



annual report 2010 / 2011

phatshoane henney inc.
barry botha breytenbach inc.
breytenbach mavuso inc.
cilliers & reynders inc.
cloete & neveling inc.
davel de klerk kgatla inc.
erasmus de klerk inc.
greyvensteins inc.



associated firms

kloppers durban inc.
kloppers empangeni inc.
kloppers richards bay inc.
knight turner inc.
kotzé low swanepoel
lange carr wessels inc.
millers inc.
meyer van sittert & kropman
naudes inc.
neil esterhuysen attorneys
neumann van rooyen inc.
nostix (pty) ltd
oosthuizen marais & pretorius inc.
schulz wiesinger o'dwyer
tatham wilkes inc.
van de wall & partners
van der merwe du toit inc.
van der spuy & partners
wright rose-innes inc.

Member firms receiving Professional Management Review (PMR).africa awards during 2011:

Naudes inc.

PMR.africa Diamond Arrow Award (Free State)

Greyvensteins inc.

PMR.africa Diamond Arrow Award (Eastern Cape)

Davel de Klerk Kgatla inc.

PMR.africa Diamond Arrow Award (Limpopo province)

Lange Carr Wessels inc.

PMR.africa Golden Arrow Award (Northern Cape)

Overview



Douglas Henney
Chair, Phatshoane Henney Group

It is a great honour to at the end of 2011 present the Phatshoane Henney Group annual report for the period 2010 / 2011.

In taking over the reins from my predecessor, I would be remiss to not at the outset extend the heartfelt congratulations of myself, my co-directors at Phatshoane Henney inc. and all group firm members to Judge Violet Phatshoane on her appointment to the venerable position of Judge of the High Court of South Africa. As co-founder of the Phatshoane Henney Group and the law firm Phatshoane Henney inc., I cannot think of a person more deserving of the honour than my colleague and friend, Me Phatshoane. As a jurist of exemplary conviction, ethics and character, I have no doubt that Me Phatshoane will continue to make deep inroads in the South African legal

community and remain a role model to all legal professionals of what vision and belief can accomplish. We will follow her career with interest and expectation.

2011 saw substantial emphasis placed on creating group infrastructure for the business and strategic development of group firms.

Growing pressure on law practices to compete with escalating numbers of legal practices for a reducing volume of legal work has necessitated a greater focus by the group on the positioning of group firms in the market in respect of both clients and competition. With clients becoming more cost-sensitive, third party providers of legal services making inroads into traditional legal work, and the demand for litigation in general decreasing, firms need a competitive edge to ensure continued work retention and generation. Coupled with the increasing cost of support services such as marketing, training, recruitment, black economic empowerment and information resources, the group highlights the importance of the economies of scale and the differentiating value that it offers its member firms.

A new strategic relationship by the group with strategic marketing consulting firm Succeed Group, promises to increase the differentiation required by group members. Succeed has commenced the process of implementing extensive marketing and client communication infrastructure at all member firms alongside the firm's core services. The intent being to provide a sustainable long-term platform for every firm to position themselves more effectively in their individual markets, increase their visibility, differentiate their services, increase the loyalty

of their clients and ultimately ensure that they obtain continuous and measurable results. From a group perspective Succeed assists the group in further developing the group brand and enabling firms to maximize the value they obtain from their membership.

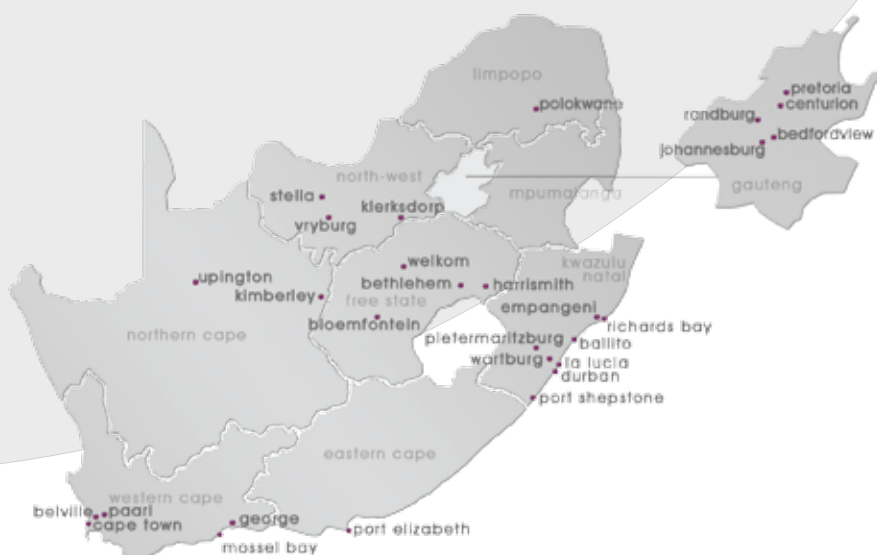
Continuing partnerships with AON through its group company Glenrand M I B, Vodacom and Korbitec as well as a new partnership with Intellectual Property law firm, Spoor & Fisher, enables firms to add to their potential service offering to clients.

