



SET POINT GROUP

TESTING, TESTING



TESTING, TESTING

CEO Graeme Horsfield talks about a diversified business, expanding its analytical expertise across Africa and beyond

WRITTEN BY: **MARTIN ASHCROFT**
RESEARCH BY: **MARCUS LEWIS**



Set Point Group is a South African company, comprising seven distinct businesses serving mainly the mining industry and a few unrelated sectors. It's an interesting mix, with a rather unusual genesis.

In 1998 the company was formed on the Johannesburg Stock Exchange as an analytical business called Set Point Technology Holdings Ltd. Stock was listed at one rand per share, but shot up to seven rand almost overnight, recalls CEO Graeme Horsfield. "The business was actually analysing air purity and underground gases in the mining industry," he says, "but because of the name and the IT boom at the time, many people thought it to be an IT company so they all piled in and pushed the share price up. The business became greatly diversified when the then directors bought several companies that had no synergy between them."

In 2001 the company brought in new management to restructure the business and Horsfield formed part of the team. There's certainly more synergy in the business now, and although he doesn't pretend that all seven businesses fit together snugly, they do at least fall into three broad categories—analytical services, fluid handling and mining services.

On the analytical side, the flagship business is WearCheck, an international brand that carries out oil and fuel analysis for condition monitoring of heavy mining machinery. "These mining machines are worth tens of millions of Rands each and

The Group comprises of
three Analytical Divisions



Oil and fuel analysis laboratory

carry hundreds of tons of rock and ore at each pass,” says Horsfield, “and are often run 24 hours a day. They have the oil tested every 250 hours or so depending on the component WearCheck analyses the oil and lets the mines know if it needs to be changed or if there’s any component wear and tear or if a problem is beginning to develop that could be prevented.”

The cost of the analysis is far cheaper than replacing the oil or repairing the machine should it fail, never mind the cost of the downtime associated with any failure, which could run into millions of rand.

WearCheck is an international brand name, almost akin to a franchise, but not quite. “There are a handful of companies around the world with the WearCheck label,” explains Horsfield, “but there’s no financial link between them, although, we do work closely with one another, sharing expertise and offering companies a global oil analysis programme. It is however a gentleman’s agreement as to who has the right to open up WearCheck businesses in certain areas, and Set Point has the rights for Africa, the Middle East and India.”

WearCheck has several laboratories and offices in South Africa, but has also opened businesses in Botswana, Zambia, and Ghana, as well as in Chennai in India, and Dubai in the Middle East. “We are dominant in the market in South Africa,” says Horsfield, “and worldwide, we analyse more samples than any other WearCheck operation.”

Also on the analytical side is Set Point



Oil analysis on haul trucks

Laboratories, which does assaying of minerals for the mining industry. The major laboratory is in Johannesburg, but others have been opened in Northern Cape and Botswana, and one will open soon in Mozambique. Set Point Laboratories have specific expertise and experience to establish and operate full on-site lab facilities specific to client’s requirements. These labs can be housed in fixed buildings

or in containerised units that allow easy transportation to remote sites. In addition, SPL has experience in establishing “underground sample preparation facilities” which provides huge logistical benefits for analysis of mine samples.

The third of the analytical companies is African Mineral Standards or AMIS, which makes certified reference materials—which are basically control samples to verify the

“WEARCHECK ANALYSES THE OIL AND LETS THE MINES KNOW IF IT NEEDS TO BE CHANGED OR IF THERE’S ANY ENGINE OR GEARBOX WEAR AND TEAR”

accuracy of the analytical equipment.

“Most analytical laboratories are faced with the challenge of determining the accuracy of their XRF and ICP machines,” says Horsfield. “They don’t know how accurate the machines are because the results they get vary from the samples they get from the mines. So what we do is develop a model answer.

“We collect rock from various parts of the world and crush it into a fine powder. This is sent to thirty laboratories around the world to analyse it and tell us what’s in the powder. We get the thirty results and then do a mean average and an almost model answer of what should be in that powder. Results are then sent to a renowned professor in Canada who checks the accuracy of the mean averaging, and signs a certificate off. This then becomes a certified sample.”

Mining laboratories around the world use these samples to check that they get the correct model answer from their machines. If they do, then their other samples can be relied upon to be accurate, too. “We are proud to have developed African Mineral Standards into the second largest standards supplier in the world.”

Set Point also has three operations in its fluid handling divisions—the Letaba Group,



Above: Flow meter. Below: Imperial mine cylinder



Matrix matched reference materials

Pneumax and Meter Systems. Letaba imports pumps and supplies them predominantly to the mining industry but also to food and chemical plants. It is also known for its impressive fleet of dewatering pumps, which are available for hire 24/7/365.

“Then we have Pneumax which supplies pneumatic equipment such as components for pneumatic automation, actuators, valves, fittings and tubing, deceleration

and vibration technology which can be used in virtually any industry or application,” says Horsfield. Pneumax is also committed to industry skills development programmes and offers various pneumatic training courses. Meter Systems supplies lubrication and garage equipment to the fuel and oil industries, including flow meters, nozzles, hoses, dispensers, loading arms, pumps and a myriad of complementary products and accessories.



