



Be humble, be hungry ethos



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Introduction

Rectron was established in 1995 by Mark Lu as a highly competitive information technology and consumer electronics company. Today Rectron Holdings is a 100%-owned subsidiary of Mustek and is the leading computer components distributor in Southern Africa, specialising in components, peripherals, computers, notebooks and consumer electronics to resellers, systems integrators and computer dealers. Its vendor base is extensive and includes GIGABYTE, Intel, Microsoft, Sony, Transcend, TomTom, Samsung, Leadtek, LiteON, PCM (Powercom), Acer, Symantec, Seagate, ZyXEL, Epson, Western Digital, Sony and AMD. The company has made significant investments into its vendor partnerships allowing it to supply its customers with quality products at competitive prices.

Instead of supporting big multinational and global brands, Rectron's expertise lies in taking relatively unknown brands and transforming them into trusted household names.

What differentiates Rectron is its ability to be a one-stop shop for the IT industry as well as its superior customer service. To ensure high levels of customer service the company handles all its own repairs, maintaining that outsourcing to a third party can impact negatively on the levels of a service a company is able to offer, and offers free delivery in its own fleet of vehicles.

Operating throughout South Africa in Johannesburg, where the company's head office is based, as well as Bloemfontein, Cape Town, Durban and Port Elizabeth, and Melbourne and Sydney in Australia, Rectron has grown into a powerhouse with a turnover in excess of R1 billion per annum. Its ability to remain abreast of current trends in the fast-paced and highly competitive IT industry is one of the reasons that the company has flourished in the past 16 years.

The business is structured into three divisions, The White Box PC Business Group, The MNC Business Group and The Consumer Business Group, each of which caters to the requirements of an increasingly demanding industry.



Gerhard Malan – Acting Managing Director and Financial Director

Martin Roets – Operations Director

Antoniet Davids – Human Resources Director

Academic qualifications:
Malan – CA(SA)
Roets – Matric
Davids – Tertiary Academic

Years of experience:
Malan – 8
Roetz – 13
Davids – 13

Mentors:
Malan – Mark Lu
Roets – Mark Lu and fellow directors
Davids – Mark Lu

Time-out activities:
Malan – Golf and adventure biking
Roets – Spending time with his family and friends, biking;
Davids – Spending time with family

Favourite toy:
Malan – Golf clubs, iPhone
Roets – KTM 450, PS3



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Gerhard Malan, Acting Managing Director and Financial Director

Top priorities

Rectron's top priorities have long been its staff, its customers and its suppliers. To this end it pays careful attention to recruitment and finding the right people to suit the Rectron corporate culture. 'We consider our people to be our greatest asset and therefore one of our most important priorities,' reports Acting Managing Director and Financial Director, Gerhard Malan.

According to HR Director, Antonet Davids, 'Education and qualifications are important, but we place more emphasis on finding people who are the right fit, with the required levels of intelligence and dynamism.' The company therefore tends to employ and develop young graduates through a combination of on-the-job training, mentoring, coaching and job rotation. All new employees are sent on an in-depth induction course and are assigned a senior mentor. Job rotation has long been a successful practice at Rectron. 'We encourage employees to move

to different positions within various divisions in the company,' explains Davids. 'We believe this produces a more well-rounded employee who understands the company well and also enables everybody to ultimately find a fulfilling position.'

This is a company that doesn't just talk about caring for its employees: it really does invest in each employee. Management has implemented an open door policy which allows any employee to communicate openly with senior leaders. They also strive to create a pleasant working environment and to this end provide a company sponsored canteen which offers wholesome meals, ergonomically sound work stations, extensive in-house training and learning opportunities, paid maternity leave and above average salaries and performance bonuses.

'We've tried to create a balanced working environment which is fun and entertaining because we do recognise that the



work is tough and can be challenging,' says Davids. 'The average age of employees is 28 and the only way we're going to retain people is by creating a conducive and happy working environment.'

Fulfilled employees in turn are able to deliver exceptional customer service. 'Growth and the company's future success rely on the highest levels of customer satisfaction,' points out Malan.

'We believe that we're only as good as our last customer interaction,' he says. 'Our customer service relies not only on the fact that we're providing customers with the right product, at the right time and at the right price, but also by ensuring that each and every interaction our customers have with us is a positive one.'

At the same time, the company carefully selects its business partners and vendors and invests in these relationships to ensure they're developed for the long-term.

