

## **Profiling by the Large Business Unit (LBU)**

### **Background**

The LBU is a component in the Division: Business Register that is responsible for profiling companies and updating the Business Sampling Frame for Large and Complex enterprises. By large we mean those Enterprise Groups (EGs) with a turnover of R10 million and above. Complex means that the EG must have structure (i.e. more than one enterprises) and should comprise of more than one economic activity.

An EG is a group company whose structure comprises of a holding company and a number of subsidiaries and or divisions and branches. Often the activities of the various subsidiaries differ and we need to provide details of these relationships and activities to our main users, the economic survey areas. For each EG we need to collect and analyse information about the legal, administrative, statistical and observational units associated with the EG.

Profiling is “a continuous process of analysing the structural characteristics of a complex group of companies”. It is a process of conducting in-depth telephone or on-site (personal interview) with senior company representatives so as to obtain all pertinent financial information, relationships and structural arrangements of the company.

Profiling an Enterprise Group entails a number of activities that finally lead to updating information on the Business Sampling Frame.

### **What do we do?**

At the beginning of the performance cycle, the LBU management decides on the EGs to be profiled for the period. Then these identified EGs are allocated to staff members with due consideration to the number of enterprises each EG has, the financial year end of the group, the location of its head office and variety of economic activity.

Upon receipt of their EG's, the Business Register Analysts set up a schedule of when they will attend to which EG and this is decided in conjunction with their supervisors and the Team Leader. Visits to the respondents are planned around these schedules.

We identify Enterprise Groups to investigate on the basis of survey area requests, changes in administrative data and other triggers, to determine the particular set of large and complex enterprise groups that merit profiling during the course of the year. We obtain as much as possible Enterprise Group information (financial, employment and structure) from administrative sources and the Financial Director/ Accountant/ Company Secretary (if necessary), then we analyse the data, complete the Profile Spreadsheet, compile the profiling report and finally update the systems and give feedback to the Survey Areas.

### **How do we collect information?**

The method of data collection is mainly through first conducting our own research about the company. We search for information on their websites, use of other systems (e.g. Mc Gregors) and publications (Who Owns Whom, Mpumelelo and others) and we create the

initial spreadsheet. As soon as the research is completed an appointment set up with the respondent who usually is the Company Secretary or the Financial Manager. Prior to the meeting, the initial spreadsheet, an agenda as well as a few questions about important facts are sent to the respondent. Also prior to the meeting the Business Register Analyst hold meetings with the survey area to determine the queries/problems/challenges that the survey area has regarding any unit within the EG or about the EG itself;

The Business Register Analyst has to prepare well for the interview/meeting and has to be presentable and conduct him/herself professionally during the meeting. The meeting is led by the Business Register Analyst but supported by the supervisor whose responsibility is to record all the relevant information. Ultimately the BRA has to get a commitment from the respondent about when he/she must expect a completed profile spreadsheet or complete information to complete the profile spreadsheet.

As soon as a completed profile spreadsheet is received by the Business Register Analyst, communication between the Business and the dedicated Classification official commences to confirm the economic activity and to allocate the accurate SIC codes. After confirming all classifications, the work of updating the Business Sampling Frame can commence. The results of the profiles are then communicated to the survey areas. The spreadsheet contains information on life status, contact details, tax numbers, size indicators (turnover, number of employees, salaries/wages etc) , economic activities and observational units of businesses.

#### **Who uses the information?**

The information that we collect is mainly used by ourselves to update the Business Sampling Frame. Eventually we intend to enable all survey areas to collect accurate statistics from enterprises within the Enterprise Groups, without duplication of information. We'll share all the information that we collect with survey areas in order to improve on their collection on the economic activity of their sample.

#### **Progress and developments in the past year**

- Since 2008 focus is on quality. The quality of the profile and the quality of the profiling operations as a whole.
- During April 2008 the unit employed thirteen new staff members on contract to perform profiling activities and resulted in more staff that is well versed in both profiling and quality management.
- A training plan was developed for all staff and comprises of 190 days on-the-job training where staff will perform actual profiling activities and 54 days of classroom/workshop training, with emphasis on profiling (10 days), profiling quality assurance (5 days), business accounting (2 days) and national accounting (8 days). The remainder of the training includes soft skills and IT- related training. Except for the business and national accounting all training was conducted.
- Revised Chapter 8 (Profiling) of the BR Operation Manual to make provision for step-by-step procedures.

- Development of the Self-assessment Checklist – a tool we use to highlight deficiencies, identify areas of improvement, identify quality and performance indicators, enables comparison over time, enables comparison across profiles.
- Development of forms to support and document specific profiling activities.
- Appointment of supervisors to check quality – 4 supervisors were appointed.
- Improved communication with survey areas.
- Continuous review and development will assist us to build a strong Large Business Unit team.