



annual report 2008 / 2009

- phatshoane henney inc.
- barry botha breytenbach inc.
- blake bester inc.
- bowes mcdougall inc.
- breytenbach mavuso inc.
- cilliers & reynders inc.
- davel de klerk & kgatla inc.
- erasmus de klerk inc.
- gravett schoeman van rensburg & moodley inc.
- greyvensteins inc.
- kloppers durban inc.
- kloppers empangeni inc.
- kloppers richards bay inc.
- kotzé low swanepoel
- lange carr wessels inc.
- millers inc.
- meyer van siffert & kropman
- naudes inc.
- neumann van rooyen sesele inc.
- nostix (pty) ltd
- tatham wilkes inc.
- van de wall & partners
- van der merwe du tolt inc.
- van der spuy & partners.
- wright rose-innes inc.



associated firms

Member firms receiving Professional Management Review (PMR).africa awards during 2009:

- 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 province)
- Millers inc.**
PMR.africa Golden Arrow Award (Southern Cape)
- Lange Carr Wessels inc.**
PMR.africa Diamond Arrow Award (Northern Cape)

Overview



Violet Phatshoane
Chair, Phatshoane Henney Group

It is my privilege to at the end of another wonderful year for the phatshoane henney group of associated firms report on the achievements and successes of the group during 2009.

This year has seen the group develop its strategic relationships with important service providers and financial institutions, expand on group initiatives launched during 2008, replicate the exemplary BEE verification results of our firms, continue to expand its national presence and brand, and create awareness of the group as the largest national association of law firms in South Africa.

2009 has been a challenging year with the economic decline profoundly affecting the legal profession and necessitating many law firms to employ drastic measures to ensure their viability and survival.

Group firms also have not been spared, feeling the pinch of the property market

slump and sterner debt vetting procedures as well as the accompanying reduction in legal services panels by financial institutions impact on their businesses.

Such market pressures have necessitated greater focus and exploration by the group of initiatives and partnerships that not only create new avenues of revenue generation for group firms, but also provide opportunities for the reduction of firm cost structures. Partnerships with Vodacom and Glenrand MIB in particular have allowed firms to reduce their communications and professional insurance costs, with preferential interest rates afforded the group by Investec, Nedbank and Standard Bank allowing firms to generate additional income through the respective investment systems of these institutions. Additionally, interest in the group from various potential partners looking at forming opportunities through the group's national footprint, creates excitement for the possibilities of the coming year.

The economic climate has impacted on the projected growth of the group in 2009 with potential new group firms unable to strategically consider membership until their practices have normalized and uncertainty in the market reduced. Despite slower than projected growth during 2009, interest in the group remains high, boding well for new firm prospects during 2010 and the achievement of the 35 firm membership target for the group, reinforcing also the association as a viable solution for medium to large law firms to obtain the strategic benefits of size, brand power and differentiation.

2009 has seen the group recruitment activities amplified through greater involvement by the group in university open days and prize-giving functions and the first Phatshoane Henney Group Honour Medals awarded to 30 LL.B students at six universities.

Although group staff appointments and particularly professional appointments have shrunk in comparison to previous years, a consequence of the conservative approach by firms to the negative economy, 37 new Black staff appointments during 2009 remains indicative of the continuing commitment of the group towards employment equity practices and black economic empowerment.

Supporting such commitment, the group emphasis on skills development and training, through an expanding course catalogue available to group staff via the Training Portal (www.trainingportal.co.za) and the learnerships and mentorship programmes available to candidate attorneys, ensure that skills development remains a strategic directive of the group and an essential component to ensuring a high quality service to clients.

It is with confidence that I express my sincere belief that the challenges of 2009 will be converted into the successes of 2010, with the expansion of the group, beneficial partnerships, black economic empowerment and an unwavering commitment to quality services, supporting the growing role of the group within the South African legal profession.

