

# Rising up to success

## BiBi Cash & Carry goes from strength to strength

BY LINDA WILKINS

BiBi Cash & Carry is a large retail operation with five outlets and a distribution centre in the Free State, catering to consumers in townships, taxi ranks and city centres. The company was started 25 years ago by businessman Tommy Makhatho, who began his career as a waiter at the Carlton Hotel in Johannesburg. His first foray into business was to start a travelling hair salon on the East Rand and he opened his first retail outlet in 1998. Today, at 47, he employs over 540 people and has been the recipient of two entrepreneurial awards – the Sanlam Business Partner award and the Soweto-Sanlam Entrepreneur award.



BiBi Cash & Carry in Naledi Mall in the Free State produces 16 000 loaves of bread a day. The 800m<sup>2</sup> store also features a hot food section and an extensive butchery.

### The path to success

Makhatho did not come from a privileged background, having been raised by a single parent and living with various relatives whose households were all poor and barely able to feed another child. "I had to

fend for myself, selling newspapers over the weekend to see to my own survival." Makhatho wanted to go to university but was unable to afford it. Instead, he left school in 1976 at 18 and became a waiter at the Koffiehuis restaurant in the Carlton Hotel. There he met the flamboyant and successful millionaire hairdresser Brian Gule. Gule took an interest in Makhatho and gave him a job as a trainee shampooist in his salon. "Through this, I was able to save up enough money and at the end of 1982, with R7 000, started a backyard hair salon in Orlando East, Soweto." Unfortunately the venture did not work but he tried again and in 1980, opened MT Hair Salon. During the next four years, together with his wife Thandeka, Makhatho opened six more hair salons and managed to accumulate R300 000 in two years.

In 1991, Makhatho opened a distribution centre - Jabula Cosmetic Centre - in what was then the homeland of QwaQwa, from where his salons could be supplied with haircare products. Four more distribution centres followed, but with over 3 000 SKUs, more storage space was needed and a



BiBi Cash & Carry outlets stock a range of both food and non-food products. Seen here is the Bethlehem store.

warehouse was opened in 1992. "We learnt a great deal about storage space, planning, management and control systems during this time," says Makhatho.

### Building an empire

Although the haircare business was tough, with high shrinkage, truck hijackings and the demise of the homeland system creating unemployment and poverty in QwaQwa, Makhatho persevered and in September 1998, had enough capital to open his first food retail outlet, BiBi Cash & Carry Supermarket, which was situated in Phuthaditjhaba, QwaQwa. Over the next ten years, he launched five more operations – three cash and carry outlets, a wholesale outlet and a distribution centre. Four of these are situated in Phuthaditjhaba and one – the latest addition – is in Bethlehem.

### BiBi Cash & Carry Supermarket, QwaQwa (September 1998)

This was the first store launched by Tommy Makhatho, situated in Phuthaditjhaba township in the Free State. Phuthaditjhaba, formerly called Witsieshoek, is 50km from Harrismith and 80km from Bethlehem. The area has an estimated population of 75 000 and features a Basotho cultural village that is a popular tourist attraction.

### BiBi Cash & Carry, Setsing (June 1999)

This store is situated in the Setsing Shopping Centre in Phuthaditjhaba township. The total area of the store is

1 400m<sup>2</sup> and it is the only supermarket in the town with 36 tills.

### BiBi Cash & Carry, Naledi Mall (June 2004)

The 800m<sup>2</sup> BiBi outlet in Naledi Mall is located in the heart of the Phuthaditjhaba township. The store produces 16 000 loaves of bread a day and is well known for its fresh and quality range of confectionary and its wedding and birthday cakes. There is also a hot food section and an extensive butchery. One of the family's two hair salons, Hair by Tommy, is situated nearby.

### BiBi Distribution Centre (October 2006)

Situated in Phuthaditjhaba, the distribution centre is 5 000m<sup>2</sup> and distributes products throughout the Free State.

### BiBi Wholesale (December 2006)

Also in Phuthaditjhaba, the 2 500m<sup>2</sup> wholesale warehouse services small and medium enterprises throughout the Free State. Its customers include spaza shops, smaller retailers, police stations, hospitals and government departments.

### BiBi Cash & Carry, Bethlehem (April 2008)

This outlet is situated in the middle of Bethlehem, on the corner of Boshof and Malan streets. The trading area is 2 000m<sup>2</sup> and there are 24 tills. The store, a hybrid of retail and wholesale, each with their own sections and tills, was recently upgraded and



The distribution centre, which is situated in Phuthaditjhaba township in the Free State, is, 5 000m<sup>2</sup>.

a further 800m<sup>2</sup> was added.

### A competitive advantage

Makhatho says BiBi has several competitive advantages. "Our knowledge of the markets in which we operate, our flexibility as a smaller regional player and our determination to operate close to the townships and communities where most of our customers live, have been key to our success," he says. In addition, many brands in the extensive product range are purchased from smaller local suppliers, offering better prices to shoppers.

### Giving back

The company contributes to a number of community-based initiatives. It has also facilitated the opening of a community gym and supports a large number of students at various tertiary institutions. In addition, there is the BiBi Cash & Carry 5km fun walk and 10km run, Orphans Day and an annual birthday promotion that takes place every year, complete with prizes.

### Still to come

The company has plans to extend beyond the Free State and is also considering a possible listing on the Johannesburg Stock Exchange. Makhatho is passionate about the business and expects a good few years still heading it up, but he has also made provision for succession planning and built up a solid base of skills through his executive team.

Sources: www.wikipedia.org, www.bibicashandcarry.co.za, www.mallguide.co.za,



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