

# Newsletter



## Contents

<b>Foreword</b>	<b>2</b>
<b>Bt&amp;R Performance To Date</b>	<b>3</b>
<b>Improving Productivity</b>	
Supported Employment Enterprises (SEE)	5
Excellent Pies	5
Fabrinox (Pty) Ltd	5
Women Enterprise Coaching Programme	6
<b>Case Studies</b>	
Pioneering Plastic Moulded Designs	6
75 Years Of Quality Headwear	8
A Geo-Location Biometric System Saves Jobs	9

# FOREWORD



## BT&R Executive Manager Mr Justice Tshifularo

Welcome to the second edition of the Business Turnaround and Recovery (BT&R) newsletter. As we head towards the 3rd quarter of the BT&R financial year, I would like to reflect on the success of the BT&R. Despite the challenging economic environment in which South Africa finds itself, the BT&R Programme has managed to make a significant impact, accomplishing all the targets and commitments embedded in its Funding Agreement with the Unemployment Insurance Fund (UIF).

The BT&R Programme provides non-financial support to enterprises facing financial and/ or operational challenges. BT&R identifies solutions to restore the businesses' future sustainability, and prevent job losses. The three main indicators of the BT&R Programme's performance are the number of companies nurtured, the number of jobs retained, and the number of Future Forum Members trained. Since the inception of the funding agreement with the UIF in 2020, the BT&R Programme has nurtured 224 companies, 50 (29%) more companies than the 174 target. The programme has saved 19 118 against a target of 8 700. In addition 1 474 jobs were created resulting in 20 592 jobs

retained. Finally, the BT&R Programme has capacitated 2 317 Future Forum Members against a target of 522.

It is important to note that the successes mentioned above were achieved despite severe challenges, such as the rolling blackouts that South Africa endured in the last year. Small and medium-sized enterprises (SMEs) in South Africa continue to be crippled by load shedding. Without alternative power systems, most enterprises are forced to work according to the ever-changing load shedding schedule, resulting in reduced productivity, a loss in revenue and contemplation of retrenchments.


In the current economic climate, meeting legislative and compliance obligations, such as being in good standing with the UIF and SARS, become a challenging reality. Distressed businesses continue to prioritise financial relief as opposed to non-financial solutions. As we laud the performance of the BT&R Programme I would like to take this opportunity to thank all strategic partners and stakeholders for their hard work and effort in enabling a stellar BT&R performance. Please see articles and case studies highlighting the programme's performance and enjoy the newsletter.





# BT&R Performance to date

Since its reintroduction in 2020, the BT&R Programme had enrolled 224 companies by September 2023, saving 19 118 jobs and training 2 317 Future Forum (FF) Members on business operations and how companies can be made sustainable and profitable. In addition to the 19 118 jobs saved, 1 474 more jobs were created resulting in 20 592 jobs being saved overall.

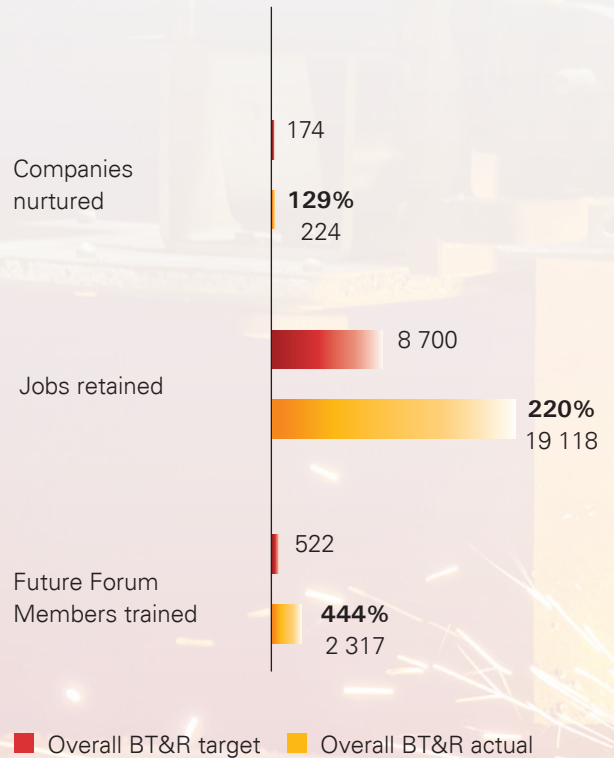
The breakdown of companies, jobs created and retained, and FF Members trained in the three regions is as follows:

Number of Companies Nurtured	
	74 companies from Region 1 ● GP ● NW ● LP
	59 companies from Region 2 ● WC ● NC ● FS
	91 companies from Region 3 ● KZN ● EC ● MP
<b>Total</b>	<b>224</b>

Jobs Saved and Created			
	Jobs Saved	Jobs Created	Overall Jobs Saved
	6 546	616	7 162
	6 928	630	7 558
	5 644	228	5 872
<b>Total Jobs</b>	<b>19 118</b>	<b>1 474</b>	<b>20 592</b>

Future Forum Members Trained	
	612 companies from Region 1 ● GP ● NW ● LP
	881 companies from Region 2 ● WC ● NC ● FS
	824 companies from Region 3 ● KZN ● EC ● MP
<b>Total</b>	<b>2 317</b>

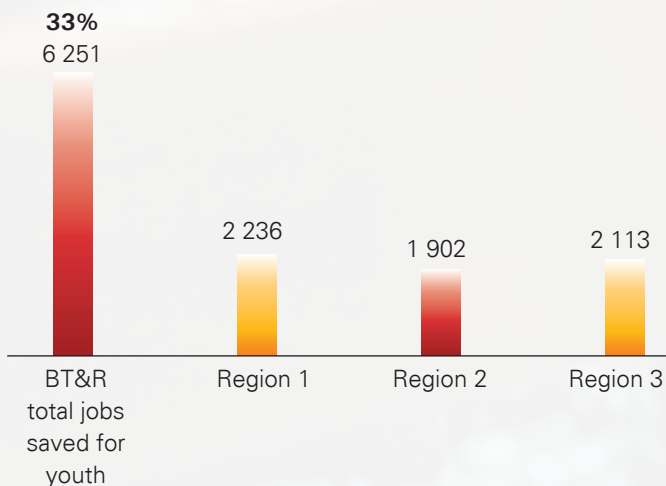
## Cumulative BT&R Target vs Actual 2020-2023



