

BUSINESS TURNAROUND AND RECOVERY

ANNUAL REPORT 2022|23

Developed, Turnaround and Recovery Department | Annual Report 2022/23

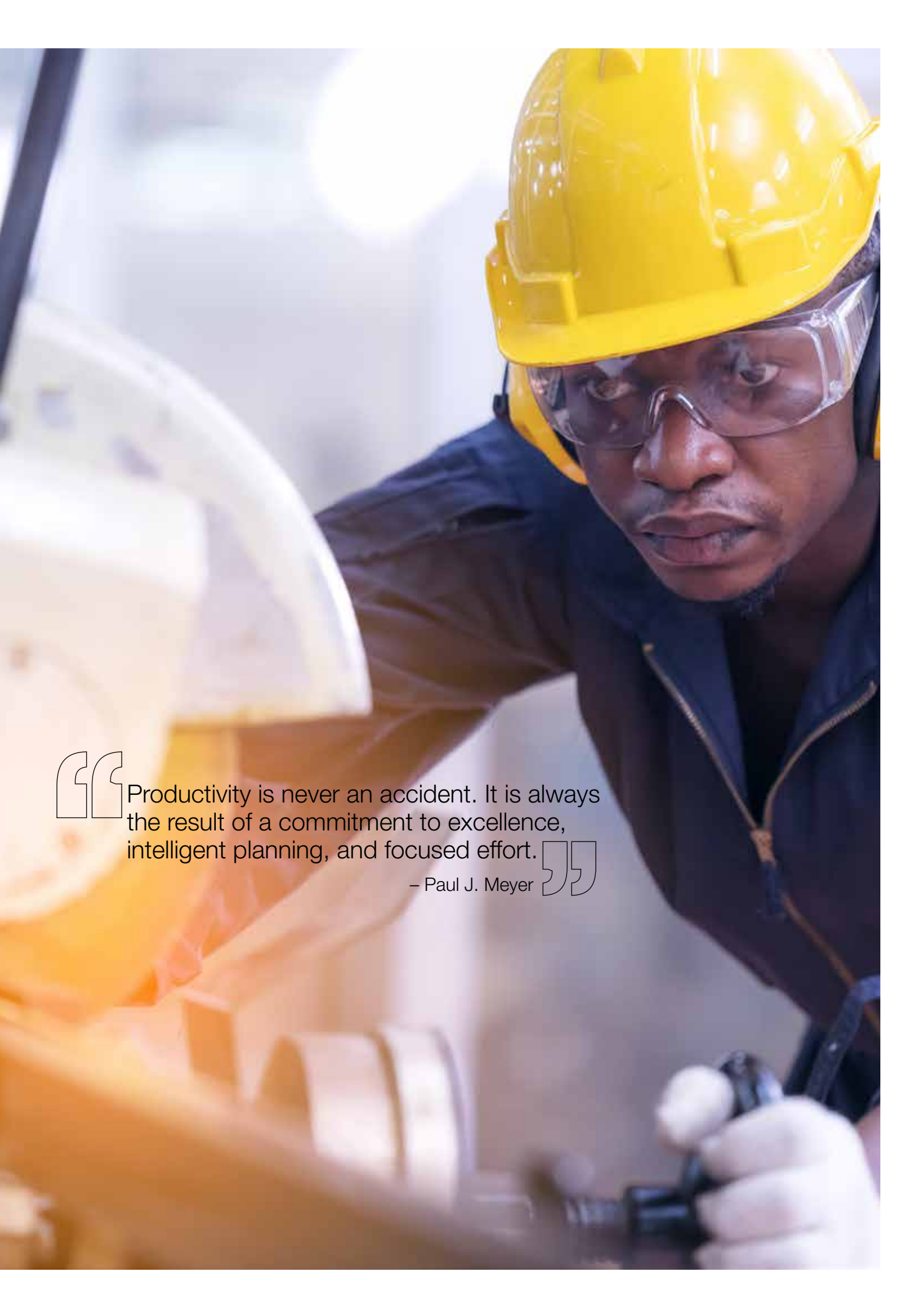


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“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort.”

– Paul J. Meyer

1 Objectives of Business Turnaround & Recovery Programme



The Business Turnaround and Recovery Programme (BT&R) has its origin in the Declaration of the Presidential Jobs' Summit in October 1998. Its mandate is derived from the Employment Services Act with specific relevance to Section 32g which is to support initiatives aimed at preventing job losses and furthermore empowered through Section 5d of the Unemployment Insurance Act as amended.

The BT&R vision is to save jobs and create conditions conducive for job retention and job creation. BT&R capacitates and enables companies and employees to be more vigilant about issues relating to job retention and to mitigate against poor performance or productivity decline that increases the likelihood of job losses.

The programme capacitates employees to be agents of change and to be equipped to identify early-warning signs. The programme is intended to provide turnaround strategies to support different organisations across all sectors; facing economic distress (financial or operational difficulties which may result in an employer contemplating the dismissal of employees based on its operational requirements) with a focus to save and retain existing jobs through amongst others increasing productivity and profitability.







2. Message from the CEO

I am pleased to present to you the 2022/2023 Business Turnaround and Recovery (BT&R) Annual Report. Despite the challenging economic environment South Africa found itself in this past year, the BT&R Programme has managed to make a significant impact, accomplishing all of the targets and commitments embedded within the Funding Agreement.

The year under review saw an increased focus on building and strengthening strategic partnerships enabling a credible pipeline and providing clients with a complete solution. The aim was to provide clients with non-financial support solutions, through the BT&R Programme, as well as financial support options, through Finance Development Institution (FDI's). Growing awareness of the BT&R programme through partnerships resulted in Productivity SA hosting a stakeholder engagement workshop in collaboration with the DTIC, CCMA and UIF; attended by several business owners and organised business. We believe that continuous collaboration with our strategic stakeholders are key to ensure the success of the BT&R Programme, and sustainable transformation of the micro economic environment of South Africa.

The Business Turnaround and Recovery Programme furthermore successfully managed to establish systems and processes that improved the efficiency and effectiveness of the programme delivery.

Some notable highlights for the year include:

- Improved execution of the BT&R Acceleration plan to ensure sufficient and effective delivery of BT&R services.
- Continued revision and update of the standard operating procedure for improved governance and compliance.

- Embedding of the monitoring and evaluation system and processes, enabling the effective tracking and monitoring of the BT&R Programme performance.
- Increased focus on internal implementation, taking control of our projects and outcomes.
- Addendum to the funding agreement, enabling the BT&R Programme to continue for another year with the current funding budget facility available as stipulated in the funding agreement.

The three main indicators of the BT&R Programmes performance are the number of companies nurtured, the number of jobs retained and the number of future forums members and champions trained. From the inception of the funding agreement with the UIF in 2019, BT&R have nurtured 201 companies, 27 (16%) more companies than the target of 174 according to the funding agreement. The programme has saved 16 646 jobs resulting in 7 946 (91%) more jobs being saved than the target of 8700 according to the funding agreement. Finally the BT&R Programme has capacitated 1 423 employees, 1 423 (273%) more employees than the target of 522 as stipulated in the funding agreement.

It is important to note that, despite all the achievements mentioned above, this was not without challenges such, the rolling blackouts that South Africa had to endure in the last year. Small and medium-sized businesses (SMEs) in South Africa are getting struck down by loadshedding, resulting in a loss of revenue and production, among other things, due to the power cuts. Without alternative power system, most enterprises are forced to work according to the ever changing loadshedding 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 becomes a challenging reality. Distressed


"The year under review saw an increased focus on building and strengthening strategic partnerships enabling a credible pipeline and providing clients with a complete solution."

businesses continue to prioritise financial relief as opposed to non-financial solutions.

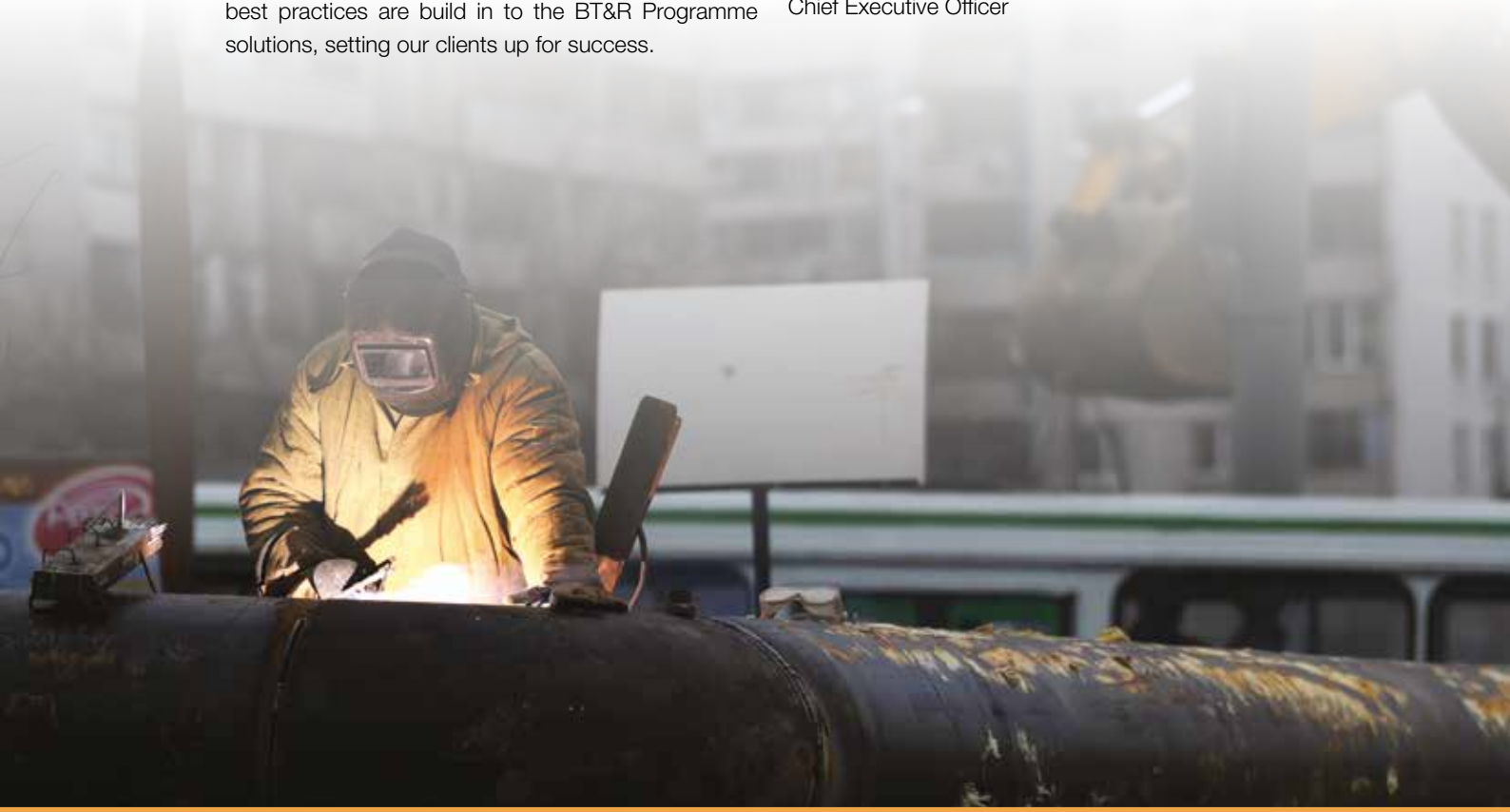
In the 2022/23 financial year, the following areas will be prioritised:

- 1) Strengthening our relationships with FDI strategic partners to ensure we can introduce our clients to financial support options.
- 2) Co-development of a new funding agreement with the UIF.
- 3) Strategically positioning the BT&R programme to ensure that it is agile and flexible to respond to market demands.
- 4) Review and update of BT&R products to ensure best practices are build in to the BT&R Programme solutions, setting our clients up for success.

I would like to take this opportunity to thank all strategic partners and stakeholders for their hard work and efforts in the year under review. To the Director-General of the Department of Employment and Labour. I thank you for your unwavering support and to the management team and staff of BT&R, I thank you for perseverance and dedication-together we have put in place a solid foundation from which the BT&R programme can continue to build in strength, capacity and reach.



Mothunye Mothiba
Chief Executive Officer



3. BT&R Team

Head Office Team





Regional Operation 1 (Gauteng, Limpopo & North West)



Ms. Lalane Janse Van Rensburg
Executive Manager:
Regional Operations
(Region 1)



Ms Fulufhelo Madzie
Senior Manager: BT&R
(Region 1)



Ms. Palesa Magumashole
Regional Coordinator



Ms Yvonne Magodi
Senior Productivity
Advisor



Ms. Onalenna Tihakanye
Senior Productivity
Practitioner



Mr. Derek Gouws
Senior Productivity
Practitioner



Mr. Kenny Ramukhubathi
Senior Productivity
Practitioner



Mr. Sibusiso Kunene
Senior Productivity
Practitioner



Mr Fanele Mbamba
Senior Productivity
Practitioner



Ms Mpho Matjeke
Senior Productivity
Advisor

Regional Operation 2

(Western Cape, Northern Cape & Free State)



Mr. Albert Brink
Executive Manager:
Regional Operations
(Region 2)



Ms. Christel Potgieter
Acting Senior Manager:
BT&R (Region 2)




Ms. Veliswa Dywili
Regional Coordinator



Mr. Cosmo Cloete
Senior Productivity
Practitioner



Ms. Marizanne Maritz
Senior Productivity
Practitioner



Mr. Steven Otto
Senior Productivity
Practitioner



Mr. Chris Bondo
Senior Productivity
Practitioner



Mr. Marthinus De Vos
Senior Productivity
Practitioner



Mr. Cedric Lottering
Senior Productivity
Practitioner



Mr. Mxolisi Coki
Senior Productivity
Practitioner

Regional Operation 3

(KwaZulu-Natal, Eastern Cape & Mpumalanga)



Ms. Amelia Naidoo

Executive Manager:
Regional Operations
(Region 3)



Mr. Leigh Chetty

Acting Senior Manager:
BT&R (Region 3)



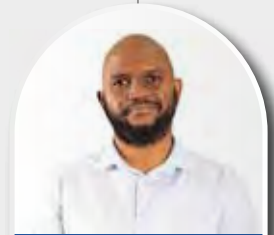
Ms. Julitha Rakale

Senior Productivity
Practitioner



Ms. Zipho Magagula

Productivity Practitioner



Mr. Thembinkosi Mngoma

Productivity Practitioner



Mr. Mhlengi Meyiwa

Productivity Practitioner



Mr. Singqobile Shoba

Productivity Practitioner



Mr. Wellington Sithole

Productivity Practitioner

4. Overview of Business Turnaround & Recovery Programme



BACKGROUND

ECONOMIC OVERVIEW

The SA economy was anticipated to return to pre-pandemic production in 2022/23, however the real GDP growth rate dropped to 2% from 4.9% in 2021. This was as a direct result of electricity shortages in the form of loadshedding, the continuous impact of the KZN floods and the constraints in the transport sector, exacerbated by the global downturn of the Russia and Ukraine war. As a result, the GDP contracted with 1.1% in the fourth quarter of 2022.

This severe electricity shortfall has resulted in an increased operating cost for businesses, whom had to employ diesel generators or solar energy solutions to keep their doors open. Furthermore, the rolling blackouts have also impacted supporting technology and infrastructure services such as water, IT, and service delivery, adding more pressure to the SMME's operational environment.

The services sectors and domestic trade were key drivers of growth. The agriculture, forestry and fishing industry decreased by 3,3% in the fourth quarter, contributing -0,1 of a percentage point to GDP growth. Correspondingly the mining and quarrying industry also decreased by 3,2%, likewise contributing -0,1 of a percentage point to GDP growth. Five of the manufacturing divisions had negative growth in the fourth quarter of 2022, contributing to a 0.9% decrease in this industry.

Inflation has contributed to the difficult operating environment, rising to 6.9% in 2022 from 4.5% in 2021; the increase in inflation was mainly driven by higher food and fuel prices. As a result, the Reserve Bank of South Africa had to raise the base interest rate with a total of 1.75% during 2022/23 financial year.

The above mentioned economic difficulties have created a storm for SMME's to navigate, with only the fighting fit surviving. Many SMME's were not prepared to face the impact of the economic impact of 2022 and have resulted in 1907 liquidations across all sectors.

Source: Stats SA

EMPLOYMENT OVERVIEW

The unemployment rate decreased with 2.6% comparing the 4th quarter of 2021 and 2022. A number 169 000 jobs were gained between the third quarter of 2022 and the fourth quarter of 2022 with a total of 15,9 million people employed by the end of the fourth quarter of 2022. Finance (103 000), Private households (54 000), Trade (52 000) and Transport (43 000) recorded the largest job gains during the third and fourth quarter of 2022. While job losses were recorded in Community and Social Services (122 000), Agriculture (12 000) and Construction (12 000).

The formal sector recorded an increase in employment of 143 2 000 and the informal sector recorded a loss in employment of 15 000 between the third quarter and fourth quarter of 2022.

According to Stats SA the number of unemployed people in South Africa increased from 4,7 million in Q4:2012 to 7,8 million in Q4:2022. Over the period of 10 years, the proportion of long-term unemployment increased from 68,2% in Q4:2012 to 78,3% in Q4:2022. The formal sector in South Africa accounts for 68,9% of total employment.

Youth aged 15-24 years and 25-34 years recorded the highest unemployment rates of 61,0% and 39,9% respectively. Approximately 3,4 million (33,6%) out of 10,2 million young people aged 15-24 years were not in employment, education or training (NEET).

Contextualising the above information, the population of South Africa is in majority youth. This is also the segment of the population with the highest unemployment rate. In 2022, the MYPE (Mid-year population estimates) indicated that about 28,07% of the population is aged younger than 15 years (17,01 million) and approximately 9,2% (5,59 million) is 60 years or older.

Unemployment has to be addressed with urgency. The matter requires reforming labour market policies and a strategy taking into consideration the youth of the country, creating opportunities for skills development focused on entrepreneurship and capitalisation of the digital economy.

Source: Stats SA

5. BT&R Process

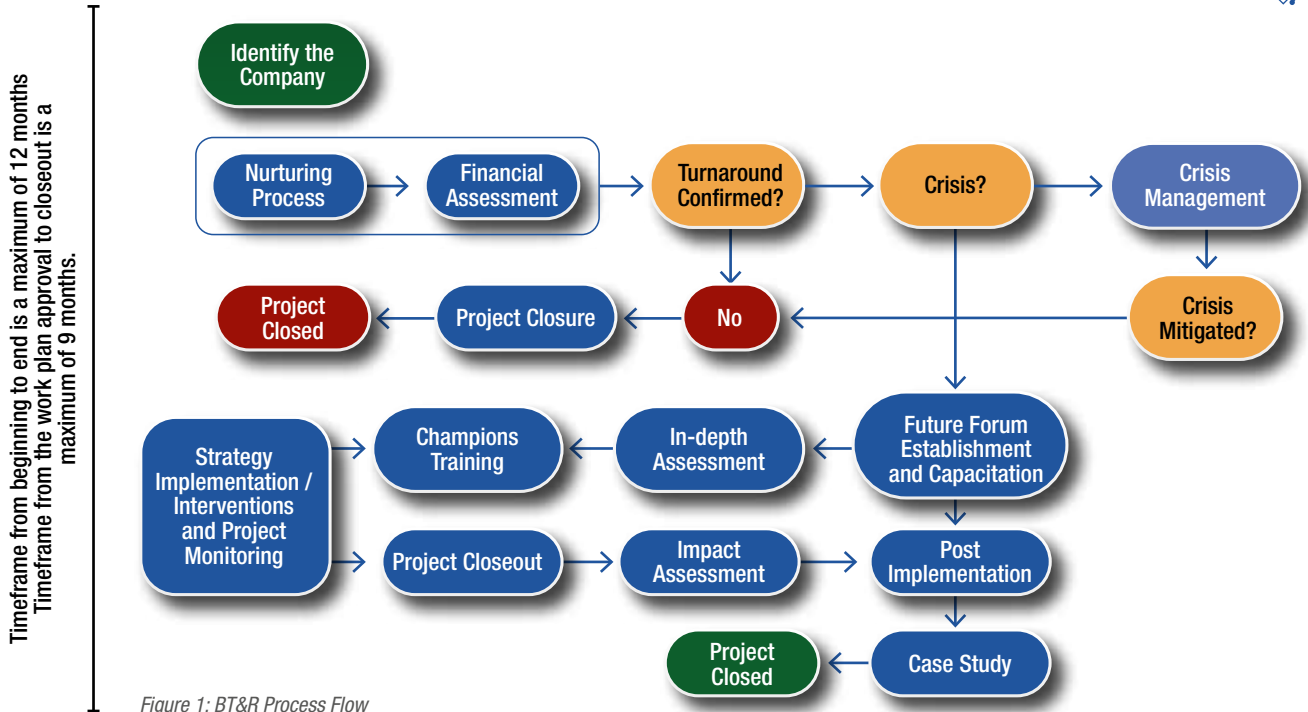


Figure 1: BT&R Process Flow

NURTURING

The nurturing process consist of an explorative conversation with a potential client to identify whether the client meet the requirements of the BT&R programme. The objective is to identify the nature of organisational distress and to evaluate the likeliness of a possible turnaround.

FINANCIAL ASSESSMENT

The turnaround viability of the company is assessed prior to time and money being expended on processes that are likely to fail. A financial assessment compares the applicant's shortcomings to similar businesses in the same sector. This assessment also identifies immediate crises that require resolving through a crisis management procedure. Apart from financial challenges, operational hindrances and wavering sustainability issues is also indicative of the distress a company is in, and as such are also considerations in this preliminary phase.

CRISIS MANAGEMENT

Should the applicant's company already be in significant distress due to immediate threats such as liquidation by creditors, labour action by workers, termination of vital

contracts or threatened closure by regulatory bodies, then immediate action must be taken to prevent the closure of the business or possible retrenchments until the turnaround processes can take effect.

ESTABLISHING THE FUTURE FORUM

A key element of the BT&R Programme, the Future Forum, is a committee established to bring together management, employees and union representatives in a manner that enables structured and open discussion between all parties regarding the issue of job retention. In this forum stakeholders collectively identify problem areas and formulate and debate strategies for saving jobs and even the company itself. During this process Productivity SA's practitioners provide technical assistance in areas such as financial, marketing and operational management. Once the organisation has been stabilised and the threatened jobs secured, the Future Forum institutes Early Warning Systems and meets regularly to identify emerging problems, formulate appropriate responses and if necessary, develop turnaround or redeployment strategies. This level of interaction between all stakeholders also ensures that the organisation is in a position to motivate for support in the form of government funds to subsidise further consultations or interventions.

CAPACITY BUILDING

Capacity building is an integral and very important aspect of the programme process. This is done to ensure that the members of the Future Forum are empowered to contribute meaningfully and have an understanding of business operations and what will make an organisation profitable and sustainable. Future Forums undergo a full day's training and the main objectives of the training are to enable the future forum to:

- Determine successful business performance
- Become Profitable
- Become Productive
- Collaborate relationally
- For transparency and trust building on the decision making.

PRODUCTIVITY CHAMPIONS TRAINING

The elected Champions will undergo a three-day intensive training covering productivity concepts and organisational performance to equip the Champion to take ownership, facilitate and ensure sustainability of the interventions recommended and implemented. The main objective of the training is to ensure that the Productivity Champion leads the Future Forum and will assist with the turnaround and productivity improvement projects in his or her organisation.

IN-DEPTH ASSESSMENT

At this stage, the organisation and its appointed practitioners assess the root causes of the organisation's difficulties and develop appropriate turnaround or redeployment strategies. The workplan will highlight the key challenges within the organisation causing the distress, and outline the recommended interventions to reverse the challenges.

STRATEGY IMPLEMENTATION

Roles are allocated and the agreed strategies are implemented within the ailing organisation to reverse the challenges experienced. The main objectives of this phase are to:

- To implement the planned or amended strategy and achieve a successful turnaround

- To reverse the challenges experienced in the company
- To ensure the company's ability to continuously improve productivity and competitiveness and to collaborate on issues of job security
- To ensure that the company has clear strategies for exploiting opportunities and future investments.

MONITORING & EVALUATION

Monitoring and evaluation of deliverables within the client system is a continuous process to ensure that the intended benefits are realised. Through the monitoring and evaluation process the practitioners in collaboration with the future forum members will identify areas of improvement and will adjust the implementation accordingly to yield the intended outcome.

IMPACT ASSESSMENTS

Impact Assessment is a means of measuring the effectiveness of organisational activities and judging the significance of changes brought about by the Turnaround Solutions interventions.

Assessing the adoption, implementation, project management and quality assurance of the turnaround strategies. The main objectives of this phase are to:

- To ensure the quality of services rendered
- To ensure effective management of projects
- To ensure the mandate of the programme has been followed through
- To ensure job saving and creation.

PROJECT CLOSURE

Once the impact assessment is finalised a close out report is composed encompassing of an detailed account of the accomplishments and gaps identified. The report is presented to the future forum for their input and sign off, which brings the project to a closure.

6. Executive Summary

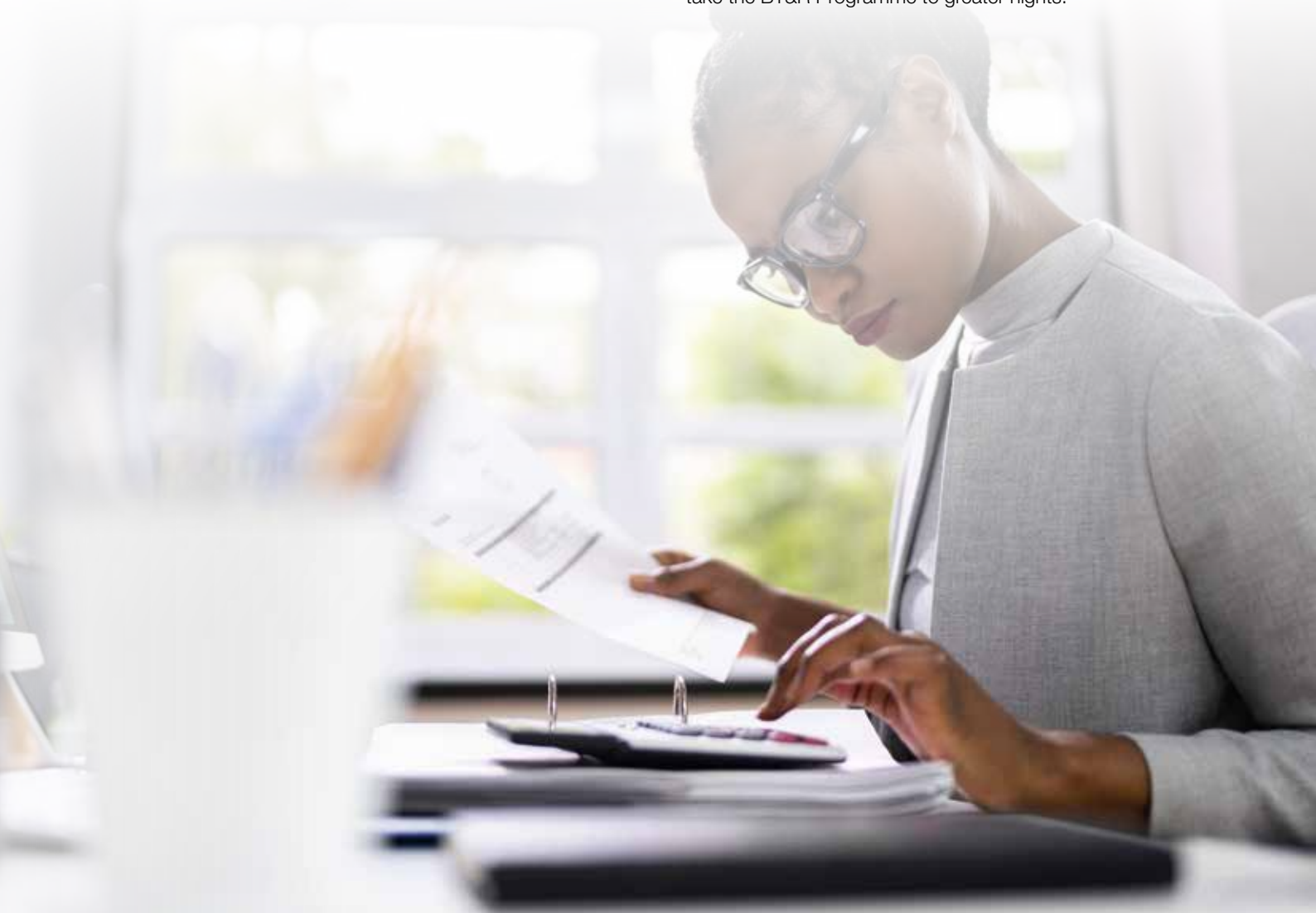


The Business Turnaround and Recovery Programme has had tremendous impact over the past three years. Within the funding agreement term of three years the programme has managed to surpass all expectations; achieving 116% of its nurturing target, saving 16 646 jobs and capacitating 1945 employees.

