Intrapreneurship: George Beeton’s managerial contribution to the Edgars Group, 1963-1996

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Abstract

George Beeton was employed by the Edgars Group, a clothing, footwear and household textiles retailer, for 33 years, starting as a Management Trainee in 1963. He entered the top management structure in 1972 when he took charge of the struggling Jet Stores chain. His success with the chain earned him promotion to Managing Director of the Edgars chain, the Group’s largest chain. In 1990, he ascended to the position of Chief Executive, which he held until February 1996 when he retired from the Group. Within the context of Edgars, as well as the broader socio-economic environment, this article considers some of the contributing factors to Beeton’s success and longevity in the Group. Furthermore, it explores the contribution he made through his leadership and management approach to the development of the chains he was involved in, as well as to the Group during his time as Chief Executive.

Keywords: Edgars; Sales House; Jet; Economy; Fashion Retail; Management; International Consultants; Store Development.

Introduction

With the advancement of industrialisation, initially in Britain and then as it spread to Europe and America, the notion of management as practice became apparent.1 “Entrepreneurship as the dominant form of management gave way to the modern, corporate form of management”.2 However, management as a profession was not recognised as such prior to the mid-nineteenth century and by then, the United States was becoming the main centre for the development of management practice and theory.3

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3 G Pearson, The rise and fall of management…, pp. 79, 80, 156, 226.
By 1965, it became commonplace for leading businesses to seek out promising graduates to join their in-house management trainee schemes. In-house management training programs were typically how large-scale companies developed future generations of management. These in-house training programmes yielded managers who were already inculcated into a particular company’s culture, and who were well educated and experienced in the relevant aspects of the particular industry. When the need arose to appoint new senior management, individuals were usually selected from the pool of in-house trained management.4

As a consequence of this model, individuals emerge who are innovators capable of seizing new opportunities. These individuals have been called “corporate entrepreneurs” by Kanter, and “Intrapreneurs” by Galbraith, both of whom portray them as “idea generators” or “idea champions” who can introduce new ideas or improve those already established within a company.5 Duening and Sherrill argue that, in a business, there can be only one entrepreneur, but within that business, many individuals can exhibit an entrepreneurial attitude that can be developed as the company grows. Such individuals can be labelled as intrapreneurs when they take a holistic view and grasp the fundamental process of the company’s profit making, support the organisational mission, adopt an owner’s perspective and constantly seek to advance the firm. “As an effective intrapreneur or skilled professional, you will seek out opportunities and responsibilities that less skilled co-workers will avoid”.6

In the early 1960s, the Edgars Group recognised that an investment needed to be made into future management structures so as to accommodate the envisaged growth of the company. The Group embarked on a Management Trainee program and recruited a group of twelve individuals who needed to be “decision makers and buy into the company’s strategy of growth”.7 In this article, George Beeton’s career is selected as a case study, as he remained in the Group for 33 years and ultimately occupied the top position of Chief Executive. This article explores some of the changes in Edgars Group management as a possible contributing factor to his success and longevity in the Group, as well as his personal contribution to the group through his

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7 G Barnett (Retired Group Director, Edgars), interview, H dos Santos (Researcher, UJ, Department of Fashion Design), 2 November 2014.
managerial approach. In effect, the aim of this article is to determine whether Beeton can be labelled as an intrapreneur.

The socio-economic context

The socio-economic context of South Africa has long been inextricably tied to policies of racial segregation. These policies include the Black Urban Areas Act of 1945, which reinforced the restriction of movement of Black individuals into urban areas, and the Group Areas Act of 1950, which forced the separation of residential areas for all races. Subsequently, the Reservation of Separate Amenities Act of 1953 enforced social segregation of all public facilities. Soon after, the 1959 Promotion of Bantu Self-Government Act followed, bringing about the establishment of Black homelands. To assist the economies of the homelands, the government introduced a decentralisation policy with incentive schemes to entice manufacturers to relocate to areas bordering the homelands.

After the declaration of the Separate Amenities Act, the Edgars chain introduced separate in-store sections for their Black consumers (discussed further down). The Edgars Group recognised the potential of the Black consumer market and re-launched their Sales House chain in 1958 in order to cater specifically for that market. Ehlers, in his study of Pep stores, states that there was an awakening of South African business to the possibilities of the growing Black consumer market with its population estimated at 17 million.

Decentralisation efforts by Government intensified after the mid-1960s with the introduction of the Physical Planning and Utilisation of Resources Act of 1967. This Act curtailed the number of Black employees per factory in order to protect White employment and also curbed the further growth of

10 S Jones, *The decline of the South African economy* (Great Britain, Edward Elgar, 2002), p.12,
11 G Beeton (Retired CEO, Edgars), interview, H dos Santos (Researcher, UJ, Department of Fashion Design), 6 May 2014; G Barnett, interview, H dos Santos, 2 November 2014.
clothing factories in cities.\textsuperscript{14} The intensification of these policies, as well as the realisation that their factory would not be able to expand, forced Edgars to decentralise their manufacturing to Tongaat in Natal in 1974.\textsuperscript{15}

From an economic perspective, the country’s revenue tripled during the period of the Second World War and then again between 1948 and 1961.\textsuperscript{16} The 1960s emerged as a “boom” period despite the Sharpeville riots in 1960, which led to industrial unrest and the banning of both the African National Congress (ANC) and the Pan African Congress (PAC). From a broader perspective, “apartheid did not limit economic – particularly manufacturing – growth in the 1960s”.\textsuperscript{17}

