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Businessman puts grist to the mill

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PINETOWN entrepreneur Arnaud le Roux has grown his small flour mill that he opened "just to put food on the table" after he was retrenched, into a respectable medium-sized enterprise that is providing jobs and putting food on the table for many families in the local community.

His business, Shemuel Flour Mills, just outside Durban in Cato Ridge, grew organically from a small start-up Le Roux established when he had to start all over financially at the age of 46 when he lost his job with a major flour-milling company.

Le Roux grew up in the Western Cape where his father worked in agriculture for the then Dry Fruit Board.

He initially learned the art of wine making in Stellenbosch and worked in a wine-bottling factory in Gauteng before deciding to study engineering at Cape Technikon. He graduated with a diploma and went to work for Armcor as an engineer in a factory near Wellington.

"Then I realised that this was not for me and I approached Sasko in the milling industry and they liked the idea that I had an engineering qualification and appointed me as a production manager in one of their mills," Le Roux said.

"I first worked for six months in head office to get acquainted with all aspects of flour milling and then they sent me to Senekal in the Free State. They built a new mill in Bethlehem and appointed me as project manager and after completion, I became the factory manager," Le Roux said.

Le Roux went on to take up a general manager post at a large mill owned by Genfoods in Sydney Road in Durban where he rose through the ranks to director. But when the firm merged with Premier Foods in 1999, his position was made redundant and at the age of 46 he found himself unemployed.

"I left the company and decided I was going to take the bull by the horns and start a mill. Because I am a Christian, I decided to pray about this matter and surrounded myself with people who supported me," Le Roux said.

But he was not prepared for the financial challenge faced by most entrepreneurs. He needed to raise finance to import equipment from Turkey valued at about R1.5 million.

"I thought it was going to be easy to get money from the bank. I

drew up a business plan and went to Absa, and they were quite keen but they wanted me to come up with R350 000 which I didn't have. I only had R100 000," Le Roux said.

"I had asked family members. But then in a miraculous way, one brother gave me R40 000 and then Absa came to me and said they could not help me, I had to find the money," he said.

Le Roux then went to the KwaZulu-Natal Finance Corporation (KFC) with his business plan and told them his story.

"They said 'no problem' they would help me and I went back to Absa and said 'don't worry KFC is going to help me'. But two or three days later, KFC phoned me and said they had made a mistake, that they never had the mandate to approve the application and unfortunately needed me to have R350 000 or R400 000. In the meantime Absa said they would finance it and accept that I only had R140 000," Le Roux said.

Before he knew it, the equipment was on the water, but he had no premises.

"I thought it was going to be easy, but it was difficult to find premises with the right electricity. I needed a lot more because of the heavy equipment," Le Roux said.

Eventually, he found premises, an old shed with a holey roof that had been used by a local dairy to wash bottles, in Oppenheimer Street, in Pinetown.

"We put up the mill and got going in the beginning of the year 2000," Le Roux said.

But it was tough going growing the business, which opened initially with just Le Roux, his wife and five staff.

"We worked very hard because I never had money. I was almost one million rand in the red, the bank was almost at the point of saying stop the whole story. I had an Uno which was my family car and I had to take out the rear seats and used it as a delivery van.

"I was so scared to incur costs, I think I was a little bit in a panic," Le Roux said.

"It happened many times that I started off on the Monday at the mill and then stayed there for the whole week. My wife would bring me food to the factory."

Le Roux was concerned that if his business did not succeed, his family might end up on the street.

"My wife was very objective, she had a calm, cool head. She was really



Shemuel Mill general manager Charle Le Roux, left, and director Arnaud le Roux, who started the successful Cato Ridge milling firm after he lost his top job with a major food manufacturer.

my sounding board. I became very emotional at times, one day everything looked like we were going to make it and the next day I was just down," Le Roux said.

Eventually, Le Roux found a strong market for his branded Bakerite Flour, selling it in 10kg and 12.5kg cement-style bags to local wholesalers. But when this packaging went out of favour with the market, instead of borrowing to buy new expensive packing machinery, Le Roux switched to supplying industrial bakeries with 25kg and 50kg bags.

For seven years he also supplied flour to National Brands for the manufacture of Provitas, until the firm moved its plant to Gauteng.

His sons - Charle, Jan Hendrik and Pieter - also joined the business as general manager, factory manager and admin official.

"We were very conservative with our funds and if we had to incur capital expenditure, I did a calculated risk assessment before spending money. It was my philosophy not to grow the business too fast but to be conservative with the funds," Le Roux said.

But eventually the business outgrew the plant and five years ago it moved to a new building in Cato Ridge where it operates today with a staff of 40.

"At the moment we supply mainly big plant bakeries, food manufacturers and wholesalers," Le Roux said.

Le Roux puts his success down to his faith in God to sustain him through the difficult times - the name Shemuel means "prayed from God" - and his commitment to producing a quality product at the right price for customers.

"The recipe for success for anybody who manufactures today is quality, service and consistency. We believe we must have very good relationships with our customers and our customers must experience us as people of integrity," Le Roux said.

Le Roux has no immediate plans to expand the mill or open a bakery and is content with its present success.

"My intention was never to build a business or to be a businessman. I started with the mill because I was retrenched and couldn't find a job at that stage and flour milling is what I know. But it was never in my mind to actually start a business. When I started I just wanted to have enough food on the table and enough money for my family to live. But in the last five years we have really expanded and are a medium-sized company today."