This celebratory performance was not achieved without challenges. Numerous delays with the disbursement of funds resulted in several temporary suspensions of the programme. This had a substantial impact on the reliability of the programme and resulted in clients trust being lost. Nevertheless, the results speak for itself, the hard work and dedication of the BT&R team has bared fruit.

An acceleration plan was compiled during 2020/21 financial year and continues to be a priority, addressing the need for closer collaboration with FDI's to ensure an holistic solution for struggling organisations. The development and implementation of the M&E System and practices is enabling Productivity SA to make strategically informed decisions. A strategic focus on governance and quality has resulted in clean audits over the three years and ensured excellent service delivery.

Our efforts in the next financial year will be aimed at attaining a new funding agreement to ensure this programmes continues to save jobs and support SMME's to be competitive. We will furthermore continue to build our strategic partnerships and alliances within government, organised business, organised labour and academia to take the BT&R Programme to greater hights.



7. Impact of Business Turnaround & Recovery Programme



Overall, to date, the BT&R Programme has nurtured 201 (116%) companies out of a target of 174. In addition to the programme's team efforts, the success of the programme's nurturing is also inclusive of the nurturing done by Approved Service Providers who have nurtured 56% of the companies nurtured into the BT&R Programme. 16646 (191%) jobs have been retained cumulatively out of a target of 8700. In addition to the retained jobs, an addition on 1381 more jobs were created among the companies that joined the programme. Resulting in a total of 18027 jobs saved through the implementation of the BT&R Programme. One other main indicator in the programme is to ensure Future Forum Members are empowered and capacitated to contribute meaningfully to their business operations in pursuit of making their business sustainable and profitable. With this regard, 1945 (373%) Future Forum Members were successfully trained out of a target of 522.

With regards to the performance of the current reporting period (2022/2023), the BT&R Programme managed to enrol 78 (116%) out of a target of 67 companies, saving 4983 (149%) jobs and training 740 (368%) Future Forum member. The BT&R Programme successfully surpassed all the targets set for financial year 2022/2023. Out of the 78 companies supported by the BT&R programme 32 of those companies come from Region 1 (GP, NW, LP), 15 companies from Region 2 (WC, NC, FS) and 31 companies from Region 3 (KZN, EC, MP). Out of the 16646 jobs saved, 2742 are from Region 1, 748 from Region 2 and 1498 from Region 3. From the 740 Future Forum Members trained, 164 Future Forum members trained are from Region 1, 213 from Region 2 and 363 from Region 3.

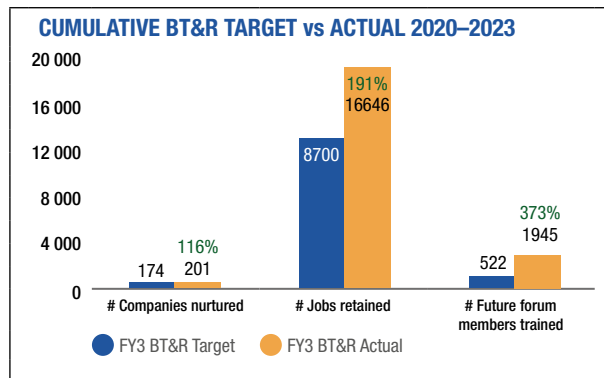


Figure 2: Cumulative BT&R Targets vs Actual 2020/2023.

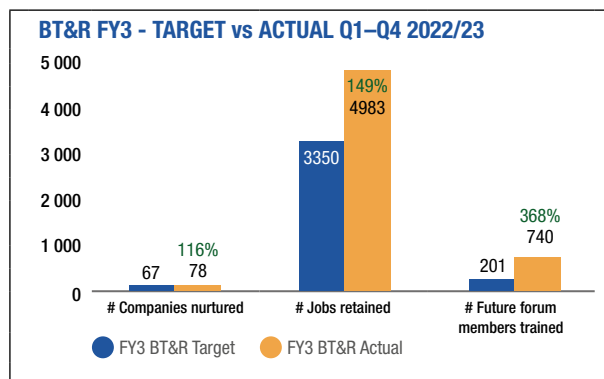


Figure 3: BT&R FY3 Targets vs Actual 2022/2023.

8. Youth & People with Disabilities

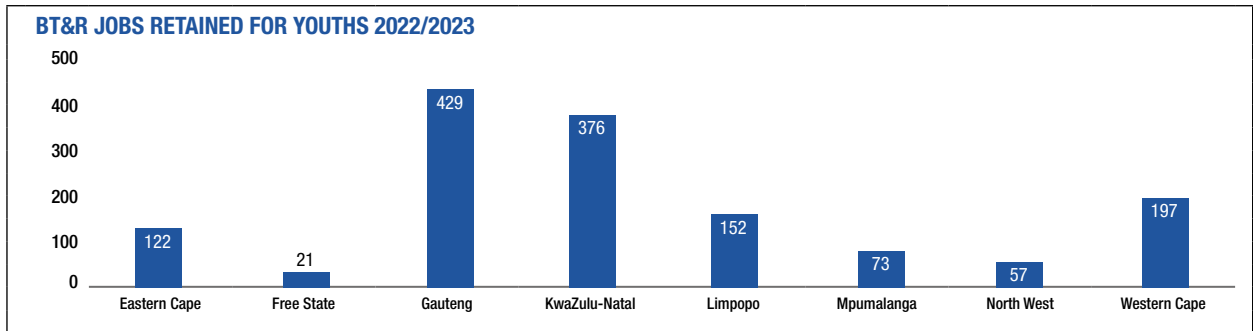


Figure 4: BT&R Jobs Retained for the Youths 2022/2023.

As well known, the Youth are the worst hit with unemployment, and they also fall under the previously disadvantage individuals in South Africa with the total number of unemployed youths at 4.9 million (Stats SA, 2023). The BT&R Programme has overall saved 5013 jobs owned by the youths and 1427 jobs saved in this reporting period. The programme continues to made strides to reach out more companies, especially SMMEs in need of support to strive to survive and be sustainable.

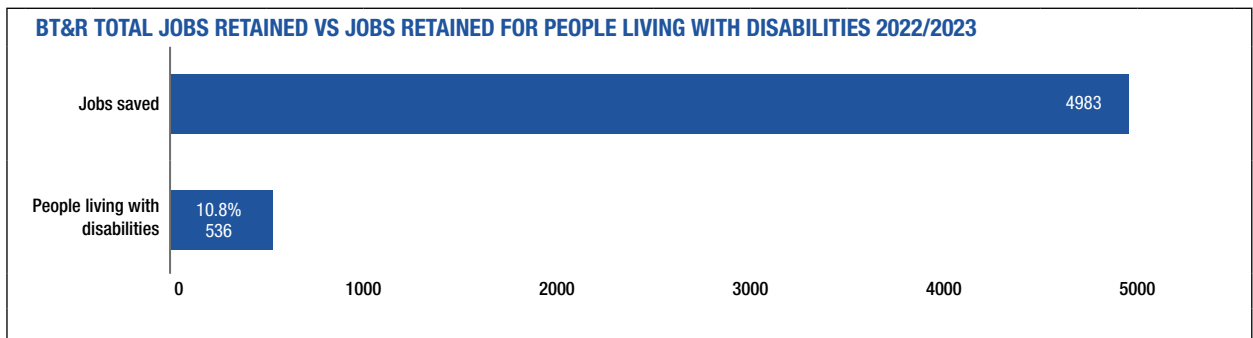


Figure 5: BT&R Jobs Saved for People Living with Disabilities (PWDs).

It is also a huge achievement for the BT&R Programme, among the jobs being saved to save even those jobs from People Living with Disabilities (PWD). 10,8% (536) jobs were saved for PWDs in this reporting year. The programme has no limits to the kind of rescue it can offer to South Africans and this is one of the achievements of the programme.

9. Interventions in Industry Sectors

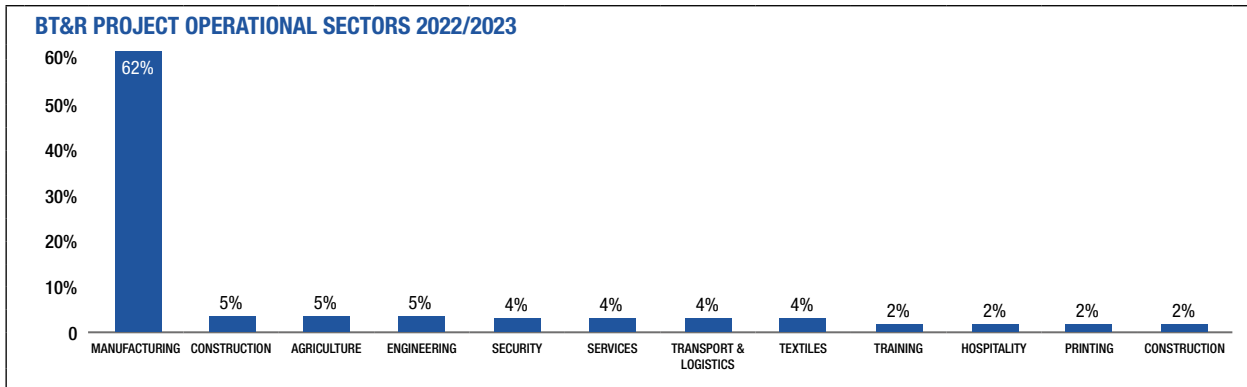


Figure 6: BT&R Company Operational Sectors 2022/2023.

The BT&R has not limitations to the sectors of operations. All companies in distress can benefit from the programme so long they meet the requirement to join the programme. Most of the BT&R Programme's clientele comes from the Manufacturing Sector, followed by Construction, Agriculture and Engineering and so on. The programme has ventured into collaborative work to strengthen the marketing of the programme across other sectors and South Africa as a whole, to make this benefit well known to the societies and the people in need.



10. Geographical spread of BT&R Interventions

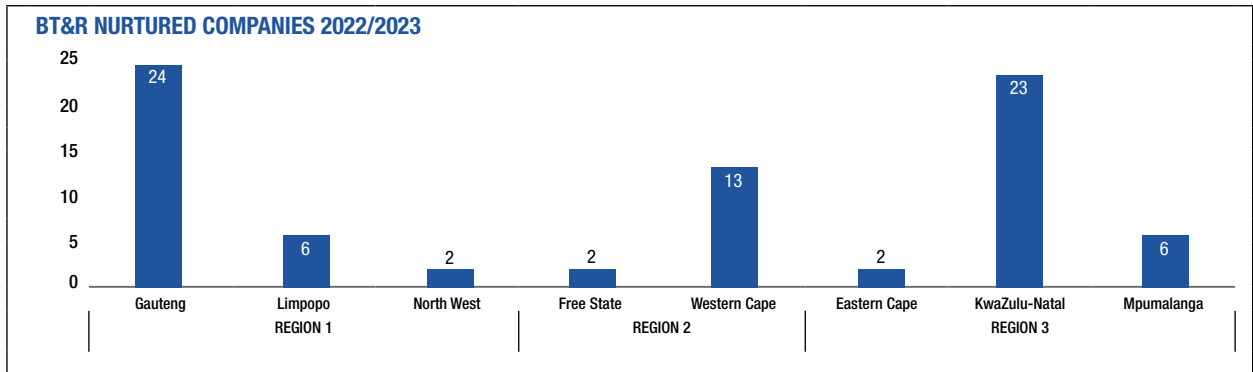


Figure 7: BT&R Company Nurtured 2022/2023.

The nurturing spread across Provinces already shows that most clients nurtured are populated in the biggest Provinces (24 Gauteng, 13 Western Cape and 23 KwaZulu Natal). Not only do these Provinces have more companies, but these are also Provinces with the Regional Offices. The BT&R Programme aspire to strengthen coverage footprint across all Provinces. The Programme has re-strategized and additional resources are being invested to other Provinces like the North West, Northern Cape and Eastern Cape to nurture further more companies. The acceleration plan for this effort will surely be recognised in future achievement.

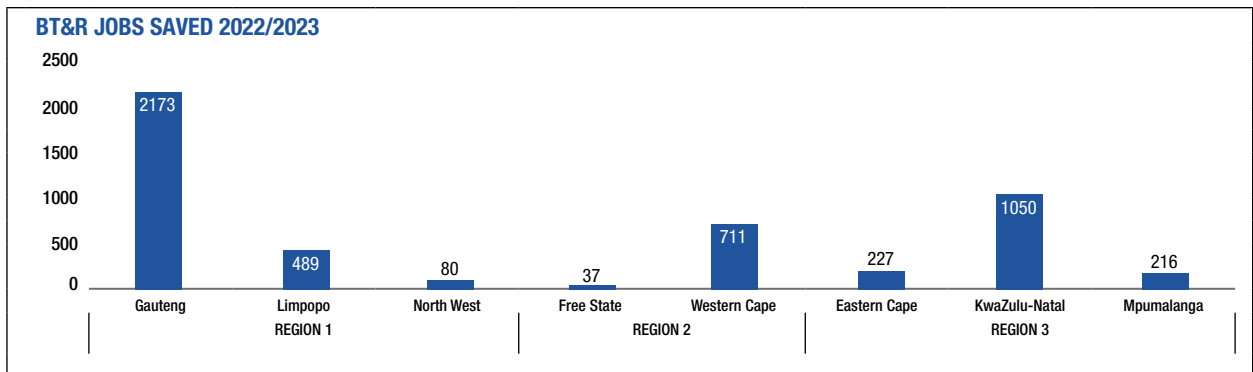


Figure 8: BT&R Jobs Saved 2022/2023

Similar to the nurturing spread above, likewise, jobs saved will also populate the Provinces that are Metros and the Programme is also yet to benefit from the re-strategizing efforts setting footprint across all provinces. The most populated District in Region 1 being the City of Johannesburg Metropolitan Municipality, City of Tshwane Metropolitan Municipality, Ekurhuleni Metropolitan Municipality and Vhembe District Municipality. In Region 2, it is City of Cape Town Metropolitan Municipality and Cape Winelands District Municipality. Lastly, in Region 3, it is eThekweni Metropolitan Municipality, uMgungundlovu District Municipality, Gert Sibande District Municipality and Nelson Mandela Bay Metropolitan Municipality. Of the jobs saved 56% are male dominated and 44% are female dominated. With regards to Race 84% jobs saved belong to black people, 6% white, 7% Coloured and 3% to Indian.

TOWNSHIPS AND SUBURBS OF OPERATIONS

The BT&R Programmes has no limits to the reach across South Africa and the clients data is also used to maps out the premises of the clients enrolled into the programme to visualise the landscape of the reach. To name a few, most clients from Region 1 come from Brakpan, Germiston, Midrand, Pretoria West and Waltloo in Gauteng, Tzaneen in Limpopo and the one project from Farm Nootgedadght in North West. In Region 2, most client are from Atlantis Industria, Belville South, Cape Town, Elsies River, Epping, Killarney Gardens, Kuils River, Maitland, Montague Gardens, Ottery, Paarl and Parow in Western Cape and Harrismith in Free State. Region 3 popularity of clients is in Briardene, Clairwood, Hammersdale, Phoenix, Queensburgh, Stamford Hill, Stanger, Umbongotwini, Westmead and Willoton in KwaZulu Natal, Kings Williams Town in Eastern Cape and Evander in Mpumalanga.

11. Completed BT&R Projects

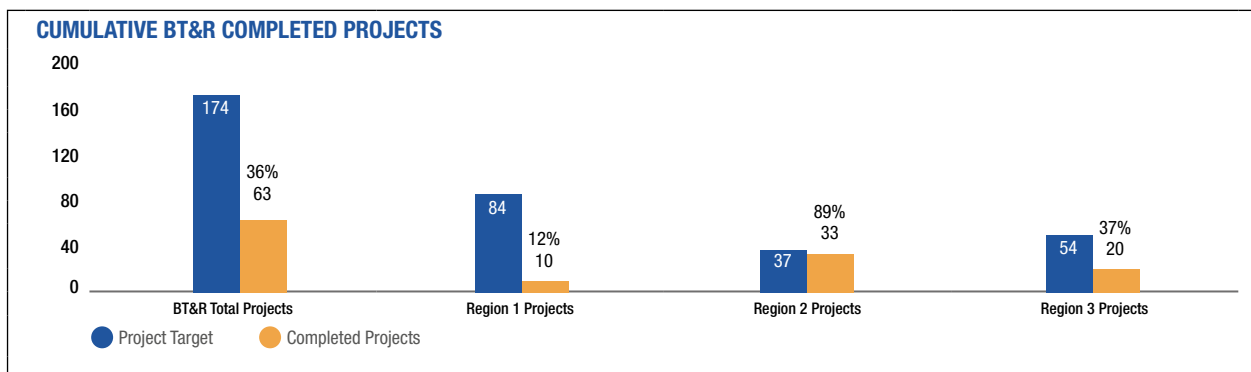


Figure 9: Cumulative Completed Projects.

The Financial Year 2022/2023 is the year when the programme began seeing all Regions completing projects. In the reporting period, the BT&R Programme completed 63 (36%) projects out of a target 174. Of the 63 completed projects, 10 (12%) projects were completed in Region 1, 33 (89%) in Region 2 and 20 (37%) in Region 3.

12. Business Ownership

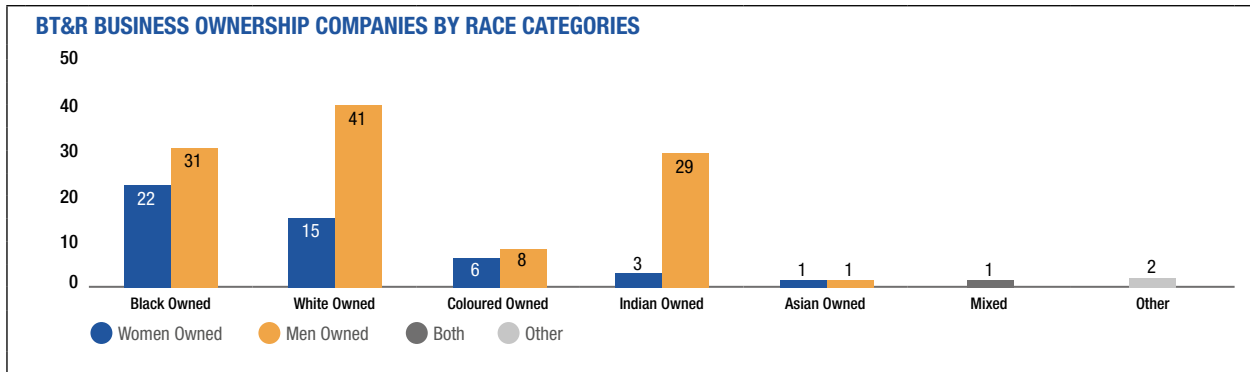


Figure 10: BT&R Business Ownership.

Holistically, the BT&R database is showing that most of the businesses in the programme are men owned across all race groups. There is a difference of 9 black owned businesses between men and women owned and it is not far fetched as women fall under previously disadvantage groups. As the BT&R leverage in strengthening the marketing of the programme, it is the inspiration of the programme to ensure no one is left behind and offering the support needed for all businesses to survive.

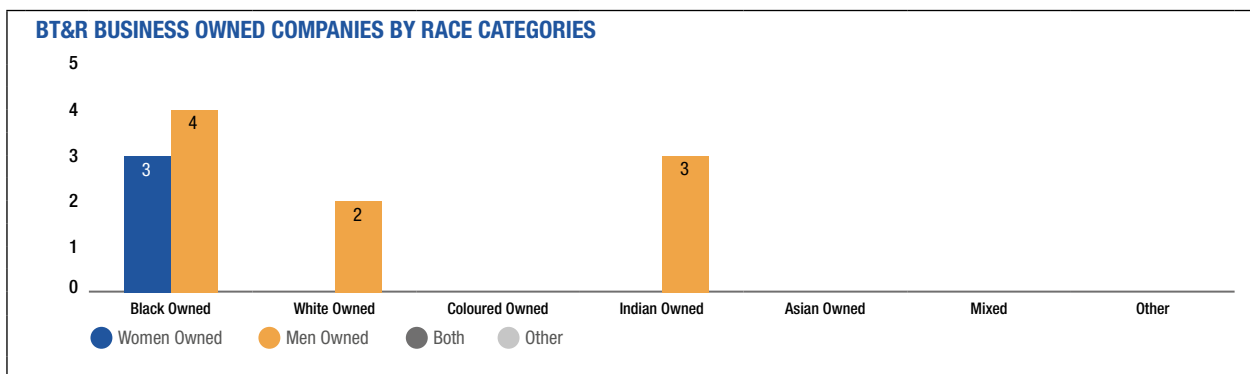


Figure 11: BT&R Business Ownership for People Living with Disabilities (PWDs).

Even in the section of People Living with Disabilities, it is a huge achievement to also have businesses owned by PWDs in the programme. It goes to show, that the programme is far reachable and possible to all the members of the society. Even in this data, there is male dominance in business ownership and irrespective of these differentiations, the programme strives to rescue companies in operational and/or financial distress and to save and create jobs, in turn contributing to the socio-economic development and competitiveness.

13. Capacity Building



FUTURE FORUM

FUTURE FORUM TRAINING

The established committee brings together management, employees and union representatives in a manner that enables structured and open discussion amongst all parties on the issues of job retention. Stakeholders collectively identify the problem areas and formulate and debate strategies for saving jobs and even the company itself.

FUTURE FORUM OBJECTIVES

Building capacity ensures all members of the Future Forum are empowered to contribute meaningfully with a clear understanding of business operations and what will make the company sustainable and profitable. The Future Forum is a team of employees set up to promote a collaborative relationship between management and the workers in the workplace. Thus, the objectives of the Future Forum focus on:

- Open discussion and joint problem-solving process.
- Information sharing.
- Platform for evaluation and clear measures of goals and outcomes.
- Improve employee participation in the organizational decision-making.

Future Forum Training focus on the following Modules:

- Who is Productivity SA
- The Business Turnaround and Recovery Programme
- How businesses operate
- Determinants of successful business performance
- Profitability, Profit Margins and Economic Factors
- Productivity
- Factors affecting Productivity
- The Seven types of Waste
- Quality
- The Future Forum
- Workplace Collaboration
- Transparency and Trust Building
- Parties to Proactive Future Forums (PFF) and their roles
- List of issues to be dealt with by PFF
- Dissemination of Information
- Desired Outcome

OBJECTIVES OF PRODUCTIVITY CHAMPIONS

Elected Productivity Champions will undergo intensive training covering productivity and organisational performance concepts to equip them to take ownership, facilitate and ensure sustainability of the interventions recommended and implemented. The main objective of the training is to ensure Productivity Champions will assist with the turnaround and productivity improvement project.

Each organisation that has undertaken a Business Turnaround and Recovery programme appoints one or several Productivity Champions who become responsible for the ongoing sustainability of turnaround solutions in companies and organisations. These champions are specifically responsible for:

- Preventing declines in stable businesses,
- Capacity building of Future Forums,
- Measuring productivity, quality and organisational performance,
- Maintaining Future Forums; and
- Establishing and using Early Warning Systems.

Productivity Champions will complete the following types of training modules:

- Module 1 – Introduction
- Module 2 – Productivity
- Module 3 – Organisation Performance
- Module 4 – Quality and Customer Satisfaction
- Module 5 – Early Warning Systems
- Module 6 – Improvement
- Module 7 – Change Management
- Module 8 – Project Management
- Module 9 – Support Programmes
- Module 10 – Future Forum
- Module 11 – Evaluation (Future Forum presentation)
- Module 12 – Evaluation (Early Warning System)
- Module 13 – Case Study

14. Case Studies



REGION 1

GIMBO BRICKS AND SAND



COMPANY BACKGROUND

Khoma-Ndlati General Trading CC T/A Gimbo Bricks and Sand is a Giyani based cement brick manufacturing company established in 2007. The company was founded by Ms. Mikateko Nkwinika who is the Managing Director (MD) in the business. Gimbo bricks and Sand manufacturers stock, maxi and paving bricks as core products. The products are supplemented by the supply of sand and crusher. Currently the company employs 38 full time permanent employees. The company's primary markets are the homeowners around Giyani, Malamulele and the surrounding villages. Commercial hardware stores such as Cashbuild and the building construction companies around Giyani Local municipality are the secondary markets for the business.

COMPANY VISION

becoming a leader in the supply of high quality cement bricks and other building supplies,

COMPANY MISSION STATEMENT

- To provide quality bricks at reasonable prices to our valued customers in the Giyani local municipality and the surrounding region
- To create employment opportunities for the local community members

- To constantly improve and streamline the production processes to enhance the quality of the products
- To generate sustainable revenues and profit to maintain and sustain the operations

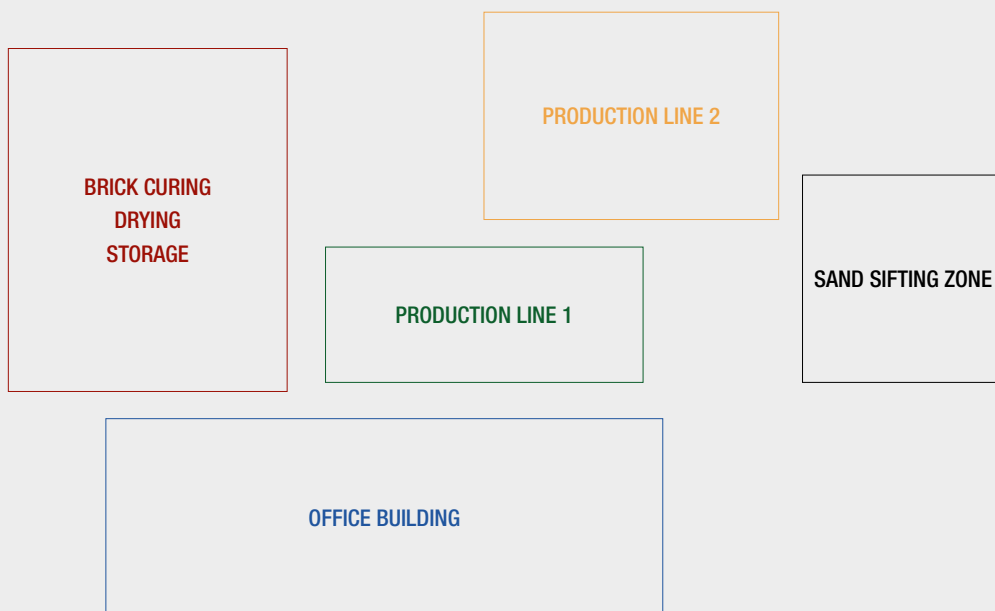
COMPANY PRODUCTS AND SERVICES

Concrete bricks can be produced by hand and by machine. The specific use of a concrete brick defines its size and the quality. Cement stock bricks and maxi bricks are widely used products in the South African market, and manufacturing of these masonry units provide many entrepreneurial opportunities and much needed jobs.

The production of concrete bricks is more environmentally friendly than the production of clay bricks because they do not have to be burned, and can incorporate the use of alternative raw material such as fly ash, and clinker ash into the production.