The strong growth of the South African economy, after the War years, continued until 1974, exceeding population growth and, as such, improving general standards of living. On the surface, all appeared well, but the “race-based economy” was veiled by the benefits of gold exports and the influx of foreign investment into the manufacturing industries. The sudden downward spiral of the economy from 1975 was triggered by a series of events. It started with renewed political tension, which had been simmering since the early 1970s, and flared up into a series of clothing industry strikes followed by intensified action on the part of Black labour unions building up to the Soweto riots in 1976. This was followed by international calls for reform in the 1980s that were rejected by the Nationalist Government and resulted in sanctions and disinvestment that contributed to economic decline. However, during this period, two “mini-booms” occurred, the first sparked by the high gold price from 1979 to 1981 and the other attributed to irresponsible government spending in 1984.\textsuperscript{18}

Beeton’s appointment as Managing Director of the Edgars Group in 1990\textsuperscript{19} coincided with a significant turnaround for South Africa with the release of Nelson Mandela. The unbanning of political organisations paved the way for democratic elections in 1994 and brought an ANC government into power. Although the 1990s saw intensified globalization, the end of sanctions and an

\textsuperscript{15} Edgars Stores Limited annual report, 1974 (Chairman’s statement, p. 8).
\textsuperscript{17} N Worden, \textit{The making of modern South Africa…}, pp. 107, 109.
\textsuperscript{18} S Jones, \textit{The decline of the South African economy}, pp. 7, 8, 13, 14, 15.
\textsuperscript{19} G Beeton (Retired CEO, Edgars), interview, H dos Santos (Researcher, UJ, Department of Fashion Design), 6 May 2014; G Barnett, interview, H dos Santos, 2 November 2014.
influx of foreign aid, it was a stormy decade. Economic growth was hampered by the inherent structural weaknesses introduced by apartheid, the aftermath of sanctions, disinvestment and “struggle politics”. It resulted in an intensified recession that lasted until 1994, and then abated somewhat before resuming in 1998. By the turn of the twenty-first century, the economy had not yet recovered to the levels of the early-1970s.20

**Setting the stage for development in the Edgars Group**

The Edgars Group listed on the Johannesburg Stock Exchange in 1946 with ten stores. Capital gained from the listing, was used for further development and set in motion such rapid growth that, by 1962, the Group had opened 200 stores. This included the main chains of the Group, which were Edgars, Sales House and Shelly Shops. The 1963 Annual Report made it clear that “the fundamental policy of the Group is growth”.21

Vertical integration, in the form of manufacturing by their Celrose Company, as well as distribution by the United Purchasing Company (UPC) assisted with the supply of clothing to their burgeoning number of stores. Expansion into the international market started with the establishment of stores in Zimbabwe (then Rhodesia) in the 1950s.22 This was followed by the British retail market in 1962, when they acquired a major share in Werff Bros. Ltd., a chain of 12 fashion stores.23 In the second half of the 1960s, the Group widened their Southern African operation by opening stores in Swaziland, Botswana and Lesotho.24

**Formulating a future management structure**

The high growth experienced by the Group manifested in a vast scattering

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24 Edgars annual report, 1966 (Subsidiary companies, p. 7); Edgars annual report, 1968 (Subsidiary companies, p. 5); Edgars annual report, 1969 (Subsidiary companies, p. 4).
of stores across the country and the supervision thereof became a problem.\textsuperscript{25} There was a need to invest in the human capital of the company, and to create a more efficient management structure. Therefore, in 1962 they advertised extensively for a group of about 12 young graduates as Management Trainees. The graduates were strategically selected so as to represent a wide array of disciplines including finance, law and engineering. The Group continued growing at such a pace that further recruitment continued into the late 1960s.\textsuperscript{26} The selection procedure was rigorous, such that all candidates had to provide 20 references and Gavin Barnett, one of the first recruits, was subjected to 15 interviews. Furthermore, all the interviewees had to be assessed by an industrial psychologist before being employed. Barnett notes that, since the selection procedure was so rigorous, most of the Management Trainees stayed on and performed well, although over the years some departed to pursue other opportunities. An important criteria for selection was that the recruits had to be “decision makers and buy into the company’s strategy of growth”.\textsuperscript{27}

When the Management Trainee program started, the Group management structure was fundamentally informal. For the trainees, the informal structure “resulted in some confusion, yet it offered us the opportunity for initiative”.\textsuperscript{28} At that stage, Sydney Press and his younger brother Hubert shared the Managing Directorship with Sydney also being the Chairman.\textsuperscript{29} Hubert Press retired in 1969 and Sydney Press continued as Managing Director. His management approach focused on people and, as such, he practiced a democratic, informal style of management that centred on motivating people.\textsuperscript{30} 

\textit{Consultants and the introduction of international management concepts}

Alongside the development of management as a profession was the development of management consultancy.\textsuperscript{31} The proliferation of management consultants was such that, by 1965, there was one consultant for every hundred managers and, by 1995, this increased to one for every thirteen managers. These external advisors brought specialised expertise related to

