

# Annual report **2011 | 2012**



## Associated Firms

Phatshoane Henney inc.  
Barry Botha Breytenbach inc.  
Breytenbach Mavuso inc.  
Cilliers & Reynders inc.  
Cloete & Neveling inc.  
Davel De Klerk Kgatla inc.  
Erasmus De Klerk inc.  
Greyvensteins inc.  
Kloppers Durban inc.  
Kloppers Empangeni inc.  
Kloppers Richards Bay inc.  
Knight Turner inc.  
Kotzé Low Swanepoel  
Lange Carr & Wessels inc.  
Meyer van Sittert & Kropman  
Millers inc.  
Mosdell, Pama & Cox inc.  
Naudes inc.  
Neil Esterhuysen & Associates inc.  
Neumann van Rooyen inc.  
Oosthuizen Marais & Pretorius inc.  
Schulz Wiesinger O'Dwyer  
Tatham Wilkes inc.  
Van de Wall & Partners  
Van der Merwe Du Toit inc.  
Van der Spuy & Partners  
Wright Rose-Innes inc.

Member firms receiving Professional Management Review (PMR).africa awards during 2012:

Phatshoane Henney inc.  
PMR.africa Diamond Arrow Award  
(Free State)

Naudes inc.  
PMR.africa Golden Arrow Award  
(Free State)

Greyvensteins inc.  
PMR.africa Diamond Arrow Award  
(Eastern Cape)

Davel de Klerk Kgatla inc.  
PMR.africa Diamond Arrow Award  
(Limpopo)

Lange Carr & Wessels inc.  
PMR.africa Diamond Arrow Award  
(Northern Cape, Western Region)

Millers inc.  
PMR Golden Arrow Award  
(Southern Cape)

# Overview



**Douglas Henney**

Chair, Phatshoane Henney Group

It affords me great pleasure to present the Phatshoane Henney Group annual report for the period 2011/2012 and review the developments, initiatives and achievements of the group and its members during the year of 2012.

At the end of 2011 the group set itself the primary goal of achieving the differentiation of each member firm in its region of operation and positioning member firms as the 'attorney of choice' in their regions. A secondary goal was to simplify the concept of group membership and elevate the status of the group brand to increasingly position the group as a national role player. I am satisfied to

report that substantial progress has been made in respect of both these goals this year. Evidence supporting my statement is provided by the extraordinary interest in group membership received from firms across South Africa, in most instances from competing law firms in regions where member firms reside. This highlights the growth of member firm positioning in their respective markets and the awareness created by the marketing tools and initiatives being implemented by group firms. These goals remain long-term in nature and will continue to be a strategic imperative as initiatives reach maturity over the succeeding years.

These goals have also assisted firms in understanding the importance of marketing and client service as vital aspects in differentiating and strategically positioning firms for growth in difficult economic times. Firms are recognizing that they have to think differently to ensure their continuation and development.

The partnership with Succeed Group and their marketing research support to firms, has allowed firms to better understand their current client and staffing environment and commence with strategies to correct aspects of their client service and staff management. This awareness has placed firms on a path of change in respect of these vital elements of a service firm and focus on increasing both internal and external customer loyalty.

A key development of the year has been the announcement of the merger between Phatshoane Henney inc. and Naudes inc. The new combined large law firm that will operate as Phatshoane Henney Attorneys as of 2013 will stand as one of South Africa's top law firms at the head of the Phatshoane Henney Group, contributing to the national positioning of the group.

With sweeping changes to black economic empowerment legislation predicted, the group focus on addressing BEE comprehensively is justified and continues to be supported by annual verification results. Group firms again obtained exceptional results by achieving an average Level Two in formal verification of firms during 2012.

2012 has also been an important year in placing the group on a new track. The growth in status and positioning of each firm has unlocked the inherent value of group exclusivity and provides a powerful strategic measure for firms to differentiate and attract clients in times of growing pressure on law firms.

All of these initiatives and strategic measures underwrite the growing importance and value of the group as a solution for South African law firms to successfully address many of the challenges law firms are faced with today.