Group black economic empowerment initiatives have showed the importance of approaching initiatives and solutions holistically and sustainably. Group firms again obtained exceptional results by achieving an average Level Two in formal verification of firms during 2011. Although firms have reduced their appointments over the past 2 years, group firms nevertheless made nearly 40 Black staff appointments during 2011 underscoring the continued emphasis by group firms on Black appointments.

Five new law firms entered the group during 2011 evidencing the continued growth of and interest in the group. Further growth is anticipated for 2012 as the newly established group marketing infrastructure takes effect and creates awareness and interest in the legal fraternity.

I predict that time will show the importance of 2011 as a key foundational year to the next phase of the group development and the further positioning of the group as a growing force in the legal profession.

Associated Firm Locations



Strategic Direction

Currently the group comprises 24 law firms, 33 offices, 218 professionals and 749 staff members in 8 Provinces across South Africa, with a professional membership presence in all four South African law societies.

The group brand has grown strongly since the establishment of the group and has obtained recognition as a legal brand in the law profession. The challenge to the brand and the long-term benefit to member firms is to ensure that the brand develops not only to complement the individual brands of group member firms, but to also achieve recognition with the clients of firms ie. to have value flow from group member to client.

To achieve this, the group has recognized the need for a comprehensive and integrated marketing strategy and plan and accordingly procured the support of marketing consultant, Succeed Group to assist in developing the strategy. The strategic marketing initiative launched with Succeed during 2011, emphasizes the development of the group brand as a supporting brand to that of each group firm. The group brand, through its association with the primary brand of the firm, must strengthen each firm's brand by referencing the value and quality components of the group brand and the cascading benefits it holds for clients serviced by a firm with access to the group support services and benefits.

The campaign also aims to consolidate the diverse marketing channels of group firms and assist each firm to diversify and differentiate itself from its competitors. With limited opportunities for growth in the legal market, firm differentiation and the positioning of each

member firm as the 'attorney of choice' is paramount to enabling a firm to position itself stronger in its market and extend its reach and grow its client base.

2012 will see the culmination of the development phase, with extensive marketing infrastructure and planning being finalized and managed by Succeed on behalf of the group and member firms. Marketing infrastructure and marketing campaigns will be coordinated centrally for unity and cohesiveness although remaining firm-specific to address the unique needs of every firm and differentiate each firm in its territory.

In developing a rolling marketing plan for each firm, Succeed has and will continue to implement and develop tools and strategies to enhance the visibility of firms, upgrade their brand and create communication channels with clients for regular client feedback, development updates, newsletters, and notification of firm service offerings. The intent is for each firm to have a comprehensive, sustainable and robust customer relationship management (CRM) infrastructure in place for greater customer satisfaction and loyalty and improving customer relationships.

The group seeks to identify new service areas to increase available service offerings for firms. New service areas in intellectual property law, consumer law and company law address new legislation issues as well as a broader need for awareness of intellectual property rights and protection amongst clients. Strategic partnership with international intellectual property law firm Spoor & Fisher allows certain member firms to broaden their service

offering by adding an intellectual property law component to their services with support provided by Spoor & Fisher. Additional emphasis by the group Knowledge Centre on the development of templates in respect of the new consumer and companies act also allows firms to assist clients with addressing the implications of such new legislation.

24 member firms, 33 offices
and 218 professionals across
South Africa

Newly launched group strategic marketing initiatives will dramatically increase the visibility of each member firm in the group and will over time ensure the continued expansion of the group and growth of each member firm.



With many benefits available to group firms, a key challenge for firms in the coming year will be to ensure that the newly established CRM infrastructure enables the passing of benefit from group to firm to client by creating awareness with clients of the value of group membership and the various differentiating value adding services and partnerships which group firms have access to.