\textsuperscript{25} E-mail: G Barnett (Retired Edgars Director)/H dos Santos (Researcher), 29 September 2015.
\textsuperscript{26} G Beeton, interview, H dos Santos, 6 May 2014; G Barnett, interview, H dos Santos, 2 November 2014.
\textsuperscript{27} G Barnett, interview, H dos Santos, 2 November 2014.
\textsuperscript{28} E-mail: G Barnett (Retired Edgars Director)/H dos Santos (Researcher), 29 September 2015.
\textsuperscript{29} Interview, G Barnett/H dos Santos, 2 November 2014.
\textsuperscript{30} University of Johannesburg (UJ), Special collection (SC): Sydney Press collection, B36 36E/1: Speech by Sydney Press at his Business statesman of the year award, 18 June 1980.
\textsuperscript{31} G Pearson, \textit{The rise and fall of management...}, p. 8.
problems that could not be resolved internally. By the time Sydney Press introduced consultants to the Edgars Group, many of the large consulting agencies were well established in America. Press specifically avoided such agencies “because of their propensity for complex theoretical proposals” and instead handpicked individuals of “exceptional personal calibre”.

During the immediate post-War years, Press was mainly based in New York and when travelling to Europe came into contact with Executives of large retail companies in America. Exposure to these individuals led Press to believe that, when the Edgars Group became substantial enough, a program to bring that knowledge and experience to Edgars could benefit the Group. Furthermore, during his stay in the USA, he made many business friends and this network of connections had a snowball effect as he met an increasing number of management experts.

It was during one of many lunches with Jack Behrendt that the latter offered himself as consultant and that Press realised that the time was right to introduce a management consulting program within Edgars. Twelve days after his retirement from the JC Penney Company in 1968, Behrendt commenced as consultant for Edgars. The JC Penney Company was one of the largest American retailers with annual sales reaching $1 Billion in 1951 and increasing to $3 Billion by 1968.

With his experience in the JC Penney Company’s Treasury Stores, a self-service mass merchandising type of store, Behrendt recommended differentiation of merchandise in the Jet chain, which Beeton implemented. Behrendt further introduced the “art of assortment planning. The practice of adjacencies in our store layouts… played a key role in the design of our flagships.” Moreover, he initiated the implementation of structured quality assurance within the Group.

Herb Seegal, retired President of the American retail giant RH Macy & Company, came to Edgars in 1980 also as a consultant. Macy’s traded in apparel and home furnishing and by 1977, had 76 stores with sales estimated

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35 *Chicago Tribune*, 6 October 1971.
at $1.7 Billion. Seegal addressed the following critical aspects of retail: to focus on and define a market; to develop an audience for that market; to always take note of what interests people; to offer a full continuum of merchandise enveloping these interests; and to be consistent in one’s objectives.

Seegal also advised that Sales House needed to adjust the fit of their garments to suit the Black consumer market.

Many other consultants were brought into the Edgars Group and, after Press’ retirement, one of the prominent consultants employed by Beeton was Jack Shewmaker, retired Chief Executive Officer of Wal-Mart. Wal-Mart was the largest retailer in America in 1992 with estimated sales of $55 Billion. Shewmaker’s first assignment was to assist with the implementation of participative management.

George Beeton’s early career in the Edgars Group

George Beeton matriculated in 1948 at Forest High School in Johannesburg. While employed by the City Council of Johannesburg, he studied part-time at the University of the Witwatersrand and in 1955 completed a Bachelors of Commerce degree. The following year, he commenced with his studies towards an ACIS qualification (Associate Chartered Institute of Secretaries), while working as Assistant Accountant for the timber merchant, WF Johnstone & Co. Limited. His interest in fashion retailing began whilst working for WM Sowry Textiles as Company Secretary in 1961, where he met many clothing manufacturers including those from Edgars. Beeton did not see a future for himself in the textile company and when Edgars advertised for management trainees, he was quick to apply.

40 G Beeton, H dos Santos, 6 May 2014; G Beeton, interview, H dos Santos, 3 December 2014. G Barnett (Retired Group Director, Edgars), interview, H dos Santos (Researcher, UJ, Department of Fashion Design), 4 November 2014.
41 Edgars annual report, 1992 (Chief Executive report, p. 10).
43 Edgars annual report, 1992 (Chief Executive report, p. 10).
44 G Beeton, Curriculum Vitae (Personal collection).
Beeton as Area Manager for the East Rand

Beeton’s initial training entailed responsibilities at the company’s Administrative Head Office. One of his administrative duties was the manual generation of the company stock sheets that usually ended up the length of an average sized room. He explained that he had to run across to enter the sales for each of the stores in the specific merchandise categories and then back across to calculate the total. However, it was useful experience as he became familiar with Edgars’ product line.