## Strategic Direction

Currently the group comprises 25 law firms, 35 offices, 215 professionals and 768 staff members in 8 Provinces across South Africa, with a professional membership presence in all four South African law societies.

The group brand has developed strongly with growing national recognition of the group in the legal profession and beyond. Members confirm the increasing value that the group brand provides them as a supplementary brand in respect of competing firms and clients and this can be seen as a direct consequence of the awareness that group marketing infrastructure has already created for firms in their respective regions.

Although 2012 has been highly successful in increasing the awareness, the long-term strategy for the group however is not only to create awareness but reposition the group and each member firm amongst the top law firms in South Africa. With strong regional firms and a broad professional base and service directory, the group is capable of positioning itself with the best of the legal profession, and strategy must support this potential.

Strategic marketing strategies in the coming year will expand on the marketing infrastructure developed for firms, such as email marketing, banner campaigns, newsletters, media campaigns, websites, social media, corporate profiles and more. The focus will be on creating more depth for firms in positioning themselves as attorneys of choice in their markets.

A rebranding campaign of the Phatshoane Henney Group brand is planned for 2013. This will bring a fresh new look to the group and its supporting brand role to member firms. The focus of the campaign will be to elevate the positioning of the group and member firms with potential clients and corporate partners.

Expanding the membership of the group to law firms in regions not yet covered remains vital and rebranding will contribute to the ever-increasing interest of law firms in group membership and its continued growth.

A further need identified by many group firms is to develop and access best practices regarding business strategy, financial management, marketing, public relations and human resources. The group internal newsletter planned for 2013 will address this need by providing vital information and best practices to group professionals and keep them up to date with the latest developments.

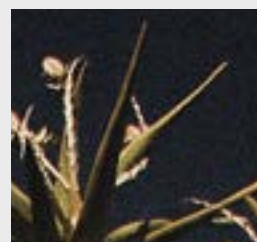
With marketing infrastructure capable of informing thousands of clients, a further strategic element in the coming year will be to attract strategic alliances with partners wishing to advertise via group marketing channels and complement group marketing efforts.

The group also continues to identify new business offerings, with black economic empowerment and private equity solutions

for clients through strategic group partner Siyandisa Trust being prominent as new service areas in addition to developing services focusing on the increasing interest of foreign companies wishing to establish operations in South Africa.

25 member firms, 35 offices  
and 215 professionals across  
South Africa

Marketing tools implemented during 2012 have impacted dramatically on the visibility of group firms, with non-member firms in regions occupied by group firms becoming increasingly aware of the escalating market prominence of members.



A vital element to the developing marketing infrastructure of all group firms is the development of a central customer relationship database for each firm that will consolidate all client information to enhance the ability of firms to run targeted marketing campaigns, ensure exceptional client service and remain up to date with the movement and needs of their clients.

### Knowing our clients









## Strategic Partnerships

Strategic partnerships with key group partners provide benefit to member firms through the leveraging of economies of scale, access to new group service areas, and ultimately the ability to better service and provide value to clients.



A strategic relationship with private equity firm Siyandisa Trust allows firms the ability to provide specialized private equity and BEE solutions to firm clients. With Siyandisa Trust having a broad range of experience and expertise regarding the unique BEE requirements and criteria related to different sectors, this relationship affords an important tool for law firms to provide solutions to the growing need of premier clients to address BEE holistically and provide growth and value-adding options in the process.



The partnership with AON in respect of professional indemnity top-up cover for firm legal professionals, providing each group firm with R75 million cover on a per claim basis, remains a vital partnership for every group firm. This group insurance scheme provides unparalleled comfort and confidence to clients engaging group firms and has proven highly successful in meeting the needs of financial institutions for indemnity insurance from their panel attorneys.

Preferential interest rates afforded group firms through Standard Bank, Nedbank and Investec through their respective investment systems, continue as valuable preferences afforded the group through the group's savings portfolios channeled via these systems.



The strategic group partnership with leading legal software provider Korbitec provides firms with a link to the latest developments in the property and banking market. Korbitec also offers the group a preferential transaction rebate on its Ghostconvey and Windeed products in return for marketing opportunities of other Korbitec products within the group.