Passing value to clients





Strategic Partnerships

Strategic group partnerships remain of great importance to all group members with existing and new partnerships defining the nature and ability of the group to leverage economies of scale and benefit from the group's national footprint and negotiating power.



The partnership with Glenrand M I B, now an AON group company, in respect of professional indemnity top-up cover for firm legal professionals, providing each group firm with R75 million cover on a per claims basis, remains a vital partnership for every group firm. This group insurance scheme provides unparalleled comfort and confidence to clients engaging group firms and has proven highly successful in meeting and exceeding the needs of financial institutions for indemnity insurance from their panel attorneys.

Preferential interest rates afforded group firms through Standard Bank, Nedbank and Investec through their respective investment systems, continue as valuable preferences afforded the group through the group's savings portfolios channeled via these systems.



Vodacom continues to provide a discounted call rate structure to group firms on voice and data calls and engaging group firms with convergence solutions for optimizing their telecommunications infrastructure and accessing concomitant call cost savings.

A new partnership with Mango in terms of which group members can benefit from the MangoPlus



corporate group packages, provides valuable discount and other complimentary benefits to group firm members travelling with Mango under the group corporate package.



patents • trade marks • copyright

A new relationship with international intellectual property law firm Spoor & Fisher, allows selected group firm members the opportunity to partner with a specialist intellectual property law firm and add intellectual property law as a service area to its range of services. Through cooperation with Spoor & Fisher, a firm receives training and marketing assistance as well as the specialist support to render a comprehensive IP service to clients, enabling a firm to now assist clients with effective intellectual property support.



The strategic group partnership with leading legal software provider Korbitec provides firms with a link to the latest developments in the property and banking market. Korbitec also offers the group a preferential transaction rebate on its Ghostconvey and Windeed products in return for marketing opportunities of other Korbitec products within the group.



Citadel Trust is involved in the trust management of the Phatshoane Henney Foundation (NPO)

Registration number 067-759-NPO) as its independent corporate trustee. In addition, the group and Citadel, pre-eminent private client wealthcare firm, are exploring possibilities of adding fiduciary and wealthcare solutions to the range of specialist support services offered by firms to their clients.



The Succeed Group has been appointed as the strategic marketing partner of the group. Succeed will establish strategic positioning and marketing plans for each firm, coordinate and integrate such with the group strategy and brand, and establish communication and marketing infrastructure at all group firms. In the short-term Succeed will assist group firms to raise their prominence in their respective regions and in the long-term ensure that firms are differentiated from their competition, service clients more effectively and are capable of expanding their client base.

Group firms will achieve greater market prominence as marketing infrastructure established at member firms gains momentum during 2012

The appointment of Succeed Group as the strategic marketing partner of the group promises to yield results for both firms and the group, ensuring alignment with top marketing and client relationship management practices capable of propelling the group forward and upward.



The group Professional Indemnity Insurance Scheme through Glenrand M I B provides each member firm with R75 million insurance cover on a per claim basis. With the high cost of professional indemnity top-up cover and the need to satisfy financial institutions in particular as to the sufficiency of professional indemnity cover of group firms, the group insurance scheme, benefitting all member firms, irrespective of size, provides a differentiating factor to other law firms.

Providing comfort to our clients

Initiatives

Group initiatives and support services stand central to the value firms receive from their group membership and emphasize the benefit inherent in the group's economies of scale.

Annual candidate attorney recruitment campaigns at South African universities remain a wonderful opportunity for informing students about opportunities within the group as well as attracting applications for articles at member firms. University and law faculty open days held by the University of the Free State, Rhodes University, the University of KwaZulu-Natal and the Nelson Mandela Metropolitan University, were attended by representatives of group firms. Open days were accompanied by recruitment posters, information brochures, and application forms for articles at group firms.

The Phatshoane Henney Group Honour Medal Programme, stands as the premier award at Law Faculties at nine of the top South African universities. In 2011, 48 honour medals were awarded to LL.B students completing their LL.B degrees *Cum Laude*, with medals being awarded at the following universities:

North West University	6
Nelson Mandela Metropolitan University	6
Rhodes University	2
University of the Free State	10
University of Johannesburg	6
Stellenbosch University	3
University of KwaZulu-Natal	7
University of the Western Cape	8

The group Candidate Attorney Support Centre provides valuable support to group candidate attorneys. Candidate have access to an online support centre area hosting a wide variety of useful literature, admissions examination and answer papers for general board

examinations as well as notarial practice and conveyancing examinations, law society and SASSETA information, 'how to' manuals and more for candidate attorneys to access and use in addition to networking with other group candidates through online discussion forums and regular news updates.

