

# ELEGANT GROUP



# Fuelling growth

Editorial: Ajuanne Payne

Recognising a need in the market for a flexible, independent fuel distribution business eight years ago, Elegant Group was founded with a view to making it the niche provider of choice in the region. With demand increasing for its LPG product and an expanding retail business, Elegant has grown rapidly ever since inception and made innovative, strategic moves that are promising exciting times ahead for the company and its industry partners.

**The Elegant Group is a fuel and service provider with a solid commitment to impeccable service and a flexible approach to business.** But before that and perhaps most importantly for the business, explains Rocco Strydom, director of the family business, Elegant is a proudly South African company.

“First of all Elegant Group is a locally owned and founded company, so we’re proudly South African. Economic transformation is a big issue and we’re committed to bringing sustainable job creation and empowerment to help transform the country and to help its people go forward. We are not a company that looks at the bottom line first, we look at our people and how we can employ more people with sustainable job creation.”

A relatively young company – Elegant was founded eight years ago and has grown incredibly

in the years since into a diverse operation, offering a retail service station business that is growing year-on-year, wholesale operations, pioneering LPG distribution in Limpopo, a variety of services and a distribution network to support the entire operation.

In a relatively short amount of time Elegant has been able to make solid strategic partnerships with major oil companies operating in South Africa while maintaining its appetite for innovation – a combination that has made it a leading independent in the fuel distribution market.

## ENTREPRENEURIAL SPIRIT

“Elegant Fuel is part of the Elegant Group. It was started eight years ago when we saw a niche market developing because of the major oil companies divesting in their downstream activities,” explains Strydom.



Despite the substantial growth in oil demand not only in South Africa, but across the African continent, there has been a trend towards divestment in downstream operations by oil companies operating in the region. This has allowed for non-traditional and mid-sized players such as Elegant to step in and meet demand in these markets – a development that has definitely proved lucrative for the company.

“In the beginnings we got a transporter, we helped them to get two trucks financed and we got the supply and then started delivering to smaller sites. That eventually just grew year on year and we became more successful until a couple of the bigger players noticed what we were doing.

“We started with two million litres a month and now, last time I checked, we’ve got a fuel output of 20 million litres a month - only eight years since Elegant Fuel was started,” says Strydom.

After setting up its fuel distribution operations, the

company realised that the key would be for it to diversify its operations – to aim to provide services that others were not providing.

“About two years ago we realised, we are more than a fuel company - we are an entrepreneurial company. So, we started an LPG business, we bought a PPE company and we started our own construction and maintenance division that does other projects for Elegant Fuel. We incorporated everything for the company into what we call the Elegant Group of companies.

“You need to diversify – in South Africa if you are a one-trick pony then someone’s going to come and unseat you,” says Strydom.

### LIQUID PETROLEUM GAS (LPG)

Discovered over a century ago in 1910, LPG is a gaseous fossil fuel and a by-product of natural gas processing and oil-refining. The fuel is a non-



toxic mixture of propane and butane and although a fossil fuel, it is relatively clean when compared with fuels such as coal and oil, producing far less air pollution and carbon dioxide emissions. As an example – when used in vehicles, LPG produces up to 40% less carbon dioxide emissions than traditional petrol fuels.

“It’s what you use at home to cook. Although South Africa isn’t as big as Europe is on using gas as a power source, what we saw was an opportunity to get into the market while there are only a couple of big players,” explains Strydom.

“We started with one of the biggest companies, called Easigas, which is a French holding company, and we are now the only distributor of Easigas in the Limpopo Province.”

Currently in sub-Saharan Africa, per year consumption of LPG is only at an average 2.5 kg per person, however this is predicted to grow quickly over the coming years. It is the third most commonly used transportation fuel globally and has applications in many industries – from transportation and construction to home uses such as cooking and heating.