## Jobs Saved for the Youth

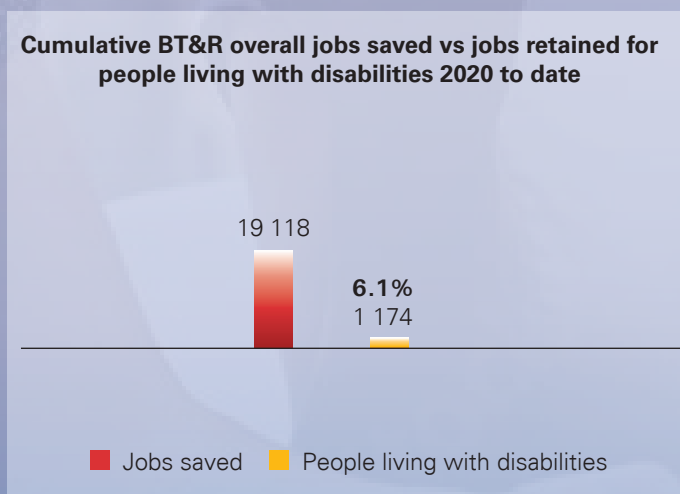
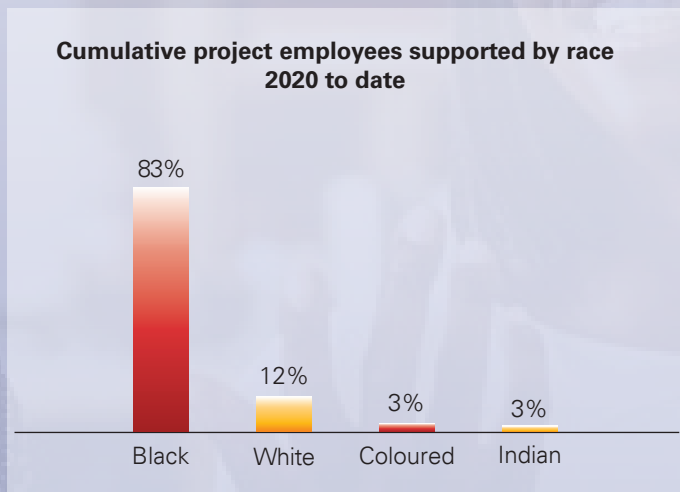
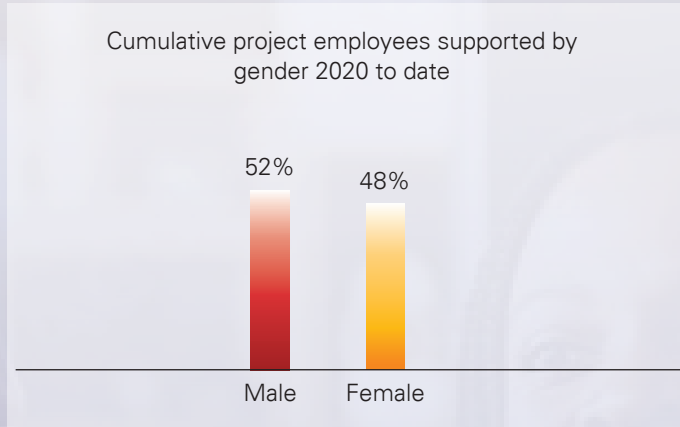
The unemployment rate in South Africa continues to rise and labour cuts sit at 32.9%. The most affected age group continues to be the youth with the total number of unemployed youth being 4.9 million. The BT&R Programme continues to contribute to saving jobs for the youth. At 33%, 6 251 jobs belonging to the youth have been saved through the interventions provided by the programme.

### Cumulative BT&R Jobs Retained for Youths 2020-2023



## Demographics

It is paramount that the BT&R Programme takes into consideration previously disadvantaged individuals including women, the youth and people living with disabilities. The programme is available for all enterprises run by South African citizens. To date, the programme has saved 6.1% (1 174) jobs for people living with disabilities. Of the jobs saved, 52% belong to men and 48% belong to women. In terms of race, 83% of the people whose jobs were saved were Black, 12% White, 3% Coloured and 2% Indian.



## Operational Sector

The BT&R Programme is open to all sectors in South Africa and has no limits to the services it can provide. Where further skills and expertise are required, the programme uses its database of qualified service providers to offer clients the relevant service. To date, the manufacturing sector remains the largest sector served, making up 47% of the programme's clients, followed by the services sector (5%), construction and engineering (4%), agriculture (3%) and transport and logistics (2%).

## Economic Transformation

All businesses play a role in transforming South Africa and contributing to the growth of the economy. The overall B-BBEE strategy is to grow the South African economy and give every demographic an equal opportunity to contribute. Most businesses assisted by the BT&R Programme are owned by men (127) and 57 are women-owned and 14 are multi-shareholder companies. Similarly, 9 businesses owned by people living with disabilities are owned by men, 3 businesses are women-owned and 11 are multi-shareholder companies.

## Eligibility for assistance

The BT&R Programme is open to any enterprise in distress, irrespective of size and sector. To qualify an enterprise must meet the following criteria.

- Be in operation for at least two years
- Financially or operationally distressed
- Provide at least two years of the latest financial statements
- Provide a SARS Pin to confirm SARS and UIF compliance and validity
- Provide UIF stamped UI19 Forms/an EMP201 Full Report.

## Applying for assistance

### BT&R Programme Awareness

Potential clients should contact Productivity SA via email at [turnaround@productivitysa.co.za](mailto:turnaround@productivitysa.co.za) or visit the Productivity SA offices in various regions. Once a potential client shows interest, the BT&R Practitioner will explain the BT&R Programme and qualifying criteria, provide the application document and outline how the forms must be completed. Financial statements, EMP201 Full Report and SARS Pin will also be requested.