Leadership profile

Rectron's leadership are a dynamic group of young and energetic individuals, all of whom have been groomed through the ranks of

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Industry Sector: IT distribution

Description of business activity: Value-added distribution company, components, consumer electronics, peripherals, service and repair

Products/services offered: Computer components, notebooks, consumer electronics products, peripherals, and so on

JSE-listing: Not listed (although part of a listed group)

Annual turnover: R1.47 billion

Nett profit: R48.6 million

Number of staff: 358

Empowerment Level: 60%

Stakeholders: Employees, customers, vendors, Mustek Holdings

the company. 'It has never been our policy to recruit management externally, instead we prefer to grow our people who understand our culture, our processes and our business,' says Malan.

Each member of the management team therefore has hands on experience of most departments. 'The fact that we have a good understanding of the issues faced by each department undoubtedly makes us better leaders and better managers,' he maintains. 'We believe in leading by experience and from the front, setting a good example and always thinking ahead.'

While titles do exist, they are in essence a little meaningless as each manager works closely with the rest of the team and across all functions. Team work is an essential part of this group's success. 'Although we have our own areas of responsibility and yes, we do each have our own individual strengths, we work very much as a team,' reveals Operations Director, Martin Roets. 'There is no single person in charge and we will all get involved in resolving issues or finding solutions to challenges. Nobody ever turns their back on something because it's not part of their function, for instance.'

Flexibility and adaptability characterise this management team, as do passion for what they do. The rapidly changing pace of development and the rate at which the industry evolves is a major draw card for those with a passion for technology. Rectron's leaders are no exception. 'We are working with technology that has the ability to make a difference in people's lives, its exciting and can become all consuming,' admits Roets. 'For all of us the challenge is to balance our passion for what we do with outside interests.'

The management team are mentored by Mark Lu, CEO and founder of Rectron, who hand picked each of the current management team. Lu, who is based in Taiwan but regularly commutes back to South Africa, remains an integral visionary of the business but leaves day to day management decisions to his more than capable team.

Rectron's agility and flexibility have stood it in good stead in the fast changing industry in which it operates. 'Change is something we do particularly well,' admits Roets. 'We're able to change direction and strategy very quickly when circumstances demand it which has certainly given us an advantage over our competitors.'

The company's culture is epitomised by an open, friendly and supportive work environment.

Innovation is a cornerstone of Rectron's success. The company is renowned for not just keeping up with trends but remaining ahead of its competitors. To encourage staff to come up with innovative ideas, an incentive programme encourages employees to create new ideas which will contribute to the company's success. Employees who come up with ideas that are successfully implemented are financially rewarded and recognised for their contribution. The programme runs across the entire company.

Operating in the highly competitive industry, Rectron is not without its challenges. Foremost amongst these are ensuring sufficient working capital which means the company is strict regarding the terms it imposes. Stock control is another challenge which needs to be carefully handled. Constantly dropping prices are yet another challenge.

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'Exchange fluctuations do impact us in terms of inventory control as we rely on international vendors for many of our products,' admits Malan. 'As South Africans have tightened their belts from a spending point of view, they are increasingly focusing on more affordable IT products, and Rectron is able to meet this demand so ultimately our turnover has not been detrimentally impacted.'

'The past few years have been tough from a trading perspective,' agrees Lu. 'Technology has become increasingly commoditised, consumers have been spending less and margins have been under pressure. In spite of this, Rectron has weathered the downturn through sound financial management and optimising our inventory.' At the same time Rectron made a strategic decision to focus on the creation of new customers and increase the potential of existing customers, a strategy which has paid off.

Rectron's year on year growth is due in no small part to its investment in training and development. 'We made a decision to invest in training and to include motivational courses even during the economic downturn,' reports Isaac. 'The result is an inspired team and levels of employee engagement are high. Our people feel appreciated and acknowledged.'

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'We're well placed for the future,' concludes Malan. 'We've always been first to market, we're agile and flexible and we've never become complacent. Yes, economic conditions may not be optimal but this is when visionary leadership and sound management principles come to the fore and we have already proved that we're able to grow our business in less than optimal economic conditions.'

Employee Quotes

'I am very proud of Rectron's executive management team. Most of them have worked there way up from entry level positions, proving that good leadership has nothing to do with who you are, but rather what your goals and ambitions are. They are committed to growing and improving the company and taking it into the future.'

Mark Lu, CEO

'Rectron's management team perfectly compliment each other in terms of their leadership styles. They epitomise Rectron's 'be humble, be hungry' ethos, and are always approachable, accessible and goal oriented. They have a thorough understanding of the business in particular and the IT industry in general, and encourage each employee to reach their full potential.'

Werner Kuhn, Sales Director

'Rectron's management team are dynamic leaders who are innovative, inspiring and all have a positive outlook. They are great mentors who lead by example. They're involved in every aspect of the business and have a great passion for both the company and the industry in which we operate.'

Kim Walton, Joint Marketing Manager

