

# An entrepreneur of note

Ken Verejes epitomises the entrepreneurial spirit of South Africa, his pathway to his present position as CEO of Primedia Unlimited is inspiring. Impressed by what he has achieved to-date, we spoke to the man about his past, his present and what his plans are for the future

**A** characteristic of South Africa is the entrepreneurial flair and talent of its people. The chronicles of this country's history are filled with the many successes achieved by those who turned their dreams into reality. These achievements brought them international fame in the fields of sport, the arts and business, and have encouraged others to follow in their footsteps.

A man who epitomises this spirit of entrepreneurship today is Ken Verejes, currently CEO of Primedia Unlimited. The name of the company is apt. Its business model offers huge potential for growth. Impressed by what he has achieved to-date, we spoke to the man about his past, his present and what his plans are for the future.

When you meet Verejes your first impression is of a man with zest for life, full of energy, confident in his ability, with the will to succeed, whatever the challenge.

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He has that rare gift of listening intently when you speak, and shows interest in what you have to say – that is the secret of his success. To put it in a nutshell, he is the kind of guy that people like instantly.

"I like to see myself as your average Joe. Ninety-nine percent of people are average Joes and that is why I relate to people so well," he commented at the start of our chat.

"I grew up in Port Shepstone and Durban and finished my matric at Durban Boys High. I was an average student and spent my time playing a bit of cricket and rugby, two sports for which the school is renowned."

"I inherited my entrepreneurial skills from my father. He started out as a pharmacist, but later changed tracks to develop a drive-in, a caravan park, a strip mall and the Drakensberg Sun. As I kid I watched my dad and learnt about people and business. He was always there to answer my questions, and from our conversations I learnt what you should and shouldn't do," he recalled.



"I set my sights on getting a B.Com degree, but I wasn't ready for university. The only thing I managed to pass in my first year was water. But that year was the best part of my life, one party after the other. Eventually my father said, 'No more, get a job'. I managed to get a student loan, and scraped through the first year. I then realised that with my attitude I would never pass the second year," he said.

"I looked for a job and for some unknown reason I joined the South African Police services and was initially posted as a court orderly. My job was to write out the sentences that were handed down. Needless to say, this experience gave me an understanding of South African law."

"It doesn't matter how much money a person has, it's the calibre of the individual that counts. My time with the police was a great learning curve. I gained deep insights into how people behave, and this helped me to understand them a bit better. I eventually got promoted to detective sergeant. But, by then I realised that the SAP was not a long-term career for me. I decided to return to varsity and get that B.Com degree I promised myself. I was more mature and dedicated this time round. There were days when I wanted to throw the towel in, but I wanted that degree. When I felt discouraged I would drive to the Durban police station and ask myself if I wanted to go back to this. The sheer contrast between the options drove me to study harder," he said.

After I completed my honours, the university asked me to lecture. I did this for a year, but when two friends asked me to join them in a cane furniture manufacturing business, I grabbed the opportunity with both hands. We grew the company, and two years later we were giving our main competitor a rough time, so much so he made us an offer we couldn't refuse, and we sold," he said.

"After that I wasn't sure what I wanted to do. Three job opportunities caught my eye – the SABC (KwaZulu-Natal), Dorbyl Shipping and Eskom. The SABC in KwaZulu-Natal was the best option, and I joined as head of sales. A year later I moved to Johannesburg and worked under two great people who taught me well – Jack Hobbs and Bruce Coldwells," he said.

Working for a parastatal government organisation was another learning curve for Varejes. "I was frustrated with the attitude inside the corporation. Nothing happened quickly. I used to have to wait three days for my faxes to reach me, and this frustrated me in doing my job. To speed matters up, I asked for my own fax and copier, but management would not give them to me. So I took the bull by the horns, and made a direct approach to the deputy director general. This ruffled feathers. A new boy on the block having the audacity to jump over the heads of seniors, and speak to 'God'! But my department got its own fax and copier," he said.



Primedia Unlimited Management Team

"I proved by point. Faster communication with the ad industry enabled the sales team to sell better. Sales went up 60% and this trend continued. During my last year at the 'Corp' we sold enough commercial time on TV1 to generate R110 million in profit."

"During my stay at the SABC, I made it my business to know the media industry and all its players," Varejes said. "I was always the first to arrive at the office and the last to leave. I firmly believe that the key contribution a person can make to a business is to show 'passion' for their job, and to back this up with getting to know people and build good relationships with those you deal with. People should know who you are and you should always be in on the game," he asserted.

After five years at the SABC, Varejes joined a friend at Mac Steel, but after six weeks on the job, he decided that steel wasn't for him. While at the SABC he interfaced with people in the entertainment industry, amongst them was Alan Prentice, then managing director of Gallo Records. When the grapevine told Prentice that Varejes was thinking of changing jobs, he offered him a job. Prentice had decided to go solo and resigned from Gallo Records to start Star Taxi Music. He had the idea that there was a profitable future in providing music tapes to mini bus taxis.

