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MANAGING TRANSFORMATION - THE KEY TO SUCCESS IN THE 21ST CENTURY

It is a great pleasure for me to be able to address this conference on the topic of transformation management.

You executives in the energy sector have to wrestle constantly with the challenges presented by the rapidly changing environment in which you operate.

I was also in the transformation business - but in my case it was a country that we had to transform. I would like to share some of the lessons we learned during the historic change process that we South Africans experienced between 1990 and 1996.

This is because our ability to manage change is the key to success today for individuals, for companies and for countries. It will also determine the success of everyone at this conference.

I believe that the lessons that we learned about change management during our transition process in South Africa are also relevant for companies that are experiencing fundamental and accelerating change.

I would also like to talk about the leadership qualities that are required for change management - and my own impressions of some of the great change leaders of our time.

By understanding the processes that underlie change, business leaders can make smarter choices about their strategic options. But this will require a clear understanding of their current situation, and a realistic vision of the future that they wish to create.

I am often asked whether the change decision that I took after I became President in September 1989 to transform South Africa was the result of some or other Damascus road experience.

It wasn't. Neither was it a sudden change of direction. It was, in fact, the culmination of a long process of introspection and reform that started in 1978 when my predecessor, PW Botha, became Prime Minister.

Introspection and acceptance of the need to change are the first steps in the process of transformation.



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As many of you here today will know, leading any transformation programme requires a great deal of introspection - as well as acceptance of the need to change and a clear vision of how you go about it.

Resistance to change is deeply ingrained in us. We fear the unknown and dread the prospect of moving into uncharted waters. In our case, in South Africa, the whites and other minorities had well-grounded reasons to fear change. We were deeply concerned about:

- Firstly, how would they be able to ensure that the reasonable rights of minorities would be protected under a majority rule dispensation? It must be remembered that the right to national self-determination had been the central theme of my people's - the Afrikaners - history for more than 150 years.
- Secondly, how could they be sure that universal franchise would not lead quickly to the chaos and tyranny that had sadly characterised the decolonisation process in so many other parts of Africa? By the mid-80s there had already been more than 80 coup *d'états* in Africa and there were only a handful of democracies on the continent.
- Finally, the government was worried about the possibility of a communist takeover. Throughout the 70s and 80s virtually all the members of the ANC's National Executive Committee had also been members of the SA Communist Party. The ANC received strong support from the Soviet Union and East Germany and 50 000 Cuban troops had been deployed in Angola. As late as October 1987, our armed forces had been involved in some of the biggest battles in Africa since the end of World War II against Soviet and Cuban-led Angolan forces.

Nevertheless, by the beginning of the 80s it was becoming increasingly clear that we were on the wrong course. We realised that we were being drawn inexorably into a downward spiral of conflict and isolation. We spent a great deal of time coming to terms with the realities of our situation and wrestling with the need for fundamental change.

For me the key point was simply the realisation that the policies that we had adopted, and that I had supported as a young man, had led to a situation of manifest injustice.

I was a member of a cabinet committee that wrestled with the need for transformation. By 1986 we had accepted that all South Africans - regardless of race - would have to be accommodated within the same constitutional system. We fought the 1987 election of a reform platform - and won with a reduced majority.

Having accepted the need to change, the next challenge was to avoid the temptation of *pretending* to change. Very often countries, companies and individuals who know they must change, pretend to change. Countries and companies will, for sentimental reasons, cling to industries that are no longer relevant instead of breaking through into entirely new cutting-edge technologies.



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For years we white South Africans also fooled ourselves that we could 'reform' apartheid and thereby avoid the traumatic decisions and risks that real change always involves.

By 1986 the Government had repealed more than 100 apartheid laws. It had granted genuine trade union rights to black workers and had brought Coloured and Indian South Africans into a Tricameral Parliament.

However, by then it was no longer a question of segregated park benches and integrated sports teams: it was a question of power - or *Amandla*, as the ANC put it. The demand was not for the reform of apartheid - but for one-man, one-vote elections.

It was only when we accepted that we would have to take extremely uncomfortable decisions and risks that real change could begin.