Paving blocks can be used in and around houses and office buildings. The main function of this material is to cover the floor in a long lasting and clean way. Concrete pavement blocks can be laid without cement. This makes it a cheap and easy solution for water absorption and keeping the area mud free. Aesthetically, a simple building will be more beautiful with a nice yard floor and parking area. Different shapes, motives and patterns can be found in the market depending on the taste of the customers.

Gimbo Bricks and Sand - Factory Layout



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION – CHALLENGES

Gimbo Bricks and Sand operates in an economically sensitive environment, as a building & construction material supplier, it was negatively affected by the government Covid 19 restrictions in 2020. Below is a summary of previous 3-year financial figures which show the drop in revenue and profits:

Sales dropped by 18% from R12,149,281.00 (2020) to R9,961,863 (2021) and picked up to R11 855 265 in 2022. Operating profit has remained under pressure despite an improvement in gross profit. Operating profit was R1 984 100 (2020), R770 754 (2021) and R934 198 (2022). The problems were located in two areas,

- Customer demand dropped during Covid 19 restrictions, although the construction sector started recovery slowly in 2021, recovery was slow for Gimbo Bricks and Sand.
- When the company experienced increased demand of bricks, production constraints & bottlenecks prevented the company from increasing output. Some of the noted issues were high machine downtime due to break downs, current production output is less than what is demanded by the customers.

The financial distress presented a huge risk of terminating employment or putting some on short time. LEDET referred Gimbo Bricks and Sand to Productivity SA's BT&R program.



THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

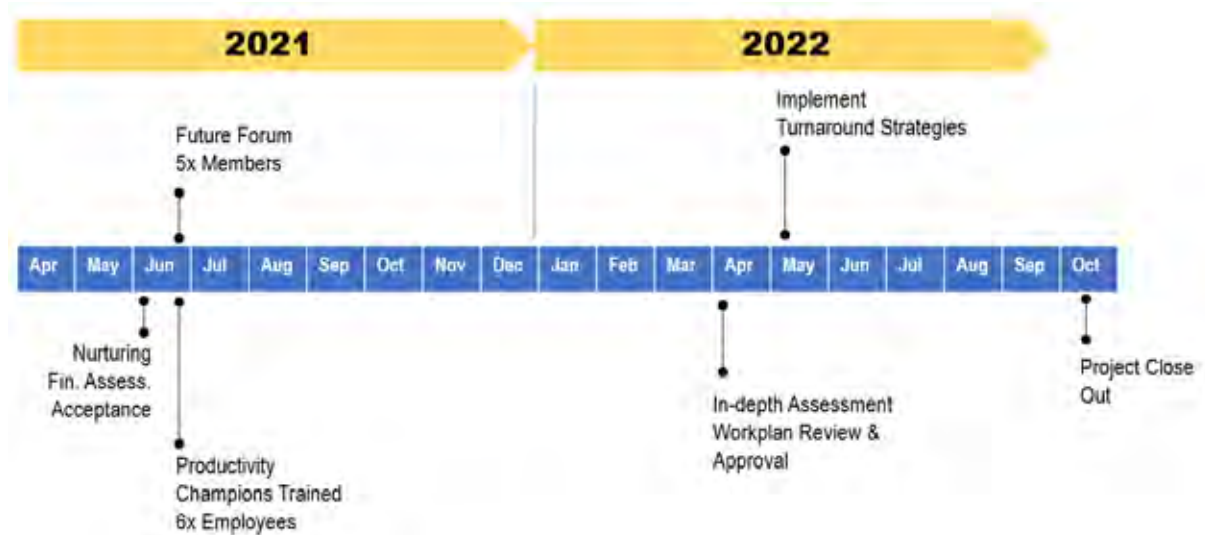
	ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Interventions 1	Inability to increase customer base, drop in sales mainly due to Covid 19.	Development of the marketing strategy and plan.	<ul style="list-style-type: none"> • Assessment • Strategic session meeting • Market research • Marketing Plan & implementation plan
Interventions 2	Poor operational practices	Instill a culture of process improvement by implementing WPC tool kit 1, goal alignment.	<ul style="list-style-type: none"> • Baseline assessment • 8 employees capacitated • Early warning systems
Interventions 3	As business starts to grow, Gimbo bricks struggle to meet customer demand. A growing backlog in customer orders due to lack of capacity.	Develop a business plan and financial model for business growth. Raise capital from government funders to procure additional equipment to increase capacity.	<ul style="list-style-type: none"> • Business Plan • Financial model • Funding Application submitted to NEF

RESULTS

	1	2	3
	WORKPLACE TRANSFORMATION		
DELIVERABLE	MARKETING PLAN	TOOLKIT 1: GOAL ALIGNMENT	CAPITAL APPRAISAL
Consultant:	Approved service provider (Libra Consulting)	Productivity SA - CIS Practitioner	Productivity SA – BT&R Practitioner
Project scope	Develop marketing & sales plan. Conduct market research to gather intelligence on size of the industry, target market and level of competition. Recommend implementation actions plan.	Implementation of workplace transformation toolkit 1, goal alignment. Capacity building of productivity champions, world calls level baseline assessment and facilitating mini business units.	Raise funds for Gimbo Bricks & Sand to procure operating assets to increase capacity. Business Plan Financial model Application to government funders
Gathering info	Secondary research data, interviews, desktop research. The consultant is based in Polokwane so he made several visits to the client for strategy sessions and gathering info from MD.	Client visit, capturing production information onsite, engaging Future Forum and employees.	Secondary research data, interviews, desktop research. Requested plenty of business and financial data from client. Conducted 3 visits to Gimbo bricks & Sand.
Future Forum and champions	The chairperson and MD were consulted extensively Champions were not engaged but informed..	Future Forum and some of the champions trained were consulted throughout the project.	There was minimum consultation with Future Forum & Champions.
Benefits & Impact	Gimbo Bricks started focusing marketing effort to target segments. Management became aware of activities in advertising on social media. See summary of financial performance below for sales figures.	8 employees were capacitated and equipped with tools to effectively manage improvement initiatives. A facility closer to production lines with visual boards & displays was formed to assist mini business units in setting targets, identifying early warnings and to control performance. WCL at start of project was 1, target in 6 months is 3.	Development of a business plan is an interactive process which assists managers to think clearly about the long term plans. The MD was able to set clear goals & actions. The application for business funding is a long term process. The Practitioner will represent the client until the end.
Major Challenge	Unavailability of the implementation budget to execute some of the recommendations like advertising on Billboards, local radio stations and newspapers. Like other small enterprises, there is no dedicated marketing & sales person, this limits the potential.	Low literacy level of the employees was a challenge in capacitation. It was difficult to avail workers to participate in planned activities. It was hard for the operations manager to allow employees to independently develop improvement ideas or suggestions. This culture change takes time to embed.	Key information not available to complete the business plan and financial model. Critical data like sales per product per month was not easily available and validated. Government development financial agencies take long to process applications, some take up to 12 months.
Mitigations	The MD was advised to approach SEDA local branch to sponsor advertising budget.	The Practitioner was patient in training, used examples and diagrams. Some consultations happened before during lunch to minimize production interruptions.	The Practitioner continuously engaged and communicated with Gimbo Bricks & Sand to obtain requested data. The practitioner continues to engage NEF to fast track the application for funds.
Timelines	The project was executed in 4 months as planned.	The project was executed in 4 months as planned. This program normally takes +6 months.	The project was finalized in 5 months instead of 4 months due to delays in obtaining information.

HIGHLIGHTS OF THE PROJECT

The early engagements by the service provider lead to Gimbo Bricks and Sand revising their social media activity in advertising. A dedicated person was allocated and this generated increased number of leads.



CONCLUSIONS

Khoma-Ndlati General Trading CC trading as Gimbo Bricks and Sand encountered operational and financial decline due to external factors. Sales dropping by 18% from R12,149,281.00 (2020) to R9,961,863 (2021). Operating profit was R1 984 100 (2020) and R770 754. Their operations needed improvement. The company was referred to Productivity SA's BT&R program by Lufuno Mangoma (LEDET).

Four (4) Future Forum members and six (6) productivity champions were capacitated, in-depth assessments identified problems in marketing & sales, productivity, production metrics, low capacity to deliver during peak demands.

Three interventions were recommended 1) Marketing plan, WPC: Goal alignment and capital (fund) appraisal.

They applied in June 2021 and the last deliverable was signed off in October 2022, the turnaround took 16 months instead of 12 months due to a combination of factors within client and Productivity SA.

Gimbo Bricks and Sand has been one of the responsive and supportive clients, they positively received the invites, trainings and consultations.

This was a successful turnaround mainly due to the management of Gimbo Brick and Sand who encouraged employees and received business advises with an open mind.

REGION 1

STRIVING MIND ENGINEERING

Regional Operation 1

Project Manager Derek Cranfield Gouws

Operational Sector Engineering



COMPANY BACKGROUND

Striving Mind is a diversified company with head offices based in Wadeville, Germiston in Gauteng province and branches in Cape Town and Qheberha. The company prides itself in its diverse portfolio of services that it offers and is committed to providing services to the Mining & Quarrying, Power Generation & Distribution, Telecommunications, Construction, Transport & Logistics, Financial & Banking, Professional, Water Utilities, Local Government and Petrochemical industries. Currently their major clients include Barloworld, ERWAT, Eskom, SABC, ROTEK and Rolls Royce

COMPANY VISION

To be an internationally sought after and well recognised brand. Representing South Africa currently to expand into SADC. Offering exceptional quality service excellence.

COMPANY MISSION STATEMENT

Building and developing an entity, consisting of highly skilled individuals and a dedicated team that will assist the business acumen to provide world class offerings.

COMPANY PRODUCTS AND SERVICES

Striving Mind is specialising in Electrical and Mechanical Engineering, Design, Project Management services as well as Information Technology Services and Products. The company's core business includes Electrical and Mechanical Engineering Services, Electrical Contracting Services, Power Systems Services, Maintenance Services, Mechanical Engineering Services, Civil and General Building Engineering Services, Information Technology Services.

The company's products and services include the following:

Electrical and Mechanical Engineering Services - Building Construction, Building and Reticulation Construction, Substations Design, Electrical Line Design, Electronic Design, Security Surveillance Design, HVAC and Electrical Distribution Panel Design and PV Design

Electrical Contracting Services - Metering, Power Line Construction, Substation Construction, Commercial and Domestic Building Reticulation, Substation Maintenance & Testing, Substation Commissioning & Testing, Retrofit (Circuit Breakers, Protection Schemes), Outdoor Substation erection, Generator Installation & Electrical Motor Installation,



Electrical Panel Construction, (Gen Change Over Panels & MCC), Fibre Optic Cable Installation & Splicing and Solar Plant Installation

Power Systems Services - Protection Settings Calculations, Protection IED's Engineering (Configurations), Substation primary and secondary plant commissioning, Remote terminal units/Gateway/Data Concentrator, SCADA commissioning & maintenance, PLC Programming & Maintenance, Fault Investigations, Substation and distribution automation, including substation LAN and networking security, i.e. firewalls, VLANs, VPNs, Metering Instruments Maintenance & Commissioning, Cabling (Control Cables) and Wiring Schedules Design

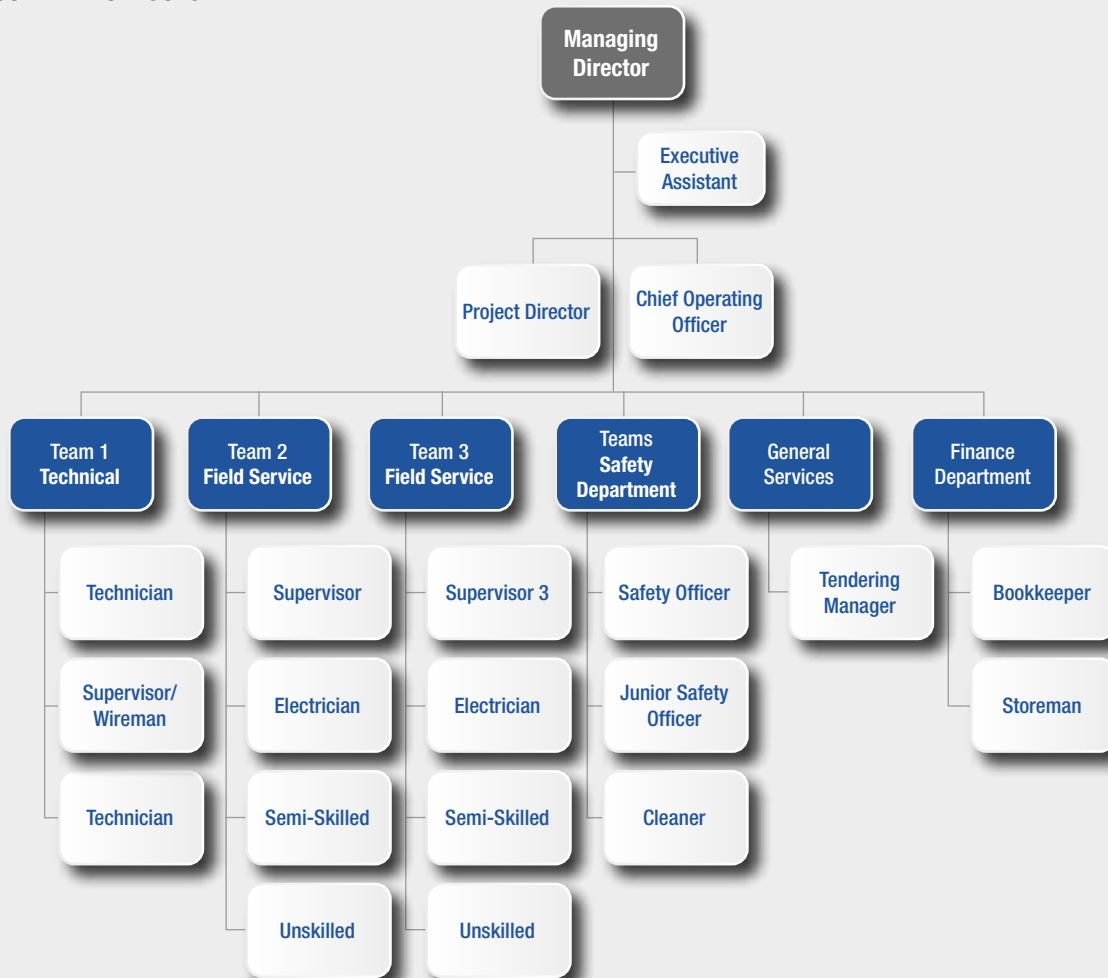
Maintenance Services - Transformer Maintenance, Generator Maintenance, Medium Voltage Switchgear Servicing & Testing, Switchgear Maintenance & Testing and Systems maintenance (UPS & Battery Banks)

Mechanical Engineering Services - Construction and Fabrication of structural steel and piping, design of piping installations, Assembly, Erection of Steel Plant Equipment, Structure Welding & General Steel Erection, Overhaul of pumps & Installation of pumps; Construction of walking rails; and Erection of steel storage tank

Civil and General Building Engineering Services - General Building Work's (Low cost Housing), Office Renovations and Construction of Concrete Slabs

Information Technology Services - ICT Strategy Development, Enterprise architecture; Project Management; Application development, Microsoft Suite of Products and Services, Managed IT Support Services; Cyber Security Solutions; ICT Governance, ICT Capability Assessment; and Coaching and mentoring.

COMPANY STRUCTURE



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION - CHALLENGES

By 2020/21 the company was confronted by serious financial, operational and marketing issues. Revenue decreased by almost 33 percent from R22 million in 2020 to R15 million in 2021. In the same time overheads increased by 47 percent and the operating profit margin decreased from 0,7 percent to minus 13,4 percent. Productivity SA's BT&R in-depth financial, market positioning and operational assessment unearthed several causes for the challenges experienced by the company.

These included the absence of proper financial management and control measures and several operational issues. The company lacked appropriate systems and business processes and a well formulated and documented corporate strategy. There was consequently a total lack of clarity on the vision the company needed to pursue and an inability to define an appropriate business operating model

and organisational structure. No formal skills development plan or project and inventory management systems were in place resulting in low productivity.

Being a beneficiary of the Business Turnaround and Recovery Programme of Productivity SA Striving Mind Engineers & Contractors was assisted to devise and implement a number of key interventions. These included the development of a financial and inventory management system and a market driven sales and marketing strategy. Other interventions focused on the implementation of a workplace skills plan, a portfolio project management system and a number of productivity enhancement initiatives.

The COVID-19 pandemic sent shock waves through the world economy and triggered the largest global economic crisis in more than a century, according to the World Bank. The devastating impact of the Covid-19 pandemic on local economic productivity and unemployment has made Productivity SA's Business Turnaround and Recovery

Programme more relevant than ever. The Programme has a proven track record of successfully solving business challenges for distressed South African businesses. It uses advanced scientific tools to analyse business functionality and implement reactionary interventions to successfully revive and restore struggling businesses to profitable enterprises with enhanced productivity levels and job security for employees. This programme focuses on the success stories of Unica's involvement in the Business Turnaround and Recovery Programme as a beneficiary.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY COVERS THE FOLLOWING

For the company to move from Value Protection to move to Value Creation required a concerted effort from management and staff to create a common vision for the organisation. This vision was informed by the client expectations and created jointly with key stakeholders (i.e. staff, suppliers) and clients were possible to create an informed strategy with a long term view of the company. This required a Strategic Plan with an Implementation Plan to creates a vision and direction for the whole organisation. It was based on business intelligence and market research. Requirements:

- Conducted business intelligence and benchmarking as part of a situational analysis to gather data to inform the new company strategy
- Conducted a joint strategic planning session to review the current strategy of the organisation and develop the strategic plan that includes the Vision, Mission,

Values, Goals, Objectives, Projects and Processes that will focus the organisation with an organisational, department and individual performance scorecard to track and monitor performance - this must include setting targets.

- Developed the organisational business and operating models informed by the new company strategy
- Reviewed the organisational structure based on the new company strategy and the business and operating model
- Developed the strategy implementation plan
- Developed a Performance Management Policy and System for the organisation with a staff recognition and incentive programme
- Developed a Sales and Marketing Plan with Job Profiles and Descriptions for typical Sales Team
 - 1) By signing long term contracts with either companies having synergies but are not competitors and or strategic alliances who will provide access into sectors such as the public and mining sector where their services can be supplied in high volumes to the end users.
 - 2) Approaching SADC countries: They plan to penetrate the African market by tapping into the SADC countries and capitalizing on the duty-free trade corridor. Offering their engineering services across the continent.
 - 3) They need to create more brand awareness as well as brand recognition which will ultimately lead to brand loyalty and the expansion of the market share.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Interventions 1: Developing a Strategic Plan-Marketing and Sales	No formal marketing and sales strategies in place. <ul style="list-style-type: none"> • Creating and developing a strategic marketing plan to create brand awareness. 	Done
Interventions 2: Invest in an Information Management & ERP system	Integrated with a Financial Management and Customer Relationship Management Modules to improve effectiveness and efficiency of the company for improved product/service delivery. The current systems have limited functionality and are not integrated and some managed and controlled manually with limited automation of workflow resulting in inefficiency and ineffectiveness of the business processes. <ul style="list-style-type: none"> • Developing the user requirements specifications for the Information Management, ERP, Financial Management, Asset Management, Inventory Management and Customer Relationship Management • Scanning the marketing and conducting DEMOs for an off-the-shelf cost-effective Information Management & ERP system that can be integrated with a Financial Management module and a Customer Relationship Management modules • Recommending the best practice Information Management & ERP system integrated with Financial Management, Asset Management, Inventory Management and Customer Relationship Management modules in the market. • Sourcing government funding to procure Information Management & ERP system integrated with Financial Management, Asset Management, Inventory Management and Customer Relationship Management modules 	WIP
Interventions 3: Create and implement better Productivity improvements and measurements in order for the company to improve the current situation, the workforce productivity needs to increase.	No Management Performance Appraisals are in place. Lacking KPIs and SOPs. <ul style="list-style-type: none"> • Articulate and design a well-defined Management Appraisal system with appropriate KPIs and SOPs to monitor and manage personnel. • Develop a competency framework and conduct a skills audit for the company • Source SETA grant funding to train the staff in technical and business skills • Conduct productivity awareness and waste elimination awareness training. • Measure waste and minimise rework by set targets to reduce waste and rework. • Conducting a study on the overheads cost structure to identify areas where overhead costs can be reduced. • Reduce cost of sales by sourcing new suppliers for materials at reasonable credit arrangements to ensure that materials are acquired at the best possible prices and surplus stock is returnable and refundable. • Document best practice business processes as part of the ISO 9001:2015 certification. 	Done

RESULTS & HIGHLIGHTS OF THE PROJECT

- 1) An increase in both projects being awarded and the staff compliment raised. Jobs were created over different departments to deliver service excellence across different sectors.
- 2) The development of a financial and inventory management system and a market driven sales and marketing strategy were implemented. Other interventions focused on the implementation of a workplace skills plan, a portfolio project management system and several productivity enhancement initiatives.
- 3) Striving Mind distinguished itself from their peers by delivering operations that are economic, cost-effective, and environmentally sustainable through a combination of latest technology and rolled-up sleeves approach. Striving Mind client is guaranteed a quality service or product that meets or exceed the expectations. This quality is enabled by a skilled and experienced team that has been assembled, a team that gives attention to detail and hold its workmanship at the highest standard possible to improve client experience

CONCLUSIONS

The interventions from the Productivity SA's BT&R Team soon bore fruit after the three first three months of implementation. Improved management systems, execution, monitoring and reporting on projects increased efficiency, productivity and turnover as well as profit margins. Higher productivity levels boosted employment opportunities, business growth and sustainability. Through the effective implementation of the BT&R Programme principles Striving Mind created 90 more jobs and increased market share with 25 percent – a truly laudable effort!

The implementation of the principles through the Business Turnaround and Recovery Programme has indeed empowered Striving Mind Engineering's team to diversify and significantly enhance their market share. The company increased its turnover by 25 percent, returned to profitability and created 90 new jobs - a commendable achievement indeed!

PROJECT METHODOLOGY

The above-mentioned turnaround interventions were undertaken with the consent and inputs of the future forum members. The Strategic Plan was developed during a series of engagements together with additional workshops with top management and staff members cooperating to implement the deliverables accordingly over given timelines and a well-defined Scope of Work. Interim feedback meetings was conducted with the future forum to update them on developments and progress. The interventions will run concurrently. With regards to the ERP System, the quotes were received last year, and presentations were concluded.

REGION 1

UNICA PLASTIC MOULDERS

Regional Operation 1

Project Manager Derek Cranfield Gouws

Operational Sector Manufacturing



COMPANY BACKGROUND

Unica Plastics (Pty) Ltd was established in 1998. Unica Plastic Moulders became the group's first manufacturing company situated in Edison Street Pretoria West Industrial. The company proved to be the cornerstone of the Unica Group as it played a vital role in the group's expansion over the last 25 years. Unica Plastic Moulders is still the central breeding ground for the group's research and development.

The company pride itself in supplying cost effective and detailed solutions in all its disciplines. Unica Plastics celebrates more than 18 years of quality plastic products that have been recognised and accredited by many distributors, agents, and private companies. These have led to Unica Plastics to provide clients with high quality services and products through pro-active experience-based advice, innovative ideas, and practical solutions.

COMPANY VISION

Unica Plastics (Pty) Ltd plans to expand to other provinces in South Africa as most of their current clients have a national footprint with the hope to have long term contracts. The Western Cape is the first province to be targeted together with SADC Countries. The company also plans to approach and find more strategic alliances that will utilise their products and re-cycling services.

Through assistance by the BT&R Program; they've obtained SABS and ISO accreditation with a new focus on industrial products such as wheelie bins, paint buckets, crates, and pallets.

COMPANY MISSION STATEMENT

Their mission is sustainability through innovation. Unica Plastic Moulders are constantly in search of ways to improve their product offering and become sustainable, not only financially but also environmentally and socially.

COMPANY PRODUCTS AND SERVICES

Currently Unica Plastic Moulders has a monthly manufacturing capacity of 400 Tons. With well-structured managerial systems in place the manufacturing facility is autonomously managed and run, by extremely dedicated and experienced personnel.

Strict quality assurance and quality control measures are always adhered to, ensuring that only the top-quality products end up on our retailers' floors.

The Party Chair®, Desk in a Box™ and Genie™ – The Better Bed are some of the brands that they have developed and introduced into the local and cross border markets.

The BT&R Program assisted Unica to move into the industrial product bundle offerings including wheelie bins, paint buckets, pallets and crates etc.



COMPANY STRUCTURE



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION - CHALLENGES

The COVID-19 pandemic sent shock waves through the world economy and triggered the largest global economic crisis in more than a century, according to the World Bank. The devastating impact of the Covid-19 pandemic on local economic productivity and unemployment has made Productivity SA's Business Turnaround and Recovery Programme more relevant than ever. The Programme has a proven track record of successfully solving business challenges for distressed South African businesses. It uses advanced scientific tools to analyse business functionality and implement reactionary interventions to successfully revive and restore struggling businesses to profitable enterprises with enhanced productivity levels and job security for employees. This programme focuses on the success stories of Unica's involvement in the Business Turnaround and Recovery Programme as a beneficiary.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY COVERS THE FOLLOWING:

IMPLEMENTATION OF A CRM SOFTWARE PROGRAM TO TRACK MOVEMENT IN SALES AND CORPORATE TEAMS' ACTIVITIES TO ENSURE B2B (BUSINESS TO BUSINESS) AS WELL AS B2C (BUSINESS TO CLIENTS)

They are well established in the B2B market, which means that their relationships with other wholesalers and retailers are strong. They also could grow these relationships with new potential clients in various sectors. However, they were limited to bulk buyers only and do not have a platform for direct customers to make retail purchases. They do not monitor sales or have any control of the sales team on daily basis. No proper sales and marketing statistics were in place, and they lack planning to manage sales and exploit new markets is non-existing.

Therefore, we've implemented the following:

- 1) Created an online platform such as an E-commerce store which will allow customer to make direct purchases and have goods delivered to their door.
- 2) 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.
- 3) Implement and incorporate a CRM Software program.

CREATE A STRATEGIC MARKETING PLAN IN CONJUNCTION WITH A CORPORATE VIDEO.

- 1) Unica 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 well as the B2B sales. As these industrial products will be sold to companies who will be the end users.
- 2) Improve marketing strategy by focusing more on new target markets, which is the industrial, agricultural and the public sector. They 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.
- 3) By signing long term contracts with either companies and or strategic alliances who will provide access into sectors such as the public and mining sector where their products can be supplied in high volumes to the end users.
- 4) Approaching SADC countries: They plan to penetrate the African market by tapping into the SADC countries and capitalizing on the duty-free trade corridor.
- 5) They are also looking forward for the implementation of the AFCTFA agreement which will include 54 African countries in this trade agreement which will allow these countries to trade free of duties.
- 6) They need to create more brand awareness as well as brand recognition which will ultimately lead to brand loyalty

THE STRATEGIC MARKETING PLAN COVERED THE FOLLOWING INTERVENTIONS-

- a) **Forming Strategic Alliances**
Along with growing the current market share, they would also Create and maintain strategic alliances with key players in different market sectors by appointing agents and distributors.
- b) **Approaching the Public Sector**
They are also planning to onboard an experienced tender administrator who will focus on servicing the public sector. This will improve their chances of winning government tenders directly to Unica Plastic Moulders.
- c) **Developed an internal sales capability.**
The fact that the factory is only running on 60% capacity requires a strategic marketing plan to enhance sales and turnover. It should be based on more complex marketing research efforts.

