



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**Faculty of Commerce, Human
Sciences and Education**

School of Commerce and
Management Sciences

Department of Governance
and Management Sciences

13 Jackson Kawjeua Street T: +264 61 207 2398
Private Bag 13388 F: +264 61 207 9398
Windhoek E: dgms@nust.na
NAMIBIA W: www.nust.na

QUALIFICATION: Bachelor of Business Management Honours	
QUALIFICATION CODE: 08BBMH	LEVEL: 8
COURSE: Strategic Management	COURSE CODE: SMM811S
DATE: November 2024	SESSION: PAPER 1
DURATION: 3 Hours	MARKS: 100

FIRST OPPORTUNITY EXAMINATION PAPER

EXAMINERS: Ms Esther Olivier

MODERATOR: Dr Chris van Zyl

**THIS QUESTION PAPER CONSISTS OF TWO (2) PAGES
(INCLUDING THIS FRONT PAGE) AND A CASE STUDY)**

INSTRUCTIONS TO CANDIDATES

1. The required length of the Report is between six (6) and eight pages (8), including the indent reference list.
2. Please ensure that your answers are written clearly and legibly. Avoid using cursive or illegible handwriting. Answers that are difficult to read will result in lost marks.
3. You are allowed to refer to your notes, textbooks, and the case study during the examination. However, all answers must be presented in your own words.
4. Ensure that you allocate sufficient time to each section of the report according to the percentage weightings provided. It is crucial to manage your time effectively to cover all sections comprehensively.
5. Where applicable, include references within your answers to support your analysis. Follow APA referencing style for in-text citations and the reference list at the end of the report.
6. All answers must be written in the examination book provided. Ensure that you number your answers correctly and follow the report structure as outlined.

QUESTION 1

Study the case study “Livestock Wealth: crowd farming for wealth creation”.

By Amanda Bowen, Claire Beswick and Richard Thomson

Required: Present a Report and consider the following variables:

1. New Government Regulation: A cap on the number of livestock an individual investor can own through crowd farming platforms, limiting ownership to 50 head of cattle per investor.
2. Sustainable Agriculture Mandate: All agricultural investment platforms must now allocate at least 20% of their investments towards sustainable, environmentally friendly agricultural practices.
3. Continued Drought in the SADC Region: Ongoing drought conditions affecting livestock and agricultural productivity across the Southern African Development Community (SADC) region.

The Report should cover the following:

Criteria	Weighting (%)
1.1. Executive Summary	10%
1.2. Organisational Goals & Objectives	5%
1.3. Comprehensive SWOT analysis giving due consideration to the additional variables	30%
1.4. Current strategic position	15%
1.5. Discussion and findings	15%
1.6. Recommendations	10%
1.7. Conclusion	5%
1.8. UK academic English, in-text references and the indent reference list	10%

Total for assessment=100%

END OF THE ASSESSMENT

Livestock Wealth: crowd farming for wealth creation

Amanda Bowen, Claire Beswick and Richard Thomson

By February 2022, Ntuthuko Shezi, the founder and chief executive officer (CEO) of Livestock Wealth, had turned his idea of “crowd farming”, which enabled anyone to invest in living farm assets and earn a profit at harvest, into a full-fledged business that was creating wealth for both investors and farmers. Although Livestock Wealth had just started to turn a profit, Shezi had bigger goals. He wanted to ensure that, across Africa, there would be “no ground that is not planted with something of value”, which will stimulate the economy of the areas around the farm and create wealth for the community [1]. To make his dreams a reality, Shezi now had to decide what direction to take in terms of both business growth and marketing strategy to attract sufficient investment into Livestock Wealth.

Amanda Bowen, Claire Beswick and Richard Thomson all are based at The Case Centre, Wits Business School, University of the Witwatersrand, Johannesburg, South Africa.

Livestock Wealth: origins and concept

Shezi was a born entrepreneur – his parents and grandparents were all formally employed and always involved in some sort of side business. In 2006, Shezi left a promising career as a consultant at Accenture (a global consulting firm) to start Scratch Mobile, a panel-beating business that operated from OR Tambo International Airport in Johannesburg. Shezi used this business for the initial funding of Livestock Wealth (see Exhibit 1 for a photo of Shezi).

The idea of “crowd farming” came to Shezi in 2011 when he wanted to buy a farm but could not obtain the necessary finance. “One of the biggest problems that farmers face is the time it takes – months at least, sometimes years – before they can realise the value of their assets, and in that time, they have to spend money and time on growing and maintaining that asset”, he observed. “This creates a massive cash flow dilemma, as conventional lenders in South Africa don’t accept growing assets as collateral.”

Because owning cattle held such an important place in the African culture, Shezi believed that there were several individual investors who would like to own cattle but did not have the time or the expertise to farm them. “I don’t know a single black person who doesn’t want to own cattle”, he said. Hence the concept of crowd farming – linking investors who had the money with farmers who had the capacity to farm but needed funding to be able to grow.

Social impact

Shezi believed that crowd farming could have positive spin-offs for the rural communities around the farmers who benefitted from the investment. This was an idea that held substantial appeal for him. Shezi had been selected to be part of the Clinton Democracy Fellowship [2] in 2005. During this fellowship, he learned the concept of “doing well by doing good” and spent some time with the CEO of Timberland, a US-based outdoor footwear and clothing company that aimed to give effect to this concept.

Disclaimer. This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision-making. The authors may have disguised names; financial and other recognisable information to protect confidentiality.