Although intrigued by the concept and the challenge, Varejes visited taxi ranks and spoke to commuters and taxi drivers about the idea before accepting the offer. "I was so impressed with their reaction, spirit and vibe that I leapt on board as marketing director with my own stake in the business," he said.

"This was a new business for me. We only had one product, music tapes with commercials slotted in between the tracks, which we handed free to taxi drivers to play while they transported passengers. The idea was simple. They played the tapes, and marketers got the benefit of advertising their brands to a captive audience. It was radio on wheels," he said.

"There were thousands of taxis travelling daily through the heart of urban townships. These taxis were in the face of millions of black people travelling to and from work. This was an economically viable audience at ground level, which no other medium could offer. We saw this as an opportunity for marketers to promote their brands to a captive audience," he explained.

"We were innovative as well. We moved from the inside to the outside of the taxis. We rationalised that if we put ads on the outside, we could give marketers the opportunity to advertise their brands to the thousands of pedestrians that the taxis passed as they travelled their routes. We offered to paint the entire taxi and turn it into a moving billboard," he said.

"One of our first orders was 1000 taxis from Coca-Cola, and when the advertising industry saw an international icon committing itself to a new medium, this changed the game completely," he said.

"We soon realised that we were in a unique position. We were interfacing with consumers daily that were earning an income, and thus had the disposable income to satisfy their needs. The more we worked with these consumers, the more we realised that we were also gaining unique and meaningful insights into their behaviour, which we could leverage and sell to marketers," he said.

"Our next media offering evolved from this realisation. We were the first to build promotion booths at taxi ranks, which we designed to allow marketers

to interface directly with commuters and tell their brand story. This form of engagement enabled marketers to explain the advantages of their brands, and to sample them. There was a huge spin-off from these promotions, they gave the audiences the ammunition to start the word-of-mouth recommendation chain," he explained.

"We were offering a network that linked black commuters and marketers, so we decided to capitalise on this by changing our name to ComutaNet. This change focused our thinking. We decided to build a multimedia network, which marketers could use to interface with commuters."

"We obtained the advertising rights on all the Gauteng Metro railway stations. To talk to these commuters, we introduced Commuter FM Radio and built billboards on the stations. While passengers were waiting, they could listen to music and commercials. When the major taxis hubs were built, we extended the radio broadcasts to these termini as well."

"The hubs soon became trading areas where passengers could purchase a wide variety of products. These termini attracted huge crowds. There are opportunities to advertise brands with these crowds, so we built giant screens and did a deal with the SABC. The crowds could watch news and sport, interspersed with commercials. These ranks were also well attended on weekends. People would congregate there to watch soccer. These ranks also offered billboard opportunities and space for face-to-face promotion through kiosks."

"We launched trailer units which were mini stages with broadcast units. These were designed to travel through townships and rural towns. They are basically entertainment units. The MCs would attract audiences with music and competitions that enabled people to win prizes. While they had their attention, brands were demonstrated and sampled," he said.

In combination, all these options opened up channels of communication, that enable marketers to directly engage with black consumers through vernacular dialogue and young people across all races.

The entrepreneurial, business and leadership skills of Varejes are best demonstrated by the success of the company. "When I first joined we were making an annual profit of R500 000. Ten years later, we were making R37 million," he said.

When Primedia came on the scene, William Kirsh, keen to build a media empire, made Prentice and Varejes an offer they couldn't refuse so they sold. Part of the deal was that Varejes and Prentice had to stay on board. "My forte is selling. I love the interaction between buyer and seller. It offers me an opportunity to engage in what is happening on the ground, and from this I get a feel of trends going forward," he said.

Varejes stayed, but in a different capacity. To use racing terminology, Varejes has an uncanny eye for spotting winners – horse, jockey and trainer. His great strength is his ability to see the whole media picture and spot the gaps. He believes that as people adapt to the changing structure of society they realign their relationship with media. When they close one media door, they open another. "People will always have a need for entertainment and information. They may reduce their time involvement with commercial television, but on a shopping trip to the local supermarket they will interact with plasma screens that talk about the products and brands available in the



Primedia Unlimited staff

store. People do this because the information offered is of value to their needs at that specific moment," he said.

While he was involved with ComutaNet, Varejes was approached by Darren Katz, a young entrepreneur who believed that shopping malls were the place to engage with consumers. His rationale was simple: when people are in a shopping mood, their propensity to spend is high and because of this they are open to suggestion. With the right advertising push, they would buy. He liked the idea and helped bank roll this initiative, and Primall was launched. The concept worked and today the company has the advertising and promotion rights in 75% of the top shopping malls in the country.

Varejes believes that to succeed you must lead, surround yourself with top talent, and be a bulk player in the category in which you operate. "Darren Katz is a creative soul who understands the right way to do things. He has changed the face of shopping mall advertising," Varejes commented.

Unlimited has also purchased X/procure, an electronic procurement system aimed at the pharmacist. In addition, the unit also negotiates point-of-sale and dispensing opportunities.

Commenting on the above Varejes said, "We don't sell advertising – we sell market opportunities that talk to specific consumer demographics through media opportunities that involve innovation and invention."