### High-level Assessment

A high-level assessment of the state of the business will be done to determine whether the company is viable for a successful turn-around. The high-level assessment may include a site visit to the company.

### Application

Once all documents have been completed and supporting documents received, a financial assessment will be done to determine the financial position of the organisation. A nurturing report will be compiled summarising the root causes for distress as well as possible mitigation strategies to combat the distress and turn the organisation around.

# IMPROVING PRODUCTIVITY

## Supported Employment Enterprises (SEE)



Textiles production department at the SEE Ndabeni Factory.



Woodworking machine shop at the SEE Epping Factory.

Productivity SA is currently busy with BT&R projects at Supported Employment Enterprises (SEE), a state-owned entity that was established in 1943 to create employment for persons with long-term physical, mental or sensory impairment disabilities.

SEE falls under the Department of Employment and Labour (DEL) and has 12 factories across the country with two factories in the Western Cape. The factories employ 1 050 people and a further 159 that have been seconded by DEL to assist with administrative work. SEE seeks to create at least 400 employment opportunities for for People Living with Disabilities by 2025.

So far 19 Future Forum Members and 20 Productivity Champions have been trained at the two factories in Cape Town and the in-depth assessments of the two factories have been completed.

It is envisaged that extensive skills development will be done at these two factories through the BT&R Programme in order to help SEE to realise its vision of 400 employment opportunities by 2025.

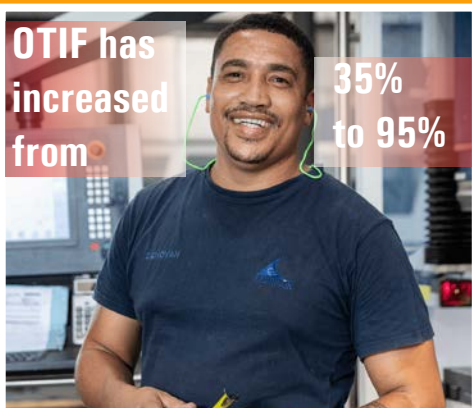


Signage to promote efficient workflow and organisation

## Excellent Pies

Excellent Pies undertook a review of workplace organisation through audits and inspections, which revealed gaps in employee understanding of this crucial aspect. Several interventions were implemented including a comprehensive Workplace Organisation Policy; daily, weekly and monthly cleaning and sanitation logs to track tasks; a Workplace Organisation Audit and Cleaning SOP to ensure thorough cleaning and sanitisation, prioritising product safety. Clear and laminated signage was introduced to label work and storage areas, promoting efficient workflow and organisation.

These improvements aimed to create a safe, productive, and organised workplace at Excellent Pies, emphasising accountability, transparency, and adherence to standards.



## Fabrinox (Pty) Ltd

The BT&R Programme began working with Fabrinox (Pty) Ltd in July 2022 after they experienced financial decline due to the effects of COVID-19 and raw material costs steady increase which surpassed inflation rates. The business emphasised the importance of enhancing On-Time In-Full (OTIF) performance. In the year that the company has been working with the programme OTIF has increased from 35% to 95%, a 60% increase in measurable productivity and a marked improvement in financial wellness for the company.

## Women Enterprise Coaching Programme

Forty women-owned enterprises in the Dr Ruth Segomotsi Mompati District Municipality in the North West were afforded the opportunity to attend a rigorous 10-month coaching programme under the auspices of the Small Enterprise Development Agency (Seda). Through the partnership between Seda and Productivity SA these women were able to learn about productivity concepts including how to identify waste, how to eliminate waste, how to measure performance and what change management is. In order to expand the training, site visits were undertaken by Productivity SA to identify businesses that would meet the minimum requirements to be enrolled on the BT&R Programme.



Thirty two women graduates of the Women Enterprise Coaching Programme were celebrated on 17 March 2023

# CASE STUDIES

## PIONEERING PLASTIC MOULDED DESIGNS

*Unica Plastic Moulders (Pty) Ltd*

### Company background

Unica Plastic Moulders (Pty) Ltd, a division of the Unica Group, was established in 1998. As the group's first manufacturing company situated in the suburb of Pretoria Industrial it proved to be the cornerstone of the group's expansion over the last 25 years.