When Shezi was thinking of starting Livestock Wealth, Scratch Mobile was doing well. But one question kept cropping up in his head: "Am I really doing everything I can to change the world? Is fixing cars really changing the world?"

From his experiences, while growing up, he knew that owning cattle could provide economic opportunities for people in rural areas. His parents and grandparents had been small-scale farmers and, at the same time, were working formal, low-income jobs. Because of their effort and the income generated from farming, he received a good education, and his family was now in a position where Shezi's daughter could now, for example, decide to become "a ballerina without anybody worrying where the money is going to come from."

At the same time, he believed that the value of cattle was underestimated by those who farmed on a small scale and that cattle could become a form of currency. South Africa is "the most unequal country in the world. We lead in inequality. This means that on one side of the road there is healthcare for a few people who can afford medical aid, and on the other side of the road, there is a questionable facility where people are condemned to die", he explained, telling the story of a friend who had died in a public hospital because his friend's father did not have sufficient money to pay for care in a private hospital. Yet when Shezi went to his friend's funeral, he saw 30 or 40 cattle in the father's kraal [3]. The cattle were worth at least a half a million rand.

Shezi believed that Livestock Wealth offered a solution. "For me, the world I am creating is one where farmers across Africa can realise the value of their cows today. The cows are on our database. They are tracked with our tracking system. We can guarantee the owner's creditworthiness based on how many cows they have. I want to create an Africa where there is no piece of ground that is not planted. In that world, everyone will be able to have a choice to stay alive."

Developments in technology would make this possible, with a mobile app that allowed investors to select where they wanted to invest their money and make the necessary payment on the app using a debit card, credit card, bank transfer or electronic funds transfer (Livestock Wealth, 2023e).

A small but influential industry

According to research conducted by Statistics South Africa (Stats SA) in 2018 (latest figures), around 14.8% of South African households were involved in agricultural activities of some sort, and of these, almost 76% did not rely solely on agriculture for their food production but had to find other sources of food. The figures indicated that households involved in agricultural activities often focused on more than one activity, with 50% being involved in grain production such as maize and sorghum, 53% in growing fruit and vegetables, close to 50% farming livestock and 37% farming poultry (South African government, 2023).

Commercially, the sale of livestock products (the animals themselves as well as meat, milk, eggs and related products) generated the greatest income for farmers, accounting for 48% of agricultural sales in 2019. Horticulture followed, accounting for 27% of sales, and then field crops such as maize, sugarcane and wheat (19%). Poultry was an important source of income, with the total value of sales from chicken products (R58.1bn) being very close to that generated by the field crop sector in its entirety (R61.9bn) (Stats SA, 2021) (see Exhibit 2 for agricultural production in South Africa).

Large enterprises dominated the sector, earning just over 60% of the income. However, with 22.4% and 9.1% of income, respectively, small and micro-enterprises contributed more than medium enterprises, which generated 8.3% of income (Stats SA, 2019).

In terms of challenges faced by the agricultural sector, International Labour Organisation (ILO) researchers noted that employment creation in the formal sector was not keeping

pace with growth in the labour force, and they concluded that agriculture and the formal economy would have to “absorb a large share of these new workers into remunerative work otherwise the region will experience escalating economic, social and political challenges associated with youth unemployment” (Jayne, Yeboah and Henry, 2017).

Furthermore, because of competition for arable land, coupled with intergenerational subdivision of land, median farm sizes were shrinking to such an extent that it was impossible to generate surplus production. Many smallholders were left with small plots that were degrading owing to continuous cultivation without sufficient integrated soil fertility management, while population pressure was increasing the price of land in the area, making it difficult for young people to buy land (Jayne *et al.*, 2017).

The ILO researchers highlighted the power of agriculture to improve the economy of a country. In countries such as Ethiopia and Rwanda, for example, they had effectively increased farm productivity; there was also faster poverty reduction, increased productivity in non-farming sectors and quicker migration of the labour force from farming into the broader economy (Jayne *et al.*, 2017).

Setting up Livestock Wealth

Shezi came up with the idea for Livestock Wealth in 2011, then “let the power of time help [him] to solve the problem of how to implement it.” So it was only in July 2014 that he saw a patent attorney at the law firm Adams & Adams (chosen because he drove past their offices every day on his way to work at Accenture). “I was so fortunate that I met Tumelo Mashabela, this brilliant attorney at Adams & Adams”, he said. “I downloaded all the information I had in my head to her. She then crystalised it and started creating what became our first IP [intellectual property] – our method of investing in livestock and our way of operating the system. Because of this patent, no-one else can use the same livestock investment model that Livestock Wealth uses.”

Although his business model subsequently changed to one where Livestock Wealth was the intermediary between farmers and investors, in the beginning, Shezi had thought that Livestock Wealth should run the farms and own the cattle in which people invested. Thus, in October 2014, with the patent he had obtained in July of that year, Shezi set about trying to buy a farm. He received information from a contact at the Land Bank (a government-owned development finance institution) that a farm was available in the Blood River area of KwaZulu-Natal, and so he went to meet the farm owner, Bill Van Lelyveld, in December 2014. Shezi took a gamble and told Van Lelyveld about his vision. Van Lelyveld was so impressed with his idea that he agreed to lease Shezi a portion of the farm where he could keep 40 cows.

Although Shezi had grown up with cattle, he lacked any commercial farming experience. Van Lelyveld subsequently became an advisor at Livestock Wealth and was particularly helpful about commercial farming.