Citadel Trust is involved in the trust management of the Phatshoane Henney Foundation (NPO Registration number 067-759-NPO) as its independent corporate trustee.



The Succeed Group fulfills the role of strategic marketing consultant and partner to the group and each group firm.

Succeed Group provides strategic consulting, brand development, graphic design, technology and digital solutions, and electronic and print media support to each member firm. This relationship is vital to the future strategy of the group and also each individual firm, as Succeed Group fulfills the role of strategic marketing manager for each firm. As firms become increasingly sophisticated and targeted in their marketing strategies, Succeed Group provides the necessary tailored support to each firm to address the unique nuances of a firm's target market and help the firm obtain the necessary differentiation required to establish the firm as the attorney of choice in its region.

Strategic partnerships are poised for expansion as marketing infrastructure provides the necessary visibility to member firms

Where 2012 saw the introduction of a broad range of marketing tools, 2013 will see these tools provide increasing strategic value to firms and generate interest from partners wishing to access the benefits provided by the national group footprint and accompanying marketing platform.

The group Professional Indemnity Insurance Scheme through AON provides each member firm with R75 million insurance cover on a per claim basis. With the high cost of professional indemnity top-up cover and the need to satisfy financial institutions in particular as to the sufficiency of professional indemnity cover of group firms, the group insurance scheme, benefitting all member firms, irrespective of size, provides a differentiating factor to other law firms.

**Providing comfort to our clients**

phatshoane**henney**

South Africa's Largest Association of Law Firms

## Initiatives

Many new initiatives and developments were launched during 2012 benefitting member firms and supporting the strategic intent of the group.

Of great strategic value to each member has been the conducting of a comprehensive marketing survey of each firm, including staff and client satisfaction surveys, by independent marketing agency Succeed Group. These surveys have assisted all firms to understand their current market position and move towards a detailed strategic marketing plan for their business, including establishing appropriate marketing tools and infrastructure.

The implementation of a state of the art email marketing tool for all firms which integrates with existing email systems and generates customizable digital email signatures with email banners, has been a major initiative of the past year. This innovative electronic marketing device converts every email leaving a firm into a highly targeted marketing tool for the firm, and with more than 230,000 emails being sent on average per month by group firms, this tool has generated tremendous awareness for all group firms and proved to be an impressive automated digital tool for conveying marketing messages and communications to clients.

Group newsletters were also launched during 2012 with firm branded newsletters being sent out every month to firm clients on behalf of member firms. More than 750,000 branded newsletters have been sent out this year with over 80 unique and high quality articles being availed to member firms for placement in their newsletters. The firm newsletter system meets the legal requirements for digital marketing and has provided a further vital platform for group firms to communicate

useful legal information to clients and create awareness. With a vast readership nationally, group newsletters also provide a valuable marketing platform for group partners to convey information and marketing messages to clients.

Another major development this past year has been the establishment of the new group website and new websites for each member firm. These new websites provide a central point for the consolidation of all firm and group information, marketing campaigns, service and professional directories and more. Maintained through a central database, group websites enable firms to keep their information current and rapidly convey new campaign messages and firm information to browsers. The News Room area provides a comprehensive and modern listing area for firm news, legal articles, publications as well as setting the scene for the creation of a blogging environment for firm professionals.

On the social media front, each firm now has an established presence on Facebook and Twitter with high quality sites established for each firm and integrated with their websites as well as automatic posting of news directly to each firm's social media pages.

Further marketing tools implemented at a number of group firms include media campaigns in regional newspapers, email notifications and invitations of important events and information to client databases, automatic client birthday notifications, client surveys, and more.

A specific development incorporated into the newly established firm websites, is the submission of online applications

by candidates for articles at group law firms. The availability of the website and the ease of submission of applications for articles have resulted in a tremendous increase in applications being received, with nearly 500 applications being submitted to group firms via group websites.