The development of his retail and customer service skills occurred as, during his lunch times, he offered assistance at the Edgars store at street level. His aptitude for retail was made evident when he assisted one of the Directors. Soon after, the Retail Stores Director sent for Beeton, gave him a briefcase and informed him that he was now the Area Manager for the 18 East Rand stores. He had no knowledge of running multiple stores but the response to
his concern was: “[j]ust take the bag and go to the shops and you will find out what to do.” 45

At that stage, the Edgars credit system had been refined to a six-months-to-pay system. The original Edgars credit system started in the 1920s when Eli Ross, who established the first Edgars store, realised that he could sell dresses on credit. However, payment of instalments was unstructured and resulted in a more-or-less eight-months-to-pay system.46

It was primarily women who managed Edgars stores and Beeton emphasised that they were the “magic in Edgars that started and made Edgars… astute and dedicated to look after the customer”.47 As part of this culture, Edgars sought to source and supply whatever the customer wanted. For instance, one of the Edgars buyers took a particular customer who wanted to buy a fur coat to a furrier. Although the coat was marked-up to an exorbitant price, the customer felt important and happy. Another customer, who had built up a credit rating with Edgars and who knew that Edgars would supply anything and that she could pay it off, required a fridge, which was subsequently bought from another shop.48

**Beeton as Area Manager for the Eastern Cape**

Sydney Press needed an enterprising person to take control of the Port Elizabeth and Eastern Cape region and, in 1966, persuaded Beeton to take up the position as Area Manager. At first, Beeton also personally managed the Port Elizabeth branch, which was one of the very early Edgars stores and was an “awful”, small ground floor shop with a big basement. Beeton’s persistence in trying to convince the owner of a large furniture store to lease one of his furniture shops to Edgars paid off when the owner eventually agreed. The Edgars store moved to the larger, upgraded shop space at the northern end of Port Elizabeth. Beeton remained on the lookout for new, more suitable premises for Edgars stores, which he viewed as one of his major contributions during the 1960s. He explained that the first Edgars stores were “terrible little holes in the wall” and very seldom in good locations. Most of the stores were

45 G Beeton, interview, H dos Santos, 6 May 2014.
47 G Beeton, interview, H dos Santos, 3 December 2014.
48 G Beeton, interview, H dos Santos, 6 May 2014.
small and only Germiston, Eloff Street and a few other branches were slightly larger. By the late 1960s, the stores became more refined.

Beeton recalled that one of the effects of the separate amenities policy on the retail environment was that, during the early years, they had to be very cautious about permitting Black customers to fit garments. To circumvent this problem, they introduced “NE Departments” (Non-European Departments) within some of the stores. Beeton, and some of his staff members, put up a fitting room and a counter in the large Uitenhage store, which was to function as an “NE Department”, and the same happened in many of the other larger shop spaces. A customer could then select garments from the main store and accompanied to the “NE Department” to fit and purchase the garment. 49 Barnett explained that these departments were only introduced where there was a high percentage of Black shoppers and the NE Departments were “a slightly ineffective, messy attempt to appease White customers”. 50

Although the 13 Edgars stores in the Eastern Cape flourished under Beeton’s leadership, after three and a half years, he felt that he was too far away from the Head Office, which could be to the detriment of his career advancement within Edgars. Consequently, in 1968, he returned to Johannesburg when a position became available as Divisional Merchandise Manager for one-third of the Edgars Group. 51 Merchandise managers were responsible for the merchandise in different departments as well as the activities of the buyers and together they did the “planning, buying, pricing, promotion and selling”. 52 While in this position, Beeton introduced new inventory management and replenishment systems to the chain. Despite this, he did not enjoy this position since it required the continuous review of buyers’ performance.

It was with great relief when, after a year, Beeton was promoted to Divisional Manager for one-third of the Edgars chain, which entailed managing the store operations in the Eastern Division. Beeton enjoyed the challenges of this position and Sydney Press in recognition of his potential, appointed him to take control of the struggling Jet Chain in 1972. 53

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49 G Beeton, interview, H dos Santos, 3 December 2014.
51 G Beeton, interview, H dos Santos, 6 May 2014.
53 G Beeton, interview, H dos Santos, 6 May 2014.
The Jet Stores turnaround, 1972-1982

Diversification into the supermarket sector came at a time when the Edgars Group employed the consultant Jack Behrendt, whose expertise became instrumental in the development of the Jet Stores chain. At the time, there was also an awakening of business in South Africa to the possibilities of the growing Black consumer market.

The launch of Jet Stores was in direct competition to Pep Stores established four years earlier by Renier van Rooyen. In 1969, Sydney Press made an offer to purchase Pep stores but van Rooyen declined the offer. By way of retribution, the Edgars Group opened seven self-service Jet supermarkets by the end of that year, trading in clothing and footwear specifically aimed at lower income groups. Gavin Barnett, who was involved with the negotiations with Pep, recollected that the name “Jet” was very current at the time, being the era when jet planes were the buzz word in air travel. The staff of the Jet chain was also referred to as the “Jet-set” people. Although Jet Stores was established in competition to Pep, Barnett highlighted that the marketing approach soon diverged from that of Pep:

Within a few months, it became clear that Sydney Press was not going to allow Jet to follow the same lower level of window dressing and calculated clutter that Pep found so successful… and soon Jet was no longer an exact replica of Pep.