On 26 March 2015, using money borrowed from Scratch Mobile, Livestock Wealth bought its first 40 heifers [4]. Van Lelyveld went with Shezi to inspect the heifers and then allowed those who were not already pregnant to breed with his bulls. “With him in the picture at the time, I didn’t have to worry about the cows”, said Shezi. “Every month he would send me an invoice for rental. In fact, you could say that from the get-go we had pretty much outsourced the cows, which really helped. I could focus on getting interest in people buying cows online.”

Establishing the infrastructure

With all of this in place, Shezi started working full-time for Livestock Wealth in 2015 and began the process of establishing the company and attracting investors. “It was quite a bit

of work to set up before going live", he recalled. "We were doing something that no-one had done before, so had to set everything up from scratch." He worked without external funding, relying only on Scratch Mobile to fund Livestock Wealth.

Shezi secured a space at the Innovation Hub in Pretoria, a business incubator dedicated to fostering entrepreneurship and incubating new innovative companies. He then employed Donald Ngundu, who had a degree in agriculture, with the idea of combining both of their skills to establish the business. Shezi put him in charge of discussions with the industry regulators – the Financial Services Board, which became the Financial Services Conduct Authority (FSCA) in 2018, and the National Credit Regulator. Because Livestock Wealth was to offer financial services, the organisation needed to be registered with the relevant authorities. Livestock Wealth was also registered as an agricultural producer agent with the Agriculture Producer Agents' Council (Livestock Wealth, 2023d).

An important concern was that of building the app. Getting this right was crucial for the success of the business because Shezi planned to use the app as the primary means by which investors interacted with Livestock Wealth. "We relied very heavily from day one on the fact that technology can bridge the gap between the investor and the farmers. It's always been our mantra", explained Shezi. "The farmers have the cows, but they don't have a storefront. That is what we provide."

In April 2015, he employed a technology company to start building the app, using software that was originally developed for online clothing retail and adapting it to suit Livestock Wealth's needs. The app had to be developed by July 2015, in time for the Global Entrepreneurship Summit in Kenya. This summit was being held in Africa for the first time that year, and Barack Obama, then president of the USA, was scheduled to speak at the summit. Shezi had managed to secure this opportunity because, in 2013, he had been part of the Mandela Washington Fellowship, a programme organised by Obama. The development of the app took much longer than anticipated, and, in the end, it was ready just in time for the conference. "You can imagine that Obama is coming to this continent for the first time ever, and it's a shiny stage for us to present our app, and it was not working!" exclaimed Shezi. "So when I left for Kenya, the developer told me, 'When you get to Kenya in the morning, it will be working.'"

The app was working, although it still needed some refining and was fully functional only by the end of September 2015. This app served Livestock Wealth well in the early days. Then, as the company grew, it developed its own app that could cater to all its business requirements across the life cycle of the company.

With the fully functional app, Livestock Wealth was formally launched on 13 October 2015, and Shezi enlisted the help of a friend, Tumi Sebambo, to stabilise the company and oversee its operations. Shezi described her as being "between gigs", and she consulted for Livestock Wealth for six months. "The thing with start-ups is that getting people is difficult. Highly skilled people want to command a good salary, but start-ups don't have a lot of money", said Shezi.

Attracting attention

Now that all the systems were in place, Shezi had to get the word out about his new company. Ngundu was instrumental in helping Livestock Wealth attract attention at Web Summit, an event described as "the world's premier tech conference" (Web Summit, 2023). "We had applied to be at the Web Summit [which took place in Dublin, Ireland, in November 2015] and we had to find a way to stand out. When we were doing preparations for the summit, Donald [Ngundu] said to me, 'Shezi, present the big thing. Present the moonshot. Tell them that you want to make cattle the new currency.' And I started pitching that, and people were blown away. We even got a mention in *Tech Crunch* [5]. That was a great

achievement, considering that most companies sent a team, but we could only afford to send me."

Livestock Wealth's next task was to attract people who would invest in its cattle. Shezi did not do this by making use of his networks. Instead, he wanted the business to speak for itself. "I've always been a believer that a business is not a business until I've found a paying customer. And if that customer knows me, it's not really the same. It would be a cross between business and charity. If it's someone who has a problem – and the problem is that they want to own cattle – then I can say, 'Here, I've got cattle. You can go out and see them if you want, but you don't have to do that. There is an app. You can log in and buy now'", he explained.

He was fortunate that his wife, Sibongile Shezi, was a public relations practitioner, and together with her, Shezi designed a launch campaign that involved various media events. "When we launched, there was e.tv, the Sowetan and City Press there, and we shared what we had created and how it worked." This campaign generated a lot of publicity through newspaper articles and television interviews [6]. In turn, these were helpful in attracting the first investors.

Growing the business

In the past six years since Livestock Wealth launched, its business model evolved. "When we started, the investor was the owner of the cow for life and paid us a monthly fee for managing the cow. When it got old, we would sell it and replace it for them. We had imagined that we would be able to replace ageing cattle with calves born to the females, and sell the rest for a profit", explained Shezi.

However, in 2019, when Shezi wanted to start growing the business, he realised that one of the main constraints to growth was the time required for running the farms. "There was a lot of time spent leasing farms and travelling to the farms to try and be a good farmer. But the scarcity of land meant that we had three farms eight hours from each other." This situation was difficult to sustain.