In addition to the availability of recruitment information on websites, annual recruitment campaigns at all major South African universities remain a wonderful opportunity for informing students about the group and opportunities within the group as well as attracting applications for articles at member firms. University and law faculty open days held at the University of the Free State, Rhodes University, the University of KwaZulu-Natal, University of the Western Cape and the Nelson Mandela Metropolitan University, were attended by representatives of group firms and made great impact with students attending the open days, contributing to the number of applications received.

The Group Skills Fund stands at more than R1,1 million in available skills grants reclaimed on behalf of member firms from SASSETA

The Group Skills Fund, funded through pooled reclaimed skills development levy grants, is utilised to support group training and development initiatives, with emphasis on priority skills identified in annual Workplace Skills Plans.



Recruiting the best and retaining the best is a deliberate strategy of the group, executed through online applications, national recruitment drives at universities, honour medal programmes, learnerships, group training courses, support centres, research support and more. The future of group firms rest in the hands of its young professionals and as such is deserving of the group emphasis and attention it receives.

### Recruiting the best











The Phatshoane Henney Group Honour Medal Programme, remains the premier award at nine of the top South African Law Faculties. In 2012, 44 honour medals were awarded to LL.B students completing their LL.B degrees Cum Laude, with medals being awarded at the following universities:

North West University	9
Nelson Mandela Metropolitan University	4
Rhodes University	2
University of the Free State	8
University of Johannesburg	4
Stellenbosch University	2
University of KwaZulu-Natal	11
University of the Western Cape	4

To ensure the quality of legal services to clients the group Knowledge Centre continues to play a vital support role to member firms, with firms able to obtain fast and efficient research support which enables fast turnaround times. Staffed by dedicated legal professionals, the Knowledge Centre has managed nearly 6500 research queries in 2012 demonstrating the continuing value of the service to firms. Additional support to firms through group bulletins, legal updates and templates enable firms to remain up to date with legal developments as well as ensure that group professionals are aware of new legal developments.

The group supports firms with the procurement and implementation of learnership programmes for group candidate attorneys and provides support and assistance to member firms and their candidate attorneys to access these programmes through SASSETA.

Substantial progress has been made with the integration of group firms through the use of Skype technology. Video-conferencing

cameras and speakers were provided to all firms during the year to set up video-conferencing infrastructure for regular discussion and interaction with firms and marketing partners. This will in 2013 allow for closer integration and awareness between group initiatives and member firms.

The group gala event for 2011 was held on 4 November 2011 at the prestigious Centenary Complex of the University of the Free State. The gala evening was attended by 160 guests including guest speaker, Mr Louis Fourie, Deans and representatives of Law Faculties, representatives of sponsors of the evening from AON, Vodacom Business Solutions, Standard Bank and Nedbank, Phatshoane Henney Honour Programme Medalists for 2011, and representatives from all group member firms.

The evening involved an insightful key note address by Mr Louis Fourie regarding the State of South Africa; a presentation of the Group Annual Report for 2010/11 by Group Chair, Mr Douglas Henney; and the presentation of group awards by ABSA, First National Bank, Investec, Nedbank, Phatshoane Henney inc. and Standard Bank to group firms.

Group firms earning Certificates of Achievement for their achievements in 2012 and awarded to firms at the group gala event for 2012, are:

*Naudes inc.*

ABSA certificate in recognition of the exceptional contribution made towards BEE appointments at the firm during 2011/12.

*Breytenbach Mavuso inc., Greyvensteins inc. and Neumann van Rooyen inc.*

The Phatshoane Henney Group certificate for the law firm achieving the highest BEE

verification score by a group firm in 2012, is shared by three group firms each achieving an exceptional score of 100 out of 100 points on their respective BEE scorecards.

*Breytenbach Mavuso inc.*

First National Bank certificate for the firm with the fastest turnaround time on average for both first and further loans for 2012.

*Van der Merwe du Toit inc.*

Investec certificate for the exceptional contribution made to Investec Cash Manager System during 2012.

*Van der Merwe du Toit inc.*

Nedbank certificate for the firm with the fastest turnaround time on average for both first and further loans for the year August 2011 to August 2012.

*Greyvensteins inc.*

Standard Bank certificate for the exceptional contribution made to the Standard Bank Third Party Fund Administration system during 2012.

