to remain in close contact with customers. Therefore, it is not recommended that Safricom outsource Contact Center activities, but the quality of service must be continuously improved. Safricom can look at outsourcing some marketing and HR activities.
Incentive systems and culture	It is recommended that Safricom employ an incentive and reward system to encourage employees to improve productivity, propose and successfully implement cost-saving innovations.

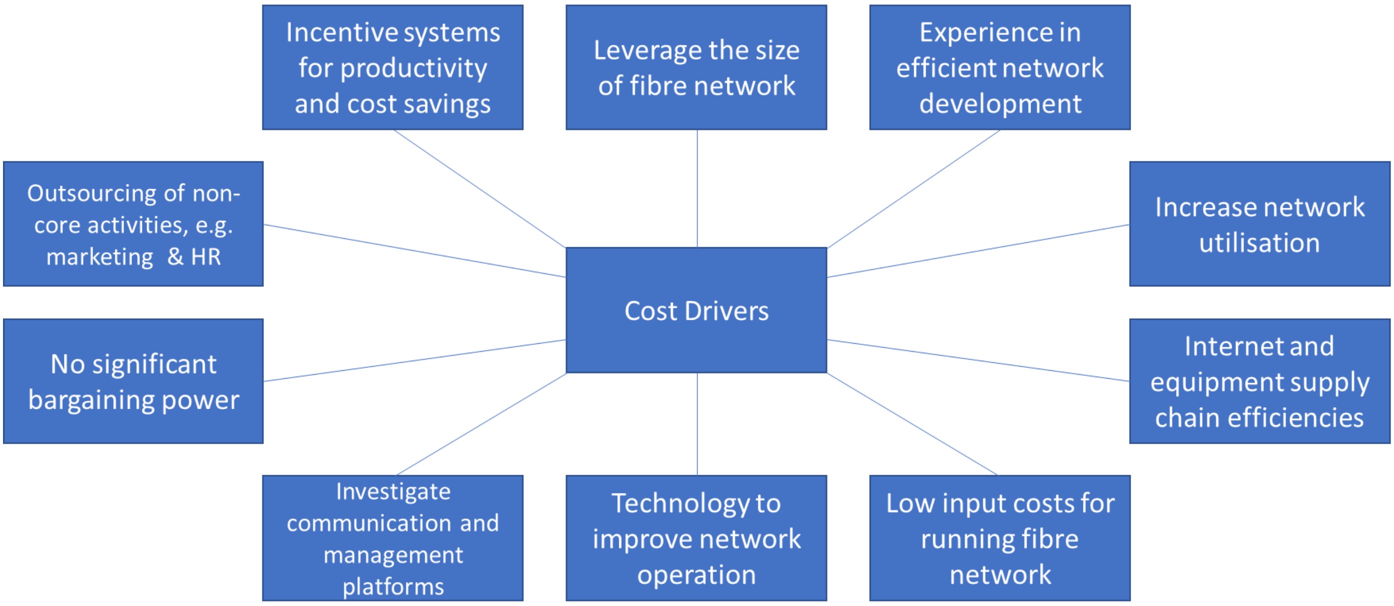


Figure 4-5: Cost Drivers for a Low-Cost Provider Strategy (Thompson, et al. 2017:163)

Especially advantageous for smaller and medium-sized organisations that may lack the breadth and depth of resources to tackle going after a broad customer base with a 'something for everyone' line-up models, styles and product selection.

Table 4-5: Summary of the features of the proposed strategies (adapted from Thompson, et al. 2017:185)

	Focused low-cost provider
Strategic Target	Revitalised focus on B2B in the Potchefstroom area. Maintain the current B2C business development.
Basis of competitive strategy	Lower overall cost than rivals for a business that require high speed, reliable and high data usage internet packages.
Product Line	Product features and attributes tailored to business users based on internet usage analysis of current business customers. Get out of the building and get a product/market fit.
Production emphasis	Continuous cost reduction and operational improvements. The finance department needs to provide primary value chain activities in providing them with activity-based accounting figures that will enable managers to make decisions to support the low-cost provider strategy.
Marketing emphasis	Communicate Safricom's value offering designed for local businesses

Keys to maintaining a strategy	Maintain the effort to lower costs while maintaining the quality of the offering. Recommend taking a lean principles approach to identify the areas of 'waste' within the whole of the internal value chain. Customer development as defined by Steve Blank
Resources and capabilities required	Activity based accounting (*See Seal, et al. 2019:317*) to support primary activities with costing Customer Analyst to analyse the internet usage of business customers

The segmentation of the customers with focused low-cost provider strategy mainly affects the right-hand side of the business model canvas (Table 4-6) with a value proposition focused at the B2B customer segment. Safricom will still maintain and service the B2C customers.

Table 4-6: Business Model Updated for Phase 1: A Focused Low-Cost Strategy

<table>
<tr>
<td rowspan="2">Key Partners (8)
Security firms:
Mooirivierbeskerming

Management Agents:
Habiplan
Big Real Estate
Property Pro

Suppliers:
Dark fibre Africa
C-com
BBI
Yox</td>
<td>Key Activities (6)
Building infrastructure
Technical Installations
Technical support
Call centre:
Sales & Installation
Technical support</td>
<td rowspan="2">Value Propositions(2)
Fast, stable and reliable internet through fibre broadband at costs lower than wireless internet.</td>
<td>Customer Relationships (4)
DataTill app
Call centre
SMS</td>
<td rowspan="2">Customer Segments(1)
B2B focus for 18 months
Local Business
ISPs
Property Developers
Property Owners
Maintain B2C
Students
Resident
Property Developers
Property Owners
Other customers:
Academic institutions
SOEs e.g. BBI
Projects</td>
</tr>
<tr>
<td>Key Resources (7)
Infrastructure:

Assets are indispensable:
Fibre infrastructure
Building its network</td>
<td>Channels(3)
Interaction between customers and products and services:

Direct Marketing
Social media engagement
Attend to reviews and feedback
Indirect Marketing
Customer service
Word of mouth</td>
</tr>
<tr>
<td colspan="3">Cost Structure (9)
Revenue R 4 000 000.00 per month - Personel are 25% of the cost
- Vehicles and fuel
- 10% backbone</td>
<td colspan="2">Revenue Streams (5)
Monthly subscriptions
Equipment rental – line rental
Installation cost</td>
</tr>
</table>

4.6.2 Phase 2: Best-Cost Provider Strategy

A best-cost provider strategy works best in markets where product differentiation is the norm and there is an attractively large number of value-conscious buyers who prefer mid-range products to cheap, basic products or expensive top-of-the-line products.

Best-Cost provider strategies are a hybrid of low-cost provider and differentiation strategies that aim at providing desired quality/features/performance/service attributes while beating rivals on price.

Safricom: differentiation in a portfolio to focus more on B2B business models which serve Government, University, Businesses

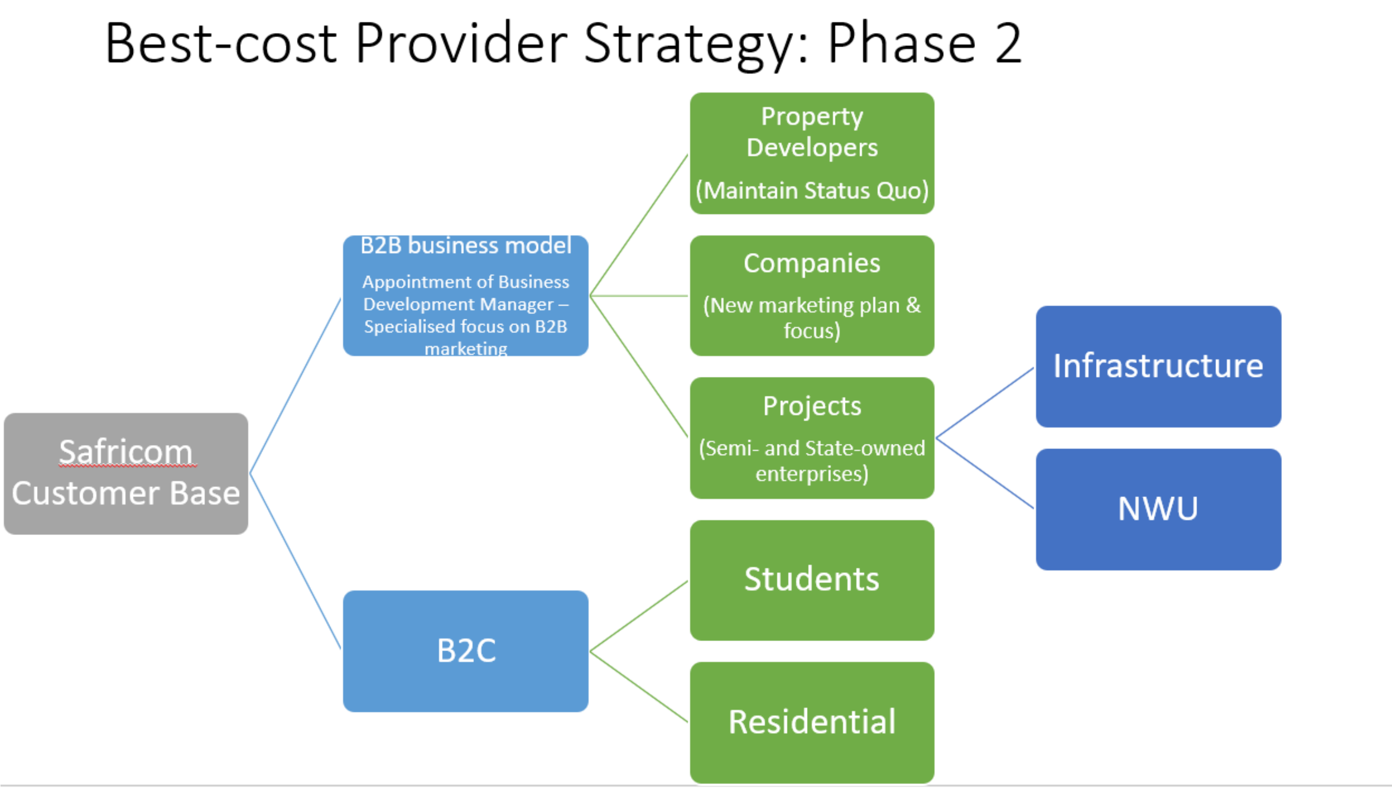
Considerations: Focus employed individual or portfolio

TEST: To profitably employ a best-cost provider strategy, an organization must have resources and capabilities to incorporate attractive or upscale attributes into its product offering at a lower cost than rivals:

- Infrastructure: Lowest cost provider already in place
- Customers: Property Development: Status Quo – preferred provider
- Customers: Companies: Unique product offering – lowest Fibre cost than current providers – with designated Key Account Official
- Customers: State-owned enterprises: Same Fibre option than to companies above
- Infrastructure: Projects with State-owned and Semi State-owned enterprises – installation of fibre on various sites

The proposed model for implementation and focus is expressed in the diagram below with specific timeline succeeding Phase 1, and positioned for the next 18 – 36 months proposed implementation.

"FASTER RESPONSE AND MORE EFFECTIVELY RESPONDING ARE TWO NECESSARY COMPONENTS OF A WORTHWHILE AND PROFITABLE SERVICE"



We continued to express the business model to each of the client/customer segments based on specific needs and which strategy could be implemented per segment. This document should, however, be reviewed again by the management of Safricom, and proper research on the specific customer segments requirements should be done. See below

Table 4-7 Market segmentation proposal

Market Segmentation

MARKET SEGMENTS	STUDENTS	PROPERTY OWNERS	ISP'S	COMPANIES	PROPERTY DEVELOPERS	STATE OWNED	SEMI-STATE OWNED
DESCRIPTION	University or College Students	Property owners in specific area or those who rent from property owners	Internet Service Providers – seeking to lease fibre and add it to their current product offering	Own legal entities with existing ISP solutions, seeking to reduce costs and improve services	Property Developers in Potchefstroom	Police, Hospital, Postal Office, etc.	North-West University
DEMOGRAPHICS	In and around Campus	Certain Districts	Potchefstroom, Klerksdorp, Viljoenskroon, Fochville, Carltonville	Potchefstroom, Klerksdorp, Viljoenskroon, Fochville, Carltonville	Potchefstroom Klerksdorp	Potchefstroom, Mahikeng	North West
PROFILE	Student, need immediate access	Diversed	Client orientation	Business orientated & cost sensitive	Business orientation, seeks value-add service to promote their properties	BBBEE compliance	Transactional
SERVICE	Intensive & dependant	Intensive & dependant	Medium to Low with own Technical /Consultancy	Medium to High with own Technical / Consultancy	Intensive and dependant	Medium to High with own Technical / Consultancy	NONE
SERVICE PROFILE	Customer Service + Technical	Customer Service + Technical	Business Development Manager + Customer Service + Technical	Customer Service	Business Development Manager + Customer Service	Customer Service	Business Development Manager + Technical
VALUE CHAIN	NONE	NONE	Integrated and Differentiated	Integrated & differentiated	Varies	Varies	Varies
PRICE	Medium Sensitivity	Medium sensitivity	High sensitivity	High sensitivity	Low Sensitivity	High Sensitivity	Extremely Price Sensitive
CASH LIQUIDITY	Cash liquid (parental)	Cash liquid	Cash liquid	Cash liquid	Cash rich	Cash rich	Cash rich
TECHNOLOGY	High	Medium	High	High	Low	High	High
INFORMATION	High	Medium	High	High	Medium	Medium	High
EXAMPLE	NWU	Van der Hoffpark	Wi-5	Private-owned entities	?	Police, Hospital, Postal Office, etc.	North-West University
BRANDING	ALLIANCE	ALLIANCE?	OWN	SAFRICOM	SAFRICOM	SAFRICOM	SAFRICOM

4.6.3 Human resources strategy proposal

The human resources strategy is proposed as an ongoing strategy because it is focused upon improving processes internal to the company's functioning and can be implemented regardless of any changes in the external environment. Improvements to the HR and customer service sections as indicated under a broad differentiation strategy. Broad differentiation implies that the company refines its functions and develops a more streamlined human resources system that will allow it to operate more effectively as an organization. An improved HR system is directly linked to improved operations and services to customers, as the human resources component is the vehicle that has to move the company's external and market strategy forward. The contribution of an effective HR component means that instead of being aligned to the company strategic direction, it becomes a driver of strategy, an implementer, and this improves the company's response agility in the market.

4.6.3.1 Strategy recommendations

4.6.3.1.1 Teamwork

Introduction of team creation and work regarding service delivery. The objective of differentiation is to improve the agility of organizational responses to the service request. This can be achieved by utilizing comprehensive team development. Decide on the specific type of team – a taskforce team is the kind of team to deal with short term objectives. Task differentiation is another aspect of internal functioning that can be improved with team development. Clearly defining each person's role in the team and with each team member knowing what they need to know about their job as well the other member's roles will contribute towards.

4.6.3.1.2 Training and development

Internal training of the human resources of the service centre staff in terms of operational procedures is necessary to clearly define tasks, job descriptions and responsibilities. HR person needs to be upgraded and equipped with skills to better perform in the HR function, facilitate the implementation of strategy and operational procedures. Alternatively, a qualified more senior HR person needs to be appointed to improve the quality of services, and om dies implementing of strategies and the ownership of strategies to improve that. Ongoing future consultation with business consultants can improve the work environment and operational aspects. This strategy will contribute towards a better organizational culture amongst staff.

4.6.3.1.3 Staff involvement

Involvement of call centre staff in internal strategy development sessions to work out their own operational and functional strategies for better service delivery. A further characteristic of broad differentiation is the pursuit of quality service delivery. If they implement the foregoing recommendations it will lead to a better quality of services. Reward systems for good performance and motivational practices. Theory X and Theory Y. Theory X is a negative reward system and Theory Y is contributing creativity towards solving problems.

Theory X and Theory Y is developed by the US social psychologist Douglas McGregor. These theories try to explain the assumptions about human behaviour that underlies management action. Theory X is the average person has an inherent dislike of work and will avoid it if possible. Meaning emphasis on productivity, incentive schemes and creating the idea of a ‘fair day’s work’. Dislike of work, employees must be coerced, directed, controlled and in some cases threatened with punishment to get employees to achieve Safricom’s goal.

In companies' employees prefer to be directed, avoiding responsibility, little ambition in the work environment. Theory X explain some human behaviour but doesn’t provide frameworks for understanding behaviour. Theory Y is the physical or mental effort at work. Hard work can be a source of great satisfaction; under the wrong conditions, this can be a drudge. Once committed to a goal, some employees are capable of self-management. Job satisfaction and personal recognition are high. Under the right conditions, employees accept responsibility and welcome even more responsibility.

Implementation of strategies that improve staff involvement contributes towards building an effective and healthy organizational culture of permanence, ownership and direction.

4.6.3.1.3.1 TPS for improving staff involvement in operations

TPS for improving staff involvement in operations

The Kaisen approach originated in Toyota’s factories in Japan and led to phenomenal improvements in production systems, commonly known as the Toyota Production System (TPS). The Kaisen approach stands central to TPS and is a basic group discussion approach on the shop floor in which all operational staff participate to improve production processes. It is used to streamline operations, shorten routes on assembly lines and promote strategy implementation at ground level.

This approach may contribute towards the improvement of the company’s processes by drawing on people’s ideas, continually develop them and introduce principles of just in time (JIT). TPS also focuses on finding root causes for problems by continuously asking why questions in the operational shop floor and finding customized solutions based on the inputs of workers at ground level.