REQUIREMENTS

- Determined what other products could be manufactured and/or supplied with current infrastructure and production capacity, considering the competition and demand for such industrial products.
- Determined the potential to exploit new markets in the Southern Africa countries and increase sales to neighbouring countries such as Lesotho, Swaziland, Namibia, Botswana, and Zimbabwe. Rest of SADC.
- Did a cost analysis to determine the viability of manufacturing and offering such new products.
- Included action plans in the marketing strategy to enhance proactive direct sales and promotion of current and new products

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED	
Interventions 1: Developing an internal sales capability	No formal marketing and sales strategies in place.	<ul style="list-style-type: none"> • Creating and developing a strategic marketing plan to create brand awareness. 	Done
Interventions 2: Implementing a CRM System	No control over new clients and feedback on cold calling as well as exploiting new markets.	<ul style="list-style-type: none"> • Bluewave – Advantage System being introduced 	WIP
Interventions 3: Create a strategic marketing plan in conjunction with a corporate video			Done

RESULTS & HIGHLIGHTS OF THE PROJECT

An analysis of the following systems and procedures describing their efficiency, level of sophistication (manual system, spread sheets, software packages) and impact on operations. As follow:

- a) Budgeting: Microsoft Excel.
- b) Bookkeeping: Sage Pastel is implemented throughout the organisation for managing our financials.
- c) Cash flow management: Sage Pastel & Excel
- d) Debtor and creditor control: Sage Pastel.
- e) Financial reporting – including availability of financial statements: Sage Pastel.
- f) Follow-up on income and expenditure deviations: Sage Pastel and Microsoft Excel. Manual graphs are made to report business income and expenditure patterns.
- g) Payroll processing: Microsoft Excel
- h) Production/service delivery planning and scheduling: Manual excel sheets created with figures from Pastel reports.
- i) Production recording: Manually created and updated on Microsoft Excel daily and Pastel
- j) Production throughput measuring against time standards: Monitored using production sheets the production is monitored against a target cycle time and shift-wise targets.
- k) Product costing: Manually done on excel as well as pastel by Sales manager and the Directors.
- l) Inventory management (finished goods and material stock control): Microsoft excel and Pastel.
- m) Product/service pricing: Calculated on Excel and invoicing done on pastel

Management reports with market related information need to be introduced and prepared monthly entailing comprehensive market research, new market opportunity identification, new product development reviews and a more pro-active marketing approach.

PROJECT INNOVATION

SITUATIONAL ANALYSIS:

They are currently supplying their products to multiple chain stores like Makro, GAME and West Pack lifestyle to mention but a few. Their products are mostly used by schools, caterers, events coordinators, new business owners and normal households. They do have an extensive experience and expertise in plastic manufacturing and recycling. They uphold a standard of maintaining and producing high quality goods hence the fact that they've invested in an on-site laboratory.

OBJECTIVES:

Their objectives include but not limited to tapping into the public sectors which include different governmental departments like department of education as well as hardware stores such as Cashbuild, Builders Warehouse and Chamberlains. They also need to get into the African market, supplying products to the SADC countries. They've identified the need to create alliances with different companies such as Cash & Carry outlets, who will be able to provide access to different market sectors in and around Southern Africa. They will be putting in a lot of focus and efforts to increase sales to the end consumer (B2C). To design and create a corporate video for marketing purposes.

MARKETING STRATEGIES:

To advertise their company extensively and aggressively is essential, marketing strategies also include the different compliances and the accreditations that they are working on to expand their footprint such as:

1. SMETA
2. Proudly South African
3. ISO9001
4. SANS 1494
5. SABS

Several symptoms and signs of low marketing activities and productivity were identified. This includes the lack of intensive marketing research specifically key market and competitor information, absence of a formal marketing plan, insufficient market segmentation, no marketing campaign, insufficient marketing/sales resources and a lower than satisfactory level of client interaction.

With the threat of competitor actions there is also 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 is outlined below as well as brief marketing audit outcomes that were conducted:

1. MARKETING PLANNING AND STRATEGY DEVELOPMENT

- a) In general marketing planning is not playing a sufficient role at present.
- b) There is no formal marketing plan in place and activities are taking place on an ad-hoc basis;
- c) The organisational structure does not support project execution in terms of marketing management; and
- d) There is a need for a more integrated marketing/sales plan and strategy

2. TARGET MARKET SEGMENTATION

- a) Market segmentation has not sufficiently been addressed or explored.
- b) Clients targeted fall in a narrow number of market segments; and

3. MARKET INTELLIGENCE (RESEARCH)

The market trend is driven by the consumer behaviour in the local market. The growing consumer is now the millennial, which is a more informed consumer, who does the research before deciding on a purchase. This consumer is more likely to make a purchase based on the value for money and not only the perceived value. This consumer is also more socially and environmentally aware and technologically savvy. This type of consumer has fuelled numerous disruptive models locally and internationally encouraging the B2C business models, that are becoming more and more environmentally friendly and socially responsible.

CONCLUSIONS

UNICA Plastic Moulders is a living proof of the positive impact of the Business Turnaround and Recovery Programme on distressed enterprises. Growing companies organically. The company, generally acknowledged as a pioneer in the plastic moulding business niche, was initiated after the millennium. During the same time, it launched the very popular "Econo chair" followed by the fully plastic moulded "Party chair" in 2001. The latter was immensely popular in the market and was destined to become UNICA's flagship product for years to come. Many other product brands followed and became household names in South Africa's

leading consumer outlets such as MAKRO, GAME, HOUSE & HOME and OK FURNITURE. Through launching the new industrial product range and portfolio they will become market leaders in the industry.

By 2017 UNICA Plastic Moulders, however, faced major challenges. 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 called "DIAB" (desk in a box) and "GENIE BEDS" in 2020. But COVID-19 struck and in March 2020 the first lockdown had an adverse effect on the already struggling business. It halted the progress on brand development of new products, slowed down production and caused a 25 percent decrease in turnover. Electricity and raw material costs skyrocketed resulting in a dramatic increase in manufacturing costs. The company started incurring losses and a negative cash flow and struggled to meet its short-term obligations. The situation was aggravated by increased unemployment and a slowdown in consumer spending. Due to the decline in sales and orders UNICA Plastic Moulders had to reduce staff. The staff complement dropped from 60 in 2018 to 39 in 2021 with a lack of motivation, lower productivity and absenteeism becoming endemic among remaining staff.

Since becoming a beneficiary of the Business Turnaround and Recovery 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 business to consumer platform and soon achieved a 30 percent retail turnover. Sales are boosted by social media marketing campaigns aimed at creating brand awareness and enhancing 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 Business Turnaround and Recovery Programme has indeed empowered UNICA Plastic Moulders to diversify and significantly enhance its market share. The company increased its turnover by 35 percent, returned to profitability and created 15 new jobs - a commendable achievement indeed!

EXPECTED BENEFITS FROM THE CRM PROGRAM

- The CRM solution should firstly be a tool for the salesperson to assist him/her to be more productive and effective with their sales objectives.
- If the sales team can manage their leads, prospects, activities, quotes and opportunities more easily this will free up more time to interact with clients. Studies show an average of 30% increase in productivity if a system such as this is implemented.
- The system can be used to track cold calling on potential prospects. The system emails productivity stats to management on this specific process.
- The system can be used to track quotes and automatically generate follow-up reminders on these. Quote documents can be uploaded and linked to each opportunity and potential client.
- Users will have instant access to quote follow-ups and a list of active new quotes. There is NO MORE EFFECTIVE way to chase new business.
- The system can be used to manage customer service calls on existing customers and reporting thereon. The cyclical calling function allows users to set up phone or visit cycles on any preferred visit pattern. It also allows the user to plan their calls by route and then on a weekly basis to view their call plan, log and rearrange the week as necessary to fit prospects in with customer calls without losing touch on key accounts.
- If your customer-facing staff are selling to their customers through the system then you will develop your own "Up to Date Private Market Place" of customers and prospects. You can use the system to generate targeted mailing lists and send marketing messages into the company's marketplace using other bulk emailing software.

THE FOLLOWING FUNCTIONS ARE BEING APPLIED:

CUSTOMER AND CONTACT MANAGEMENT

- 1) The Companies and Contacts databases stores and manages all customers and prospects.
- 2) Companies can be segmented into types, industries, areas, and groups.
- 3) User defined fields allow the sales team to customize the system for the business as a unit.

Any number of contact people can be stored per customer. UNICA's customers can be allocated to their agents, branches, and sales staff within the relevant branches.

ACTIVITY AND DIARY MANAGEMENT

Schedule UNICA's customer and prospect follow-ups using the Activity Management function. The system manages daily, weekly, and monthly views of each salesperson's diary.

OPPORTUNITY TRACKING (MANAGING THE SALES PIPELINE)

Use the Opportunity Tracking functions to manage new business acquisition.

- 1) Define UNICA's own sales process for tracking the progress of your sales pipeline.
- 2) The system generates a new business forecast based on expected order dates and sales probability percentages.
- 3) Each salesperson can view his or her pipeline visually on his homepage.

Additional graphing on the salesperson's dashboard details progress against target.

Upload and link your tender or quote documents to each opportunity.

PROJECT METHODOLOGY

The above-mentioned turnaround interventions will be undertaken with the consent and inputs of the future forum. The Strategic Marketing Plan will be developed during a series of engagements together with workshops with top management and staff members cooperating to implement the deliverables accordingly over given timelines. Interim feedback meetings will be conducted with the future forum to update them on developments and progress. The interventions will run concurrently. With regards to the CRM, the quotes were received last year, and presentations were concluded.

REGION 2

MONTAGU COUNTRY HOTEL

Regional Operation 2

Project Manager Thinus De Vos

Operational Sector Tourism & Hospitality



COMPANY BACKGROUND

Montagu Country Hotel is a unique hotel in the village of Montagu, South Africa. It is located on Route 62, halfway between the Cape Winelands and the Garden Route. The hotel has been operational since 1996 and currently employs a total of 41 employees.

The hotel has steadily grown its client-base over the years and caters to both local and international customers. Clients of the hotel include government officials and tour operators; as well as individual-, business- and group travellers.

The hotel has competition from accommodations such as Jonkmanshof, Olive Stone Farm Cottage, Mirihof Retreat and Olive Estate.

COMPANY VISION

No formal vision statement was provided by management. The following text is from the company's website:

"Our unique, family-friendly Art Deco hotel is the only of its kind in South Africa. 29 individually decorated rooms are either flamboyant Art Deco or pay homage to the elegance of Victorian times. Whether you're on a romantic break, a girls' weekend, reunion with friends or exploring Route 62, book your bed and breakfast at Montagu Country Hotel for a most memorable bucket-list experience."

"We welcome guests to our small country hotel: a space that means a lot to us, and where we live out our dream in the beautiful village of Montagu. We look forward to sharing the platteland lifestyle with you, and to learn from you as a traveller in our quest to offer honest hospitality."

COMPANY MISSION STATEMENT

"Montagu Country Hotel strives at all times to care for our customers through the highest level of friendly and honest service and quality products while maximising staff potential and development in a constructive, clean and healthy atmosphere using responsible and profitable means."

COMPANY PRODUCTS AND SERVICES

Montagu Country Hotel offers accommodation, meals, and wellness treatments to both local and international travellers and provides conferencing and team building facilities as well.

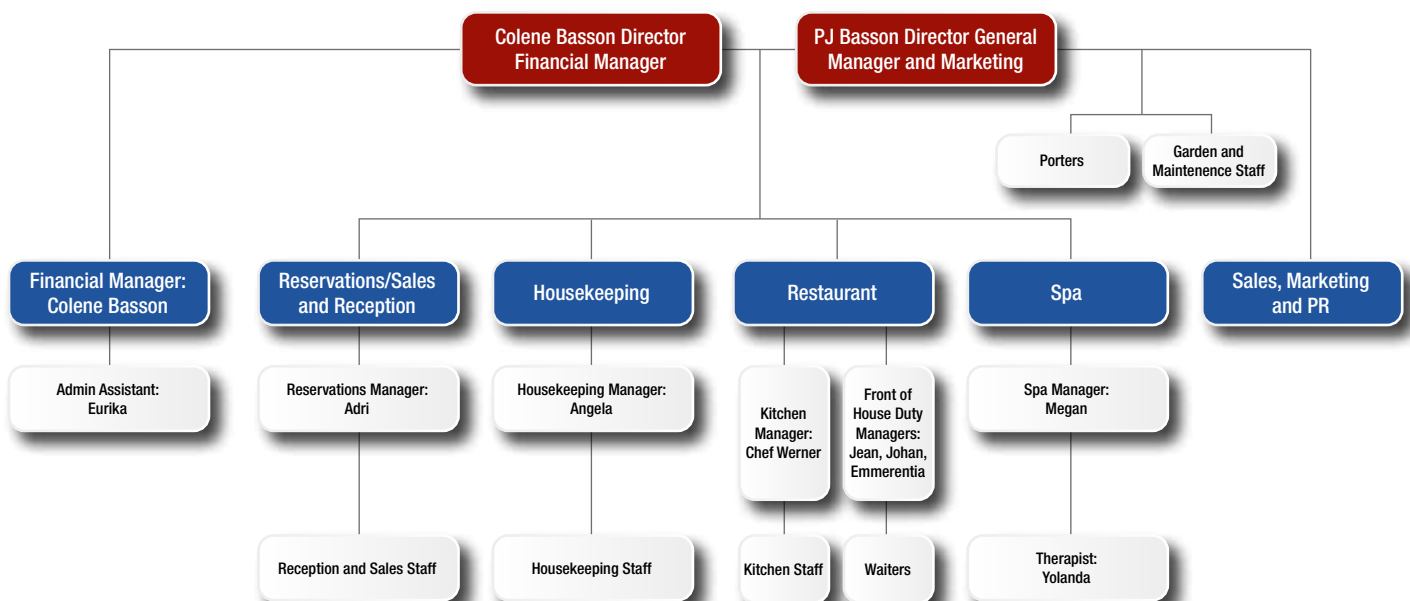
The hotel has 29 bedrooms, two restaurants, a spa (located at the hotel); and also offers classic car trips to the wineries in the vicinity.

Photographs and more information can be obtained on the company's website at <https://www.montagucountryhotel.co.za/>

COMPANY STRUCTURE

The business is privately owned and owner managed by PJ Basson and Colene Basson (a husband-and-wife team) and currently has 41 permanent employees.

"Montagu Country Hotel's particular charm comes down to our tight-knit team. Every person we choose to welcome and serve you is hand-picked for their passion and attitude. We believe in employing the smile first, then teaching the skills. That's why we have wonderful long-term relationships with our staff, many of whom have been with us for over 15 years."



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION - CHALLENGES

The financial performance of the company was poor for the three financial years reviewed by Productivity SA. The severe negative impact of the COVID-19 pandemic on the tourism and hospitality industries in South Africa further drastically reduced the financial sustainability of the business.

Due to the impact of the COVID-19 pandemic on the tourism and hospitality industry, the hotel had to retrench 6 employees. This was prior to the BT&R project.

The business was facing serious financial challenges and there was a high risk of financial failure.

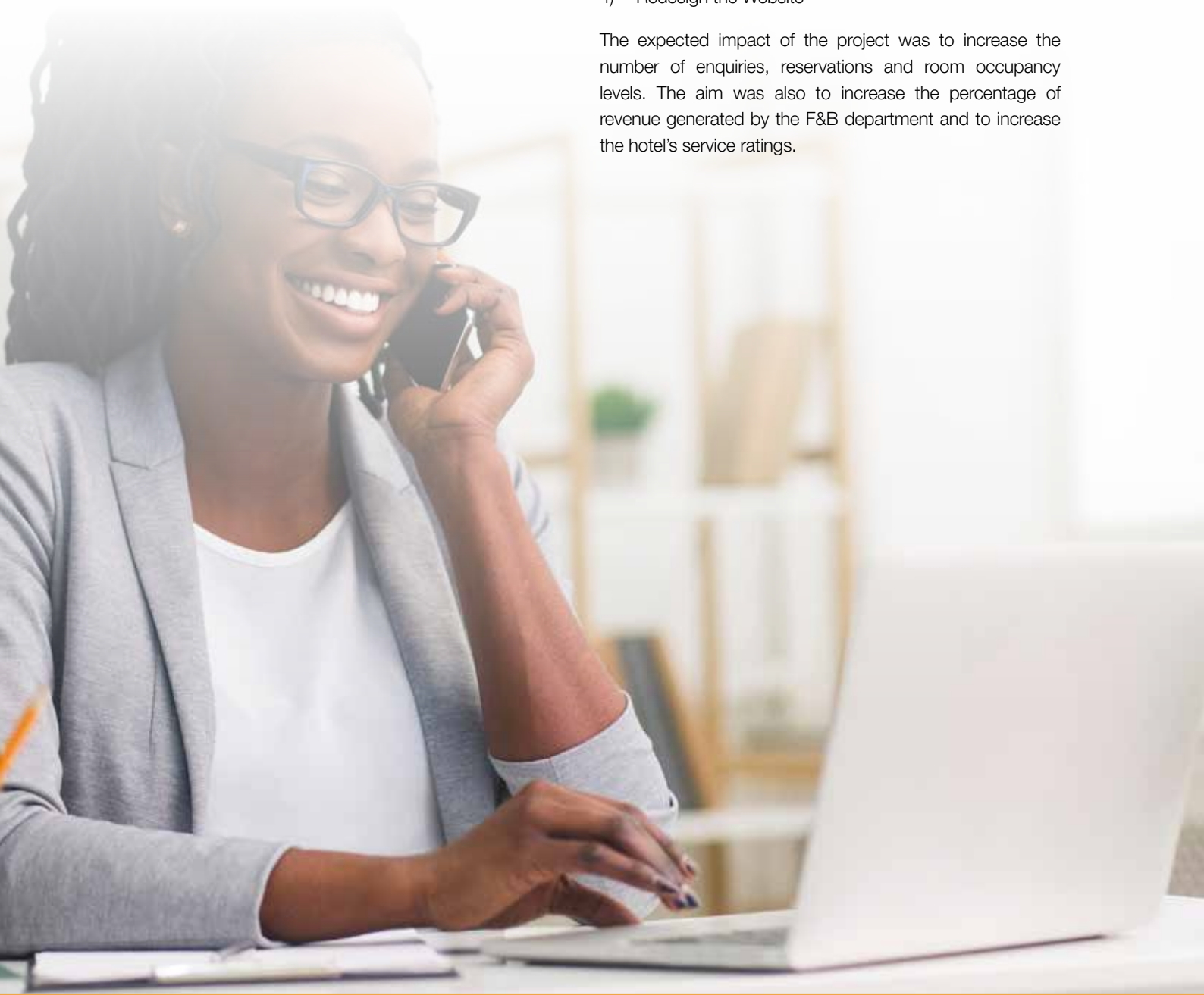
THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

The aim of the Business Turnaround and Recovery project was to assist the hotel with its efforts to remain a profitable and viable business that can sustain employment into the future.

The improvement interventions that were funded and delivered via this BT&R project were to:

- 1) Integrate the Property Reservation/Management and Financial Systems
- 2) Develop a new Reporting Tool for Management
- 3) Training of the Food and Beverage Employees
- 4) Redesign the Website

The expected impact of the project was to increase the number of enquiries, reservations and room occupancy levels. The aim was also to increase the percentage of revenue generated by the F&B department and to increase the hotel's service ratings.



THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

	ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Intervention 1: Integrate Property Reservation/ Management and Financial Systems	<p>Data from the reservation system had to be manually recaptured into the accounting system.</p> <p>Manual reconciliations had to be done between the two systems.</p> <p>Operating and managing the information systems were very labour intensive and time consuming.</p>	<ul style="list-style-type: none"> A new reservation system as well as accounting system was implemented and integrated. 	<p>Reduced:</p> <p>Time spent managing the information systems.</p> <p>Administrative errors.</p> <p>Administrative workload and costs.</p> <p>Improved:</p> <p>Financial controls.</p> <p>Debt collection.</p> <p>Speed of financial reporting.</p>
Intervention 2: Develop a new Reporting Tool for Management	<p>Lack of management information and market intelligence for decision making and market positioning to attract more guests.</p> <p>The few reports that were used were generated with spreadsheets.</p>	<ul style="list-style-type: none"> A new visual Business Intelligence reporting tool was developed for management. 	<p>Better management information on reservations, sales and revenue sources.</p> <p>Improved decision-making regarding forecasting, costings, pricing and market positioning.</p> <p>The tool now enables the business to align itself with the market and attract more guests to the hotel.</p>
Intervention 3: Training of Food and Beverage Employees	<p>COVID 19 led to less guests, ongoing financial losses and a decrease in operational performance.</p> <p>To reduce expenses, management had to retrench some staff.</p> <p>This placed an additional burden on the remaining staff and led to a decline in service levels.</p>	<p>Training was provided to the F&B staff to be able to:</p> <ul style="list-style-type: none"> Review and revise the current menus. Review and revise the costings and pricing of the menu items. Improve general practices in the F&B department. 	<p>More upsell and revenue-boosting opportunities are now available on the menus.</p> <p>It provides a novel marketing stance.</p> <p>The success of the two restaurants will contribute to improving the hotel's service offering and financial performance.</p> <p>The new practices will assist in reducing waste and expenses.</p>
Intervention 4: Redesign Website	<p>The website which is a primary source of clients was ineffective.</p> <p>Expenses were incurred to outsource the editing and updating of the website.</p> <p>Not all the service and value offerings were indicated on the website.</p> <p>The website was extremely slow to load.</p> <p>The website content was not properly displayed on all devices.</p> <p>The website was not integrated with the other information systems.</p> <p>The user interface of the website was unappealing and not user-friendly.</p>	<ul style="list-style-type: none"> The new website design has been developed and implemented. Search engine optimisation of the website was also completed. The website is now also hosted on a cloud-based server. Some employees were trained how to utilise Google analytics and Google webmaster to monitor and manage the website effectively. 	<p>The hotel now has a new and improved website.</p> <p>It provides sufficient and descriptive information.</p> <p>It includes better and updated visuals.</p> <p>It is more accessible, appealing and easier to navigate.</p> <p>More features are available to explore.</p> <p>It is now responsive to all devices and ensures that the content will be displayed properly on all types of devices.</p> <p>The speed at which the website functions has improved.</p> <p>Some employees can now edit and update the website which reduces outsourcing expenses.</p> <p>The morale and utilisation of these employees were increased.</p> <p>The new website enables the business to attract more guests and to generate more revenue.</p>

RESULTS

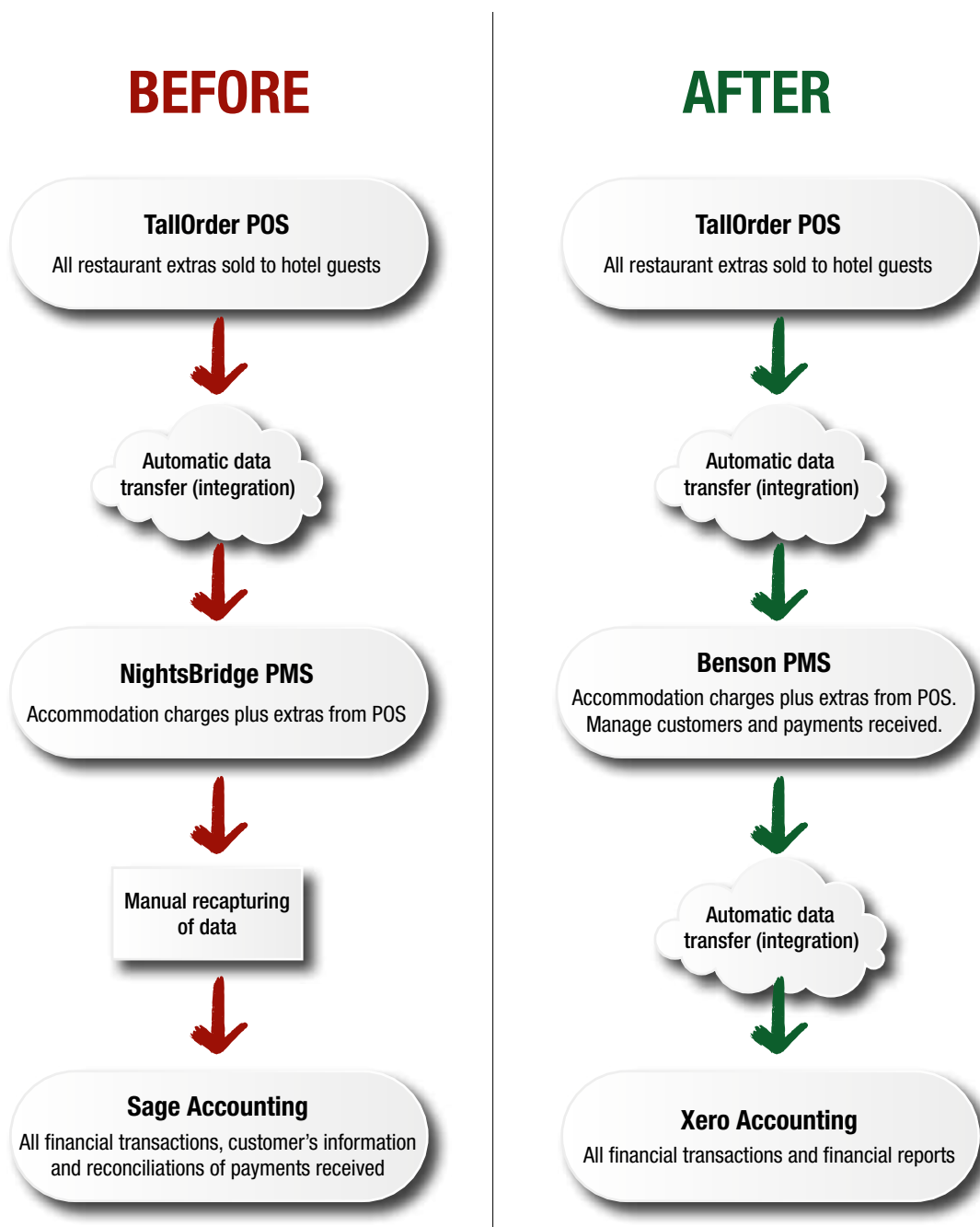
INTEGRATE PROPERTY RESERVATION/MANAGEMENT AND FINANCIAL SYSTEMS

A new property reservation system as well as a new accounting system was implemented and integrated.

After the implementation and integration of the two new systems, daily reconciliations are being done to check that transactions are correctly and fully processed. To date no problems, errors or omissions have been detected. This means that the integration between the two systems was seamless and extraordinarily successful.

An additional benefit of the systems integration is that the quality of data used for management reporting has improved and it is now also easier to extract the required data.

The systems architecture before and after the implementation and integration is illustrated below.



DEVELOP A NEW REPORTING TOOL FOR MANAGEMENT

The new reporting tool enables information to be displayed in a visual manner with numerous performance indicators that are easy to interpret.

The new reporting tool provides better management information on reservations, sales, and revenue sources. It enables improved decision-making regarding forecasting, costings, pricing, and market positioning.

After the COVID restrictions being lifted, the hotel was able to increase its room occupancy levels. It now also takes less time to analyse and interpret the data in the reporting tool. This is because the information is presented in a visual manner.

Another benefit is the ability to generate performance indicators. These performance indicators enable the business to determine if the hotel is performing well or if other measures should be put in place to improve occupancy levels.

TRAINING OF FOOD AND BEVERAGE (F&B) EMPLOYEES

This training aimed to improve the customer service ratings of the hotel. If the techniques are successfully implemented by the trained employees, it will also assist the hotel to reduce its expenses and increase the hotel's operating profit margin.

Individual and group travel generates a considerable amount of revenue. This training should improve the hotel's ability to attract this target group and to sell extras to them.

Providing the employees with training will most likely contribute to the success of the business. It will result in better-trained employees, lower costs and improved operational in financial performance. This will enable the hotel to sustain existing jobs and create the opportunity to recruit more employees.

REDESIGN WEBSITE

The new website went live on 9 September 2022 and can be accessed at www.montagucountryhotel.co.za

As a result of the successful completion of this deliverable, the hotel now has a new and improved website. The appearance of the new website on a mobile device is illustrated in Annexure B.

The new website provides visitors with sufficient and descriptive information. This includes better and updated visuals of the rooms and amenities, an expanded list of activities and extensive menus. It also includes all the services that the hotel offers.

The website is now more accessible, appealing, and easier to navigate. More features are available to explore. All of this is of assistance to potential customers, as well as the hotel's employees.

Search Engine Optimisation of the website was also completed. This means that the website is now responsive to all devices and ensures that the content will be displayed properly on all types of devices.