Associated Firm Locations



Strategic Direction

The strategic intent of the group to enlarge its national footprint has not changed and the target of 35 firms across South Africa remains the key objective to be achieved, including enhancing the group's presence in major centers such as Durban, Cape Town, Nelspruit and Rustenburg.

Currently the group comprises 24 law firms, 34 offices, 215 professionals and 800 staff members in 8 Provinces across South Africa, and remains a phenomenon in the legal and services industry.

Further developing the brand and entrenching such with corporate and institutional clients supports our primary intent and has proven essential in establishing important partnerships with strategic suppliers of group firms to reduce the cost to firms in areas of telecommunication, software solutions and professional insurance - high cost items to the professional service provider.

Also, leveraging group economies and opportunities through potential partners is set to gain further momentum in the coming year, with the group building on the interest generated through marketing initiatives and positioned to benefit from a mending economy.

New group services identified for development through the group network, include the new Companies Act 71 of 2008, the Consumer Protection Act 68 of 2008 and the Protection of Personal Information

Bill and data protection and security. Additionally, the group BEE consultancy services continues to gain impetus across the group network, with developments in the preferential procurement framework for organs of state reiterating the importance of BEE compliance and strengthening the need for professional BEE advice and support that group firms provide to clients.

A further goal is improved integration between member firms, the group service directory, and group knowledge management. Effective knowledge management remains an important part of managing the wealth of experience and resources available within the group to the benefit of all. Continuing group projects to enhance training, research and information management is underway and scheduled for finalization in 2010.

To enhance the recruiting power and group profile with new young professionals, the group is set to build on the relationships established with Law Faculties and universities through the presence at university open days and the Phatshoane Henney Honour Medal Programme. Recruitment posters, student presentations, group information brochures and periodic liaison with Law Faculties are intended means of expanding the relationship with the academe and young professionals starting out in law.

The Phatshoane Henney Foundation, emerging in its role as non-profit organisation,

evidences the group's commitment to socio-economic development initiatives and is a priority for further investment by the group. The foundation is an appropriate vehicle to leverage value from the group network and BEE consultancies and establish a national presence as a contributor and donor to charitable institutions and socio-economic development beneficiaries.

The coming year will see greater attention focused on expanding the public profile of the Phatshoane Henney Foundation and developing a database of charities and beneficiaries that can benefit from the foundation.

24 member firms, 34 offices and over 215 professionals across South Africa

The group continues to grow towards the 35 member firm target, with continually expanding support services, business opportunities and strategic partnerships as well as the group's national footprint and bargaining power providing the strategic incentives necessary for medium and large law firms to positively entertain group membership.



As the group expands its footprint in major urban centers and increases its visibility in the South African service industry, the economies of scale inherent to the group create exciting possibilities for partnerships with suppliers seeking to retain member business through group pricing models and partners seeking to develop joint initiatives and ventures that embrace the number of professionals and strategic location of members across South Africa.

Growing our partnerships





Strategic Partnerships

Preferential interest rates afforded the group through Standard Bank and their Third Party Fund Administration System, Nedbank and their Corporate Saver System, and Investec and their Corporate Cash Manager System, continue as valuable preferences afforded the group through the group's savings portfolios channeled via the respective investment systems.

A strategic relationship with BEE Rating Solutions (Pty) Ltd, the group's accredited BEE verification agent, has assisted the group in understanding the requirements for BEE verification and implementing procedures to support sustainable and high quality BEE practices at all member firms. Additionally, the relationship has assisted in the expansion of the group BEE consultancies through training and strategic support in the development of consultation procedures and documentation aligned with the latest BEE evidentiary requirements.



Continuing involvement by Citadel Trust in the trust management of the Phatshoane Henney Foundation supports the intent of establishing the foundation as a leading non-profit organisation identifying socio-economic development and corporate social responsibility initiatives for support and donation of group and externally collected funds.