The group Knowledge Centre remains an indispensable support service to member firms, with firms able to obtain fast and efficient research support vital to achieving fast turnaround times in client service delivery. Staffed by dedicated legal professionals, the Knowledge Centre has managed more than 3500 research queries in 2011, an escalation of over 100% from 2010, demonstrating the value of the service to firms. Additional support to firms through group bulletins and newsletters enable firms to keep clients up to date with legal issues as well as ensure that group professionals are aware of new legal developments.

The group continues to procure the implementation of learnership programmes for group candidate attorneys and provides support and assistance to member firms and their candidate attorneys to access the programmes.

With group training programmes being implemented via the group's online distance education facility, the Training Portal, the platform is set for further development of various group courses during 2012. The group is also investigating instances of using interactive white board technology, webinars, social training platforms and other forms of training to broaden the available mediums of delivering training content to firms. Investing in the human capital of the group through training and development remains central

to the philosophy of the group and as such garners time and resources for the development of mechanisms capable of effectively training group staff to ensure that the skill levels of group firms support the service levels of firms.

A new initiative that will gain further attention during 2012 addresses the need and obligation of law firms to become more involved with and allocate resources to pro bono work. Having held preliminary discussions with leading non-profit organization ProBono.org, the group will investigate in 2012 how it can take hands with organizations such as ProBono.org and engage group firms in pro bono projects and programmes.

The Group Skills Fund stands at more than R950,000 in available skills grants reclaimed on behalf of member firms from SASSETA

The Group Skills Fund, funded through pooled reclaimed skills development levy grants, is utilised to support group training and development initiatives.



Recruiting the best and retaining the best is a deliberate strategy of the group, executed through national recruitment drives at universities, honour medal programmes, learnerships, group training courses, support centres, research support and more. Ultimately, the future of group firms rest in the hands of its young professionals and as such is deserving of the emphasis and attention it receives.

Developing our young professionals





Mr Nico Coetzer presenting his key-note address on the independence of the South African Legal Profession and Judiciary

A new initiative launched during 2011 was a focus on harnessing the practice knowledge residing within the group and availing this valuable organizational knowledge to member firms for the improvement of individual practices. A first group workshop held on aspects of practice management yielded useful information, tips and good practice guidelines for firms to utilize in their own practices, culminating in a practice manual to be used by firms as a working document. The workshop also assisted in identifying a general need within the group for focus and support in respect of strategic marketing, leading to the appointment of Succeed Group to provide group firms with comprehensive strategic marketing solutions and infrastructure.

As part of the launch of the new group marketing infrastructure, the updated group website now provides greater accessibility to firm, professional and service information as well as providing greater prominence to individual firms, legal and group news, recruitment opportunities and group information. The group website can be visited at www.phfirms.co.za.

The group gala event for 2010 held on 29 October 2010 at the beautiful Ilanga Estate outside Bloemfontein was again a wonderful opportunity for networking between member firms and partners, and through the attendance and enthusiasm of attendees, again evidenced the high regard of each member firm and partner for the group.

The gala evening was attended by over 200 guests including guest speaker, previous President of the Association of Law Societies of South Africa, Mr Nico Coetzer, Deans of Law Faculties, representatives of sponsors of

the evening from Glenrand M I B, Vodacom Business Solutions and ITEC, representatives of ABSA, First National Bank, Investec, Nedbank and Standard Bank, Citadel, Citadel Trust, Spoor & Fisher, LegalWise, Phatshoane Henney Honour Programme Medallists for 2010, and representatives from all group member firms.

The evening involved a key note address by Mr Nico Coetzer regarding the independence of the legal profession and the judiciary; a presentation of the Group Annual Report for 2009/10 by then Group Chair, Me Violet Phatshoane; and the presentation of group awards by ABSA, BEE Rating Solutions, First National Bank, Investec, Nedbank and Standard Bank to group firms.

Group firms earning Certificates of Achievement for their achievement in 2011 and awarded to firms at the group gala event for 2011, are:

Wright Rose-Innes inc.

Certificate of achievement for the exceptional contribution made towards BEE appointments at the firm during 2011 proudly sponsored by Absa.

Barry Botha Breytenbach inc.

Phatshoane Henney certificate of achievement for the law firm achieving the highest verified B-BBEE score in 2011.