Beeton as the Managing Director of Jet

Jet did not perform as well as expected, which Beeton ascribed to a “speedy entry into a business, of which it transpired, our knowledge was incomplete”. Consequently, Press identified Beeton as the person who could revive Jet. Barnett explained that the decision to move Beeton into the position of

58 E-mail: G Barnett/H dos Santos, 29 September 2015.
60 G Barnett, interview, H dos Santos, 2 November 2014.
62 E-mail: G Barnett/H dos Santos, 29 September 2015.
Managing Director of Jet was based on a need for a new leader to take Jet forward and the fact that Beeton was ready to head a chain.\footnote{E-mail: G Barnett/H dos Santos, 29 September 2015.} Beeton stated: “I have little doubt that my selection as General Manager had more to do with my observed tenacity than with my qualifications for the job”.\footnote{UJ, SC: Sydney Press collection, B36 36E/1: Jet in retrospect…, 3 May 1995, p. 1.}

Image 2: Jet and Pep in direct competition, Brooklyn Pretoria, 1969

Beeton emphasised that Jet’s improvement was a result of sheer dedication and hard work. The Jet team, which included Beeton, the Merchandise Manager, the Retail Manager and the Retail Display Manager, would go in to “merchandise the store and even cleaned the floors”.\footnote{G Beeton, interview, H dos Santos, 6 May 2014.}

Despite this, many factors contributed to the slow performance of Jet. The economy was in a recessionary phase with record inflation, personal taxes were increasing and social unrest was mounting. The Group’s profits for 1976/77 reflected the lowest growth in 17 years.\footnote{UJ, SC: Sydney Press collection, B36 36E/1: Edgars Stores Limited, corporate plan: 1977/78, 15 July 1977, p. 1.} Jet’s growth was also hampered by internal problems and one of the most debilitating problems was stock losses, mostly due to pilfering by internal staff.

Another obstacle was the fact that all the functions of the chains were centralised. The Group’s central Buying Division purchased merchandise for
all the chains, but their buying efforts focused primarily on Shelley Shop, then Edgars, and then Sales House, while Jet was left with the remaining but “dreadful” merchandise. Beeton persistently protested against the system and, finally in 1977, a large-scale decentralisation process was introduced, dividing functions and staff into the separate chains. The result was that each chain had their own Merchandise Division with their own Buyers, Marketing and Store Planning Divisions.68

This also made it possible for Jet to implement Behrendt’s recommendation of greater differentiation in the buying of merchandise. Jet had also commenced replacing their small stores with new larger landmark stores in more favourable localities. The target market had also shifted from low-income consumers to the middle socio-economic group. Initially, the quality of clothing was of a poor standard and price competitiveness was central to the Jet marketing strategy, but the new stores of the late 1970s replaced the “price only positioning” with a strategy that offered “fashion, quality and price in easy to shop environments”.69

When Beeton took control of Jet in 1972, sales totalled just under R5m and profit before tax reflected a loss of R273 000. Thereafter, sales and profits increased steadily each year with an exceptional increase evident in 1980/81, when Jet’s sales grew by 62% from R45.6m to R72.4m, and profit before tax increased by 147% from R2.3m to R5.2m from the previous financial year.70 A possible contributor to Jet’s performance was that a “mini-boom” period was experienced from 1979 to 1981.71 Nonetheless, Jet was growing the fastest of the Group’s chains, thus confirming, “the new strategy of fewer but bigger stores was paying off”.72 Barnett, in commenting on Beeton’s contribution, explains that “it was on his watch that the new infant chain started to become viable”.73 This success earned him promotion to Senior Group Director for Jet Stores in 1982 and, a year later, he became Managing Director for the Edgars chain.

68 G Beeton, interview, H dos Santos, 6 May 2014; Edgars annual report, 1977 (Chairman’s statement, p. 5).
69 UJ, SC: Sydney Press collection, B36 36E/1: Jet in retrospect…., 3 May 1995, pp. 1-2; The Buyer, “The Edgars Group…”, November 1979, p. 16; E-mail: G Barnett (Retired Edgars Director)/H dos Santos (Researcher), 29 September 2015.
73 E-mail: G Barnett/H dos Santos, 29 September 2015.
Beeton as Managing Director of the Edgars chain, 1983-1990

The 1982 acquisition of Edcon by the South African Breweries (SAB) signalled the end of the 47-year era of Sydney Press’ involvement in Edgars. However, Adrian Bellamy, who had joined Edgars as assistant to Hubert Press in 1967, and appointed as Managing Director in 1977 and, subsequently, as Chief Executive in 1979, remained in his position. A year after the acquisition, in May 1983, Bellamy resigned from the Edgars Group to take up a position overseas and Victor Hammond, who started in a credit position in 1959, was appointed as Managing Director and Chief Executive.

Hammond described Bellamy’s management style as autocratic and although by 1978, the different chains were decentralised into separate profit-centres, the respective chain Managing Directors still had to report to the Management Board. Hammond took the decentralisation process a step further and, in 1984, registered the Group’s chains as separately operated companies. Hammond appointed Beeton to succeed him as Managing Director and Senior Group Director of the Edgars chain. Beeton considered this to be “the best thing that could have happened to me”.

When Beeton took control of the Edgars chain in 1983, the recession had again worsened and lasted until around mid-1986, mainly due to serious “drought, social unrest and high interest rates”. In particular, in 1985, South Africa experienced its worst economic slump in 40 years. The decline in disposable income, especially in the lower income group, resulted in a 3.6% drop in private consumption expenditure (PCE) in 1985 from the previous year. This increased by 0.8% in 1986, a further 3.6% in 1987 and then by another 4.8% in 1988. Thus, by 1987/88 consumer confidence and business in general had improved. By 1985, Black consumer spending

74 *The Star*, 13 February 1982. Edcon was established by Sydney Press in 1969 and owned 50% of the Edgars Stores shares.
78 Edgars annual report, 1984 (Chief Executive’s report, p. 5).
79 G Beeton, interview, H dos Santos, 6 May 2014.
83 Edgars annual report, 1989 (Group review 1984-1089, p. 4).
represented 40% of Group sales. By 1988, this ratio had changed to an equal split between Black and White consumers. The 1988/89 annual report commented that the “hard-earned economic muscle” of Black consumers had forced markets to meet their requirements.

