

Lockdown driving innovation, says STAG African's John Schooling

 By [Sindy Peters](#)

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As part of our #LockdownLessons series, Bizcommunity is reaching out to South Africa's top industry players to share their experience of the current Covid-19 crisis, how their organisations are navigating these unusual times, where the challenges and opportunities lie, and their industry outlook for the near future.

We chatted to John Schooling, CEO of STAG African to get his take.

■ **What was your initial response to the crisis/lockdown and has your experience of it been different to what you expected?**

John Schooling: STAG African recognised the necessity of the lockdown in curbing the spread of Covid-19 and were happy to comply with government regulations to maintain the health and safety of the people who make up our company. Our initial response to the crisis was to increase hygiene practices at all building sites and ensure that workers were educated around the virus. When the lockdown was announced we had to put measures in place to shut down active construction until further instruction. On our already operational sites, STAG received an essential permit, which allowed us to continue carrying out important maintenance work.

■ **Comment on the impact of the Covid-19 pandemic on your company or economy as a whole.**

Schooling: As a result of lockdown, no construction work is being carried out at any of our building sites. This has had a profound effect on our cashflow, productivity and overall impact in terms of our goal of providing world-class student accommodation. Our main concern is that with construction halted, South Africa's existing student housing crisis is likely to be exacerbated and this will have long term and far-reaching effects on every sector. As accommodation developments stall, next year will once again see students struggling to find suitable accommodation. In fact, we expect the situation to be more dire than in previous years. Student housing is key to student success, and the knock-on effect of less housing is less graduates, which means the economy will suffer an additional blow in the long-term.

As it stands, the economy has virtually ground to a halt and the impact is going to last for many years. A major 'Marshall Plan', far greater than the current R500bn, and a possible additional R500bn will be needed to get the economy going. Interest rates need to be lowered by another 1-2%, and money must be made available to stimulate industries, especially construction and property development, which have the potential to employ large numbers of workers very quickly.

On the 30th of April, higher education minister Blade Nzimande outlined the plans for the 2020 academic year. He acknowledged that the pandemic has created significant financial pressure on universities, especially in terms of the stalled infrastructure projects on campuses, including student residences. To unblock this, government has made a provision for controlled relaxation to enable stalled infrastructure projects to be resumed from the 1st of May, subject to adherence to strict health protocols.



John Schooling, CEO of STAG African

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▣ *How is your company responding to the crisis?*

Schooling: Our response has been to continue to think long-term. Alleviating the student housing crisis by providing quality student housing remains our top priority, and we are doing our level best in pursuit of this, despite the challenges. STAG has made representation to the appropriate ministries to have its building sites deemed critical, as they indeed are. While our construction department has been badly affected, STAG has continued to purchase strategically located properties and prepared tender documents for important student accommodation developments. We have also entered into advanced negotiations to raise funds for student housing projects in Kenya, Malawi, Zambia and Lesotho.

▣ *Comment on the challenges and opportunities.*

Schooling: Challenges have included not being able to visit sites that STAG wishes to build and having construction of critical facilities stopped. In particular, we are currently developing 2,047 student beds and a student centre at the University of Fort Hare (UFH), the largest student accommodation development ever undertaken by a public university in South Africa. This development is vitally important for student success at this university. The challenge we face is how to proceed in a way that takes into account the safety of workers, as well as the future of our nation's students. In terms of opportunities, it is positive to see that it is now a buyers' market, and property prices are becoming more realistic.



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▣ *How has the lockdown affected your staff? / What temporary HR policies have you put in place regarding remote working, health & safety, etc.?*

Schooling: All staff that are able to work remotely are doing so, and our contractor has been able to continue paying salaries, as has our development department. At our residences on the University of Stellenbosch's Tygerberg campus, a site that already has operational buildings, maintenance workers have been able to continue their work on account of our essential service status. All maintenance work carried out by STAG is conducted as per government-stipulated guidelines and in accordance with recommended hygiene practices.

▣ *How are you navigating 'physical distancing' while keeping your team close-knit and aligned and your clients happy?*

Schooling: Through continuous communication, both telephonically and using teleconferencing.



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▣ *How have you had to change the way you work?*

Schooling: Completely. STAG directors often need to fly to destinations inside South Africa and into Africa to visit construction sites and meet with clients. Teleconferencing has replaced physical meetings, and this has taken a great deal of adjusting. This has resulted in considerable cost-saving, which we are likely to benefit from even post-lockdown as we

start to integrate digital communications into our daily business dealings.

■ *Has this global crisis changed your view of the future of the industry in any way?*

Schooling: STAG has always believed that the entire construction industry is due for disruption. This crisis has presented an excellent time to reassess every aspect of the construction industry. It's time for the industry to innovate by using Innovative Building Technology (IBT), and STAG has been a leader in this regard. IBT is a green alternative to bricks and mortar building methods, with lightweight steel structures that are prefabricated off-site. All indications are that the SA government will continue to prioritise this aspect, so we are positive about the future of the industry. In terms of student housing, we continue to believe that it is critical to student success that adequate student accommodation be provided for students, on campus where possible. At the same time, we recognise that the way we think about student housing may have to adapt to a new reality.

■ *Any trends you have seen emerge as a result of the crisis?*

Schooling: The design and construction of housing moving forward will have to take into consideration the possibility of further pandemics and resulting lockdowns. At the moment, it's too early to say exactly what this will look like but it's important for those in the property and construction industries to begin looking for and be open to innovative solutions. In terms of how businesses operate, a new reality has already developed, namely more teleconferencing and less face to face meetings – the norm for millennials and Gen Z's is now becoming a norm for older generations. It's a positive step in the right direction because these methods of communication are both cost-effective and cut down on travel time and related pollution.



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■ *Your key message to those in the property sector?*

Schooling: With the pandemic placing pressure on supply chains and availability of labour, the initial reaction post-lockdown may be to increase construction costs to recoup losses. However, I want to urge those in the construction industry to consider their role in ensuring the success of South African students. Lack of accommodation has been directly linked to higher failure and dropout rates for first-year students. Affordable, quality student accommodation is therefore critical for the success of not only individual students, but the country as a whole. Now is a good time for construction companies to look at each line item of cost involved in construction and ask how they can reduce capital and operating costs. Using IBTs and green building practices, for example, can reduce the building time by 40%, which has the effect of dramatically reducing other associated costs. In summary, those in the property sector need to innovate, or risk facing certain closure.

■ *What do you predict the next six months will be like?*

Schooling: I predict that it will be a very challenging period, as business starts up again and is forced to adapt to a new normal. Many businesses will not make it through the shutdown, and unemployment will add many millions of people to its ranks. At the same time, I think that the next six months will be a period of intense creativity and innovation. We have already seen business pivot and adapt to the unprecedented challenges presented by the lockdown. This is one of the few positives we're able to take away from this situation, and we should definitely make a big deal out of it.

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