The next challenge was to articulate a clear and achievable vision.

In my first speech after my surprise election as leader of the National Party in February 1989 I made it clear that we intended to embark on a process of transformation. I said that

“Our goal is a new South Africa, a totally changed South Africa;
a South Africa which has rid itself of the antagonism of the past;
a South Africa free of domination or oppression in whatever form;
a South Africa within which the democratic forces - all reasonable people - align themselves behind mutually acceptable goals against radicalism, irrespective of where it comes from.”

On 2 February 1990 I presented a new vision to the South African Parliament of a peaceful and democratic solution to our problems. I set goals that included a new and fully democratic constitution; the removal of any form of discrimination and domination; equality before an independent judiciary; the protection of minorities, as well as of individual rights; freedom of religion; and universal franchise.

By 1994 we South Africans had achieved virtually all of these objectives.

A key element in change management is effective communication.

We live in a world of perceptions - and perceptions are created as much by how we communicate as by what we do. For us it was very important to convince the media and the world of our vision. Leaders must also be able to encourage their own supporters, to reassure them and to convince them of the need for fundamental change. Most people can deal with change and are even prepared to make essential sacrifices - but they cannot deal with uncertainty.

Timing is also crucially important in the management of change.



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It is stupid for leaders to be vociferously right at the wrong time or to move so far ahead in the right direction that their followers can no longer hear or see them. History, markets and events move at their own pace - sometimes agonisingly slowly, at other times with frightening speed. Leaders must watch the tides and currents and must position themselves accordingly.

I was often criticised before I became President for not racing out ahead of the pack in the pursuit of reform. Had I done so I would have alienated key players and important constituencies. I would not have become leader of my Party 1989; I would not have been able to do the things that I did when I was President; and I certainly wouldn't have been invited to speak to you today.

Strong leadership is essential.

History awards no prizes to people who have the right answers. The world is full of armchair experts. The art, in the first place, is to succeed in the very arduous process of becoming the leader. Only then can you really have an impact on events and steer them into what you believe is the right direction. History recognises only those who have the ability to translate their vision of what is right into reality.

A leader must have a weather eye open for changes in political tides and currents. He must also be ready to ride the wave of history when it breaks. After I became President my hand was greatly strengthened by the historic events that were occurring in Eastern Europe and the Soviet Union.

The collapse of international communism helped to allay fears of Soviet expansionism and of the influence of the South African Communist Party within the ANC Alliance. By February 1990 we were ready to launch our transformation process.

Change management also requires calculated risks.

We realised that our decision to embark on a process of transformation would involve enormous risks and unleash a chain of events with far-reaching and unpredictable consequences.

At times it was rather like paddling a canoe into a long stretch of dangerous rapids. You may start the process and determine the initial direction. However, after that the canoe is seized by enormous and often uncontrollable forces. All that you can do is to maintain your balance, avoid the rocks and steer as best you can - and right the canoe if it capsizes. It is a time for cool heads and firm, decisive action.

The difference between politicians and statesmen is that politicians follow and react to public opinion: statesmen lead public opinion and channel it into new directions. The qualities of change management that I have just described were in my view demonstrated by the following leaders:



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Mikhail Gorbachev is one of the people whom I count as a friend.

The simple reality is that the history of the world, or Europe and of Russia would have been fundamentally different if a hard-line communist had seized the reins of power in the early 1980s. Even though the Soviet Union was doomed to economic failure, an orthodox communist dictator might well have held the empire together for decades. The Cold War would not have come to an end. The countries of Eastern Europe would not have been liberated. The Soviet Union would not have disintegrated - and Germany would still be divided between east and west.

Often it is the individual leader who puts his weight on one side or the other of the political balance who changes the course of history.

The leader who, perhaps, impressed me most was Lee Kuan Yew of Singapore. Once again, he was an individual who changed the course of history. In many respects he was the creator of modern Singapore. Without his leadership it might still be just another city in Malaysia. As it is, and despite its tiny size, it has become one of the most successful countries, with one of the freest economies, in the world.