**New direction in store design and merchandising**

The year before Beeton took control of the Edgars chain, the first of their “third generation” flagship stores opened in Germiston. These stores promoted the chain’s new direction of “lifestyle marketing” focussed on speciality departments, which they called “shops-within-a-shop” with vast diversification that meets the needs of the whole family as well as the home. The chain’s “first generation” stores were the original stores that Beeton earlier described as “little-hole-in-the-wall” stores. The “second generation” flagship stores were a result of the 1960s consumer boom that manifested in the opening of larger and more modern stores in the main city centres in the early-1970s.

Image 3: The largest flagship, covering five floors, nearing completion in Johannesburg

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86 Edgars annual report (Chief Executive’s report), 1989, p. 9.
87 Edgars annual report (Chairman’s report; Chief Executive’s report), 1982, pp. 2, 4; Edgars annual report (Chairman’s report; Special report), 1983, pp. 2, 13.
88 G Beeton, interview, H dos Santos, 6 May 2014.
From the mid-1980s, the Group’s new strategy was to intensify productivity rather than to grow floor space.90 In 1977/78, there were 233 Edgars stores of which some smaller, outdated stores were closed, while others were refurbished and enlarged; by 1984/85, the number of stores had decreased to 168. The Edgars chain catered for upper and middle-income groups and their credit account holders increased to one million in number.91

The Edgars chain did not experience the effects of the depression as severely as Jet and Sales House, specifically in 1985/86 when Edgars was the only chain to make a profit, as illustrated in the table below.

Table 1: Sales and profit after tax of the Group and separate chains, 1984-1990

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<tbody>
<tr>
<td><strong>Group sales</strong></td>
<td>652.5</td>
<td>683.1</td>
<td>746</td>
<td>943.3</td>
<td>1,194</td>
<td>1,598.6</td>
<td>1,981.5</td>
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<tr>
<td><strong>Edgars Contribution</strong></td>
<td>370</td>
<td>445</td>
<td>483.3</td>
<td>613.9</td>
<td>787.1</td>
<td>1,071.9</td>
<td>1,333.3</td>
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<tr>
<td><strong>Sales House, Jet and others</strong></td>
<td>282.5</td>
<td>238.1</td>
<td>262.7</td>
<td>329.4</td>
<td>406.9</td>
<td>526.7</td>
<td>648.2</td>
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<tr>
<td><strong>Group Profits (Taxed)</strong></td>
<td>13.77</td>
<td>19.76</td>
<td>17.4</td>
<td>39.9</td>
<td>59.8</td>
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<tr>
<td><strong>Edgars Contribution</strong></td>
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<td>20.2</td>
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<td>75.7</td>
<td>92.2</td>
</tr>
<tr>
<td><strong>Sales House, Jet and others</strong></td>
<td>Not available</td>
<td>Not available</td>
<td>(2.8)</td>
<td>(16%)</td>
<td>5.7</td>
<td>11.6</td>
<td>19.5</td>
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Under Beeton’s management, the Edgars chain performed remarkably well and consequently, in 1986, the chain was selected by the trade journal *The Buyer* as a role model for professionalism in fashion retailing.92 The chain’s

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90 Edgars annual report (Chief Executive’s report), 1987, p. 6.
91 Edgars annual report (Director’s report), 1978, p. 18; Edgars annual report (Chairman’s report; Income statement), 1985, pp. 6, 26.
success was enhanced by “aggressive” marketing campaigns that made use of highly visible advertising, as well as by more refined specialisation of merchandise by market segmentation, such as “weekend-wear” and “workday-dressing” in women’s clothing.  

In addition, Beeton implemented three strategic concepts in the Edgars chain. The first was to identify and buy large quantities of “most wanted” items and to market them as “everyday low price items”. He came across this idea in Foley’s, in Texas, where basics such as men’s underpants were sold as everyday low price items. The success of this depended on buying large volumes of specific items so that they could negotiate a considerably lower price from their suppliers. Instead of buying 6 000 units of a style they would buy 20 000 units or more.

The second was a display technique, which he and Hammond came across in Gap Stores in America, where piles of folded clothing were displayed on tables comprising of a top, middle and lower deck. Beeton remarked that “it might sound insignificant but that helped us to increase the volume of sales… we would have a whole row of them with T-shirts, shorts, etc….” The “folding craze” started when Millard Drexler became President of the Gap Inc. retail company in the 1980s. As a young boy, he had worked in his uncle’s laundry business folding towels and consequently, he introduced the display technique of piling masses of folded items on tables in the Gap stores. Other clothing retail chains started to mimic the craze. The third concept was the recommendation from the consultants Jack Behrendt and Herb Seegal to narrow down the variety of merchandise.

The first garment that Beeton experimented with was rugby-type shorts that were very popular in the 1980s. Beeton estimated that collectively 80 000 units could be sold by all the Edgars stores. The shorts went on display in the stores using the “Gap table” arrangement and at “very sharp prices… and they flew out of the shops”. Men’s underpants and women’s panties were repeatedly marketed this way, and the strategy was that customers were “hooked” into the store to buy these items and they would then be tempted to buy other items. These principles were later implemented throughout the Group.

