

# Flare

## Highlighting public sector issues\*

August 2008 edition



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\*connectedthinking

**Sub-Editor:** Patricia Nyirenda-Naicker  
PricewaterhouseCoopers National Marketing and Communication  
patricia.nyirenda-naicker@za.pwc.com

**Designer:** Tracy Balkin  
PricewaterhouseCoopers National Marketing and Communication  
tracy.balkin@za.pwc.com



## Editor's note

It is with pleasure that I present the August edition of *Flare*. With an eventful first half of the year behind us, we can look forward to all the challenges that lie ahead, as well as shift our focus to new goals.

In looking at the continuous and evolving developments in our country, the demand for improved service delivery is still a primary prerequisite for South Africans; particularly those living in under-developed areas. The public sector plays the biggest role in these developments, and PricewaterhouseCoopers (PwC) re-affirms the corroborations we as the private sector have through our Public Sector, and other units.

In this issue, you can find commentary on the hospital revitalisation programme, which aims at the modernisation of our healthcare system; we hone in on the eagerly-awaited eGovernment initiatives; focus on training and turnaround; and also look at PwC's medal predictions for the upcoming Beijing Olympics.

At PwC, we understand that poverty alleviation is not only the responsibility of the government. The private sector too has a large role to play in minimising the numbers of those in need in South Africa. A few of PwC's corporate social investment programmes are also included in this issue, re-affirming our commitment to working with government in our country's development endeavours.

I trust you will find the new-look publication valuable and informative, and I look forward to a long and rewarding tenure as Editor.

Regards,

A handwritten signature in black ink, appearing to read 'Shirley Machaba'.

**Shirley Machaba**  
Director  
PricewaterhouseCoopers – Southern Africa



# National hospitalisation revitalisation:

A major step forward for Public Health services in South Africa.

## South Africa's public health sector gets urgent attention

The hospital revitalisation programme is a major initiative to improve public health services in South Africa. The main aim of the programme is the need to modernise South African public hospitals.

The Department of Health is addressing several aspects of the service, ideally with the assistance of the private sector, to overhaul the present system and significantly raise service delivery standards – at both patient and institutional levels - through improving the condition of hospitals, the equipment and management. This hospital revitalisation programme of government also aims to ensure that hospitals are meeting their legislative obligations and are accurately and timeously reporting back to stakeholders.

The revitalisation project is projected to take 20 years and aims to modernise two to three hospitals a year. Each hospital is analysed to determine its needs for health technology and medical equipment, infrastructure and organisation development, quality assurance, customer service, controls, monitoring, evaluation and grant management.

PricewaterhouseCoopers, in alliance with two business partners developed a solution to support provinces to comply with the Division of Revenue Act, as well as the regulatory framework of National Health Department for all hospital revitalisation projects. The consortium includes Sakhiwo Health Solutions (experts in health care planning, designing and project management) and SAB&T (professional accounting, tax, forensic and consulting providers).

What sets the hospital revitalisation project apart from other government infrastructure development projects, is the balance between capital improvements (buildings and equipment) on the one hand and organisational development and service quality improvement on the other. Organisational development focus areas include financial management and procurement, human resource management, change management and training, business process improvements, information technology and communications, patient administration, pharmacy management and clinical governance. Quality improvements involve the introduction of quality controls, quality assessment, including identification of system-related quality challenges, quality assurance, and quality management, through setting standards and targets.

Government is now also considering public private partnerships (PPP) as a mechanism to revitalise hospitals. A consortium led by PricewaterhouseCoopers is finalising a feasibility study for Chris Hani Baragwaneth Hospital in Soweto as a revitalisation PPP.



# eGovernment

There are several goals of eGovernment initiatives that increase the use of information and communications technologies (ICTs) – these initiatives aim to allow greater public access to information, facilitate more accessible government services, promote more efficient and effective government and make government more accountable to its citizens, businesses and other stakeholders.