The website is now also hosted on a cloud-based server. This has improved the speed at which the website functions.

It is anticipated that the aesthetic appeal of the new website will attract and encourage increased customer engagement. The site is expected to improve the hotel's ratings, attract more customers, and generate more business for the company.

Additional training on how to edit and update the website was provided to the hotel's employees. This will reduce outsourcing expenditure in the long-term.

OVERALL IMPACT

The overall impact of the BT&R project is illustrated in the graph below.

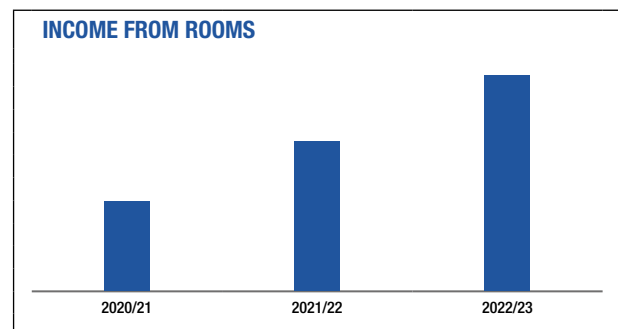


Figure 12: Income from Rooms

The room income in 2022/23 was more than double that of 2020/21. This is mostly due to the fact that room occupancy levels have increased.

HIGHLIGHTS OF THE PROJECT

INTEGRATE PROPERTY RESERVATION/MANAGEMENT AND FINANCIAL SYSTEMS

The hotel's Financial Manager was intimately involved with the systems implementation and integration. She commented as follows:

“The new systems are very straight forward to use. It has substantially improved the hotel's financial controls and reduced the workload of administrative staff. It has also increased the speed at which the financial department can produce financial reports.”

TRAINING OF FOOD AND BEVERAGE (F&B) EMPLOYEES

The employees appreciated the focus that was placed on them as a team. This demonstrated that management was interested in their development and performance. The training helped to improve their skills and assisted in boosting their self-confidence and improve their work ethic.

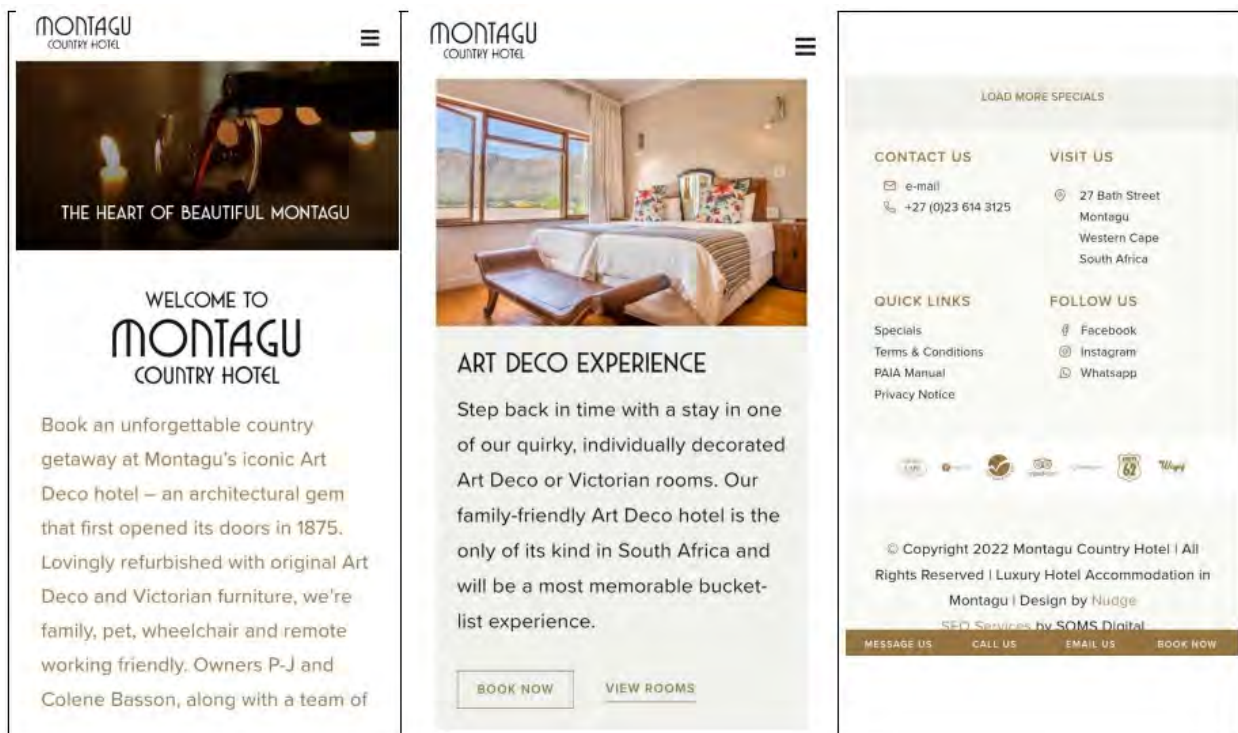
NEW WEBSITE

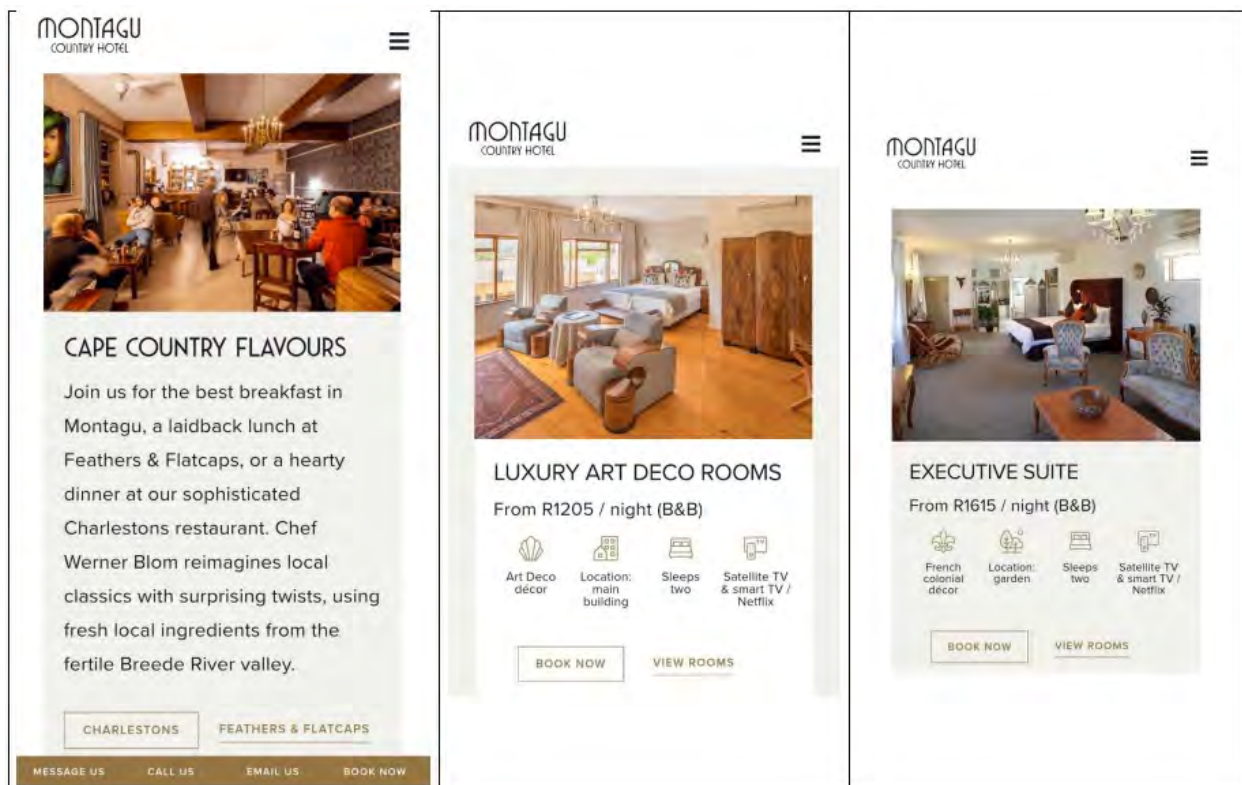
The new website had a positive impact on the morale and utilisation of some of the hotel's employees. These employees are now empowered with the ability to make changes to the website. They were also trained how to utilise Google analytics and Google webmaster to monitor and manage the website effectively. This has proven to be a major advantage for the company.

The management of Montagu Country Hotel has demonstrated genuine satisfaction with the implementation of the new website. This is because the new website and its functionality has exceeded their expectations. The hotel's management expects a significant increase in revenue generated through the website.

The rankings of the hotel's website are also expected to increase.

The management of the hotel has also expressed their appreciation for Productivity SA's contribution on the hotel's social media channels.





JOB SECURITY

Due to the impact of the COVID-19 pandemic on the tourism and hospitality industry, the hotel had to retrench six employees. This was prior to the BT&R project. At the start of the project the hotel had 35 employees and at completion there are now 41 employees. It can therefore be claimed that six new jobs were created. This however was also a result of the lifting of the COVID restrictions.

PROJECT INNOVATION

The systems implementation and integration, the new reporting tool and the new web site were all innovative projects in their own right. The details of these three projects are provided in the preceding sections of this document.

In addition:

“The hotel is passionate about minimising its carbon footprint and is in the process of rolling out a green plan for the future. It uses a grey water system to irrigate the lush gardens and solar geysers to provide hot water. The Hotel is also a certified member of Fair Trade Tourism and is the only Route 62 hotel offering guests an Electric Vehicle Charging Point for convenient on-site charging.”

CONCLUSIONS

It can be concluded that the project was very successful. A lot of value was derived by the client from the funding. The total expenditure for all four deliverables was only R196 000.

The client has expressed a high degree of satisfaction with the solutions that were delivered and has also expressed their appreciation for Productivity SA’s contribution on their social media.

One new client has already approached Productivity SA because of a recommendation by Montagu Country Hotel and there are surely others to follow.

It is recommended that Productivity SA’s BT&R practitioners ensure that deliverables meet the client’s requirements and will add value to the client’s business. This should be the case even if all the deliverables need to be outsourced.

When deliverables are outsourced, it still requires a lot of time and effort from Productivity SA’s Project Managers to manage the projects and to ensure that the deliverable implementation reports are approved. As this is the case, Productivity SA should negotiate a management fee with the UIF for BT&R deliverables that are outsourced.

REGION 2

NATIONAL CAP FACTORY

Regional Operation 2

Project Manager Cedric Lottering

Operational Sector Manufacturing



COMPANY BACKGROUND

National Cap Factory CC, herein after referred to as National Cap, 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 since 1947. 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.

COMPANY VISION

No vision statement has been established.

COMPANY MISSION STATEMENT

No Mission statement in existence.

COMPANY STRUCTURE

The organogram for the company is very simple, the Business Owner runs the entire organisation with the assistance of a Production/ Factory Manager, Office Administrator, Logistic Co-Ordinator, Shopfloor Co-Ordinator, and a business associate.

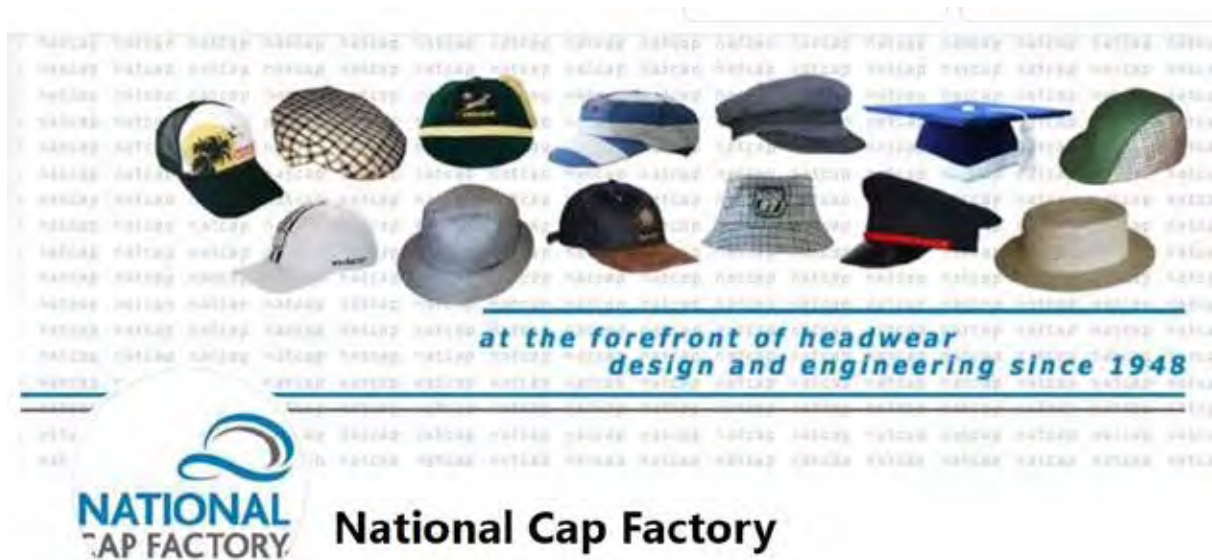
This is a flat organisational structure. The Production Manager is in charge of the machinist area, known as the Production Area. The production area is consisting of three lines, one preparation line and two production lines, The production lines consist of three manufacturing sets, each lead by a Set – Leader.

REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION - CHALLENGES

The financial performance of the business declined during the period 2020 and 2021. The decline in the financial performance was driven by a drop in profitability due to a decrease in the sales volumes and value. The financial performance of the business can be summarized as follows:

- (i) Between 2020 and 2021, the decline in the profitability of the business was driven by a decrease in the operating profit margin. – Sales decreased by 51.1%.

COMPANY PRODUCTS AND SERVICES





delayed invoicing. The implementation of these lean manufacturing principles will reduce the levels of waste in the organisation that is causing delays and slow production rates. The overall effect will be an increase in the invoicing.

TIME AND MOTION STUDY

The business owner has developed his own costing models based on historic factory efficiencies of output and labour efficiencies. The latest factory performance (since 2018) has however proved that some of those assumptions are outdated and inaccurate. Opportunities to get volumes through the factory lies in the attachment of an anchor client such as The Foschini Group or a major apparel client such as Adidas. These types of businesses are high volumes/low contribution business which requires more accurate costing models which are based on true standard data that would come from a detailed Time and Motion studies.

However, the cost of sales only decreased by 38,5%, which means the cost of purchased items was still slightly higher as compared to the previous year and that is the reason for the reduction in gross profit.

- (ii) The asset turnover rate decreased. This indicates that the utilization of assets declined, which had a negative impact on the performance of the company. Reduced asset turnover can be attributed to reduced production and sales volumes.
- (iii) Retained earnings has decreased from R4,3m in 2019 to R1,6m in 2021. That is evident in the debt/equity ratio which has deteriorated from 0,6 in 2020 to 1,0 in 2021.
- (iv) The company's liquidity appears to be dropping fast when one compares a current ratio of 7.8 in 2020 and 4,9 in 2021. The main contributor is the reduction in receivables which can be attributed directly to the reduction in sales.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

LEAN MANUFACTURING IMPLEMENTATION

The principles of Visual Management , 5S or Workplace Organisation, and flow improvement can assist to streamline the operation and improve productivity of the operation. The high level of waste (delays in particular) in the operation is causing delivery dates to be missed and subsequent

INVENTORY MANAGEMENT IMPROVEMENT

Fabric is the most important direct cost component in the costing of a cap item. There is a manual stock control system in place, a stores book, but there is no proper stock control system which includes regular stock takes, minimum and maximum order levels, good storage practices and re-order levels. There is also a lack of compliance to stores 'good practices' such as recording and issuing of stock items. Cutters (a staff category) do not adhere to the request from management to book their material requisitions. There is no documented inventory management system and related Standard Operating Procedures in place.

BUSINESS LEADERSHIP COACHING FOR SENIOR AND MIDDLE MANAGEMENT

The business does not have a strategic business plan and only makes use of an outside accountant who is not giving strategic direction and guidance to the business. Standard business practices such as a monthly report on costing, income statements, production analysis and business strategy are not in place. The middle management is experienced factory staff that has grown with the business but does not understand operations and production management techniques and tools. Proposed guidance and coaching will build the necessary leadership capacity to deal with day-to-day operations management and more strategic business interventions.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

	ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Interventions 1	Lean Manufacturing Implementation.	<ul style="list-style-type: none"> Implement a lean flow, 5S workplace organisation and Visual Management/Goal Alignment. 	Factory 5S score of increased from 34 % in February to 85% in August. The business sales improved by 85% in the period January till August 2022 compared to the same period in 2021 .
Interventions 2:	Time and Motion Study	<ul style="list-style-type: none"> Detailed time and motion study on the operation to produce reliable costing standards to improve cost management. 	12 % improvement in Cost Control between 2021 and 2022. Gross profit improves by 32% between 2021 and 2022
Interventions 3:	Inventory Management Improvement	<ul style="list-style-type: none"> Detailed time and motion study on the operation to produce reliable costing standards to improve cost management. 	Gross Profit increased by 32% between 2021 and 2022.
Interventions 4:	Business Coaching of Senior and Middle Management	<ul style="list-style-type: none"> Guidance and coaching in the areas of Goal Alignment/ Performance Management, teamwork, team development, ideas/innovation management, problem solving, strategic management and employee engagement. 	Work rate (Actual Productive Work, Value adding as per activity sampling increased by 48%. Thirty-seven percent improvement in employee attendance levels between 2021 and 2022

RESULTS

LEAN MANUFACTURING IMPLEMENTATION

The lean manufacturing tools of Workplace Organisation, Visual Performance Management, Problem Solving, Activity Sampling and Teamwork was applied very aggressively to turnaround the performance of the business.

Production targets for all sections of the factory agreed upon and daily morning meetings were held to ensure each factory team is aware of the previous day's performance and the new day's production priorities.

Weekly production reviews were conducted and chaired by the BTR project manager. At these meetings, all team's production log sheets were reviewed versus targets. Workplace Organisation was introduced through training sessions with the Productivity champions and the entire factory.

There was a baseline 5S audit done on 30 March 2022. The factory score was 34%. There were various 5S Gemba Walks done with the Production Manager, Ms Desiree Adams and a 5S Project Register was agreed with the CEO and the Production manager. Monthly 5S audits were done with a report and a recognition system was implemented.

Comparison of the three most important Performance Ratio's Sales, Production output and work rate for the periods January – August 2021 versus same period in 2022.

PRODUCTIVITY CRITERIA	MEASURE	BEFORE 2021	AFTER 2022	IMPROVEMENT
		JANUARY TILL AUGUUST	JANUARY TILL AUGUUST	
Sales	Rands per month	R362 136,51	R669 418,93	85%
	Rand, year-to-date	R2 897 092,08	R5 355 351,39	85%
Production output	Units produced	26 966	56 217	52%
	Year-to-date			
Value adding work as per Activity Sampling	Production work rate	48%	60%	25%

The average production output has progressively improved over the duration of the project to over the target output of 500 caps per day.

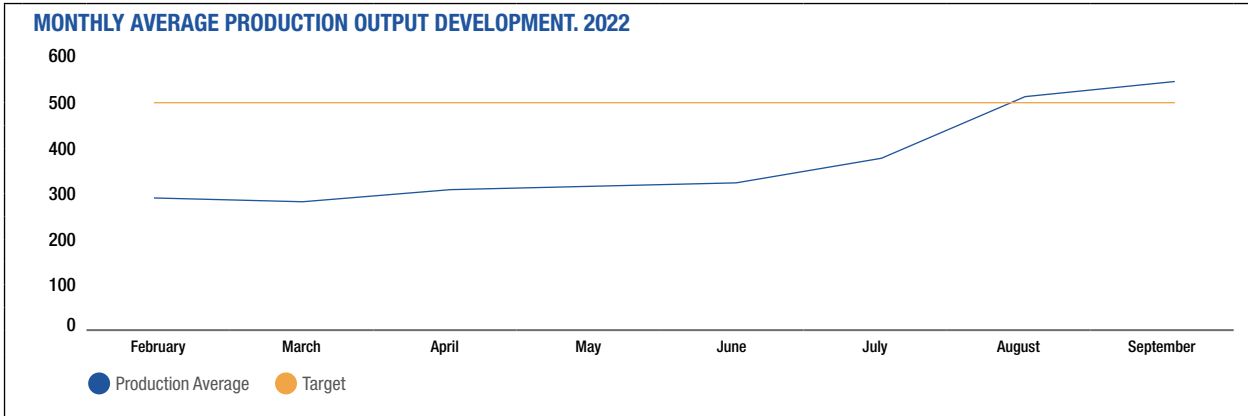


Figure 13: Progressive Development of monthly average production rate from January to September 2022.

The workplace organisation or 5S audit scores has followed a similar trend, with progressive development from a low baseline audit score of 34% to over 80% in August.

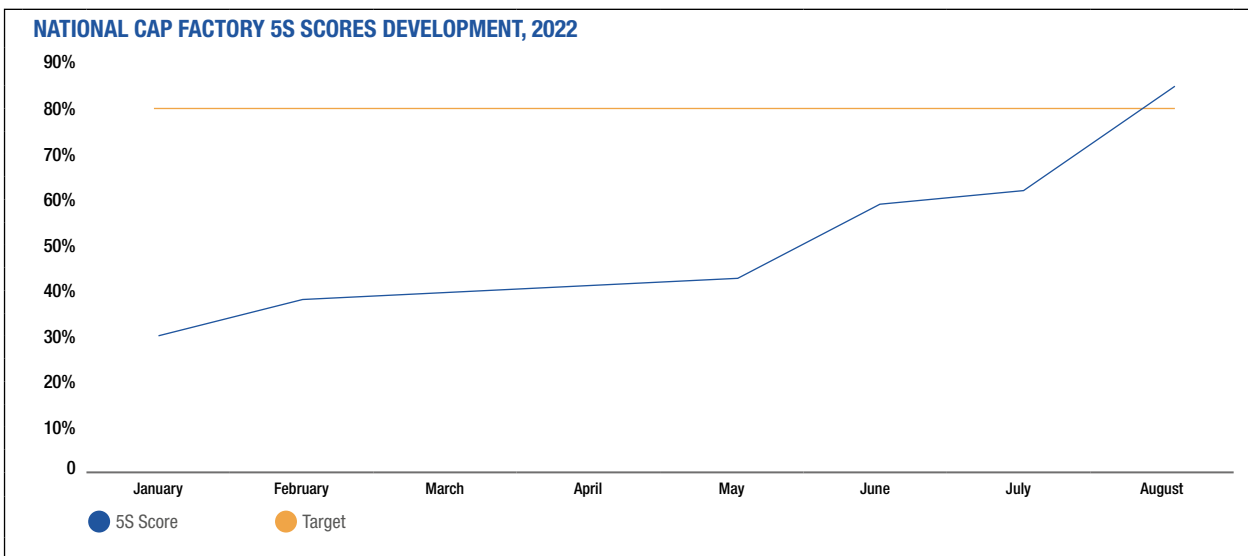


Figure 14: The 5S audit score development during 2022

Daily activity sampling was introduced from June 2022 onwards to unlock further productivity improvement, when it was noted that there are opportunities to improve the shopfloor employee's individual productivity. This was decided when an individual productivity trend was picked up from reviewing production log sheets.

Below is the Activity Sampling results from June (baseline assessment) to September 2022.

TIME AND MOTION STUDY

The job basket was split into entry level, medium level, and complex operations and one style per category was studied, five times.

Three styles were selected:

- (i) Navada Style 546, Job #107
- (ii) Special Cricket Hat (Dobbs), Order FO 7933
- (iii) Solanki Style 624, Uniform Caps, Order Nr. 3851

THE THEORY OF TIME AND MOTION STUDIES:

The International Labor Organisation defines time study as follows: "Time study is a work measurement technique for recording the times and rates of working for the elements of a specified job carried out under specified conditions and for analyzing the data so as to obtain the time necessary for carrying out the job at a defined level of performance." Time study is most useful in plants that have large-scale output of standardized product, on jobs that is repetitively performed. The main objective of time studies is by direct observation, to determine the volume of human work in a specified task to establish the standard time.

The primary objective of the Time and Motion Studies was to set basic time standards for the different complexity styles in the factory. This information could be used to challenge the historic standard times that was used in the standard costing of the ranges. The study would also serve to identify improvement opportunities in the operations involved, to improve factory efficiencies.

The study methodology was very simplified, the procedure was clarified beforehand, a stopwatch and 10-meter type measure were used. Five observations were done per study and an average worked out per style. There was also a plotting of the various operations to determine, movement, storage points and inspection points.

DISTRIBUTION OF ACTIVITIES AS ON 30 JUNE

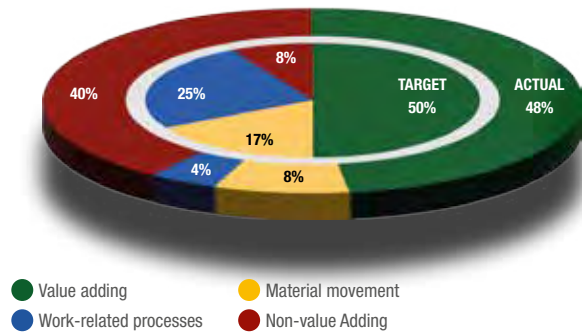


Figure 15: Baseline activity sampling result, as of 30 June 2022

DISTRIBUTION OF ACTIVITIES 30/09/22

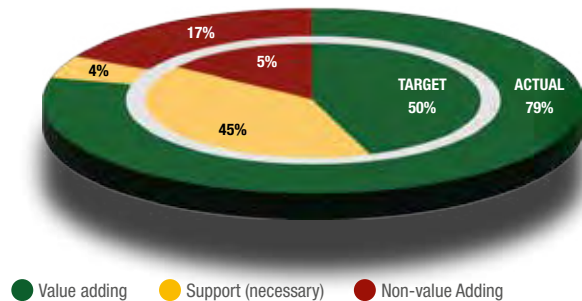


Figure 16: Improved activity sampling result, as measured on 30 September 2022



STUDY DATE	CATEGORY	STYLE DESCRIPTION	5 CAPS AVG TIME (SECONDS)	HOURLY OUTPUT (UNITS PER HOUR)	NO OF OPERATORS	PRODUCTIVITY (UNITS PER MAN-HOUR)	DISTANCE	NO OF STEPS
28 Jun	Entry	Navada Style 546	309	11.65	4	2.91	650	14
04 Jul	Medium	Special Cricket Styles	761	4.73	3	1.58	1 202	17
15 Sep	Advance	Solanki Style 624	1 147	3.14	4	0.78	42 000	18

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:

- (1) The production lines for Navada Style 546 were unbalanced in that the final assembly at 12 caps per hour was much faster than the preparation line .The linings section ran at only five caps per hour). The decision was made to move some of the operators in non-critical auxiliary operations like cleaning and packing unto the preparation line.
- (2) The Zig Zag flow orientation on the assembly line was changed to a U- cell operation and the workstations were ergonomically re-arranged to facilitate faster flow.
- (3) The Specialist Cricket Cap line was optimised through the procurement of a new generation brim stitching machine with a stronger threat. This has increased the throughput speed of the brim section.
- (4) In the case of the Solanki Style , the slowest operation is the wire and buckram operation, on average about 8 minutes . Here the idea was for the male operator to get a head start by preparing wires and buckrams beforehand , when notice of a bulk order is received.

IMPROVED INVENTORY MANAGEMENT SYSTEM

Inventory is controlled manually and discipline in recording stock issue is inconsistent which hindered effective inventory control and management. An effective inventory control and management system was sorely needed for National Cap Factory.

The company had problems with managing stock levels and was always faced with “stock-out” situations thereby delaying the delivery of orders on time. National Cap Factory also had challenges tracking the stage at which a particular order was within the production line. The order tracking process was time consuming. The processes were manual and redundant; it was difficult to know the stock levels at hand and this affected the production. Nkanyezi Innovative Solutions has implemented a project on behalf of Productivity SA.