Unica is generally acknowledged as a pioneer in the plastic moulding business niche launching the very popular Econo chair followed by the fully plastic moulded Party Chair® in 2001. Many other product brands followed including Desk in a Box™ and Genie™ – The Better Bed in 2020. These brands have become household names in South Africa's local market and cross border markets.

### Reasons for requiring the BT&R intervention

Despite its innovations in the industry by 2017 Unica's product life cycles were on the decline due to increasing competition and a lack of product diversification. In response, Unica developed

and launched two very innovative patented products, Desk in a Box™ and Genie™ – The Better Bed in 2020. In March 2020 the first COVID-19 lockdown had an adverse effect on the already struggling business which had to halt development of new products and slow down production resulting in a 25% decrease in turnover. Electricity and raw material costs skyrocketed increasing manufacturing costs. The company started incurring losses and a negative cash flow due to declining sales and orders lead to Unica having to reduce staff. The staff complement dropped by almost 50% from 60 in 2018 to 39 in 2021 and the remaining staff lacked motivation, were less productive and absenteeism became common.

### The BT&R approach

Unica Plastic Moulders has a monthly manufacturing capacity of 400 tons but is only running at 60% capacity. Strict quality assurance and quality control measures are always adhered to, ensuring that only top-quality products end up on retailers' floors. The BT&R Programme assisted Unica to move into the industrial product bundle offerings including wheelie bins, paint

buckets, pallets and crates. In order to broaden Unica's local and international market footprint the following three interventions have and will continue to be implemented.

### Intervention 1: Developing an internal sales capability

To increase sales advertising the company extensively and aggressively is essential. Any marketing strategy also needs to include the different compliances and accreditations that the BT&R Programme assisted Unica to gain like SANS and ISO. These measures will help to expand their footprint into Africa and take advantage of the African Continental Free Trade Area (AfCFTA) agreement which will include 55 African countries. AfCFTA is a continental agreement amongst African countries with aims to increase regional trade, lower trade costs and streamline border procedures.

With the threat of competitor actions there was insufficient information on client perceptions on the quality, design, range, and adequacy of the range of products and services offered to effectively serve client needs. The assessment and diagnosis of marketing and sales activities included marketing planning and strategy development, target market segmentation as well as market intelligence (research).

### Intervention 2: Implementing a CRM system

Unica were already established in the business-to-business (B2B) market, however, they were limited to bulk buyers only and had no platform for direct customers to make retail purchases. No proper sales and marketing statistics were in place, and they lacked planning to manage sales and exploit new markets.

The BT&R team assisted Unica to implement the following:

- Created an online platform (E-commerce store) which will allow customers to make direct purchases and have goods delivered to their door.
- Introduced their industrial range of products which will allow them to sell high volumes directly to the end users due to the nature of the products.

The BT&R team is still helping Unica to operationalise CRM software that will:

- Assist sales staff to be more productive and effective with their sales objectives.
- Establish a customer and contact management database that can allocate Unica's customers to the agents, branches and sales staff within the relevant branch.

- Schedule Unica's customer and prospect follow-ups using the Activity Management function.
- Manage the sales pipeline so that more accurate business forecasts can be generated.

### Intervention 3: Create a strategic marketing plan in conjunction with a corporate video

Unica has embarked on an expansion project to add a third product category to their product bundles. This product category will cater for the industrial, domestic and waste management sector. This will allow them to achieve their goal of improving their B2C sales. As these industrial products will be sold to companies who will be the end users.

The improved marketing strategy focusses on new target markets being the industrial, agricultural and the public sector. Unica is planning to market their products and the entire business as a brand, using the latest marketing tools and strategies available together with a corporate video.

The Strategic Marketing Plan covered the following interventions:

- Forming strategic alliances with key players in the markets they want to penetrate and appointing agents and distributors.
- Approaching the public sector through onboarding an experienced tender administrator

### Conclusion

Since becoming a beneficiary of the BT&R Programme, Unica developed and introduced a new product range to address the declining product life cycle and market saturation. A new effective marketing strategy increased orders and profit margins and turned the cash flow situation around. The company successfully established a B2C platform. Sales have been boosted by social media marketing campaigns aimed at creating brand awareness and improving sales. A diversification of the product portfolio to include consumer preferences such as the wheelie bin is giving further impetus to the company's new market positioning.