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93 Edgars annual report (Chief Executive’s report), 1985, p. 6.
94 G Beeton, interview, H dos Santos, 6 May 2014.
96 G Beeton, interview, H dos Santos, 6 May 2014.
By applying the strategies proposed by the consultants, as well as observing retail store trends internationally, enabled the Edgars Group to identify new methods to grow the business much faster. Added to that, as Beeton emphasises: “My policy worked, we had the most successful seven years in the Edgars Chain that it had ever had”.

Beeton as Chief Executive of the Edgars Group, 1990-1996

With the bold political reform that commenced from 1990, it was expected that the economy would improve, but social unrest as well as the persistence of high interest rates, inflation and unemployment resulted in a continued downturn. Other contributing factors were the decline of world markets, a low gold price as well as a devastating drought in South Africa. This resulted in a decline in PCE that lasted until 1993 when it declined by 2.3% from the previous year.97 As the country emerged from the recession, the PCE for 1994 increased modestly by 0.8%.98 Economic growth continued and, by 1995, consumer confidence had improved and the PCE increased by a further 3.9%. Contributing factors included the peaceful democratic elections and South Africa’s return to international markets, as well as an influx of foreign capital and renewed growth in the world economy.99

Management and leadership

In the 1989/90 annual report, Hammond comments that the management structure included a “stable, dedicated top senior management team and it is indeed a pleasure to report the well-earned appointment of Mr George Beeton as Group Managing Director”.100 Beeton assumed the position of Managing Director in April 1990 under Hammond’s mentorship and thereafter as Chief Executive when Hammond retired.

The implementation of a participative rather than autocratic style of management started in 1990.101 Beeton recognised that the proper

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97 Edgars annual report (Chairman’s statement), 1990, p. 7; Edgars annual report (Chairman’s statement), 1991, p. 6; Edgars annual report (Chairman’s statement), 1990, p. 8.
98 Edgars annual report (Chairman’s statement), 1994, p. 10.
100 Edgars annual report (Chief Executive’s report), 1990, p. 9.
101 Edgars annual report (Chief Executive’s report), 1991, p. 11.
Implementation of participative management required someone with the requisite expertise. In 1992, he employed Jack Shewmaker, who assisted with the improvement of communication between staff and management as well as between the chains.\(^{102}\) Beeton acknowledged that the commitment and dedication of staff contributed to the good results that the Group achieved and therefore, the majority of vacancies were filled through internal promotions and in-house training programmes.\(^{103}\) In compliance with Affirmative Action policies, this included promoting Black staff members to supervisory and management roles.\(^{104}\)

The Group’s response to social responsibilities, during Beeton’s time as Chief Executive, were primarily directed at training and education and substantial financial contributions were made to schools and tertiary education. In 1993, Edgars initiated a Business Opportunity Centre, a private sector initiative to train and assist new entrepreneurs in basic business and technical skills. The project was so successful that as many as 130 entrepreneurs were enrolled in 1996.\(^{105}\)

**Contribution to financial growth of the Group**

The strategy for the three principle chains was to “achieve market share leadership in every sector in which we choose to trade”.\(^{106}\) The three principle chains operated through 541 stores by 1994\(^ {107}\) and the Group had become the largest retailer in the Clothing, Footwear, Textiles and Accessories (CFTA) market with its share of 16.8% in 1991 increasing to 36.1% in 1993, then to 38.1% in 1994. “The Woolworths Group was the second biggest CFTA retailer after the Edgars Group”.\(^ {108}\)

In 1994, the *Financial Mail* noted that the market had come to expect the Edgars Group to consistently outdo its previous year performance. Beeton attributed the success to the combination of the “everyday low price marketing

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\(^{102}\) Edgars annual report (Chief Executive’s report), 1992, p. 10.
\(^{103}\) Edgars annual report (Chief Executive’s report), 1991, p. 9.
\(^{104}\) Edgars annual report (Chief Executive’s report), 1995, p. 21.
\(^{106}\) Edgars annual report (Chief Executive’s report), 1992, p. 10.
\(^{107}\) Edgars annual report (Segment analysis), 1994, p. 22.
campaign” and the credit facilities in the Edgars and Sales House chains. A revised credit policy had been introduced in 1993, which prevented account holders who fell behind in their debt repayment, from making new purchases and this in turn allowed the Group to do more business with customers who paid timeously. It resulted in a slight increase in bad debt handovers, but increased recoveries and thus resulted in a healthier debtor’s book.

Sound strategic technological advances were made, particularly in 1994/95, through improved logistics technology concerning procurement and replenishment methods, reducing both costs and time. The company’s mainframe and network system were improved and connected to the new “PC point of sale” equipment and bar code scanners, which provided better in-store customer service and a database for credit and merchandise management.

In 1995, the Edgars Group, as one of the top 100 companies listed on the Johannesburg Stock Exchange, was voted as the company that had added the greatest economic value to the country for the year. The ten-years leading to 1996 were exceptional in that the Group sustained uninterrupted growth in earnings as well as sales as shown in the table below.