The tabs in the Inventory Management system are arranged in sequence (Orders, Suppliers, materials stock, styles stock, Customers, Embroiderer, Reports, Administrators, your profile, Logout) it was done this way to make it user friendly (see figure 5 below)

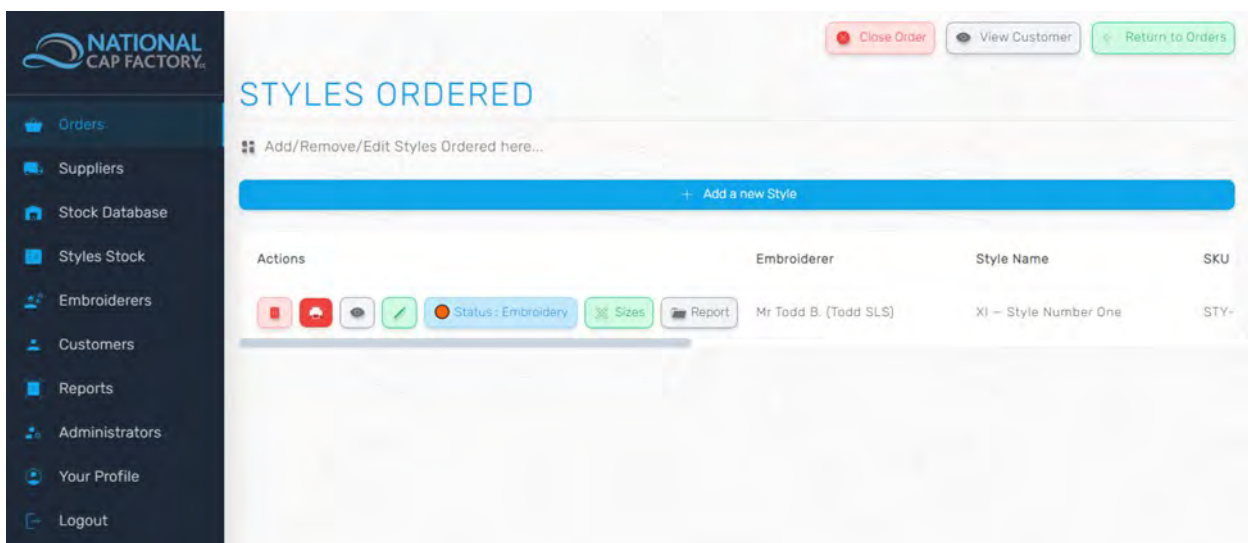


Figure 17: The sequence of tabs on the Inventory Management system dashboard.

NATIONAL CAP FACTORY
 MANUFACTURERS OF HEADWEAR
 Tel: +27 (0)21 511 0422
 Fax: +27 (0)21 511 0396
 Website: www.natcap.co.za

Email: natcap@intekom.co.za
 Unit 5a, 41 Product Street,
 Maitland, South Africa PO Box
 13031 Woodstock 7915

Co. Reg. No DK 1985/010183/23
 VAT Reg. No 4580101345
 Member: DS Werb

NCF ORDER No: **T105**
 CLIENT ORDER No: p1023
 ORDER Date: Thu Aug 11 2022
 DELIVERY:

CLIENT DETAILS:
 Ada Harris (021080745)

DELIVERY ADDRESS:
 null

VAT NUMBER: VAT-1472
 DELIVERY METHOD:
 ACCOUNT NUMBER: 6215384556
 TERMS: MONTHLY

STYLE NAME: RED TARTAN

QUANTITY	6%	6½%	6%	6½%	6%	6½%	7	7½	7%	7½	7%	7½	XS	S	M	L	XL	XXL	PRICE	COLOR / DESCRIPTION
400												200							4.5	red
200																	200		4	green
50																			4	without holes
10												10							5	8 ones

TOTAL QUANTITY: 660

OFFICE USE ONLY
 CONTROL NO: _____ CUTTING ORDER NO: 20220811-105 ARTWORK ORDER NO: _____ INVOICE NO: _____

THIS ORDER IS NOT SUBJECT TO CANCELLATION

Figure 18: Example of an order print out of an order form

One of the biggest challenges currently in the factory is to get a reliable update of the progress update on an order in the system. This was addressed by a new tracing model, see figure 7.

SELECT/EDIT STATUS :

Production
 Cleaning
 Pressing
 Finishing
 Packaging
 Done

SELECT/EDIT STATUS :
 Cutting

B I U T

REJECTS: 0
 REWORKS: 0
 PRODUCED: 0
 ADDITIONAL NOTES: it goes here...

Update Status Close

Figure 19: Selecting and updating the status of an order on the new inventory management system

BUSINESS LEADERSHIP COACHING

The business is in its 75th year of existence and the current owner, Mr. David Werb has inherited the business from his father. Mr. Werb comes from a graphic design background and has no previous manufacturing management experience. The production manager, Desiree Adams has been in the business for 35 years and has grown in the factory from a packer to production manager. When Mr. Werb senior passed away in 2010, his wife, worked in the business until 2018, as the Production Planner. When

Covid19 struck it was decided that she should not come to the factory anymore. All the production systems were designed by David’s parents and are all manual systems from the order book, inventory sheets, production log sheets, cutting sheets and production recording sheets. Ms Werb has coached the current Production Manager, in the running of the factory floor, as best as she had systems organised to her ability. Desiree has never had any leadership coaching in her preceding years as a packer in the factory.

The business coaching for the chief executive officer 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.

The GROW model is based on the principle that everyone has the potential to develop and improve themselves, but just needs help to unlock their potential. Coaching is the key to this. It encourages people to take responsibility for their own actions, which results in commitment, and therefore optimizes performance. Another key principle of the theory is that using questions rather than instructions will foster change more readily. The acronym GROW stands for Goal, Reality, Options and Will. It provides a simple framework for structuring a coaching session and has been adopted by many of the world’s major organizations.

The table below demonstrates the improvements made from January to August 2022 compared to January to August 2021 in the business.

- **Goal.** After initial discussion, establish a realisable goal for the coaching assignment and if required, a target for progress in the session.
- **Reality.** It is important that this session is grounded in reality. The person being coached should be able to assess their present situation, and give concrete examples of their performance to date. Feedback should be provided at this point.
- **Options.** This stage offers the opportunity for the person being coached to suggest possible courses of action, and together with any that the coach puts forward, these should be evaluated and a choice arrived at.
- **Will.** The final part of the process involves the person being coached making decisions and having the willpower to commit to them. Future steps to be taken should be confirmed and the coach should agree with the coachee how they will be supported throughout the ongoing development process.

Figure 20: The GROW Coaching Model used in the Business Coaching Leadership deliverable

Effective Leadership Measurements comparison between 2021 and 2022 (YTD)

Leadership Effectiveness comparison between the months 2021 and 2022				
Leadership Effectiveness Criteria	Ratio calculation	BEFORE (2021) January till August	AFTER (2022) January till August	Improvement
Absenteesim	Lost hours divided by Total possible hours	206 days	139 days	37%
Number of employees		53	65	23%
Cost Control	Actual Expenditure Total Expenditure Budget	63%	51%	62%
Annual Labour Turnaround	Number of Leavers, divided Number of Employees employed	5.88%	4.61%	12%
Total Productivity	Total output (Sales) in Rands Total Inpus, Labour+Material +Capital Costs	108%	138%	35%

HIGHLIGHTS OF THE PROJECT

There were several contributing factors that made this turnaround project successful. The following learning points could be taken from this project:

- (i) Management involvement and support. The CEO, Mr. David Werb was trained as a Productivity Champion, was the chair of the Future Forum and actively participated in all project activities.
- (ii) The crisis management component of the BTR program provided the platform and background for the Project Manager to give intense attention to the client and to work in the business as some sort of “Operations Manager” to review productivity statistics on a weekly basis.
- (iii) The involvement of the Productivity Champions was valuable. One of the productivity champions was an ex- union representative and she assisted a lot to get the factory employees to buy into the turnaround project activities.
- (iv) The Goal alignment sessions , where all the employees were aligned with daily production target of five hundred units per day, created energy and focus .
The use of RED for a day under the target and GREEN for on or above target led to a focus of Green Days are good news and Red Days are unwelcome news. The focus turned to stacking up as much Green Days in a week or a month as possible.
- (v) Employees needs to be engaged in the correct manner , on the right topics and frequently enough.
- (vi) An engaged employee is an involved employee and is an aligned employee. These team development sessions brought the best out of individuals that would normally not have the opportunity to share their ideas .
- (vii) The Visual Felt Leadership principle , where leaders are frequently on the factory floor, engaging with employees on important business activities and leading from the front is important.
The GROW Business Coaching process is an immensely powerful tool for a manufacturing business. It provides guidance by asking the right questions, rather than be prescriptive.
- (viii) The key to step change in productivity improvements , does not necessarily require complex industrial engineering techniques and statistical analysis. The Navada study proved that was a line balancing issue and that the preparation was the rate determining step. When the bottleneck operation was improved the line productivity leapfrogged.

- (viii) When time and motion studies are planned, it needs to be synchronised with the production plan.
- (ix) The project has been nominated as a finalist for the 2022 National Productivity Awards in October 2022.



Figure 21 : National Productivity Awards Entry 2022

- (x) The results achieved has been a Total Team Effort!



Figure 22: National Cap Factory Team Photo

- (xi) The Productivity Champions has been the real change champions, they drove the implementation with shopfloor leadership and focus.



Figure 23: National Cap Factory, Productivity Champions with the National Productivity Award, Finalist Certificate

PROJECT INNOVATION

Several new and exciting tools and techniques was applied throughout the duration of the project, like

9.1 The Keep Doing, Do More off, Start doing and Stop Doing approach to Productivity Improvement, see below the results of the Productivity Improvement workshop of 17 February 2022.

Brainstorming - National Cap Factory -Causes of Low Productivity	
Keep on Doing	STOP Doing
When the factory had good rhythm, we were producing at 290 units/day	Employees must stop leaving their workplaces 15 to 30 minutes before the end of the shift (workday)
We had a smooth flowing of material through the factory (no hold ups)	Employees must stop with time wasting (non-value adding) activities
	Employees MUST stop walking up and down the factory un-necessary
	Employees must improve time keeping around meal breaks (tea and lunch)
	Employees must STOP arriving late for work
	The Boiler MUST not be switch off so early before the end of the shift
	Employees must STOP taking short cuts (gaps) - this causes defects
Do More Off	Start Doing
We must apply the Corrective Action procedure more for violations.	Our employees must be more disciplined in their work - ask if unsure
We used to do machine clean ups on Fridays-we must do more of it.	We must consider bringing in young employees, to train up for the future.
We need to communicate our expected Good Conduct Rules more	We must multi-skill our employees (more than 1 task to do)
There needs to be more respect shown to the Production Manager	



Figure 24: Low Productivity Workshop Results, 17 February 2022

9.2 We had several Multi-Level Meetings, which we termed “Family Meetings’ where we gave feedback on project progress, business performance, business outlook and we gave recognition to teams – Best 5s team, most improved productivity team of the month and the best team of the month.



Figure 25 : Family Meetings to increase employee engagement was part of our strategy.

AGENDA
August Production Performance...
Productivity...Activity Sampling
5S Audit Results
Most Improved and Best Team for Month
Productivity Awards 2022
Next Steps...

Figure 26: Agenda for the August 2022, Family Meeting



Figure 27: CEO, David Werb during family meetings

9.3) We had several Team Morale boosting innovations, like celebrating milestone birthdays.



Figure 28: Celebrating employees, milestone birthdays.

9.4) Every Month we had a 5S completion winner, most productivity improved team and the most productive team award being handed over.



Figure 29: Team Recognition Photos 5 Champions, most improved and best productivity teams.

9.5) Employee Appreciation and Recognition Function, 22 December 2022



CONCLUSIONS

This business was in severe financial distress during the early part of this project. The crisis management part of the Business Turnaround and Recovery program has allowed for the project manager to work on a weekly basis in the factory and take on a role of Operations Manager.

There was on site, but also a lot of on-line communication with the Chief Executive Officer, the Production Manager and the production co-ordinator using the WhatsApp platform.

This intense focus on the factory, with weekly visits, coaching and problem-solving coordination was behind the aggressive turnaround in the early part of the factory, that prevent the business to go into rehabilitation.

The business does not have qualified professional personnel that can take over the new Operations Management system. The use of Industrial Engineering or Operations Management students from Cape Peninsula University of Technology could be used to fill that gap.

When the business grew and expanded it became very difficult to recruit extra machinist, the bargaining council could not assist. The age profile of the sewing machine operators is very skew with most machinist near the age of 55 years old. There has been very low levels of training and skills development in the Textile Industry in the last three decades and this has contributed to this trend. The company does have an unstructured internal multiskilling program but no formal training program from external training institutions such as colleges or Technikons.

The equipment in the factory is very old. The factory is over 75 years in existence and the type of machines in use is unreliable. The business does not have a qualified maintenance artisan and rely on external mechanics. These mechanics are also advanced in aged and scares.

The spare part for these older machines is also becoming increasing scares. The business has bought four new machines in 2022, the first such investment in the factory for over 15 years.

The business remains under constant cash flow pressure, due to the high input costs such as fabric, energy, and labour. At the time of project closure, there has been engagement with the banks to increase the size of the overdraft facility available to the business.

Energy availability is crucial for a textile factory such as National Cap Factory, that does not have access to generators to remain operational during loadshedding.

The challenges faced by SMME businesses in the textile industry, like National Cap Factory, can be addressed by the following recommended interventions:

- (1) Easier access to bridging financing facilities, to assist with cashflow constraints, from the Department of Trade and Industry.
- (2) More effective customs protection for the cost of imported fabric.
- (3) The use of initiatives such as SEDA's Technology Transfer Fund to fund capital investment in old textile factories, to modernise its production technologies and machinery.
- (4) Partnerships with external training and skills service providers such as the College of Cape Town's Thornton campus, which is within 10-kilometre radius from National Cap Factory and has a sewing machine training program.
- (5) Further support from Productivity SA to National Cap Factory through its Competitive Improvement Service offerings such as Kaizen and the Workplace Challenge Program.

REGION 2

FUNKY OUMA GOURMET FOOD

Regional Operation 2

Project Manager Marizanne Maritz

Operational Sector Manufacturing



COMPANY BACKGROUND

Funky Ouma is the result of a very funky grandmother (“ouma”), Anneke van Rooyen, that has been playing around with food and spices all her life. She only decided at 67 to start her own brand together with her youngest daughter, Johannita Eksteen, after experimenting in her own kitchen. The company was established in 2012 and is currently being run by Johannita.

Funky Ouma is a private company situated in Wellington. The manufacturing is done in a factory in Lady Blake Industrial Park. Johannita has full ownership of the business.

The company manufactures a wide range of natural, healthy salts and spices. The manufacturing process includes harvesting and drying herbs on the farm, mixing of herbs and salts, packing into grinders (large, small, and mini) and tins (standard and travel tins), labelling, and then packing these into boxes for storage and shipping to clients. Funky Ouma also offers delivery with their own truck to clients within a 50km radius. Products can be bought as individual items, but Funky Ouma also has gifting options and kitchen essentials available.



COMPANY VISION AND MISSION STATEMENT

The current version can be seen below.



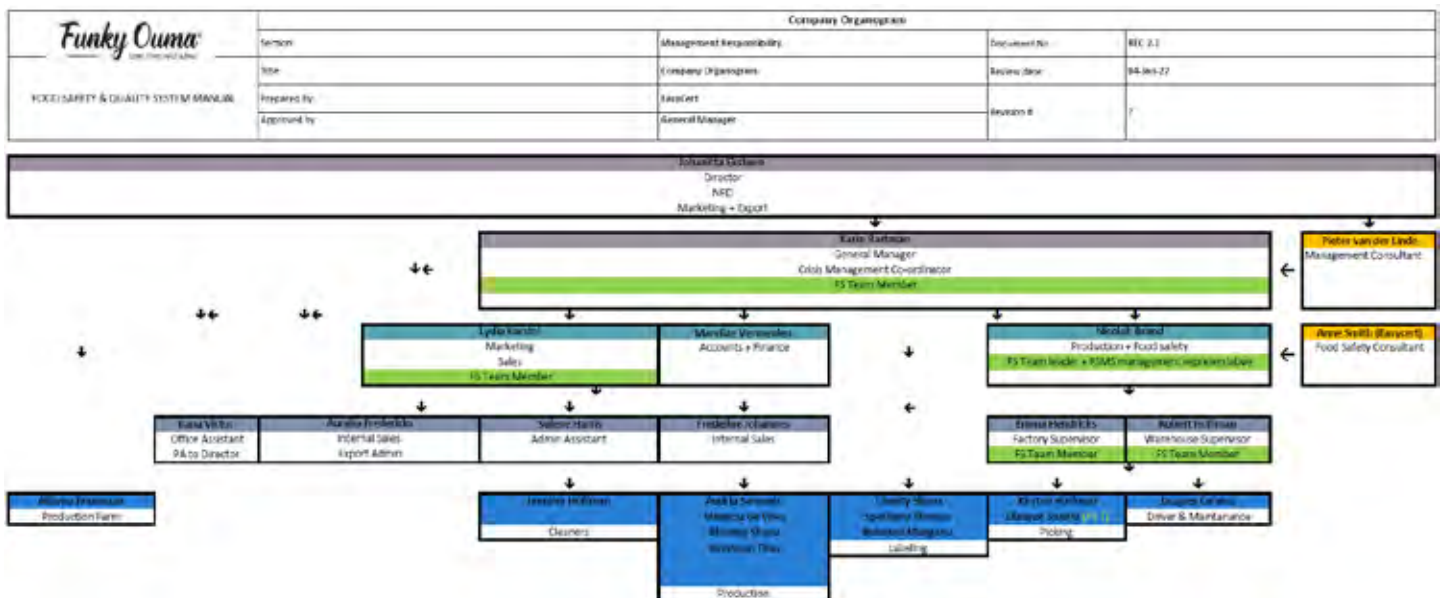
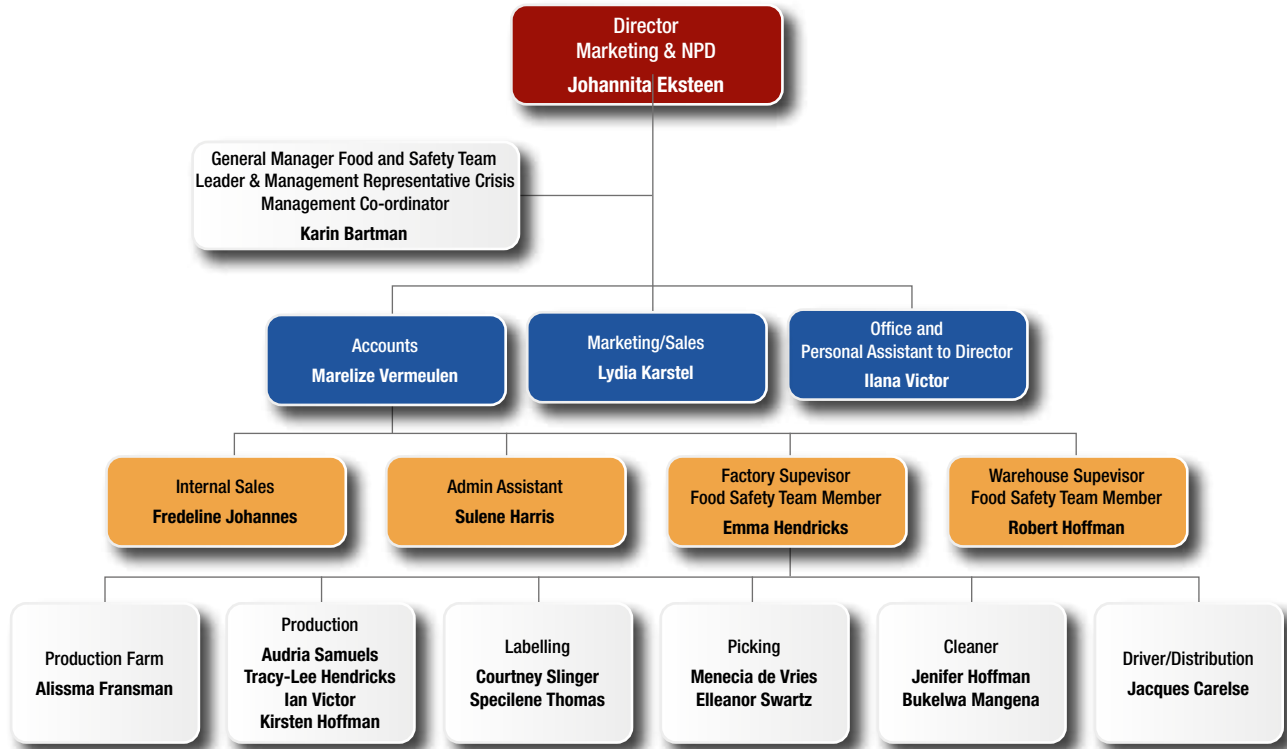
COMPANY PRODUCTS AND SERVICES

As mentioned above, the company manufactures a wide range of natural, healthy salts and spices.



COMPANY STRUCTURE

Funky Ouma recently updated and aligned their company structure. The previous version, as well as the updated version, can be seen in Annexure B, in that order. At the time of the application, the business employed nineteen staff members, and at project closure, 24.



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION - CHALLENGES

Funky Ouma presented their financial statements for the financial years ending February 2018, February 2019, and February 2020 to evaluate the profitability of the business. From the analysis, it was evident that the financial performance of the business declined during the period under review. Even though sales increased significantly, the company experienced a drop in the profitability. Despite this, it was deemed that the financial performance of the business at the time was satisfactory. The business was however struggling with operational challenges that were making it increasingly difficult to supply to the ever-increasing demand. As such, the business was approved due to operational distress.

During the diagnostic assessment conducted at Funky Ouma, the following key potential inefficiencies or problem areas were identified:

- Limited space which resulted in poor material flow and poor housekeeping. This in turn resulted in wastes like double handling, unnecessary transportation, etc.;
- The lines were not balanced and caused work in progress to heap up which could also have resulted in mistakes and damage;

- There were no standard times defined for operations and capacity utilisation and efficiencies were not tracked; and
- The number of hours were not recorded for each job.

Often, the business was unable to supply the customer demand due to the factors mentioned above. Also, due to the factory setup at the time, the business were incurring unnecessary, wasteful additional costs which cut into the profit margin. It cannot be stressed enough that the inability to move into the new premises as planned, caused Funky Ouma tremendous financial harm.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

To support the business with the abovementioned challenges, the following interventions were identified:

1. Conduct a Layout Workshop, and
2. Time Studies

The expected impact of the project was to reduce lead time and improve the line balance rate.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Intervention 1: Conduct a Layout Workshop: Facilitate the creation of an optimised layout proposal for the new facility.	A workshop consisting of numerous sessions with the Production Manager was done. The proposed layout was presented to the Owner and General Manager for feedback and approval.	A conceptual layout ("design for flow") was created for the new facility. It is important to note that it is not a building plan but merely a suggestion.
Interventions 2: Time Studies: Stopwatch each production activity.	Time studies were done for the main product categories by means of shop floor observation and stopwatch.	The following working documents were handed over to the Production Manager: <ol style="list-style-type: none"> 1. Measurement of Cycle Time that contains all the time studies taken. 2. Cycle Time Diagrams 3. Sales summaries 4. Takt time calculations 5. Yamazumi diagrams 6. Line Balance Rates Change over information

RESULTS

CONDUCT A LAYOUT WORKSHOP

By creating an improved layout, space can be used efficiently, and material handling costs can be minimised. It also assists in ensuring that labour can be utilised efficiently. It aids in eliminating bottlenecks and reducing cycle time, minimises production delays, provides space for proficient communication between employees and supervision, aids in reducing downtime, and ultimately improves customer satisfaction. A well-designed layout does not just benefit the employees that are immediately connected with the production process but also benefits the entire organisation. The aim of the layout was to address as many of the above as possible and to reduce lead time.

The key results and outcomes of this deliverable are summarised below:

- All equipment, tools, and machines on the shop floor were measured.
- The new building plans were printed, and the abovementioned items scaled to the same scale as the printout.
- A proposed layout was created through a workshop consisting of numerous sessions with the Production Manager.

- The proposed layout was presented to the Owner and General Manager for feedback and approval.

The business could not implement the updated layout until it was able to move into the new premises. It was finally able to move in December 2022, more than a year after the original planned date. A few slight changes were made to the original layout plan since the business moved.

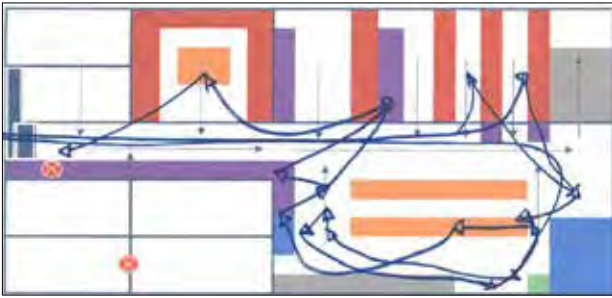
The new and updated flow is shaped in a U-form which allows for easy and improved flow. Also, there are now zero cross flow, especially when it comes to supplying raw material and packaging to each line, as well as receiving and dispatch. Random storage for work in progress that caused cross flow has also been eliminated. Lines are dedicated to specific products which reduces change over time. Raw material, packaging material and finished goods have all been separated as per food safety requirements and to ensure proper flow.

The previous building did not allow for sufficient aisles to allow safe movement of employees and materials. The new layout has one meter walkways on the outside edges of the building as well as in between the production areas. This also ensures that fire equipment have sufficient space around it to allow for easy access in case of emergencies.

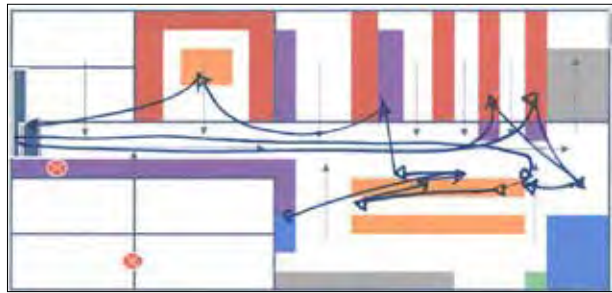
ORIGINAL – SIMPLIFIED VERSION OF FLOW:



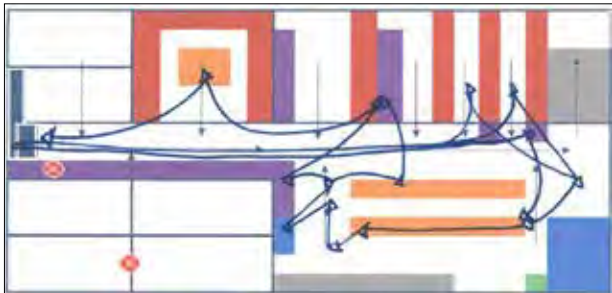
ORIGINAL TRAVEL TINS STRING DIAGRAM:



ORIGINAL TINS STRING DIAGRAM:



ORIGINAL TINS STRING DIAGRAM:



PLANNED:



CURRENT



TIME STUDIES

The advantage that this deliverable aimed at achieving was to create output standards that facilitate the scheduling and controlling of the flow of production. This allows balancing of the production lines and advising on the number of machines and operators required.

The key results and outcomes of this deliverable are summarised below:

- Time studies were done for the main product categories by means of shop floor observation and stopwatch.
- Data were captured in a Measurement of Cycle Time template.
- Results were then captured in an Operation Balance Chart for each product category and variation.
- Takt times were calculated using historical sales figures for a peak period scenario, as well as a normal, average month.
- Current vs proposed Yamazumi charts were created for each product group.
- The Line Balance Rate (LBR) was calculated for each current and proposed Yamazumi chart.
- The Production Manager has been shown how all the tools work to capacitate Funky Ouma to be able to do these activities by themselves going forward.

The time studies and related information provides a tool to the Production Manager to work out how many employees would be needed to manufacture the required production volumes, as well as how long it should take the team based on the time studies done.

