

Web: Famous Brands could gain from BEE deal

By Florence de Vries

JSE-listed fast food company Famous Brands could gain materially from its new black economic empowerment owner-driver initiative but analysts say the benefits would only be seen in the long-term.

In a first for the food service industry, Famous Brands, which owns the Wimpy, Steers and Debonairs brands, on Tuesday launched a BEE owner-driver initiative aimed at developing entrepreneurs within the company.

Tony Stephens, managing executive of Famous Brands's supply chain explained: "The conversion of employees to owner-drivers comprises two phases. The first phase will see a driver guided and mentored over a one-year period while the company owns, insures and services the vehicle. In the second phase, the driver purchases and insures the vehicle, is responsible for the running costs, and operates his business independently from Famous Brands."

Famous Brands currently owns 105 vehicles, and aimed to convert 50 percent of its fleet to owner-drivers within the next three years.

Famous Brands chief executive Kevin Hedderwick, said the model is aimed at optimising fleet utilisation and productivity which would result in enhanced earning potential for the drivers as well as improved customer service.

Nazeem Hendricks, an equity analyst at Argon Asset Management, said the company "made a lot of money through the servicing of its franchisees and that the programme would benefit the company materially in the long run."

He said while JSE-listed consumer group AVI had launched its empowerment deal which gave black staff the option of holding 7.7 percent of the group, Famous Brands deal seems tangible in terms of "benefiting the right people". They are developing and transferring skills to their employees which translates into improved efficiency for the group," he said.

Hedderwick said: "The problem with our business is that liquidity is quite tough and therefore we are unlikely going to issue new shares to staff to start off with," he said, adding that the broad-based programme was about showing that "charity begins at home and that it had to benefit people who had been employed at the company for a while".

The group was paying an undisclosed amount of money that would be put toward the training of the drivers.

Famous Brands supply chain is a significant contributor to the group's financial performance. In the year ended February, the revenue in the group's logistics division grew 13 percent to R1.1 billion.

"We are focused on improving our margins and this programme will contribute to that goal," Hedderwick said.

He said: "Owner-managed businesses are inevitably more productive and that investment in training and mentorship will increase the success rate of this programme."

The programme focuses on business skills, financial competence, time management and employee training. Currently two owner-driver candidates, Sibusiso Majozi and Justice Mazibuko, are in training and are set to become the group's first owner-drivers as from next month.

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