Managing creativity – can the staff introduce new ideas? To what extent are new ideas liked in the business environment.

Change management strategy – must be implemented to promote strategy execution. Policies and procedures must be developed.

4.6.3.1.3.2 Strategy for improving mission execution

Improving the strategy for mission execution is a disciplined process. For this strategy to work in a company, there must be a planned approach or the goals can’t be attained. The importance of culture in improving strategy execution is to develop a strategic plan for any success in Safricom. This company must be able to efficiently execute that the strategy achieves the performance improvement goals. The culture in any company especially Safricom’s is the most important determiner in successful execution.

For Safricom to change, it needs to have something like a wide-spread heart attack sense. Here is how to improve strategy execution, that will make critical differences and change that will succeed and last.

- Create a sense of urgency.
- Build a strong guiding coalition.
- Develop a clear vision.
- Ask different questions.
- Work the plan.
- Design in a short-term win.
- Embed the change in the culture.

4.6.3.1.3.3 Provide top-down orientation and guidance to staff to implement policy and procedures regarding services

Policies and procedures are an essential part of any organization. Together, policies and procedures provide a roadmap for day-to-day operations. They ensure compliance with laws and regulations, give guidance for decision-making, and streamline internal processes.

4.6.3.1.3.4 Develop Policies and Procedures

- Identify need.
- Identify who will take lead responsibility.
- Gather information.
- Draft policy.
- Consult with appropriate stakeholders.
- Finalise/approve the policy.
- Consider whether procedures are required.
- Implement.
- Monitor, review and revise.

4.6.3.1.3.5 How can Safricom ensure that their employees will comply with policies and procedures?

- Meet with divisional leaders to ensure the policies and procedures are feasible.
- Determine the best format of policies for your audience.
- Make Policies and Procedures easily accessible to your employees.
- Set deadlines for each policy and procedure to be acknowledged.
- Determine the best way to measure the understanding your employees have of policies and procedures.

4.6.3.1.3.6 Clarify job descriptions

Clarity of job descriptions needs to be improved to clarify roles, reporting channels and problem reporting routes. Conflict management procedures.

4.6.3.1.3.7 Participation in dashboards

Develop a support system for strategies such as real-time information systems and feedback mechanisms.

Safricom, with its fibre network, already provides an internet service that provides a meaningful differentiation compared to local ISPs. However, this cannot be said for their wireless internet service, where there is no meaningful gap in value offering when compared to local rivals. Since wireless internet has good return-on-investment, Safricom needs to develop a strong differentiator compared to rivals, especially in the areas where Safricom does not have a fibre network.

Safricom needs to beware to charge too high a price premium for its fibre internet and needs to be mindful of providing a value-for-money offering to the customer. Although the proposed strategy is based on differentiation, there are elements of a low-cost strategy that needs to be considered to create a best-cost provider strategy. This is to target to value-conscious customers.

4.6.3.1.3.8 KPA's and KPI's in HR

Key Performance Area (KPA's) and Key Performance Indicators (KPI's) are metrics which the HR department in any company like Safricom, use to examine how HR is contributing to the rest of the company. In other words, this means how successfully HR is realizing the companies HR strategy because HR strategy follows up on the company strategy.

KPA's refer to the general areas of the outcomes/outputs for which a role / a combination of roles, are responsible. These areas within the company are where an individual/group, are logically responsible/accountable for the results.

KPI's are a measurable value that demonstrates how effectively a company is, achieving key business objectives. Companies use KPI's to evaluate their success at reaching targets.

4.6.3.1.3.9 Typical KPA's and KPI's in Safricom will be

- Strategy and Planning
- Business Solutions (design, development and implementation)
- Service Delivery (management of delivering services to the company)
- Service Support (supporting users and service delivery environment)
- Innovation (create new products / services / operating ways)
- Customer Focus (objectives to improve customer service)

Safricom, with its fibre network, already provides an internet service that provides a meaningful differentiation compared to local ISPs. However, this cannot be said for their wireless internet service, where there is no meaningful gap in value offering when compared to local rivals. Since wireless internet has good return-on-investment, Safricom needs to develop a strong differentiator compared to rivals, especially in the areas where Safricom does not have a fibre network.

4.6.4 Marketing, Sales & Customer Engagement

Marketing drives sales and draws new customers. Safricom has clear brand visibility and their marketing campaigns has contributed over the years to the increase of the B2C market share. The marketing strategy would be continuing current social platforms of advertising, as the reach for customers is just a click away. In a local community and evaluating the demographics of Potchefstroom and surrounding areas Safricom serve, an indirect marketing strategy to focus on the word of mouth and social media platforms. Positive reviews and improving customer satisfaction are low-cost marketing techniques Safricom can invest in.

Creating a marketing strategy would not only influence sales but also reflect the market and customers Safricom would need to focus on. Product, price, place and promotion are all the marketing strategy that takes place offline. Safricom has provides a product such as fibre, that differentiates them from the competitors, as well as a wireless connection. The product they offer contribute to different market segments and prices are aligned with competitors.

Safricom needs to focus on where they want to be, not just in the market but in the eyes of their customers. Investing in customer satisfaction surveys, investing in the insights of their customers can be resourceful to improve current services or product features from their competitors. Moving forward to grow and promote the organisation in sales, communication and customer engagement can influence their performance by developing a long-term relationship with their customers.

Formulating a more frequent customer satisfaction survey, will not only reflect customers views but increases the business interaction and engagement with current customers. From a strategic marketing management view, a key concern is an extent to which top management is committed to the market position of the company. Strategically management would need to shape their understandings within the organisation with the prime objective to focus on the needs of the customer.

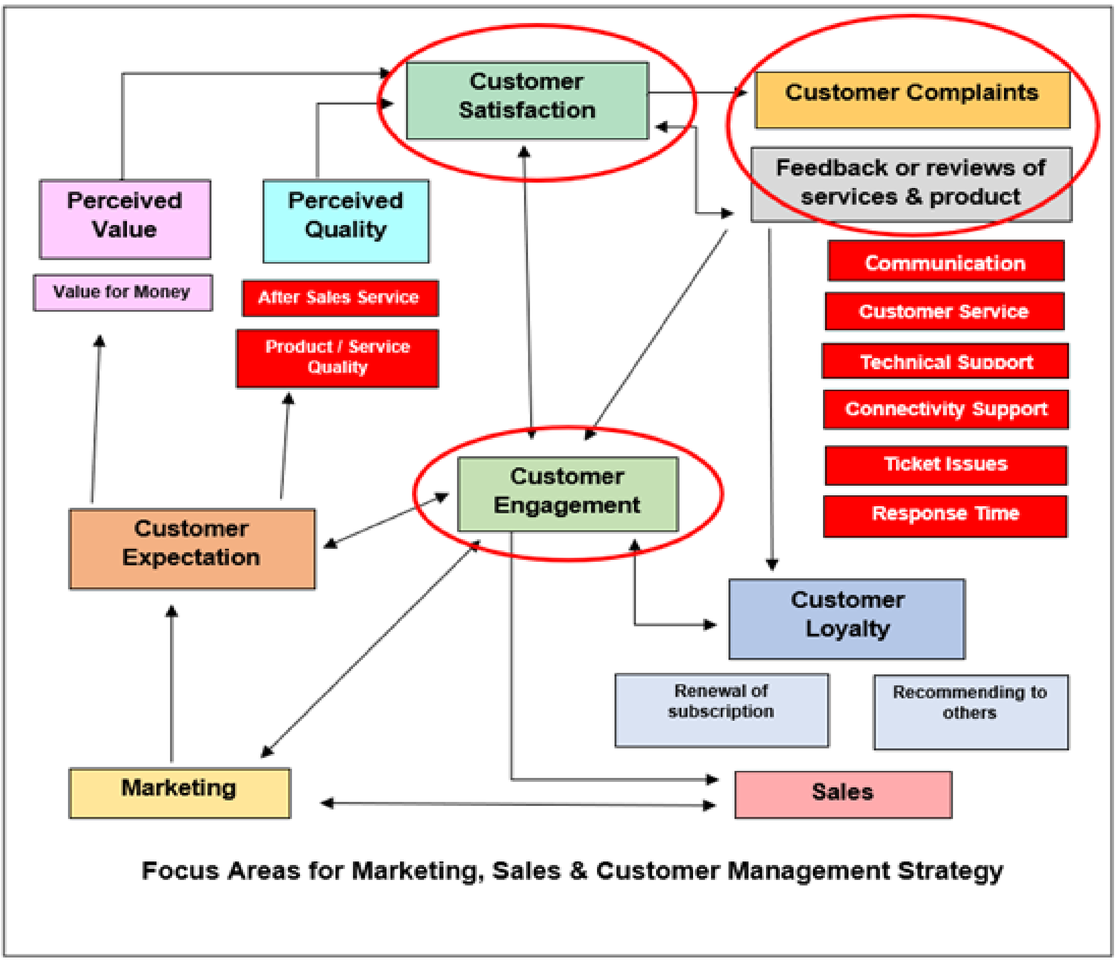


Figure 4-6: Focus Areas for Marketing, Sales & Customer Management Strategy: Focus areas for marketing, sales & customer management strategy

Above the illusion (Figure) viewed in the previous chapter. From a strategic point of sale and marketing, the strategy should be developed on the key areas to retain their current customers who are most involved in the journey of customer engagement and customer satisfaction such as customer complaints as well as the feedback or reviews they have on their services. The importance of customer engagement is about encouraging the business's customers to interact and share their experience and expectations that Safricom has created developing the brand. If this is executed well, a strong customer engagement strategy will enhance brand growth and retain customer loyalty. A low-cost strategy Safricom has to their advantage is making use of customers insights that will help them to improve and differentiate themselves by frequently doing a customer survey.

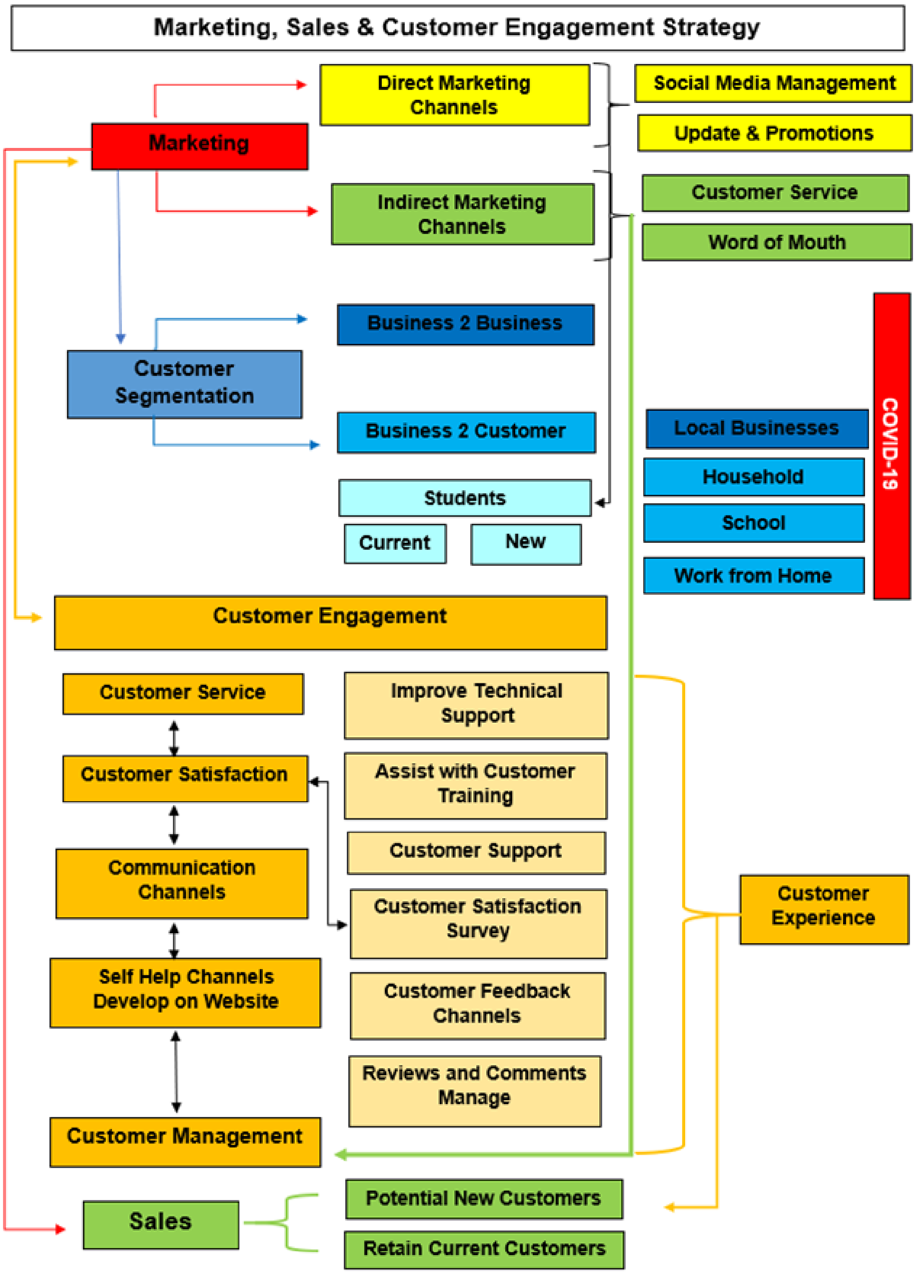


Figure 4-7: Divisional Layout for customer care

The above figure (Figure 29) illustrates a divisional layout to how the focus of customer engagement will improve their marketing and sales approach indirectly.

Marketing Strategy

Direct Marketing Channels:

Improve social media engagement with customers, attend to reviews and feedback on these platforms.

- Daily engagement with customers
- Weekly engagement with updates
- Monthly engagement with promotions or new offerings

- Use this platform to get consumer feedback by creating polls to vote and creating the awareness that Safricom’s customer's matter

Indirect Marketing Channels:

These are the channels that indirectly contribute to customer engagement.

Customer Service

How the call centre engages with their customers, how they pro-actively respond to enquiries or quotations

Word of Mouth

Great customer service increase customer satisfaction therefore in directing customers recommend their experience and engagement to new customers. Customers are the sales force Safricom should attend to.

Customer segmentation:

- *Business-to-Customer (B2C)* approach, where students in normal circumstances will continue to make use of service in future. This is a fast-moving group, with more needs and a short-term relationship.
- Due to the unusual current circumstances, of COVID-19, Safricom can adjust their current market segmentation to target groups such as local businesses and household customers that can also contribute to a more medium-long term relationship going forward.

Local Businesses:

- They rely on telecommunication to continue businesses or also adapted a more online approach to manage or sell on e-commerce platforms.

Households:

- Increase demand due to lockdown, that businesses have encouraged employees to work from home and more home-schooling channels has been adapted during this period.

Customer Engagement

- This is the area where customer experience takes place, and directly can influence new potential customers and retain current customers to their bases.
- Customer service will influence customer satisfaction, ensuring that the right problem-solving channels are in place during communication.
- Safricom can develop more user-friendly channels and self-help channels on their webpage.
- Creating customer value content to support customers with technical problems. Developing videos that can assist customer on the website with technical & connectivity support.
- Developing the right communication channels with HR. Within the contact centre that the person who assists the customer from the start should continue until the customer has given their feedback.

Contin*uous engagement*

- Use current survey content to improve customer services, send more frequently a customer survey, that allows the customer to pinpoint areas where Safricom can improve or where they are dropping the ball.
- Part of the direct marketing approach, value the feedback and reviews customers post. Respond to the reviews, make it a priority for customers to post positive reviews.

4.6.5 Company Valuation

To assess the Enterprise Value of the Company, we used the same principles followed by Praxley in 2018 for comparability, the following was taken into account:

- Methodologies and pricing accepted by the South African Banks and Financiers;
- The industry in which the Company operates;
- Future Prospects – particularly on the back of the SA Connect Project;
- The Accounting Principles adopted by the Company and its Auditors in determining Net Profit; and
- Local industry benchmarks.

Given the above factors, the following method was used to value the Company.

DCF METHODOLOGY - COMPANY

The following valuation seeks to value the Company based on its projected forward cash generative ability considering the relevant risks applicable to the Company's growth strategy. In terms of this valuation method, an indicative DCF model was prepared and is available for further perusal post the consultation process or presentation.

The DCF valuation method assumes that EBITDA represents the sustainable Operating Cash Flows produced by a company. The cash flows are discounted to present value using the required rate of return and are added to the present value of a calculated ("**Terminal Value**"). Company-specific adjustments are made which may affect the Company's discounted value positively or negatively. Consideration is given to the industry in which the company operates as well as the prevailing cost of equity and cost of debt.

The average DCF valuation suggests an Enterprise Value of approximately RXXX million for the Company depending on the perceived risk factor (beta coefficient) and market risk premium used in the cost of equity calculation. It is important to note that heavy reliance is placed on the Terminal Value derived by the financial model and on the revenue, assumptions made. The financial model is highly sensitive to current market rates and prevailing market conditions.

