

# PROGRAMME PERFORMANCE ENTERPRISE DEVELOPMENT SERVICES



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Owner of Nozulu Civils, active in the construction industry with the assistance of the ECDC

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## AIM

The Enterprise Development Services (EDS) unit aims to provide effective, efficient and integrated development and support services to priority SMME sectors.

## STRATEGIC GOALS

- Address the needs in high growth and priority sectors.
- Foster strategic partnerships.
- Support ECDC's vision of being the primary contributor to private sector development.
- Provide effective and efficient Business Development Services (BDS) support in a sector-focused approach.

These have been driven by the following approaches:

- Partnership with institutions of higher education and learning.
  - Strengthened co-operation with SEDA and CIPRO and other institutions to avoid duplication of effort.
  - Introduction of Quality Management Systems training.
  - Increased delivery network within the province.
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# PROGRAMME PERFORMANCE

## ENTERPRISE DEVELOPMENT SERVICES

### 1. OUTPUTS AND SERVICE DELIVERY TRENDS

#### 1.1 Performance from 2005/06 to 2008/09

Measurable objectives	Performance measure	Planned performance	Actual performance	Deviation %	Reason for deviation
To provide development services in a sector-focused approach	Number of projects implemented in specific sector	60 contractors	62 contractors registered	3	High demand for programme.
		8 Indabas	6 Indabas held	-25	Programme started late due to funding shortfall.
		10 TQM visits	4 TQM visits conducted	-60	Stakeholders such as the Construction SETA did not honour their commitment. Attempts to leverage further resources from other Provincial Departments that deal with Infrastructure Development did not result in additional funding allocation.
		1 contractor performance report	1 contractor performance report complete	0	Target met.
	Selection and training of project managers (mentors)	Appointment of mentors as per demand by DI	18 mentor appointments as per DI	No targets set	Dependent on the demands from Development Finance Unit and government spending.
		40 mentors to be trained	0	-100	The number of mentors trained was sufficient.
	Facilitate the implementation of the provincial craft hub (as per National Industrial Policy Framework by dti)	20 network sessions	15 network sessions	-25	There were delays in the transfer of funding from the dti resulting in fewer sessions being held.
		8 product development workshops	10 product development workshops	25	The bulk of ECDC contribution towards the partnership has mainly been used for product development.
	Provide business management training for bus operators	4 capacity building sessions	1 training session was held for Directors	-75	Directors of AB350 were not available for the training.
	Provide business support to SMMEs: - Business plans - Advertising material - Feasibility study - Due diligence - Franchise development - Mentorship - Training/skills development	Number of SMMEs supported	144 SMME interventions	156 SMME interventions	8
Number of projects commercialised		24 projects commercialised	0	-100	The realisation of an idea to a fully viable and commercialised venture is a long term process. A proper assessment will be carried out in the 2009/10 year for all supported initiatives.
Promote entrepreneurship	Number of SMMEs registered	240	5,546	2,211	High demand due to nominal prices as opposed to using private consultants.  Turnaround times have improved significantly due to a close working relationship between ECDC and CIPRO.  Aspirant entrepreneurs are attracted to the "One-Stop Shop" environment as they would like to eventually obtain further business support once their business has been registered.  Target set low because CIPRO announced initially that they would be working with the South African Postal Services but allowed ECDC to do the work once they saw good progress.
	Number of information workshops/SMME expos	2 entrepreneur workshops 2 expos	7 entrepreneur workshops 2 expos	125	Increase is due to partnership with other entities in both public and private sector. Such partnerships were with institutions such as Metropolitan SMME Portal, NAFCOC Women and Border Kei Chamber of Business.

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(Continued)

Measurable objectives	Performance measure	Planned performance	Actual performance	Deviation %	Reason for deviation
Promote entrepreneurship	Number of partnership programmes	Establish BEE forum	Done	0	The success was a result of partnership and willingness of both private sector companies and public sector to support the initiatives. The BEE initiative was implemented with the Border Kei Chamber of Business and the workplace HIV/Aids training has been a partnership with 5 public and private sector entities.
		10 corporate companies identified	15 identified	50	
		2 BEE matches	6 BEE matches	200	
		80 SMMEs trained in HIV/AIDS in the work place	168 trained	110	
Service provider Development Program	Number of information sessions/workshops	24 workshops	22 workshops held	-8	Two sessions were not held. However, the objective of keeping SMMEs empowered was achieved through other forums/workshops and expos.