Harnessing the economies of scale present in the large number of professionals and tele-

communication usage within the group, a strategic partnership has been undertaken with Vodacom in terms of which the group obtains discount and benefits on its Vodacom call lines, data lines and premicell lines, with Vodacom undertaking buy-outs and transfers of non-Vodacom lines to provide across the board benefits to firms and professionals.



A further strategic initiative has been launched with Glenrand MIB in respect of professional indemnity top-up cover for firm legal professionals. The high cost of professional indemnity insurance and the limited cover affordably available to group firms and the increasing requirement of financial institution legal services panels to maintain higher levels of professional indemnity insurance, necessitated the investigation of a group insurance scheme that more affordably provided superior cover to group firms. Glenrand MIB took up the challenge and developed a group professional indemnity insurance scheme for group firms with firms receiving R75 million cover per firm on a per claims basis, allowing firms to meet and exceed the requirements of clients and panels for professional indemnity top up cover over-and-above that of the Attorneys Fidelity Fund Professional Indemnity Insurance scheme.

With the increasing prevalence of legal software powering large portions of the modern legal practice and aspects of transfers, security registrations and litigation processes,

discussions as to strategic partnerships with legal software providers have commenced, with positive indications regarding group discount and volume breaks as well as tailored solutions for group firms.

The group is in the early stage of discussions with legal resources provider LexisNexis regarding the possibility of group resource solutions available to all members of the group and tailored resource packages offering access by member firms to a broader range of legal resources.

The group Professional Indemnity Insurance scheme through Glenrand MIB provides each member firm with R75 million insurance cover on a per claim basis

With the high cost of professional indemnity top-up cover over-and-above that of the Attorneys Fidelity Fund Professional Indemnity Insurance scheme and the need to satisfy financial institutions in particular as to the sufficiency of professional indemnity cover of group firms, the group, with the assistance of Glenrand MIB, established a group insurance scheme benefitting all member firms, irrespective of size, and providing additional underwriting of member firms.



Understanding the value in trying economic times of reducing internal costs, the group has systematically undertaken the task of reviewing its major cost components in areas such as telecommunications, insurance, legal resources, legal software, printing solutions and more and entered into negotiations with major suppliers to group firms to negotiate discounts structures and group volume breaks based on group size. Additionally, to differentiate firms and create new business opportunities for members, the group continually entertains and explores proposals for additional service areas that have the potential of attracting new clients or servicing current clients more effectively.

Creating value for members and clients`

Initiatives

Developing new group initiatives contributes strongly to the value factor and differentiation experienced by group members and raises the profile of group firms and service quality to clients.



Commitment towards comprehensive training and skills development solutions remains an important goal, with the annual development of Workplace Skills Plans and the reclaiming of grants from SASSETA and reinvesting thereof in group training courses and programmes a key component of the group's skills development strategy. Training courses and programmes are delivered through the group's distance education training facility the Training Portal (www.trainingportal.co.za) to staff throughout the group.

The group continues to support the implementation of learnership programmes for candidate attorneys with a number of candidates enrolling for learnerships during 2009 despite continuing problems with the accreditation of law schools for the formal learning component of candidates under learnerships. For 2010, SASSETA has indicated a suspension of learnerships for candidate attorneys until accreditation issues have been resolved, proposing internships for candidate attorneys as an alternative to learnerships. The group will support the internship initiative and assist interested group candidate attorneys to enroll for these internships during 2010.

The group's recruitment initiatives was well received by students at university Law Faculties across South Africa. A number of open days were attended by representatives of the group at the University of Natal (both Durban and Pietermaritzburg campuses), Rhodes University, University of the Free State, and North West University (Potchefstroom). Additionally, recruitment posters were displayed and group marketing brochures made available at major university Law Faculties identifying the recruitment opportunities within the group and its member firms. The group also advertised in the annual Le Roux, Employment Guide for LL.B Graduates circulated to 14,500 law students at all university Law Faculties and 12 Law Schools across South Africa.