Unfortunately the true aims of eGovernment can get lost in the buzz and it is important to remember that it is more about government than the fact that it is electronic; it is all about the South African citizens rather than the computers, and its focus is on transforming rather than translating.

When it comes to the evolution of eGovernment in South Africa, we are very much at the early stages and our capabilities are still basic, mostly focused on the use of internet and web-based technologies to become more efficient at providing information. Over time we will aspire to move to a more mature delivery stage, which shifts focus from information and basic transactions to process and performance transformations. In the advanced third phase, the emphasis is then on the NVO – the Networked Virtual Organisation – which draws government and the private sector into a more complex pattern of collaboration.

As a concept, eGovernment in South Africa holds great promise and we need to re-set our vision here to take this concept to the next level of delivery and maturity. It is at this next stage that citizens and government will really start to see its dramatic benefits, as eGovernment provides citizens and business with convenient, multi-channel access to government services that are seamlessly

integrated across programmes, departments and jurisdictions. This in turn will improve the operation of the public sectors and accelerate programmes of economic and social transformation.

Despite some successes, there has been limited eGovernment progress in South Africa over the last five years. We still sit with too many disjointed government services, high delivery costs and disconnected, complicated and difficult to use services that ideally should be seamlessly integrated across departments.

Two clusters in government stand out as prime targets for eGovernment initiatives – Social and Justice – as they have profound effects on South African citizens. For example, in the social cluster, the processes for ID, births, deaths and grant applications needs to be more effectively enabled. And once this has been done, other services such as housing applications, drivers licenses etc. can be added.

A major rethink from government is needed if eGovernment is to advance to the next stage. There will be a significant need for large investment in ICT infrastructure. The segmented mandates of departments, legislation and funding need to find more common ground. Smart partnerships will need to be established and government needs to accept that a client-centred service culture is absolutely vital. Clients – being the citizens of South Africa – need an efficient experience supported by an ICT infrastructure that is flexible and adaptable to ensure service relevancy.

To make these aspirations real, a portfolio of catalytic projects will need to be appropriately selected and implemented, based on their ability to generate broader change. These projects must offer tangible benefits to government service providers and business and citizen users, and their successes will then drive the realisation of the eGovernment vision into reality.

MARKETING

1 OBJECTIVES

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# Capacity building through training

Training strategies often do not receive the attention they deserve and wrongly implemented can have minimal effect in an organisation.

There is usually a lack of common vision of skills development and each business unit within an organisation essentially does its own thing when it comes to training. There should ideally be an overarching strategic learning unit that can set a clear direction and a dedicated function to co-ordinate training throughout the organisation. Skills shortages are not being clearly identified, training policies have evolved on an ad hoc basis over time, and the benefits of leveraging off technology are frequently overlooked. Training often takes place just for the sake of it, bears no resemblance to what an individual needs at that stage of his/her development, and is not seen as a value-add in terms of career progression.

These flaws, when it comes to a model for training, are obvious in both the private and public sectors. From unsatisfactory levels of customer service, a competent workforce can be achieved through a focus on knowledge, attitude and skills, resulting in a workforce that is engaged, suitably qualified and customer-focused.

South Africa could soon look forward to a “new” service oriented culture, made possible through the creation of a Learning Centre of Excellence. Such a centre will help create a learning culture in government departments and organisations that adopt it; and refocus the workforce on becoming customer-driven, whilst at the same time facilitating career progression in these departments and organisations.

The strategic objectives of this Learning Centre are clear – to ensure learning is

distinctive and strategically aligned with business goals. It aims to instil the concept of learning as a continuous life-long process linked to career development, rather than as a series of isolated events. It requires the buy-in from top organisational leadership to ensure that learning is seen as a priority that impacts on business success and employee management.

If the Learning Centre of Excellence does not have shared vision across all business units, clear leadership, defined scope and focus, and if its successes cannot be measured, monitored and shared, it is doomed from the outset. Other key factors to ensure its success are the commitment of staff, especially those on the frontline, effective learning programmes that are appropriate to the needs of the business units and the individuals, with the ideal mix of technology, on-the-job training, distance and e-learning.