"And speaking to investors as well, we discovered that the aspect of the business that is scalable is the technology platform part. So we started to convert ourselves from being farmers to being a matchmaker between farmers and investors. It was a big metamorphosis for us. We had to uncouple the business into a farming arm and a technology arm, where we track the cows and earn a commission from connecting the farmer and the investor", said Shezi.

However, he was not entirely happy about having to make the change. "I was angry and upset with this 'uberisation' of everything", he explained. "People were saying that they liked the tech part, but they didn't like the cows. But for me, even to this day, I'm opposed to this. It's okay in the USA, where everything works. In the USA, you can wake up today and start a company that ships coffee mugs to anywhere in the USA, and they can deliver the stuff within 24 hours, because there's a road network, there's a delivery network, there's a payment network. And they all work. In South Africa, I can't do that. If it's in a rural area, I can't get there because the road is made of gravel, there is no address because there is no address system. So, I can't do in South Africa what I could do easily in America."

"That short-sightedness prevents long-term benefits", he continued. "For example, in our case, we know how impactful our work can be for agriculture on the continent. But we also know that there is a lot of other supporting work that needs to be done. For Livestock Wealth to support a farmer in Ndwedwe [a rural area northwest of Durban], we will have to spend a month training the farmer, getting them to visit commercial farmers and become really excited about farming at that level. So, the fact is that Livestock Wealth has to invest in the farmers, otherwise there is nothing for the investors to invest in."

Still, becoming the matchmaker between the farmer and the investor had freed Shezi to grow the business and expand its product range. And this helped Livestock Wealth to grow as a company.

Expanding the product range






By 2022, Livestock Wealth offered investors the opportunity to make a range of different agricultural investments. Figure 1 indicates the range of investments available.

Shezi explained how investment in a pregnant cow worked: "The point at which a pregnant cow creates money is 12 months from the time when you pick up that she is pregnant – she gives birth after nine months gestation. But you can only test for pregnancy at three months. So, six months thereafter, she drops a calf. Then the calf grows – when it's born it weighs about 29 kg and it's supposed to pick up 1 kg a day from its mother's milk. When it's six months old, it weighs around 200 kg. It is sellable and it can generate income for the farm. At this point [12 months after the investment was made], the farmer buys back the mother from the investor for the amount that the investor paid for it, plus a portion from the sale of the baby (about 25%)."

Shezi prompted the decision to offer the opportunity to invest in macadamia trees as he wanted to prove to investors that the Livestock Wealth system could work with more than just cattle. "I have to be honest that most people did not take cows seriously. We wanted to show that this is something that can work to fund a whole lot of other projects: coffee beans, avocados, etc.", he explained. He chose macadamia trees because they produced a high-value crop, but it took six years before the trees produced a crop that could be harvested. "Only farmers with deep pockets can grow macadamias. If you go to White River or Tzaneen [areas in the provinces of Mpumalanga and Limpopo], most of those farms are owned by investors in London, who come in once a year in a helicopter", he asserted. "But the normal farmer can't afford to have something in the ground for six years and look after it for six years before it gives the first cent in income. So here is a problem that we can solve by finding investors with patient capital to put into this."

He had a similar motivation for starting to offer investment opportunities in horticulture. "There are farmers who can supply the big retailers, but they don't have the capacity to

Figure 1 Investment opportunities offered by Livestock Wealth in 2022

	 LIVE STOCK WEALTH PRIOR FARMING WEALTH	 MACADAMIA NUT TREE	 FREE RANGE OX	 PREGNANT COW	 CONNECTED GARDEN
Term		6 years	6 months	12 months	5 years
Price		R2,000	R11,529	R18,730	R8,200
Profit		R1,948 – R2,164	R576 – R807	R1,873 – R2,622	R5,000 (R660 received quarterly over five years)
% Profit		95% – 105%	5% – 7%	10% – 14%	61%
Total Return		R3,948 – R4,164	R12,105 – R12,336	R20,603 – R21,352	R13,200

Source: Livestock Wealth (2023g)

produce more food", he said. "We say, 'You do the farming, you know what you are doing. We will fund you to get the tunnels [7] for farming and you just pay rental for the tunnel.'"

By 2022, Livestock Wealth managed around R100m in assets on farms located mostly in the North West, KwaZulu-Natal, Mpumalanga and Free State provinces (Livestock Wealth, 2023b). Looking to the future, Shezi noted, "What I'm learning now is that in the future there will probably be fewer cows. Because cows move. And you find that farmers have sold the cows, but they haven't paid us, and now we must recover the money. But with a tree, it's there. It can't move. There is more control and less risk."

Livestock Wealth charged a commission (which varied from product to product but averaged 5% per annum) for brokering the investments that the company offered.

Securing partner farmers

When Livestock Wealth made the transition from being the farmer to being the matchmaker, Shezi initially sought to secure partner farmers from the network he already knew and trusted. However, by July 2021, Livestock Wealth had completed work on a farmers' app, a free tool that farmers could use to indicate that they were looking for investors. Registering on the app kickstarted Livestock Wealth's verification process, in terms of which it sought to verify that the investors could have confidence that the farmers would be able to deliver on their investment.

Partner farmers accessed affordable health care and nutrition products for their animals through Livestock Wealth's mobile app and local animal health partners. In addition, Livestock Wealth provided animal tracking protection – initially developed in partnership with mobile network provider MTN and mobile phone company Huawei. This solution provided farmers with real-time information on the location of their cows and reduced the risk of theft (Livestock Wealth, 2023c).