### 1.2 Trends in performance from 2005/06 to 2008/09

Measurable objectives	Performance measure	2005/06 (actual)	2006/07 (actual)	2007/08 (actual)	2008/09 (actual)	Compound annual growth %	Reason for deviation
To provide Development Services in a sector-focused approach	Number of businesses supported in priority sectors (number of interventions)	119	169	279	392	48	Increase in number of businesses supported is a result of various interventions and new programmes that have been initiated, such as incubation.
	Impact of support per priority sector; CIDB rating for construction	54	54	62 > Grade 5	62	5	There have been 40 companies that have been graded as a result of their participation in the programme.  Out of the 40 companies: 3 are in grade 5, 11 in grade 4, 7 in grade 3, 12 in grade 2 and 9 in grade 1.
	Turnover for arts and crafts (R)	N/A	441,000	15,565	62,000	-625	Increase in the turnover of crafters was due to increase in the number of exhibitions they attended which resulted in higher number of orders received, as well as exports of some of their products.
	Integrate/partner with other Development Agencies w.r.t. SMME development (number of walk-ins and business referrals)	N/A	N/A	731	5,938	712	Increase in the number of walk-ins and business referrals has been caused by the popularity of the services we are providing and increased awareness of ECDC products due to awareness campaigns and workshops.
	Business registrations (CC registrations only: CK1, CK2 and CK3)	N/A	N/A	1,907	5,546	191	The sharp increase in the number of companies registered is as a result of the lower company registration costs versus prices charged by consultants and the improvement in speed for registration.
	SMME training and capacity building sessions/workshops focusing on Quality Management Systems (QMS) & Occupational Health & Safety (OHS)	4	4	13	59	145	Number of SMMEs trained in Quality Management Systems has increased as a result of preparing companies in the hospitality industry to comply with 2010 World Cup soccer requirements.

Measurable objectives	Performance measure	2005/06 (actual)	2006/07 (actual)	2007/08 (actual)	2008/09 (actual)	Compound annual growth %	Reason for deviation
To provide development services in a sector-focused approach (continued)	Business registrations (CC registrations only: CK1, CK2 and CK3)	N/A	N/A	1,907	5,546	191	The sharp increase in the number of companies registered is as a result of the lower company registration costs versus prices charged by consultants and the improvement in speed for registration.
	SMME training and capacity building sessions/workshops focusing on Quality Management Systems (QMS) & Occupational Health & Safety (OHS)	4	4	13	59	145	Number of SMMEs trained in Quality Management Systems has increased as a result of preparing companies in the hospitality industry to comply with 2010 World Cup soccer requirements.

## 2. BUDGET 2008/09

Programme	Budget R 'million	Actual R 'million	Deviation %	Reason for deviation
- Overheads	6,1	6,7	9	Due to the exponential growth in short-term loans, the following additional support was required: <ul style="list-style-type: none"> <li>• Tender price assessment and confirmation through Bills of Quantity verification.</li> <li>• Mentorship.</li> <li>• Enterprise Credit Risk profile assessment.</li> </ul>
- Projects	10	8,4	-16	There was a delay in the implementation of the IECDM program, funding was released late and was allocated for 2009/10.

## 3. CHALLENGES IN 2008/09

- Need for a revised policy for the programme in line with the new sector-focused approach.
- SMMEs were not willing to disclose their improved performance results, particularly turnover increases, which makes it difficult for ECDC to measure impact of interventions.
- Whilst numerous attempts were made to leverage funding for further financial support for the Emerging Contractor Development Programme, there was no firm support in this regard.
- Training attendance was poor in certain regions as business owners were pressed with time in delivering contracts.
- There is a continuous challenge within the Integrated Emerging Contractor Development Programme which has 62 contractors registered in the programme for a period of 18 months. One of the requirements for the programme for it to be effective is the ability of the participating contractors to obtain construction contracts.

It has been a major challenge for contractors to get such contracts. There has however been a Memorandum of Understanding (MoU) that has been signed by the Corporation with the Department of Public Works and Department of Housing. At the time of writing the report this MoU had not achieved the required objective.

The other challenge has been to keep up with the rate of company registrations in terms of follow up and understand whether the registered companies have indeed started and grown the registered businesses. There has been a steep increase in company registrations over the period under review.

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## 4. ACHIEVEMENTS IN 2008/09

### 4.1 SMME Training

#### Business Management Training

- 59 entrepreneurs were trained in business skills mainly focusing on costing and pricing.

#### Quality Management Training

- 17 accommodation establishment companies were trained in Quality Management Systems (ISO 9001).
- 20 companies were trained on Food Health and Safety Standards (HACCP).
- Revitalisation of the Information Communication Technology Incubator which is incubating 8 businesses.
- Partnership with SEDA Technology and the dti in the establishment of the Mthatha Furniture Incubator.
- Annual SMME Summit and Business Expo that was held in October 2008 in East London.
- Arts and crafts - Supported crafters with access to markets and assisted companies to exhibit in different exhibitions and expos. These exhibitions include Decorex -Johannesburg (South African Handmade Collection), Ambiente in Germany, Atlanta in America, Grahamstown and other national and international shows. Some companies have managed to secure export orders as a result of this exposure and certain products were sold out.
- Improved turnaround times for business registrations due to a close working relationship between ECDC, CIPRO and linked IT systems.

### 4.2 Entrepreneurship Outreach Programme

One of the key challenges inhibiting SMME growth and entrepreneurship is access to information. ECDC has in the current financial year partnered with different organisations to facilitate access to information in the different areas of the province. Such institutions which ECDC has partnered with include business chambers and private sector institutions. Through these partnerships, SMME Imbizos were held in all seven districts of the province including the Metro. These Imbizos and other exhibitions and conferences reached large numbers of emerging and aspiring entrepreneurs and provided access to necessary information for start-up and supporting businesses.