Another company in the group is Primedia Lifestyle which is in the capable hands of Alida Breed. This company handles marketing for the malls and organises promotions in shopping malls and centre courts.

Malls are the modern version of the town square of old where people meet to chat and purchase goods and their daily needs. This is a captive audience which can be persuaded with the right promotions.

Unlimited has also moved into supermarkets through the medium of shopping trolleys. Operating under the leadership of Storm Ackerman, Icon

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Moving on from shopping malls, his next involvement was with Torner and Caryn Cohen. "They are two entrepreneurial visionaries," said Varejes. "They spotted the potential offered by the construction activity happening in Gauteng. The ugly face of scaffolding became a visual eyesore as more and more buildings were erected. Abroad, building activity on high-rise buildings is screened from public view, not necessarily to hide an eyesore, but to protect pedestrians down below on pavements. They saw an opportunity to use the space as a temporary advertising billboard and at the same time hide the eyesore. We listened to their story, decided there was value there, and got involved."

It's the old story with a new idea, you don't know if it will work unless you try it. The first giant 'Wrap Round' was for Chivas. The building they used? The new upmarket Michaelangelo apartment complex in Sandton. The public watched with amazement as a Chivas Regal bottle grew to a height of 35 stories. The timing was just right – it was Yuletide. This billboard launched the 'Wrap Round'. Marketers saw the potential of a medium that could increase the public awareness of a brand from 0% to 100%, overnight. As long as there is high-rise construction in urban areas, this medium will stay part of the media mix.

As the new ideas bore fruit, Primedia Unlimited became the mother hen for new innovative media opportunities. The name epitomised his thinking. The opportunities for growth were endless.

Way back in the 1970s, an entrepreneur had the idea that toilets were an ideal place to advertise brands that appealed to men. The idea of advertising in toilets horrified the advertising industry, and it never got off the ground.

Two decades later, Andrew Kramer and friends resuscitated the idea, and launched the The Letter Corporation (TLC), but this time they sold poster advertising opportunities in upmarket washrooms. They chose their washrooms carefully – those that were situated in the major airports.

Ad people and marketers fly daily. When they leave the aircraft, they make a beeline for the nearest washroom, which needless to say is kept sparkling. No longer was there a nasty public toilet association. Washrooms gave marketers, of appropriate products, the opportunity to promote their brands to upmarket men and women – mainly the executive class. The idea took off. A change of name changed the perception of the environment.

Impressed by Kramer's work ethic, and the way he built the business, Varejes brought the company into the Unlimited fold. Kramer and his team still run the operation. Today, washroom posters are a familiar sight in upmarket sports clubs, clinics, gyms, etc.

Another offering brought into the company is an idea of Martin Sweet, who is fondly referred to as 'The Intellectual'. He runs Primestars Marketing. It organises seminars on selected upmarket business topics, using local and international speakers which are sent to cinemas nationally via satellite.

Media sells advertising on the trolleys in Shoprite and Makro outlets. Under the guiding hand of Varejes it should do well.

The ever observant eye of Varejes is constantly on the lookout for opportunities that enable marketers to reach and influence consumers on every social level in South African society.

Comic strips are gaining popularity amongst sectors of the black market and to capitalise on this trend Varejes has brought Mamba Media into the fold. It produces a strip that follows the adventures of Vusi, a soccer hero. It is currently appearing in the *Daily Sun* and according to research it is avidly read by readers. The strip incorporates brands into the storyline. Metropolitan and FNB are currently using the concept.

South Africa is ahead of the Western world in terms of interfacing with consumers on their own territory at ground level. Many media communication opportunities used in this country are currently finding their way into the American and European media mix.

This trend has caught the eye of Varejes and he has plans to take some of the ideas that are working well in South Africa abroad. The first step was to take the washroom poster concept to the Middle East, where it is doing well. His next move was to look at opening an operation in the Eastern block. "We are still in the fledging phase, but you will see us spread our wings going forward," he said.

"We have great strategies in place, and we are bringing whole new and unique platforms into the media space. Wideopen's concept of 'owning the city' is an example. We are not stopping there. There are many new concepts on our radar screen, and we look forward to the future with great excitement."

"Without great people on board, you cannot build a great business. I believe we have the best team. Working with people who are entrepreneurs at heart is not an easy task," said Varejes, "I am, however, fortunate that I have a COO, Grant Willemse, who is a seasoned advertising and financial man, with great people skills. Between us, we keep a fairly tight rein without dampening the entrepreneurial spirit."

"The bottom line about our business is that I want to avoid competing in the traditional media space. I want to be in my own captured space that is so unique in construct it will focus the attention of consumers. We are not ambient media. The key here is to create advertising spaces that will cause consumers to stop and look at the visual spectacle we have created, and to offer marketers the opportunity to buy them in mass," he said.

In closing, Varejes said, "I'm not charming, I'm passionate about this business. If you have no passion, you've got nothing. Going forward, the opportunities for growth, locally and internationally, are unlimited." ■

By John Farquhar