In preparing the Valuation the following aspects were taken into consideration:

- The assumptions in respect to the predetermined operational performance, growth forecast and the associated Costs have been detailed
- A Terminal Value growth rate of 2.4% (two point four percent) to take into account the long-term growth outlook and is linked to Inflation as publicly reported in May 2020.
- A Weighted Average Cost of Capital (WACC) of 23,28% in respect of the Company which includes the following methodology and assumptions. WACC remains constant for valuation purposes.
  - WACC is calculated using the formulae below:

    WACC = [Kd x G (1 - t)] + [Ke (1 + G)]

    Where:
    Kd = cost of debt
    G = level of gearing
    Ke = cost of equity
    t = company tax rate

    Ke = Rf + [b (Rm – Rf)]

    Where:
    Rf = risk free rate of return
    Rm = expected market return
    b = beta coefficient

    The level of gearing calculated is 14%;
  - The risk-free rate of return (Rf) is based on the R196 bond redeemable on 31 March 2021. A current rate of 8.0% is used;
  - The market risk premium used of 6%, which is [Rm – Rf (1 – t)], compensates for risk and falls within the generally accepted range and is subject to change;
  - Beta coefficients are an indication of the company's specific risk compared to the market. Companies carrying on similar business operations which are listed on the JSE have been used as a benchmark in deriving an applicable Beta.
    Beta ranges used for the Company valuations are based on an average of betas of two (2) listed foundries which have been listed below.

Company	Beta
Econet Wireless Limited	1,34
Telemasters Holdings Limited	2,70
Average (4,04/2)	**2,02**

    For purposes of the valuation, a Beta of 2,02 is assumed and is subject to change;
  - The tax rate used is based on the current company tax rate of 28%;
  - To accurately price the risk linked to the Company, adjustments to the Cost of Equity by considering:
    - A Company size Risk Premium of 7,5%.

The DCF valuation above is based upon projections provided by management which purely includes future revenues emanating from the SA Connect Project.
A company and final remarks of the valuation of Safricom (taking into consideration the R30 million loan repayable to Hero Telecommunications) is represented in a separate document to this report.
Due to the sensitivity and the specific request from the CEO, this information is not included in this report.

4.7 Implementation Plan to Deliver the Strategy

4.7.1 Phase 1 – Focused Low-cost Provider Strategy

The strategy implementation plan was adapted from a technology assessment approach presented by Robert Phaal, *et al.* (1998) divided into the following five stages:

- Stage 1 - Strategic direction
- Stage 2 – Process strategy
- Stage 3 – Process analysis
- Stage 4 – Low-cost initiatives
- Stage 5 – Customer development

A summary of the stages implementation plan is presented in Figure , with the high-level work packages for each stage, the target complete-by dates, the outcomes for each stage which serves as an output for the next stage and the milestones to be reached with each stage. The implementation plan provides a high-level framework of what needs to be done, by who, by when and towards a specified outcome. A rolling-wave project planning approach is presented where the detailed planning of each stage will commence at the start of each stage. A more detailed milestone plan with schedules, work pack package breakdowns and a responsibility matrix is presented in Table and Table in Appendix H: Strategy Implementation Plan. Figure presents an example of a more detailed milestone plan with responsibility matrix available in the Appendix.

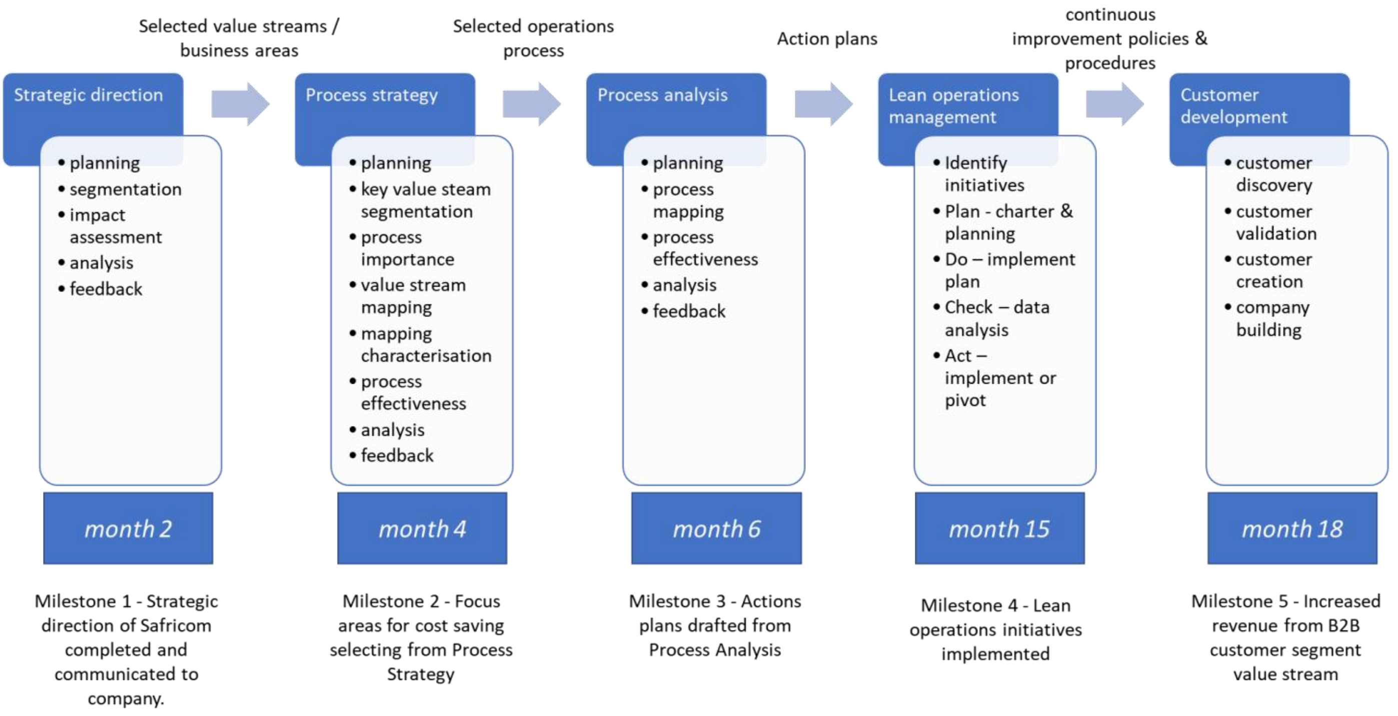


Figure 4-8: Summary of implementation plan for Phase 1 - focused low-cost provider strategy.

Stage 1 - Strategic Direction

The strategic direction defines a framework for linking cost-saving activities with strategic and financial objectives. The outcome of this stage is a selection of the value stream/business areas for a more detailed assessment in stage 2. One of the first tasks will be to identify an ‘internal champion’ that will drive and manage the strategy implementation. This should be somebody within the senior or operational management level with both general and operational management responsibilities.

Resources and timing requirements the strategy implementation must be considered. This includes the planning for human resources that will be needed to execute the focused low-cost provider strategy. Senior and operations managers need to allocate ample resources for the activities that will be identified.

The internal champion will be accountable for the 3x workshops in Stage 1:

- Workshop #1 – reaffirmation and communication of the business problems Safricom is facing, the vision, mission and values that will set the directions for the strategies to be implemented. The outcome is the identification of concurrent processes that will be affected by the strategies and the customer segment that will be the focus of the strategy. The high-level planning will be reviewed here.
- Workshop #2 – segmentation of the value stream activities that are linked with the business areas. The segmentation of the customers for the focused low-cost strategy must lead to cost savings in the targeted business areas.
- Workshop #3 – assessment of the impact of each value stream activity on each business area. This is done by considering the value, effort and risk associated with each value stream/business area intersection.

The aim of the workshops to seek consensus within Safricom's management team. The discussions which are associated with the workshop are an important part of the process, and key comments are recorded. The outputs from the workshop are largely subjective, representing the views of the management team.

There is expected to be a correlation between the rankings for value, effort and risk. That is, a value stream activity of high value to a particular business segment would generally merit high effort and be of high risk (difficult to do). The 'internal champion' is accountable for the analysis of value stream/business segment data to identify trends or patterns in terms of value, effort and risk. The analysis needs to look at (a) what the business customers want through marketing analysis and (b) how business customers use their internet service. The latter is an internal analysis based on internet usage data available to Safricom.

At the end of Stage 1 – Strategy Direction, the 'internal champion' will provide feedback to Safricom management on the interpretation of the strategic overview results. The outcome of this stage is the selection of value stream/business areas for a more detailed assessment of value streams through lean operations management. Areas of significant cost-saving potential (referred to as high value) and significant mismatch between value, effort and risk are usually selected for further detailed investigation in the next stages of the strategy implementation. These may be areas which exhibit strengths or weaknesses in terms of their value stream/business interaction. This usually implies an area where insufficient effort is being invested in value streams which are perceived to have high value to the business.

R = Responsible (Does the work)
A = Accountable (Makes sure the work gets done)
C = Must be Consulted (2 way flow of information)
I = Must be Informed (1 way flow of information)

Schedule								Resources								New Roles		
Q1	Q2	Q3	Q4	Q5	Q6	Target Date	Milestone Definition	CEO	General Manager	Ops Manager - Service Operations	Ops Manager - Fibre Operations	Ops Manager - Financial	Ops Manager - HR & OHS	Internal Champion	Function Supervisors (various)	Business Development Manager	Key Account Managers	Customer Development Analyst
							Planning for Stage 1											
						week 1	Identify internal champion	A	R	I	I	I	I	C				
						Month 1	Workshop #1 - Business Problem, Vision, Mission and Values	A	R	R	R	R	R	C				
						Month 1	Strategic Objectives	R	A	R	R	C	C	C				
						Month 1	Financial Objectives	R	A	C	C	R	C	C				
						Month 1	Planning for the resource and timing requirments	C	A	R	R	R	R	C				
							Segmentation											
						Month 1	Workshop #2 - Segmentation	C	R	R	R	R	R	A				
							Impact Assessment											
						Month 2	Workshop #3 - Impact Assessment	C	R	R	R	R	R	A				
							Analysis											
						Month 2	Analysis of segmentation	I	C	R	R	R	R	A				
							Feedback											
						Month 2	Feedback to Safricom Management	A	I	I	I	I	I	R				
						Month 2	**Milestone 1 - Strategic direction of Safricom completed and communicated to company.**											

Figure 4-9: Milestone plan with responsibility matrix for Stage 1 – Strategic Direction of Phase 1: focused low-cost provider strategy

Stage 2 - Process Strategy

In the second stage, Process Strategy, the practical value stream activities are mapped and characterised in terms of lean operations management processes.

The internal champion needs to plan for resource and scheduling requirements for two workshops to be held. Workshop participants identified from middle management of Safricom, that is, operational managers, function supervisors and selected team members based on the activities in the areas interest. Workshop #4 - to brief participants on the Strategic Direction to make it clear the reasons for selecting a low-cost provider strategy focused on B2B customer segment. The aim of the workshop to segment the selected value stream activities into key- and sub-activities.

The relevance of the company and the area being assessed is discussed in the context of the key-value stream areas. The process importance assessment aims to rank the relative importance of the principles of lean operation in terms of the value they provide to the business. Participants need to rank the importance of key-value stream activities into high, medium and low levels.
The main activity of Stage 2 – Process Strategy is to create a value stream map. The aim is to gather information about practical activities in Safricom relating to value streams. This includes customer surveys and marketing analysis to understand what product features the customer's value. The purpose of value-stream mapping is to identify and remove or reduce "waste" in value streams, thereby increasing the efficiency of a given value stream. Waste removal is intended to increase productivity by creating leaner operations which in turn make waste and quality problems easier to identify. Value-stream mapping is a process that helps managers understand how to add value in the flow of material and information through the entire service delivery process (Heizer, *et al.* 2017:329)

In the mapping characterisation step, the aim is to characterise activities captured during the value stream mapping exercise in terms of lean operations management activities, in the context of the business processes within which they occurred. Each characterised process is positioned concerning whether it is driven by external events (e.g. reactive) or by internal impetus (e.g. proactive). This is exercise is followed by workshop #5 on process effectiveness assessment. The workshop needs to start with a summary of the progress to date. Participants need to rank the effectiveness of each characterised process (high, medium or low) in terms of (a) clarity of the requirements, (b) process management and (c) exploitation of results. Specific strengths or weaknesses which are highlighted during the group discussions are noted. The value stream mapping done before was a current state map. It is recommended that a future state value stream map is created to focus on what the process will ideally look like after cost savings was implemented on the value stream.

In the analysis step, comparing the effectiveness of each lean operations process with its perceived importance enables process areas to the identified which have the potential for cost-saving. Besides, the distribution of apparent activity can be compared to the perceived importance of each process area, and the balance between proactive and reactive activities can be assessed. Consideration of these issues is supported by the discussion points which are captured during the workshops, together with the strengths and weakness which are identified.

The results of the workshops and analysis are normally presented back to the participants of both the Process and Strategic Direction stages. It is important for participants to discuss and review the output and analysis, to ensure that the results of the assessment are correctly interpreted. Again, it is helpful to record pertinent comments from participants during feedback sessions, to ensure that the context of the assessment results is captured.

Based on the results from the Process Strategy, and the feedback discussions, the outcome is the selection specific lean operations process areas of strength and weakness for further, more detailed evaluation in the Process Analysis stage. Areas may be selected because they require improvement, or because they are examples of best practice.

Stage 3 - Process Analysis

The following questions are addressed when analysing and designing processes (Heizer, *et al*. 2017:326):

- is the process designed to achieve competitive advantage in terms of differentiation, response, or low cost?
- Does the process eliminate steps that do not add value?
- Does the process maximise customer value as perceived by the customer?
- Will the process win orders?

Process analysis and design not only address the abovementioned questions but also related operations management issues such as throughput, cost and quality. The process is key to the success of implementing a focused low-cost strategy. Examine the process; then continuously improve the process.

The Process Analysis stage provides methods for mapping and assessing the effectiveness of the lean management process. In this way the various components of the process can be identified, their performance appraised, and appropriate action plans developed for process improvement and cost reductions.

Plan for a Process Analysis workshop for each process area selected in Stage 2 – Process Strategy. Additional workshops may be required if the procedure leads to further work to implement improvement plans. The Process Analysis workshop aims to map the activities within the area as selected in Stage 2: Process Strategy, using the value stream mapping as a starting point. It is recommended to create a process map which indicates workflows as a function of time. This type of analysis allows managers to identify and eliminate waste. Other process analysis tools that can be considered are flowcharts (which Safricom has already created for Service Operations), process charts and service blueprints. Once the process has been mapped and system elements defined, the group considers the effectiveness of the process, in terms of its generic components.

After the Process Analysis, the results of the workshop should be considered carefully before feedback. Areas of strength and weakness need to be identified, and recommendations for improvement need to be established. The operations management assessment procedure has been designed to provide a structured justification for such recommendations. The detailed nature of the cost-saving initiatives is outside the scope of this project, as these tend to be specific to the particular functional area.

The results from the Process Analysis are presented back to the participants of the various stages of the procedure as required. It is important to ensure that the interpretation of the procedure outputs is reviewed to ensure appropriate conclusions are drawn.

The outcome of Stage 3 – Process Analysis is appropriate actions plans developed for focused low-cost provider strategy.

Stage 4 - Lean Operations Management

The action plans generated in Stage 3 – Process Analysis become cost reduction initiatives as part of a lean operations business process management. The Plan-Do-Check-Act (PDCA) cycle is recommended for the implementation of a continuous improvement approach for Safricom to become a low-cost provider. The basic elements of this approach are adapted from Seal, *et al.* (2019:770):

- Project charter & Planning
    - study the current process
    - collect data
    - analyse the data to identify possible causes
    - develop a plan for improvement
    - decide how to measure improvement
- Do - implement the plan
    - implement the plan on a small scale if possible
    - collect data
- Check – data analysis
    - evaluate the data collected during the Do phase
    - did the expected improvement occur?
- Act – implement or pivot.
    - If successful, make the change permanent
    - if the results are not successful, try again.

Stage 5 - Customer Development

This stage is based on the customer development cycle, proposed by Steve Blank (2013), which focuses on learning about customers and their problems early on. The overarching goal is proving there is a profitable, scalable business for Safricom with the proposed strategies. The customer development model consists of four steps: customer discovery, customer validation, customer creation and company building.

- Customer discover focuses on testing where the company's business model is correct, specifically focused on whether the product solves customer problems and needs. This match of product features and customers is called a Product/Market fit.
    - State the hypotheses for the product, customer problem, distribution & pricing, demand creation, market and competition.

    - Test and qualify the hypotheses.
    - Test and qualify the product concept.
    - Verify the problem, product, business model, iterate or pivot.
- Customer validation develops a sales model that can be replicated.
    - Get ready to sell
    - Get out of the building / Sell to visionary customers
    - Develop positioning for Safricom and its services
    - Verify the product, sales roadmap, channel roadmap, business model, iterate or pivot.
- Customer creation in creating and driving end-user demand.
    - Get ready to launch
    - Positioning the company
    - Launch the product
    - Demand creation strategy, demand measurements, iterate or pivot.
- Company building is where Safricom transitions into an organisational structure that will efficiently and effectively execute the strategy.
    - Reach mainstream customers, such as ISPs.
    - Review management and build a mission-centric organisation.
    - Transform the customer development team into a functional team.
    - Build fast response departments.