By January 2022, Shezi's company had more than 30 vetted partner farmers, most of whom operated large- or medium-sized farms. The biggest farm was a cattle farm with a capacity for 5,000 cattle. On the other end of the spectrum were farmers with between 20 and 50 head of cattle, where Livestock Wealth provided funding for only up to 50% of the herd. Most of the farmers receiving funding from Livestock Wealth investors were beneficiaries of the government's land reform programme, in terms of which the government owned the land and leased it to the farmers for a fee. "But they don't have the funding to fill up the farm to capacity. They can rear 500 cows, but only have 100", noted Shezi, adding, "We are trying to strike a balance between the two [established commercial farmers and land reform farmers]."

Shezi saw his primary role in Livestock Wealth as that of managing relationships with the partner farmers. "If you focus on the farmers, then the investors will find ready stock", he said. "If the shelves are full, the investors will buy."

Growing the investor base

Since 2015, Livestock Wealth gained over 3,500 local and international investors who had invested over R120m in its products. Livestock Wealth's largest individual investor had invested R2.7m. The lowest possible investment was R2,000, the amount paid for one macadamia tree. The median investment size was about R30,000.

Livestock Wealth's method of attracting investors changed slightly over the years. However, the company continued to use marketing tactics similar to those it had used in the beginning – public relations activities coupled with campaigns on Facebook, Instagram, LinkedIn and Google Ads. For six months in 2021, the company used a billboard on the M1 freeway (which linked the northern and southern suburbs of Johannesburg). Shezi found

this to be useful in gaining recognition for the brand, but unlike the social media campaigns, it was difficult to know whether the billboard had led directly to any actual investment.

The company's website was an important component of Livestock Wealth's business, as it constituted the primary interface between investors and the company. It provided comprehensive information about Livestock Wealth, featuring videos and recorded seminars where Shezi explained how the products worked and the benefits to the farmers and investors. "Your investment helps create jobs and enables the farmers to produce healthy food while creating shared wealth. You are investing in living, breathing livestock and growing crops, not invisible shares. These types of assets are always in demand", declared the site (Livestock Wealth, 2023f).

Much of the company's marketing still revolved around Shezi, putting him in the public eye and telling the Livestock Wealth story. "I call it the curse of not having a marketing budget", he said, "because to be honest if we had the budget, I'd just put ads out there."

The aspect of Livestock Wealth's marketing campaigns that changed was that the company no longer cast its net so wide when looking for investors. "In the past, we said that anyone with money to buy a cow should buy a cow. We didn't have much focus", noted Shezi. As a result, the company responded to queries from people who did not have enough money to invest in its products. "And then we learned over time that it's not about who we want our customers to be, but what the information that we have in our possession tells us about our customers", he said:

"So, we started studying our customers. Who are they? Are they rich people or poor people? Do they have a matric, tertiary or postgraduate education? We've got their addresses, so we googled their addresses and looked at their house from the outside, asking, 'Does it look like the house of a rich person or a poor person? Does it look like a 702 Talk Radio [8] person or a YFM [9] person?' We had to really try and create this persona."

This exercise showed Shezi that approximately 60% of Livestock Wealth's investors were black males between the ages of 38 and 55 and were mostly based in Gauteng province in South Africa. The profile of larger ticket investors – those who invested more than R200,000 – was different, consisting largely of white and South African Indian investors and a good representation of international investors, most of whom lived in Germany. "But one needs to keep a handle on it almost every quarter because it can change", he warned. "We have to keep track constantly so that we are not marketing to last year's customer." The benefit of conducting this exercise was that Livestock Wealth was able to be more selective about its marketing opportunities, using only those that would speak to its target investors.

His wife, Sibongile, continued to be responsible for Livestock Wealth's marketing, but by 2021, she was on the company's payroll and no longer acting as an unpaid consultant.

Putting in place the right structures

By 2022, Livestock Wealth was no longer located at the Innovation Hub in Pretoria and now had its own premises in Houghton Estate in Johannesburg. The company still relied on consultants for marketing and some of its technology development but it had 20 permanent employees. Shezi also hired a full-time chief operating officer and strengthened the accounting team. He continues to keep a close eye on the company's finances, including signing off all payments, so that he could be sure that the company did not overspend (see Exhibit 3 for the profit and loss statement).

Shezi employed people at the managerial level to help him to run the company, which gave Shezi more time to focus on selling the concept to farmers and building relationships with farmers and funders.

Looking to achieve the big vision

Livestock Wealth achieved success, and Shezi was recognised for his efforts. In 2020, he won the title of IT Personality of the Year at the Institute of Information Technology Professionals of South Africa annual President's Awards.

Growing Livestock Wealth even further was now at the top of his list of priorities. He believed the company was ready to go to the next level, and he wanted to get closer to achieving the grand vision of empowering agriculture across Africa that had motivated him to start the company in the first place. Shezi felt an added burden to succeed: "In South Africa you can literally count successful black entrepreneurs – people who created billion-rand companies from scratch – on two hands. There is always that responsibility – we make up so much of the population, but so few have started successful businesses. With everything I do, there is that burden on my shoulders that I can't mess this up. Lots of people are looking at you to succeed. It's like a guiding light" (The Anzisha Prize, 2020).

He had received requests from people in countries across Africa to come and replicate the model in their country, but he had not acted on any of these requests, because he was unsure of how to go about it. "Do we open up there ourselves, or do we find a local partner who knows the environment and can galvanise the farmers and navigate the politics?" he asked. "How do you move money in, and how do you move it out if an investor is investing from the US in dollars? What currency do you invest in? Do we use a franchise model, or do we run it ourselves? How do we grow and retain profitability and control of the technology?" There was also the issue of valuing and confirming the quality of farming assets in other countries.