Aside from its obvious potential as a greener

choice of fuel, LPG burns hotter than coal, natural gas, petrol or diesel, making it a more efficient resource. In a time when economic and environmental sustainability is becoming increasingly prevalent to individuals and organisations alike, Elegant Group is tapping into a market with a lot of promise and is ensuring it is in the best position to service the growing demand for this alternative fuel.

“I think we’ve only scratched the surface in terms of LPG usage and applications - in South Africa we haven’t even started using LPG for transportation. I know in Europe they’ve got a lot of sites where cars run on a mix of petroleum and LPG and so that’s one thing that we’re trying to exploit on this side, but it’s an educational thing because people are scared. If you don’t know about something then there’s a hesitancy to pick it up, so we’re just trying our best to educate people and make them aware of the safety of gas.

“In the rural communities they use paraffin to cook with and it’s actually a very dangerous substance because it looks like a drink and a lot of the time toddlers ingest it by mistake and it’s also very ignitable. LPG is a very green energy in the

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sense that it’s clean burning and it’s a by-product of the distillation process of fuel, so it’s there in abundance.”

#### FUTURE PROSPECTS

With significant growth potential in the retail side of Elegant’s business and demand increasing for its LPG product, there are multiple opportunities for the company to expand on in the years to come. Strydom explains that the company is continuously looking at avenues where it can expand its footprint.

“We are always looking for synergies cross-border and there are a couple of leads that we’re working on, but we’re quite comfortable growing our market share in South Africa,” says Strydom. “I think that South Africa is a country with an amazing growth potential. It might not be experiencing the growth that emerging markets are experiencing, but for businesses that can be innovative and with a flexible supply chain, South Africa has great growth potential.”

One area which the company is looking to grow further is its retail network. “We’ve got a relatively small retail network at the moment

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*Elegant Fuel*

*on their accomplishments and wish them every success in their future endeavours*

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with about eight sites, adding two or three a year constantly, but as you know it's quality over quantity. People have warmed to the brand and they are quite taken with it.

"We are obviously looking to expand the retail platform to wherever we can take it. We'll look to partner with other independent wholesalers to grow the brand.

"On the LPG side, our partner Easigas has a national account with Boxer – a supermarket in South Africa. We've partnered with them to bring LPG to their stores so that the rural community can buy it and don't have to go into the larger towns. It makes LPG more accessible. That's one big thing that we're working on and that should be up and running in the next year or so – the rolling out of those sites."

Not only will the partnership with Easigas be a lucrative one for Elegant but it will also contribute to its long-term goal of increasing the product's visibility in South Africa.

With a fleet that currently stands at around 30 tankers and four vehicles for transporting fuel and LPG, Elegant expects to continually invest in expanding this further in the years to come to ensure it has the infrastructure to service its growing business.

"You have to expand quite fast," says Strydom. "We differentiate ourselves on service - our major selling point is always that we'll give you the best service at a market-related price. For that you need a flexible supply chain and you can only have that if you have the best assets for your logistics."

"I like to think of us as the underdog, doing what the big companies think we can't do. If you group our operations together and take a look around then I say there's not many here that are doing what we're doing - we're expanding our divisions, acquiring companies, being innovative."

## COMPANY MILESTONES

In a short space of time, Elegant has achieved a lot. In a market usually dominated by large, multinational companies, the family business has proven itself to be reliable and efficient and in a relatively short space of time, has built itself a good reputation in the industry.

"The retail networks were a big milestone for us - the network is something we're very proud

of," says Strydom. "On the fuel side, signing a big supply contract with Sasol was a big milestone. They are one of the largest fuel companies in the world, so for a little guy to sign a big supply contract with a multi-national oil company, that's a big deal. And then on the gas side the depot that we built in Limpopo is one of the biggest inland LPG depots in South Africa, built to European specs."

Strydom firmly attributes Elegant's success to its focus on customer service - "Service delivery - putting the customer first. It sounds like a cliché when you say it but it really is about customer service at the end of the day. Not forgetting where you're coming from, staying humble and remembering that it's those customers that got you where you are today and you need to look after them every day. You're only as good as your last delivery," he concludes ●



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