

When the b1vuvuzelas blow

Cape Town Stadium

Nelson Mandela Bay Stadium, Port Elizabeth



Soccer City, Johannesburg



Moses Mabhida Stadium, Durban

After kick-off, the Soccer World Cup might just deliver a winning goal for South African project management and business acumen – and brand, suggests **ANTOINETTE SLABBERT**.

THIS IS NO MEAN achievement, says MC Botha, head of the Centre for Project Management at USB Executive Development Ltd, referring to the delivery of six iconic sports stadia across South Africa by the appointed date.

When working on the biggest of all sporting events, there is no room for compromise on quality. Add to that a world recession and an absolute deadline and it is clear what pressure is all about. Botha ascribes the project management success to the innovative skills of South Africa's world-class construction sector, but also to the quality of leadership of the local organising committee.

This has been a time when South Africans on all levels have strived together.

With various senior cabinet members and government leaders from the sporting, security, international affairs and treasury departments – and even the presidency, along with top business leaders, represented on a multidisciplinary committee, support could be obtained when needed.

A case in point was the intervention by Baleka Mbete, then deputy president, at the Mbombela Municipality in Nelspruit to end crippling industrial action. Government rallied the support of trade unions and employer organisations to get the construction done and Fifa even pitched in by allocating some match tickets to construction workers!

Delivering a project on time, within budget and to specification constitutes successful project management, says Prof Chris Brown, who started the USB Project Management chair and has taught some 8000 students



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countrywide since 1992.

The ever-escalating budgets, however, led to wide criticism and questions being raised about the long-term sustainability of the expensive stadia.

As reason for the cost escalation, Pierre Blaauw, former construction economist of the South African Federation of Civil Engineering Contractors (Safcec) earlier cited a lack of detailed specifications – most probably the consequence of skills shortages at municipalities, who acted as executing agents for the government to deliver the stadia.

Botha explains the inverse relationship between information and risk. The less information available, the bigger the risk to the contractor in this case, he says.

Apart from including costs to cover possible unpleasant surprises, costs escalated as the detailed designs of more technically complex components like iconic roof features were only done and costed after the initial contracts were awarded.

It would, however, have been virtually impossible to have complete information at the outset, bearing in mind the technical complexity and tight timeframe, says Botha.

The World Cup projects served to extend the earlier construction boom in the country at a stage when the residential building market collapsed. Major listed firms like Group Five and Basil Read, as well as subcontractors escaped the detrimental effects of the housing collapse by rebalancing their portfolios and participating in World Cup projects. In this way World Cup Projects actually saved jobs.

It was not only the construction industry that was given a breather by the World Cup. >



Expected growth in tourism numbers 2008-2015	
Growth with no World Cup	Average 2008-2015
Overseas	2,5%
Africa land	6,9%
Africa air	4,9%

Growth with World Cup	
Growth with World Cup	Average 2008-2015
Overseas	4,0%
Africa land	7,0%
Africa air	6,4%

SOURCE: GRANT THORNTON

“We can thank our lucky stars for the World Cup,” says Matšatši Marobe, CEO of the Tourism Business Council of South Africa (TBCSA).

The global economic crisis dealt international travel a serious blow. Business started dropping off by the end of 2008 and by August last year leisure arrivals, excluding those from Africa, dropped by between 30% and 40% compared to the previous year.

Were it not for the looming World Cup, prospects in the industry would have been dire. Employers who would otherwise have contemplated retrenchments, kept their staff in anticipation of the World Cup.

Improved infrastructure and several new hotels being built with the World Cup in mind will benefit the South African tourism industry for years to come.

The exposure to new markets like Mexico and Montenegro further opens new opportunities, Marobe says.

Gillian Saunders, director of Strategic Solutions at the international consultancy Grant Thornton is the 2010 numbers guru. She estimates that 487 000 foreign visitors to the World Cup will increase the annual foreign arrivals by 5,5% and foreign spending by 12%.

With almost 19 000 media representatives expected and a prospective 26 billion cumulative TV viewers, Saunders says the World Cup offers a unique opportunity to market South Africa as tourism destination and create a better understanding of the country.

Frikkie Herbst, marketing management professor at the USB, calls the World Cup a superb marketing opportunity for Brand

South Africa.

South Africa has experience in hosting big sports events like the rugby and cricket World Cups and has great new infrastructure, but should now add value by offering a complete experience, he says.

Currently Brand South Africa is plagued by security concerns, Afro-pessimism and a lack of understanding of the size and complexity of the continent.

By grasping the opportunity that the World Cup offers, these perceptions can be overcome, Herbst says. In order to increase the brand equity, South Africans will have to offer higher service levels, unique experiences and logistic efficiency.

In this regard, he says the final draw that took place in Cape Town in December and was broadcast to countries all over the world, exceeded expectations.

Prof Wolfgang Thomas, the USB’s economics professor, however warns that projections are based on assumptions and are often misinterpreted.

At grass roots level, says Thomas, street vendors should benefit from increased sales. Accommodation establishments might, however, be disappointed, he says.

A case in point is timeshare resorts that are rethinking their marketing strategies after

‘A gap between income and expenditure can be justified by intangibles, depending on the vision of the organisation’

– Prof Chris Brown, Project Management facilitator, USB-ED

140 000 of the 199 000 bed nights initially reserved by Match, Fifa’s accommodation agent, in a R635 million deal, were released back to the market in January. According to Match senior accommodation manager Vivienne Bervoets, timeshare is a South African concept, unknown abroad and as such is difficult to market.

Nevertheless the 2010 World Cup tournament is still to come and one cannot pronounce on all its benefits yet.

Prof Brown says judging the success of a project is an ongoing process that can continue over as long as 30 or even 50 years, depending on the kind of project. Even if the expenses were high, a gap between income and expenditure can be justified by intangibles, if they fulfil the vision of the organisation.

In this case, the initial decision to bid for hosting the World Cup was mostly political.

It may well be that in 10 or 20 years one looks back at a nation united, a country that has grown in stature, children who dream to excel like their sporting heroes, investors who enter with confidence.

Then the spending on new stadia, expanded airports and improved transport will be considered small change in comparison with the huge gains in nation-building. **a**

WORLD CUP: What is your take on the business case/project management case?

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