Once the Centre has been established and launched, it is essential that progress does not stop here. Integral to its success are ongoing management, maintenance and improvement. Curriculum contents need to be regularly updated, maintained and improved, as does delivery of training, with courses being effectively scheduled and administered.

The Centre’s mandate will go beyond a narrow focus on training and extend to talent management, employee advancement, retention strategies, employee succession planning, coaching, mentoring and change management. It will also be responsible for accreditation and certification and should effectively partner with education institutions to maximise its outcomes towards learning in a dynamic organisation.

*“If it is not life altering – it is not a turnaround”*

Sibusisu Mpanza : DDG: PMU – Gauteng

Department of Public Transport, Roads and Works



# Turnaround and transformation:

## Lip service or life-altering experience?

Public sector organisations do not exist in a vacuum – they are faced with the ever changing dynamics of the external environment, whilst they themselves comprise a complex DNA. All organisations have challenges that they face daily, yet they must deliver irrespective of their constraints, if they are to remain relevant.

National Treasury, the Office of the Auditor General and SCOPA continue to express their concerns regarding the serious weaknesses in government financial controls and reporting. The press often refers to inadequacies in service delivery or cases of perceived bad management.

The audit reports of public sector organisations contain too many disclaimers, qualifications and matters of emphasis. Much of this is attributable to a sense of lack of ownership and responsibility. This is perpetuated by a lack of a robust performance management model that should place responsibility for performance at the level of the individual.

It would appear that the hardest hit are the middle tier organisations comprising provincial departments and their entities.

Recent trends in the public sector have seen issues escalate to unmanageable proportions. A realisation of a lack of skills and capacity and the gradual downward trend in governance have become urgent. Increased pressure on Government to deliver, and the imminent change in leadership, places turnaround squarely on the agenda.

With the understanding that one cannot simply close the doors, withdraw and re-engineer the perfect organisation, a turnaround needs to be delivered within the context of ensuring that the organisation continues to function with as little disruption as possible. The age-old saying of “don’t fix what isn’t broken” holds true here. Rather, the emphasis should be on aligning current initiatives to the same desired outcome.

Be careful of hobby horses. If the proposed project does not sit on the critical path of the turnaround, don’t do it. There is often confusion regarding piecemeal projects and “bite-sized chunks” which, if not well managed, perpetuate the state of flux. If you can’t define the outcome, it’s probably not going to add value and will only distract your attention.

### A robust turnaround with which everyone can identify

A turnaround strategy should therefore drive two key issues: (i) remedial interventions – the quick wins that will gain early traction and (ii) performance improvement initiatives that will cause sustainable changes in business behaviour.

Often the starting point of a turnaround is to embed world-class practices in the back-office support functions (functional domains) of human resources, supply chain, information technology and finance whilst creating a culture of continued performance improvement geared to sustainable service delivery.

Consider a three point plan focusing on (i) people, process and enabling technology; (ii) short, medium and longer-term interventions; and (iii) change management and communication. The turnaround itself should be delivered within a governance framework to check periodic progress and confirm return on investment ensuring re-prioritisation of initiatives.

If you do not have the buy-in and commitment of key stakeholders – senior management, employees and customers – you may as well not embark on a turnaround.

Provide for staff to work alongside niche turnaround professionals – this will empower them and accelerate their ownership and responsibility for improvements. Embarking on a turnaround is complex and the challenges faced in making change stick should not be underestimated.

If you are to leverage the expertise of a turnaround service provider, you better insist on a robust exit strategy, including investment criteria to clearly demonstrate tangible success.

The public sector has been awash with the term “turnaround” for some time. All too often though, turnarounds are referred to loosely as political statements rather than a well devised improvement initiative.