The implementation of the principles through the BT&R Programme has empowered Unica Plastic Moulders to diversify and significantly enhance its market share. The company has already increased its turnover by 35%, returned to profitability and created 15 new jobs.



# 75 YEARS OF QUALITY HEADWEAR

Case Study: National Cap Factory CC



## Company background

National Cap Factory CC is a cap manufacturing company established in 1947. The business is based in Maitland, Cape Town and currently employs 47 employees. The company has been at the forefront of bespoke headwear in South Africa. The company is a family-owned business in its third generation of management. The business is currently in its 75th year of existence and has a very loyal work force, some of whom has over 50 years of employment service. The company manufactures a wide variety of headwear, both standard and bespoke, for sports, clerical, educational, leisure and fashion industries.

The financial performance of the business declined during the period 2020 to 2021. The decline in the financial performance was driven by a drop in profitability due to a 51.1% decrease in sales with only a 38.5% decrease in cost of sales. The asset turnover rate also decreased which was indicative of reduced production and sales volumes.

## The BT&R approach

Due to the sharp decline in profitability the BT&R team proposed and implemented four interventions to streamline manufacturing, reduce waste and boost morale.

## Lean manufacturing implementation

Lean manufacturing is a methodology that focuses on minimising waste within manufacturing systems while simultaneously maximising productivity. The overall effect is an increase in invoicing.

## Time and motion study

The business owner developed his own costing models based on historic factory efficiencies of output and labour efficiencies which were outdated. A detailed Time and Motion study was used to ascertain the volume of human work in a specified task to establish the standard time.

## Inventory management improvement

Fabric is the most important direct cost in the costing of a cap item. There was a manual stock control system in place but no regular stock takes, no minimum and maximum order levels, bad storage practices and no re-order levels.

## Business leadership coaching for senior and middle management

Standard business practices such as a monthly reports on costing, income statements, production analysis and business strategy were not in place. Middle management were experienced factory staff but did not understand operations and production management techniques and tools.

## Results and impact

### Lean manufacturing implementation

Production targets for all sections of the factory were agreed upon and daily morning meetings were held. Weekly production reviews were conducted and chaired by the BT&R project manager. Workplace organisation was then introduced through training sessions with the Productivity champions and the entire factory.

A baseline 5S audit was done on 30 March 2022 yielding a score of 34%. There were various 5S Gemba Walks done with the Production Manager and a 5S Project Register was agreed to with the National Cap Factory Chief Executive Officer (CEO) and Production Manager. Through progressive development the 5s audit score grew to over 80% in August 2022.



Daily activity sampling was introduced from June 2022 to unlock further productivity improvement, when it was noted that there were opportunities to improve the shopfloor employee's individual productivity.

The average production output has progressively improved over the duration of the project to over the target output of 500 caps per day. The business sales improved by 85% in the period January to August 2022 compared to the same period in 2021.



## Time and motion study

The primary objective of the Time and Motion Study was to set basic time standards for the different styles manufactured in the factory. This information was used to update the historic standard times that were used in the standard costing of the ranges.

The data was presented to the teams that participated in the study and a brainstorming session was held where various productivity improvement measures were discussed and agreed upon. These improvements led to a 12 % improvement in Cost Control between 2021 and 2022.

## Improved inventory management system

Nkanyezi Innovative Solutions implemented an inventory management system on behalf of Productivity SA which was set up in a user friendly manner in line with the requirements of National Cap Factory.

## Business Leadership Coaching

Business coaching for the CEO and Production Manager was done both formally using the GROW Coaching Model and in the form of weekly Production Review meetings, Gemba Walks in the factory and problem-solving sessions with the productivity champions. Stronger leadership helped to improve attendance and attendance levels between 2021 and 2022 increased by 37%.