4.7.2 Phase 2 – Best Cost Provider Strategy

It is recommended that the Focused Low-cost provider strategy be implemented over an 18 month period to establish the resource, skills and capabilities to provide a low cost service. This will serve as a foundation for the Best-cost Provider Strategy. Although it is recommended to be implemented over a 19 – 36 month period, this strategy can be developed and implemented when Safricom's senior management determines through monitoring and evaluation that the financial and strategic for Phase 1 has been achieved. The work packages in the implementation plan for Phase 2 is a similar approach to that of Phase 1, with a change in strategic direction and focus on becoming a Best Cost provider. See Appendix H: Strategy Implementation Plan for more details on the implementation plan.

4.7.3 HR Strategy Implementation

The HR manager is accountable for the implementation of the HR strategy as presented in 4.6.3 Human resources strategy proposal. It is recommended that the HR Strategy be developed in conjunction with the implementation of the two phase strategies.This need to occur in the first 6 months of each phase where the resources, skills and capabilities required to implement the strategies become better defined. Regardless, the implementation of HR Strategy is dynamic and needs to be monitored, measured and evaluated continuously. See Appendix H: Strategy Implementation Plan for more details on the implementation plan.

4.7.4 Sales & Marketing

It is recommended that Safricom appoints a Business Development Manager. Part of this person's roles and responsibilities will be to manage the implementation of Sales & Marketing processes for the two proposed strategies. Although marketing and sales activities are implemented and managed continuously withing a business, focus will be required during the Customer Development workpackages of both phases. See Appendix H: Strategy Implementation Plan for more details on the implementation plan.

4.8 Monitor, Measure and Evaluate

Strategy management requires correct metrics and rewards to make strategy manageable and to produce the right behaviour. A strategy measurement system can be developed around the following rules:

- What gets measured, gets done - so be careful what gets measured.
- Build a measurement system that is tied to the strategy.
- Know what needs to be achieved with each measurement system at each level of the company.
- Change the measurement as the strategy and organisation change.
- Build the strategy measurement system to avoid barriers to its success.

A strategy measurement system has three roles: define and communicate strategy, monitor performance and learn to identify new opportunities. The strategy relies on a clear model of how it is managed and how ideas are created, selected and transformed into value. This model can be created based on the perspectives of strategic direction, sales & marketing, operations and financials. The guideline is to have at most five to seven measures per perspective, not exceeding 15 to 20 measures in total to avoid being overwhelmed. Table 4-8 present performance measurement considered for Safricom.

The monitoring of various strategic perspective needs to act as a trigger point for deciding whether to continue or change the Safricom's strategy at any of the four stages of strategy development illustrated in Figure . The fifth stage of strategy development consists of the following activities.

- monitoring new external developments
- evaluating the organisation's progress
- making corrective adjustments

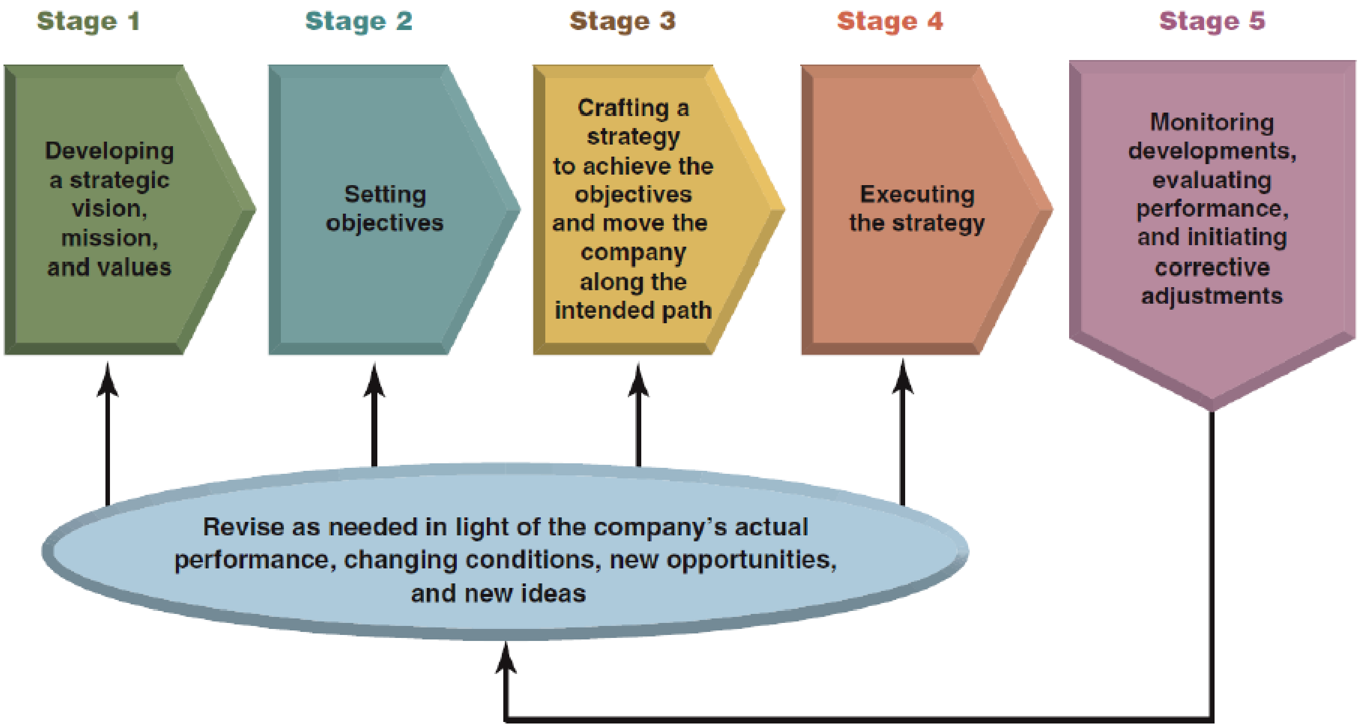


Figure 4-10: Relation between strategy development and strategy monitoring, evaluation and adjustments.

If the strategy passes the three test of a winning strategy (good fit, competitive advantage, strong performance), then management can decide to stay on course. If not, then depending on the level, the strategy can either be fine-tuned, pivot in a new direction or the exit the strategy altogether. The data for measurements can come from various sources within Safricom. It is the responsibility of the Internal Champion to monitor the implementation of the strategies and report the results back to Safricom's senior and operations management in the feedback sessions. They need to determine the targets or limits for each measure. The external and internal environment will change and the strategy measurements will need to evolve with the dynamic conditions. With each feedback session, Safricom's management needs to decide if they persevere with the strategy, pivot or exit.

Table 4-8: Performance measurements considered for Safricom

Objective	Measures
Financial	
long and short term profitability	company valuation projected sales growth projected residual income return on equity percentage of sales from B2B products

Sales & Marketing	
customer acquisition	new customers gained through new B2B product offerings number of customers through existing products market share
customer loyalty	frequency of repeat customers average annual sales per customer customer satisfaction before with strategy activities the ratio of new customers to repeat visitors.
value capture	the margin of products offered to customers average of prices paid by customers number of new product lines introduced revenues generated through low-cost provider efforts customer profitability
Operations	
Portfolio	percentage of effort dedicated to lean operations portfolio balanced over time, returns, risk and technologies alignment between focused low-cost, best-value strategies and resource allocation
Execution	B2B product platform effectiveness within target sales and profits projected within time, budget, product performance and targets Service operations productivity Fibre operations productivity service and process quality scores
Strategic	
commitment and focus on strategy	time and budget dedicated to strategy the success of ideas passing through selection and execution processes investment in training
the balanced strategy of networks inside and outside the organisation	level of operations integration across business units and functions number of strategic alliances

coherent and aligned strategy	number, cost, price and perception of new B2B products offered from customer development projects objectives for strategy efforts communicated to senior managers and employees
appropriate management infrastructure for effective strategy implementation	percentage of performance measures and rewards aligned and linked to strategy activities quality of internal communication processes quality of information for strategic initiatives amount and quality of data of customers acquired related to strategy

SWOT analysis – determining whether Competitive Advantage exists

The two most important parts of SWOT analysis are concluding the SWOT listings about the organisations overall situation and translating these conclusions into strategic actions to better match the organisation strategy to its internal strengths and opportunities, to correct important weaknesses and to defend against external threats. The SWOT analysis is highly praised for its simplicity, however, it does have its limitations and should be used with caution, and be complement with additional tools and frameworks. The compilation of a well-defined SWOT analysis amongst all management levels would provide a brief overview of how well the company is structured and compares to rivals. (Thompson, et. Al, 2017)

The Strategic Good Fit expresses the degree to which a Company is utilising or matching its resources and capabilities to meet the external opportunities which exist. The matching is driven through strategy and no strategy would be supported or executed if the company does not have the actual resources and capabilities to underline or drive the strategy. Safricom should ensure that its resources, strengths and core capabilities underline their strategy and support the strategy chosen.

An example of the SWOT Analysis for Safricom can include the following as seen in the table below:

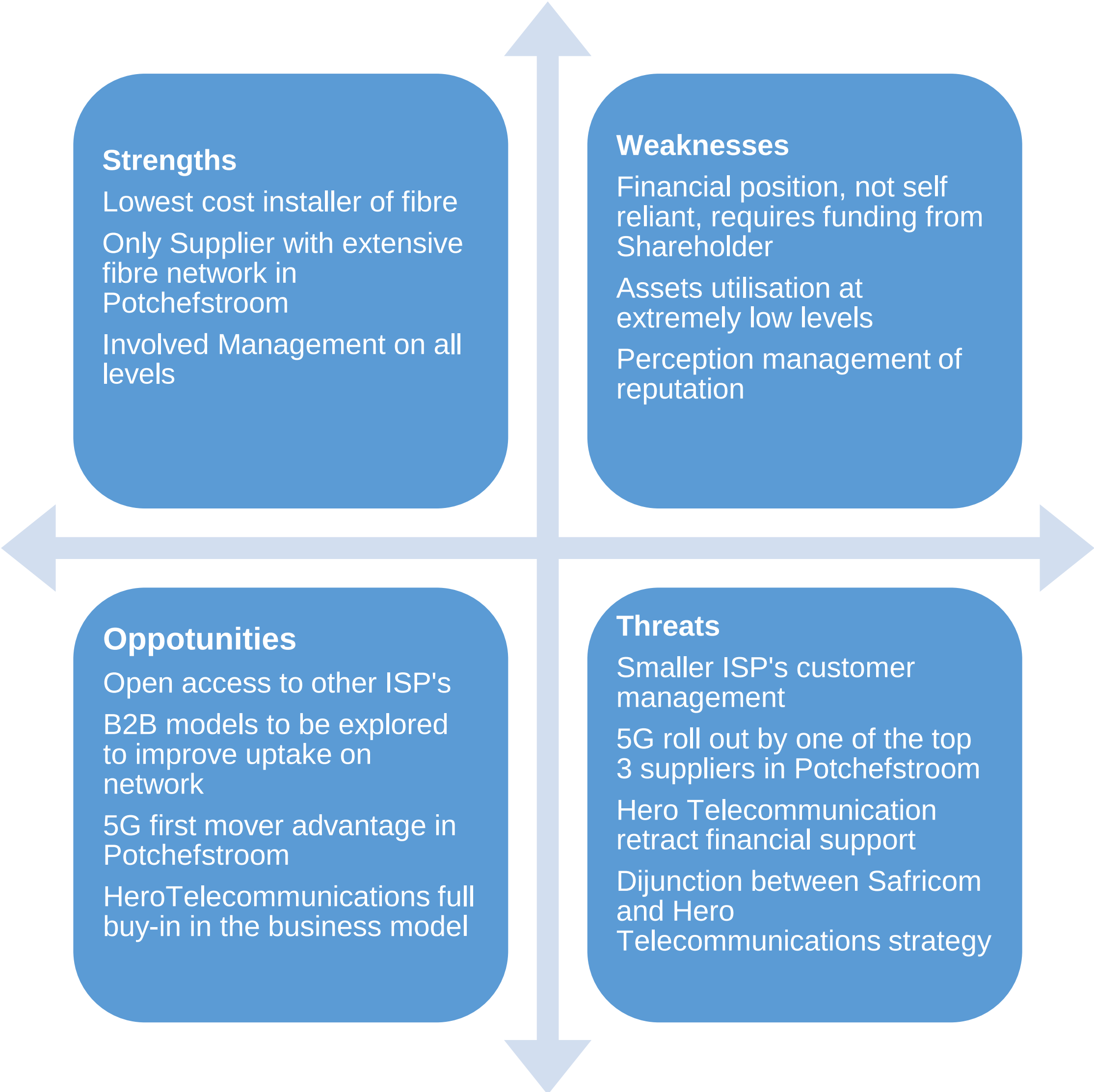


Table 4-9: SWOT Analysis for Safricom

Measurement of the success of the Strategy

We have highlighted the measurement of the Strategy against certain metrics, as no strategy can be evaluated for its success without it being properly measured frequently. We also referred to the linking of strategic and financial objectives in section 4.2 of the Strategy, with specific reference to the utilisation of the Balanced Scorecard by Safricom. It is therefore advised and promoted to the Management of Safricom to utilise and start the implementation of the Balanced Scorecard once the Strategic direction of the Company is agreed upon.

4.9 Conclusion

The above strategy proposals are made in consideration of the notion that strategy development and implementation is regarded as a facilitated process that is the responsibility of management, particularly senior management. Strategy crafting literature suggests that the capability to craft and execute strategy can be hired if internal capability does not exist. The importance of involving staff in the process of strategy generation is an important characteristic of strategy development and execution. Strategy ownership is an important pre-requisite to effective implementation and conversion of intentions into actions. Increased profitability seems an indirect indicator of effective strategy implementation, and can often not directly be related to internal improvement actions. However, theoretically, improved strategy development is associated with improved functioning and exponential growth in companies. The success with which strategies are developed and implemented becomes an indicator of the expected growth and effectiveness of the organization. The extent to which strategy becomes embedded in the hearts and minds of the employees in itself becomes an indicator of effective organizational culture and determines the sustainability of development efforts.

This report has provided several guidelines and proposals that can make a tangible contribution to Safricom's improvement of services and profitability. The effectiveness of strategy efforts depends largely on the organization itself, and to what extent the company is willing to take these guidelines and convert these into actions.

We conclude that Safricom is in a stable position with specific reference to its infrastructure, years of operation and this stability is enhanced by its control over the fibre network. The financial position of Safricom suggests that it will not be able to finance future operations if it is not for the continued support of their shareholder Hero Telecommunications. Should the sale agreement fail, we foresee that Safricom will find it extremely difficult to repay this loan as agreed upon over the next five years, Safricom is extensively geared towards its debt-to-assets ratio and will find it difficult to gain access to additional funding. Safricom needs to convert their greatest asset and gear itself to drive uptake / optimise their network, increase sales and profitability, and increase Asset utilisation rate to at least 20%, for it to remain successful and feasible in the future.

Success is offset by poor customer service and lack of effective marketing, whilst internal structuring and building of capacity and culture a dire need. We suspect that the company will continue its operations unabated for some time, but that its competitors will surpass it in providing services unless efforts are directed towards improving services to customers. The revised focus on different market segments such as other businesses, B2B and B2C holds promise to provide further stability and potential for significant development. The strained relationship to Herotel is a further uncertainty that somewhat disturbs the strategy environment. Resolving this matter as a matter of short term strategy adds an important dimension to external functioning that warrants resolution.

We conclude with the statement:

"Competitive advantage is a finely crafted process of harnessing what you have got to improve what you can get".

5 APPENDIXES

5.1 Appendix A: Human resources interview guide

Introduction:

We will start by ensuring participants for interviews of the utmost confidentiality in our interviews. We will not take down names, or associate names with interview transcripts. We will not share information directly but will develop themes from what we have observed. We will use pseudonyms when we refer to things being said.

For the first interview we would like to speak to the HR practitioner, and then a sample of employees, perhaps randomly drawn from the staff complement. We think there may be too many questions but aim to address all the themes, by selecting one or two questions per theme and following up with probing if necessary.

Questions

Theme 1: Top-down communication and the family business concept

1. Explain to us what is meant by "SAFRICOM is as a family business", what does it mean and how does the family business concept influence the way things are done at SAFRICOM? How is the family business concept focused upon the way things are done in the business? Do family members work in the company and what are their tasks and positions?
2. How are the ideas from the top (CEO and team) communicated and transferred to the workers?

Theme 2: Development of the HR structure

3. Can you tell us about the background history of HR in the business? When did HR start, and what has been done to develop HR to its current state?
4. Staff related questions: Can you provide us with a biographic profile of the workers in the company? (How long they work here? Reasons for leaving?. Qualifications? Job profile?)
5. How important is the HR department/function in the company?
6. The way forward?
7. Staff development and internships? Ask questions

Theme 3: Organizational culture

8. How would you describe the "culture" of the organization, as reflected in the satisfaction of employees?
9. How do things work here *informally*? Who controls things? How do staff members get to know what they have to do?
10. How are tasks monitored, managed and improved *formally*? (HR Policy, training, performance management, disciplinary processes) Are staff aware of these processes? How do they become aware? Do they have a hierarchical system or is it a flat structure?
11. How do they deal with and intervene in "problem employees"? Do they have a well-being maintenance system such as a wellness programme?
12. What do they do to intervene in communication problems, conflicts and disciplinary processes?

Theme 4: Client services

1. How are staff trained and coached to provide services to customers? Is there a formal training programme that all staff are exposed to?
2. How do they deal with negative feedback and complaints from staff regarding customers?
3. Do customers provide positive feedback and how is that dealt with? Is there an incentive scheme?
4. How do they deal with negative feedback on social media?