Six group law firms have in 2012 received recognition from PMR.Africa as the best law firms in their respective regions.

Through group initiatives, award recognition of member firms and growing market awareness of group firms, the group and the dynamic law firms that constitute its membership, are increasingly becoming the destination of choice for the business of clients and the interest of young professionals seeking employment.



A major focus of the communication tools implemented during 2012 was the implementation of efficient websites and comprehensive news areas from which newsletters and social pages keep clients informed and allow the sharing of information and useful legal news, illustrated by the nearly 13,000 visitors per month to group website pages.

## Keeping clients informed

## Black Economic Empowerment

With sweeping changes proposed to the measurement of broad-based black economic empowerment through the revised B-BEE Codes released for public comment at the end of 2012, the pressure is again on organizations to review their current BEE planning and scorecards and ensure that their BEE strategies are sustainable and aligned with the proposed revisions.

Group firms will likewise be affected and will require appropriate planning and understanding of the proposed changes to prepare for verification in 2013. Fortunately group support structures in respect of group firm annual verification, which includes the support of BEE specialists to all member firms, are in place and geared to facilitate the move of firms to the revised code requirements and implement structures at all firms to ensure their compliance with the new requirements.

The results of the extensive BEE support provided to firms can be seen in the once-again exemplary BEE results achieved by member firms during 2012. Following formal verification of group firms during 2012, the group, for the second year running, achieved an average BEE Level Two compliance across all group firms, with many firms also being recognized as Value Adding Suppliers allowing additional procurement recognition of these firms under the procurement element of client scorecards.

The following verification results were achieved by group firms during 2012:

Phatshoane Henney inc.	Level 1
Barry Botha Breytenbach inc.	Level 3
Breytenbach Mavuso inc.	Level 1
Cilliers & Reynders inc.	Level 3
Cloete & Neveling inc.	Level 4
Davel de Klerk Kgatla inc.	Level 2
Erasmus de Klerk inc.	Level 2
Greyvensteins inc.	Level 1
Kloppers Durban inc.	Level 1
Kloppers Empangeni inc.	Level 2
Kloppers Richards Bay inc.	Level 2
Knight Turner inc.	Level 3
Kotzé Low & Swanepoel	Level 4
Lange Carr & Wessels inc.	Level 3
Meyer van Sittert & Kropman	Level 4
Millers inc.	Level 2
Mosdell Pama & Cox inc.	Level 4
Naudes inc.	Level 1
Neil Esterhuysen & Associates inc.	Level 4
Neumann van Rooyen inc.	Level 1
Oosthuizen Marais & Pretorius inc.	Level 4
Schulz Wiesinger O'Dwyer	Level 4
Tatham Wilkes inc.	Level 2
Van de Wall & Partners inc.	Level 4
Van der Merwe du Toit inc.	Level 3
Van der Spuy & Partners	Level 2
Wright Rose-Innes inc.	Level 2

With clients of group firms also experiencing the pressures of BEE compliance, BEE services provided by member firms address a vital need with clients to obtain specialist support to implement effective and sustainable BEE strategies. The partnership with private equity firm Siyandisa Trust, allows the offering of specialized private equity and BEE solutions by group firms to clients in need of addressing the ownership element of their business as well as overall strategic BEE planning and annual BEE verification support.

No member firm achieved less than Level 4 BEE compliance recognition

Verification results for 2012 again confirmed the sustainability of group BEE practices, with the average BEE level of group firms being Level Two compliance despite the increasingly stringent requirements imposed by BEE verification agencies on measured entities.

Despite the continuing challenging economic climate affecting new appointments at all group firms, group firms have none the less performed admirably with no less than 38 new Black appointments being made at group firms in 2012.

### Black staff appointments





## Looking Forward

2013 will see greater emphasis on utilizing marketing tools developed and implemented during 2012 to increase the impact of firm marketing strategies and enable firms to enhance their differentiation towards becoming the preeminent law firms or 'attorneys of choice' in their territories. The rebranding campaign of the group brand will contribute to marketing strategies and provide renewed prominence of member firms associated with the group brand.