The recipe for a successful turnaround and sustainable transformation is understanding the landscape to which it should be applied. Keep the plan simple, the improvement initiatives themselves are complex enough.

Turnaround interventions are living initiatives that evolve as priorities change. Although complex, a turnaround can be life altering if approached with the right intent and embedding a robust plan, not just lip service to a current situation.



# PricewaterhouseCoopers study seeks to benchmark medals tally at Beijing 2008

Home advantage, strong government support for sport and recent rapid economic growth could see China go head to head with the US and Russia at the top of the Beijing Olympic Games medals table in August, according to a new analysis by economists at PricewaterhouseCoopers.

Meantime, despite it being nearly two decades since the fall of the Berlin Wall, many former Eastern bloc countries are expected to win significantly more medals than would be predicted by the size of their economies. The benefits of these countries' earlier "planned" approach to Olympic sport were still evident in their Sydney and Athens medal tallies and this is expected to continue in Beijing.

In the extract below, our model estimates the top 10 medal-winning countries in Beijing compared to Athens 2004.

Country	Model estimate of medal total in Beijing 2008	Medal total in Athens 2004	Difference
1. China	88	63	+25
2. US	87	103	-16
3. Russia	79	92	-13
4. Germany	43	48	-5
5. Australia	41	49	-8
6. Japan	34	37	-3
7. France	30	33	-3
8. Italy	29	32	-3
9. Great Britain	28	30	-2
10. South Korea	27	30	-3

This is the third time that PwC has published an analysis of how medal performance at the Olympic Games can be linked to such factors as past performance, economics and political planning. In producing the benchmark medals figures – which should be interpreted as targets rather than predictions – the following factors were found to be statistically significant:

- Population;
- Average income levels (measured by GDP per capita at PPP exchange rates);
- Whether the country was previously part of the former Eastern bloc (as well as Cuba and China, as examples of state planning in sport);
- Whether the country is the host nation; and
- Medal shares in the previous Olympic Games.

“In general, the number of medals won increases with the population and economic wealth of the country,” says the report’s author, PwC’s Head of Macroeconomics John Hawksworth.

“David can sometimes defeat Goliath in the Olympic arena, although superpowers like the US, China and Russia continue to dominate the top of the medals table.”

Some of the more interesting conclusions to be drawn from the PwC model are:

- As the host nation in Beijing and an economy which has grown very strongly since 2004, the medal ‘target’ of 88 for China according to our model is much higher than its actual medal totals in Athens (63) or Sydney (59); in fact, the model predicts that China may be very slightly ahead of the US (87), although this difference is well within the margin of error of the model so the race for top place is really too close to call based on this analysis.
- Russia is projected by the model to continue to perform strongly relative to the size of its economy in third place (79 medals), well ahead of Germany (43) and Australia (41) in fourth and fifth places; based on past performance, however, there is a good chance that all three of

these countries could out-perform their model medal targets given their strong Olympic traditions.

- The two countries with by far the largest populations in the world are China and India, but their past Olympic performances could not be more different: China won 63 medals in Athens while India won only one (the same as in Sydney); the model can explain some of this divergence, but still suggests that India is a significant underperformer, with a model target of 6 medals for Beijing. The most plausible explanation is that, with the exception of hockey, Indian sport tends to be focused on events that are not included in the Olympics, most importantly cricket; China, by contrast, is an example as noted above of the effectiveness of state planning in sport, comparable to the former Eastern bloc countries.
- The model estimates suggest that European countries such as France, Italy and the Netherlands should be pleased if they can match their Athens medal totals, which were generally somewhat above the levels predicted based on the size of their economies and the lack of significant state support for sport in these countries.
- For Great Britain, the model indicates a target for Beijing of 28 medals, the same as in Sydney, but down slightly from the ‘above par’ result of 30 medals in Athens.
- Countries where the model targets for Beijing are identical, or nearly identical, to actual medal totals in Athens include Ukraine, Romania, Spain, Hungary, Canada, Bulgaria, Turkey and the Czech Republic.
- Countries that the model suggests have the economic potential to do significantly better than in Athens include Poland, Brazil, Mexico and Indonesia; it will be interesting to see if they can improve their standings in Beijing.