This business was in severe financial distress during the early part of this project. With intense focus on the factory including weekly visits, coaching and problem-solving coordination the business was prevented from going into rehabilitation.

The business was able to buy four new machines in 2022, the first such investment in the factory for over 15 years.

By the close of the project in 2022 National Cap Factory had increased its gross profit by 32%.

# A GEO-LOCATION BIOMETRIC SYSTEM SAVES JOBS

*Case Study: Smith & Winfield (Pty) Ltd*

## Introduction

Smith & Winfield (Pty) Ltd offers services in painting, renovating and decorating. The company is located in Durban, KwaZulu-Natal and employs 22 permanent workers and 105 contract workers. Clients include hospitals, corporate offices, schools, industrial parks, shopping centres and malls, residential body corporate complexes and other specialised projects.

Smith & Winfield was experiencing difficulties and made an application to Productivity SA to become part of the BT&R Programme. Productivity SA conducted an assessment which included discussions with key personnel and management, a review of key company documents and a site walk-through.

## Reasons for requiring the BT&R intervention

A further, in-depth, assessment was conducted, guided by the fundamental aim of the BT&R Programme, which is to ensure growth in businesses and prevent business decline. The key challenge identified was that managers and supervisors relied on printed timesheets to record work performed under their supervision. This created several problems, such as

- Ghost labour – staff were booked as present at work even though they were absent. This led to wages paid for work that was not performed.
- Inaccurate allocation of costs to jobs.
- Staff were booked for a full day 's work yet they arrived late and finished early.
- Returning timesheets to the office for wage processing was often an error-prone process, with timesheets submitted late leading to delays in processing the payroll.
- Timesheets were not filled in daily, with some completed only two weeks later, resulting in inaccuracies.

## The BT&R approach

The following interventions were recommended for the business:

- A project management tool to ensure jobs are estimated correctly and finished within the estimated costs and timelines
- A clocking system with enabled geo-location to reduce

paperwork on site and integrate with the administration system to manage and track labour hours and payroll.

Following discussion with business directors, the clocking system was prioritised because of its ability to enable geo-location and integrate with the administration system to manage and track labour hours and payroll.

## Results and impact

- The design and implementation of the geo-location and biometric system contributed to both more productive project management and improved worker management. The system has enabled better planning, scheduling, and overall management of workers on various sites. In this regard, the system ensures that:
  - Workers can no longer log in for someone else.
  - When employees log in their location is recorded, which validates that they are on the job, and flags it if they are not.
  - Absenteeism, late arrivals and early departures are easily identified thus enabling consequence management and improved efficiencies.
  - Managers can see who is present on site at any time of the day and have access to the attendance register at all times.
  - The wage register is automatically populated and can be exported to the wage system for accurate generation of pay slips.

In broad terms, the geo-location and biometric system has eliminated ghost labour, saves time for clerical staff and makes it easier for managers to track staff and manage sites. As a result, Smith & Winfield improved its productivity and efficiencies, leading to a significant improvement in the profitability of the business as it effectively increased capacity by ensuring employees work the full day they are paid for.

The business now employs 169 employees, an increase of 33% since the implementation of the BT&R intervention. Management is confident that in the long run the geo-location and biometric system will continue to have a positive impact on the overall performance of the business. It is also hoped that the system will increase worker satisfaction resulting in higher job satisfaction.

## **HEAD OFFICE**

### **Physical Address**

International Business Gateway Office Park,  
Cnr New Road and Sixth Road, Midrand  
Contact

Tel: +27 11 848 5300,  
turnaraound@productivitysa.co.za

Any comments and queries regarding this document should be addressed to:

Productivity SA

Private bag 235, Midrand, 1685

Email: turnaraound@productivitysa.co.za

Tel: 011 848 5300

## **CAPE TOWN**

### **Physical Address**

Office 202, Edward III Building,  
70 Edward Street (cnr Bloemhof  
and Mispel Road),  
Tyger Valley

Contact

Tel: +27 21 910 1591

## **DURBAN**

### **Physical Address**

Suite 201, Cowey Office Park,  
91-123 Problem Mkhize Road,  
Essenwood, 4000

Contact

Tel: +27 31 268 9770