Set Point’s mining section, acquired in 2005, is the one that stands alone. The two companies NW GoPro and RENG, manufacture and repair

locomotive and hopper wheels, as well as skip guide rollers for the mining industry. “It’s the only manufacturing business we have in the stable, so of all the companies in the group, it has the biggest labour force.”

Being a diverse organisation is challenging but it also has benefits, says Horsfield. If one sector suffers from a shrinking market, others can pick up the slack. The disadvantage is that the skills required to manage the individual businesses are not easily transferrable.

“We have seven highly skilled MDs,” he says, “so we have to have a very strong succession plan in place, especially on the

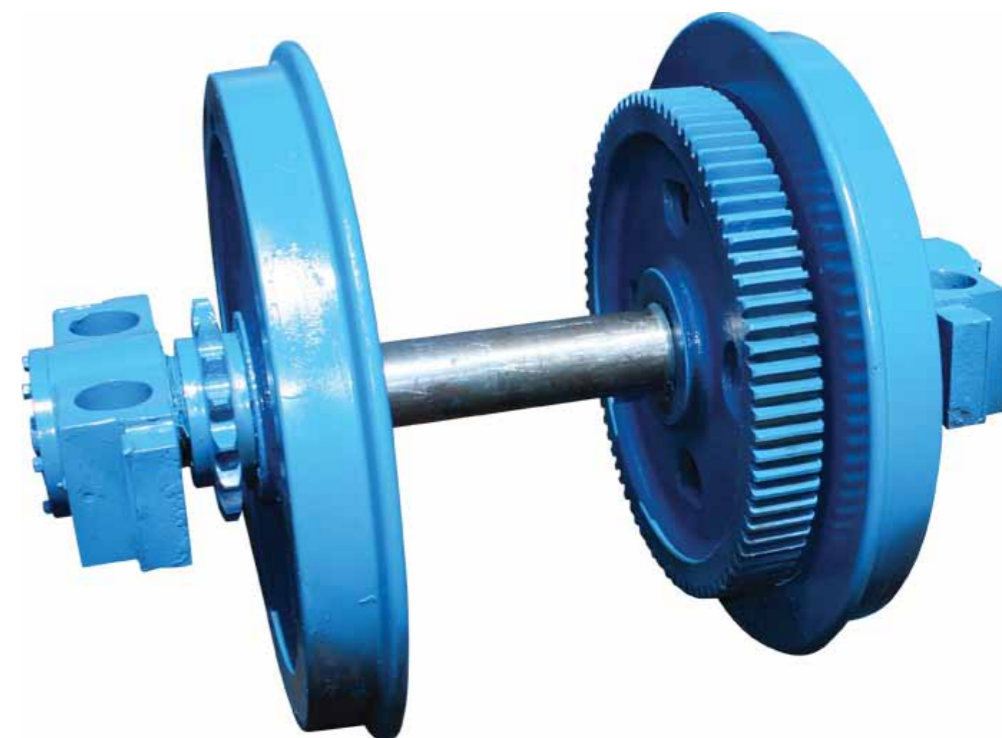
“WEARCHECK ANALYSES THE OIL AND LETS THE MINES KNOW IF IT NEEDS TO BE CHANGED OR IF THERE’S ANY ENGINE OR GEARBOX WEAR AND TEAR”



GoPro manufactures a range of loco wheels and skip guide rollers



Some of the brands available from Letaba Pumps



GoPro's locomotive wheels

“WE HAVE DEVELOPED OUR OWN TRAINING SCHOOL IN JOHANNESBURG, AND WE ARE ONE OF A FEW COMPANIES ACCREDITED BY THE DEPARTMENT OF LABOUR”

analytical side. These guys have Masters in chemistry and science. You don't just pick them up off the street. We constantly have to train middle management to be able to step into top management shoes. General distribution is relatively easy for a commercial guy but in the three analytical businesses it's tough because you can't take, for example, a laboratory manager from

one of our analytical divisions and ask them to run another – since the scope of work varies significantly.”

There are challenges also in expanding across Africa, not least in being careful which countries you choose. “We often have to join up with local management in terms of the rules of the country regarding ownership, and finding the right partner is

not always easy. It takes a good six months for our business development people to do a full analysis of the business environment.” Zimbabwe, for instance is one country Set Point has avoided, because of its indigenisation policies.

It's not easy attracting skilled workers into the analytical side of the business, either, says Horsfield. “We have developed our own training school in Johannesburg, and we are one of a few companies accredited by the Department of Labour. We train people from the African sub-continent and send them back to their own countries to run their own laboratories.”

Science graduates are keen to work in DNA analysis or biochemistry, he says.

Analytical work is not sexy enough for some of them today. “So we've had to make it pretty sexy for them in terms of the company culture and opportunities to get into management. We've been running a mentorship program for about three years now where we identify people with talent and do our best to inspire them to greater things for themselves and the company. It's been a boon for us in terms of retaining those people and developing them into a different level of management.” **BE**

For more information about Set Point Group visit: www.setpoint.co.za



SET POINT GROUP

www.setpoint.co.za

Produced by:

ACHIEVING BUSINESS EXCELLENCE ONLINE

BE Business Excellence

www.bus-ex.com