5.2 Appendix B: Marketing Questionnaire

The objective of the following questions is to gain insight and understanding of how the company implements and manages its current marketing strategies to drive business and growth. It is to collect information and background on how Safricom executes their marketing.

1. Who is currently buying or making use of the services Safricom has to offer? Is there any data available to indicate customers that make use of Safricom?
2. Does Safricom have a specific target group they focus on or intend to focus mostly on? If so, why would this specific target group be ideal for business growth? Would Safricom agree that this target group is sustainable for future growth?
3. What are the motives and requirements that current and potential customers mostly demand their support for Safricom vs. other competitors?
4. Reflecting on the current marketing strategies- how would Safricom analyse their marketing according to a SWOT analysis
    - Strengths: What are the current marketing strengths Safricom has to its advantage?
    - Weaknesses: What weaknesses can Safricom acknowledge with their current marketing?
    - Opportunities: Are there any opportunities that Safricom can consider for business growth?
    - Threats: How and why would certain competitors drive business away?
5. In terms of the basic principles of the marketing mix (Product, Price, Place and Promotion) how does Safricom implement their strategies according to the marketing mix? Would Safricom say these strategies has expanded the marketing space and why?
6. Who are the competitors that contribute to the market share in the target group? If possible, why are these competitors in your opinion a treat to market share?
7. What differentiates Safricom from other competitors? What more do you offer?
8. What are the marketing strategies that Safricom has in place to communicate and engage with customers what the company has to offer?
9. What social media platform does Safricom use to advertise the business?
10. Is there a designated person that manages the social media platform in terms of comments and questions? Who and how does Safricom manage social media marketing?
11. What other traditional marketing strategies are used to for the brand to be communicated to potential customers?
12. What marketing message is communicated to the target audience? What makes Safricom different?
13. From previous customer feedback, how do most customers hear or know about Safricom?
14. Does the company do any marketing research or collect feedback from customers?
15. The money invested or spend on marketing- would Safricom find that the return on investment (ROI) for current marketing strategy has helped their business grow in the past 5 years? How does Safricom measure ROI for their marketing?
16. Is there an allocated marketing and salesforce team?

17. Reflecting on the marketing strategies in place, ROI and previous experience what worked, what did not work for Safricom?
18. What channels do you use to ensure future engagement and feedback from customers?
19. If possible, can you provide us with YTD sales and growth of the business?

5.3 Appendix C: Discussion Guide for Operations and Technology Interviews

5.3.1 Interview 1

Purpose
To listen and observe the normal operations that take place at Safricom. Normal operations refer to the activities that are required for Safricom to deliver its service. What are your inputs and what are your outputs

Objective
• To determine the normal operations within Safricom • Identify the activities that are required to create and deliver the telecommunication services provided by Safricom

Theme – Safricom Value Offering
Leading Questions • What are Safricom's current products and services you provide? • How have these products and services changed since the company started? I.e. what services are no longer available and what has led to the decision to no longer provide those services? • What services had been added and what has encouraged Safricom to introduce these services?

Theme – Safricom Operations Model
The following points are generic relationships of sales and operations planning used to develop detailed work schedules. Therefore, these points are to be used as a guide, if not applicable to Safricom, then we discuss the points that are closely associated. • Operations planning and capacity decisions • Demand forecasts, orders • Supply-chain support • Inventory on hand • Workforce • External capacity (sub-contractors)

Theme – Safricom Operations Challenges
Leading Questions

• How does the operation model of telecommunication look like? That is, what are the main activities that are required to deliver the telecommunication services provided by Safricom? • What are the challenges you face in operations? And what are the causes of these challenges? Who gets affected by these challenges Were these challenges one-off or are they repeat challenges? What is the impact of these challenges?

5.3.2 Interview 2

Purpose
To obtain information on Safricom's operations that can be used on the internal analysis of the company. The main theme and focus of the questions for this interview will be around Operations and Technology within Safricom. However, some of the topics cannot be separated from other activities within Safricom such as finance, marketing & sales and HR. Therefore, I will only touch on these subjects where necessary. Please do not hesitate to refer me to a specific person within Safricom who can provide me with more information on certain questions or topics.

Objective
• Obtain necessary information to perform analysis on the (a) resources, (b) knowledge, capabilities & competencies and (c) internal value chain analysis which gives Safricom a competitive advantage.

Theme – Resources
Leading Questions • Physical resources in the form of land, buildings, material, etc. • Organisational physical resources in the form of workflows, etc. • Human capital resources. • Organisational capital resources. • Determine which resources are valuable to Safricom.

Theme – Knowledge & Capabilities
Knowledge represents the rules and insights that can be used to make sense of information Safricom obtains.

- Market insights
- Technological expertise
- Understanding of local political and economic developments (*especially within Potchefstroom and other target areas for Safricom*)

Theme – Capabilities

Capabilities are a firm's capacity to deploy resources, usually in combination, using organisational processes, to achieve the desired goal. A capability is a routine or several interacting routines.
• Focus on core activities. Thus, what would we consider to be Safricom's core resources and core capabilities? That is, what are the most critical and most distinctive resources Safricom possess.
  o how sustainable is this core capability?
  o where do these core capabilities link to the internal value chain? How are they linked to Safricom's strategic targets?
  o how do these core capabilities generate significant customer value?

Theme – Internal Value Chain Analysis

These are all the internally executed activities at Safricom (see **Error! Reference source not found.** below)
• Primary activities where the focus is on creating value for customers
• Support activities that facilitate, enable and support the execution and performance of the primary activities.
• Profit Margin
  o Does Safricom have the information or the capability to track the profit margin along with its value chain activities? Can they trace the cost per installation, using the following as an example? (look at Thompson, et al, 2017:129)
    ▪ Contact centre costs
    ▪ site survey cost
    ▪ quotation costs
    ▪ job scheduling costs
    ▪ cost of equipment procured for (a) fibre and (b) wifi installation
    ▪ external admin charges to body corporates, municipality, etc.
    ▪ labour cost for installation
    ▪ average overhead cost
    ▪ Total Company Cost
    ▪ The average price to the customer for installation

5.3.3 Interview 3

Purpose
To obtain information on Safricom's operations that can be used on the internal analysis of the company. This is a semi-structured interview-based with open-ended questions. Therefore, it will be more a discussion on how you get things done.

Objective
• Obtain necessary information to gain a better understanding of the operations of the fibre projects withing Safricom

Themes to be covered in the interview

The questions will be mainly focused on the operations for Civil and Infrastructure functions withing the Fibre Operations department of Safricom. The themes to be covered are based on generic Operations Management:
• **Process Planning** – the approach to creating processes for service delivery
• **Capacity decisions**
    o long term, yearly planning
    o facilities, equipment and people needed (resources)
• **Demand and forecasting** – how forecasting is done and used
• **Workforce** – size, skills and labour planning
• **Supply chain management**
• **Inventory on-hand** – raw material, work-in-process and maintenance inventory.
• **External capacity** - the use of subcontractors
• **Operations planning**
    o intermediate planning in terms of quarterly or months.
• **Scheduling** - what is to be done and when?
    o intermediate (weeks) and short (days) term scheduling
    o work orders
    o dispatching
    o Resource planning

5.4 Appendix D: UWES Instrument Scores

Interpretation guideline for UWES instrument scores:

	Vigor	Dedication	Absorption	Total score
Very low	≤ 2.00	≤ 1.33	≤ 1.17	≤ 1.77
Low	2.01 – 3.25	1.34 – 2.90	118 – 2.33	1.78 – 2.88
Average	3.26 – 4.80	2.91 – 4.70	2,34 – 4.20	2.89 – 4.66
High	4.81 – 5.65	4.71 – 5.69	4.21 – 5.33	4.67 – 5.50
Very high	≥ 5.66	≥ 5.70	≥ 5.34	≥ 5.51
M	4.01	3.88	3.35	3.74
SD	1.13	1.38	1.32	1.17
SE	.01	.01	.01	.01
Range	.00 – 6.00	.00 – 6.00	.00 – 6.00	.00 – 6.00

5.5 Appendix E: Qualitative responses in customer satisfaction survey and focus areas for improvement

Table 4-10 Qualitative responses and areas for improvement

Customer Quotation Remarks	**Focus areas for improvement**
“You could have been a bit more lenient towards student customers during the”	Customer Expectation
“My advice would thus be to improve communication at your communications company."	Communication Channels
“Telkom doesn't let the customer pay for downtime. I have to beg, plead and scream for Safricom to give me credit for the time the service is down. It's a simple concept."	Customer Expectation
“In my experience, some Safricom staff treated me like a child, although I am a student, I'm also client :(“	Customer Service Customer Experience
“The people who did the installation and fixed some problems at our flat are always friendly and quick, though.”	Positive Experience
“Sometimes the internet is off for a few hours at a time for no apparent reason. I don't even report it as it is most of the time fine later the day, but it is irritating.”	Technical Issues
“ I have always been a great supporter and promoter of Safricom and honestly hope that this has all just been really bad luck that I keep falling through the cracks. Contact with staff is always initially friendly and seems to want to be helpful, but at this point I find myself wondering if I wouldn't be better off working with someone more effective. "	Positive feedback on customer service Delay in response time
“The only reason I am staying with SAFRICOM is that they invest in Potch and are local, oh, and Jenny’s are really not good either.”	Local Business Support
“Reduce the waiting time of tickets being issued.”	Ticket System Delay in response time
“Hire technicians that are properly trained."	Customer Experience Technical Service
“Contact me on 0713313324 if you would like to know more about my terrible experience. "	Poor Customer Experience
“Suggestion: Do not charge a client when someone from Safricom needs to go out & fix the Wi-Fi problem. It is not the client's fault that the Wi-Fi is off, so why does the client need to pay for that. The client already pays the monthly fee so it is expected that there will be Wi-Fi all the time. "	Technical Issues Customer Service
“I can say service has improved substantially over the past few years. At a stage service was really poor and frustrating - hopeless response time etc. That is no longer the case - I am quite happy with the current state of service."	Positive Customer Experience Improvement from past Customer Service Customer Relationship
“Lockdown- since they were forced to leave Potchefstroom "	COVID-19
“I WANT/NEED FIBRE!”	Customer Demand
“Better connections, We pay for n 5mbs line but when test is, it is never above 2.”	Technical support Connection Issues
“Better after sales service”	Service & Technical Support
“If I pay for a service I expect to get what I payed for all the time, not a few days of the month	Customer Service
“Your "product" is very good, but if you can just improve the customer service. The teams within Safricom operate in silos and have very poor internal communication. For instance, if you request something from sales, the technical people will not respond to the query/ticket.”	Customer Service Communication Channel
“Radius connection of about at least between 0 - 0.5km. And faster connectivity when on internet. It sometimes loads for a long time. Thus far, I'm fully satisfied with the service and product. My only problem is the internet connection, maybe should move to 5G connection	Satisfied Customer Internet Connection Technical Issues

Customer Quotation Remarks	Focus areas for improvement
or something...Haha! I believe Safricom is the best Wi-Fi providers. My neighbours are thinking of installing it as well. Thank you, all the best!”	
“Prices is expensive that’s all”	Value for Money
“Better services and support” “Try to help clients as soon as possible”	Customer Service Response Time
“EXPAND”	Customer Demand
“Ek sukkel al vir amper 2 maande met my sein wat weg raak 5 tot 6 keer per dag ek het in gebel n email ontvang ,maar ek het nog geen verdereterug voer gekry nie. Probeer dalk julle net terug kom na kliente toe wat probleme het. Klientediens uiters swak. Erken as die fout by julle was en vra omverskoning”	Technical Issue & Support Communication Customer Service Customer Experience
“Keep progressing”	Positve Feedback
“Give the customer the service that he pays for”	Customer Expectation Value for Money
“Start giving your customers service. Worst service ever.”	Customer Service
“If there is an outage, please notify customers so they know the problem is on the provider's side. Also, customer support should make sure they add the correct contact details to tickets, and contact information should be verified if a job card is acted on.”	Communication Customer Service Ticket Issues
“Money worth product”	Positive Feedback
“Just make sure all staff attending to cLls handle each as a matter of urgency.”	Customer Service
“Improve your people skills”	Communication Customer Service Customer Experience
“Sometimes your technical support are slow to respond but they could rectify the technical fault every time.”	Technical Issues & Support
“Support is completely useless, when you have an issue it takes them days or weeks to sort out. Also speeds are not what you pay for, it's always running below 2.0 download even though I have a 10 Mbps package.”	Customer Service Technical Issues & Support
“When fibre break repair immediately!”	Technical Support
“Stop comms breakdowns in van der Hoff park and speed up the connections. We are not getting what we pay for”	Techincal Issues & Support Value for Money
“Turnaround time on technical issues need to be quicker”	Response Time Technical Support
“Fiber in Miederpark”	Customer Demand
“You are honestly doing a bang-up job. I have had very few problems, and none that werent solved within a day of contacting you.”	Customer Service Customer Experience
“Keep it up, excellent service n good product.”	Positive Feedback
“If my download and upload can reach the speed of the actual line I’m paying for this would be a great service provider”	Technical Support Value for Money
“Stop overloading your lines and get the quality better. Tickets waiting period is appalling.”	Ticket System
“With the few incidents that I've had with my Internet going down I had been sent from one person to another, people promising to call me back in 5 minutes7and then by the next day I have to call back because they never did. This only to discover that this person is not working that day. I've had issues where I've reported a malfunction with my connection to various people from safricom only to (days later) discover that they never logged a ticket with my issue.”	Communication Customer Service
“Don't close tickets unless you're certain the problem has been solved.”	Ticket Issue Customer Service
“The fibres were already laid, but the waiting list/period for installation of my.”	Response Time

Customer Quotation Remarks	Focus areas for improvement
"I'm a happy customer"	Positive Feedback
"Build more signal towers & gave the quality service the client pays for I pay for a 10mbs but it feels my download & upload speed is for the dogs"	Customer Service Value for money Technical Support
"Laat weet mens as jul problemme het sodat ons nie wonder wat is nou weer di probleem nie"	Communication
"Try to increase coverage around Potchefstroom"	Customer Demand
"All good"	Positive Feedback
"Not much to change"	Neutral Response
"There is none. You are great. Assisted me over Covid period. Thanks"	Positive Feedback
"Service is good thank you"	Positive Feedback
"Your ticket system is a failure"	Ticket System
"All in all I am a happy chappy with you guy's... Thanks!"	Positive Feedback
"There is a lot of times no connection. That is frustrating because my child is doing home school."	Customer Experience Technical Support
"More stable Wi-Fi and staff who knows that if it wasn't for their customers, they would not have a job. Make your customers feel wanted."	Technical Support Customer Experience Customer Expectation
"Less down time NB!"	Customer Demand Technical / Operational Support
"Answer telephones quicker. Ensure that your networks are more stable"	Customer Service Connectivity Support
"I need faster feedback for connectivity issues"	Customer Expectation Connectivity Support
"Please have a stand by people that working after hours in case of emergency"	Technical Support
"You need to find a way to get a better perspective out of the Wi-Fi we spend about 50 percent of the time with it either off or lagging."	Connectivity Support Customer Experience
"We have problems again with visibility and from 18h30 poor visibility to non-coverage at night. My Safricon shows tenda.. Please assist me as soon as possible... I'm furious.. Thanks a lot."	Technical / Connectivity Support Customer Experience
"Carletonville area is defiantly oversubscribed. Speeds are low. Some capital investments is required. 10 Mb/s is way too slow in this day and age."	Connectivity Issues
"Let the technology grow."	Customer Demand
"Improve your signal and technical services."	Technical / Connectivity Support
"Give your clients the service they are paying for stop stealing their money."	Customer Service
"Improve customer service and experience. Make it easier to contact you when there is a problem. Investigate the possibility of carrying unused data over to the next month as it was paid for."	Customer Service Customer Expectation Communication / Accessibility
"Solve your client's problems"	Customer Service
"Ensure customers have access at all times, continue doing what you doing."	Connectivity Positive Feedback
"Give the customer the service that he pays for"	Value for Money
"Vinniger reaksie op probleem. Sommige dae is internet aan/af/aan/af wat werk moeilik maak! Dankie"	Positive Feedback Connectivity Issues