The Phatshoane Henney Honour Medal Programme, an exciting initiative launched during 2008, awarded its first honour medals in 2009 to 30 LL.B students that completed their LL.B studies *Cum Laude*. Honour medals were awarded at the following universities:

North West University	5
Nelson Mandela Metropolitan University	5
Rhodes University	6
University of the Free State	12
University of Johannesburg	7
Stellenbosch University (in December 2009)	
University of Natal (in 2010)	

The group BEE consultancy initiative, also launched during 2008, has proven to be an important new service area in the group

service directory, with an increasing number of clients requiring support and advice as regards implementing sustainable BEE practices and undertaking the process of BEE verification. With group consultancies trained as to the current evidentiary and documentary requirements for BEE verifications, clients are proactively assisted to align their internal procedures with BEE requirements and prepare effectively for formal verification.

More than R430,000 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 as well as support and training to firms in the establishment of new service areas and conducting client information sessions.



The Phatshoane Henney Honour Medal Programme is a national initiative launched at major universities to award honour medals to the best LL.B students achieving their degrees *Cum Laude*. This first-of-kind medal programme for law students promises to become the premier award for LL.B students at every major Faculty of Law and establishes a national network of award winners comprising the best law graduates across South Africa.

Phatshoane Henney Honour Medal Programme





To create understanding of the process of becoming BEE compliant and dispel many of the myths surrounding BEE verification, the group conducted BEE information sessions for clients nationally with more than 600 attendees attending sessions and receiving BEE information packages.

The Knowledge Centre and the research support provided to member firms has proven invaluable to group firms with the Knowledge Centre, staffed by dedicated legal professionals, managing more than 1800 research queries in 2009 and providing focused and time-saving research support. The templates, bulletins, newsletters and other support services of the Knowledge Centre continues to expand and improve, with partnerships with legal resource providers being investigated to add to the overall quality of service provided to members.

The first group gala event was held on 7 November 2008 and succeeded in enhancing the public profile of the group and establishing a platform for interaction between member firms, sponsors, corporate partners and financial institutions. The evening was attended by 200 guests including key note speaker Judge President of the Supreme Court of Appeal, Lex Mpati, Deans of Law Faculties, representatives of Standard Bank, ABSA Bank, Nedbank, Investec, Citadel, Citadel Trust, the Rodel Group, Ooba and media representatives. Initiatives launched at the gala event included the presentation of certificates of achievement to member firms by ABSA, Nedbank and Standard Bank to firms that excelled during

the year; a donation by the Phatshoane Henney Foundation to the Mangaung String Programme Trust; and the launch of the group BEE consultancy services.

Certificates of achievement awarded to group firms in 2009:

Greyvensteins incorporated
Standard Bank Third Party Fund Administration group award for the exceptional contribution made to the Standard Bank TPFA during the year 2009.

Van der Merwe du Toit incorporated
Investec Cash Manager group award for the exceptional contribution made to the Investec Cash Manager during the year 2009.

Van der Merwe du Toit incorporated
ABSA Black Economic Empowerment Contribution group award for the exceptional contribution made to BEE through the appointment of Black persons in the firm during 2009.

Barry Botha Breytenbach incorporated
Nedbank Corporate Saver group award for the best average balance on Corporate Saver for the period 1 March 2009 to 31 August 2009.

Greyvensteins incorporated
First National Bank group award for the firm attaining the highest volume of registrations in rand value for the period 1 August 2008 to 31 July 2009, the best average registration turn-around-time and the highest business pipeline.

Naudes incorporated
BEE Rating Solutions group award for the achievement of the highest BEE verification score by a group firm in 2009.

More than 600 attendees at group BEE information sessions held nationally by group BEE consultants

The group BEE consultancy initiative addresses a growing need amongst businesses to understand the implications of the Department of Trade and Industry BEE Codes of Good Practice as well as newly promulgated Sectoral BEE Codes and obtain help and support with the process of preparing for and undergoing formal BEE verification. For many businesses the support provided by group consultants prove invaluable in understanding the evidentiary requirements for verification and implementing procedures and protocols for improving BEE scores.