Shezi knew that regardless of how he chose to expand the business, he would need outside funding to achieve his goal for Livestock Wealth. Additional funding would enable him to address his biggest challenge: attracting staff who had the ability to create the technology that would enable the growth he envisaged. "Having those people in our corner would multiply the work that we have done and help us to move with greater speed. Where we can move in a year with a small team, with an expert team, we could get there in a quarter and achieve that kind of speed", he said. "But most of them earn upwards of R2 million a year. Now R2 million a year is our payroll last year – for all of us!"

Opportunities and competition

While Livestock Wealth continued to operate in a niche market, in 2018, Fedgroup, South Africa's largest independent financial services group, introduced an impact investment product that operated similarly to that of Livestock Wealth. The product allowed investors to use an app to invest directly in blueberry bushes, lettuce stacks, moringa trees, macadamia trees, honey and solar panels. The amount invested could be as little as R500, and Fedgroup promised returns of between 10% and 12%. Investors were paid for the yields when the products were harvested and sold to Fedgroup's contracted customers (Fedgroup, 2018) [10].

The development of this product was in response to the growing popularity of the concept of impact investment, in terms of which investors sought to fund activities that brought both a measurable social benefit and solid financial returns. In 2010, JP Morgan (a global investment bank), the Rockefeller Foundation (a private philanthropic foundation) and the Global Impact Investing Network (GIIN) estimated that by 2020, impact investment globally could amount to between US\$400bn and US\$1tn (Lamy, Leijonhufvud and O'Donohoe, 2021). Research conducted by the GIIN in late 2019 showed these predictions to be accurate, valuing the global impact investment market at US\$715bn. "The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare and education", noted the organisation (Global Impact Investing Network, 2023). A survey conducted in South Africa in 2017 by Schroders, a global

investment manager, showed that 81% of South African investors placed greater importance on sustainable investment (Prescient Investment Management, 2021).

Decision point

Keywords:
Africa, Agriculture,
Constructivism,
Crowd farming,
Entrepreneurship, Farming,
Investment, Livestock,
Marketing, Strategy,
Marketing strategy

Shezi knew there was great potential for Livestock Wealth to make a positive impact in the South African and African investment space while also making a positive social and environmental impact.

The questions faced by Shezi were what direction to take in terms of business growth and how to improve his marketing strategy to attract sufficient investment into Livestock Wealth to make his dreams a reality.

Notes

1. Unless otherwise specified, all of the information in this case comes from: personal online interviews with Nthutuko Shezi, 26 May 2021; 16 September 2021; 20 October 2021; and 11 November 2021.
2. An initiative of former US President Bill Clinton. The Clinton Democracy Fellowship aims to inspire the development of citizen service programmes throughout the world by bringing together young leaders from across the globe for a year-long programme in the USA and providing a stipend to enable them to do this [Source: Global Giving (2023)].
3. An enclosure for cattle or sheep.
4. A heifer is a young cow over one-year old that has not yet produced a calf [Source: Dictionary.com (2023)].
5. See <https://techcrunch.com/2015/11/05/our-pick-of-21-interesting-startups-from-web-summit/> for the article.
6. See <https://livestockwealth.com/press/>
7. A greenhouse tunnel of about three metres with ribs made of PVC pipe and covered in a layer of white, UV-resistant greenhouse plastic. [Source: Grant (2022)]
8. A talk radio station broadcasting in Gauteng with a mostly male listenership, 60% of whom are black African, half of whom are between the ages of 35 and 54, and 55% of whom are in the highest socio-economic measure categories of nine and ten [Source: Primedia Broadcasting (2023)].
9. Johannesburg-based YFM targets a young black African audience, with a mix of 75% music and 25% talk. It characterises its audience as young, imaginative, curious, ambitious and "continuously seeking new ways to improve their lives and their communities so that they are able to lead successful and rewarding lives" [Source: Bizcommunity (2023)].
10. See www.fedgroup.co.za/ventures/impact-farming
11. *Instructor's note:* The case writers were provided with limited financial information, that is, the profit and loss statement (refer Exhibit 3 of the case study). At the time of writing the case study, Livestock Wealth did not wish to provide detailed financial information.
12. The main objectives of the Southern Africa Development Community include regional economic development, peace and security, collective self-reliance and the alleviation of poverty. The 16 member states include Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe [Source: SADC (2023)].
13. For MS Teams, see: <https://support.microsoft.com/en-us/office/use-breakout-rooms-in-teams-meetings-7de1f48a-da07-466c-a5ab-4ebace28e461> and for Zoom, see: <https://support.zoom.us/hc/en-us/articles/206476093-Enabling-breakout-rooms>

References

- Fedgroup (2018). Innovative app drives impact investing at grassroots level. 15 October. Retrieved from www.fedgroup.co.za/news/press-releases (accessed 13 February 2022).
- Fedgroup (2023). Impact farming: overview. Retrieved from www.fedgroup.co.za/ventures/impact-farming (accessed 13 February 2022).

Global Impact Investing Network (2023). What is impact investing?. Retrieved from <https://thegiin.org/impact-investing/need-to-know/> (accessed 13 February 2021).

Jayne, T., Yeboah, F. K., & Henry, C. (2017). The future of work in African agriculture: Trends and drivers of change. Working Paper No. 25, International Labour Office. Retrieved from www.ilo.org/wcmsp5/groups/public/-dgreports/-inst/documents/publication/wcms_624872.pdf (accessed 14 September 2021).