Customer Quotation Remarks	Focus areas for improvement
"WIFI at the beginning of the year took very long. Otherwise I love Safricom so far Proactive communication if you know speeds/stability will be affected. And have no complaints about my WIFI whatsoever. Thank you."	Response Time Positive Feedback
"We were totally satisfied with your service, Thank you so much."	Positive Feedback
"Please get fibre to Potchefstroom South"	Customer Demand
"Give attention to your customer service. Your fibre is great as it works 99,9%, bit when you have a problem you customer service and professionalism is non-existent! You better improve or no one will use you if a new product in Potch starts to compare!"	Customer Service Positive Product Feedback
"Signal strength vary a lot, recommend sending SMS when system is off-line or work will be done and signal will be lost."	Connectivity Issues
"So far.. I'm happy."	Positive Feedback
"Loosing Wi-fi network most of the time."	Connectivity Issues
"When the internet is off, we cannot wait five days for assistance. There is definitely some technical problem with our internet, but the technical staff cannot find the fault. On the positive side all the technicians that assisted telephonically, email and that came out to our house are very professional"	Customer Service Technical Issues & Support Positive Feedback
"Please provide fibre in Baillie Park"	Customer Demand
"A lot of the time internet connection is very unstable. Please try and improve that."	Connectivity Issues
"Improve signal."	Connectivity Issues
"Reliability, getting what I pay for, not happening at moment"	Customer Expectation Value for Money
"Good Customer Service Please"	Customer Service
"Wi-Fi should be faster without interruption"	Connectivity Support / Improvement
"Safricom vat 2 tot 3 weke om n probleem op te los moet herhalde keer die selfde probleem aan telefoniste te verduidelik en geen terug voering van enige hoër kwalifiseerde persoon sal jou kontak sodat jy probleem kan verduidelik. Het vir die tydperk geen volle diens ontvang waarvoor ek betaal het nie."	Customer Service Customer Experience
"CARRY ON WITH THE GOOD SERVICE"	Positive Feedback
"SOMS IS DIE LYN AF, DIT VEROORSAAK ONGERIEF"	Connectivity Issues Customer Experience
"We have only had it a month and love product. Had an issue this week and sent a SMS to the support line and didn't get any response."	Positive Product Feedback Customer Service
"1.Information session when installing the product. 2. What to do and what not to do when you experience any problems with the device."	Customer Support / Training
"Answer telephone calls and do not keep customers waiting."	Customer Service
"Technicians should make sure you get the signal strength you are paying for and not tell you that's the best they can do when around you other people are getting better results. I'm disappointed in one of the receptionists who took my call and told me I'm going to pay when they don't even know what the fault is he was very arrogant. I want the technician to shift the pole till he gets the right signal that I am paying for. Thank you"	Connectivity Issues Customer Experience Value for Money Customer Service
"Interruption of service where I live (Grimbeek Park) is a big problem for me,I need more consistency please. Secondly the speed is a problem, if you sell a package that specifies 10Mbps, the average speed per month should be at least 80% of that. In short, I pay for a package of 10Mbps, but I get only 5Mbps on average, I feel that is unfair and dishonest, if you know that certain areas in town will not reach certain speeds, TELL your client that so that he/she can decide if they should look for a better option!"	Connectivity Issues Technical Support Value for Money Customer Experience
"It really is slow...and connection also by times bad"	Connectivity
"Quicker response and solving of problems."	Response Time Customer Service
"Slow response in fixing problem."	Response Time

Customer Quotation Remarks	Focus areas for improvement
	Technical Support
“All good.”	Positive Feedback
“To help clients quicker and to solve problems.”	Customer Support
“Keep up the good work.”	Positive Feedback
“Get rid of the ineffective "ticket" system.”	Ticket System
“Great service.”	Positive Feedback
“Ek soek fibre.”	Customer Demand for Product
“Starts with post customer support, it is pathetic! They don't come when u report, eventually when they do come (after a customer puts up a fight) they come without telling the customer. It has happened more than three times in my commune. Secondly, stop assuming everyone speaks Afrikaans in your communication channels. I am only still a customer because in my area there is no fibre yet, I am just waiting for service provider to come along then I am gone. I have stomached more than enough.”	Customer Experience Customer Support Customer Service
“Response time can sometimes increase.”	Response Time
“I received good service. No suggestions needed.”	Positive Customer Feedback
“No comment keep up the good work”	Positive Customer Feedback
“Do what you promise, have greater flexible fibre options. Also you are not getting what you paid for. Perceived Data used vs actual not the same!”	Value for Money Customer Expectation
“Just close, your bad service won't be missed.”	Customer Experience
“Give me the signal I am paying for, don't lie to me, follow up on calls, calls closed without me being notified. Poor technical service, pay for a service that I don't get”	Value for Money
“Gee n tyd en datum vir student as daar n probleem by sy woonstel is. Nie net n dag en nie n tyd nie. Ons het klas en kan nie net kom as julle bel en reg is nie. Laat weet student n dag en tyd gee”	Communication Customer Expectation
“I have run into a few ridiculous issues in my time with Safricom, ranging from errant debit orders triple what my bill is that took about a month to refund, to having my connection cut without my consent, to being charged 77 000 for fibre installation when my neighbour is paying 3500 for the same and the cable has just been laid under my driveway. I have still to hear back on that issue and in all honesty, I have given up on trying to have fibre installed because of the absolute lack of cooperation I've gotten. As McArthur still gives connection issues from time to time, and the call centre literally told me I went from being third in line to being fourth in line last time I bothered, my internet is not reliable enough to do my online work through and I have started looking into using alternative service providers.”	Customer Experience Technical Support Customer Support Customer Service
“Prioritize calls and determine emergency requests which should receive priority service. Technical persons phone you once on a call-out - if you missed the call and phone back within 10 minutes, you are informed that you have been placed at the back of the queue again for failing to answer once?”	Technical Support Communication
“Diens vir verbruikers op plase word afgeskeep.”	Customer Demand Customer Service
“Keep it up there is a room of improvement.”	Positive Feedback
“We have minimum issues and if we do we always get service. honesty with date and time of problem solving.”	Positive Feedback
“Please relook your prices to reflect market trends.”	Value for Money
“Room for improvement on follow through”	Communication
“Please don’t put off the WIFI at night because every night between 12 and 6 we have no WIFI. Please work on your WIFI signal!!!!!!”	Connectivity Issue & Support
“Kyk na maandelikse koste”	Value for Money

Customer Quotation Remarks	Focus areas for improvement
"Safricom must respect the agreed to contract. I am dependent for good internet service as i am working electronically from home for my company. We are a very big international company and often have internet meetings. For the rate i am paying for my internet i am expecting good service from Safricom. Most of my fellow workers pay less for a stronger and better service. Most of the people living in the small township of RENOVAAL OVS. as well as farmers around us have ongoing problems with internet from Safricom. All people from this community will appreciate the attention of the Safricom directors. My job is at risk because of this ongoing internet problems. Regards."	Customer Expectation Customer Service Value for Money
"Keep up the good work."	Positive Feedback
"Please make sure about accounts when sending an invoice. I had to go in to Safricom to settle an account, as I was charged more than the fee required. I've waited for 4 months to get WIFI. Poor communication between technical staff and admin office."	Customer Service Communication
"Improve customer service. Because it is very poor and you wait 2-3 months for service."	Customer Service Response Time
"I have asked a technician to install a range extender, he was there one day and couldn't finish the work, more than 12 months later still waiting."	Response Time Technical Support Customer Service
"Improve service delivery."	Customer Service
"Ensure customers receive what they require in efficient and effective manner."	Customer Expectation Customer Service
"To get the people who answer the phone on first contact to sound as if they have not randomly picked up the phone in passing.. as if it was an effort."	Customer Service Customer Experience
"Technical support and phone call services can be unhelpful at times. Customer helplines are not up to standard."	Technical Support Customer Service
"Ensure that when the technicians are working on certain units/fibre lines that they do not damage the other units lines in the complex."	Operational Issue Recommendation
"The connection cuts out at times for hours at a time. It needs to be addressed."	Connectivity Issues
"When you say you will follow up with a client do so! Give information to all staff and also to the client, make sure you give the client the information up ahead before any choices that has to be made. Of a person cannot use your service for 6 months make a plan instead of paying the full price (if you do not want to freeze the contract) let them pay half, we are all people and we are all trying to get the best for your money. In these times we must look out for yourself and the people around you, this services lack the performance of staff in consideration of the client. There can be a plan made to benefit Safricom as well as the clients."	Customer Service Customer Expectation Value for Money
"Your signal strength here is not stable and consistent download and upload."	Connectivity Issues
"Even with Wi-Fi installed I sometimes do not have signal in bedroom or downstairs rooms."	Connectivity Support
"A credit policy where the client automatically receives credit for services paid for but not rendered."	Recommendation
"Continue"	Neutral Feedback
"Need stability on the system. Never get info on the problem and how long it will take to fix. Understand sometimes things happen but to not understand how long it will take is frustrating. I am running my business from you and if not reliable, it will have impact on my business."	Connectivity Support Response Time Customer Experience
"To have more technicians installing product."	Operational Support
"LISTEN. I've been a customer longer than nearly all the staff has been working at Safricom. If I tell you where the problem is and it takes you 4 days and numerous tries just to realise that I was indeed correct then you are acting like a "poephol"."	Customer Service Response Time
"Clear communication and faster installation times on your products	Communication

Customer Quotation Remarks	Focus areas for improvement
Improve the training of customer service / technical support team members to be able to assist clients and not only "refer to management". Improve the number of customer service employees or ways of contact, as currently customers are placed on hold for extremely long amounts of time before being able to connect to a Safricom representative."	Response Time Customer Service Technical Support
"Get more technicians for the busy times of the busy times of year, to allow faster response times."	Technical Support Response Time
"TO CONTINUE THE WAY, IT IS BECAUSE IS PERFECT keep up with your good service"	Positive Feedback
"Antwoord julle oproepe. En help mense vinniger om 3 weke te wag tot jou ticket opkom is belaglik."	Communication Customer Service Ticket System
"To communicate with the clients when a server or signal is down so that we don't have to contact you, we can get an email saying abcd"	Communication
"Nothing at all really, unlike Telkom, I dont have outages every other week."	Positive Feedback
"During installation please pay attention any other things around the surrounding that could hamper with coverage, e.g height of tress etc. It still a challenge for me and affect the efficiency of the speed."	Technical Support
"Improve customer service and accommodate people during lock downs with service paid for but unable to use."	Customer Service Value for Money
"Don't Promise a 1G line when you can only Provide 250mbps"	Connectivity Support
"Fibre installed in Baillie Park"	Customer Demand for Product
"Make sure that WIFI is online for the whole month and not be offline sometimes cos then I have to make use of my phone data to stream."	Connectivity Support
"Another tower in Fochville at the stadium to cover our area."	Product Improvement
"Good"	Positive Feedback
"Happy customer."	Positive Feedback
"Learn your customer needs and value customers - customers is your lifeline!"	Customer Expectation
"None, just keep up the good work."	Positive Feedback
"Better customer service."	Customer Service
"Continuous service. Need to hotspot to phone data numerous times whilst in virtual meetings. This escalate my cost"	Connectivity Support
"Fibre in the lesser known streets would be awesome."	Customer Demand for Product
The billing on the app to update as soon as possible and mor3 efficient	Communication
Employ more technical personnel - it is unacceptable that you have to wait 2 weeks for someone to just come and have a look at what is wrong. The service is great when everything is working - but that one time that there is a problem, it is a big problem, no feedback, no communication and in this day and time no one can be without internet for 2 days, never mind 2 weeks	Operational Support Response Time Communication Customer Support
"Good service."	Positive Feedback
"Diens binne op die langste 2 dae weer aktief en werkend he indien dit van lyn af is maar 1 dag sal absoluut fantasties wees die internet is wel van so aard dat dit 'n diens geword het wat ononderbrekend eintlik moet wees. (noodsaaklikheid nie meer 'n bederfie nie) Naweek bystand om die diens oor 'n naweek ook so spoedig moontlik weer aanlyn te kry sal ook fantasties wees. Dienslewering van die noodsaaklike diens aan kliente sal aansienlik baie verbetering bring in geheel. Tegniese bystand te verspoedig sal ook probleemoplossings vinniger laat geskied en kliente tevredenheid verkry. Vermeerder highsites sodat meer stabiliteit gebied word op piektye van gebruikers en hul meer te verdeel daartussen. Overall is beter dienslewering op alle vlakke tog altyd 'n aanwins en word of mouth en ratings sal altyd 'n invloed ook he."	Connectivity Issues & Support Customer Support Customer Service Technical Service & Support

Customer Quotation Remarks	Focus areas for improvement
"Notify on scheduled maintenance at least 2 times prior to it happening. Broaden your notification network beyond Facebook. Also ensure that the after-installation user is made aware of how to change the WIFI router password and suggest frequent changing of it."	Communication Customer Engagement Technical Support
"High end pay as you use facility with rates that are in line with a fixed contract, also provide a mobile service that links to the contract, so we are not at The Hoffman at the moment so we cannot use the facility it would have been nice to have a mobile unit linked to the contract"	Value for money
"The service is great"	Positive Feedback
"Get your supply up-to-date you pay for 10mbps you mast get 10mbps not 1,4 to 5,5mbps and the network go off at 8PM the most off the time it is useless"	Connectivity support
"I don't know what the problem is, but in Fochville you have a very bad reputation, and it used to be a good one. The internet will suddenly be slow and stop working from time to time, and it's a common occurrence for a lot of people. People are literally telling each other on Fochville's Facebook page when asked for recommendations to make use of anyone except Safricom, you used to be recommended, but not anymore."	Connectivity Support & Issues Customer Experience Customer Service
"The line must be faster."	Connectivity Support
"Happy customer."	Positive Feedback
"More efficient and speedy communication and attention to failures in internet provision as reported. Improve call centre waiting time."	Communication Customer Service Response Time
"Keep up the good work."	Positive Feedback
"Have fibre that doesn't go off."	Recommendation Technical Issue
"All good, no advise."	Positive Feedback
"You must improve your communication with customers."	Customer Service Communication
"Some information cannot be found on your website (or is difficult to find), for instance, costs of international calls. Also, information on costs of installing a telephone line together with fibre is not really there or not clear. We've had some problems making international calls. Support was helpful, but it is unclear if the problem is now really resolved as support couldn't really find any problem."	Customer Experience Customer Support
"I don't have enough time to tell you about all the stuff you do wrong I think this is the worst Internet connection imported through."	Connectivity Issue
"To give a faster response."	Response Time
"ADSL very unstable, technicians take way too long to come out, a lot of empty promises."	Response Time Technical Support
"Let customers know if you experience problems with your service."	Communication Customer Engagement
"Quicker response on call-outs for broken WIFI."	Customer Support Response Time
"Not much, although I did have issues with getting email responses last year. But that was last year."	Customer Service Communication
"Improve customer follow-up. Assign one agent to work with one customer: every time I call, I have to explain my story to another agent and there is no book-keeping of my previous calls."	Customer Support Customer Service
"Professionality when speaking to clients who have been supporting your business for long, call centre agents are rude"	Customer Service
"Make sure the payment agreement is logged on to the system instead of suspending my account before the date I agreed to pay on for example this month my contract clearly	Administration

Customer Quotation Remarks	Focus areas for improvement
states I pay on the 15th but my account was suspended on the 13th which I can not understand because it's not the first time ..”	
“Improve line speeds. Im paying for a 10mb line... I rarely get over 3mb/s... its not worth paying for a 10mb line with such poor speeds.”	Value for Money Technical Issue
Keep growing as you have been doing	Positive Feedback
“The follow up to queries is terrible or non-existent. Phone calls are answered but the second you hang up, it seems as if no one ever contacts you again. These problems could be due to poor internal communication.”	Customer Service Communication
“Keep it up”	Positive Feedback
“Get your supply up-to-date you pay for 10mbps you mast get 10mbps not 1,4 to 5,5mbps and the network go off at 8PM the most off the time it is useless. Scenario: The WIFI is off for no reason & after a few days Safricom sends someone out to fix it. After the WIFI is fixed, Safricom sends out a bill or simply deduct money from the client's account for the ''service delivered''.	Technical Issues Connectivity Issues & Support Customer Experience
“Sort out your bad service.”	Customer Service Technical Service
“Please implement an auto check to test if your wireless service is consistently on.”	Recommendation Connectivity Support
“To improve the signal. esp. when downloading.”	Connectivity Support
“Connection speed not always what was paid for (even with fibre).”	Customer Expectation Value for Money
“Pay attention to customer services.”	Customer Service
“Professionality when speaking to clients who have been supporting your business for long, call centre agents are rude”	Customer Service Response Time
“Keep up the good work.”	Positive Feedback
“Had no problems.”	Positive Feedback
“Take customer needs into account specially during this COVID time and for customers painting their accounts months in advance.”	Customer Support
“Answer our calls when we need advice / quotes”	Customer Service
“Hou op nuwe kliente invat. Julle servers en portals is oorlaai.”	Customer Service Connectivity Support
“Price somewhat high.”	Value for Money
“Take into account and consideration that some of the customers live internationally and that there is sometimes difficulty with communication.”	Communication Connectivity Support
“Just communicate back.”	Communication Customer Service
“Organize certain time frames for each possible problem in order to more efficiently handle issues.”	Communication Customer Support Recommendation
“More reliability and timeous communication when downtime on line.”	Customer Support Communication
“Better and more stable wireless connection in Fochville and possibility for fibre connection. The working from home requires an stable and reliable connection during office hours even now for home users”	Connectivity Support Recommendation
“Op die stadium is ek tevrede.”	Positive Feedback
“Improve your response time to fix problems at home, sometimes it is a 5 minute fix but took over a week to get someone here.”	Response Time Customer Service Technical Support
“More towers in small towns.”	Customer Demand for Product Recommendation