To honour member firms that have contributed exceptionally in the provision of services to financial institutions or in the implementation of sustainable BEE practices, the group launched an annual group awards initiative jointly with major financial institutions, ABSA, First National Bank, Investec, Nedbank and Standard Bank as well as group BEE verification agent, BEE Rating Solutions.

Rewarding the best of the best

Black Economic Empowerment

Black Economic Empowerment, a group cornerstone, receives far greater recognition within the group than mere legislative compliance, and resides as a strategic imperative of each member firm.

A common investment in sustainable BEE practices and a broad-based approach to implementing and managing BEE across all components of the balanced BEE scorecard once again rewarded member firms in 2009 with exceptional BEE results.

Group initiatives regarding skills development, preferential procurement, enterprise development and socio-economic development have contributed to member firms, in addition to points achieved under the ownership element, also achieving high scores for these elements, ensuring that group firms set the standard as to their suppliers and corporate social responsibility components.

Formal verification in 2009 of the BEE scorecards of group firms was conducted by accredited verification agent BEE Rating Solutions (Pty) Ltd (BVA049), with the following verification results being achieved to date:

Phatshoane Henney inc.	Level 1
Bowes Mcdougall inc.	Level 3
Breytenbach Mavuso inc.	Level 2
Cilliers & Reynders inc.	Level 3

Erasmus De Klerk inc.	Level 3
Greyvensteins inc.	Level 2
Kloppers Empangeni inc.	Level 4
Kloppers Richards Bay inc.	Level 4
Kotzé Low Swanepoel	Level 3
Lange Carr Wessels inc.	Level 3
Millers inc.	Level 2
Meyer van Sittert & Kropman	Level 3
Naudes inc.	Level 2
Nostix (pty) ltd	Level 4
Van de Wall & Partners	Level 2
Van der Merwe du Toit inc.	Level 2
Van der Spuy & Partners	Level 2
Wright Rose-Innes	Level 3

candidate attorneys and 23 Black employees during 2009, representing a positive contribution to employment equity and underscoring the importance of Black appointments, particularly at the professional staffing level, as a priority of each member firm, assisted by group BEE initiatives and improvements in the economy, as telling factors towards an increase in Black appointments in the coming year.

No member firm achieved less than Level 4 BEE compliance recognition



As a factor of the economic climate, 2009 has resulted in substantially fewer staff appointments within the group, particularly at the professional level, than in preceding years, with the reduction in appointments directly affecting also the number of Black appointments within the group.

Despite these challenges to staff appointments group firms have appointed 1 Black director/partner, 5 Black professionals, 8 Black

Verification results for 2009 demonstrated the success of the sustainable BEE initiatives and practices implemented by the group with firms achieving exceptional BEE verification scorecard results. Additionally, Phatshoane Henney inc. as founding member of the group, again achieved the highest possible result scoring 104 out of 100 on its BEE scorecard for its Level 1 BEE compliance recognition. Additionally, many member firms were also recognised as Value Adding Suppliers allowing additional procurement recognition of these firms for preferential procurement purposes.



To ensure that group firms fully comprehend the requirements of BEE and the supporting documentation necessary to evidence BEE compliance, the group positioned BEE as a strategic imperative of each member firm, requiring capacity and resources to be allocated to implementing structures and executing group BEE initiatives. These initiatives are continuously refined and further developed to ensure that member firms address BEE holistically across all elements of its BEE scorecard and follow a truly broad-based approach to achieving BEE compliance.

Comprehensive BEE initiatives



Looking Forward

Central to our vision for 2010 is a resurgence of the growth experienced in 2008 ensuring the group achieves its target goal of 35 member firms in all 9 Provinces and remaining urban centers not yet represented by a group firm.

