

Monthly Newsletter – February 2017

A Note from Theo and Warren

Is the canary alive and singing?

Years ago, mineworkers used caged canaries in coal mines as a safety precaution against methane gas which is odourless and lethal to humans. Canaries were found to be particularly sensitive to the gas, and if the canary carried by the mineworkers passed out, the miners knew they had to evacuate as fast as possible. Hence it was always in the miners' interests to monitor their canaries very carefully as it was their only early warning against danger.

Copper is the economic canary

Copper is often viewed as the canary for economic growth because the bulk of copper production is used in infrastructure projects. The construction industry consumes 45% of copper production and electronic infrastructure uses a further 23%. When demand for copper starts to rise (causing a rise in the price of copper) it is often seen as an early sign of economic recovery.



The chart above shows that the copper canary is definitely alive and singing. The price of copper declined from USD10 000 per tonne in 2011 to less than USD4 500 per tonne at the start of 2016, which reflected the global economic slowdown that has affected us all.

From the end of 2016, the price of copper started to recover very nicely to approximately USD5 800 per tonne – a jump of more than 30% in the last three months. This is a very broad indicator and does not mean there will automatically be a 30% recovery in economic growth, but it is a sign that the global slowdown is ending. This is very positive for all economies that sell resources (like South Africa) and means that we might start benefitting from some economic tailwinds for the first time in five years.

According to a study by the IMF, one of the main factors that influence the movement of the rand is the commodity cycle. The surge in the price of copper correlates very nicely with a 20% recovery in the value of the rand against the US dollar since January 2016 and a 40% recovery against the pound. For investors who have insufficient offshore exposure, we believe that one should start sending money overseas at levels of below R13.50 to the dollar.

- Theo and Warren

Taking care of the whole employee

The workplace has changed a lot in the past generation. Traditionally, you were entitled to a pension, some sick leave and perhaps three weeks of annual leave – and you got a medical aid if you were lucky.

Today, however, progressive companies are focusing more on the whole human – and recognising that people are more than just automatons who perform a task: they have all kinds of stresses and strains to deal with at home and at work, and that ‘work self’ and ‘home self’ don’t need to be wildly different people.

Many companies are becoming aware that they have to make health – especially mental health – a priority. This sometimes means instituting workplace wellness programmes, but it’s also a good idea to create awareness around the pervasiveness of mental health issues.

A 2015 study of American and Canadian workers reported that as many as 53% of people are feeling burnt out. It is thus vital that companies look for ways to take care of their employees’ mental well-being on the job.

Another way companies are supporting employees is by giving them greater flexibility time-wise. Some jobs just can’t be done outside of office hours, so a growing number of companies are changing their policies to offer more flexibility of work hours or location.

Finally, some forward-thinking companies are looking at supporting the over all lives of their employees by stepping away from a one-size-fits-all model of benefits, and looking for diverse ways to support the unique needs of each employee.

This might mean mentorship programs or employee resource groups, which provide a venue for people with similar experiences or backgrounds to bond, share ideas, and help each other with challenges. But it can also go far beyond that.

It means giving people time off not just for the birth of a child or the care of a parent, but to volunteer for causes that are important to them. It also means broadening benefits to include all kinds of beyond-the-basics needs, such as providing transgender-inclusive healthcare, or resources for the disabled, for example.

Studies show that this focus on people with diverse needs is good for business – companies with the most diversity are 35% more likely to perform above industry standard. It's also great for the moral of all employees, with research showing a significant connection between employees' perceptions of their company's diversity policies and employee engagement. When companies clearly understand, value, and support differences, it feels like your contribution whatever it may be truly matters.

Is your workplace toxic?

Whether you are a business owner, leader or employee, it's important to pause once in a while and examine the culture and atmosphere at your place of work. Is it healthy or does it have an adverse effect on those who work there, which ultimately will affect productivity and output?

So how do you tell if your office is really toxic, a worse than normal place to work or just a normally stressful work environment? Here are five common characteristics that make a work environment unhealthy.

1. **Communication problems.** When there are communication problems across multiple areas including stakeholders, and customers, you need to pay attention. Without effective communication, working together to accomplish the organisation's goals is virtually impossible.
2. **Inconsistency in following policies.** We've all been on the receiving end of a company where the left hand doesn't seem to know what the right hand is doing, and you get pushed around from one inept person to another. This results in chaos and everyone hates dealing with your company – which means they'll probably find someone else.
3. **Narcissistic leaders.** When everything revolves around the leader and everyone is walking on eggshells around them – beware. Beware especially if you are that leader. While these leaders may appear to be successful for a while, over the long term their attitudes and actions catch up with them. Trust and teamwork deteriorate in their areas. They have a high turnover rate in their departments and will eventually destroy the health of the organisation.
4. **Festering dissent.** All employees like to grumble, but there's a level at which it becomes poisonous. When it pervades all aspects of your workplace resulting in team members starting to withdraw, or they stop interacting with others (except in a very defensive manner) then the problem is real.
5. **Physical and emotional health effects.** If many of your employees are starting to have physical or mental health issues, it may be that the workplace is damaging them. Employees may become discouraged and depressed, while some might be

more irritable, touchy and exhibit problems managing their anger. Others experience anxiety and a general sense of dread when they think about work. These symptoms can lead to increased use of alcohol, prescription drugs or illegal substances.

One of the early warning signs is a high turnover of employees – if you are constantly having to search for new talent, and no one seems to stick around – it may be time for some reflection on the state of your workplace.