Customer Quotation Remarks	Focus areas for improvement
“Prompt responses.”	Response Time Customer Service
“I don’t think there’s anything to improve.”	Neutral Feedback
“Give your clients the service they are paying for stop stealing their money.”	Value for Money
“Follow-up on requested info and answer your phones.”	Customer Service Customer Support
“You follow up on queries could be better.”	Customer Service Customer Follow Up
“Keep up with the good work.”	Positive Feedback
“In my case would have liked less data, but faster line.”	Recommendation
“My father paid for the whole year of 2020. I am in Saldanha since 23 March 2020. Are you going to give me extra WIFI or more gigs when I come back in September or November 2020 of in 2021?”	Customer Expectation
“Improve customer follow-up. Assign one agent to work with one customer: every time I call, I have to explain my story to another agent and there is no book-keeping of my previous calls.”	Customer Service Customer Follow Up
“In Centurion I'm paying R600 per month for unlimited 20Mps fiber. In Waterberry I'm paying R800 per month for unlimited wireless with significant lower speed. I feel I'm not getting value for my money as data should be getting cheaper. In terms of Covid it would have been nice to be able to put my contract on hold for a couple of months as I have not used data since beginning of April, because we are not living in the house because of lockdown and the university that is closed.”	Value for Money Customer Support (COVID-19)
“The products and up times are good, the customer service and turn around times are lacking.”	Customer Service Response Time
“Be on time and reply to emails. Communicate with technical.”	Response Time Customer Service Communication
“Julle is perfek.”	Positive Feedback
“Better upload speed no throttle lines.”	Connectivity Support
“Make sure data is always available at all times.”	Customer Expectation
“Thank you for helping me with my computer as I move from al flat to a town house. Your service is excellent!!! Also, when I visit your business, the staff is VERY friendly and helpful.”	Positive Feedback
“Hou so aan.”	Positive Feedback
“Customer service should be available after hours as this is often when one uses the internet .one is than not able to resolve issues.”	Customer Support
“Communicate services.”	Communication
“Keep up the good work.”	Positive Feedback
“Keep on doing the good work, fibre is a need in Grimbeekpark, how can you help?”	Positive Feedback Customer Demand for Product
“Listening skills of lady who do request to improve please.”	Customer Service
"Keep up with your competitors - their lower prices are going to harm you. Improving installation.”	Value for Money Operational Support
“Update the internet packages of clients with old packages to new packages. In line with this suggestion, provide a service to clients where you propose the client a different package based on their actual internet usage. No point in having the most expensive package when you are only doing web-browsing. In other words, be more pro-active towards the clients, than the other way around. Another suggestion, for capped pacakges, provide uncapped internet during off-peak times, for example between 00h00 and 06h00 at night.”	Customer Experience Recommendation Customer Support

Customer Quotation Remarks	Focus areas for improvement
“More stable WIFI and staff who knows that if it wasn't for their customers , they would not have a job. Make your customers feel wanted.”	Customer Service Connectivity Support Customer Expectation
“Better communication between customer support and technicians. Faster response time. Often excuses are used and WIFI remains off for weeks at a time.”	Communication Customer Support Technical Support Response Time Connectivity Issues
“Increase the availability of technical support.”	Technical Support
“Work on responses”	Response Time Customer Service

5.6 Appendix F: Customer reviews of service quality

Customer Quotation	Problem Areas from Customer Reviews		
	Errors	**Service Complaints**	**Customer Views**
"The service is pathetic. I have been waiting for more than 2 weeks for someone to contact me for installation"		Customer Service Response time	Customer Engagement Customer Value
"And they don't give a damn about you or your time"			Customer Experience Customer Value
"Our internet was supposed to be installed by the 29th of November. It is now 31 December and NOTHING!!!! We have a ticket number and we get an SMS for when they schedule an appointment and then NOTHING!!!	Communication Ticket System complaints	Customer Service	
"She PROMISED US THEY WOULD BE THERE AND NOBODY CAME!! We had to delay our vacation plans just to make sure we were here on the day that THEY made an appointment with us. We waited all day in our apartment, and nobody even called to let us know they weren't coming!	Communication Complaints	Response time	Customer Engagement
"4 CALLS HAVE RESULTED IN SAFRICOM COMING OUT 9 DAYS AFTER THE 1ST COMPLAINT, ONLY NOT TO BE ABLE TO FIX THEIR PROBLEM?! IT IS NOW DAY 12 WITHOUT INTERNET.	Complaints	Customer Service Response time	
"We have been phoning and submitting complaints since then, with no success. It has been 5 days now."	Complaints		Customer Engagement
"When there is a problem with your WIFI at home and you contact Safricom you must know you will be on hold for several minutes sometimes more than a half-hour"		Customer Service Response time	Customer Engagement
"If you want to speak to the management, they will always be on lunch break, any time of the day, so don't even try to contact the management, if there are any managers."	Communication	Customer Service	
"When you finally reach them via phone call and you ask for them to send someone to come to your home, they will take none less than 3 weeks."		Customer Service Response time	
"How many times do I need to phone the accounts department and ask them to remove an outstanding amount from my statement after they tell me they'll remove it just to receive the next statement with the outstanding amount still showing on my statement? If my account has been credited by another client accidentally and I inform you about it, even though my debit order of a fixed amount still goes off each month its logic sense to reverse the credit to its rightful owner and not expect me to pay R1200 even though my account has already been debited for my usage."	Communication	Customer Service	
"If I do not follow up daily I would have heard nothing"	Communication		Customer Engagement
"4 weeks later and a heap of lies and running around with no installation or service"		Customer Service Response Time	Customer Engagement
"After calling them 10 days ago without any reply we decided to cancel our contract. This runs until the last day of each month they decided to disconnect us today"		Customer Service Response Time	

"Firstly, I want to talk about their customer service, which is horrible, I must phone them 4-6 times a day just to follow up on my ticket (Which I booked at the beginning of the year)."	Communication Ticket System	Customer Service	
"Our WIFI went out on the 24th of March calls were made almost every day with promises to come fix it today is 13 of April and still nothing"		Customer Service Response time	Customer Engagement
"I continuously get extremely poor service from Safricom. For the past three weeks, I have contacted the service desk to get the issue resolved without any success. They just keep on promising that they will send a technician to assist on-site, but never do."		Customer Service Response time	Customer Engagement
"I've been struggling for more than a month now to get my internet service sorted out."		Customer Service Response time	Customer Engagement
"Still no response after numerous phone calls and tickets being logged."	Communication Ticket System	Response time Customer Service	Customer Engagement
"Absolutely useless! Internet Keeps going off, then it takes them more than a week to contact back to see if they can come to fix it!"	Communication	Customer Service Response time	Customer Engagement
"They do not care about customer care nor professionalism. I have been waiting for a month to get an install date for my internet. I have phoned them at least twice a week spending over n hundred minutes this month of my talking time to get assistance."	Communication	Customer Service Response time	Customer Engagement
"When I would phone, that their answering machine is working, and a representative answer I would give them my problem and they would say that they will phone me back. Up until today, I have not been phoned back."	Communication	Customer Service	Customer Engagement
"Been dealing with salesperson since 2017 and still waiting for WIFI installation."	Communication	Customer Service	Customer Engagement
"Shocking. Do not return emails, messages or phone calls."	Communication	Customer Service	Customer Engagement
"Even spoke to a manager last year, and still have the same problem. Many people complaining about the same service and waiting forever for installation."	Communication	Customer Service Response time	Customer Engagement
"On numerous occasions over the past year, I have opened tickets to get my services restored to 10MB that I pay R799 per month."	Ticket System	Customer Service	
"Since the end of January 2017, I have paid my account in full, on time, including the installation fees which were paid before installation of their equipment. Why sell a product you cannot deliver and then knowingly charge a customer for the service they do not get."		Customer Service	
"I am waiting 6 weeks for an installation that was promised to be done in 5 to 7 days."		Customer Service Response time	
"And it is frustrating, so I called Safricom last week Friday and explained what was happening and they created a ticket today Thursday I called again, and they said my ticket hasn't been assigned to anyone yet. I told them I have been waiting long enough and I want it sorted today, so all they did was to tell me your ticket	Communication Ticket System	Customer Service Response time	Customer Engagement

might get assigned today to someone, what upsets me the most is that I have been waiting so long and had to call 3 times to get someone to help me.”			
“I have put in 3-5 complaints they don't even respond. If you call them, they want case number, but they don’t respond to your complain emails. And the person on the line is so rude like it's my fault they don’t respond and that my line from them is slow. I have been waiting over a week for service from them, I don’t think that word is at all use in their business environment.”	Complaints Communication	Customer Service Response time	Customer Engagement
“When reporting an issue like this, Safricom was kind enough to create an appointment to come and fix this problem. After which the technician missed the appointment and I organized someone to be at the house by the time of our appointment. Getting a call, the FOLLOWING day to reschedule without letting me know that they are going to miss OUR PREVIOUS APPOINTMENT. “	Communication	Response time	Customer Engagement
“In due time the technician finally arrived the following week for our second appointment claiming the problem was fixed (Which in his defence it was) but only for 48 hours after which my line speed returned to 1.2-1.5mb/s and we were back where we started and given the time, I thought it might only be temporary, but the lines download speed remained the same. “	Communication	Response time	
“You have to beg for support and when they do "help", nothing has changed!”		Customer Service	Customer Engagement
“My internet speed is always capped / slow and my support requests and complaints to Safricom is being ignored.”	Complaints	Customer Service	
“Their service is basically non-existent. You can log calls until you are blue in the face. The internet service is so bad you can't even log it via the internet”	Ticket System Communication		
“I related to a 10 Mbps package with Safricom as a wireless package. I phoned them multiple times to tell them that the speed NEVER goes beyond 3 Mbps.		Customer Service	Customer Engagement
“I am still waiting (it's been 5 weeks) for my fibre installation. I am a student, which means that I need internet 24/7 to do my work.”	Communication	Customer Service Response time	Customer Engagement
“I have been with Safricom for almost 2 years. The last few months the tower where I connect to has been the worst from when I started using Safricom. In the morning the internet is fine but from the afternoon the speed is really bad”		Customer Service	Customer Experience
“It doesn't help to contact Safricom because I always have to wait for 8 - 10 days before they come to your house.”	Communication	Customer Service Response time	
“I am paying the last few months for internet I can only use in the morning but my wife and I work so we have 1-hour internet per day we can use before we have to	Connection Issues		Customer Experience

go to work because from 5 pm we can forget to have the decent speed we are paying for."			
"Very unstable and USELESS connection. You have to beg for support and when they do "help", nothing has changed!"		Customer Service	Customer Experience
"I related to a 10 Mbps package with Safricom as a wireless package. I phoned them multiple times to tell them that the speed NEVER goes beyond 3 Mbps.	Communication Connection Issues	Customer Service	Customer Experience

5.7 Appendix G: Customer perceptions of value for money

Customer Quotation: Customer Perception of value for money
“Their service never works; they deduct from your account!”
“First to take your money every month. Last to deliver on promises”
“IT IS COSTING HIM A FORTUNE IN DATA THAT HE HAS TO BUY TO ENABLE HIM TO STUDY!”
“WILL SAFRICOM REFUND MY SON FOR THE EXPENSE HE IS INCURRING BY HAVING TO BUY DATA DESPITE HAVING AN INTERNET CONTRACT FOR EXACTLY THAT???”
“Pay for 10mps line, but boy o boy that is not what you receive”
“I closed my account last year in December 2018 because I moved away. I arranged that the next tenant can take over the account and the usage of the router to be transferred to him, but I think the tenant later upgraded to fibre and nobody thought to collect the router when he upgraded. Now in October 2019, almost a year later, I get a call from debt collectors saying that I owe Safricom money because I never gave back the router”
“My Wi-Fi is off for over a month that I have paid for.”
“Safricom is not fair at all with their billing, because they will still bill you if your internet has not worked for 2 months, they will not make arrangements with you if you haven't had any services or any outcome from them (wifi/internet) for two months, still you have to pay when they don't even provide you with the required services.”
“How many times do I need to phone the accounts department and ask them to remove an outstanding amount from my statement after they tell me they’ll remove it just to receive the next statement with the outstanding amount still showing on my statement? If my account has been credited by another client accidentally and I inform you about it, even though my debit order of a fixed amount still goes off each month its logic sense to reverse the credit to its rightful owner and not expect me to pay R1200 even though my account has already been debited for my usage.”
“Be sure to get what you Pay for”
“Product and Price looks good on paper; however, this is where it ends”
“Broadband Speeds over 6 Mbps are completely almost unattainable and when available, very erratic and not sustainable. My current subscription allows for a 10 Mbps Uncapped and UN-throttled ISP connection.”
“I would truly appreciate what I pay for.”
“Secondly the internet that they supply is even worse than their customer service after I finally gave up on getting fibre installed, I got a wireless packet. Each month I pay R700 for a supposed 10 mbs. But instead what I get is 0.1mbs and a constant packet loss of 20-30%. Ironically enough I had to wait about 20 mins to load the HalloPeter page”
“In the meantime, the data gets depleted within two days and keeps on costing me money.”
“On numerous occasions over the past year, I have opened tickets to get my services restored to 10MB that I pay R799 per month.”
“They must have known from the start that they could not provide the service, yet they continue to sell a product that they cannot deliver.”
“Since the end of January 2017, I have paid my account in full, on time, including the installation fees which were paid before installation of their equipment. Why sell a product you cannot deliver and then knowingly charge a customer for the service they do not get.”
“Your line speed WILL NOT be as advertised by them. You will pay for a 5MB/S line as me but will only be able to access 1.2-1.5MB/S of that line so firstly you will not get what you pay for.”
“Before all my problems I took an hour of work to take the time and go into the offices to schedule a debit order on my account a month before my next payment to ensure that my account is always paid in full, GUESS WHAT? The debit order was never scheduled and did not go off as planned the month before. Then I called in to confirm why didn't the debit order DID NOT go off (I thought I might have given the wrong details) but NO my debit order was never even scheduled and according to them I was still an EFT client”
“After all my problems I decided "No Thank You" I am not going to deal with this anymore and I am going to CANCEL EVERYTHING and guess what...... According to them, I can only cancel with a month prior notice (which might have been mentioned in the contract in their defence) but now I must make ANOTHER MONTHS payment in FULL for a service that does not even work and I do not think this is worth my time, effort or hard-earned money!!”
“I am paying the last few months for internet I can only use in the morning but my wife and I work so we have 1-hour internet per day we can use before we have to go to work because from 5 pm we can forget to have the decent speed we are paying for.”
“Their service never works, they deduct from your account! “
First to take your money every month. Last to deliver on promises.”
“ IT IS COSTING HIM A FORTUNE IN DATA THAT HE HAS TO BUY TO ENABLE HIM TO STUDY! “
“WILL SAFRICOM REFUND MY SON FOR THE EXPENSE HE IS INCURRING BY HAVING TO BUY DATA DESPITE HAVING AN INTERNET CONTRACT FOR EXACTLY THAT???”
“Pay for 10mps line, but boy o boy that is not what you receive”

“I closed my account last year in December 2018 because I moved away. I arranged that the next tenant can take over the account and the usage of the router to be transferred to him, but I think the tenant later upgraded to fibre and nobody thought to collect the router when he upgraded. Now in October 2019, almost a year later, I get a call from debt collectors saying that I owe Safricom money because I never gave back the router.”
“My WiFi is off for over a month that I have paid for.”
“Safricom is not fair at all with their billing, because they will still bill you if your internet has not worked for 2 months, they will not make arrangements with you if you haven't had any services or any outcome from them (wifi/internet) for two months, still you have to pay when they don't even provide you with the required services.”
“How many times do I need to phone the accounts department and ask them to remove an outstanding amount from my statement after they tell me they’ll remove it just to receive the next statement with the outstanding amount still showing on my statement? If my account has been credited by another client accidentally and I inform you about it, even though my debit order of a fixed amount still goes off each month its logic sense to reverse the credit to its rightful owner and not expect me to pay R1200 even though my account has already been debited for my usage.”

5.8 Appendix H: Strategy Implementation Plan

Table 4-11: Strategy implementation milestone plan with responsibility matrix.