Table 2: Group sales and profit after tax: 1985/96

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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>693</td>
<td>746</td>
<td>943</td>
<td>1,194</td>
<td>1,598</td>
<td>1,981</td>
<td>2,425</td>
<td>2,694</td>
<td>3,128</td>
<td>3,626</td>
<td>4,203</td>
<td>5,097</td>
</tr>
<tr>
<td>Net Profit</td>
<td>18</td>
<td>17.4</td>
<td>39.9</td>
<td>59.8</td>
<td>95.2</td>
<td>123.5</td>
<td>150.4</td>
<td>157.5</td>
<td>185.8</td>
<td>231.8</td>
<td>284.3</td>
<td>357.2</td>
</tr>
</tbody>
</table>

Source: Edgars annual report, 1990 (Group review 85-90, p. 4); Edgars annual report, 1996 (Group review, p. 6).

**Diversification and international networking**

The Group outlook on overcoming tough economic conditions was to “identify growth markets and to meet customer aspirations by offering wanted...

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110 Finance Week, 12 May 1993.
111 Edgars annual report (Chief Executive’s report), 1994, p. 17; Edgars annual report (Chief Executive’s report), 1995, pp. 18, 19.
112 Edgars annual report (Chairman’s statement), 1995, p. 1; Financial Mail, 3 September 1993.
113 The first four years were under the leadership of Victor Hammond and, thereafter, under George Beeton.
merchandise at affordable prices”. In addition, Beeton closed unprofitable ventures, such as the Express chain aimed specifically at Black, low-income consumers established by Hammond, as well as Decisions, a mail-order division.

The shoe departments of both Sales House and Edgars were successful and Beeton, recognising this potential, acquired Shoecorp in 1993 and incorporated its ABC and Cuthberts chains into the Sales House chain. The Group, in following market trends, set out to develop a portfolio of national and international brands, as well as in-house labels that led to the launch of their Penny C, Charter Club and Victoria’s Secret labels. In this respect, they also acquired a controlling interest in Meltz Success Limited, the owner of certain prominent brands and trademarks. In addition, in view of the expected lift of import barriers, Meltz Success was well positioned to ensure a steady flow of imports to the Group’s chains, since they were already importing much of their clothing and footwear.

During Beeton’s term as Chief Executive of the Edgars Group, he introduced further international exposure when he became a member of the Intercontinental Group of Departmental Stores (IGDS), a European and Asian body that consisted of 22 members. Members of this organisation had free access to investigate the merchandise that all members sold in their stores. The IGDS assigned Beeton to investigate and report on the various Cosmetic stores in Oxford Street, London. This inspired him to establish the self-service, Red Square cosmetic chain as his last major contribution to the diversification of the Group.

In view of his retirement, Beeton assumed the role of Deputy Chairman in 1995, mentoring the new Managing Director, Donald Etheridge. On the 29th of February 1996, George Beeton retired from the Edgars Group. At the end of Beeton’s career, Sydney Press reminisced that it was obvious from the beginning that he brought rare talents to Edgars: “integrity, openness to

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114 Edgars annual report (Chairman’s statement), 1993, p. 8.
115 Edgars annual report (Chief Executive’s report), 1994, p. 16.
117 G Beeton, interview, H dos Santos, 6 May 2014.
118 G Beeton, interview, H dos Santos, 3 December 2014; Edgars annual report (Chief Executive’s report), 1996, p. 15.
119 Edgars Stores AR (Chairman’s statement), 1995, p. 13.
120 Edgars annual report (Chairman’s statement), 1996, p. 13.

Altogether unpretentious (in all circumstances) you intuitively understood what the ecology of Management should be – and thus set an example to us all of the value of interpersonal relationships. Everyone at Edgardale understands that we attain results through working with people – but you exemplified that. You also recognised that the task of education is to make us uncomfortable. Thus, your approach always was: “How can I help this Manager/Manageress perform at her best and, in doing so, what can I learn?”

Conclusion

In conclusion, Beeton, could be labelled as an intrapreneur in the broader characterisation of the term. From early on in his career, Beeton adopted the perspective of the “owner” and as his career unfolded, it became clear that he bought into the Group’s objective to grow and to become a leading retailer. An intrapreneur, as stated in the introduction to this article, grasps a company’s fundamental profit-making process. In this respect, Beeton contributed significantly in his implementation of the strategy of selling the “most wanted items” at “everyday low prices” which remained successful even during his time as Chief Executive.

Although one could argue that the majority of his ideas were the result of either international observation, or recommendation by international consultants, in assessing the meaning of intrapreneurship, it is clear that entrepreneurial action need not be new but can involve the improvement of an established idea. In particular, during his time as Chief Executive, Beeton demonstrated an ability to identify and seize opportunities for the Edgars Group with the introduction of product diversification, the Red Square chain but one example.

To Beeton’s advantage, certain changes occurred within the management structure of the Edgars Group, which played a part in his success and longevity in the Group. Whilst fortunate that particular positions thus became available, Beeton had shown that not only was he ready to take on greater responsibilities, but he earned successive promotions culminating in his appointment as Chief Executive. Press states that Beeton was a man of integrity and determination who was open-minded about learning and who
had an advanced understanding of what the science of management should be.\textsuperscript{122}

Beeton witnessed the development of the Group from humble beginnings and described his 33 years with the Edgars Group as a glorious merchandise and marketing development period, during which the growth of the company as well as their market share was enormous. Eighteen years after retirement, Beeton still exudes enthusiasm for fashion retailing when he affirms: “I had an absolutely fantastic career in Edgars”.\textsuperscript{123}


\textsuperscript{123} G Beeton, interview, H dos Santos, 3 December 2014.