

# Welcome home Argus & Sons

 By [Chris Mberdyk](#)

25 Feb 2013

Round about this time 51 years ago, a 19-year-old youngster joined the Pretoria News as a wide-eyed cub reporter. His salary was R72 a month and the company deducted R1.25 for his pension fund contribution and 45c for the "tea club."

It was me. And over the decades I worked on and off for the old Argus Group and latterly Independent News and Media SA.

So, it was with enormous delight that I welcomed the news last year that the company's Irish owners would be selling it off, hopefully to a local company.

It looks pretty sure that Iqbal Survé's Sekunjalo Media Consortium will be the new owners.

And however the media industry might view this is beside the point right now because all I know is that whoever takes over control, has got to do a better job than the Irish.

## Never again

Frankly, I have very little doubt that government and more than just a handful of economists will use this as a case history of exactly the kind of foreign direct investment this country doesn't ever want to have again.

When, in 1994, Irish businessman and international rugby player, Tony O'Reilly, persuaded his company to buy 30% of South Africa's Argus group and its then iconic brands such as The Star, Pretoria News and Cape Argus, the company employed more than 5,000 people.

Last time I looked employee numbers were about 1,700.

In 1999 O'Reilly's group bought up the remaining shares and the company was delisted and since then it has generated about R4.5bn in operating profits. If any of that actually remained in South Africa it probably would not have been more than about 55 cents.

The South African company, INMSA, had cut costs to the point where they were in danger of ripping open a major artery.

## Salt in the wound

Profits became increasingly difficult to come by and a couple of years ago INMSA sold the Cape Times building and

managed to send about R90m back to head office.

At about the same time, an INM Plc. shareholder called O'Brien, who was a major force in removing the O'Reilly's from the scene, said quite unequivocally that in his opinion the company should sell off its South African operations and invest the funds in the group's operations in Australia and New Zealand. Talk about rubbing salt into the wound.

From practically every point of view, it is good riddance to INM.

The whole exercise had been singularly pointless in terms of benefits to this country and if the process had continued with the Irish owners taking out as much as they could without putting anything back as had been their clear strategy for heaven knows how long, then some of the country's great media brands could easily have disappeared.

When O'Reilly first showed an interest in buying a chunk of the then very profitable and well-run Argus Group, jokes did the rounds about his interest not being so much wanting to invest in the newspaper business here but rather to be seen to be part of the great transition from apartheid to democracy in 1994.

It was also jocularly suggested by some wags that in actual fact all that rugby-mad O'Reilly wanted was to get his hands on the precious suites the Argus group owned at all of South Africa's major rugby stadiums.

These jokes soured when O'Reilly was appointed to the board of the South African state president's special foreign advisory group.

## Rugby and ego

But, when he started bringing groups of his friends out for major rugby internationals one could not help but wonder.

That a lot of O'Reilly ego was involved is pretty much beyond question. The establishment of the Sunday Independent was a classic O'Reilly ego trip. It never really made much money.

For many years now, staff at INMSA has been living on redundancy tenterhooks.

That it still manages to produce quality newspapers is a testament to the dedication and loyalty of a diminishing band of journalists and editors.

There are many former Argus group employees who hoped that if it is purchased by South African owners, the company can be once again restored to the position of the old Argus group at its best. Under editors such as Harvey Tyson of The Star whom the Argus board allowed to have complete editorial independence.

There is a group of great journalists who still love newspapers such as The Star. They get together and talk about the good old days quite often. It's not a formal club of ex-Argus journalists but they are mostly all still together. In the Sunday Times newsroom.

As an exercise in direct foreign investment, INM Plc.'s operations in South Africa have been pitiful.

## ABOUT CHRIS MOERDYK

Apart from being a corporate marketing analyst, advisor and media commentator, Chris Moerdyk is a former chairman of Bizcommunity. He was head of strategic planning and public affairs for BMW South Africa and spent 16 years in the creative and client service departments of ad agencies, ending up as resident director of Lindsay Smithers-FCB in KwaZulu-Natal. Email Chris on [moerdykc@gmail.com](mailto:moerdykc@gmail.com) and follow him on Twitter at [@chrismoerdyk](https://twitter.com/chrismoerdyk).

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