****Wenner****

First National Bank certificate of achievement for the law firm with the best turnaround time on average for both first and further loans for 2011.

Van der Merwe du Toit inc.

Investec Corporate Cash Manager Certificate of achievement for the exceptional contribution

made to the Investec Corporate Cash Manager during the year 2011.

Van de Wall & Partners

Nedbank certificate of achievement for continued exceptional contribution to Make Things Happen in Nedbank Corporate Saver during 2011.

****Wenner****

Standard Bank Certificate of Achievement for the exceptional contribution made to the Standard Bank Third Party Fund Administration System during 2011.

Group initiatives provide firms with the necessary edge to exceed client expectations

Group initiatives seek to continuously identify and enhance the support provided to firms and progress their ability to improve efficiency and scope of services on offer to clients, allowing firms to establish stronger and more comprehensive relationships with their clients.



As the largest association of law firms in South Africa with a growing base of firms and offices, the group has the unique and unprecedented ability to offer potential partners access to professional service firms and clients across South Africa. With the value encapsulated in this growing national network, the potential for leveraging business opportunities and economies of scale for the benefit of firm and partners is substantial, ensuring the continued exploration of new group initiatives.

Leveraging economies of scale

Black Economic Empowerment

With certain of the targets of Department of Trade and Industry BEE Code Elements increasing to higher target levels in 2012 and the regulations to the Preferential Procurement Policy Framework Act, 2000 incorporating the BEE scorecard into public tendering procedures becoming effective at the end of 2011, the pressure on organizations to have a sustainable and well-planned BEE strategy in place is increasing continuously.

The group focuses extensively on BEE as a strategic imperative of each group firm and has developed effective infrastructure and support strategies to ensure that each member firm has sustainable BEE planning and scorecard methodologies in place in parallel to a management imperative to ensure the appointment and advancement of Black persons within each firm.

Group support structures implemented to assist group firms with its annual BEE verification includes the allocation of BEE specialists to support each firm with its annual BEE verification process though pre-planning, file compilation, verification support and post-verification analysis.

The results of the extensive BEE support provided to firms can be seen in the again exemplary BEE results achieved by member firms during 2011. Following formal verification of group firms during 2011, the group achieved an average BEE Level Two compliance across all group firms, with many firms also being recognized as Value Adding Suppliers allowing additional procurement recognition of these

firms under the procurement element of client scorecards.

The following verification results were achieved by group firms during 2011:

Phatshoane Henney inc.	Level 1
Barry Botha Breytenbach inc.	Level 1
Breytenbach Mavuso inc.	Level 1
Cilliers & Reynders inc.	Level 2
Cloete & Neveling inc.	Level 4
Davel de Klerk Kgatla inc.	Level 2
Erasmus de Klerk inc.	Level 2
Greyvensteins inc.	Level 2
Kloppers Durban inc.	Level 1
Kloppers Empangeni inc.	Level 2
Kloppers Richards Bay inc.	Level 2
Knight Turner inc.	Level 4
Kotzé Low & Swanepoel inc.	Level 3
Lange Carr & Wessels inc.	Level 3
Meyer van Sittert & Kropman	Level 2
Millers inc.	Level 2
Naudes inc.	Level 4
Neil Esterhuysen Attorneys	Level 4
Neumann van Rooyen inc.	Level 1
Oosthuizen Marais & Pretorius inc.	Level 4
Schulz Wiesinger O'Dwyer	Level 4
Tatham Wilkes inc.	Level 2
Van de Wall & Partners	Level 3
Van der Merwe du Toit inc.	Level 2
Van der Spuy & Partners	Level 1
Wright Rose-Innes inc.	Level 1

Other initiatives that also assisted firms in achieving exemplary BEE results include group skills development programmes, learnership registrations, the identification of BEE suppliers with valid verification certificates, qualifying

socio-economic development initiatives and enterprise development solutions for group firms.



With clients of group firms also experiencing the pressures of BEE compliance, BEE services provided by member firms address a vital need with clients to obtain specialist support to implement effective and sustainable BEE strategies. Specialized group BEE private equity structures also provide clients in need of addressing the ownership element of their business with solutions on how to embark on this process.

No member firm achieved less than Level 4 BEE compliance recognition

Verification results for 2011 confirmed the sustainability of group BEE practices, with the average BEE level of group firms being Level Two compliance and the number of Level 1 certificates being received by group firms growing from 3 in 2010 to 7 in 2011.