Lamy, Y. S., Leijonhufvud, C., & O'Donohoe, N. (2021). The next 10 years of impact investment. *Stanford Social Innovation Review*, 16 March. Retrieved from https://ssir.org/articles/entry/the_next_10_years_of_impact_investment# (accessed 13 February 2022).

Livestock Wealth (2023a). About us. Retrieved from <https://livestockwealth.com/about-us/> (accessed 14 June 2023).

Livestock Wealth (2023b). Common questions: Where are our farms?. Retrieved from <https://livestockwealth.com/investments/pregnant-cow/> (accessed 8 September 2021).

Livestock Wealth (2023c). Farmers. Retrieved from <https://livestockwealth.com/farmers/> (accessed 9 September 2021).

Livestock Wealth (2023d). Home. Retrieved from <https://livestockwealth.com/> (accessed 9 September 2021).

Livestock Wealth (2023e). Invest in less than five minutes. Retrieved from <https://livestockwealth.com/investments/pregnant-cow/> (accessed 8 September 2021).

Livestock Wealth (2023f). Real wealth, real impact. Retrieved from <https://livestockwealth.com/investments/pregnant-cow/> (accessed 8 September 2021).

Prescient Investment Management. (2021). Impact investing: businesses with an impact investment mindset are more likely to be successful in the long term. *Daily Maverick*, 9 August. Retrieved from www.dailymaverick.co.za/article/2021-08-09-impact-investing-businesses-with-an-impact-mindset-are-more-likely-to-be-successful-in-the-long-term/ (accessed 13 February 2022).

South African Government (2023). Agriculture, land reform and rural development. Retrieved from www.gov.za/about-sa/agriculture (accessed 13 September 2021).

Stats SA (2019). Agricultural Survey (Preliminary): 2019. Retrieved from www.statssa.gov.za/publications/P1101/P11012019.pdf (accessed 14 September 2021).

Stats SA (2021). These goods drive South African agriculture. 27 May. Retrieved from www.statssa.gov.za/?p=14370 (accessed 13 September 2021).

The Anzisha Prize (2020). Hall of fame: Thando Hlongwane and Ntuthuko Shezi. *African Leadership Academy*, 13 July. Retrieved from www.youtube.com/watch?v=0JPj1sH0VVs (accessed 21 February 2022).

Web Summit (2023). What is Web Summit? Retrieved from <https://websummit.com/> (accessed 9 September 2021).

Livestock Wealth (2023g). Investments. Retrieved from <https://livestockwealth.com/investments/> (accessed 8 September 2021).

Global Giving (2023). Clinton democracy fellowship. Retrieved from www.globalgiving.org/projects/clinton-democracy-fellowship/ (accessed 21 February 2021).

Dictionary.com (2023). Heifer. Retrieved from www.dictionary.com/browse/heifer (accessed 14 June 2023).

Grant, A. (2022). What is a solar tunnel – learn about gardening with solar tunnels. *Gardening Know How*. Retrieved from www.gardeningknowhow.com/special/greenhouses/gardening-with-solar-tunnels.htm (accessed 21 February 2022).

Primedia Broadcasting (2023). 702 Station profile. Retrieved from https://cdn.primedia.co.za/primedia-broadcasting/image/upload/v1638813772/702_Station_Profile_Nov_2021_yjaajm.pdf (accessed 21 February 2022).

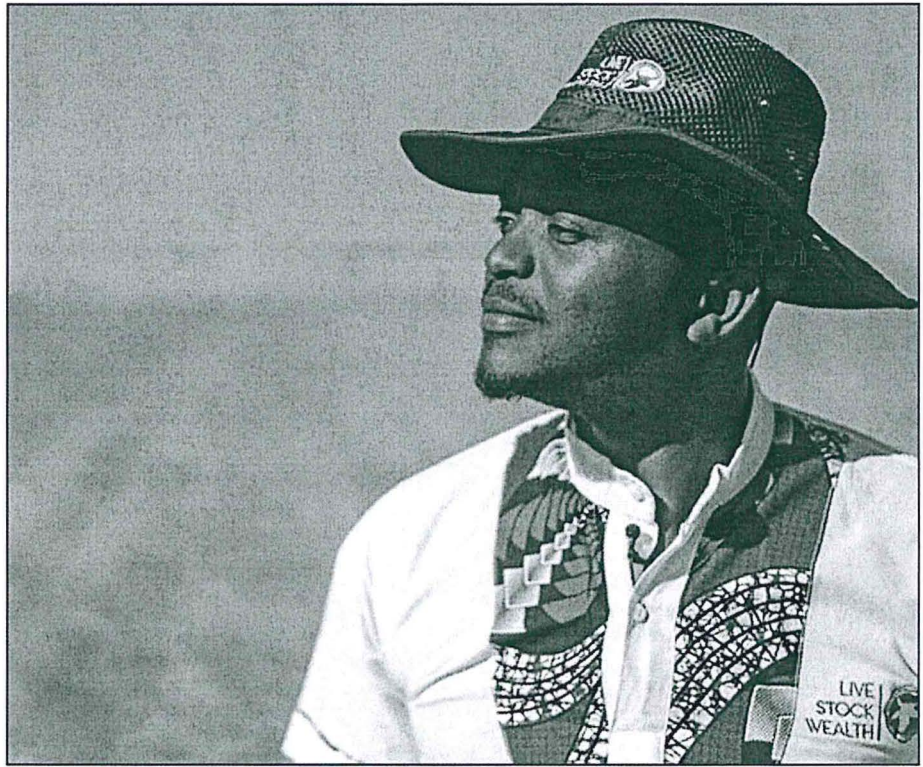
Bizcommunity (2023). YFM about us. Retrieved from www.bizcommunity.com/PressOffice/AboutUs.aspx?i=446164 (accessed 21 February 2022).