R = Responsible (Does the work)
A = Accountable (Makes sure the work gets done)
C = Must be Consulted (2 way flow of information)
I = Must be Informed (1 way flow of information)

Schedule														Resources								New Roles		
Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Target Date	Milestone Definition	CEO	General Manager	Ops Manager - Service Operations	Ops Manager - Fibre Operation	Ops Manager - Financial	Ops Manager - HR & OHS	Internal Champion	Function Supervisors (various)	Business Development Manager	Key Account Managers	Customer Development Analyst
													Planning for Stage 1											
												week 1	Identify internal champion	A	R	I	I	I	I	C				
												Month 1	Workshop #1 - Business Problem, Vision, Mission and Values	A	R	R	R	R	R	C				
												Month 1	Strategic Objectives	R	A	R	R	C	C	C		R	C	
												Month 1	Financial Objectives	R	A	C	C	R	C	C		R	C	
												Month 1	Planning for the resource and timing requirments	C	A	R	R	R	R	C				
													Segmentation											
												Month 1	Workshop #2 - Segmentation	C	R	R	R	R	R	A		R	C	C
													Impact Assessment											
												Month 2	Workshop #3 - Impact Assessment	C	R	R	R	R	R	A		R	C	C
													Analysis											

							Month 2	Analysis of segmentation	I	C	R	R	R	R	A		C	C	R
								<u>Feedback</u>											
							Month 2	Feedback to Safricom Management	A	I	I	I	I	I	R				
							Month 2	**Milestone 1 - Strategic direction of Safricom completed and communicated to company.**											
								<u>Planning for Stage 2</u>											
							Month 3	Planning	I	C	R	R	R	R	A	C	C	C	C
								<u>Value Stream Segmentation</u>											
							Month 3	Workshop 4# - Strategic Direction Communnication	I	R	C	C	C	C	A	I	I	I	I
							Month 3	Segmentation into key areas and sub-activities	I	C	R	R	R	R	A	R	C	C	C
								<u>Process importance assessment</u>											
							Month 3	Process importance assessment	I	C	R	R	R	R	A	C	R	R	R
							Month 3	Rank importance of lean operations principles	I	I	R	R	R	R	A	C	R	R	R
								<u>Value Stream Mapping</u>											
							Month 3	Identify activities that add value for the customers	C	C	C	C	C	C	A	C	R	R	R
							Month 3	Create value stream map	I	I	R	R	R	R	A	C	C	C	C
							Month 4	**<u>Mapping characterisation</u>**	I	I	R	R	R	R	A	C	C	C	C
							Month 4	**<u>Process effectiveness assessment</u>**	I	I	R	R	R	R	A	C	C	C	C
							Month 4	**<u>Analysis</u>**	C	C	R	R	R	R	A	C	C	C	R
							Month 4	**<u>Feedback</u>**	R	R	R	R	R	R	A	I	I	I	I

							Month 4	**Milestone 2 - Focus areas for cost saving selecting from Process Strategy**											
							Month 5	**Planning**	I	C	R	R	R	R	A	C	C	C	C
							Month 5	**Process mapping**	I	R	C	C	C	C	A	I	I	I	C
							Month 5	**Process effectiveness assessment**	I	R	C	C	C	C	A	I	I	I	C
							Month 6	**Analysis**	C	C	R	R	R	R	A	I	I	I	C
							Month 6	**Feedback**	C	R	R	R	R	R	A	I	I	I	I
							Month 6	**Milestone 3 - Actions plans drafted from Process Analysis**											
							continuous	Identify cost reduction initiative	I	A	R	R	R	C	R	C	C	C	C
							continuous	PLAN - Project charter & Planning	I	A	R	R	R	C	R	R	C	C	C
							continuous	DO - Implement plan	I	A	R	R	R	C	R	R	C	C	C
							continuous	CHECK - Data analysis	I	A	R	R	R	C	R	R	C	C	R
							continuous	ACT - Implement or pivot	I	A	R	R	R	C	R	R	C	C	C
							Month 15	**Milestone 4 - Lean operations initiatives implemented**											
							continuous	Customer discovery	C	C	C	C	C	C	R	C	A	R	R
							continuous	Customer validation	C	C	C	C	C	C	R	C	A	R	R
							continuous	Customer creation	C	C	C	C	C	C	R	C	A	R	R
							continuous	Company building & Customer management	R	R	R	R	R	R	R	C	A	R	R
							Month 18	**Milestone 5 - Increased revenue from B2B customer segment value stream**											
							Month 19 - 21	Review External Environment and the appropiateness of pursuiing a Best Cost Provider Strategy	R	R	R	R	R	R	A	I	C	C	C

												Month 19 - 21	Review Internal Environment and the appropiateness of pursuiing a Best Cost Provider Strategy	R	R	R	R	R	R	A	I	C	C	C
												Month 19 - 21	Review Strategic Direction for Best Cost Provider Strategy.	R	R	R	R	R	R	A	I	C	C	C
												Month 19 - 21	Set Objectives for Best Cost Provider Strategy	R	R	R	R	R	R	A	I	C	C	C
												Month 19 - 21	Develop Process Strategy for Best Cost Provider Strategy	R	R	R	R	R	R	A	I	C	C	C
												Month 19 - 21	Review Proces Analysis for Best Cost Provider Strategy	R	R	R	R	R	R	A	I	C	C	C
												Month 19 - 36	Review resources, skills and capabilities required for Best Cost Provider Strategy	C	R	C	C	C	A	R	C	I	I	I
												Month 19 - 36	Customer discovery	C	C	I	I	I	I	C	I	A	R	R
												Month 19 - 36	Customer validation	C	C	I	I	I	I	C	I	A	R	R
												Month 19 - 36	Update Sales & Marketing strategy to align with Best Cost Provider Strategy	C	C	I	I	I	I	C	I	A	R	R
												Month 19 - 36	Customer creation	C	C	I	I	I	I	C	I	A	R	R
												Month 19 - 36	Company building & Customer management	R	R	R	R	R	R	A	C	C	C	C
												Month 36	**Milestone 6 - Best cost provider strategy**											
													Teamwork for service delivery	I	C	C	C	C	A	C	R			
													Training and Development	I	C	C	C	C	A	C	R			
													Staff involvement	I	C	C	C	C	A	C	R			
													TPS for improving staff involvement in operations	I	C	C	C	C	A	C	R			

	Strategy for improving mission execution	I	C	C	C	C	A	C	R			
	implement policy and procedures regarding services	I	C	C	C	C	A	C	R			
	Develop Policies and Procedures	I	C	C	C	C	A	C	R			
	Clarify job descriptions	I	C	C	C	C	A	C	R			
	Participation in dashboards	I	C	C	C	C	A	C	R			
	KPA's and KPI's in HR	I	C	C	C	C	A	C	R			
Month 6 & 24	**Milestone 7 - HR Strategy**											
Q4 - Q6	**Direct Marketing Channels**	C	C	I	I	I	I	C		A	R	R
Q4 - Q6	**Indirect Marketing Channels**	C	C	I	I	I	I	C		A	R	R
continuous	**Marketing Monitoring & Evaluation**	C	C	I	I	I	I	C		A	R	R
	Milestone 8 - Marketing Strategy											

Table 4-12: Work package definitions for milestone plan.

Milestone Definition	Comment
<u>Planning for Stage 1</u>	
Identify internal champion	An "internal champion" must be identified. This should be somebody within senior or operational management level with both general and operational management responsibilities.
Workshop #1 - Business Problem, Vision, Mission and Values	First 2-3 hrs workshop attended by senior and operations management on the business problems Safricom is facing. Identify the concurrent processes that are affected by the focused low-cost provider strategy. The customer segment the strategy will focus on need to be reviewed and affirmed
Strategic Objectives	Internal champion with senior management and relevant operational manager identify the strategic objectives in the short, medium and long term within the 18 month period
Financial Objectives	Internal champion with senior management and financial manager identify the strategic objectives in the short, medium and long term within the 18 month period
Planning for the resource and timing requirments	Resources and timing requirements the strategy implementation must be considered. This includes the planning for human resources that will be needed to execute the focused low-cost provider strategy. Senior and operations management need to allocate ample resources for the activities that will be identified.
<u>Segmentation</u>	
Workshop #2 - Segmentation	Second 2-3 hrs workshop to identify the cost saving activities that are linked with the value chain activities of the business areas. The definition of the business areas may be based on market, customers, product or functional views. It is important that the segmentation of the customers for the focused low-cost strategy leads to cost savings in the targeted business areas.
<u>Impact Assessment</u>	
Workshop #3 - Impact Assessment	Third 2-3 hrs workshop to assess the impact of each cost saving activity on each business area. This is done by considering the value, effort and risk associated with each cost saving/business area intersection.
<u>Analysis</u>	
Analysis of segmentation	There is expected to be a correlation between the rankings for value, effort and risk. That is, a value stream activity of high value to a particular business segment would generally merit high effort and be of high risk (difficult to do)
<u>Feedback</u>	

Feedback to Safricom Management	To provide feedback to the senior management and operational managers as intepretation of the results in the context of Safricom is important.
Milestone 1 - Strategic direction of Safricom completed and communicated to company.	Outcome of the Strategy Direction The strategic direction defines a framework for linking cost-saving activities with strategic and financial objectives. The outcome of Stage 1: Strategic Direction is selection of the value stream/business areas for more detailed assessment.
Planning for Stage 2	
Planning	Planning for resource and scheduling requirements for two workshops to be held.
Value Stream Segmentation	
Workshop 4# - Strategic Direction Communnication	A 2-3 hrs workshop to brief participants on the Strategic Direction to make it clear the reasons for selecting low-cost provider strategy focused in B2B customer segment.
Segmentation into key areas and sub-activities	The aim of the workshop to segment the selected value stream activities into key or sub-activities.
Process importance assessment	
Process importance assessment	The relevance of the company and the area being assessed is discussed in the context of the key value stream areas.
Rank importance of lean operations principles	The aim of this step is to rank the relative importance of the lean operations principles in terms of the value they provide to the business. Rank the importance key value stream activities into high, medium and low levels
Value Stream Mapping	

Identify activities that add value for the customers	The aim is to gather information about practical activities in the company relating to value streams.
Create value stream map	Value stream mapping can help Safricom's managers understand how to add value in the flow of resources and information through the entire internet service process.
Mapping characterisation	The aim is to characterise activities captured during the mapping exercise in terms of lean operations management activities, in context of the business processes within which they occurred. Each characterised process is positioned with respect to whether it is drive by external events (e.g. reactive) or by internal impetus (e.g. proactive)
Process effectiveness assessment	Rank the effectiveness of each characterised process (high, medium or low) in terms of (a) clarity of the requirements, (b) process management and (c) exploitation of results.
Analysis	By comparing the effectiveness of each lean operations process with its perceived importance enables process areas to the identified which have potential for cost saving. In addition, the distribution of apparent activity can be compared to the perceived importance of each process area, and the balance between proactive and reactive activity can be assessed. Consideration of these issues is supported by the discussion points which are captured during the workshops, together with the strengths and weakness which are identified.
Feedback	The results of the workshops and analysis are normally presented back to the participants of both the Process and Strategic Direction stages. It is important for participants to discuss and review the output and analysis, to ensure that the results of the assessment are correctly interpreted. Again, it is helpful to record pertinent comments from participants during feedback sessions, to ensure that the context of the assessment results is captured.
Milestone 2 - Focus areas for cost saving selecting from Process Strategy	Outcome of Process Strategy On the basis of the results from the Process Strategy, and the feedback discussions, specific lean operations process areas of strength and weakness can be selected for further, more detailed evaluation in the Process Analysis stage. Areas may be selected because they require improvement, or because they are considered to be examples of best practice.
Planning	Plan for a 2-3 hours Process Analysis workshop for each process area selected
Process mapping	The Process Analysis workshop aims to map the activities within the area as selected in Stage 2: Process Strategy, using the value stream mapping as a starting point.
Process effectiveness assessment	Once the process has been mapped and system elements defined, the group considers the effectiveness of the process, in terms of its generic components.
Analysis	After the Process Analysis the results from the workshop should be considered carefully prior to feedback. Areas of strength and weakness need to be identified, and recommendations for improvement need to be established.

Feedback	The results from the Process Analysis are presented back to the participants of the various stages of the procedure as required. It is important to ensure that the interpretation of the procedure outputs is reviewed to ensure appropriate conclusions are drawn.
Milestone 3 - Actions plans drafted from Process Analysis	Outcome of the Process Analysis Appropiate actions plans developed for focused low-cost provider strategy
Identify cost reduction initiative	From Action Plans
PLAN - Project charter & Planning	study the current process; collect data; analyse the data to identify possible causes; develop a plan for improvement; decide how to measure improvement
DO - Implement plan	implement plan on a small scale if possible; collect data
CHECK - Data analysis	evaluate the data collected during the Do phase; did the expected improvement occur?
ACT - Implement or pivot	If successful, make the change permanent; if the results are not successful, try again.
Milestone 4 - Lean operations initiatives implemented	
Customer discovery	State hypothesis; test and qualify hypothesis; Test and qualify product concept; Verify the product
Customer validation	Get ready to sell; Get out of the building / Sell to visionary customers; Develop positioning for Safricom and its services; Verify
Customer creation	Get ready to launch; Positioning the company; Launch the company and product; Create demand
Company building & Customer management	reach mainstream customers; Review management and build a mission-centric organisation; customer development team in functional team; Build fast response departments
Milestone 5 - Increased	

revenue from B2B customer segment value stream	
Review External Environment and the appropiateness of pursuiing a Best Cost Provider Strategy	TBD
Review Internal Environment and the appropiateness of pursuiing a Best Cost Provider Strategy	TBD
Review Strategic Direction for Best Cost Provider Strategy.	TBD
Set Objectives for Best Cost Provider Strategy	TBD
Develop Process Strategy for Best Cost Provider Strategy	TBD
Review Proces Analysis for Best Cost Provider Strategy	TBD

Review resources, skills and capabilities required for Best Cost Provider Strategy	TBD
Customer discovery	State hypothesis; test and qualify hypothesis; Test and qualify product concept; Verify the product
Customer validation	Get ready to sell; Get out of the building / Sell to visionary customers; Develop positioning for Safricom and its services; Verify
Update Sales & Marketing strategy to align with Best Cost Provider Strategy	
Customer creation	Get ready to launch; Positioning the company; Launch the company and product; Create demand
Company building & Customer management	reach mainstream customers; Review management and build a mission-centric organisation; customer development team in functional team; Build fast response departments
Milestone 6 - Best cost provider strategy	
Teamwork for service delivery	Introduction of team creation and work regarding service delivery; The objective of differentiation is to improve the agility of organizational responses to the service request.
Training and Development	Internal training of the human resources of the service centre staff in terms of operational procedures is necessary to clearly define tasks, job descriptions and responsibilities
Staff involvement	Involvement of call centre staff in internal strategy development sessions to work out their own operational and functional strategies for better service delivery.
TPS for improving staff	Managing creativity; Change management strategy

involvement in operations	
Strategy for improving mission execution	Create a sense of urgency; Build a strong guiding coalition; Develop a clear vision; Ask different questions; Work the plan; Design in a short-term win; Embed the change in the culture.
implement policy and procedures regarding services	Provide top-down orientation and guidance to staff to implement policy and procedures regarding services
Develop Policies and Procedures	Identify need; Identify who will take lead responsibility; Gather information; Draft policy; Consult with appropriate stakeholders; Finalise/approve the policy; Consider whether procedures are required; Implement; Monitor, review and revise.
Clarify job descriptions	Clarity of job descriptions needs to be improved to clarify roles, reporting channels and problem reporting routes. Conflict management procedures
Participation in dashboards	Develop a support system for strategies such as real-time information systems and feedback mechanisms.
KPA's and KPI's in HR	Strategy and Planning; Business Solutions (design, development and implementation); Service Delivery (management of delivering services to the company); Service Support (supporting users and service delivery environment); Innovation (create new products / services / operating ways); Customer Focus (objectives to improve customer service)
Milestone 7 - HR Strategy	
Direct Marketing Channels	Improve social media engagement with customers, attend to reviews and feedback on these platforms
Indirect Marketing Channels	These are the channels that indirectly contribute to customer engagement: customer service, word of mouth, customer segmentation; local businesses; households; customer engagement; continuous engagement
Marketing Monitoring & Evaluation	The effect of marketing on performance measures need to be continuously reviewed to determine marketing cause and sales effect.
Milestone 8 - Marketing Strategy	

6 References

Blank, S. 2013. The four steps to the epiphany – successful strategies for products that win. Steve Blank Inc.

Bottomley, E-J, 2020, SA has some of Africa's most expensive data, a new report says – but it is better for the richer. https://www.businessinsider.co.za/how-sas-data-prices-compare-with-the-rest-of-the-world-2020-5. Date of access: 21 June 2020

De Bruin, G. P., & Henn, C. M. (2013). The dimensionality of the 9-item Utrecht Work Engagement Scale (UWES) (UWES-9). *Psychological Reports*, *112*(3), 788–799.

Görgens-Ekermans, G., & Herbert, M. (2013). Psychological capital: Internal and external validity of the Psychological Capital Questionnaire (PCQ-24) on a South African sample. South African Journal of Industrial Psychology/SA Tydskrif vir Bedryfsielkunde, 39(2), Art. #1131, 12 pages.http://dx.doi.org/10.4102/ sajip.v39i2.1131

Herotel. 2020. Same Great Internet. Bright New Chapter. https://www.herotel.com/2020/02/12/same-great-internet-bright-new-chapter/ Date of access: 27 February 2020.

ITWeb. 2017. HeroTel acquires Safricom. https://www.itweb.co.za/content/Wdgp45MaJEKqX9l8 Date of access: 26 February 2020.

Michalsons. 2008. Note on the Altech Judgement. https://www.michalsons.com/blog/note-on-the-altech-judgement/350. Date of access: 23 March 2020

SAFLII. 2008. Altech Autopage Cellular (Pty) Ltd v Chairperson of the Council of the Independent Communications Authority of South Africa and Others (20002/08) [2008] ZAGPHC 268 (29 August 2008). www.saflii.org/za/cases/ZAGPHC/2008/268.html. Date of Access: 23 March 2020

SAFLII, 2009, Mobile Telephone Networks Holdings (Pty) Ltd v Verizon South Africa (Pty) Ltd (81/LM/Jul08) [2009] ZACT 17 (6 March 2009). http://www.saflii.org/za/cases/ZACT/2009/17.html. Date of access: 9 March 2020

Schaufeli, W. B., & Bakker, A. B. (2003). *UWES Utrecht Work Engagement Scale*. Utrecht.

Schaufeli, W.B., & Bakker, A.B. (2004). Job demands, job resources and their relationship with burnout and engagement: a multi-sample study. Journal of Organisational Behaviour. (25):3, 293 – 315.

Schaufeli, W.B., Salanova, M., Gonzales-Roma, V., & Bakker, A.B. (2002). The measurement of work engagement and burnout: A two sample confirmatory Factor analytic approach. Journal of Happiness Studies, (3). 72-92.

Thompson, A. A., Strickland III, A. J., Janes, A., Sutton, C., Peteraf, M. A., Gamble, J. E. 2017. Crafting and Executing Strategy. 2nd ed. London: McGraw-Hill Education.

Ungerer, M., Ungerer, G., Herholdt, J. 2016. Crystalising the strategy business landscape. Randburg: KR Publishing.