# Corporate social investment:

## Some of PwC's recent projects



### PwC women become “Birthday Buddies”

The PwC “Birthday Buddies” initiative held at the Noah’s Ark After-School Centre for Needy Children in Yeoville gives female Chartered Accountants (CAs) the opportunity to purchase a present for the children, the kids receive meals and volunteers can assist with the children’s homework. The number of children in the programme reaches approximately 114, from Grade 1 to Grade 7.

The first “Birthday Buddy” party took place in October 2007, and was in honour of all children celebrating their birthdays during that month. Despite the rainy weather and lack of electricity, the children celebrated in style, accompanied by their PwC visitors.

PwC attendees were richly rewarded as they spent time with these adorable children, many of whom have never had a party in their honour before. Indeed a highlight for the young ones!



### Supporting Soweto Canoe and Recreation Club

With Tax manager Alan Witherden’s assistance, PwC recently sponsored T-shirts for under-privileged children from the Soweto Canoe and Recreation Club. The club, based near the Orlando Power Station Dam has Cyril Ramaposa as its patron.

Alan Witherden is a member of the Gauteng Canoe Union and their goal is to encourage people of colour to join the sport. The union has begun a development programme to aid and encourage kids from the Soweto Canoe and Recreation Club, which was received with much enthusiasm from the community, especially the children, who will have an opportunity to experience this different kind of sport. There is hope for great athletes being made at this club, and the T-shirts were certainly well received.



PwC women become "Birthday Buddies"



## Girls at work

“Choice Empowers” was the theme of this year’s “Take a Girl Child to Work” Day and PwC proudly hosted learners at our Pretoria and other offices.

43 learners from schools in the Tshwane area were shown the opportunities available to them in the accounting profession as well as the different service divisions within an auditing firm, with the girls also taking part in activities that emphasised the importance of teamwork.

Deputy partner-in-charge, Shirley Machaba was host on the day, and her words of advice to her young visitors were: “It is all about what you want to be and how to get there.”

She emphasised that they were responsible for shaping the future of this country and they could achieve this through education, maximising the opportunities that present themselves, seeking out mentors, networking and ultimately believing in themselves.

Schools represented at the PwC event included: Pretoria High School for Girls, Sutherland High School, Dr WF Nkomo High School, St Mary’s DSG, Cullinan Combined School, Elmar College of Education, J Kekana High School and Afrikaanse Hoër Meisieskool.

The event proved to be an enormous success, with the girls leaving motivated and encouraged.



## Feeding hungry children

Once a week, PwC, through the Umbono programme, supplements Busisiwe School's daily government-grant bread-and-jam lunch with a hearty cooked meal for children whose families can't afford to send lunch to school for them.

Of the school's 530 learners, teachers have identified 210 children that 'qualify' for the programme, based on the teachers' knowledge of the children's backgrounds, and what they see being brought to school to eat – the first to be put on the programme are those with no parents at home.

The meals are prepared by two PwC-paid cooks, assisted by another kitchen worker who is employed by the Department of Education to run the daily bread programme at the school. These three are sometimes assisted by parent volunteers, and it's clear that the children truly appreciate this assistance – in fact the principal noted that especially when it is cold, some of the children wouldn't come to school on Mondays were it not for the hot meal that they receive.

The school's vegetable garden has also been improved using donations received from Umbono. This supplements the groceries that are bought each week, and many unemployed parents volunteer to help in the vegetable garden, as they can see the benefits for their children. The principal often allows children or parents unable to provide for their families to take some onions or spinach from the garden home with them.

The staff were very sincere in expressing their gratitude to PwC for our sponsorship, explaining how it makes an enormous difference to the children of Busisiwe.



## About PricewaterhouseCoopers

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 146,000 people in 150 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