Corresponding author

Amanda Bowen can be contacted at: Amanda.Bowen@wits.ac.za

Exhibit 1. Image of Ntuthuko Shezi

Figure E1 Photograph of Ntuthuko Shezi



Source: Livestock Wealth (2023a)

Exhibit 2. Agricultural production in South Africa

Figure E2

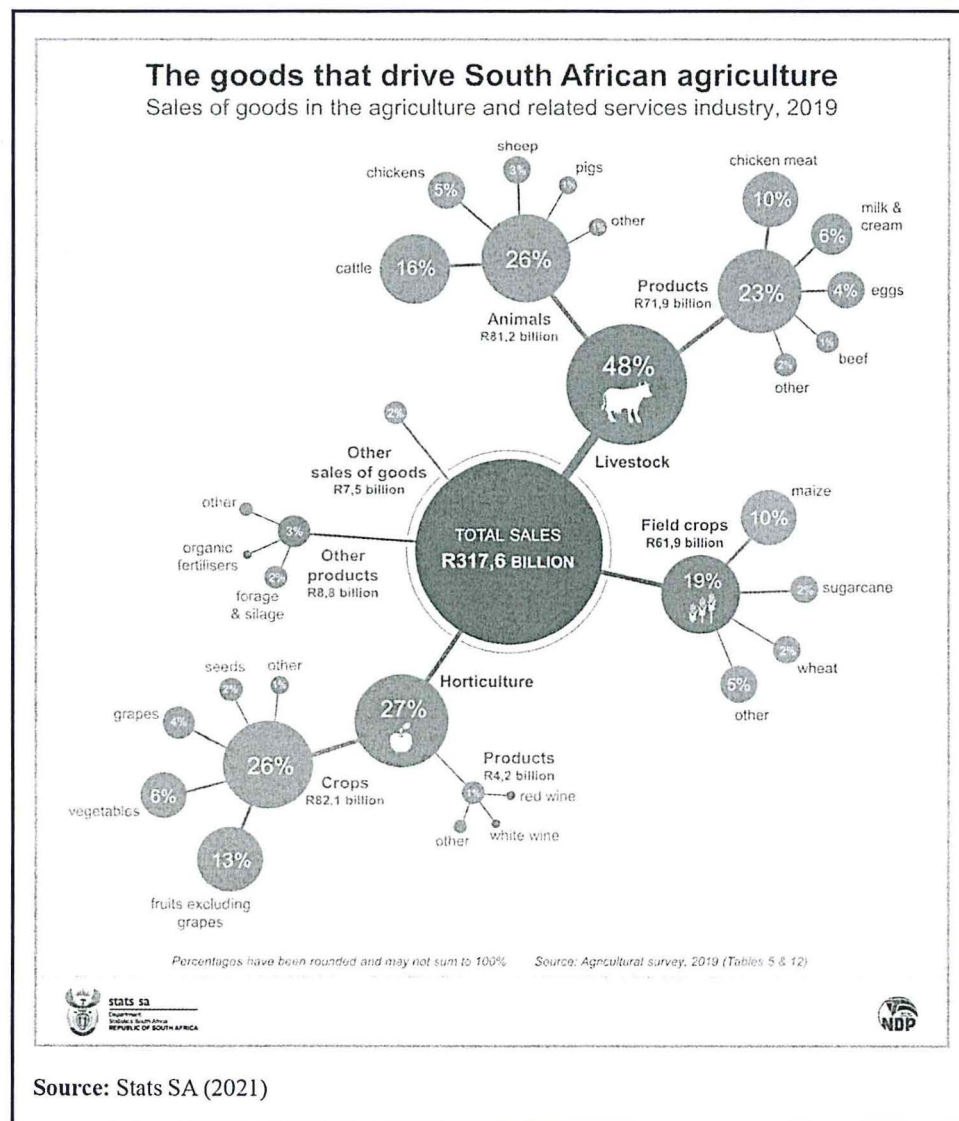


Exhibit 3. Livestock Wealth profit and loss statement

Table E1

Turnover	840,000.00
<i>Trading income</i>	
Commission – connected garden	420,000.00
Commission – free range	82,000.00
Commission – macadamia nut tree	102,000.00
Commission – pregnant cow	192,400.00
<i>Total trading income</i>	<i>796,400.00</i>
<i>Gross profit</i>	<i>796,400.00</i>
<i>Operating expenses</i>	
Advertising	82,500.00
Bank fees	13,200.00
Consulting and accounting	72,000.00
Entertainment	1,330.00
IT costs – expenses	108,300.00
Legal expenses	23,200.00
Motor vehicle expenses	16,617.77
Office expenses	1,430.00
Printing and stationery	5,473.26
Rent	28,500.00
Salaries and wages	182,000.00
Staff welfare	2,659.41
Telephone and internet	8,200.00
Travel – National	4,533.82
<i>Total operating expenses</i>	<i>549,944.26</i>
<i>Net profit</i>	<i>246,455.74</i>

Source: Personal email correspondence with Zihle Khotseng, 22 March 2022