A supporting goal is the further investment by the group in its current strategic partners and the creation of value to both member firms and partners. Nurturing existing relationships is fundamental to growing the group partner base and involving new partners in the group.

The group BEE consultancy initiative continues to gain momentum, particularly with the promulgation this year of various sector BEE charters under Section 9 of the Broad-Based Black Economic Empowerment Act 53 of 2003 and the finalization of the long-awaited draft preferential procurement regulations aligning the Dti BEE codes with Government procurement procedures and making the submission of BEE certificates a requirement for Government tendering.

Also, the Phatshoane Henney Foundation and Citadel Trust initiative will benefit from an improved economy allowing firms and clients to contribute more to the foundation and expand its donations to charities and qualifying socio-economic beneficiaries.

Developing new service areas remains vital to growing new business opportunities for members and providing a differentiating factor from competitors. Developments in the areas of company law, consumer

protection and personal information protection and data leakage represent opportunities for new group service areas and the marketing thereof to clients through brochures, information sessions and online training through the Training Portal.

Accompanying the rollout of new developments is the identification and investment in group training courses that assist in enhancing the group's human capital and drawing and retaining quality personnel to member firms through continuous skills development. The group skills fund has accumulated more than R430,000 on behalf of member firms in reclaimed grants from SASSETA. This skills fund is utilized to fund training programmes and seminars for group staff and support the development of identified new service areas.

2010 will conclude the development of the group intranet database and service directory and the launch of a new look group website with many additional features, improved group news postings and an exclusive members area for all winners of the Phatshoane Henney Honour Medals. Related developments include the enhancement of the group newsletter and bulletin with additional features by strategic partners and focused topical areas drawing attention to new service areas and group partnerships as well as increased marketing exposure of group initiatives.

As always, it is important at the close of another year to reinforce the philosophy of excellence and client service that underpins

the group and individual practices of each firm and re-emphasize the commitment of every member of the group to the group brand, initiatives, support services, training and partnerships.

In conclusion, I can with certainty declare, that as challenging as aspects of this year have been, the positives and highlights of 2009 and the achievements of the group entering its fifth year since establishment, create a sense of expectation and excitement for 2010 and a belief that it will be a truly special year for each member, the group and our country.

Violet Phatshoane
Chair, Phatshoane Henney Group

Each member firm subscribes to a philosophy of service excellence and workable solutions

To achieve the central philosophy of service excellence, group firms continuously explore and master new service areas and developments in the law to ensure that professional expertise is up to date and clients are informed of new developments through newsletters, seminars and information brochures.



services

- africa law
- black economic empowerment
- commercial services
- constitutional & public law
- contract management
- corporate services
- family law
- fiduciary services
- forensic services
- graphic design & multimedia
- health services
- higher education
- infrastructure services
- insolvency services
- knowledge management
- labour services
- litigation services
- outsourcing
- public private partnerships
- property services
- training solutions
- web developments

'Group services are continually expanding and provide member firms with the ability to service a diverse range of client needs. Innovative and workable solutions which add value to clients are core components of the group service philosophy underwritten by the efforts of member firms to create a standard service expectation.'

Group Service Directory



The target goal for the group is to establish 35 member firms in 9 Provinces with an associated law firm in each major urban center. The goal is strategic, providing an unassailable national presence and a network of professionals with a large service directory and the capability of attracting strategic partners and implementing new initiatives.

Expanding our national presence





regions and centres

FREE STATE

bethlehem
bloemfontein
welkom

NORTHERN CAPE

kimberley
upington

NORTH-WEST

klerksdorp
stella
vryburg

KWA-ZULU NATAL

durban
empangeni
pietermaritzburg
port shepstone
richards bay

EASTERN CAPE

east london
king williams town
port elizabeth
queenstown

WESTERN CAPE

belville
cape town
george
paarl

GAUTENG

bedfordview
centurion
germiston
johannesburg
kempton park
pretoria
randburg
roodepoort
rosebank
sandton

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