Although firms have due to economic circumstances reduced the number of new staff appointments over the past 2 years, group firms have none the less made nearly 40 Black staff appointments during 2011. With nearly half of these at candidate attorney and junior professional levels, it provides evidence of the growing impact group recruitment initiatives play in the procurement and appointment of young Black professionals at firms.

Black staff appointments



Me Violet Phatshoane, previous Group Chair, presenting her Annual Report for 2010

Looking Forward

All of the strategic decisions taken by the group during 2011 have been aimed at achieving a single goal, namely to differentiate each member firm as the preeminent law firm or 'attorney of choice' in its territory. This goal is supported by the group vision of establishing the group brand as a national brand capable of being measured against that of the top South African law firms and recognized for its values of quality and excellence.

Group expansion is planned to continue strongly in 2012 as the efforts of the group marketing campaign reaches maturity and more firms become aware of the group brand and the value-adding services and benefits accompanying membership. To simplify the concept of group membership for potential members, three central tenets of membership have been identified which address strategic, developmental and quality components at each member firm in addition to providing cost-savings and benefits through group partnerships.

Expanding and improving the group communication channels to members and from members to clients, will also receive substantial attention during 2012, with group and firm newsletters, legal notices and updates being more efficiently utilized to inform and communicate with firms and clients.

With the geographic separation of member firms, fragmentation remains a constant risk. Accordingly, greater on-the-ground presence and involvement with each member firm in the following year will contribute to better integration between group support services and the value member firms derive and pass on to their clients.

Improved knowledge management and broadening the Knowledge Centre resource and example database will also receive further attention in the coming year to strengthen this important group service vital to the legal support provided to group firms. In parallel, a planned revamp of the Knowledge Centre database will allow greater access by member firms to the group example and template database.

Strengthening relationships with existing partners and sourcing new potential partnership opportunities remain on the group agenda. Also, the identification of new services and the expansion of existing group services to member firms such as contract management, BEE, private equity, intellectual property etc. will continue in the forthcoming year.

Forging closer ties with the various Faculties of Law and in particular with the few remaining faculties not yet hosting the Phatshoane Henney Honour Medal Programme, will assist in expanding awareness of the group amongst law students across South Africa and increase the drawing power of top young professionals at major universities to group firms.

To close out an important year for the group, I can with justification express the view that 2012 will see a major upsurge in awareness of the group nationally and regionally. The challenge will be to translate such awareness into new clients for firms, new business opportunities within the group and new group strategic partnerships. I am confident that this challenge can be met with success and that the infrastructure and structures developed over the last number of years will support the efforts in this regard.

Against the developments of the past year, I will end off where I started by predicting that 2012 will be the start of an important new phase in the development of the group. I am excited and expectant at the prospect of confirming at the end of 2012 how the year has realized these expectations and contributed to the group achieving its goals for the year.

Douglas Henney
Chair, Phatshoane Henney Group

Group membership addresses strategic, developmental and quality aspects at firms, assisting firms to improve their service delivery to clients



To achieve the central philosophy of service excellence, group training, knowledge management, client communication, marketing and new service areas, underwrite the ability of group firms to provide quality and differentiating services to clients in addition to meeting client requirements in respect of BEE compliance, professional indemnity and privacy.

Differentiating factors



service areas

“Group services provide member firms with the ability to service a diverse range of client needs. Innovative solutions which add value to clients is a core component of the group service philosophy underwritten by the efforts of member firms to create a standard service expectation.”

Group Service Directory

Banking and Finance
Black Economic Empowerment
Business Rescue and Insolvency
Competition
Construction
Consumer
Contracting
Contract Management
Corporate and Commercial
Debt Collection
Dispute Resolution
Employment
Entertainment
Family
Fiduciary
Forensic
Franchising
Health and Safety
Higher Education
Insurance
Intellectual Property
Litigation
Mining and Natural Resources
Outsourcing
Property
Public Law
Private Equity
Projects
Tax
Technology



regions and centres

FREE STATE

bethlehem
bloemfontein
harrismith
welkom

NORTHERN CAPE

kimberley
upington

NORTH-WEST

klerksdorp
stella
vryburg

KWA-ZULU NATAL

durban
empangeni
la lucia
pietermaritzburg
port shepstone
richards bay
wartburg

EASTERN CAPE

port elizabeth

WESTERN CAPE

belville
cape town
george
mossel bay
paarl

GAUTENG

bedfordview
centurion
johannesburg
pretoria
randburg
sandton

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