Production planning is now also done in such a way that it reduces the changeover times. According to food safety rules, the equipment must be cleaned after each batch if the batches are for different products. But, the new way of planning, at times, eliminates the need for the cleaning entirely. For example, scheduling a batch of plain Himalayan salt at the start of the shift, and then a batch of Himalayan salt and black garlic immediately after, means that the team do not have to do the usual cleaning of all equipment between the two production runs.

In a nutshell, the time studies provided the benefit of improved production planning, as well as capacity planning.

TIME STUDY INFORMATION ALLOWING IMPROVED PRODUCTION PLANNING, AS WELL AS CAPACITY PLANNING.

NORMAL					
PRODUCT GROUP	DEMAND/DAY	TAKT	WC	WC + % ALLOWANCE	#OPS
Travel Tins	129,00	216,28	41,14	54,51	0,25
Tins	593,00	47,05	85,52	113,31	2,41
Grinder - Large	542,00	51,48	49,37	65,42	1,27

PEAK					
PRODUCT GROUP	DEMAND/DAY	TAKT	WC	WC + % ALLOWANCE	#OPS
Travel Tins	169,00	165,09	41,14	60,69	0,37
Tins	1 167,00	23,91	85,52	126,14	5,28
Grinder - Large	947,00	29,46	49,37	72,82	2,47

HIGHLIGHTS OF THE PROJECT

A significant benefit, which was priority number one for the Project Manager, is that employees now have sufficient walkways and room for evacuation in the case of emergencies. Health and safety should always be the first priority for all companies.

Flow throughout the shop floor, from Receiving, through Raw Material Stores, Manufacturing, Finished Goods Store, Packing and Dispatch are simplified and has zero cross flow. Double handling has been eliminated.

It is significantly easier to adhere to the food safety rules and regulations as areas that should be segregated are now fully implemented as such.

The Production Manager was very involved and interested, and participated and contributed tremendously. The input was extremely valuable.

Being able to simplify and plan production better, has been identified by the Production Manager as a big win, along with reduced changeovers and the improved flow.

The business increased its headcount from 19 at the start of the project to 24 by Close-out.

PROJECT INNOVATION

The layout, especially, was an innovative project in its own right as there is no one size fits all.

Even though the concept of calculating takt time, work content, etc. is common, the tools created in Excel to support with this deliverable were all custom designed for the business.

CONCLUSIONS

The delay in the business being able to move into its new premises did hamper the implementation of the two deliverables which were less than ideal. However, the business derived value from the work done and was able to put most into practice.

Due to the implementation of new equipment, and the challenges thereof, another study will need to be done to support with improved balancing of each of the lines.

REGION 3

GO-TEC INVESTMENTS

Regional Operation 3

Project Manager Sinqobile Shoba

Operational Sector Services



INTRODUCTION

COMPANY BACKGROUND

Gotec was founded in 2005 and is 100% black women owned Level 1 BBBEE company (135% Procurement spend recognition) with a strong management team who have many years of combined experience in the cleaning, health, and hygiene industry.

16 years' experience in this industry has taught us the best methods of cleaning practices while combining our everyday knowledge of cleaning and the new technologies that we developed in-house or imported from around the world.

The business has also taught us to be risk-takers, expanding our boundaries and to never give up. Gotec will continue to grow as a business in line with our vision. Your business is our business, and we take pride in executing our service timeously, professionally and at competitive prices. The company has 2 distinct market segments namely Facilities Management and Specialised Industrial Cleaning and free audits are offered to identify gaps in line with the OSHACT.

COMPANY VISION

Gotec's vision is to become a leading innovative provider of cleaning solutions to the commercial, industrial, chemical, and related industries in SA. We want to become the leading innovative provider in our industry because we want to make our customers trust our services, our staff, our technology and most importantly, our creative solutions. This is our passion and we believe that success follows when you love and believe in what you do.

COMPANY MISSION STATEMENT

Gotec, provides tailored cleaning solutions using state of the art equipment and best practice application from technically competent and trained staff. Their main mission is to provide a creative cleaning solution to the needs and wants of industries who require Gotec services.

Gotec do not merely want to "clean" but rather, to "wow" the customers and to ultimately be the difference.

COMPANY PRODUCTS AND SERVICES

INDUSTRIAL CLEANING

Specialised teams are trained to work in high-risk industrial environments like working at heights and confined spaces. Customised innovative solutions are developed for industrial

cleaning problems.

There are in-house health & safety personnel who can conduct safety audits and risk assessments on customer sites. Industrial cleaning services are especially for chemical industries, petro-chemical, pulp & paper, sugar, and general industries. Our services include:

- Internal & External Cleaning of Tanks
- Painting of Tanks
- Cleaning of roofs on industrial buildings
- Ultra-High Pressure (UHP) Cleaning and jetting
- Sludge removal
- Oil pit Cleaning
- Solar Panel Cleaning
- Grease trap cleaning and maintenance
- Industrial floor cleaning
- Yellow machinery and equipment cleaning
- Ship holds and marine Cleaning.
- Shutdown cleans of chemical, manufacturing, and processing plants.

CONTRACT CLEANING

Well trained cleaning staff with good communication skills work at our corporate clients. Gotec in-house trainers ensure that the staff can safely use all cleaning equipment and cleaning chemicals.

They adhere to all statutory (BCCCI & NCCA), OSHACT requirements and are fully compliant. The following industries are serviced:

- Chemical & Petro chemical industries:
- Hotels
- Shopping Centres
- Schools and Universities
- Food Industry
- Manufacturing Industries
- Transport Industry

DEEP CLEANING

This is a critical service in the workplace and we at Gotec take this very seriously. Think of washrooms, toilets, basins, showers, and urinals. Especially now to eradicate viruses like Covid, bacteria and other germs that accumulate in the washrooms. Research has shown that with deep cleaning, absenteeism reduces in the workplace and there is a

significant reduction in illnesses like urinary tract infections.

SUPER DEEP CLEANING

Super Deep Cleaning includes the entire washroom, change room, kitchen, and canteen. This involves high intensity chemical and high-pressure cleaning. All surfaces are sanitised to eradicate viruses, bacteria, and germs.

HIGH RISE WINDOW CLEANING

The most modern OSHACT compliant window cleaning technology is used whereby the use of scaffolding is not required. Buildings up to 7 storeys are cleaned from ground level and therefore no lift equipment is required. Buildings above 7 storeys are also cleaned using technologies like cable life lines and rope access.

WAREHOUSE CLEANING

Warehouses of any size or height are cleaned using modern technologies and staff who are trained to work at heights. They are also trained to use boom-lifts when required. Warehouse cleaning improves efficiency, health, and productivity. A clean and organised warehouse environment leads to a successful audit, decreased risk of accidents and accuracy for managing inventory and stock.

PEST CONTROL SERVICES

Fully integrated pest management service is provided using trained pest control technicians. Site audits are done to determine the most suitable pest control layout. Pests and rodents carry pathogens that lead to harmful diseases, asthma, and allergic reactions. Services provided include cockroach, rodent and ant control, fumigation, biting insect and bee control and wood borer treatment. We provide innovative solutions to any pest control problem.

UPHOLSTERY & CARPET CLEANING

Advanced cleaning equipment with high performing chemicals are used to ensure outstanding results on upholstery and carpets. Covid virus, dust, dirt, allergens, microorganisms, and bacteria are eliminated. This results in a healthier working environment and a clean, fresh and pristine workplace.

GARDEN & LANDSCAPING SERVICES

Landscape design for new gardens as well as regular maintenance on commercial sites are provided. Green spaces filter pollutants from the air, amplifies the indoor air quality, rises oxygen levels and decreases soil erosion. It is also aesthetically pleasing for employees to take a break and view the greenery and flowers while breathing in the fresh air.

WASHROOM CONSUMABLES

A wide range of washroom consumables are provided at competitive prices. The consumables include the following:

- All paper and tissue products
- Cleaning detergents
- Cleaning equipment (brooms/mops/buckets etc.)
- Covid Essentials (sanitisers/masks/alcohol wipes/soap etc.)

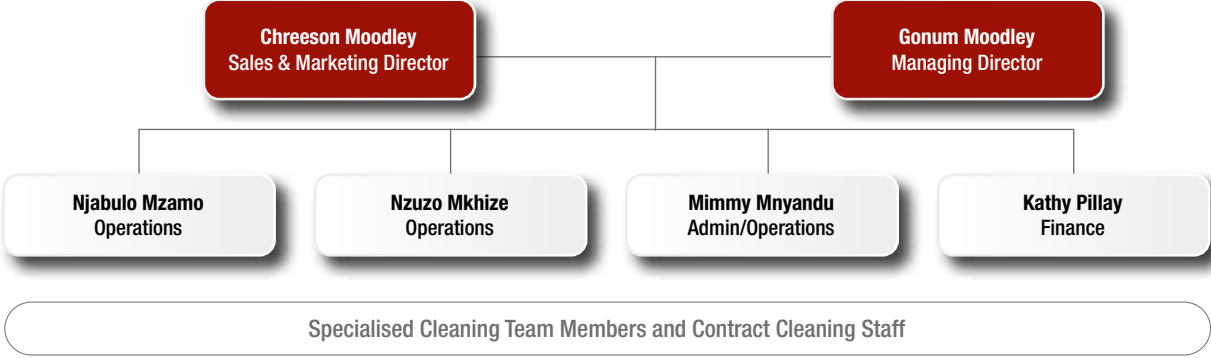
HYGIENE SERVICES

Latest technology hygiene equipment for washrooms are provided on rental and outright purchase basis to suit customer requirements. Technical service teams visit customer sites on a regular basis to service the equipment and ensure that the equipment is always in excellent working condition.

DOMESTIC CLEANERS

Domestic cleaners are specially selected and trained to suit our customer requirements. Work schedules are mutually agreed to ensure your home is cleaned to optimal level.

COMPANY STRUCTURE



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION

The in-depth assessment and workshops held with the management team of Gotec confirms key constraints entailing the following:

The interventions outlined below originate from the diagnostic assessment and are proposed as it will have a direct impact on the company and will also improve productivity throughout the business.

Due to lack of marketing orientation, there was a need to develop a marketing strategy/plan for the business to identify new markets and develop strategies to penetrate these new markets. Review of current website and aligned to the new marketing strategy/plan.

The Identified markets available out there will necessitate a need to capacitate the current personnel to develop the needed expertise and be competitive in the market. A training plan for the organization will mitigate the gaps in terms of skills, knowledge, and market orientation.

There is a compelling business need for Risk Management that must be developed which will detail the current risks as well as future risks, also outlining the cost benefit. This will give the risk appetite at Gotec a much more informed platform to pursue some of the market and sales ambitions set out in the Marketing plan/Strategy. The Risk Management will ensure the business sustainability with increased market shares as well as they further develop footprints in untouched places nationally and in the future internationally.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

A detailed diagnosis, review of the company’s operations and interviews with management as well as key staff was conducted to provide an indication of the company’s areas of weakness and strengths.

The Future Forum, a collaborative structure representing management and employees with the purpose of actively involving management and labour in the programme during all its phases, was developed. The Future Forum members all underwent productivity training and development of an early warning system (EWS).

The above formed a basis for the development of a workplan outlining the turnaround strategies and required interventions.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

	ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Interventions 1	Increased sales were required to increase breakeven/profitability of the business.	Development of Marketing Plan/ Strategy	Increased productivity and Increased sales and market share in the industry in which Gotec operates.
Interventions 2	Risk Management must be developed which will detail the current risks as well as future risks also outlining the cost benefit.	Developing a Risk Assessment for the company.	Increased Risk appetite at Gotec and more informed perusal of market and sales ambitions set out in the Marketing plan/Strategy
Interventions 3	Losing out on potential projects because workers lack critical skills as well the health and safety of personnel on Job sites	Training of Personnel in specialised cleaning services etc,	Gotec widening the net in terms of the services they offer because of increasing their expertise to accommodate market needs as set out in the Marketing Plan.

RESULTS

MARKETING PLAN

Once a brand is created that everyone knows and trust, sales will increase. Gotec have developed their detailed marketing plan and strategy with dates of planned targets as well as responsible person. Other impacts that the marketing plan and strategy will be able to show is:

- Understanding the importance of marketing.
- Adjusting to be a marketing orientated business.
- Realizing the importance of acquiring “real” marketing information regarding customers, competitors and direct market.
- Clear understanding of staying in tune with the market and the regular changes it shows.
- Having a plan and a direction to move in. Considering the crucial element of planning ahead is proven and having a detailed marketing plan and strategy should inform the risks and threats that could arise.
- Implementing an efficient sales team, even within the current management team, but someone must take accountability for unleashing new markets and maintaining existing markets.
- The importance of acquiring social media platforms and actively engaging with an audience.

RISK ASSESSMENT

- No risk assessment in place for various risks in the business.
- Past insurance claims not paying out.
- Gotec not familiar with their insurance policies at hand
- Not unearthing new customers.

- To many applied tenders not awarded to Gotec for reasons not identified yet.
- No growth plan in place, although management knows exactly where they want to take the business, it is not written down on paper.
- Lack of detailed market information to inform marketing strategies.
- Cash flow preventing innovative spend and reaching larger audiences.
- Digital marketing spends not leading to result-based sales increases.
- The leading competitors in the market having several advantages over Gotec such as geographical stretch, size of the operation, location.
- Insufficient marketing planning and low sales productivity.
- Unsatisfactory awareness and visibility of Gotec and its product range in townships in the region.
- Lack of formal marketing plan and consensus on future marketing direction of Gotec.

SPECIALIZED TRAINING

- Safety of workers on Job sites.
- Worker retention and motivation
- Losing out on potential projects because workers lack critical skills i.e., HACCP training will allow Gotec to enter the food and beverage industry with ease
- Employees have been receiving training in the past and go on to start their own cleaning services, a much more systematic and formalized training will allow Gotec to not lose expertise of which have made a substantial investment to get.

- Illustrate to staff that Gotec holds the staff's health and safety at the highest regards by equipping the personnel with the necessary skills to carry out even the most dangerous and complicated projects.

HIGHLIGHTS OF THE PROJECT

- Revenue-There are significant milestones that the project has achieved with the most powerful one being the increased turnover, Chreeson (Managing Director) "2022-2023 has seen Gotec break records in terms of revenue". The revenue margins have grown exponentially month on month at Gotec with that being a direct result to alignment of marketing and sales.
- Staff Morale among staff is at an all-time high, the training that the company embarked on as part of the deliverables as set out in the Workplan for Business Turnaround and Recovery, played a huge role in increasing staff morale as the personnel felt empowered by going on these trainings and now being knowledgeable on different service offerings, "Normally bosses only do trainings to benefit them but these ones are different because I got certificates" this was a sentiment that was shared by one of the supervisors eluding to the trainings. A cherry on top was that the training or the theory part was immediately called upon as a result of the business readiness of Gotec to grab other opportunities in the markets that were not there before, Gotec immediately landed more contracts which were a dream before and the personnel are slowly gaining work experience, In typical panache Gotec will dominate and be a leader in some of these

new markets that they have managed to penetrate.

- Versatility and resilience-the company was faced with a predicament with Covid 19, Gotec was facing a decline when the pandemic hit our shores but, the pandemic for Gotec brought about a new sense of opportunity because of the sector Gotec is in and also compliance and regulatory framework of the pandemic such as, the use of masks, deep cleaning, required fumigations etc. There was a spike of sales and revenue as a result. The Management of Gotec were very forward thinking in their approaches they embarked on a BT&R journey to be able to plan better for the aftermath of Covid 19. This necessitated creative ways to ensure first and foremost business continuity and sustainability as well as growth as the second price. Upon assessment of the business a blueprint for the earlier mentioned gave birth to A Marketing Strategy as one of the deliverables set to bring Gotec to a positive trajectory in terms of growth and sustainability.
- Opportunities for Increasing Employees-At the beginning of the programme Gotec was at a risk of retrenching some of their employees, what has been exemplary is how generous the organisation has been as now they are embarking on an employment drive as they aim to increase the headcount. This for the most part has been offset by the turnaround in sales and revenue, However the most warming in this initiative is that Gotec still aims to stay true to their central theme of employing mostly females (in a male dominated industry). In the future Gotec wants to lead the fight against employment as the hope to use the current set up as blueprint for franchising not only in terms of operations but also personnel in their employ.

PROJECT INNOVATION

These are some of the projects that Gotec has been able to undertake because of the sales growth (Marketing Strategy) and the specific trainings on rope access (Specialised Training) that were undertaken.

THE PAVALLION SHOPPING CENTER



REFURBISHING A CHEMICAL PLANT AT THE HARBOUR



CONCLUSIONS

Gotec has gone the “whole nine yards” in Business Turnaround and recovery, from the onset Gotec indicated aspirations of expanding their footprint in the industrial space, upon numerous investigations between Gotec and productivity SA with the help of specialists in the field had engagements which were very fruitful as they gave birth to what we called the Business Readiness campaign to ensure the organisation was in all aspects 100% fit to undertake Franchising. Unfortunately, with different engagements at different levels Gotec was not. The next question was “how do we make Gotec ready?”. The series of events to follow were basically in response to that, such as capacitating Gotec, which was the order of the day, trainings such as your Future forum training and Productivity Champions Training were specifically aimed at bridging the gap between management and personnel in the business as operational and business know how's as well as key performance indicators were essential.

The Next part of the programme which included the development and implementation of the workplan was our give it all drive so to ensure the very first objective was met, this included in building an environment which was conducive for growth and sustainability of the business, fortunately buy in was there from the onset as both management and staff embraced all the efforts and the programme itself until close out. The deliverables achieved and the desired impacts as set out in the Workplan.

In closing, the pertinent question remains, “Is Gotec ready to be franchised”, As the project Manager It brings me great joy to say the answer is different, they are and have achieved the basic requirements and milestones in all aspects in Business Turnaround and Recovery in general and growth in particular and therefore this project has been successful.

REGION 3

ST BERNARDS HOSPICE

Regional Operation 3

Project Manager Wellington Sithole

Operational Sector Services



INTRODUCTION

COMPANY BACKGROUND

STBH is a NPC based in Buffalo City Metro in the Eastern Cape providing palliative care and support to affected individuals and families in the East London area.

The organisation was established in 1991 and has been operational for the past 30 years. STBH has a board of directors who are duly appointed and are responsible for strategic and governance oversight of the organisation. The board meet once a quarter to provide governance oversight.

The management layer of the organisation consists of the CEO supported by a nursing manager (operations), a financial manager, a charity shop manager and a small number of administrative and support staff. The day-to-day operations of STBH are their responsibility.

The operational side of the organisation is staffed with 4 professional nurses, 2 social workers and 11 auxiliary staff. It is these staff who carry out family visits, facilitate support groups and provide the necessary care to affected patients. As at July 2022, STBH was providing palliative care and support to 357 patients and families in and around the BCMM..

COMPANY VISION

To affirm life through compassionate palliative care.

COMPANY MISSION STATEMENT

St Bernards Hospice aims to promote quality in life, dignity in death and support in bereavement for BCM residents living with life-threatening illness, by providing specialised home-based palliative care services through qualified and compassionate staff.

COMPANY PRODUCTS AND SERVICES

PSYCHO SOCIAL CARE

STBH care for the East London Community by providing Home Based Palliative Care and Support for adults and children diagnosed with life threatening or life limiting illnesses such as Cancer, Motor Neuron Disease, Parkinson's Disease, Drug Resistant Tuberculosis, Susceptible Tuberculosis, HIV and AIDS. Our Qualified Nurses and trained carers also offer emotional support and counselling, which extends into the bereavement period to their families. Our services include:

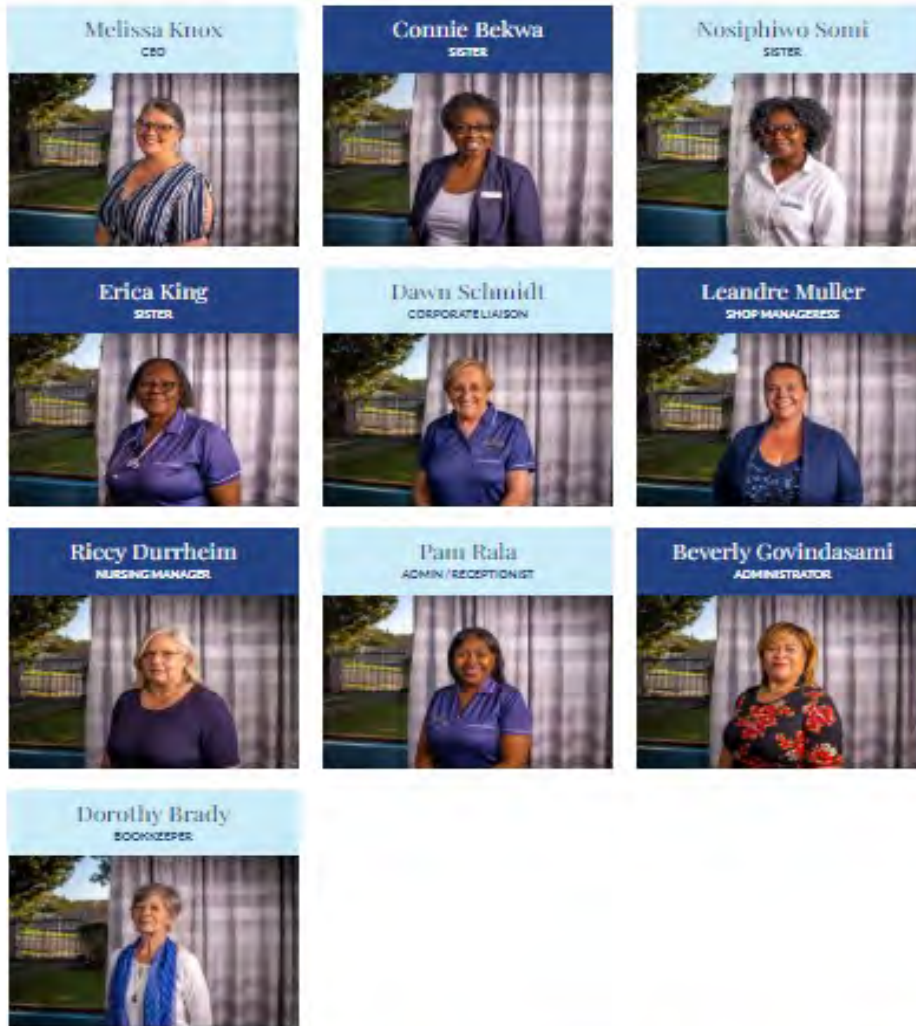
- Adjustment to illness and death
- Bereavement Support
- Emotional Support
- Life planning
- Resilience work
- Healthy Lifestyles
- HIV/AIDS prevention awareness
- Memory work
- Risk behaviour reduction
- Child Protection (Rights)
- Education (General)
- Food parcels and Food plates
- Grants (facilitate access to)
- Arrange for foster care and placement of children
- Relationship counselling – Family and Individual

SPIRITUAL AREA

At St Bernard's Hospice, we respect all different religions and do not interfere with a patient and / or his family members' religious. The following services are offered:

- Spiritual Support: Prayer, mediation, involvement, and assistance in spiritual care is provided as needed.
- Spiritual Counselling: Specific counselling on issues – meaning and purpose of life, hope, forgiveness, guilt, and reconciliation is offered based on the patient's need.

COMPANY STRUCTURE



REASONS FOR REQUIRING THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INTERVENTION

The in-depth assessment and workshops held with the management team of STBH confirms key constraints entailing the following:

STBH has been experiencing a decline funding in recent years as a result of a number of factors – the major one being its ability to fundraise for the hospice and to compete with a large number of other NPO's, NGO's and NPC's operating in a similar environment but not necessarily providing the same service and/or level of care.

STBH have five major sources of income – fundraising both locally, provincially and nationally, renting out palliative care equipment, running an on-site charity shop, receiving donations and bequests from deceased estates and receiving payment for services that they offer (although this is a minimal percentage of income received).

At present the constraints faced by STBH are to try to ensure long-term sustainability within an environment where funders and fundraising are becoming increasingly difficult and therefore try and minimize costs and improve efficiencies through quicker turnaround times.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) STRATEGY

In-depth assessment of company's operations and interviews with management as well as key staff was conducted to provide an indication of the company's areas of weakness and strengths.

Productivity Champions Training played a huge role in terms of capacitating employees.

The above formed a basis for the development of a workplan outlining the turnaround strategies and required interventions.

THE BUSINESS TURNAROUND AND RECOVERY (BT&R) INVOLVEMENT/INTERVENTIONS

	ISSUE/CHALLENGE	INTERVENTION	OUTCOME - COMPLETED
Interventions 1	Increased monthly monetary income required.	Draft proposal for major ICT players for the support and roll-out of a 5G enabled palliative care solution to provide remote and virtual access to services, support, and virtual care systems	Increased monthly monetary income because of fundraising initiatives.
Interventions 2	Better planning is required to streamlined processes and reporting Better statistical and data recording for analysis and decision-making	Full efficiency and productivity assessment in relation to STBH operations linked to practical recommendations.	Improved efficiency and productivity as a result of better planning and scheduling and monitoring of "time" and "travel"
Interventions 3	No historical data and patient's information	Develop online app for operational and administrative use	Ability to reach more patients Cost savings to travel and travel time Less time spent on administration

RESULTS

DRAFT PROPOSAL FOR MAJOR ICT

The proposal was developed to enable not only St Bernard's Hospice to access technology, but hopefully also for the members of the HPCA in total, For that it will need a concerted effort from a variety of role players, and St Bernard's can play a leading role in ensuring the process stays warm.

- Access to web-based or mobile health Prevalent Condition resources
- Telehealth consultation
- Communication with patients/family
- Communication with other health professionals
- Collect or manage patient data
- Provide information
- Provide education
- Decision-making aid
- Promote advance care planning
- Support symptom management

FULL EFFICIENCY AND PRODUCTIVITY SUPPORT

AFTER THE INTERVENTION

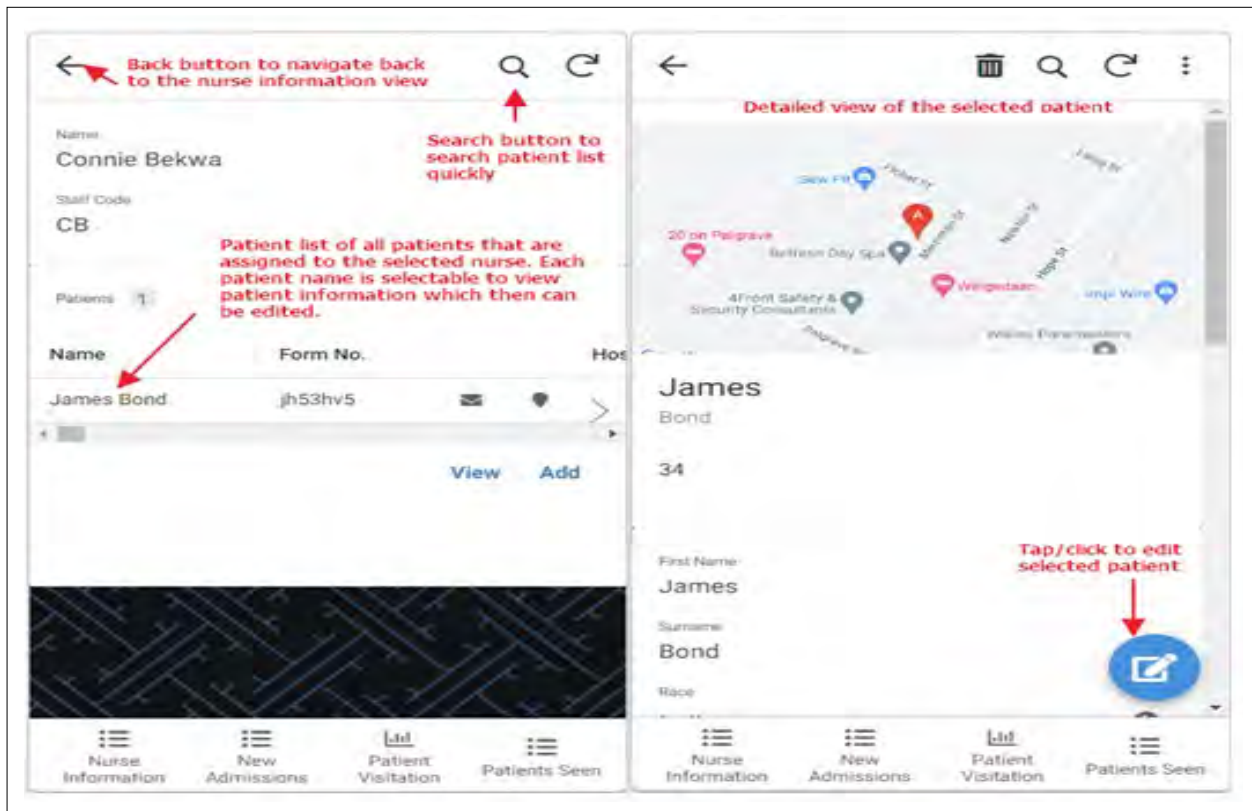
An online app was developed with the intend to minimise admin activities and to maximise palliative service rendering. Refer to the cross functional flow chart, of activities after the intervention, as shown in Appendix 1. Because the capturer(s) will do most of the information capturing, the nurses only need to verify the captured information, fill in the missing information and add their notes during a patient visitation (traveling information will be provided by the tracker system). By applying the online app properly and planning patient visitations well, this way of working should enable the nurses to visit all the admitted patients at least once in a calendar month and have time for revisits as necessary.