Central to bringing greater strategic focus to marketing strategies is the implementation of an active customer relationship database from which client relationship and marketing strategies can be integrated. Research commenced in 2012 regarding appropriate CRM systems for group firms will continue with options being presented to firms in the coming year.

Further integration of group strategies and initiatives and broader interaction with group marketing specialists through the use of video-conferencing technology will assist firms to rapidly implement group benefits and create awareness within firms of all the available benefits of group membership and how to obtain maximum value for a firm.

2013 will see the group websites expanded to include a social media intranet area for group firms from where professionals can manage blog and social media posts and group communication and social involvement can be enhanced.

In addition, group internal newsletters will create a basis for communication to firms regarding business and marketing best practices and contribute to developing business practices at firms.

With social media sites established for each group firm, the coming year will explore firm strategies for utilizing social media sites more efficiently as a marketing and communications tool. Additionally, the development of blogging facilities for professionals and the integration thereof with the News Rooms of firm websites, will allow firms to develop the personal brand of their professionals and utilize this social media communication tool to communicate with clients and build areas of expertise around key professionals.

An important shortcoming at each group firm identified by Succeed Group is a lack of understanding by staff of the elements and value of good client service. Although naturally applied by staff, client service is often not a measured practice and uniformly applied throughout the organization. The coming year will see the implementation of training for group staff on the importance of client service and how to standardize levels of service at each firm.

Strengthening relationships with existing partners and sourcing new potential partnerships and new member firms remain a priority on the group agenda. With interest in the group escalating in areas already

represented by a group firm, marketing strategies must focus on creating awareness of the group and the benefits of membership in areas not yet represented, to attract suitable firms interested in group membership.

In conclusion, with the evidence of the past year as support, I can with conviction confirm that 2013 will continue to see an upsurge in awareness of group firms both with clients and strategic partners. This awareness must be translated into greater benefit for firms by incorporating more focus in firm marketing efforts. The group stands without equal in the South African legal profession and I believe the coming year will increase the public realization of this fact and contribute towards establishing each member firm as the personal choice of its clients.

Group membership addresses strategic, developmental and quality aspects at firms, assisting firms to improve their service delivery to clients



To achieve the central philosophy of service excellence, group training, knowledge management, client communication, marketing and new service areas, underwrite the ability of group firms to provide quality and differentiating services to clients in addition to meeting client requirements in respect of BEE compliance, professional indemnity and privacy.

### Differentiating factors





## Service Areas

Banking and Finance  
Black Economic Empowerment  
Business Rescue and Insolvency  
Competition  
Construction  
Consumer  
Contracting  
Contract Management  
Corporate and Commercial  
Debt Collection  
Dispute Resolution  
Employment  
Entertainment  
Family  
Fiduciary  
Forensic  
Franchising  
Health and Safety  
Higher Education  
Insurance  
Intellectual Property  
Litigation  
Mining and Natural Resources  
Outsourcing  
Property  
Public Law  
Private Equity  
Projects  
Tax  
Technology  
Wills and Estates

"Group services provide member firms with the ability to service a diverse range of client needs. Innovative solutions which add value to clients is a core component of the group service philosophy underwritten by the efforts of member firms to create a standard service expectation."

Group Service Directory

# Regions and Centres

## **FREE STATE**

Bethlehem  
Bloemfontein  
Harrismith  
Welkom

## **NORTHERN CAPE**

Kimberley  
Upington

## **NORTH-WEST**

Klerksdorp  
Stella  
Vryburg

## **KWA-ZULU NATAL**

Durban  
Empangeni  
La Lucia  
Pietermaritzburg  
Port Shepstone  
Richards Bay  
Wartburg

## **EASTERN CAPE**

Port Elizabeth

## **GAUTENG**

Bedfordview  
Centurion  
Johannesburg  
Pretoria  
Randburg  
Sandton

## **LIMPOPO**

Polokwane

## **WESTERN CAPE**

Bellville  
Cape Town  
George  
Knysna  
Mossel Bay  
Paarl  
Plettenberg Bay

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