Lee Kuan Yew took the right decisions for his country; he chose the right values and the right economic policies to ensure the development of a successful society. In this, he was an artist painting on the largest canvas that society can provide. He was also a very astute judge of the world and provided a very canny and realistic assessment of our situation in South Africa when I met him during the early 90s.

Another great leader whom I counted among my friends was Margaret Thatcher. Few British Prime Ministers have had such a profound influence on the course of their country's history as she did. She understood, when she became Prime Minister, what the fundamental challenges were that she would have to address.

The most serious of these was a trade union movement and residual socialist policies that were inexorably dragging Britain toward stagnation and national failure. Soon after she became Prime Minister she prophesied that within three years she would be one of the most unpopular leaders that the country had ever seen. "But two years after that" she said, "I shall be re-elected Prime Minister with an increased majority". And she was quite right. She took on the unions and won - and subsequently she took on the Argentinians and beat them as well.

Her free market, middle-class conservatism set the paradigm not only for British politics for decades to come, but changed democratic politics everywhere. I remember an exasperated John Major telling me after the Conservatives had lost the 1997 election that he wondered what Tony Blair would do once he had run out of the Conservative Party's policies.



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Margaret Thatcher also had a keen understanding of the unfolding situation in South Africa. Although she was a consistent critic of apartheid, she had no illusions about the nature of the challenges that we faced. She doggedly resisted for as long as she could persistent demands for more sanctions against South Africa in the Commonwealth and in the international community. She always gave me - and our partners in the negotiations - strong and committed support for the achievement of our goals.

Although I never met Deng Xiaoping, I believe that he will probably be regarded by future generations as the greatest leader of the latter part of the 20th century. He himself was a victim of the Cultural Revolution but nevertheless rebounded in 1978 to initiate the reforms that have fundamentally changed his country.

The process that he began has led to the most far-reaching improvement in the lives of the largest number of people in the shortest period in the whole sweep of human history. In so doing he has visibly improved the daily lives of hundreds of millions of ordinary people and has established China as a leading strategic and economic power.

Such is the great canvas of statesmanship. Deng succeeded in turning China from a drab and paranoid ideologically-obsessed backwater to a confident, prosperous and successful society.

And in our own country I would like to mention Nelson Mandela.

There is a fairytale quality to the story of a boy who herded cattle in green hills of Qunu becoming the President of his country and subsequently perhaps the most venerated human being of his generation.

My first meeting with Nelson Mandela was on the evening of 13 December 1989 - a few months after I became President and two months before his release from prison. It took place at my office after Mandela had been smuggled in through the basement entrance. He was taller than I expected and a little stooped by his 71 years. He had a great sense of dignity. He was courteous and self-confident - qualities that no doubt had their origins in his youth when he had been trained to become a key adviser to the paramount chief of his Tembu people.

Later, during the negotiations we became opponents. I learned that he could also be remorseless and extremely harsh - but then, we were, after all, the leaders of opposing political parties.

However, whenever there were threats that might derail the negotiations, we were always able to lay our differences aside and hammer out agreements to ensure the continuation of the process.



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Nelson Mandela made his greatest contribution to South Africa after he became President by the manner in which he worked for national reconciliation. His crowning gesture was the moment when he donned the Springbok rugby jersey after we won the World Cup in 1995.

By any measure he was a remarkable man - and a remarkable leader.

Through effective leadership and change management we South Africans have achieved most of the primary objectives that we set ourselves in 1990:

- we have one of the most democratic constitutions in the world;
- we have rejoined the global community;
- we have done all this with surprisingly little violence and with a great deal of goodwill;
- without wanting to boast, I would like to add that we have pretty good rugby and cricket teams and have produced more golf major tournament winners than any country apart from the United States.

We are still confronted with many problems - some of them serious. Our future in South Africa - as with the future of everyone in this room - will be determined by our ability to continue to meet the challenge of effective change management. Change is constant, in every walk of life. In politics, in business, in technology. Being able to steadfastly hold on to what you know is right, while adapting to new circumstances and challenges, puts you in control of your destiny.

In the process we shall continue to need leaders who understand the art of managing change.