DEVELOP ONLINE APP

The St Bernard's team is managing the organisation with dedication and at a high energy level, despite the challenges and the sheer nature of their interventions, hence the reason for them still being able to render palliative care the way they do. The organisation has the potential to improve efficiency levels which will be a further benefit to the area through the use of the App, which cut their visit time by up to 50% and therefore allowing more visits to more patients over time.

APP RESULTS:

NURSE INFORMATION VIEW



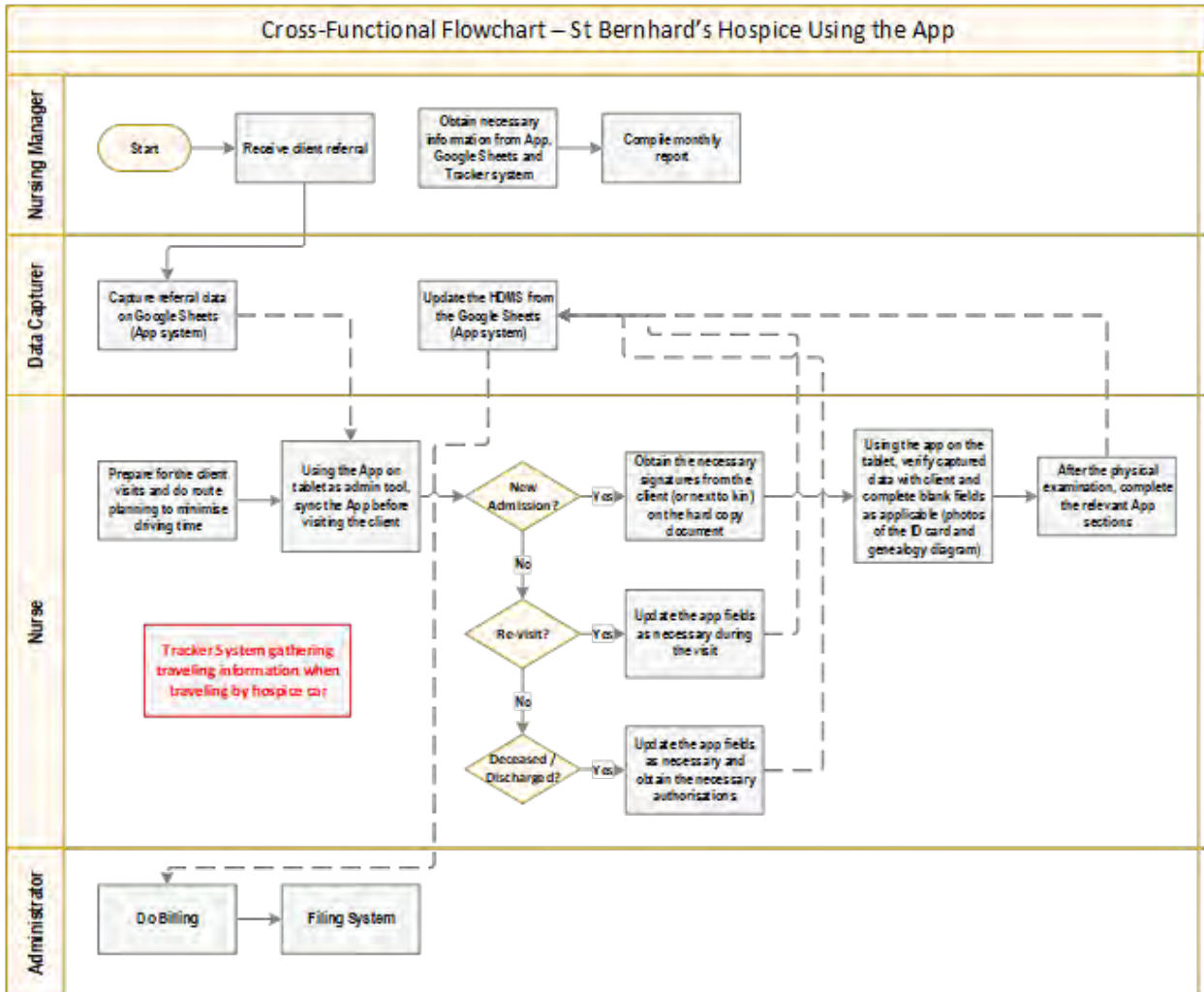
MEDICAL REPORT

Form No.	92/2022	
Has Medical Aid	TRUE	
Member Details		
Member Address		Member Contact No
Medical Aid No Option/Plan		Name of Fund
Patient Visit Dates		Seen By
7/22/2022 11:57:18 AM		Mary Ann MacSherry
7/22/2022 1:01:48 PM		Mary Ann MacSherry
7/22/2022 1:56:44 PM		Mary Ann MacSherry
7/25/2022 8:40:33 AM		Mary Ann MacSherry
7/25/2022 8:42:40 AM		Mary Ann MacSherry
7/25/2022 8:46:39 AM		Mary Ann MacSherry
7/25/2022 3:06:38 PM		Mary Ann MacSherry
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HIGHLIGHTS OF THE PROJECT

PROJECT INNOVATION

The implementation of the online app at the St Bernard's Hospice is a breakthrough solution for the Hospice & Palliative Care industry in South Africa. The roll-out of the online app solution to hospices in the rest of South Africa must be investigated as a matter of high importance.



CONCLUSIONS

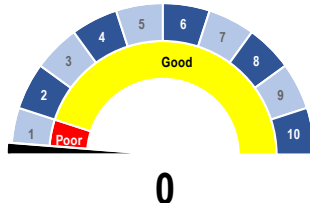
St Benards Hospice has just completed Implementation phase of the BT&R programme. The management of STBH is grateful about Productivity SA interventions and training provided especially Productivity Champions Training played a huge role as they can see the improvement in their staff moral and behaviour. Management highlighted that all interventions were very beneficial to them especially the development of the Online app had great impact as they are now able to track historical data of the patients and populate monthly reports on the app.

STBH is very delighted about the ICT proposal intervention as they are now having positive engagements with Vodacom SA. The STBH project is on the close out stage of BT&R.

ST BERNARD'S FINANCIAL PERFORMANCE DASHBOARD

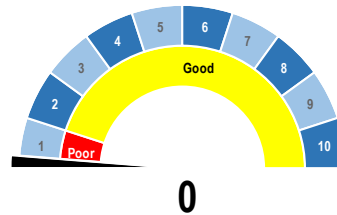
March 2022

Quick Ratio

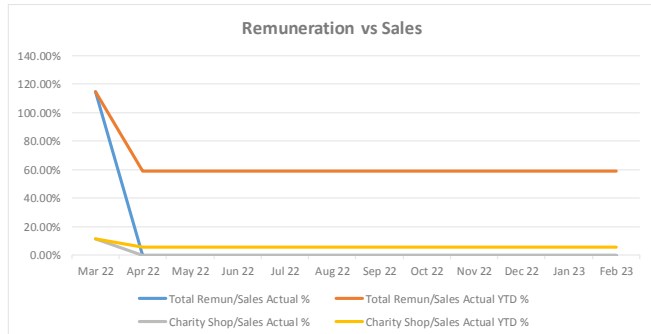
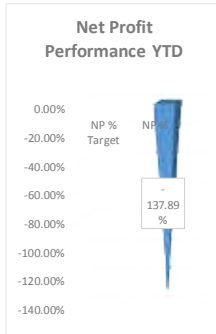
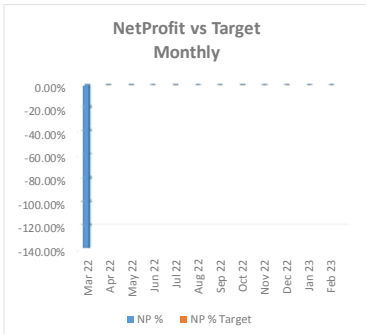
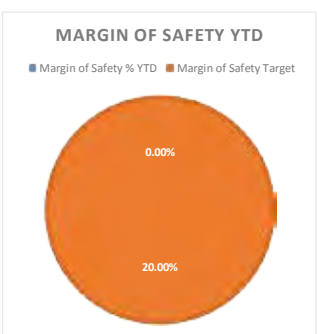
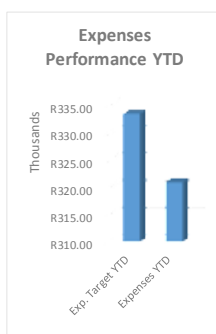
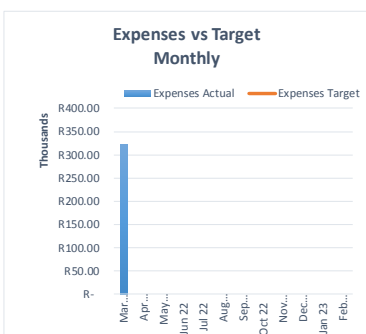
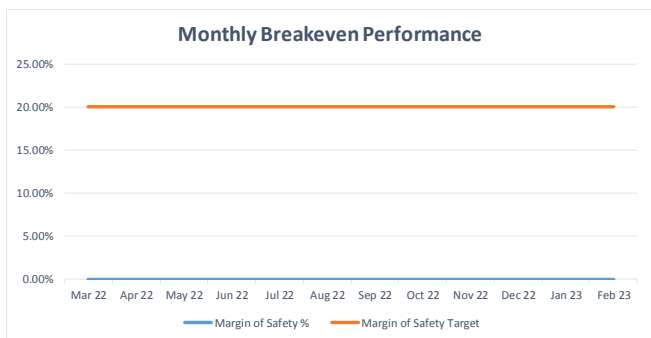
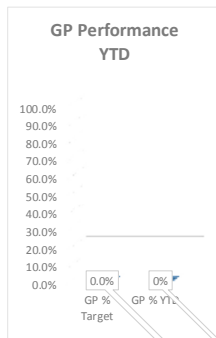
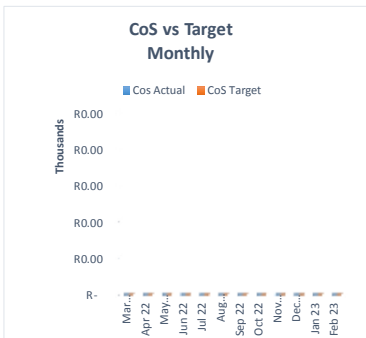
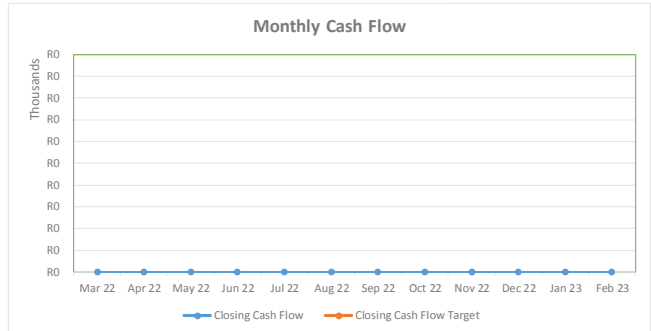
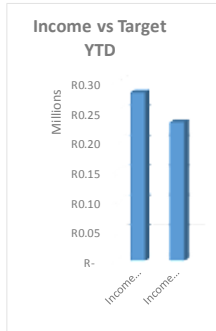


Quick Ratio Target: 1:1

Current Ratio



Current Ratio Target: 2:1



REGION 3

SMITH & WINFIELD

Thembinkosi Mngoma 3

Project Manager Thembinkosi Mngoma

Operational Sector Construction



PROJECT BACKGROUND

Smith & Winfield Pty Ltd is a business operating in painting, renovating and decorating services. The business employs 22 permanent workers and 105 contract workers. The clients of Smith & Winfield include hospitals, offices, schools, industrial parks, shopping centres and malls, residential body corporate complexes and other specialised projects.

The following interventions were recommended for the business after an in-depth assessment guided by the fundamental aim of BT&R program which is to ensure growth in the business and prevent business decline.

- The business needed a project management tool to ensure jobs are estimated correctly and finished within the estimated costs and timelines.
- Clocking system with enabled geo-location needs to be put in place to reduce paperwork on site and be integrated with administration system such as labour hours and payroll.

The intervention implemented was a clocking system which has enabled geo-location to reduce paperwork and is integrated with an administration system to manage and track labour hours and payroll. This intervention was prioritised because of its importance and after a discussion with business directors.

CHALLENGES

The aim of the business turnaround and recovery project is to undertake the implementation of interventions to improve the overall performance of Smith & Winfield. Managers and supervisors have relied on printed paper time sheets

for each worker under them. This created several problems, such as:

- Ghost labour – people being booked at work who are not there, and therefore wages being paid for no work.
- Inaccurate allocation of costs to jobs.
- People booked for a full day but arrive late and finish early.
- Getting timesheets back to the office for wage processing, sometimes these are returned late and delay the payroll processing.
- Timesheets not filled in each day and reconstructed 2 weeks later results in inaccuracies.

PRODUCTIVITY SA APPROACH

Smith & Winfield made an application to Productivity SA to be part of the Business Turnaround and Rescue (BT&R) programme. Productivity SA conducted assessment which included discussions with key personnel and management, review of key company documents and sites walk-through.

RESULTS AND IMPACT

Implementing and designing a geolocation and biometric system contributed towards more productive project management and worker management. The system was specifically needed for better planning, scheduling, and overall management of workers on various sites.

Smith & Winfield ultimately operates more productive and effectively considering workers can't take chances anymore in not showing up for work or being late and leaving early. This has a huge impact on the profitability of the business as it can now increase capacity, i.e. workers working a full day as paid for. The business now employs 169 employees an increase of 33% in workforce from the time the project started.

Management is confident that in the long run the geolocation and biometric system will have a positive impact on the overall performance of the business. There is also hope that the system will increase worker satisfaction resulting in higher job satisfaction.

The impact of the geolocation and biometric system have since eliminated ghost labour, time saving for clerical staff and more so, easier for managers to track staff and manage sites. Furthermore, it generates timesheets automatically and accurately. The benefit and impact to date has been:

- Workers no longer login for someone else.
- When employees log in their location is recorded, this validates that they are on the job, and flags it if they are not.
- Absenteeism, late arrival and early departure are identified, and these issues can then be dealt with i.e., if it is a consistent defaulter they will be disciplined.
- From a management point of view – managers can see who is present on site at any time of the day and have access to attendance register at all times.
- The system will automatically populate the wage register that can be exported to the wage system for the generation of payslips.

15. Annual Financial Statements



Statement of Responsibility



STATEMENT OF RESPONSIBILITY OF ANNUAL FINANCIAL STATEMENT

The Accounting Authority is responsible for the preparation of the Business Turnaround and Recovery (BT&R) programme, a division of Productivity SA's Annual Financial Statements and for the judgements made in this information. It is responsible for establishing and implementing a system of internal financial control and places considerable importance on maintaining a strong control environment.

I am of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 88.

Report of the Auditor-General

INDEPENDENT AUDITOR'S REPORT TO FUNDERS ON BUSINESS TURNAROUND AND RECOVERY, A DIVISION OF PRODUCTIVITY SA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. We have audited the financial statements of the Business Turnaround and Recovery, a division of Productivity SA set out on pages x to xx, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Business Turnaround and Recovery, a division of Productivity SA as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Standards (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR OPINION

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.
4. We are independent of the entity in accordance with the Code of professional conduct for auditors of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards).
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. The Accounting Authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Standards (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Authority is responsible for assessing the Entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the Accounting Authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. We selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 3: Business Turnaround and Recovery	XX	The programme focusses on supporting initiatives aimed at preventing job losses as well as providing for turn-around strategies to companies facing economic distress (financial or operational difficulties) which may result in an employer contemplating the dismissal of employees based on its operational requirements.

12. We evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
13. We performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
15. We did not identify any material findings on the reported performance information of Business Turnaround and Recovery of selected subject matters.

OTHER MATTER

16. We draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Accounting Authority is responsible for the Entity's compliance with legislation. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
19. We did not identify any material non-compliance with the selected legislative requirements

OTHER INFORMATION IN THE ANNUAL REPORT

20. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report, the other information does not include the financial statements, the auditor's report and those selected presented in the annual performance report that have been specifically reported in this auditor's report.
21. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
22. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. We did not receive the other information prior to the date on this auditor's report. When I do receive and read this information, if we conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

24. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
25. We did not identify any significant deficiencies in internal control.

AUDITOR TENURE

26. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Lunika Inc. has been the auditor of Business Turnaround and Recovery, a division of Productivity SA for 1 year.

Lunika Inc.

Lunika Chartered Accountants and Auditors Incorporated

Samkelo Mxunyelwa CA (SA) Director
Registered Auditor

31 July 2023
Lonehill Office Park
Sandton
Johannesburg

ANNEXURE - AUDITOR'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE.

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position

as at 31 March 2023



	Note(s)	2023 R	2022 R
ASSETS			
CURRENT ASSETS			
Receivables from exchange transactions	3	24 888	348 654
Receivables from non-exchange transactions		41 308 040	-
Cash and cash equivalents	4	1 050 205	32 232 886
		42 383 133	32 581 540
Total Assets		42 383 133	32 581 540
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	5	610 563	743 694
Unspent conditional grants and receipts	6	41 704 012	31 735 552
Provisions	7	68 558	102 294
		42 383 133	32 581 540
Total Liabilities		42 383 133	32 581 540
Net Assets		42 383 133	32 581 540

Statement of Financial Performance

for the year ended 31 March 2023



	Note(s)	2023 R	2022 R
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Transfers received		31 891 963	24 425 831
EXPENDITURE			
Employee related costs	8	(9 463 117)	(9 262 648)
Auditors remuneration	9	(68 558)	(404 177)
Lease rentals on operating lease		(692 435)	(710 133)
Project implementation costs		(21 233 610)	(13 950 382)
Operating expenses	10	(434 243)	(98 491)
Total expenditure		(31 891 963)	(24 425 831)

Cash Flow Statement

for the year ended 31 March 2023



	Note(s)	2023 R	2022 R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Rendering services		323 766	(312 429)
Transfers received		-	24 425 831
		323 766	24 113 402
PAYMENTS			
Employee related costs		(9 463 117)	(9 262 648)
Suppliers of goods and services		(22 043 330)	(1 225 830)
		(31 506 447)	(10 488 478)
Net cash flows from operating activities	11	(31 182 681)	13 624 924
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		32 232 886	18 607 962
Cash and cash equivalents at the end of the year	5	1 050 205	32 232 886

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2023



	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Transfers received	117 377 000	(34 180 000)	83 197 000	31 891 963	(51 305 037)	14.1
EXPENDITURE						
Employee related costs	(48 012 000)	12 723 000	(35 289 000)	(9 463 117)	25 825 883	14.2
Auditors remuneration	(106 000)	-	(106 000)	(68 558)	37 442	14.3
Lease rentals on operating lease	(531 000)	-	(531 000)	(692 435)	(161 435)	14.4
Project implementation costs	(66 443 000)	21 457 000	(44 986 000)	(21 233 610)	23 752 390	14.5
Operating expenses	(2 285 000)	-	(2 285 000)	(434 243)	1 850 757	
Total expenditure	(117 377 000)	34 180 000	(83 197 000)	(31 891 963)	51 305 037	



1. SIGNIFICANT ACCOUNT POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 MATERIALITY

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 7 - Provisions.

1.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

CLASSIFICATION

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

If an entity determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment.

DERECOGNITION

FINANCIAL ASSETS

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

FINANCIAL LIABILITIES

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

1.10 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments as well as future commitments relating to operating leases. Commitments are disclosed in note 16.

1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions takes the form of grants from Unemployment Insurance Fund.

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.12 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.13 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.14 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements



2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date:	
	Years beginning on or after	Expected impact:
GRAP 25 (as revised): Employee Benefits	01 April 2023	Impact is currently being assessed
Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet determined	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS	2023	2022
	R	R
Accrued income	24 888	66 754
Trade receivables	-	281 900
	24 888	348 654

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Bank balances	4 141	2 612
Short-term deposits	1 046 064	32 230 274
	1 050 205	32 232 886

5. PAYABLES FROM EXCHANGE TRANSACTIONS

Accrued bonus	37 227	8 294
Accrued expense	223 758	408 790
Accrued leave pay	349 578	299 238
Trade payables	-	27 372
	610 563	743 694

6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

2023
R

2022
R

These are government grants received that will be recognised in future accounting periods. This conditional revenue will be recognised in a future period upon completion of the Business Turnaround and Recovery projects in the 2023/24 financial year.

MOVEMENT DURING THE YEAR

Opening balance	31 453 652	16 078 420
Amount invoiced/received	41 308 040	39 832 980
Interest capitalised	834 283	249 983
Government grant recognised	(31 891 963)	(24 425 831)
	41 704 012	31 735 552

7. PROVISIONS

RECONCILIATION OF PROVISIONS - 2023	Opening Balance R	Additions R	Utilised during the year R	Total R
Audit fee	102 294	68 558	(102 294)	68 558

RECONCILIATION OF PROVISIONS - 2023	Opening Balance R	Additions R	Utilised during the year R	Total R
Audit fee	97 118	102 294	(97 118)	102 294

The provision for external audit fees relates to the audit strategy based on the assumption of future audit fees according to the audit engagement.

8. EMPLOYEE RELATED COSTS

2023
R

2022
R

Basic	9 284 308	8 800 264
UIF	39 675	39 645
SDL	88 795	83 717
Leave pay provision charge	50 339	339 022
	9 463 117	9 262 648

9. AUDITORS REMUNERATION

Audit fees-external	68 558	102 294
Audit fees-internal	-	301 883
	68 558	404 177

10. OPERATING EXPENSES	2023 R	2022 R
Bank charges	1 158	825
Communications	50 766	33 232
Insurance	7 493	8 248
Printing and stationery	2 758	2 712
Staff welfare	3 913	3 556
Travel - local	254 127	19 010
Utilities	114 028	30 908
	434 243	98 491

11. CASH (USED IN) GENERATED FROM OPERATIONS

Surplus	-	-
<i>Adjustments for:</i>		
Movements in provisions	(33 736)	5 176
<i>Changes in working capital:</i>		
Receivables from exchange transactions	323 766	(312 429)
Receivables from non-exchange transactions	(41 308 040)	-
Payables from exchange transactions	(133 131)	(1 724 955)
Unspent conditional grants and receipts	9 968 460	15 657 132
	(31 182 681)	13 624 924

12. TAXATION AND VAT EXEMPTION

The entity is exempted from income tax in term of section 10(1)(cN) of the Income Tax Act, No. 58 of 1962. The entity was granted exemption for VAT from July 2005 as its activities no longer comply with the definition of "enterprise" in Section 1 of the VAT Act and the requirement of VAT registration in terms of Section 23 of the same Act. The entity is now included in the amended definition of "public authority" in terms of Section 1 of the VAT Act.

13. RELATED PARTIES

RELATIONSHIPS

Ultimate controlling entity	Productivity SA
Controlling entity	Unemployment Insurance Fund

RELATED PARTY BALANCES

PAYABLES

Unemployment Insurance Fund	41 704 012	31 453 652
Productivity SA	-	105 778

RELATED PARTY TRANSACTIONS

REVENUE

Unemployment Insurance Fund	31 891 963	24 425 831
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EXPENDITURE

Productivity SA	13 190 416	8 930 561
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14. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Budget narrations are included for variations above R100 000.

14.1. TRANSFERS RECEIVED

The grant for the BT&R programme was budgeted as if the full amount would be received, however only a portion of the budgeted amount was invoiced during the financial year.

14.2. LEASE RENTALS

A new lease agreement was signed for the BT&R programme and a bigger space was leased in anticipation of more personnel going forward.

14.3. EMPLOYEE RELATED COSTS

The employee related costs budget was based on the anticipation of receiving and spending the R83 197 000 grant, however only R41 308 040 was invoiced as grant and therefore not all anticipated positions were filled.

14.4. PROJECT IMPLEMENTATION COST

The project implementation costs were budgeted at full, however a portion of the grant funding was only invoiced a month before the end of the current financial year and this meant less costs were incurred.

14.5. OPERATING EXPENSES

Savings on operating expenses was due to savings on costs like travel and accommodation, subsistence costs, all of which are due to the new working norm.

CHANGES FROM THE APPROVED BUDGET TO THE FINAL BUDGET

The changes between the approved and final budget are as a consequence of amending the full amount that was budgeted for the programme and only a portion of budgeted amount was invoiced.

15. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The entity has a policy and framework on risk management. The strategic risk register is reviewed annually by management. The entity's activities expose it to interest, credit and liquidity risks.

LIQUIDITY RISK

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

15. RISK MANAGEMENT (CONTINUED)

Below is the analysis of the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amount disclosed is the contractual undiscounted cashflows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

AT 31 MARCH 2023	Carrying amount R	Total cashflow R	Contractual cashflow within 1 year R
Payables from exchange transactions	610 563	610 563	610 563

AT 31 MARCH 2022	Carrying amount R	Total cashflow R	Contractual cashflow within 1 year R
Payables from exchange transactions	743 694	743 694	743 694

CREDIT RISK

The entity trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the entity's exposure to bad debts is not significant. The maximum exposure is the carrying amounts as disclosed. There is no significant concentration of credit risk within the entity. With respect to credit risk arising from the other financial assets of the entity, which comprise cash and cash equivalents, the entity's exposure to credit

risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The entity's cash and cash equivalents are placed with high credit quality financial institutions therefore the credit risk with respect to cash and cash equivalents is low. Trade and other receivables are not rated.

Financial assets exposed to credit risk at year end were as follows:

FINANCIAL INSTRUMENT	2023 R	2022 R
Cash and cash equivalents	1 050 205	32 232 886
Receivables from exchange transactions	24 888	348 654

16. COMMITMENTS

OPERATING LEASES - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE

- within one year	734 756	686 688
- in second to fifth year inclusive	1 764 523	2 499 279
	2 499 279	3 185 967
Rental expenses relating to operating leases	692 435	710 133

Operating lease payments represent rentals payable by Productivity SA for certain of its office properties. Leases are negotiated for an average term of years five and rentals are fixed for an average of five years. No contingent rent is payable.

17. CONTINGENCIES

There were no contingences as at 31 March 2023.

18. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL PERFORMANCE		As previously reported	Re- classification	Restated
2022	Note	R	R	R
Audit fee-external		-	102 294	102 294
Audit fee-internal		-	301 883	301 883
Operating expenses		502 668	(404 177)	98 491
Surplus for the year		502 668	-	502 668

RECLASSIFICATIONS

Reclassification was done to disclose reclassified items separately on the financial statements or notes.

19. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

20. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity's total liabilities and total assets are equal.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

21. EVENTS AFTER THE REPORTING DATE

There were no reportable events after the reporting date.



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